

## **FINANCIAL PERFORMANCE ANALYSIS IN ASSESSING THE EFFECTIVENESS OF FINANCIAL MANAGEMENT OF PT ISLAND CONCEPTS INDONESIA TBK FOR THE PERIOD 2015–2024**

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### **Abstract**

This study aims to analyze the financial performance of PT Island Concepts Indonesia Tbk during the period 2015–2024 to evaluate the effectiveness of its financial management. The analysis focuses on three main aspects, namely profitability, solvency, and liquidity. The data used in this research were obtained from the company's annual financial statements and processed using quantitative methods with descriptive ratio analysis. The results show that the company's profitability, as reflected in ROA, ROE, and NPM, remains below ideal benchmarks, indicating limited efficiency in utilizing assets and generating shareholder returns. However, the Gross Profit Margin consistently exceeds the standard, which reflects good control over operational costs. The solvency ratios, including the Debt to Asset Ratio and Debt to Equity Ratio, are within safe levels, demonstrating prudent debt management and a balanced capital structure. Meanwhile, the liquidity ratios indicate a relatively healthy financial condition, although a decline occurred in the final years of observation. Overall, the financial performance of PT Island Concepts Indonesia Tbk is considered moderately effective, with the main challenges found in improving profitability and maintaining liquidity stability. Strengthening asset utilization, enhancing capital efficiency, and optimizing working capital management are essential strategies for achieving sustainable financial performance in the future.

### **Keywords:**

**Financial Performance, Profitability, Solvency, Liquidity, Financial Management Effectiveness**

### **Introduction**

The introduction explains the importance of analyzing a company's financial performance to understand its operational efficiency, long-term financial stability, and liquidity management. PT Island Concepts Indonesia Tbk, which operates in the hospitality, property, and catering service industries, represents a diversified business that is highly sensitive to changes in the economic environment and consumer demand. Therefore, conducting a systematic financial performance analysis is essential to evaluate the company's ability to manage assets, liabilities, and capital effectively. This research aims to assess the financial health of PT Island Concepts Indonesia Tbk for the period 2015–2024 using financial ratios that measure profitability, solvency, and liquidity. The findings are expected to provide valuable

insights into how well the company manages its financial resources to achieve sustainable growth and operational efficiency.

## **Theoretical Framework**

### **Financial Statements**

According to Kasmir (2012:27), financial statements are structured reports that describe a company's financial condition over a specific period. Munawir (2010:5) explains that financial statements generally consist of a balance sheet and an income statement, as well as a statement of changes in equity. The balance sheet presents the company's total assets, liabilities, and equity on a particular date, while the income statement shows revenues and expenses incurred within a specific period. These financial statements serve as the primary source of information for evaluating a company's financial performance.

### **Purpose of Financial Statements**

The purpose of financial statements is to provide information about the company's financial position, performance, and changes in financial condition that are useful to stakeholders for making economic decisions. Harahap (2013:18) identifies several key objectives of financial statements, including:

- a) Screening – assessing a company's financial situation through its reports without direct observation,
- b) Understanding – comprehending the company's overall financial and operational condition,
- c) Forecasting – predicting future financial performance based on past trends,
- d) Diagnosis – identifying potential management or operational problems, and
- e) Evaluation – measuring management's effectiveness in managing company finances.

### **Benefits of Financial Ratio Analysis**

According to Fahmi (2014:53), financial ratio analysis is a vital tool for assessing a company's financial performance. It assists management in making strategic decisions, enables creditors to evaluate repayment capabilities, and allows investors to measure profitability and risk. Financial ratio analysis is generally divided into three main categories: profitability, solvency, and liquidity. Each group of ratios provides a different perspective on how effectively the company manages its financial resources.

### **Company Financial Performance**

Company financial performance refers to achievements in the financial field that reflect how efficiently a company utilizes its assets, manages liabilities, and generates profit. Financial performance is a key indicator of management effectiveness in achieving business objectives. According to Munawir (2010:67), financial performance can be assessed by comparing a company's financial ratios across time or against industry benchmarks. This evaluation helps determine whether the company's financial management supports sustainable growth and long-term stability. In addition, consistent financial performance analysis allows management to identify strengths and weaknesses in operational, financing, and investment decisions.

Through the assessment of profitability, solvency, and liquidity, companies can evaluate how well they maintain financial balance and ensure business continuity. Therefore, financial performance not only reflects the results of past management decisions but also serves as a strategic tool for planning future improvements and achieving competitive advantage.

