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Analysis of Liquidity Ratios and Profitability Ratios as Assessment Tools to Measure Financial Performance at PT Indofood Sukses Makmur Tbk

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Abstract

This study aims to determine and analyze liquidity ratios as a measure of financial performance at PT. Indofood Sukses Makmur Tbk for the period 2020-2022. The research method used is descriptive quantitative with data collection techniques through literature studies and documentation in the form of company financial reports for that period. Data analysis was carried out using liquidity ratios and profitability ratios. The results show that in terms of liquidity ratios, the financial performance of PT. Indofood Sukses Makmur Tbk in 2020-2022 based on the current ratio is in fairly good condition, even though the value has not reached the perfect standard of 200%. In terms of the cash ratio, the financial condition is relatively good because it exceeds the standard of 50%. Meanwhile, the quick ratio shows a fairly good condition because it tends to increase every year, even though it declined in one year, but it is still above the general standard. In terms of profitability ratios, the company's financial performance based on gross profit margin is in a very good condition because it has exceeded the standard of 20%. Furthermore, when viewed from the return on equity, the company's financial performance is very low because it does not reach the standard of 40%.

1. INTRODUCTION

Financial statements are one of the maximum critical bases for comparing an organisation's overall performance because they gift relevant information. These statements consist of balance sheets, income statements, statements of adjustments in equity, notes to financial statements, and coins flow statements.

In general, indicators used to assess a company's economic overall performance include liquidity and profitability ratios, which serve to evaluate the efficiency of management in producing income and sales revenue, determine the extent to which the company is financed by means of debt, and replicate the company's use of assets to support income. The liquidity ratio suggests the company's capability to fulfill its brief-term responsibilities.

Liquidity isn't handiest involved with the overall health of the business, but additionally with the conversion of modern assets into coins. The ratios used are: modern-day Ratio (modern-day ratio) to measure the company's potential to pay short-term obligations or debts which are due right now after being absolutely accrued. the short ratio measures the employer's capacity to fulfil or pay quick-time period liabilities or money owed (modern debt) with current assets, without the want for coins.

considering the value of inventory. The coins ratio is used to measure how much cash is available to pay debts. The cash turnover ratio is used to measure the adequacy of the company's operating capital had to pay bills

and finance income. The ratio of inventory to internet working capital is used to degree or compare the quantity of inventory available with the operating capital of a company

The profitability ratio is a ratio that describes the company's potential to generate profits through all its competencies and assets, specifically the ones derived from income activities, use of assets, and use of capital as measured by Gross income Margin, net profit Margin, go back On fairness Van Horne (2024.,32). Economic outcomes are a picture of the corporation's success which may be interpreted because the consequences achieved in various activities. The performance of an employer can determine whether the company is a hit or no longer. The performance size characteristic is a device for organization management within the choice-making procedure and to show investors, customers or the general public that the organization's credibility is good. If the business enterprise's credibility is ideal, it will inspire buyers to invest their capital in the improvement of the corporation's modern and future quick-term assets and liabilities. Therefore, one can decide whether the situation of the company is good or otherwise

PT Indofood Sukses Makmur Tbk is a business enterprise engaged in the manufacturing of meals and beverages. Which has been operating since the 1980s. To date, PT Indofood Sukses Makmur has end up a total answer agency for the food industry whose sports cover all ranges of the food manufacturing manner. beginning from the processing of raw materials to the final product on the retail shelf. The organisation also exports meals elements to Asia, Australia and Europe. One of the successes of PT Indofood in the meals sector is the production of immediate noodles which has turn out to be an emblem photograph for the community. PT Indofood Sukses Makmur is one in every of the biggest companies in Indonesia. This makes researchers need to realize the organisation's monetary performance. similar to different agencies in general, PT. Indofood Sukses Makmur prepares economic reviews to deliver information including stability sheets, income statements and statements of modifications in equity and cash drift statements.

Liquidity Ratio

The liquidity ratio measures an organization's ability to satisfy its brief-term duties. This ratio is very crucial for assessing whether an organisation has enough present day assets (consisting of coins, debts receivable, and inventory) to pay its modern-day liabilities. Commonly used ratios are the present day ratio and brief ratio. present day ratio: Measures a corporation's potential to pay its short-time period money owed with all of its cutting-edge assets. brief ratio: Does now not take stock into account, which is considered less liquid or difficult to transform into cash quickly.

