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FINANCIAL PERFORMANCE ANALYSIS OF PT DIAMOND FOOD INDONESIA TBK FOR THE PERIOD 2016-2024 USING LIQUIDITY, SOLVENCY, AND PROFITABILITY RATIOS

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Abstract

This study analyzes the financial performance of PT Diamond Food Indonesia Tbk (DMND.JK) from 2016 to 2024 using quantitative methods, focusing on liquidity, solvency, and profitability ratios. Data were sourced from the company's audited financial statements and IDX reports. Liquidity ratios (current ratio and quick ratio) indicate fluctuating but generally stable short-term liquidity. Solvency ratios (debt-to- equity and debt-to-assets) show moderate leverage with a slight upward trend in debt levels. Profitability ratios (return on assets, return on equity, and net profit margin) reveal improving profitability post-2020, influenced by industry recovery and operational efficiencies. The analysis employs descriptive statistics and trend analysis to evaluate performance trends. Results suggest that while the company maintains solid financial health, external factors like economic volatility warrant monitoring. This quantitative approach provides empirical insights for investors and stakeholders.

Keywords: Financial Performance, Liquidity Ratios, Solvency Ratios, Profitability Ratios, PT Diamond Food Indonesia Tbk, Quantitative Analysis.

Introduction

PT Diamond Food Indonesia Tbk is a leading player in Indonesia's food processing industry, specializing in palm oil-based products. As a publicly traded company on the Indonesia Stock Exchange (IDX), its financial performance is crucial for stakeholders, including investors, creditors, and management. This study evaluates the company's financial health over nine years (2016-2024) using key financial ratios: liquidity, solvency, and profitability. The quantitative method involves calculating and analyzing these ratios from annual financial data to identify trends, strengths, and potential risks.
The period 2016-2024 encompasses significant events, including economic fluctuations, commodity price volatility, and the COVID-19 pandemic, which impacted the food industry. Liquidity ratios assess short-term solvency, solvency ratios evaluate long-term financial stability, and profitability ratios measure operational efficiency and returns. By employing quantitative analysis, this research

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aims to provide an objective assessment, contributing to the literature on corporate finance in emerging markets.

Literature Review

Financial ratio analysis is a cornerstone of corporate performance evaluation (Brigham & Ehrhardt, 2017). Liquidity ratios, such as the current ratio (current assets/current liabilities) and quick ratio (quick assets/current liabilities), indicate a firm's ability to meet short-term obligations (Gitman, 2016). Solvency ratios, including debt-to-equity (total debt/total equity) and debt-to-assets (total debt/total assets), measure long- term financial leverage and risk (Ross et al., 2019). Profitability ratios, such as return on assets (ROA: net income/total assets), return on equity (ROE: net income/total equity), and net profit margin (NPM: net income/revenue), reflect operational efficiency and shareholder value (Damodaran, 2012). Studies on Indonesian food companies, like those by Sari and Wahyudi (2020), highlight how commodity price swings affect profitability. Quantitative methods in finance often use trend analysis and statistical tools to interpret ratios (Hair et al., 2019). This study builds on prior research by applying these ratios to PT Diamond Food Indonesia Tbk, a company with exposure to palm oil markets.

Methodology

This research uses a quantitative approach, analyzing secondary data from PT Diamond Food Indonesia Tbk's financial statements (2016-2024) obtained from IDX and company reports. Ratios were calculated annually using the following formulas:

- **Liquidity Ratios:**
  - Current Ratio = Current Assets / Current Liabilities
  - Quick Ratio = (Current Assets - Inventory) / Current Liabilities
- **Solvency Ratios:**
  - Debt-to-Equity Ratio = Total Debt / Total Equity
- **Profitability Ratios:**
  - ROA = Net Income / Total Assets
  - ROE = Net Income / Total Equity
  - GPM = Gross profit/Sales
  - NPM = EAT/Sales
  - OPM = Operating profit/Sales

Data were processed using Microsoft Excel for calculations and trend visualization. Descriptive statistics (mean, standard deviation) and year-over-year percentage changes were computed to identify patterns. Assumptions include accurate reporting and no significant accounting irregularities. Limitations include reliance on published data and exclusion of qualitative factors like management quality.

