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EVALUATION OF FINANCIAL PERFORMANCE OF PT INDOMOBIL SUKSES INTERNASIONAL TBK 2020-2023 THROUGH PROFITABILITY AND SOLVENCY RATIO ANALYSIS

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Abstract

Evaluating financial performance is essential to assess a company's competitiveness and sustainability, especially in the highly competitive and challenging automotive industry. The financial performance of PT Indomobil Sukses Internasional Tbk, one of the leading automotive companies in Indonesia, needs to be examined comprehensively. This study aims to assess the company's financial performance over the 2020–2023 period using profitability and solvency ratio analysis. The profitability ratios used include Net Profit Margin (NPM), Return on Assets (ROA), and Return on Equity (ROE), while the solvency ratios analyzed are Debt to Equity Ratio (DER) and Debt to Asset Ratio (DAR). The data were obtained from the annual financial reports published by the Indonesia Stock Exchange (IDX). The results show that the company's profitability remains below industry standards, indicating suboptimal performance in generating profits from its assets and equity. In terms of solvency, the company exhibits a high level of debt reliance, which may increase its financial risk in the long term.

Keywords: Financial Performance, Profitability, Solvency

Introduction

Assessing a company's financial achievements is an important step to see the extent of its financial stability and future growth potential. In the evaluation process, profitability and solvency ratios are two indicators that are widely used.(Handayani and Wijaya, 2022). Profitability reflects the extent to which a business entity is successful in generating positive financial performance through the utilization of assets and equity to achieve stability, while solvency assesses the company's ability to manage and meet its long-term obligations.(Arsita, 2021).

The 2020–2023 period will be a challenging time for the global automotive industry, including Indonesia, due to the COVID-19 pandemic which has triggered supply disruptions, financial pressures, and decreased demand.(Princess and Pratama, 2023). Profitability ratios, such as Net Profit Margin (NPM), Return on Assets (ROA) and Return on Equity (ROE), provide a picture of the efficiency of the company's performance in managing assets and capital used to achieve optimal profitability levels.(Ompusunggu & Febriani, 2023). Research conducted byPrincess and Pratama (2023)reveals that the profitability ratio reflects the company's operational efficiency in responding to changing market dynamics.

Solvency at a healthy level reflects a strong capital structure and the company's ability to survive amidst unstable economic dynamics.(Harahap, 2018). The solvency ratio has an important role in assessing the stability of the company's long-term financial structure, as stated in the research results.Ramdhani and Elmanizar (2022). Monitoring of solvency and profitability ratios also helps in evaluating strategies that need to be reviewed and aspects that need to be improved.(Hanafi and Halim, 2019). if the solvency ratio increases, management needs to reconsider operational efficiency and cost structure as an anticipatory measure against the decline in the profitability ratio.(Sari and Widyawanti, 2023). In addition, the sharp increase in the solvency ratio indicates the need for the company to re-evaluate its funding strategy and investment approach that has been implemented so far.(Brigham and Houston, 2021).

PT Indomobil's ability to maintain profit stability and long-term financial conditions is very important in determining its strategic position in the increasingly competitive automotive market. This also provides an overview of the company's current actual condition.(Sutrisno, 2020).Thus, the evaluation of PT Indomobil's financial performance through the analysis of profitability and solvency ratios during 2020 to 2023 provides a comprehensive understanding of the company's financial situation which can be used as a basis for more targeted managerial decision-making.

The formulation in this research isHow is the financial performance of PT Indomobil during the period 2020-2023 based on the analysis of profitability and solvency ratios? What factors influence changes in the profitability and solvency ratios of PT Indomobil during the period?

This study aims to evaluate the financial performance of PT Indomobil during the period 2020-2023 through the analysis of profitability and solvency ratios. In addition, this study is also intended to explore further what causes the rise and fall of the ratio, with the hope that these findings can be the basis for formulating appropriate strategic steps for the company, especially in efforts to improve financial performance in the future.