Profitability ratio

Profitability ratios measure an agency's potential to generate earnings from its operational sports, whether from income, property, or capital. Those ratios are very important for investors to assess how successfully and effectively management is handling the business enterprise's resources to generate profits. some commonly analyzed profitability ratios are internet profit margin, return on property (ROA), and go back on equity (ROE). internet earnings margin (NPM): Measures the proportion of net profit from each rupiah of sales. return on property (ROA): Measures how effectively an organisation uses its basic assets to generate income. go back on equity (ROE): Measures the organisation's capability to generate earnings from the capital invested by way of sharehold.

Liquidity gap Ratio In standard, there's a sizable negative gap between the liquidity performance of PT Indofood Sukses Makmur Tbk and industry requirements. This indicates that the organisation faces demanding situations in terms of its capacity to pay its brief-time period money owed. Management needs to improve the performance of current asset control or reduce short-time period debt burdens to close this hole.

Profitability hole common, PT Indofood Sukses Makmur Tbk's profitability performance indicates both high-quality and bad gaps. Although the agency excels in managing gross earnings margins, there are bad gaps in asset performance (ROA) and return on fairness (ROE). This will be due to high operating expenses or the life of unproductive assets.

Problem statement

Based on the background defined above, the principle trouble on this have a look at is: “How can liquidity ratios and profitability ratios be used as gear to measure the financial overall performance of PT. Indofood Sukses Makmur Tbk for the period 2020-2022?”

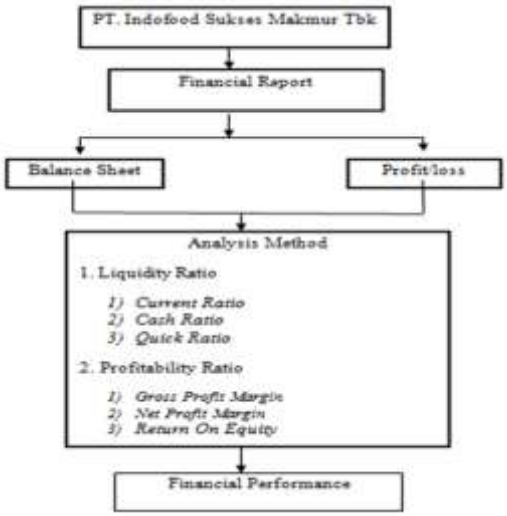


Figure 1. Framework
Source: Authors (2025)

Hypotesis

Based on the system of the problem from the background, this hypothesis is thought that: The liquidity ratio and profitability ratio as a means of measuring financial overall performance at PT Indoofood Sukses Makmur Tbk for the duration 2020-2022 have increased.

2. LITERATURE REVIEW

2.1 Liquidity Ratio

Definition of Liquidity Ratios

The types of liquidity ratios used to degree the corporation's ability are as follows: (Nofrivul, 2018: 1113).

1. Current Ratio

This ratio describes the company's capacity to pay its short-term liabilities and long-term liabilities via current assets, in different words by showing the coverage of current assets to cover current liabilities at any given time (Nofrivul, 2018: eleven). This ratio measures the organisation's potential to pay quick-term debt or debt that is due immediately after being absolutely billed. This means what number of current property the company has to cowl the enterprise's quick-time period debt with the intention to soon be due (Kasmir, 2018: 134). The components used to find,

The current ratio is as follows:

$$\text{Carrent Ratio} = \frac{\text{Current assets}}{\text{Current liabilities X 100 \%}}$$

From the results of measuring the ratio, it is able to be said that if the modern-day ratio is small, the corporation does not have the capital to pay its debts. however, if the dimension outcomes are excessive, this isn't necessarily a situation for the business enterprise to run nicely. this can take place because there's no coins that is used as well as viable. In exercise, a consistent go with the flow ratio of 2 hundred% (2:1) is often used, that is sometimes considered appropriate enough or fine for the organisation. This means that with those proportional results, the business enterprise feels secure in the brief term (Kasmir, 2021: 134-one hundred thirty five).

a) Cash Ratio

This ratio describes the adequacy of cash sources to pay current debt at a sure time (Nofrivul, 2018: 12). This ratio is a device that may be used to measure how much cash is available to pay debts. the provision of cash can display the supply of coins finances or equivalents which include checking or financial savings bills on the financial institution (which can be withdrawn at any time the use of an ATM) it is able to be said that this ratio shows the real capability of the employer to pay off quick-term debt. A terrific ratio standard for cash ratio is 50% (Kasmir, 2021.p,138-139). The method for finding the cash ratio is as follows: (Nofrivul, 2018: 12)

$$\text{Cash Rasio} = \frac{\text{Cash/cash equivalents}}{\text{Current debt X 100\%}}$$

b) Quick Ratio.