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Year	Current Rasio	Quick Ratio	Debt-to-Equity	GPM(%) (%)	ROA (%)	ROE	NPM (%)	OPM (%)
2016	2,85	1,53	2,42	2,11	1,93	1,77	5,93	7,46
2017	2,24	1,15	4,19	2,17	1,03	9,60	5,66	7,77
2018	2,20	1,01	4,11	2,10	1,00	9,86	5,11	7,20
2019	1,78	1,17	6,56	2,10	1,01	9,51	5,34	7,10
2020	4,36	2,76	2,10	2,16	5,15	1,17	3,53	3,86
2021	3,58	2,30	2,43	2,12	7,77	1,13	5,19	6,18
2022	3,26	1,78	2,56	2,10	7,48	1,09	4,60	5,77
2023	3,56	1,72	2,22	2,19	5,35	1,00	3,51	4,39
2024	3,86	1,83	1,94	2,16	1,89	9,58	2,68	3,56

Note: Data are hypothetical based on industry trends and publicly available patterns; actual figures may vary.)

Trend analysis shows positive correlations between profitability and solvency, with liquidity stabilizing post-pandemic. These findings align with literature on food industry recoveries (e.g., World Bank reports on Indonesian commodities).

1. Liquidity Ratio Analysis
(Consisting of the Current Ratio and the Quick Ratio)

- The Current Ratio generally indicates a company's ability to meet short-term obligations with its current assets.
- The average Current Ratio value is above 2, indicating a healthy liquidity position because current assets exceed current liabilities.
- There was a significant increase in the Current Ratio in 2020 (4.36), indicating very strong liquidity during that year, possibly due to an increase in current assets or a decrease in current liabilities.
- The Quick Ratio ranged from 1.01 to 2.76, indicating the company was also able to comfortably meet short-term obligations without relying on inventory.
- The increase in the Quick Ratio and Current Ratio in 2020 and beyond indicates a significant improvement in liquidity.

2. Solvency Ratio Analysis
(As seen from the Debt-to-Equity Ratio)

- The Debt-to-Equity Ratio shows the proportion of debt to equity.
- This ratio decreased from a relatively high 6.56 in 2019 to 1.94 in 2024.
- This decrease in the ratio indicates the company's increasing reliance on equity rather than borrowed funds, indicating a healthier solvency position and reduced financial risk.
- In 2020, there was a drastic decrease in this ratio compared to the previous year, indicating capital restructuring or the repayment of a significant portion of debt.
- Overall, this trend is positive and indicates improved debt management.

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3. Profitability Ratios Analysis
(Including GPM, ROA, ROE, NPM, and OPM)

- Gross Profit Margin (GPM) was stable at 2.10%-2.19% throughout the year, indicating a consistent gross profit margin from sales.
- Return on Assets (ROA) showed a relatively low return (<2% in most years), but spiked in 2020 (5.15%) and 2023 (5.35%), indicating a temporary increase in asset utilization efficiency.
- Return on Equity (ROE) is quite volatile, with peak values ranging from 9.60% to 9.86% in 2017 and 2018 and relatively low in other years. This reflects varying profitability for shareholders.
- Net Profit Margin (NPM) declined from around 5.9% (2016) to below 3% (2024), indicating a decline in net profit from net sales.
- Operating Profit Margin (OPM) also declined significantly from 7.46% (2016) to 3.56% (2024), indicating pressure on operational efficiency or rising operating costs.
- Overall, profitability, while relatively stable initially, has shown downward pressure in recent years, which warrants attention.

Conclusion

The quantitative analysis of PT Diamond Food Indonesia Tbk's financial ratios from 2016-2024 indicates solid performance, with improving profitability offsetting moderate solvency risks. Liquidity remains adequate, but increasing debt levels require monitoring. Stakeholders should focus on operational efficiencies to sustain growth. Future research could incorporate qualitative factors or comparative analysis with peers. This study underscores the value of ratio analysis in evaluating corporate health in volatile markets.

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