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FINANCIAL RATIO ANALYSIS ON FINANCIAL PERFORMANCE AT PT ALKINDO NARATAMA TBK FOR THE PERIOD 2020 – 2024

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Abstract

The results of this study indicate that the liquidity ratio of PT Alkindo Naratama Tbk over the past five years was below the standard level (>200%), showing that the company's ability to meet its short-term obligations is relatively weak. The solvency ratio shows a fluctuating condition, where in 2020–2021 the company was in a good category, but it increased beyond the ideal limit in 2022–2023 and improved again in 2024. Meanwhile, the profitability ratio shows a significant downward trend, with the ROA remaining below the standard level from 2022 to 2024. Overall, the findings reveal that the financial performance of PT Alkindo Naratama Tbk remains unstable and tends to decline, particularly in terms of liquidity and profitability. Therefore, the company needs to improve the efficiency of asset management, strengthen its capital structure, and optimize revenue sources to achieve better and more sustainable financial performance in the future.

Keywords: Financial Performance, Pinancial Statements Financial Ratios, Liquidity Ratios, Solvency Ratios, and Profitability Ratios

Introduction

In an increasingly competitive business world, every company is required to maintain and improve its financial performance in order to survive and grow. One way to assess a company's financial condition is through **financial ratio analysis**, which provides an overview of the company's liquidity, solvency, and profitability in a given period. Financial ratio analysis helps management, investors, and external parties in assessing the effectiveness of a company's resource management . Through financial ratios, it is possible to determine the extent to which a company is able to meet its short-term obligations, manage its capital structure, and generate profits from its assets.

PT **Alkindo Naratama Tbk** is a company engaged in the paper and packaging industry that is listed on the Indonesia Stock Exchange. In the **2020-2024** period**,** the company faces global and national economic dynamics that also affect its operational performance. Therefore, it is important to analyze the company's financial ratios to determine its financial condition during that period and to assess the effectiveness of management in managing the company's finances.

By using financial ratio analysis such as **liquidity, solvency, and profitability ratios**, this study is expected to provide a comprehensive picture of **the financial**

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performance of PT Alkindo Naratama Tbk and serve as a consideration for management and investors in making economic decisions.

Tabel 1
Financial Summary PT Aldo Tbk

	2020	2021	2022	2023	2024
Net Revenue	1.105.920.883.249	1.457.267.000.000	1.401.914.000.000	1.652.496.343.253	1.856.914.462.624
Net Income	65.331.041.553	100.771.009.640	65.764.485.236	2.432.375.361	2.432.375.361
Gross Profit	234.929.464.043	294.213.000.000	255.411.000.000	227.750.418.432	- 8.915.774.567
EBITDA	-	-	-	-	-
Operating Income	100.156.726.708	142.177.204.685	100.123.615.078	45.705.140.296	33.490.778.596
Total Assets	953.551.967.212	1.210.809.442.028	1.568.806.950.187	1.751.702.567.743	2.046.681.278.169
Total Liabilities	363.428.319.392	507.406.880.546	803.638.004.050	941.764.934.889	1.019.907.046.039
Earnings per Share	45,97	68,89	49,59	2,05	-3,20
Dividend per Share	- 1.204.787.320	- 1.626.420.150	- 2.081.817.792	- 1.293.015.076	- 1.350.356.872

Based on the table above, PT Alkindo Naratama Tbk's net profit in 2020 was recorded at Rp65.33 billion. In 2021, the company's net profit increased by 54.26% to Rp100.77 billion. However, in 2022, net profit decreased by 34.73% to Rp65.76 billion.

The company's financial performance continued to decline in 2023, with net profit reaching only IDR 2.43 billion, a sharp decline of around 96.30% compared to the previous year. This condition worsened in 2024, when the company experienced a net loss of IDR 8.91 billion.