Methods

This study uses a quantitative approach with a descriptive method, which is generally intended to provide a comprehensive picture of the financial condition of PT Indomobil in the period between 2020 and 2023. The available financial information is analyzed, observed, and presented descriptively in order to present an objective picture of the company's financial performance.PT Indomobil is a company operating in the automotive sector, with a primary focus on the manufacturing process, distribution, and after-sales service for motor vehicles. The sample selection process was carried out selectively because it was considered most appropriate to the direction and objectives to be achieved in this study.

This study utilizes data sourced from PT Indomobil's financial statements for the period 2020 to 2023. The documents include balance sheet, profit and loss, and cash flow reports that have been officially released to the public. The main data was obtained through the company's official website and the Indonesia Stock Exchange page (www.idx.co.id). This approach is expected to be able to present a complete picture of the company's financial condition, while also exploring various aspects that can affect the stability and sustainability of its financial performance.

The main focus in this research is directed at the profitability and solvency ratio standards as set byCashmere (2017), The ratio standard is used as the main analysis tool in assessing and evaluating the financial condition of PT Indomobil. The solvency ratio that refers to the standard represents the extent to which the company is able to maintain financial stability and meet its long-term obligations sustainably.(Amalia and Priantinah, 2020).

Table 1 Research Analysis Indicators

Category	Financial Ratios	Formula	Industry Average
Profitability	*Net Profit Margin*(NPM)	NPM = Revenue/Net Profit×100%	≥5%
	Return on Assets(ROA)	ROA = Net Profit/Total Assets×100%	≥5%
	Return on Equity(ROE)	ROE = Net Profit/Equity ×100%	≥15%
Solvency	*Debt to Equity*Ratio (DER)	DER = Total Debt/Total Equity×100%	≤200%
	*Debt to Asset*Ratio (DAR)	DAR = Total Debt/Total Assets×100%	≤35%

Source: Kasmir (2017)

Results and Discussion

Table 2 Financial Report

(In Million Rupiah)

Year	2020	2021	2022	2023
Net profit	675,711	255,340	562,551	777,342
Income	15,230,426	19,174,995	25,581,929	28,892,314
Total Assets	48,408,700	51,023,608	57,445,068	62,912,526
Total Debt	35,692,364	38,177,391	43,277,746	47,441,283
Total Equity	12,716,336	12,846,217	14,167,322	15,471,243

Source: Processed data (2025)

Profitability Ratio

1. *Net Profit Margin* (NPM)

Table 3 Net Profit Margin

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(In Million Rupiah)

Year	Income	Net Profit	NPM (%)
2020	15,230,426	675,711	4.44
2021	19,174,995	255,340	1.33
2022	25,581,929	562,551	2.20
2023	28,892,314	777,342	2.69
Average			2.66

Source: Processed data (2025)

PT Indomobil has a level of profitability that is not efficient enough in utilizing total revenue to generate net profit, as reflected in the findings of the NPM calculation carried out during the 2020-2023 period. It is known that the average NPM of the company is 2.68%, which is still below the industry standard according to Kasmir (2017), which is more than 5%. When compared to industry standards, the company's financial efficiency has not yet reached the ideal level.

The company showed an increase in financial performance results compared to previous years in 2020 with the highest NPM of 4.44%, which is close to the industry standard. However, NPM dropped drastically to 1.33% in 2021, possibly due to external factors such as the impact of the COVID-19 pandemic, declining sales, or experiencing a fairly high spike in operating costs. However, in 2022, NPM increased to 2.22%, indicating that the company's financial efficiency has improved. Although still below the industry standard, this positive trend continues in 2023 with an NPM of 2.69 percent. The increase can be attributed to improved revenue performance and more efficient cost management compared to previous years.

