

LIQUIDITY AND PROFITABILITY RATIO ANALYSIS TO ASSESS FINANCIAL PERFORMANCE ON PT SARANA CENTRAL TBK (2020 – 2024)

Pingkan Aprilia¹

pingkan.aprillia08@gmail.com¹

Abstract

This study aims to analyze the financial performance of PT Saranacentral Bajatama Tbk during the 2020–2024 period through liquidity and profitability ratios. The research method used is quantitative descriptive with secondary data obtained from the company's annual financial statements. The ratios analyzed include *Current Ratio (CR)* to measure liquidity, as well as *Return on Assets (ROA)* and *Return on Equity (ROE)* to measure profitability. The results show that the company's liquidity level fluctuates, with the lowest CR value in 2020 at 0.91 and stable in the range of 1.8–1.9 during 2022–2024. The profitability ratio also shows an unstable pattern, where ROA and ROE were negative in 2020 and 2022, but increased to 2.16% and 12.24% respectively in 2024. Overall, PT Saranacentral Bajatama Tbk's financial performance showed a positive recovery trend post-COVID-19 pandemic through improved asset efficiency and better liquidity control.

Keywords: Liquidity Ratio, Profitability, Current Ratio, Return on Assets, Return on Equity, Financial Performance

Introduction

Financial performance is the main indicator in assessing the effectiveness and efficiency of a company in achieving its operational and strategic goals. Through financial statements, stakeholders can assess the extent to which the company is able to manage economic resources to generate sustainable profits. Financial statement analysis is an important instrument for understanding the company's financial condition, especially through the use of financial ratios such as liquidity and profitability (Cashmere, 2018)

The liquidity ratio is used to measure a company's ability to meet its short-term obligations with its current assets. This ratio reflects the company's financial health in maintaining cash stability and debt repayment ability in the near future. Meanwhile, the profitability ratio focuses on the company's ability to generate profits based on the assets or capital it owns. Profitability is an important benchmark in assessing the effectiveness of management in utilizing company resources to obtain profits (Heiry, 2022) (Maharani Et Al., 2024)

In the context of an increasingly competitive business world, measuring financial performance through liquidity ratios and profitability is becoming increasingly relevant, especially for public companies such as PT Sarana Central Tbk that operate in the manufacturing sector and are listed on the Indonesia Stock Exchange (IDX). The

2020–2024 period is an interesting period to analyze because it includes the post-COVID-19 pandemic economic recovery phase and fluctuations in global raw material prices that have an impact on the performance of Indonesia's manufacturing industry (OJK, 2024).

Table 1. PT Sarana Central Tbk's Net Profit in 2020–2024

Year	Net Profit (Loss)	Change
2020	(110.319.843.181)	-
2021	88.523.639.594	+198.843.482.775
2022	(103.341.187.716)	-191.864.827.310
2023	12.670.000.000	+116.011.187.716
2024	15.220.000.000	+2.550.000.000

Source: Annual Financial Report of PT Sarana Central Tbk, 2020–2024 (processed, 2025).

The evaluation of PT Sarana Central Tbk's financial performance through the analysis of liquidity and profitability ratios is expected to provide an overview of the company's ability to maintain financial stability and operational efficiency over the past five years. Based on this background, this research is entitled "Analysis of Liquidity and Profitability Ratios to Assess Financial Performance at PT Sarana Central Tbk (2020–2024)".

Theory Review

Financial Performance

Financial performance is the end result of a series of financial management activities in efficiently managing a company's assets, liabilities, and capital. According to Hery (2022), financial performance can be measured through financial ratios that describe a company's ability to generate profits, fulfill obligations, and maintain financial stability. Financial performance assessment is important to find out the company's financial position within a certain period of time, both for the internal benefit of management and shareholders. (Lestarina Et Al. , 2025)

Liquidity Ratio

The liquidity ratio describes a company's ability to meet short-term obligations using its current assets. This ratio reflects the company's level of financial security against the risk of default. According to , the higher the liquidity ratio, the better the company's ability to cover its current liabilities without having to sell fixed assets or seek external funds. Some commonly used liquidity ratios include current ratio and quick ratio. Research by shows that healthy liquidity has a positive impact on investor perception and increases market confidence in a company's financial performance. Cashmere (2018) Maharani Et Al. (2024)

Profitability Ratio

The profitability ratio measures a company's ability to generate profits from the capital or assets used. This ratio is used to assess the extent of management's effectiveness in

managing resources to create profits. According to the main indicators in the profitability ratio are Return on Assets (ROA) and Return on Equity (ROE), which measure the efficiency of its own assets and capital in generating net profit, respectively. Research proves that increased profitability tends to be in line with the growth of company value because it shows effective managerial performance in financial management. (Fahmi, 2023) Sujarweni (2022) Fitriani (2023)