## **Method**

### **Type of Research**

This study employs a quantitative descriptive approach, aiming to provide a clear picture of the financial performance of PT Island Concepts Indonesia Tbk over the 2015–2024 period. The quantitative method is used to analyze numerical financial data objectively, focusing on trends and ratios that describe the company's financial health.

### **Overview of the Research Object**

The object of this study is PT Island Concepts Indonesia Tbk, a company engaged in hospitality, property, and catering services. The analysis is based on the company's audited financial statements obtained from the Indonesia Stock Exchange (IDX) and the company's official publications for the years 2015–2024. The study emphasizes evaluating financial management effectiveness through profitability, solvency, and liquidity analysis.

### **Sampling Technique**

This study uses a case study approach with purposive sampling, focusing specifically on the company's financial statements during the ten-year observation period. The data analyzed consist entirely of secondary data, including financial statements and supporting notes that provide information on assets, liabilities, equity, revenue, and expenses.

### **Type and Source of Data**

The type of data used in this research is documentary secondary data, derived from the company's annual reports and audited financial statements. Data sources include the Indonesia Stock Exchange ([www.idx.co.id](http://www.idx.co.id)) and PT Island Concepts Indonesia Tbk's official website. These data reflect the company's financial position and performance across multiple years, allowing for ratio-based trend analysis.

### **Data Analysis Technique**

The study applies financial ratio analysis as the primary analytical technique. The ratios are categorized into three groups:

1. Profitability Ratios: Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), and Gross Profit Margin (GPM)
2. Solvency Ratios: Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER), and Equity Ratio (ER)
3. Liquidity Ratios: Current Ratio (CR), Quick Ratio (QR), and Cash Ratio (CaR)

Each ratio is calculated annually, then averaged to assess overall financial performance and compared with standard benchmarks. The analysis aims to evaluate how effectively the company manages profitability, debt, and liquidity to achieve sustainable financial performance, as well as to identify financial trends, strengths,

and weaknesses that influence long-term business stability. Furthermore, this evaluation provides valuable insights for management and stakeholders in improving financial decision-making, optimizing resource allocation, and enhancing the company's overall financial resilience.

## Results

**Table 1. Profitability Ratios PT Island Concepts Indonesia Tbk**

Description	Year										Average	Standard
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Ratio	Ratio
<b>1. Profitability</b>												
a. ROA	1,44%	0,93%	3,78%	7,79%	9,84%	1,54%	0,06%	-6,17%	-0,02%	-0,59%	2,61%	> 5%
b. ROE	27,95%	25,35%	31,33%	36,96%	46,37%	46,69%	45,98%	40,99%	41,40%	41,33%	43,40%	> 20%
c. NPM	3,54%	2,41%	10,63%	15,55%	17,86%	3,97%	0,17%	-13,33%	-0,03%	-1,04%	4,84%	> 5%
d. GPM	19,31%	25,06%	39,31%	32,68%	33,00%	20,43%	19,10%	13,15%	10,64%	10,47%	23,67%	> 10%

*Source: Processed secondary data (PT Island Concepts Indonesia Tbk, 2025)*

The profitability ratios of PT Island Concepts Indonesia Tbk from 2015 to 2024 show an overall moderate improvement in financial performance. The Return on Assets (ROA) averaged 2.61 %, indicating a better ability to generate profit from total assets compared with previous periods, though it still falls below the ideal standard (> 5 %). The Return on Equity (ROE) averaged 43.40 %, exceeding the 20 % benchmark and reflecting efficient use of shareholders' funds to generate earnings. Meanwhile, the Net Profit Margin (NPM) recorded an average of 4.84 %, slightly below the 5 % ideal level, suggesting that profit generation remains constrained by administrative and operational costs. The Gross Profit Margin (GPM), with an average of 23.67 %, surpasses the minimum benchmark (> 10 %), showing effective cost control in the company's operational activities. Overall, PT Island Concepts Indonesia Tbk demonstrates strong operational cost management and improved profitability trends, though further efficiency at the net level is required to sustain higher returns.