These fluctuations indicate that PT Alkindo Naratama Tbk's financial performance has declined significantly in recent years, particularly in terms of profitability and asset efficiency. Therefore, the author feels it is necessary to conduct a further analysis of the company's financial condition through a financial ratio approach.

Based on this description, the author intends to conduct research and compile it in a journal entitled: "Financial Ratio Analysis of Financial Performance at PT Alkindo Naratama Tbk for the Period 2020-2024."

Theoretical Framework

In this study, the author uses several theories and concepts related to financial ratio analysis to assess the financial performance of companies. This literature review aims to provide a theoretical basis and strengthen understanding of the concepts used in the study, such as the definition of financial statements, financial ratios, and the types of ratios that serve as indicators of company performance.

Financial ratio analysis is an important tool in evaluating a company's condition and performance, because these ratios can be used to determine the extent of management's effectiveness in managing the company's assets, liabilities, and capital to generate profits.

According to Kasmir (2019:66), financial statement analysis is the process of assessing the financial position and operating results of a company in a certain period by comparing two or more financial data. This analysis aims to determine the company's financial condition so that it can be used as a basis for managerial decision-making. The financial statements analyzed usually consist of a balance sheet (statement of financial position), income statement, and statement of changes in equity. Through financial statement analysis, users can determine the company's liquidity, solvency, profitability, and activity levels.

According to Harahap (2015:297), a financial ratio is a figure obtained from comparing one item in a financial statement with another item that has a relevant relationship. Ratios are used to evaluate a company's performance and financial condition.

Meanwhile, according to Kasmir (2019:104), financial ratios are the act of comparing figures in financial statements to determine a company's financial position. Financial ratio analysis is important for management, investors, and creditors because it helps assess the company's financial strengths and weaknesses.

Based on the opinions of the experts above, it can be concluded that financial statement analysis is a systematic process of assessing a company's financial condition and performance through the processing and interpretation of financial data contained in financial statements.

Meanwhile, financial ratio analysis is a tool used to assess the effectiveness, efficiency, and stability of a company by comparing certain items in the financial statements. Through financial ratios, management and stakeholders can identify the company's strengths, weaknesses, and ability to generate profits and meet its financial obligations.

Thus, financial ratio analysis plays an important role as a basis for decision making related to assessing the company's financial performance, including in this study, namely PT Alkindo Naratama Tbk for the 2020-2024 period.

According to Kasmir (2019:66), the main objective of financial statement analysis is to determine the financial position and business results of the company in a certain period, as well as the changes that occur from one period to the next.

More specifically, the objectives of financial statement analysis are as follows:

1. To determine the company's financial position :To assess the company's assets, liabilities, and capital in a certain period.

2. To assess the company's financial performance : Through financial ratios, it can be determined whether the company is efficient and capable of generating profits.
3. To assess the company's development over time :The analysis is carried out by comparing data between periods to see trends of increase or decrease.
4. To assist in managerial decision-making :The results of the analysis are used by management in formulating business strategies and financial policies.
5. Assessing the company's ability to meet its obligations : This is especially true in terms of the ability to pay short-term debts (liquidity) and long-term debts (solvency).
6. Assessing the company's future potential : Investors and creditors can estimate the company's prospects based on the results of financial analysis.

The company's ability to meet its short-term obligations is indicated by its liquidity ratio. The company's ability to fulfill its obligations to external parties is also indicated by the liquidity ratio. In other words, the liquidity ratio shows the company's ability to pay short-term debts that are due or to finance and fulfill debts when they are billed. The following are the liquidity ratios used by companies:

1. Current Rasio

   According to Kasmir (2019:134), the current ratio is a ratio used to measure a company's ability to pay its short-term liabilities or debts that are due immediately when billed in full. Measuring liquidity is important regardless of the difference between current liabilities and current assets; instead, it is necessary to look at how the two compare, which indicates the ability to repay debts. The average current ratio for the industry is 200%, or double. The current ratio formula used is:

$$\text{Current Rasio} = \frac{\textit{Current Assets}}{\textit{Current Liabilities}}\ x\ 100\%$$