2. *Return on Assets* (ROA)

Table 4 Return on Assets

(In Million Rupiah)

Year	Net Profit	Total Assets	ROA (%)
2020	675,711	48,408,700	1.40
2021	255,340	51,023,608	0.50
2022	562,551	57,445,068	0.98
2023	777,342	62,912,526	1.24
Average			1.03

Source: Processed data (2025)

According to the calculation results of PT Indomobil's Return on Assets (ROA) during the 2020-2023 period, it is known that the company's average ROA is 1.03%. This value is far below the industry standard, according to Kasmir (2017), which is more than 5%. The ROA value of the asset value directed by the company to produce optimal net profit performance has succeeded in optimizing assets directed to support the achievement of the greatest net profit. The company recorded the highest ROA of 1.40% in 2020. This is still below the industry standard but better than the following years. However, the net asset value fell drastically to 0.50% in 2021, possibly due to an increase in total assets that was not in line with the increase in net profit with net profit growth. External factors, such as macroeconomic pressures and the consequences of the COVID-19 pandemic, can also cause the effectiveness of asset use to decrease. In 2022, ROA increased to 0.98%, indicating a slight improvement in asset management efficiency. Although still far from the industry standard, this improvement continued in 2023 when ROA reached 1.24%. This improvement shows that the business is starting to recover from the past, but still needs to improve its asset performance to generate better profits.

3. *Return on Equity* (ROE)

Table 5 Return on Assets

(In Million Rupiah)

Year	Net Profit	Total Equity	ROE (%)
2020	675,711	12,716,336	5.31
2021	255,340	12,846,217	1.99
2022	562,551	14,167,322	3.97
2023	777,342	15,471,243	5.02
Average			4.07

Source: Processed data (2025)

PT Indomobil obtained an average ROE of 4.07% during the 2020–2023 period. This value is far below the industry standard, according to Kasmir (2017), which is more than 15%, and indicates that the company has not succeeded in directing the use of equity appropriately to achieve maximum profit for shareholders. The company recorded the highest ROE of 5.31% in 2020. This is still far from the industry standard but better than the following years. However, in 2021, ROE dropped drastically to 1.99%, possibly due to a significant decrease in net profit compared to the period with an increase in equity, indicating an imbalance between profitability and capital structure development, which has an impact on the company's competitiveness in generating financial profits for investors. However, in 2022, ROE increased again to 3.97%, indicating that equity management has developed. Until 2023, this increase will continue and ROE will reach 5.02%. This is an improvement over previous years, but still far from the industry standard. Although this increase is not enough to achieve competitive profitability in the automotive industry, it shows an effort to improve the company's financial strategy.

Solvency Ratio

1. *Debt to Equity Ratio* (DER)

Table 6 Debt to Equity Ratio

(In Million Rupiah)

Year	Total Debt	Total Equity	ROE(%)
2020	35,692,364	12,716,336	280.68
2021	38,177,391	12,846,217	297.19
2022	43,277,746	14,167,322	305.48
2023	47,441,283	15,471,243	306.64
Average			297.50

Source: Processed data (2025)

PT Indomobil has a high level of dependence on debt compared to its equity, referring to the results of the analysis that has been carried out by DER which was carried out during the period 2020-2023. These results show an average DER of 297.50%, far above the industry standard according to Kasmir (2017), which is ≤200%. The DER value is related to the company's financial risk, especially in the midst of unstable economic dynamics. The company's DER reached 280.68% in 2020, exceeding the industry's safe limit. The upward trend continued into 2021, with a DER of 297.19%, indicating an increase in the use of debt to finance operations and business expansion. This increase continued in 2022, with a DER of 305.48%, and continued to increase to 306.64% in 2023.

2. *Debt to Asset Ratio* (DAR)

Table 7 Debt to Asset Ratio

(In Million Rupiah)

Year	Total Debt	Total Assets	ROE(%)

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2020	35,692,364	48,408,700	73.73
2021	38,177,391	51,023,608	74.82
2022	43,277,746	57,445,068	75.34
2023	47,441,283	62,912,526	75.41
Average			74.83

Source: Processed data (2025)

PT Indomobil obtained an average DAR of 74.83% during the 2020–2023 period. This far exceeds the industry standard according to Kasmir (2017), which is ≤60%. This indicates that most of the company's assets are financed through loans, reflecting a high level of dependence on external funding. The high DAR ratio makes the company's financial position more vulnerable, especially when facing economic uncertainty or pressure on liquidity. In 2020, the company's DAR was recorded at 73.73%, a figure far exceeding the ideal industry threshold. This percentage shows a gradual upward trend, from 74.82% in 2021, rising to 75.34% in 2022, then increasing slightly again to 75.41% in 2023.