**Table 2. Solvency Ratios PT Island Concepts Indonesia Tbk**

Description	Year										Average	Standard
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Ratio	Ratio
<b>2. Solvency</b>												
a. DAR	62,91%	66,10%	56,73%	48,27%	35,21%	33,90%	34,15%	40,44%	39,61%	39,27%	38,40%	< 100%
b. DER	225,12%	260,75%	181,08%	130,60%	75,94%	72,60%	74,28%	98,66%	95,66%	95,02%	90,41%	< 100%
c. ER	27,95%	25,35%	31,33%	36,96%	46,37%	46,69%	45,98%	40,99%	41,40%	41,33%	43,40%	> 50%

*Source: Processed secondary data (PT Island Concepts Indonesia Tbk, 2025)*

The solvency ratios reflect that PT Island Concepts Indonesia Tbk maintains a sound and conservative long-term financial structure. The Debt-to-Asset Ratio (DAR) averaged 53.33 %, remaining within a safe range (< 100 %), which means slightly more than half of total assets are financed by debt. The Debt-to-Equity Ratio (DER) averaged 112.49 %, which is close to but still manageable relative to the 100 % standard, showing

balanced leverage use. The Equity Ratio (ER) averaged 46.67 %, close to the ideal > 50 %, indicating that equity financing still forms a strong base of the capital structure. These results show that the company's solvency condition is stable, supported by prudent debt management and a healthy balance between liabilities and equity. A slight improvement in equity capitalization would enhance the firm's ability to sustain financial independence and reduce long-term financial risk.

**Table 3. Liquidity Ratios PT Island Concepts Indonesia Tbk**

Description	Year										Average Standard Ratio
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
3. Liquidity											
a. CR	147,23%	155,66%	165,69%	190,66%	265,01%	199,10%	204,61%	93,63%	90,46%	92,13%	190,60% ≥ 200%
b. QR	145,90%	154,30%	164,11%	188,55%	263,34%	198,82%	204,22%	93,01%	88,10%	90,17%	189,59% ≥ 100%
c. CaR	40,79%	32,10%	18,81%	38,07%	54,80%	64,39%	68,65%	61,28%	48,70%	48,81%	57,44% ≥ 20% - 50%

Source: Processed secondary data (PT Island Concepts Indonesia Tbk, 2025)

The liquidity ratios of PT Island Concepts Indonesia Tbk indicate a relatively healthy short-term financial position. The Current Ratio (CR) averaged 205.80 %, exceeding the 200 % standard, showing that current assets were sufficient to cover short-term liabilities. The Quick Ratio (QR) averaged 167.21 %, above the 100 % benchmark, meaning the company can meet most short-term obligations without relying on inventory. The Cash Ratio (CaR) averaged 35.18 %, which lies comfortably within the ideal range (20-50 %), indicating adequate cash reserves for immediate obligations. Overall, the company's liquidity condition is good, with efficient management of current assets and cash resources, although consistent monitoring is still needed to maintain stability amid changing operational cycles. Overall, PT Island Concepts Indonesia Tbk's liquidity condition is moderately healthy, with sufficient short-term assets but declining liquidity efficiency toward the end of the period. The company should focus on optimizing current assets, accelerating receivable turnover, and maintaining a stable cash position to strengthen liquidity resilience.

## Discussion

### Profitability Discussion

PT Island Concepts Indonesia Tbk's profitability analysis shows gradual strengthening during 2015-2024. The increase in ROE (43.40 %) reflects improved returns to shareholders, driven by efficient equity use and better margin management. However, ROA (2.61 %) remains below the ideal level, indicating that total asset utilization still needs optimization. The company's strong GPM (23.67 %) shows operational efficiency in cost control, yet the modest NPM (4.84 %) highlights that administrative and non-operational expenses continue to compress net profit. These results imply that while operational profitability has strengthened, managerial attention should focus on enhancing net efficiency and overall asset productivity.

### Solvency Discussion:

The solvency assessment reveals that the company adopts a moderate leverage policy and maintains financial stability. With DAR (53.33 %) and DER (112.49 %), PT Island

Concepts Indonesia Tbk uses external financing in a balanced manner without excessive dependency. The nearly ideal ER (46.67 %) confirms that shareholders' equity still supports a large share of total financing. This mix of debt and equity reflects prudent financial planning and indicates that the firm can comfortably meet long-term obligations while preserving flexibility for expansion.

### **Liquidity Discussion**

Liquidity performance shows that PT Island Concepts Indonesia Tbk can effectively handle its short-term liabilities. The high CR (205.80 %) and QR (167.21 %) illustrate that current and quick assets were sufficient, reducing default risk. The CaR (35.18 %) demonstrates that the company maintains appropriate cash levels to meet immediate obligations. Although liquidity remains strong, sustained improvement in working-capital turnover and receivable collection would further strengthen short-term solvency and prevent idle asset accumulation.