2. Cash Rasio

   According to Kasmir (2019:138), the cash ratio is a ratio used to measure how much cash is available to pay debts. A high cash ratio indicates a company's ability to pay its short-term debts. Conversely, a low cash ratio indicates that the company does not have the necessary cash funds to pay its short-term debts. As a result, to cover the cash shortfall, the company must sell other current assets. The industry standard average for the cash ratio is 50%. The formula used for the cash ratio is:

$$\text{Cash Rasio} = \frac{\textit{Cash} + \textit{Cash Equivalents}}{\textit{Current Liabilities}} \text{ x } 100\%$$

3. Quick Ratio

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According to Kasmir (2019:136), the quick ratio shows a company's ability to pay its current liabilities (short-term debt) that must be met immediately with available current assets without taking into account the value of inventory. For the quick ratio, the standard industry average is 1.5 times, or 150%. The quick ratio formula used is:

$$Quick\ Ratio = \frac{Current\ Assets\ -\ Inventory}{Current\ Liabilities}\ x\ 100\%$$

4. Cash Turn Over

According to Kasmir (2019:140), the cash turnover ratio serves to measure the adequacy of a company's working capital needed to pay bills (debts) and finance costs related to sales. The standard industry average for the cash turnover ratio is 10 times. The formula used to calculate the cash turnover ratio is:

$$Cash\ Turn\ Over = \frac{Net\ Sales}{Net\ Working\ Capital}\ x\ 100\%$$

According to Kasmir (2019:152), the solvency ratio or leverage ratio is a ratio used to measure the extent to which a company's assets are financed by debt. This means how much debt the company bears compared to its assets. Based on this understanding, it can be said that the solvency ratio is a ratio used to measure how much debt offsets a company's assets. The solvency ratios commonly used by companies are as follows:

1. Debt Ratio

According to Kasmir (2019:158), the debt ratio is a ratio used to measure the comparison between total debt and total assets. In other words, it shows how much debt finances a company's assets or how much debt affects asset management. The average debt ratio for the industry is 35%. The debt ratio formula used is:

$$Debt\ Ratio = \frac{Total\ Debt}{TTotal\ Assets}\ x\ 100\%$$

2. Debt to Equity Ratio

According to Kasmir (2019:159), the debt to equity ratio is a ratio used to assess debt with equity. This ratio is calculated by comparing total debt, including current debt, with total equity. This method helps to determine the amount of money lent or credited to the company's owners. In other words, this ratio is used to calculate how much of the company's own capital is used to secure debt. The standard industry average for the debt to equity ratio is 80%. The formula used for the debt to equity ratio is:

$$Debt\ to\ Equity\ Ratio = \frac{Total\ Debt}{Equity}\ x\ 100\%$$

3. Long-Term Debt to Equity Ratio

According to Kasmir (2019:161), the long-term debt to equity ratio is the ratio between long-term debt and equity. The purpose is to calculate the percentage of equity used to secure long-term debt. This is achieved by comparing the company's long-term debt with its equity. The average long-term debt to equity ratio for the industry is 10%. The formula used is:

$$Long - Term\ Debt\ to\ Equity\ Ratio = \frac{Long - term\ debt}{Equity}\ x\ 100\%$$

4. Times Interest Earned

According to Kasmir (2019:162), times interest earned is a ratio used to calculate the number of times interest is earned. A company's ability to pay interest is also included in this ratio. The industry standard average for times interest earned is 10 times. The formula used is:

$$Times\ Interest\ Earned = \frac{EBIT}{Interest\ expense}\ x\ 100\%$$

5. Fixed Charge Coverage

According to Kasmir (2019:164), fixed charge coverage is a ratio similar to the times interest earned ratio. The only thing that distinguishes this ratio is if the company obtains long-term loans or leases assets based on a lease contract. Fixed costs include annual or long-term leases and interest. The industry standard average for fixed charge coverage is 10 times. The formula used is:

$$Fixed\ Charge\ Coverage = \frac{Ebit+Fixed\ Charges}{Fixed\ Charges+Interest}\ \text{x 1 Time}$$

