

ANALYSIS OF LIQUIDITY, SOLVENCY, ACTIVITY, AND PROFITABILITY RATIOS TO MEASURE FINANCIAL HEALTH OF PT PROTECH MITRA PERKASA TBK (2017-2024)

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Abstract

This study aims to analyze the financial performance of PT Protech Mitra Perkasa Tbk during the period 2017-2024 through financial ratio analysis, which includes liquidity, activity, solvency, and profitability ratios. The research method used is quantitative descriptive with secondary data obtained from the company's annual financial reports. The objectives of this study are to assess the company's ability to meet its short-term obligations, manage assets efficiently, maintain capital structure stability, and generate profits sustainably. The results show that the liquidity ratio fluctuated significantly, with strong performance in 2021 but a sharp decline in 2022, indicating unstable short-term financial conditions. The activity ratio, measured by cash turnover, indicates inefficient cash management during the research period. The solvency ratio (DER) is generally at a low level, reflecting low dependence on debt, although there was a sharp increase in 2022, indicating potential financial risk. Meanwhile, the profitability ratio (GPM) tended to decline and even showed losses in some years, indicating a decline in operational efficiency and profit-generating ability. Overall, the financial performance of PT Protech Mitra Perkasa Tbk during 2017-2024 can be categorized as unstable, with a liquidity level that

Keywords:

Financial performance, liquidity ratio, activity ratio, solvency ratio, profitability ratio

Introduction

In an era of increasingly competitive business, every company is required to be able to manage its finances effectively in order to maintain business continuity and achieve its financial goals. One way to assess the performance and health of a company is through financial statement analysis. According to Kasmir (2019), financial statements are the result of an accounting process that provides information about the financial position, performance, and changes in the financial position of a company in a certain period.

Financial statement analysis serves to help users understand the condition of a company by assessing the relationship between items in the financial statements

through the calculation of financial ratios. As explained by Harahap (2018), financial ratios are useful in identifying the strengths and weaknesses of a company from various aspects, such as liquidity, activity, solvency, and profitability. These four ratios reflect the company's ability to meet its short-term obligations, manage assets efficiently, bear long-term debt, and generate profits from its operational activities.

This study aims to analyze the financial performance of PT Protech Mitra Perkasa Tbk during the 2017–2024 period using financial ratio analysis. The research data was obtained from the company's annual financial reports accessed through the official website www.protechmitra.co.id and the company's email address info@protechmitra.co.id as public information sources. Through this study, it is hoped that the company's financial performance trends can be identified, its strengths and weaknesses evaluated, and input provided to management in improving the effectiveness of financial management and maintaining business sustainability in the future.

Theoretical Framework

The theoretical framework provides the foundation for explaining the concepts and relationships between variables examined in this research. This study is based on the theory of **financial statement analysis**, which serves as an essential approach to evaluating a company's overall financial condition. Financial ratios are analytical tools that summarize complex financial data into measurable indicators, allowing researchers to assess the company's ability to maintain liquidity, manage debt, optimize asset utilization, and achieve profitability. According to Kasmir (2019), financial ratio analysis enables comparison between financial components to identify trends, performance efficiency, and areas requiring improvement.

The liquidity ratio reflects a company's ability to meet its short-term obligations using its current assets. A stable liquidity position indicates the company's capacity to sustain daily operations without financial distress. The solvency ratio evaluates the extent to which a company relies on debt to finance its assets. Gitman (2015) highlights that a high level of solvency risk may arise from excessive leverage, reducing financial independence. Meanwhile, the activity ratio measures the effectiveness of asset utilization in generating revenue, and the profitability ratio determines how efficiently the company produces profits relative to sales or assets.

In the context of PT Protech Mitra Perkasa Tbk, these four ratios collectively describe the company's financial performance from 2017 to 2024. Fluctuations in liquidity and profitability indicate challenges in maintaining consistent operational efficiency, while changes in solvency and activity ratios reflect management's efforts to balance financial structure and asset productivity. Therefore, this theoretical framework emphasizes that sustainable financial performance depends on the company's ability to manage liquidity, solvency, activity, and profitability in a balanced and strategic manner.

