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FINANCIAL RATIO ANALYSIS FOR EVALUATING THE PERFORMANCE OF PT ASAHIMAS FLAT GLASS TBK (2017–2024)

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Abstract

This study aims to analyze the financial performance of PT Asahimas Flat Glass Tbk from 2017 to 2024 by examining profitability ratios (ROA, ROE, NPM, GPM), solvency ratios (DAR, DER), and liquidity ratios (Current Ratio, Quick Ratio, Cash Ratio). It uses a quantitative descriptive method with secondary data from the company's annual financial statements published by the Indonesia Stock Exchange (IDX). The results show that the ROA and ROE generally trend upward, indicating effective asset management and the company's ability to deliver strong returns to shareholders. The NPM and GPM fluctuate due to changes in production costs and revenue variations. Meanwhile, the DAR and DER tend to decrease, suggesting improvements in capital structure and less reliance on debt. From a liquidity perspective, the Current Ratio, Quick Ratio, and Cash Ratio remain relatively stable, demonstrating the company's capacity to meet short-term obligations. Overall, this study provides a comprehensive overview of PT Asahimas Flat Glass Tbk's efficiency, stability, and financial resilience in navigating Indonesia's glass manufacturing industry. The findings are valuable for management and stakeholders in strategic decision-making and lay a foundation for future research in finance and corporate management.

Keywords: Financial Performance, Profitability, Solvency, Liquidity, PT Asahimas Flat Glass Tbk

Introduction

Financial performance is an essential aspect in assessing a company's ability to maintain business sustainability and deliver added value to its stakeholders. According to IDX Channel (2023), financial performance serves as a key indicator for evaluating managerial effectiveness in managing resources, generating profits, and maintaining operational stability. The analysis of financial performance also enables companies to identify internal strengths and weaknesses that influence their financial position amid national and global economic dynamics.

In the manufacturing industry, particularly in the glass sector, production cost efficiency and working capital management are crucial determinants of success. Based on data from the Indonesia Stock Exchange (2024), manufacturing companies are required to maintain sound financial performance in order to remain competitive in both domestic and international markets. One of the companies that plays a strategic role in this sector is PT Asahimas Flat Glass Tbk, the largest producer of flat glass and automotive glass in Indonesia, which is part of the AGC Group (Asahi Glass Company) of Japan.

As a publicly listed company on the Indonesia Stock Exchange, PT Asahimas Flat Glass Tbk is obligated to present annual financial statements that transparently reflect its financial condition and operational outcomes. Through financial ratio analysis—such as profitability ratios (Return on Assets, Return on Equity, Net Profit Margin, Gross Profit Margin), solvency ratios (Debt to Asset Ratio, Debt to Equity Ratio), and liquidity ratios (Current Ratio, Quick Ratio, and Cash Ratio)—the company's financial performance can be comprehensively assessed. Therefore, this study focuses on analyzing the financial performance of PT Asahimas Flat Glass Tbk during the 2017–2024 period to evaluate the effectiveness of asset management, capital structure, and the company's ability to maintain its liquidity position.

Theoretical Framework

Financial ratios are key tools for evaluating a company's performance across various areas, including profitability, solvency, and liquidity (Septiana, 2019). By analyzing these ratios, management can assess the effectiveness of strategies and determine the company's capability to sustain financial stability during economic changes. Financial ratios reveal relationships among financial statement components, helping both internal and external parties understand the company's financial health.

According to Kasmir (as cited in Leksono and Pudjowati, 2015:15), profitability ratios measure a company's ability to generate profits. These ratios reflect management's overall effectiveness by showing profit levels derived from sales, assets, and equity. Examples include Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), and Gross Profit Margin (GPM). ROA shows how well the company generates income from its assets, while ROE indicates the return for shareholders on their invested capital. NPM assesses how efficiently the company turns revenue into net income, and GPM demonstrates the company's ability to control costs of goods sold to maximize gross profit.

Solvency ratios evaluate a company's capacity to pay long-term obligations on time. Fahmi (2017:87) states that these ratios reveal how much of the company's financing comes from debt and how capable it is of settling long-term liabilities. The Debt to Asset Ratio (DAR) compares total debt to total assets, while the Debt to Equity Ratio (DER) compares total debt to shareholders' equity. Higher DAR and DER values suggest greater reliance on external financing and increased financial risk.

Moreover, liquidity ratios are vital for assessing a company's ability to fulfill short-term debts with its current assets. Adequate liquidity indicates a healthy financial status and the ability to maintain stable cash flow operations. Overall, analyzing profitability, solvency, and liquidity ratios gives a complete picture of a company's financial strength and stability. This analysis is especially valuable for companies like PT Asahimas Flat Glass Tbk, as it helps evaluate financial performance from 2017 to

2024, focusing on maintaining a balance between profitability, risk, and debt repayment capacity to support long-term business sustainability.