This ratio represents the employer's ability to pay all brief-term liabilities based on liquid property. cash or banks, securities and receivables are called liquid tools (Nofrivul, 2018: 12). The ratio is used to fulfil duties in repay short-term liabilities with current assets without considering the fee of stock (inventor). which means that the value of inventory is ignored by subtracting it from total current property (Kasmir, 2022: 137-138). The formulation used to locate the quick ratio is as follows:

$$\text{Quick Rasio} = \text{Current Assets - Inventory}$$

Current Payables X 100 %

If a agency's key figures are beneath the enterprise common, the corporation is in worse shape than other organizations. The enterprise average for this suitable ratio is one hundred% (1:1) (Harahap, 2020: 302). As a end result, the company needs to sell inventory to repay its current money owed, but selling inventory at normal fees is noticeably difficult unless the company sells below market prices, and of course the company's losses will boom extensively (Kasmir, 2019: 138).

2.2 Profitability Ratio

a. Definition of Profitability Ratio

Profitability ratio is a measure of the company's capability to generate profits the use of all available competencies and resources, together with income pastime, coins, capital, number of employees and variety of branches. The ratio that describes a company's capacity to earn profits is also called the working ratio. Brigham and Houston (2022: 197) argue that profitability is the internet result of several rules and decisions. but, according to Cashmere (2020: 196), 'Profitability is a ratio that assesses the ability of a company to earn profits'. This ratio also measures the performance of the company's control. This is meditated in income and go back on funding. essentially, this ratio is used to expose the level of performance of the employer.

Profitability ratio is a ratio that aims to measure control performance as pondered within the overall performance of investments made through income activities (Djarwanto, 2021).

a) Profitability Ratio Objectives

Profitability Ratio objectives

The purpose of the use of profitability ratios for corporations and for outside events is (Kasmir, 2020: 197-198):

1) measure or calculate the profit earned by the company in a single period.
2) To degree the development of profits over time.
3) To evaluate the company's profit position final yr as compared to the modern-day year.
4) To evaluate the amount of internet earnings after tax with personal capital.
5) To measure the productivity of all company funds used both loan capital or own capital.
6) To degree the productiveness of all company resources used, together with very own capital.

According to Van Horne (2021: 234) Included in this profitability ratio are:

a. Gross earnings Margin is the ratio between the quantity obtained via subtracting the fee of products offered from the level of sales, this ratio represents the gross income that may be accomplished from the quantity of sales. This ratio may be calculated the usage of the subsequent components:

Gross Profit Margin = Gross Profit / Net Sales X 100 %

b. Net income Margin is a ratio that measures net profit after tax compared to sales. This ratio may be calculated the usage of the following components

Net $Profit\ Margin$ = Profit after tax / Net Sales X 100 %

c. Return On Equityis a ratio that measures the potential of capital to generate income for all shareholders, each common and desired stocks. This ratio may be calculated using the following formula:

d. Return On Equity = Profit after tax / Shareholders' Equity X 100 %

3. RESEARCH METHODOLOGY

Analysis Method

Data obtained from financial statements are systematically processed quantitatively using economic assertion evaluation with liquidity ratios. The calculation factor used on this studies is: in line with Van Horne 2021.

1. Liquidity Ratio

It is a ratio that illustrates how much the company's ability to meet its short-term obligations.

a. Current Ratio

Current Ratio = *Current Assets* / *Current Payables X 100 %*

b. Cash Ratio

Cash Ratio = Cash/Cash Equivalents / Current Payables X 100 %

c. *Quick Ratio*

$$\text{Quick Ratio} = \frac{\text{Current Assets - Inventory}}{\text{Current Payables X 100 \%}}$$

2. Profitability Ratio

It is a comparison to determine the ability of a company to generate profits from revenues related to sales, assets, and capital based on certain measurements. According to Van Horne 2021:

a. *Gross Profit Margin*

$$\text{Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{Net Sales X 100 \%}}$$

b. *Net Profit Margin*

$$\text{Net Profit Margin} = \frac{\text{Profit After Tax}}{\text{Net Sales X 100 \%}}$$

c. *Return On Equity*

$$\text{Return On Equity} = \frac{\text{Profit After Tax}}{\text{Shareholders' Equity X 100 \%}}$$

4. RESULT AND DISCUSSION

4.1 Result

To discover the quantity of the financial circumstance of PT Indofood Sukses Makmur Tbk in using financial ratio analysis as follows.