Method

This research uses a quantitative descriptive method aimed at analyzing the financial condition and performance of PT Protech Mitra Perkasa Tbk during the period 2017–2024. The study focuses on evaluating key financial ratios to provide an overview of the company's financial stability and operational efficiency. The data used in this study are secondary data, obtained from the company's official annual financial statements available on the website www.protechmitra.co.id

The analytical technique employed in this research is financial ratio analysis, which involves calculating and interpreting financial indicators to identify trends and assess performance. The financial ratios used include: Liquidity Ratio (Current Ratio), Solvency Ratio (Debt to Equity Ratio), Activity Ratio (Total Asset Turnover), and Profitability Ratio (Gross Profit Margin). These ratios were calculated using the following formulas:

- Current Ratio (CR) = Current Assets / Current Liabilities × 100%
- Debt to Equity Ratio (DER) = Total Debt / Total Equity × 100%
- Total Asset Turnover (TATO) = Net Sales / Total Assets × 100%
- Gross Profit Margin (GPM) = Gross Profit / Net Sales × 100%

Data processing and calculation were conducted using Microsoft Excel, allowing for year-to-year comparisons to analyze fluctuations and performance trends. The results were interpreted using theoretical references from Kasmir (2019), Gitman (2015), and Brigham & Houston (2018) as the analytical basis for explaining the company's financial behavior and strategic implications.

Results

1. Liquidity Ratio

Tabel 1.1
Current Ratio of PT Protech Mitra Perkasa Tbk
for the Period 2017–2024

Year	Current Assets	Current Debt	CR
2017	Rp43.345.244.007	Rp5.759.092.996	752,64%
2018	Rp36.099.245771	Rp216.108.110	16704,25%
2019	Rp34.528.630.028	Rp103.235.625	33446,43%
2020	Rp34.387.563.399	Rp107.331.300	32038,71%
2021	Rp35.238.965.321	Rp15.580.721	226170,31%
2022	Rp8.586.577.645	Rp122.741.162.922	7,00%
2023	Rp81.486.581.976	Rp20.734.879.782	392,99%
2024	Rp85.298.649.761	Rp37.680.954.637	226,37%

Source: Author's processed data (2025)

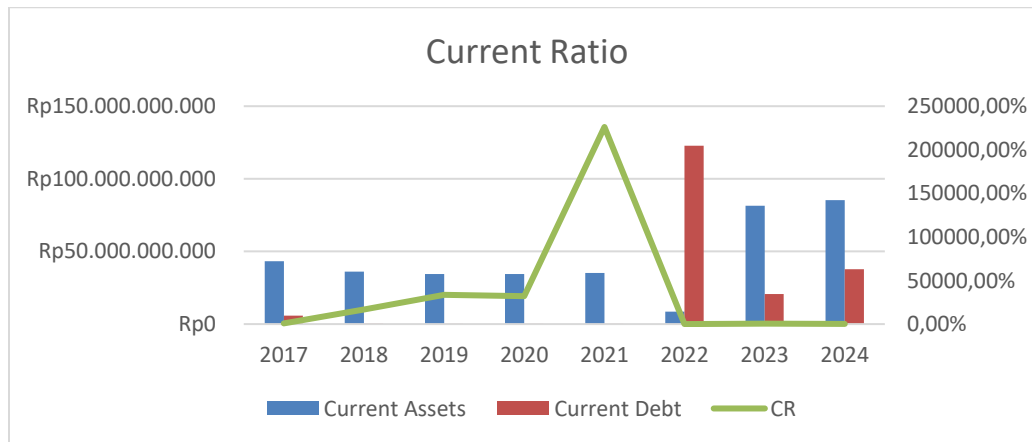


Figure 1.1
Current Ratio Calculation Results for the 2017-2024 Period

Based on the results of PT Protech Mitra Perkasa Tbk's liquidity ratio calculations from 2017 to 2024, there has been a sharp fluctuation in the Current Ratio (CR) value. In 2017, the company's current ratio was recorded at 752.64%, indicating very high liquidity. This value even rose extremely in the period from 2018 to 2021, reaching 16704.25% in 2018, 33446.43% in 2019, 32038.71% in 2020, and peaking at 226,170.31% in 2021.