Method

This study uses a quantitative descriptive approach with secondary data from the financial statements of PT Asahimas Flat Glass Tbk for 2017 to 2024. The data were gathered from the official website of the Indonesia Stock Exchange (IDX) and other reputable sources. The research focuses on analyzing three key categories of financial ratios: profitability, solvency, and liquidity. The process started with collecting audited financial statements to ensure data accuracy. Then, financial ratios such as ROA, ROE, NPM, GPM, DAR, DER, CR, QR, and CaR were calculated to demonstrate the company's financial health and performance during the study period.

1. **Profitability Ratios**, consisting of:
   a. *Return on Assets (ROA)* = $\frac{\text{Net Income}}{\text{Total Assets}} \times 100\%$
   b. *Return on Equity (ROE)* = $\frac{\text{Net Income}}{\text{Total Equity}} \times 100\%$
   c. *Net Profit Margin (NPM)* = $\frac{\text{Net Income}}{\text{Revenue}} \times 100\%$
   d. *Gross Profit Margin (GPM)* = $\frac{\text{Gross Profit}}{\text{Revenue}} \times 100\%$
2. **Solvency Ratios**, consisting of:
   a. *Debt to Asset Ratio (DAR)* = $\frac{\text{Total Debt}}{\text{Total Assets}} \times 100\%$
   b. Debt to Equity Ratio (DER) = $\frac{\text{Total Debt}}{\text{Total Equity}} \times 100\%$
3. **Liquidity Ratios**, consisting of:
   a. Current Ratio (CR) = $\frac{\text{Current Assets}}{\text{Current Liabilities}} \times 100\%$
   b. Quick Ratio (QR) = $\frac{(\text{Current Assets} - \text{Inventory})}{\text{Current Liabilities}} \times 100\%$
   c. Cash Ratio (CaR) = $\frac{\text{Cash and Cash Equivalents}}{\text{Total Assets}} \times 100\%$

Furthermore, to obtain a comprehensive overview of the company's financial performance trends, the analysis was conducted by comparing the calculated financial ratios across years and interpreting the changes occurring in each period. This approach aimed to provide insights into the company's overall financial development and performance trajectory during the study period.

Results

1. Profitability Ratios

Tabel 1. Profitability Rations of PT Asahimas Flat Glass Tbk

Year	Profitability Ratios			
	ROA (%)	ROE (%)	NPM (%)	GPM (%)
2017	0,62	1,09	0,99	1,64
2018	0,08	0,18	0,15	0,25
2019	-1,51	-3,88	-3,08	-3,93
2020	-5,41	-14,71	-11,44	-12,36
2021	4,30	9,68	6,71	7,98
2022	5,86	11,76	7,85	10,16
2023	7,78	13,76	9,86	12,78
2024	3,28	5,31	4,39	5,81

Source: Processed data from the Financial Statement of PT Asahimas Flat Glass Tbk (2017-2024)

Return on Assets (ROA) indicates the company's ability to generate profit from its total assets. The value fluctuated, reaching its highest point in 2023 at 7,78% and its lowest in 2020 at -5,41%, showing that asset efficiency has not been stable but improved toward the end of the period. Return on Equity (ROE) reflects profitability relative to shareholders' equity. The highest value occurred in 2023 at 13,76%, while the lowest was in 2020 at -14,71%, demonstrating significant changes in the company's ability to generate returns for shareholders. Net Profit Margin (NPM) represents the company's net profit margin from sales. It peaked in 2023 at 9,86% and reached its lowest level in 2020 at -11,44%, suggesting an improvement in profitability after a sharp decline during the pandemic. Gross Profit Margin (GPM) illustrates the efficiency of production processes. The ratio recorded its highest value in 2023 at 12,78% and the lowest in 2020 at -12,36%, indicating that cost efficiency improved following 2020.

2. Solvency Ratios

Tabel 2. Solvency Ratios of PT Asahimas Flat Glass Tbk

Year	Solvency Ratios	
	DAR (%)	DER (%)
2017	0,43	0,77
2018	0,57	1,34
2019	0,61	1,56
2020	0,63	1,72
2021	0,56	1,25
2022	0,50	1,01
2023	0,44	0,77
2024	0,38	0,62

Source: Processed data from the Financial Statement of PT Asahimas Flat Glass Tbk (2017-2024)

Debt to Assets Ratio (DAR) measures the proportion of total assets financed by debt. During the 2017–2024 period, the DAR values ranged from 0,38% to 0,63%, with the highest value in 2020 and the lowest in 2024. This indicates that the company's reliance on debt remained under control, showing a consistent downward trend toward a more stable and healthier capital structure. The decline in DAR reflects improved internal financing efficiency and reduced dependence on external liabilities, suggesting that the company is managing its assets and financial risks more prudently.

Debt to Equity Ratio (DER) represents the proportion of total debt compared to shareholders' equity. The ratio reached its highest level in 2020 at 1,72% and its lowest in 2023 at 0,77%. The gradual decrease in DER illustrates the company's strengthening equity base and better debt management over time. This improvement signifies that PT Asahimas Flat Glass Tbk has enhanced its financial stability and ability to meet long-term obligations, reflecting a stronger solvency position and a more sustainable capital structure.