1. Liquidity Ratio at PT Indofood Sukses Makmur Tbk

Table 1. Liquidity Industry Ratio Standards

Current Ratio		*Cash Ratio*		*Quick Ratio*	
%	Criteria	%	Criteria	%	Criteria
200	Very good	50	Very good	150	Very good
150	Good	30	Good	100	Good
100	Simply	25	Simply	50	Simply
50	Less	10	Less	25	Less
>50	Very Less	>10	Very Less	>25	Very Less

Source: Kasmir, (2019:143)

1. *Current Ratio*

Current ratio is a ratio used to measure the organisation's ability to pay brief-term debt or current debt through current property. If the current ratio is 2:1 or 200%, it means that current assets can cover all current debts. A safer current ratio is above two hundred%. this is, current property ought to exceed the amount of current debt. This ratio is calculated by way of evaluating current property with current debt

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Payables X 100 \%}}$$

$$\text{Current Ratio 2020} = \frac{38.418.238}{27.975.875} \times 100\% = 137\ \%$$

$$\text{Current Ratio 2021} = \frac{54.183.399}{40.403.404} \times 100\% = 134\ \%$$

$$\text{Current Ratio 2022} = \frac{54.876.668}{30.725.942} \times 100\% = 178\ \%$$

Table 2. Current assets and current liabilities of PT Indofood Sukses Makmur Tbk in 2020-2022 (in millions of rupiah)

Year	Current Assets	Current liabilities	Ratio
2020	38.418.238	27.975.875	137%
2021	54.183.399	40.403.404	134%
2022	54.876.668	30.725.942	178%

Source: data processed, 2024

Based totally on table 6 above, in 2020 modern belongings amounted to IDR 38,418,238 even as contemporary liabilities experienced IDR 27,975,875 so that the ratio reached 137%, in 2021 present day assets amounted to IDR 54,183,399 whilst current liabilities skilled IDR 40,403,404 in order that the ratio reached 134%, then in addition in 2022. modern-day belongings amounted to IDR 54,876,668 even as present day liabilities skilled IDR 30,725,942 so that the ratio reached 178%.

2. *Cash Ratio*

This ratio shows that cash or cash equivalents are enough to pay modern liabilities at a positive time. If the cutting-edge ratio with a standard of fifty% means that modern-day liabilities can be covered with cash. A safer modern-day ratio is 50% or better, this means that cash equivalents have to exceed the quantity of modern liabilities. The cash ratio may be calculated by comparing coins equivalents to current debt.

$$\text{Cash Ratio} = \frac{\text{Cash + Bank}}{\text{Current Payables}} \times 100\ \%$$

$$\text{Cash Ratio 2020} = \frac{17.336.960}{27.975.875} \times 100\%$$

$$= 61\ \%$$

$$\text{Cash Ratio 2021} = \frac{29.478.126}{40.403.404} \times 100\%$$

$$= 72\ \%$$

$$\text{Cash Ratio 2022} = \frac{25.945.916}{30.725.942} \times 100\%$$

$$= 84\ \%$$

Table 3. Calculation of the Cash Ratio (Cas Ratio) of PT Indofood Sukses Makmur Tbk in 2020-2022 (in millions of rupiah)

Year	Cash Equivalents	Current liabilities	Ratio
2020	17.336.960	27.975.875	61%
2021	29.478.126	40.403.404	72%
2022	25.945.916	30.725.942	84%

Source: data processed, 2024

Primarily based on desk 7 above, in 2020 cash equal coins is IDR 17,336,960 while modern-day debt is IDR 27,975,875 so that the ratio reaches 61%, in 2021 coins equivalent cash is IDR 29,478,126 while cutting-edge debt is IDR 40,403,404 so that the ratio reaches seventy two%, then further in 2022 cash equal coins is IDR 25,945,916 and modern-day debt is IDR 30,725,942 so that the ratio reaches 84%.

3. *Quick Ratio*

This ratio shows the corporation's capability to repay all brief-time period debt with present day assets. present day assets are cash/bank, securities and receivables. If the quick ratio is 100%, it is considered to show a terrific quick-term economic function.

$$\text{Quick Ratio} = \frac{\text{Current Assets - Inventory}}{\text{Current Payables}\ \%} \times 100$$

$$\text{Quick Ratio 2020} = \frac{38.418.238 - 11.150.432}{27.975.875} \times 100\%$$

$$= 97\ \%$$

$$\text{Quick Ratio 2021} = \frac{54.183.399 - 12.683.836}{40.403.404} \times 100\%$$

= 102 %

$$\text{Quick Ratio 2022} = \frac{54.876.668 - 16.517.373}{30.725.942} \times 100\%$$