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According to Kasmir (2019:198), the profitability ratio is a ratio used to assess a company's ability to generate profits. This ratio also provides a measure of the effectiveness of a company's management. This is demonstrated by the profits generated from sales and investment income. According to Harahap (2010:304), the profitability ratio describes a company's ability to earn profits through all its capabilities and resources, such as sales activities, cash, capital, number of employees, number of branches, and so on. Prihadi (2020:166) states that profitability is a company's ability to generate profits. Therefore, it can be concluded that the profitability ratio is a ratio used to measure a company's ability to generate profits or the greatest profits. Types of profitability ratios include:

1. Return On Assets

   Kasmir (2019:203) Return On Assets measures a company's ability to utilize its assets to generate profits. This ratio illustrates a company's ability to generate profits from every rupiah of assets used. A high Return On Assets ratio indicates efficient asset management, which means efficient management. Conversely, a lower ratio indicates inefficient management.

$$\text{ROA} = \frac{Net\ Profit\ After\ Tax}{Total\ Assets}\ x\ 100\%$$

2. Net Profit Margin

   Kasmir (2019:202) Net profit margin is a measure of profit by comparing profit after interest and tax to sales. This ratio shows the company's net income on sales. This ratio is calculated by comparing profit after interest and taxes with sales. The industry standard average for net profit margin is 20%. The formula used is:

$$NPM = \frac{Profit\ After\ Interest\ and\ Taxes}{Sales}\ x\ 100\%$$

3. Gross Profit Margin (GPM)

   Kasmir (2019:201) states that gross profit margin is the gross profit margin that shows the company's relative profit by subtracting the cost of goods sold from net sales. The industry standard average for gross profit margin is 30%. The formula used to calculate gross profit margin is:

$$GPM = \frac{Gross\ Profit}{Sales}\ x\ 100\ \%$$

4. Return On Investment (ROI)

   Kasmir (2019:203) This ratio shows the return on the amount of assets used in the company. This ratio serves as a measure of how effectively

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management manages its investments. The industry standard for return on investment is 30%. The formula used to calculate return on investment is:

$$ROI = \frac{Profit\ after\ interest\ and\ taxes}{Total\ assets}\ x100\%$$

5. Return On Equity (ROE)

Kasmir (2019:206) Return on equity or return on own capital is a ratio used to measure net profit after tax with own capital. This ratio shows the efficiency of the use of equity capital; the higher the ratio, the more efficient the use of equity capital. The industry standard average for return on equity is 40%. The formula used is:

$$\text{ROE} = \frac{Profit\ after\ interest\ and\ taxes}{Equity\ capital}\ x\ 100\%$$

6. Earning per Share

Kasmir (2019:209) Earnings per share, also known as the book value ratio, is a ratio used to measure the success of management in achieving profits for shareholders. A low ratio indicates that management has failed to meet shareholder expectations; conversely, a high ratio indicates an increase in shareholder welfare, which means a high rate of return. The formula used to calculate earnings per share is:

$$\text{EPS} = \frac{Net\ Income\ - Preferred\ Dividends}{Common\ stock\ outstanding}\ x\ 100\%$$

Method

This study uses a quantitative descriptive method, which is a method that aims to describe the financial condition of a company based on numerical data obtained from financial statements. The data used in this study is secondary data, which is data obtained indirectly through official documents in the form of PT Alkindo Naratama Tbk's annual financial reports for the period 2020 to 2024, published through the official website of the Indonesia Stock Exchange (IDX) and other relevant sources. According to Sugiyono (2018), "The quantitative research method is a research method based on the philosophy of positivism, used to study a specific population or sample, collecting data using research instruments, quantitative/statistical data analysis, with the aim of testing predetermined hypotheses." Because the research data consists of numbers, this method is called the quantitative method.