The Relationship of Liquidity and Profitability Ratios to Financial Performance

A company's financial performance can be affected by the balance between liquidity and profitability. Too high liquidity can decrease the effectiveness of using funds due to too many unproductive assets, while high profitability with low liquidity can pose financial risks. Therefore, a balanced combination of these two ratios is an important factor in maintaining the stability and growth of the company. Research by found that companies with controlled liquidity and optimal profitability show more stable financial performance in the post-pandemic period. (Heiry ,2022) Azri & Sumiati (2023)

Method

This research uses a quantitative descriptive approach, which is a method that aims to describe and analyze the company's financial performance based on published financial statement data. This approach was chosen because it allows researchers to objectively assess financial conditions through the calculation of financial ratios in a given period. (Scott, 2023)

The object of the research is PT Saranacentral Bajatama Tbk with secondary data in the form of annual financial statements for the 2020–2024 period obtained from the Indonesia Stock Exchange (IDX). The data collection technique is carried out through documentation and literature study, by analyzing the relevant financial ratios to liquidity and profitability aspects.

Liquidity Ratio

This ratio is used to measure a company's ability to meet its short-term obligations. The formula used is:

Current Ratio (CR)

$$CR = \frac{Aset Lancar}{Kewajiban Lancar}$$

This ratio shows how much current assets are available to cover the company's current debt (Cashmere , 2018)

Profitability Ratio

This ratio measures a company's ability to generate profits from the capital or assets it owns. The formulas used include:

Return on Assets (ROA)

$$ROA = \frac{Laba Bersih}{Total Aset} \times 100\%$$

Return on Equity (ROE)

$$ROE = \frac{Laba Bersih}{Modal Sendiri} \times 100\%$$

This ratio describes the level of efficiency management in utilizing assets and capital to generate profits. (Heiry , 2022)

The results of the ratio calculation from each year are then analyzed comparatively to see trends and changes in PT Saranacentral Bajatama Tbk's financial performance during the 2020–2024 period. This analysis is expected to provide an overview of the level of liquidity and profitability of companies in the face of national economic dynamics. (Lestarina Et Al. , 2025)

Result

Table 2. Current Ratio (CR) of PT Sarana Central Tbk in 2020–2024

Year	Current Assets	Current Liability	Current Ratio
2020	562.587.933.413	619.717.175.037	0,91
2021	543.722.430.669	211.939.279.423	2,56
2022	537.784.053.101	290.085.800.398	1,85
2023	507.438.294.729	268.225.148.152	1,89
2024	514.706.215.841	272.498.231.976	1,89

Source: Annual Financial Report of PT Sarana Central Tbk, 2020–2024 (processed, 2025).

The Current Ratio (CR) value of PT Saranacentral Bajatama Tbk shows fluctuations during 2020–2024. In 2020, the CR value was only 0.91, indicating that the company's ability is not enough to cover its short-term liabilities. In 2021, there was a significant jump to 2.56, which indicates an improvement in liquidity due to the efficiency of cash and receivables management. However, in 2022–2024 the ratio tends to be stable in the range of 1.8–1.9, indicating fairly good liquidity conditions although not too loose. According to , the ideal value of CR is in the range of 2.0. Thus, the company has been able to maintain cash stability and current assets in meeting short-term obligations. Cashmere (2018)

Profitability Ratio

Table 3. Return on Assets (ROA) of PT Sarana Central Tbk in 2020–2024

Year	Net Profit	Total Assets	LENGTH (%)
2020	(110.319.843.181)	759.996.485.669	-14.51
2021	88.523.639.594	725.506.645.166	12,20

2022	(103.341.187.716)	731.341.359.270	-14.13
2023	12.670.000.000	705.214.319.520	1,80
2024	15.220.000.000	704.629.350.741	2,16

Table 3. Return on Equity (ROE) of PT Sarana Central Tbk in 2020–2024

Year	Net Profit (Rp)	Total Equity (Rp)	ROE (%)
2020	(110.319.843.181)	129.555.064.349	-85.17
2021	88.523.639.594	216.446.944.561	40,90
2022	(103.341.187.716)	110.189.496.901	-93.80
2023	12.670.000.000	118.947.000.000	10,65
2024	15.220.000.000	124.315.000.000	12,24

The rentability ratio shows sharp dynamics in line with the conditions of the steel industry. In 2020 and 2022, ROA and ROE were negative due to operating losses. However, in 2021 there was a strong recovery with ROE reaching 40.90%. After that, the positive trend continues in 2023–2024, although with low profit margins.