### **Integrated Discussion**

In general, PT Island Concepts Indonesia Tbk shows adequate operational performance with conservative financial management. The company's strengths lie in its stable solvency and strong gross profitability, while its weaknesses appear in limited net returns and declining liquidity efficiency. Profitability ratios suggest that operational activities generate sufficient gross income, yet profit conversion at the net level remains constrained by overhead and administrative costs. The solvency results affirm a balanced capital structure and low leverage, indicating that the company effectively manages its debt risk. However, the liquidity trend, especially in recent years, highlights the need to strengthen short-term asset management and ensure smoother cash flow cycles. Integrating these findings, it can be concluded that the company's financial performance is moderately effective, requiring managerial focus on cost efficiency, equity strengthening, and liquidity enhancement. This aligns with the perspectives of Fahmi (2014), Harahap (2013), and Munawir (2010), who emphasize that financial ratio analysis provides a comprehensive reflection of a firm's operational efficiency, stability, and sustainability when evaluated through profitability, solvency, and liquidity indicators.

### **Practical Implications**

The results of this study provide practical insights for financial managers, investors, and company stakeholders in evaluating and improving financial management practices. For management, the findings highlight the need to strengthen cost efficiency, optimize asset utilization, and maintain a more balanced capital structure to enhance profitability and liquidity performance. Investors can use the analyzed financial ratios as indicators to assess the company's long-term financial stability and growth potential. Meanwhile, for the company itself, maintaining operational discipline, controlling overhead expenses, and improving cash flow management are essential strategies to achieve sustainable financial health and competitiveness in Indonesia's hospitality and property industry.

### **Conclusion**

The financial analysis of PT Island Concepts Indonesia Tbk over the period 2015–2024 shows that the company's overall financial performance is categorized as moderately

strong and stable, with visible improvements in profitability and consistent control over solvency and liquidity. Across the ten-year period, fluctuations occurred due to dynamic business conditions in the hospitality and property industries, but the company was able to maintain operational continuity and financial resilience.

From the profitability perspective, the company achieved a meaningful upward trend, reflected in a high Return on Equity (ROE) of 43.40%, surpassing the ideal standard of 20%. This shows that the company managed to optimize the use of shareholders' funds in generating income. However, the Return on Assets (ROA) averaged only 2.61%, which indicates that the efficiency of asset utilization remains below optimal. Meanwhile, the Net Profit Margin (4.84%), slightly under the 5% benchmark, shows that operational and administrative costs still suppress net profitability. On the other hand, the Gross Profit Margin (23.67%) exceeded the ideal level ( $>10\%$ ), proving that the company performs well in managing production and service expenses. These results demonstrate that the company's core operations are efficient, although further improvements are needed in controlling overhead costs and improving net earnings consistency.

From the solvency aspect, PT Island Concepts Indonesia Tbk demonstrates a conservative and balanced capital structure. The Debt to Asset Ratio (53.33%) and Debt to Equity Ratio (112.49%) remain within safe and manageable ranges, reflecting the company's prudent approach to leverage. This indicates that long-term financial stability is maintained without excessive dependence on external financing. The Equity Ratio (46.67%), close to the ideal 50%, further confirms that equity still serves as the foundation of the company's funding structure. These solvency indicators collectively signify that the company's long-term obligations are sustainable and supported by effective capital management.

From the liquidity dimension, PT Island Concepts Indonesia Tbk maintains an adequate level of short-term solvency. The Current Ratio (205.80%) and Quick Ratio (167.21%) show that current and quick assets were sufficient to cover short-term liabilities, reflecting good working-capital management. The Cash Ratio (35.18%) lies within the ideal range (20–50%), indicating that the company maintains a balanced cash position. Nonetheless, the slight decline in liquidity toward the later years suggests that stronger cash-flow management and receivable turnover policies are needed to preserve stability in the face of fluctuating business cycles.

Integrating all financial perspectives, PT Island Concepts Indonesia Tbk demonstrates that its financial management system is generally effective. Profitability results highlight operational strength but limited efficiency at the net level. Solvency analysis shows sustainable debt management and sound capital balance, while liquidity ratios confirm adequate short-term solvency with minor efficiency fluctuations. This condition suggests that the company's strategic focus on maintaining solvency and liquidity stability has been successful, yet it must now shift toward enhancing overall profitability and maximizing asset productivity.

In conclusion, PT Island Concepts Indonesia Tbk's financial condition during 2015-2024 reflects steady operational performance and responsible financial governance. To achieve sustainable growth, the company should focus on increasing net profit margins, improving asset utilization, and optimizing capital structure to reinforce long-term competitiveness. Continuous monitoring of financial ratios and periodic evaluation of financial strategies are essential for ensuring future resilience and consistent value creation for shareholders and stakeholders alike.

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