This research was conducted from October 2025 at PT Alkindo Naratama Tbk, which can be found on the Indonesia Stock Exchange (IDX) through www.idx.co.id.

The secondary data for this research is the financial reports of PT ADARO ENERGY Tbk for the 2018–2022 period, which the author obtained from www.idx.co.id. This is the official website of the Indonesia Stock Exchange where the financial reports of every company that has gone public must be submitted. The financial position is described through quantitative descriptive analysis used in this study. The data analysis method in this study uses financial ratios consisting of (Kasmir 2019:134-203)

Current Ratio. This ratio shows the company's ability to pay short-term debts that must be fulfilled immediately with current assets.

$$\text{Current Rasio}= \frac{Current\ Assets}{Current\ Liabilities}\ x\ 100\%$$

The debt-to-equity ratio is a ratio used to assess debt against equity. This ratio is calculated by comparing total debt, including current debt, against total equity. The debt-to-equity ratio for each company will vary, depending on the characteristics of the business and the diversity of its cash flows.

$$Debt\ to\ Equity\ Ratio = \frac{Total\ Debt}{Equity}\ x\ 100\%$$

Return on Assets measures a company's ability to utilize its assets to generate profits. This ratio illustrates a company's ability to generate profits from every rupiah of assets used. A high Return on Assets ratio indicates efficient asset management, meaning that the lower this ratio is, the less efficient the management is.

$$\text{ROA} = \frac{Net\ Profit\ After\ Tax}{Total\ Assets}\ x\ 100\%$$

Results

PT Alkindo Naratama Tbk is a publicly listed company engaged in the paper and packaging materials industry, which has faced significant challenges in recent years despite an increase in revenue. For example, ALDO's net revenue rose from around IDR 1.40 trillion (2022) to IDR 1.65 trillion (2023). However, this increase in revenue was not accompanied by an increase in net profit — in 2023, the company's net profit declined sharply to only around IDR 2.71 billion, down significantly from the previous profit in 2022 which reached tens of billions. IDN Financials+1

This condition shows that the company is facing pressure from increased cost of revenue and financial expenses, which affect operating margins and ultimately net profit. Nevertheless, the company remains optimistic about 2025 with a projected performance growth of around 20%, driven by expectations of improved brown paper prices and production efficiency. kontan.co.id+1

In terms of financial structure, cash flow and liability reports show fluctuations that indicate challenges in working capital and operating cash flow management. A study shows that ALDO's operating, investment, and financing cash flows for the 2019-2023 period are "less stable." Another analysis confirms that although the company's assets have increased, profitability indicators such as ROA, ROE, and profit margins have declined significantly, indicating that the increase in business scale has not been fully translated into net profit. ejournal.unaja.ac.id+1

Strategically, ALDO has taken steps such as a Rp 10 billion share buyback plan in an effort to strengthen market confidence and optimize the use of internal cash. The main challenges that still need to be addressed include: pressure on raw material prices and packaging paper supplies, production efficiency, financial burden management, and operational cash flow stability.

The liquidity ratio is used to assess a company's ability to meet its short-term obligations using its current assets. The indicator used in this study is the Current Ratio, which is calculated by comparing current assets to current liabilities. The ideal standard for this ratio is generally in the range of >200%, which indicates good liquidity (Kasmir, 2019).