However, since 2022, there has been a drastic decline to only 7.00%, indicating that the company is in a state of very low liquidity and at high risk of being unable to meet its short-term obligations. In 2023, the ratio increased again to 392.99%, then decreased slightly to 226.37% in 2024.

These extreme fluctuations indicate inconsistencies in the management of the company's current assets and current liabilities. The very high ratio values in the 2018–2021 period may indicate that the company had current assets that far exceeded its current liabilities, possibly due to low short-term debt or high cash and cash equivalents. However, the sharp decline in 2022 reflects a significant increase in current liabilities without a commensurate growth in current assets.

Overall, these conditions indicate that the company's ability to meet its short-term liabilities was once very strong, but declined dramatically in 2022 before recovering partially in the last two years. The company needs to maintain the stability of its current asset and liability structure in order to maintain a healthy level of liquidity and avoid future financial risks.

2. Activity Ratio

Tabel 1.2
Total Asset Turn Over PT Protech Mitra Perkasa Tbk
For the period 2017-2024

Year	Sales	Total Assets	TATO
2017	-Rp3.208.022.233	Rp52.001.196.755	-6,17%
2018	-Rp3.033.505.408	Rp44.619.809.973	-6,80%
2019	-Rp3.584.434.551	Rp42.944.284.013	-8,35%
2020	-Rp1.832.524.419	Rp42.785.406.038	-4,28%
2021	-Rp94.389.795	Rp43.238.865.321	-0,22%
2022	Rp5.199.960.000	Rp242.782.140.475	2,14%
2023	-Rp13.002.736.736	Rp710.519.013.838	-1,83%
2024	-Rp18.716.700.406	Rp701.592.613.552	-2,67%

Source: Author's processed data (2025)

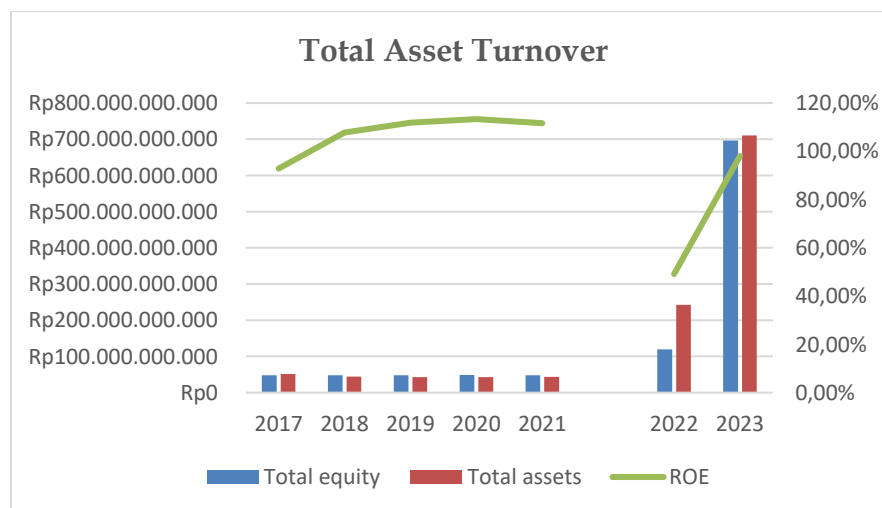


Figure 1.2
Quick Ratio Calculation Results for the 2017-2024 Period

Based on the calculation results of PT Protech Mitra Perkasa Tbk's Total Asset Turn Over (TATO) from 2017 to 2024, it can be seen that the company's total asset turnover ratio experienced significant fluctuations with a negative trend in most periods. In 2017, TATO was recorded at -6.17%, then decreased to -6.80% in 2018 and reached its lowest point of -8.35% in 2019. This indicates that the company has not been able to utilize its assets effectively to generate sales.

In 2020 and 2021, the TATO value was still negative but showed slight improvement, at -4.28% and -0.22%, respectively. A significant change occurred in

2022, when the ratio increased to 2.14%, meaning that the company began to be able to generate positive sales from its assets. However, this increase did not last long because in 2023 and 2024, the TATO value returned to negative values of -1.83% and -2.67%.