3. Liquidity Ratios

Tabel 3. Liquidity Ratios of PT Asahimas Flat Glass Tbk

Year	Liquidity Ratios		
	CR (%)	QR (%)	CaR (%)
2017	200,94	200,94	5,52
2018	127,03	127,03	3,52
2019	102,69	102,69	3,42
2020	80,39	80,39	3,76
2021	98,92	98,92	1,79
2022	120,47	120,47	1,44
2023	144,39	144,39	1,98
2024	141,63	141,63	0,69

Source: Processed data from the Financial Statement of PT Asahimas Flat Glass Tbk (2017-2024)

Current Ratio (CR) indicates the company's ability to meet its short-term obligations using its current assets. During the 2017–2024 period, the ratio fluctuated between 200,94% in 2017 and 141,63% in 2024. Although a decline occurred over time, the company still maintained a favorable liquidity position, indicating that current assets were more than sufficient to cover short-term liabilities. The downward trend suggests that the company may have optimized the use of its current assets for operational efficiency while still maintaining adequate liquidity to avoid financial distress.

Quick Ratio (QR) measures the company's capacity to fulfill short-term liabilities without relying on the sale of inventory. The ratio reached its highest level in 2017 at 200,94% and its lowest in 2022 at 120,47%, which implies that the company continued to manage its liquid assets effectively throughout the observation period. Despite fluctuations, the company's quick ratio remained above the generally acceptable threshold, reflecting strong financial flexibility and an ability to generate sufficient liquid resources when needed.

Cash Ratio (CaR) represents the company's ability to pay current liabilities entirely through available cash or cash equivalents. The ratio peaked at 5,52% in 2017 and declined to 0,69% in 2024, indicating a reduction in cash holdings relative to total short-term obligations. This decline may suggest that the company allocated more of its cash for investment or operational activities rather than retaining it as idle liquidity. However, the company still demonstrated an overall ability to maintain sufficient liquidity, balancing between cash utilization for growth and the need to meet short-term financial commitments.

Discussion

The financial ratio analysis of PT Asahimas Flat Glass Tbk from 2017 to 2024 provides a comprehensive overview of the company's performance development and financial management strategies. Regarding profitability, the increase in ROA and ROE in later years indicates that the company has become more effective in utilizing its assets and equity to generate profits. However, fluctuations in NPM and GPM, especially the decline in 2020, suggest the influence of external factors such as rising production costs and decreased revenue due to economic conditions. The recovery after 2020 reflects management's success in enhancing operational efficiency and controlling costs.

From the solvency perspective, the gradual decrease in DAR and DER ratios indicates a healthier and more balanced capital structure. This trend shows the company's reduced reliance on external financing (debt) and its improved ability to manage internal funding sources, reflecting financial prudence in maintaining long-term stability amid economic uncertainty.

In terms of liquidity, the company consistently maintained its ability to meet short-term obligations, as evidenced by stable Current and Quick Ratios throughout the study period. Although the Cash Ratio declined, it remained within a reasonable range, indicating effective cash management while supporting operational and investment needs. Overall, the analysis illustrates that PT Asahimas Flat Glass Tbk is in a strong, adaptable, and resilient financial position to face the dynamics of Indonesia's glass manufacturing industry.

Conclusion

Based on the results of the financial ratio analysis, the financial performance of PT Asahimas Flat Glass Tbk during the 2017–2024 period shows a generally positive development, despite experiencing several fluctuations influenced by both internal and external factors. The analysis of profitability ratios (ROA, ROE, NPM, and GPM) indicates that the company demonstrated gradual improvement in its ability to generate profits after the downturn in 2020. This recovery reflects the company's effectiveness in enhancing asset utilization, cost control, and operational efficiency following the economic disruptions caused by the pandemic.

From the perspective of solvency, the steady decline in both Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER) signifies a healthier and more sustainable capital structure. The company's reduced dependence on external debt demonstrates its ability to manage financial leverage prudently and maintain balance between equity and liabilities. This improvement highlights the company's commitment to long-term financial stability and reduced financial risk exposure.

In terms of liquidity, the Current Ratio, Quick Ratio, and Cash Ratio consistently show that the company has been able to meet its short-term obligations throughout the observation period. Although minor declines occurred in recent years, particularly in the Cash Ratio, the overall liquidity condition remains sound, reflecting effective working capital management and sufficient cash flow to support ongoing operations and investment activities.

Overall, the financial performance of PT Asahimas Flat Glass Tbk can be categorized as stable, efficient, and resilient, supported by strong recovery in profitability, prudent debt management, and solid liquidity maintenance. To ensure the sustainability of this positive trajectory, it is recommended that the company continue to improve cost efficiency, enhance productivity, and optimize the utilization of internal resources. Moreover, adopting innovative financial and operational strategies will be crucial for maintaining competitiveness and long-term growth in Indonesia's dynamic glass manufacturing industry.

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