Table 2.
Current Ratio PT Alkindo Naratama Tbk

YEAR	LIQUIDITY				
	Current Ratio				
	Current Assets	**Current Liabilities**	**Current Ratio**	**Standard Ratio**	**Assessment**
2020	Rp 536.525.873.066	Rp 303.886.581.958	177%	> 200%	POOR
2021	Rp 710.233.784.991	Rp 387.942.345.634	183%		POOR
2022	Rp 714.110.899.271	Rp 508.007.638.970	141%		POOR
2023	Rp 876.816.000.000	Rp 680.008.000.000	129%		POOR
2024	Rp 947.105.255.724	Rp 767.212.518.685	123%		POOR

Based on the calculations, PT Alkindo Naratama Tbk's liquidity ratio during the 2020–2024 period shows a downward trend and is below the ideal standard. In 2020, the current ratio was recorded at 177%, slightly increasing in 2021 to 183%, but then experiencing consecutive declines in 2022 to 2024, at 141%, 129%, and 123%, respectively.

This decline indicates that the company's ability to meet its short-term obligations continues to decline each year. Although in 2020 and 2021 the liquidity conditions were still relatively good, from 2022 to 2024 the ratio will be further from the ideal standard. This could be due to an increase in the company's current liabilities that is not offset by significant growth in current assets.

In general, these results indicate that PT Alkindo Naratama Tbk's liquidity condition in the last five years has been poor. If this trend continues, the company could potentially experience difficulties in meeting its short-term obligations, especially in the event of a decline in cash or uncollected receivables. Therefore, the company needs to manage its working capital more efficiently, for example by optimizing accounts receivable and inventory turnover so that its liquidity can improve in the future.

The solvency ratio is used to measure a company's ability to meet all of its obligations, both short-term and long-term, if the company is liquidated. In this study, the indicator used is the Debt to Equity Ratio (DER), which is calculated by comparing the total debt to the total equity of the company. According to Kasmir (2019), the ideal DER standard is less than 100%, which indicates that the proportion of debt to equity is still within safe limits.

Table 3
DER (Debt to Equity Ratio) PT Alkindo Naratama Tbk

YEAR	SOLVENCY				
	Debt to Equity (DER)				
	Total Liabilities	Total Equity	Total	Standard Ratio	Assessment
2020	Rp 363.428.319.392	Rp 590.123.647.820	62%	< 100%	GOOD
2021	Rp 507.406.880.546	Rp 703.402.561.482	72%		GOOD
2022	Rp 803.638.000.000	Rp 765.168.946.137	105%		POOR
2023	Rp 941.764.934.889	Rp 809.937.632.854	116%		POOR
2024	Rp 1.019.907.046.039	Rp1.026.774.232.130	99%		GOOD

Based on the analysis results, PT Alkindo Naratama Tbk's DER during the 2020–2024 period shows significant fluctuations. In 2020 and 2021, the DER was 62% and 72%, respectively, which means that the company's capital structure is still in good condition, as the debt level is relatively low compared to its own capital. However, in 2022 and 2023, the DER increased to 105% and 116%, exceeding the ideal standard. This condition indicates that the company has begun to rely more on external funding in the form of debt to finance its operational activities.

In 2024, the DER decreased again to 99%, indicating an improvement in the company's financial structure. This decline could be due to an increase in the company's equity or the repayment of some of its long-term liabilities. However, the upward trend in the debt ratio in the previous period shows that the company needs to be more careful in managing its funding sources so as not to be too dependent on debt.

Overall, it can be concluded that PT Alkindo Naratama Tbk's solvency performance during the research period was fluctuating, with two years (2020–2021) classified as good, the next two years (2022–2023) classified as poor, and improving again in 2024. This indicates that the company needs to maintain a balance between debt and equity so that financial risks remain under control and investor and creditor confidence is maintained.

Profitability ratios are used to measure a company's ability to generate profits from its resources. One commonly used indicator is Return on Assets (ROA). According to Kasmir (2019), Return on Assets is a ratio that shows how well a company's assets generate net profit. The higher the ROA value, the more efficient the use of assets in generating profits. The ideal ROA standard is more than 5%, which indicates good financial performance.