= 124 %

Table 4. Calculation of the Quick Ratio of PT Indofood Sukses Makmur Tbk in 2020-2022 (in millions of rupiah)

Year	Current Assets	Supplies	Current Payables	Ratio
2020	38.418.238	11.150.432	27.975.875	97%
2021	54.183.399	12.683.836	40.403.404	102%
2022	54.876.668	16.517.373	30.725.942	124%

Source: data processed, 2024

Primarily based on table 8 above, in 2020 current assets are IDR 38,418,238 while stock is IDR 11,150,432 and present day debt is IDR 27,975,875 in order that the ratio reaches 97%, in 2021 contemporary assets are IDR 54,183,399 while stock is IDR 12. 683,836 and modern debt of IDR 40,403,404 in order that the ratio reaches 102%, then in addition in 2022 modern assets of IDR fifty four,876,668 and inventory of IDR 16,517,373 then cutting-edge debt of IDR 30,725,942 in order that the ratio reaches 124%.

Table 5. Liquidity Ratio of PT Indofood Sukses Makmur Tbk in 2020-2022

Rasio Likuiditas	Year			Financial Performance
	2020	2021	2022	
Current Ratio	137%	134%	178%	Good enough
Cash Ratio	61%	72%	84%	Very good
Quick Ratio	97%	102%	124%	Good

Source: Data processed, 2024

Judging from the modern-day ratio, the company's monetary performance is in a reasonably good situation as it has not reached the cutting-edge ratio wellknown of 2 hundred%. In 2021 the current ratio decreased due to an increase in contemporary debt. Then in 2022 it increased by 178% because present day debt reduced. within the coins ratio, financial overall performance is in good condition as it has passed the coins ratio widespread of 50%. because of this the company's ability to repay its contemporary debt the use of cash or cash equivalents good, because it has extra than sufficient coins to pay its modern responsibilities.

Judging from the short ratio, monetary performance is in a fairly good situation because the quick ratio has improved every yr, although there are years which have reduced however it's far still above the general popular. management movement that must be taken is the division of current belongings, which include coins, stock and receivables against present day liabilities, including debts such as bills to providers, taxes, and lengthy-term business fund payments.

2. Profitability Ratio at PT Indofood Sukses Makmur Tbk

Table 6. Profitability Industry Ratio Standards

Gross Profit Margin		*Net Profit Margin*		*Return On Equity*	
%	Criteria	%	Criteria	%	Criteria
>30	Very good	>20	Very good	>40	Very good
30	Good	20	Good	40	Good
25	Simply	15	Simply	30	Simply
20	Less	10	Less	25	Less
<20	Very Less	<10	Very Less	<25	Very Less

Source : Kasmir (2018:134)

a. Gross Profit Margin

Gross profit Margin is a degree of the company's potential to generate gross profit on each sale. by listening to this ratio, control can be aware of the company's operational efficiency in achieving gross profit. The higher this ratio, the baik, exact, due to the fact it's far believed that the employer's capability to generate earnings is pretty excessive.

Gross Profit Margin = Gross Profit
Net Sales X 100 %

$$\textit{Gross Profit Margin } 2020 = \frac{26.752.044}{81.731.469} \times 100\%$$
$$= 32{,}73\%$$

$$\textit{Gross Profit Margin } 2021 = \frac{32.464.061}{99.345.618} \times 100\%$$
$$= 32{,}67\ \%$$

$$\textit{Gross Profit Margin } 2022 = \frac{33.971.679}{110.830.272} \times 100\%$$
$$= 30{,}65\ \%$$

Table 7. Gross Profit Margin Calculation Indofood Sukses Makmur Tbk in 2020-2022 (in millions of rupiah)

Year	Gross Profit	Net Sales	Ratio
2020	26.752.044	81.731.469	32,73 %
2021	32.464.061	99.345.618	32,67 %
2022	33.971.679	110.830.272	30,65 %

Source: Data processed, 2024

Based on table 11 above, in 2020 the gross profit was IDR 26,752,044 while net sales were IDR 81,731,469 so that the ratio reached 32.73%, in 2021 the gross profit was IDR 32,464,061 while net sales were IDR 99,345,618 so that the ratio reached 32.67%, then in 2022 the gross profit was IDR 33,971,679 while net sales were IDR 110,830,272 so that the ratio reached 30.65%.

b. Net Profit Margin

Net profit margin shows the net profit earned on each sale. The higher this ratio, the better because it shows the efficiency of management in achieving sales.