This condition indicates that the company's level of effectiveness in utilizing all of its assets to generate income is still low and unstable. The negative TATO value in most years shows that sales activities are not proportional to the size of the assets managed, even causing potential operational losses. Overall, PT Protech Mitra Perkasa Tbk's activity ratio shows that the company has not been efficient in using its assets to generate revenue during the 2017–2024 period. The company needs to improve its asset management strategy and strengthen its operational performance so that asset productivity can increase sustainably in the future.

3. Solvency Ratio

Table 1.3
Debt to Equity Ratio PT Protech Mitra Perkasa Tbk
For the Period 2017-2024

Year	Total Debt	Total Equity Capital	DER
2017	Rp5.928.415.996	Rp48.296.422.213	12,28%
2018	Rp554.414.110	Rp48.067.686.213	1,15%
2019	Rp679.695.625	Rp48.057.251.213	1,41%
2020	Rp351.927.300	Rp48.494.956.213	0,73%
2021	Rp33.288.721	Rp48.296.422.213	0,07%
2022	Rp131.600.346.636	Rp119.277.614.732	110,33%
2023	Rp23.067.935.900	Rp696.364.919.589	3,31%
2024	Rp37.742.498.014	Rp696.377.523.198	5,42%

Source: Author's processed data (2025)

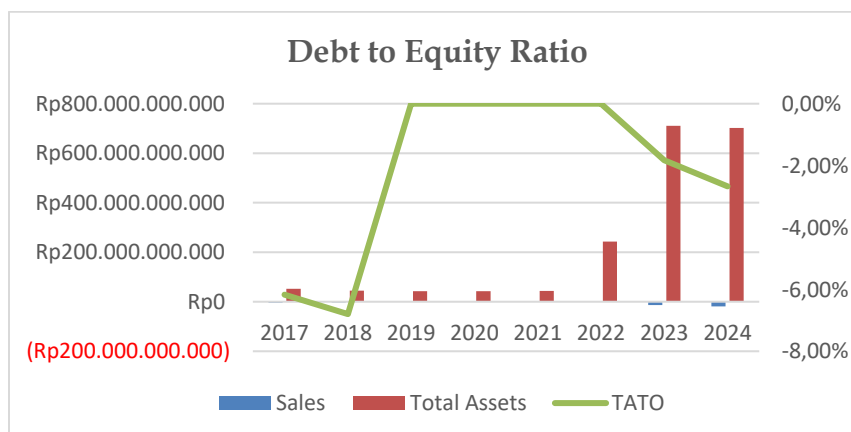


Figure 1.3
Quick Ratio Calculation Results for the 2017-2024 Period

Based on the results of calculating the solvency ratio of PT Protech Mitra Perkasa Tbk from 2017 to 2024, it can be seen that the Debt to Equity Ratio (DER) fluctuated significantly. In 2017, the DER was recorded at 12.28%, indicating that the company's debt was relatively small compared to its equity. This condition continued with a decline in 2018 of 1.15%, in 2019 of 1.41%, in 2020 of 0.73%, and reached its lowest point of 0.07% in 2021.

The very low ratio during the 2018–2021 period shows that the company was almost entirely independent of external funding (debt), relying instead on its own capital. This reflects a low level of financial risk and a very conservative capital structure.

However, in 2022, there was a sharp increase with a DER value of 110.33%, which means that the company's debt exceeded its own capital. This indicates a significant increase in the use of borrowed funds, causing the company's financial risk to increase sharply in that year. After that, in 2023, the ratio fell sharply again to 3.31%, and rose slightly to 5.42% in 2024, indicating the company's efforts to improve its funding structure by reducing its dependence on debt.

Overall, the company's DER ratio shows that PT Protech Mitra Perkasa Tbk was in a very good state of solvency during most of the observation period, despite a fairly risky spike in 2022. The company needs to maintain a balance between the use of debt and equity so that its financial structure remains healthy and stable in the future.