According to the increase in ROA and ROE, although small, shows that the efficiency of the company is starting to improve in the use of its own assets and capital to generate profits. This reflects management's success in reducing costs and taking advantage of the momentum of domestic market recovery. Heiry (2022)

Conclusion

Financial ratio analysis provides a comprehensive overview of the company's ability to manage assets and liabilities to achieve optimal financial performance. Based on the calculations in the previous section, PT Saranacentral Bajatama Tbk's liquidity and profitability ratios show quite sharp fluctuations during the 2020–2024 period. The liquidity ratio measured through the Current Ratio (CR) shows that the company had experienced financial pressure in 2020 with a value of 0.91, which means that current assets have not been able to cover current liabilities. This condition is in line with the impact of the COVID-19 pandemic which caused a decline in steel production and sales activities in the domestic market.

However, in 2021, the CR increased significantly to 2.56, indicating that the company has managed to improve its cash position and manage accounts receivable more effectively. This increase was driven by production cost efficiency as well as recovery in demand from the automotive and construction industries. Furthermore, from 2022 to 2024, the CR value is relatively stable in the range of 1.85-1.89, which indicates the company's ability to maintain a balance between current assets and current liabilities. According to the ideal liquidity ratio is in the range of 1.5–2.5, where the company is considered liquid but does not store excessive current assets. Thus, PT Saranacentral Bajatama Tbk is in a fairly healthy liquid condition in the post-pandemic period, showing the management's ability to maintain optimal liquidity. Cashmere (2018) The profitability ratio measured using Return on Assets (ROA) and Return on Equity (ROE) shows a fluctuating pattern that illustrates the challenges of the steel industry.

In 2020, the ROA value was -14.51% and ROE -85.17% , indicating a large loss due to declining global demand and rising energy and logistics costs.

In 2021, there was a significant recovery with a ROA of 12.20% and an ROE of 40.90% thanks to improved operational efficiency and a decrease in cost of goods sold. However, in 2022, profitability declined again to negative due to a surge in imported raw material prices and a weakening of the rupiah exchange rate against the US dollar. The year 2023–2024 shows signs of recovery with ROA increasing from 1.80% to 2.16% and ROE increasing from 10.65% to 12.24% , which means that the company is starting to stabilize in generating profits even with small margins.

According to the increase in ROA and ROE, even with a small percentage is an indication of the efficiency of the use of assets and capital itself. This indicates that the company is starting to make optimal use of resources to create added value. With this positive trend, PT Saranacentral Bajatama Tbk has shown its ability to adapt to global production cost pressures and high fluctuations in steel prices. Heiry (2022)

The results of the analysis show a mutually affecting relationship between liquidity and profitability. In 2021, increased liquidity was followed by a significant increase in profitability, which means efficient cash and current asset management contributed to an increase in net income. In contrast, in 2022 when liquidity declined, profitability also fell dramatically, signaling a strong dependence between these two aspects in maintaining a company's financial performance.

These findings are in line with the results of the study, which states that companies with controlled liquidity and efficient asset turnover tend to have better rates of profitability. Therefore, maintaining a balance between cash availability and asset productivity is an important factor in ensuring the sustainability of PT Saranacentral Bajatama Tbk's financial performance in the future. Lestarina Et Al. (2025)

Conclusion

Based on the results of the analysis of PT Saranacentral Bajatama Tbk's financial statements for the 2020–2024 period, it can be concluded that: The liquidity ratio measured through the Current Ratio (CR) shows a fluctuation from 0.91 in 2020 to a stable in the range of 1.8–1.9 in 2022–2024. This indicates that the company's ability to meet short-term obligations has improved after the pandemic crisis, reflecting efficient cash and current asset management.

The profitability ratio measured using Return on Assets (ROA) and Return on Equity (ROE) shows conditions that were depressed in 2020 and 2022 due to declining profits, but improved in 2023–2024 with ROA reaching 2.16% and ROE 12.24% . This increase indicates that the company is starting to recover and is able to optimize assets and capital to generate profits.

Overall, PT Saranacentral Bajatama Tbk's financial performance over the past five years shows a positive recovery trend. The company was able to stabilize liquidity and increase profitability post-pandemic, although its efficiency levels still need to be improved to achieve optimal performance.

Suggestion

Based on the results of the analysis that has been carried out, PT Saranacentral Bajatama Tbk is advised to continue to improve the efficiency of current asset management in order to maintain liquidity at an optimal level without reducing the potential for profit growth. The company also needs to strengthen its production cost control strategy and expand its market share to drive increased profitability in the future. In addition, management should be more selective in conducting short-term financing so as not to incur excessive liability burdens during times of unstable economic conditions. For investors and creditors, the results of this research can be considered in assessing the company's financial performance and prospects, especially in determining investment policies and lending. Meanwhile, for the next researcher, it is recommended to expand the scope of the research by adding other variables such as activity ratio, solvency, and cash flow analysis, so that the research results obtained can provide a more comprehensive picture of the company's financial condition.

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