Net Profit Margin = Profit After Tax
Net Sales X 100%

$$\textit{Net Profit Margin } 2020 = \frac{8.752.066}{81.731.469} \times 100\%$$
$$= 10{,}70\ \%$$

$$\textit{Net Profit Margin } 2021 = \frac{11.203.585}{99.345.618} \times 100\%$$
$$= 11{,}27\ \%$$

$$\textit{Net Profit Margin } 2022 = \frac{9.192.569}{110.830.272} \times 100\%$$
$$= 8{,}29\ \%$$

Table 8. Net Profit Margin Calculation Indofood Sukses Makmur Tbk in 2020-2022 (in millions of rupiah)

Year	Profit After Tax	Net Sales	Ratio
2020	8.752.066	81.731.469	10,70 %
2021	11.203.585	99.345.618	11,27 %
2022	9.192.569	110.830.272	8,29 %

Source: Data processed, 2024

Based on table 12 above, in 2020 profit after tax is IDR 8,752,066 even as internet income are IDR 81,731,469 so that the ratio reaches 10.70%, in 2021 profit after tax is IDR 11,203,585 while net income are 99,345,618 so that the ratio reaches 11.27%, then in 2022 income after tax is IDR nine,192,569 while net sales are IDR one hundred ten,830,272 so that the ratio reaches 8.29%.

c. *Return On Equity*

Go back On equity is a ratio that shows how a good deal net profit a agency receives every time it uses its very own capital. it's also stated to peer the extent of profit for personal capital. The better this ratio, the higher. which means the position of the company proprietor is reinforced and vice versa.

$$\textit{Return On Equity} = \frac{\textit{Profit After Tax}}{\textit{Shareholders' Equity}} \times 100\ \%$$

$$\textit{Return On Equity}\ 2020 = \frac{8.752.066}{79.138.044} \times 100\%$$
$$= 11{,}05\ \%$$
$$\textit{Return On Equity}\ 2021 = \frac{11.203.586}{86.632.111} \times 100\%$$
$$= 12{,}93\ \%$$
$$\textit{Return On Equity}\ 2022 = \frac{9.192.569}{93.623.038} \times 100\%$$
$$= 9{,}81\ \%.$$

d. *Return On Equity*

Return On equity is a ratio that shows how lots internet earnings a company receives on every occasion it uses its very own capital. it is also stated to peer the extent of profit for very own capital. The better this ratio, the better. this means that the location of the agency proprietor is reinforced and vice versa.

$$\textit{Return On Equity} = \frac{\textit{Profit After Tax}}{\textit{Shareholders' Equity}} \times 100\ \%$$

$$\textit{Return On Equity}\ 2020 = \frac{8.752.066}{79.138.044} \times 100\%$$
$$= 11{,}05\ \%$$
$$\textit{Return On Equity}\ 2021 = \frac{11.203.586}{86.632.111} \times 100\%$$
$$= 12{,}93\ \%$$
$$\textit{Return On Equity}\ 2022 = \frac{9.192.569}{93.623.038} \times 100\%$$
$$= 9{,}81\ \%.$$

e. *Return On Equity*

Go back On equity is a ratio that indicates how much net earnings a organisation gets whenever it uses its own capital. it is also stated to see the extent of profit for personal capital. The better this ratio, the higher. which means the position of the enterprise owner is reinforced and vice versa.

$$\textit{Return On Equity} = \frac{\textit{Profit After Tax}}{\textit{Shareholders' Equity}} \times 100\ \%$$

$$\textit{Return On Equity}\ 2020 = \frac{8.752.066}{79.138.044} \times 100\%$$
$$= 11{,}05\ \%$$
$$\textit{Return On Equity}\ 2021 = \frac{11.203.586}{86.632.111} \times 100\%$$
$$= 12{,}93\ \%$$
$$\textit{Return On Equity}\ 2022 = \frac{9.192.569}{93.623.038} \times 100\%$$
$$= 9{,}81\ \%.$$

Table 9. Calculation of Return On Equity PT Indofood Sukses Makmur Tbk 2020-2022 (in millions of rupiah)

Year	Profit After Tax	Shareholders' equity	Ratio

2020	8.752.066	79.138.044	11,05 %
2021	11.203.586	86.632.111	12,93 %
2022	9.192.569	93.623.038	9,81 %

Source: Data processed, 2024

Based on table 13 above, in 2020, profit after tax is IDR 8,752,066 whilst shareholder equity is IDR seventy nine,138,044 in order that the ratio reaches 11.05%, in 2021 profit after tax is IDR eleven,203,586 even as shareholder fairness is IDR 86,632,111 so that the ratio reaches 12.ninety three%, then in 2022 income after tax is IDR 9,192,569 whilst shareholder equity is IDR ninety three,623,038 so that the ratio reaches 9.eighty one%.