4. Profitability Ratio

Tabel 1.4
Return on Equity PT Protech Mitra Perkasa Tbk
For the Period 2017-2024

Year	Total equity	Total assets	ROE
2017	<u>Rp48.296.422.213</u>	Rp52.001.196.755	92,88%
2018	<u>Rp48.067.686.213</u>	Rp44.619.809.973	107,73%
2019	<u>Rp48.057.251.213</u>	Rp42.944.284.013	111,91%
2020	<u>Rp48.494.956.213</u>	Rp42.785.406.038	113,34%
2021	<u>Rp48.296.422.213</u>	Rp43.238.865.321	111,70%
2022	<u>Rp119.277.614.732</u>	Rp242.782.140.475	49,13%
2023	<u>Rp696.364.919.589</u>	Rp710.519.013.838	98,01%
2024	<u>Rp696.377.523.198</u>	Rp701.592.613.552	99,26%

Source: Author's processed data (2025)

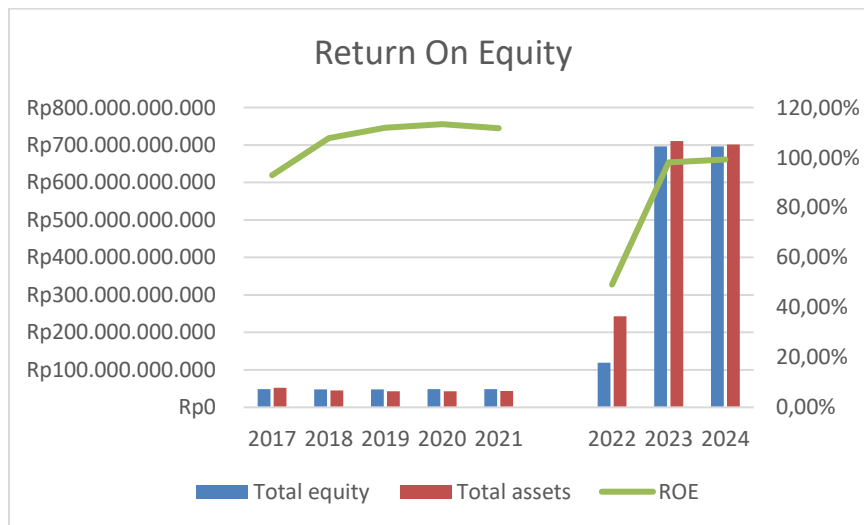


Figure 1.4
Return on Equity Results for the 2017-2024 Period

Based on the calculation of PT Protech Mitra Perkasa Tbk's Return on Equity (ROE) for the period 2017–2024, it can be seen that the company's return on equity fluctuated significantly. In 2017, ROE was recorded at 92.88%, indicating that the company was able to generate profits almost equivalent to the amount of capital invested. This ratio increased in the following years, namely 107.73% in 2018, 111.91% in 2019, and peaked at 113.34% in 2020, which indicates high effectiveness in utilizing its own capital to generate profits.

However, in 2021, the ROE value decreased slightly to 111.70%, although it still showed a strong level of profitability. A sharp decline occurred in 2022, with an ROE value of only 49.13%, indicating a decline in the company's ability to generate profits from its capital. This was likely due to an increase in expenses or a decrease in revenue during that period.

The company's performance improved again in 2023, with ROE rising to 98.01%, and increasing again to 99.26% in 2024, indicating a recovery in profitability and more efficient capital management.

Overall, PT Protech Mitra Perkasa Tbk's ROE ratio shows that the company generally has a high return on equity, despite experiencing a sharp decline in 2022. This reflects the management's ability to utilize equity to generate profits, but it is still necessary to maintain profit stability so that the return on equity can be more consistent in the future.

Discussion

The results of the financial ratio analysis show that the financial performance of PT Protech Mitra Perkasa Tbk during the 2017–2024 period experienced significant fluctuations in all aspects—liquidity, activity, solvency, and profitability. This condition indicates that the company's financial management was not consistent and that its ability to maintain financial stability faced various internal

and external challenges.

The **liquidity ratio**, as measured by the Current Ratio, demonstrates extreme volatility. In the early years (2017–2021), the ratio reached unusually high levels, indicating that the company held a large number of current assets compared to its short-term obligations. According to Kasmir (2019), a high current ratio shows that the company has the ability to meet short-term liabilities, but when it becomes excessively high, it may also indicate inefficient use of assets.