Table 4
Return on Asset PT Alkindo Naratama Tbk

YEAR	PROFITABILITAS				
	Return on Assets (ROA)				
	Net Income	**Total Assets**	**Total**	**Standard Ratio**	**Assessment**
2020	Rp 65.331.041.553,00	Rp 953.551.967.212,00	7%	> 5%	GOOD
2021	Rp 100.771.009.640,00	Rp 1.210.809.442.028,00	8%		GOOD
2022	Rp 65.764.485.236,00	Rp 1.568.806.950.187,00	4%		POOR
2023	Rp 2.432.375.361,00	Rp 1.751.702.567.743,00	0%		POOR
2024	-Rp 8.915.774.567,00	Rp 2.046.681.278.169,00	0%		POOR

Based on the profitability ratio calculations of PT Alkindo Naratama Tbk for the 2020–2024 period, there has been a significant decline in performance. In 2020, the company's ROA reached 7%, increasing in 2021 to 8%, which indicates good financial condition as it is above the standard ratio. This reflects the company's ability to manage its assets to generate profits effectively.

However, since 2022, profitability performance has declined sharply. ROA fell to 4% in 2022 and plummeted to 0% in 2023 and 2024. This decline was caused by a significant decrease in the company's net profit. In 2024, the company even recorded a loss of IDR 8.9 billion, while total assets continued to increase every year. This condition shows that the increase in assets was not followed by an increase in profit, resulting in low efficiency in the use of assets to generate profits.

This downward trend in ROA indicates problems in the company's operational effectiveness and asset management, such as increased production costs, interest expenses, or an imbalance between asset growth and profit-generating capabilities. Therefore, the company needs to evaluate its cost structure and asset productivity in order to increase its return and profitability in the future.

Overall, it can be concluded that the profitability of PT Alkindo Naratama Tbk during the 2020–2024 period has declined, with only the first two years showing good conditions, while the last three years were below standard and classified as poor.

Discussion

Several conclusions can be drawn based on the data analysis and previous discussion:

1. The Current Ratio of PT Alkindo Naratama Tbk during the 2020–2024 period shows results below the ideal standard (>200%), with a ratio value ranging from 177% to 123%. This condition indicates that the company's ability to meet its short-term obligations is still relatively poor. This may be due to an increase in current liabilities that is not offset by adequate growth in current assets.
2. The Solvency Ratio (Debt to Equity Ratio/DER) shows fluctuating conditions. In 2020–2021, the ratio was still below standard (<100%) at 62% and 72%, indicating a healthy capital structure. However, in 2022–2023, the ratio increased to over 100%, indicating an increase in dependence on debt. Although in 2024 the ratio decreased to 99%, the company still needs to maintain a balance between debt and equity in order to minimize financial risk.
3. The Profitability Ratio (Return on Assets/ROA) has declined significantly over the past five years. In 2020–2021, ROA was 7% and 8%, indicating the company's strong ability to generate profits. However, from 2022 to 2024, ROA was below standard, even reaching 0%, indicating a decline in the effectiveness of asset utilization in generating profits and losses in the last year.

Conclusion

Based on the results of the analysis and conclusions outlined above, several recommendations can be made for PT Alkindo Naratama Tbk, as follows:

1. Improve the company's liquidity by improving the management of current assets, such as accelerating accounts receivable collection, optimizing inventory turnover, and controlling operating expenses so that cash availability can meet short-term obligations.
2. Maintain a healthy capital structure by limiting excessive use of long-term debt and increasing the proportion of equity capital through profit reinvestment or new share issuance. This is important to keep the debt-to-equity ratio within ideal limits and reduce financial risk.
3. Increase the company's profitability by optimizing asset utilization and reducing production costs and operating expenses. The company is also advised to evaluate its marketing strategy and product innovation to ensure sustainable revenue growth.
4. Conduct periodic financial analysis so that management can monitor trends in financial performance and take early corrective measures in the event of a decline in ratios.
5. For future researchers, it is recommended to add other financial variables or ratios such as activity ratios, quick liquidity, or multi-company trend analysis, so that the research results can provide a more comprehensive picture of the financial performance of companies in the same sector.

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