Table 10.Profitability Ratio PT Indofood Sukses Makmur Tbk Year 2020-2022

Profitability Ratio	Year			Financial Performance
	2020	2021	2022	
Gross Profit Margin	32,73 %	32,67 %	30,65 %	Very good
Net Profit Margin	10,70 %	11,27 %	8,29 %	Less
Return On Equity	11,05 %	12,93 %	9,81 %	Very Less

Source: Data processed, 2024

Judging from the Gross profit Margin, the organization's monetary overall performance is in very good condition as it has surpassed the Gross profit Margin popular of 30%, despite the fact that there are years that have reduced however it is still above the general fashionable. On net profit Margin, financial performance is in a negative condition because it has not reached the net profit Margin widespread of> 20%. This takes place because of the big fees in sales. These costs are running expenses consisting of promoting fees and well-known and administrative charges. The agency's expenses increase each year, this impacts the quantity of internet earnings earned by means of the employer. Judging from return On equity, economic overall performance is in a very bad circumstance because it has no longer reached the return On equity preferred, that's> 40%. This occurs because shareholders' fairness increases every year

4.2 Discussion

1. Liquidity Ratio

a. *Current Ratio*

Based totally on the calculations in table 6, in 2020 it method that every Rp 1,- cutting-edge debt is guaranteed by Rp 1.37 present day assets or the ability of cutting-edge assets to pay present day debt is 137%. In 2021 it approach that each Rp 1,- modern debt is guaranteed by Rp 1.34 current assets or the ability of present day assets to pay modern-day debt is 134%. In 2022, it way that every IDR 1,- current debt is guaranteed by using IDR 1.seventy eight assets. lancar atau kemampuan aktiva lancar dalam membayar hutang lancar adalah sebesar 178 %. Jadi dapat disimpulkan bahwa kondisi perusahaan cukup baik karena berada dibawah standar (200 %) yaitu 149,6%. From the calculation of the cutting-edge ratio, in 2021 it can be visible that the current ratio value has decreased by means of three% from 2020. This lower occurred because of an boom in the quantity of current debt from the preceding yr. In 2022 there was an increase of 44% from 2021. This boom came about because, the quantity of cutting-edge debt reduced from the previous yr, and present day assets accelerated from the previous year so that the capacity of modern-day belongings to finance cutting-edge debt expanded. coins Ratio.

Based on the calculation of the coins ratio in desk 7, the coins ratio price of PT Indofood Sukses Makmur Tbk in 2020 is sixty one%. which means every Rp 1, - current debt is guaranteed via Rp zero.61 coins equivalent. In 2021 the coins ratio fee received is 72%. which means every Rp 1,- current debt is assured with the aid of Rp 0.72 cash equal. In 2022 the cash ratio fee of PT Indofood Sukses Makmur Tbk turned into 84%. which means each Rp 1, - cutting-edge debt is guaranteed by using Rp 0.84 coins equivalents. based totally on the reason above, PT. Indofood Sukses Makmur Tbk is in superb situation because it is above the usual (50%) that is 72%.

Judging from the calculation of the cash ratio, in 2020 to 2022 the coins ratio cost has increased for 3 years by sixty one%, 72% and 84%. This increase turned into because of a decrease in current debt and coins equivalents additionally decreased.

b. Quick Ratio

From the calculation of the quick ratio in table 8, the short ratio value obtained by PT Indofod Sukses Makmur Tbk in 2020 is ninety seven%. which means that each Rp 1,- present day debt is

guaranteed by Rp zero.97 current assets, or the ability of current property to pay current debt is ninety seven%. In 2021 the fast ratio price of PT Indofood Sukses Makmur Tbk is 102%. which means that for each Rp 1,- debt modern assets are assured by using Rp 1.02 modern-day property, or the potential of current property to pay current debt is 102%. In 2022 the short ratio value of PT Indofood Sukses Makmur Tbk turned into 124%. which means that for every Rp 1,- modern-day debt is assured by using Rp 1.24 current assets or the ability of current assets is 124%. Judging from the short ratio in 2020 to 2022, it has increased for three years by way of ninety seven%, 102%, and 124%. This increase passed off due to an growth in the range of property and the amount of inventory which caused a large growth.