The drastic decline in 2022, when the ratio dropped to only 7%, highlights serious liquidity problems and poor management of current assets. This reflects the company's inability to generate cash flow that aligns with its operational needs. Although there was partial recovery in 2023 and 2024, the instability of the liquidity ratio indicates that PT Protech Mitra Perkasa Tbk needs to improve its short-term financial planning and cash management.

The **activity ratio**, represented by Total Asset Turn Over (TATO), also shows an unfavorable pattern. For most of the observed period, the ratio recorded negative or zero values, suggesting that the company's assets were not used effectively to generate sales. Subramanyam and Wild (2014) argue that low or negative asset turnover implies that a company's operational activities are inefficient and that asset utilization is not contributing to revenue generation. The improvement in 2022, where TATO briefly turned positive, was not sustainable. The return to negative values in 2023 and 2024 implies that the company's operations remain unstable. This situation emphasizes the need for stronger operational performance, more efficient asset use, and an improved marketing strategy to restore consistent revenue growth.

The **solvency ratio**, measured by Debt to Equity Ratio (DER), reveals that the company generally maintained a low level of debt from 2017 to 2021. This shows a conservative financial structure and minimal reliance on external funding. However, the sharp increase in DER to 110.33% in 2022 indicates a sudden shift toward debt-based financing. Brigham and Houston (2018) explain that excessive leverage can increase the company's financial risk and reduce its capacity to handle long-term obligations. The subsequent reduction in DER in 2023 and 2024 shows management's efforts to restore balance in the capital structure. Nevertheless, the fluctuations suggest that the company's financial policy lacks long-term consistency.

The **profitability ratio**, measured by Return on Equity (ROE), provides insight into how effectively the company used its equity to generate profits. During the 2017–2020 period, ROE was above 100%, reflecting outstanding profitability and strong capital efficiency. However, the sharp decline to 49.13% in 2022 shows that the company's ability to generate profits dropped significantly, likely due to reduced operational efficiency and increased costs. According to Gitman (2015), profitability decline may stem from weak cost control, reduced sales, or poor strategic investment. The recovery in 2023 and 2024 demonstrates some improvement, but the company still faces challenges in maintaining consistent profitability.

Overall, the financial condition of PT Protech Mitra Perkasa Tbk during 2017–2024 is characterized by high volatility. Liquidity problems, inefficient asset utilization, and unstable profitability are the main factors behind its inconsistent performance. The findings align with the statement of Harahap (2018) that financial

analysis is not only a reflection of numbers but also of management effectiveness. Therefore, the company must focus on strengthening operational efficiency, maintaining optimal capital structure, and implementing more accurate financial forecasting to achieve sustainable financial stability in the future.

Conclusion

Based on the results of the financial ratio analysis, it can be concluded that PT Protech Mitra Perkasa Tbk's financial performance from 2017 to 2024 was unstable across all indicators. The liquidity ratio showed extreme fluctuations, with an excessively high value in 2018–2021 followed by a severe decline in 2022, indicating weak short-term financial management. The activity ratio, represented by Total Asset Turn Over, was largely negative, reflecting the company's inability to utilize assets effectively to generate sales. Meanwhile, the solvency ratio remained low during most of the period, but a sharp increase in 2022 indicated rising dependence on external debt and heightened financial risk. The profitability ratio (ROE) revealed a downward trend, showing the company's struggle to maintain consistent profitability after 2020.

These findings collectively show that the company's financial health is not yet stable and that its long-term sustainability could be at risk if corrective actions are not taken. To improve financial performance, PT Protech Mitra Perkasa Tbk should:

1. Strengthen liquidity management through effective cash flow monitoring and short-term financing strategies.
2. Optimize asset utilization by increasing operational activity and enhancing production or sales efficiency.
3. Maintain an optimal balance between debt and equity to reduce solvency risk.
4. Improve cost control mechanisms and operational efficiency to sustain profitability.

Consistent with Brigham and Ehrhardt (2017) and Tandelilin (2017), a company's long-term success depends on its ability to integrate financial management, operational strategy, and investment decisions effectively. Therefore, PT Protech Mitra Perkasa Tbk must continue to develop strategic, data-driven financial management practices to achieve a healthier and more sustainable financial condition in the coming years.

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