2. Profitability Ratio.

a. Gross Profit Margin

Based totally at the calculation of gross income margin in desk 11, in 2020 the gross profit margin value of PT Indofood Sukses Makmur Tbk changed into 32.73%. this means that the company's ability to generate gross take advantage of each sale made is 32.73%. In 2021 the gross profit margin cost is 32.67%. because of this the company's capability to generate gross take advantage of each sale made is 32.sixty seven%. In 2022 the gross earnings margin value is 30. Sixty five%. which means that the company's capability to generate gross profit from every sale made is 30 – 65 %.

b. *Net Profit Margin*

Based totally at the calculation of internet earnings Margin in desk 12, in 2020 the internet income margin ratio price was 10.70%. because of this from the sales that the employer has made, igenerates a net profit of 10.70%. In 2021 the net profit margin value is eleven.27%. this means that from the sales that the organization has made, it generates a net income of 11.27%. In 2022 the net earnings margin fee was eight.29%. Because of this from the income that the agency has made, it generates a net income of 8.29%. From the calculation of the net income margin, it is able to be visible that, in 2021 the net profit margin value has increased from 2020 with the aid of zero.57%, this boom passed off because the income obtained with the aid of the company every year expanded. 2022 the internet earnings margin value reduced by means of 2.98%. This lower happened because of a lower in income after tax.

c. Return On Equity

Based on the calculation of go back on fairness in table 13, in 2020 the return on fairness was 11.05%. this means that the ability of shareholders' fairness to generate profit after tax is 11.05%. In 2021 the go back on fairness is 12.ninety three%. which means that the potential of shareholders' equity to generate earnings after tax is 12.93%. In 2022 the return on fairness became 9.eighty one%. this means that the capacity of shareholders' equity to generate profit after tax is 9.- 81%.

From the calculation of return on equity, it's far known that the return on fairness price in 2021 has increased from 2020 by 1.88%. This boom befell due to a boom in profit after tax and shareholders' fairness. In 2022 the return on equity fee experienced a lower of 3.12%. This lower was due to a lower in income after tax.

5. CONCLUSION

Based totally at the effects of the liquidity ratio analysis as a tool to degree financial performance at PT Indofood Sukses Makmur Tbk for the length 2020 to 2022, the following conclusions can be drawn :

1. The monetary performance of PT Indofood Sukses Makmur Tbk based at the contemporary ratio is asserted "enough", this is based totally on the results of the calculation of the modern ratio for 3 years which is under 200%, particularly 149.sixty six%. in line with industry standards the nice cutting-edge ratio is 200%.
2. The financial performance of PT Indofood Sukses Makmur Tbk primarily based at the coins ratio is asserted "excellent", this is primarily based on the results of the calculation of the cash ratio for 3 years, which amounted to 72.33%. consistent with industry requirements the quality number is 50%.
3. The monetary performance of PT Indofood Sukses Makmur Tbk primarily based on the quick ratio is said "suitable", that is primarily based at the consequences of calculations for three years nearly close to one hundred fifty%, which is 107.66%. in line with industry requirements the best quick ratio is 150%.
4. The economic performance of PT Indofood Sukses Makmur Tbk based on Gross profit Margin is said to be in a "superb" condition, this is primarily based at the effects of calculations for 3 years that have passed the Gross income Margin trendy of 32%. in keeping with enterprise standards, a superb Gross earnings Margin is> 30%.

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5. The financial performance of PT Indofood Sukses Makmur Tbk based on net earnings Margin is declared "much less" that is based at the effects of calculations for three years that have now not reached the net income Margin standard of> 20%.
6. The financial performance of PT Indofood Sukses Makmur Tbk based totally on return On equity is asserted "very missing" this is primarily based at the outcomes of calculations for 3 years that have now not reached the return On equity widespread of> 40%.

Recommendations

Liquidity: maintain contemporary Ratio: If the employer's modern ratio is strong above 1.0, this indicates accurate coins control. The enterprise should retain to maintain this position to make certain the provision of quick-term finances. Optimize inventory control: If the quick ratio is notably lower than the current ratio, this indicates that PT. Indofood's inventory is pretty large. The company needs to optimize stock control to, avoiding the accumulation of unsold goods, which can have an effect on liquidity.

Profitability: cognizance on profit Margin: PT. Indofood should continue to strive to growth gross profit margin via controlling the price of products bought, as an example via production manner performance or raw fabric rate negotiations. operating fee performance: increased internet profit margins may be done by way of controlling operating expenses, which include advertising and marketing and administrative charges. improve. Asset Effectiveness: companies can increase ROA and ROE through optimizing using assets and capital, for example through greater selective and efficient investments.

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