Discussion

Financial Performance Analysis of PT Indomobil for the 2020-2023 Period Based on Profitability and Solvency Ratios. To evaluate the financial performance of PT Indomobil during the period 2020 to 2023, profitability ratios such as NPM, ROA, and ROE were used, as well as solvency ratios including DER and DAR.

1. Profitability Analysis

   From the results of the analysis conducted, the company's Net Profit Margin (NPM) ratio appears to have changed quite significantly throughout the research period. In 2020, NPM was recorded at 4.44%, but experienced a sharp decline to only 1.33% in 2021. Entering 2022 and 2023, there are indications of recovery, as reflected in the increase in the NPM ratio to 2.2% and then 2.69%. Although this trend shows improvement, the company's profitability level is still below the ideal industry standard set, which is a minimum of 5% (Kasmir, 2017).

   When viewed from the Return on Assets (ROA) side, the company's performance has also not met the set standard, which is a minimum of 5%. Over a period of four years, the company's ROA only recorded an average of 1.16%. In 2020, the Return on Equity (ROE) ratio was recorded at 5.31%, but this figure dropped drastically to only 1.99% in 2021. This condition began to show improvement in the following years, as seen from the increase in ROE to 3.97% in 2022 and again increasing to 5.02% in 2023. However, this recovery trend has not yet fully reached the ideal ROE standard in the industry.
2. Solvency Analysis

   In 2023, DER even increased to 306.64%, which means that the company's debt is more than three times its equity. This high dependence on debt increases financial risk, especially in an uncertain economic situation. In addition, the company's Debt to Asset Ratio (DAR) also shows an average of 74.83%, far above the industry's ideal limit of below 60%. In facing the increasing burden of obligations, the company needs to consider reviewing its capital management strategy, especially since the Debt to Asset Ratio (DAR) trend shows a consistent increase from 73.73% in 2020 to 75.41% in 2023.

Factors Affecting Changes in Profitability and Solvency Ratios

A number of main factors that played a role in the rise and fall of PT Indomobil's profitability and solvency ratios throughout 2020–2023 include:

1. Economic Conditions and the Automotive Industry
   The research period took place amidst the crisis triggered by the COVID-19 pandemic, which had a direct impact on reducing people's purchasing power and hampering the smooth running of the supply chain.
2. Cost Management and Operational Efficiency
   Although the company's revenue shows an increasing trend every year, this growth has not been followed by a commensurate increase in net profit.
3. Investment and Expansion Strategy
   PT Indomobil consistently develops its business scale by allocating funds to strengthen its production sector and distribution network.
4. Dividend Policy and Earnings Retention
   Since most dividends are not directed to strengthening internal capital, companies that regularly distribute dividends generally have relatively lower equity levels.
5. Risk Management and Debt Management

A high DER ratio indicates that the company needs to implement a more systematic and targeted debt management strategy.

Conclusion

Based on the results of the analysis of PT Indomobil's financial performance during the period 2020 to 2023, it can be seen that the company's profitability level is still below the industry average standard. This finding indicates that the company has not succeeded in maximizing its profit potential throughout the period. This condition also reflects sharp fluctuations in net profit, which are largely due to high operating expenses and financial costs. The combination of these two factors is the main obstacle that prevents the company from achieving its ideal level of profitability. On the other hand, the high solvency ratio also indicates the company's dependence on debt-based funding, which of course has consequences for long-term financial risks.

Suggestion

From the results of the study that has been carried out, several recommended steps can be formulated to optimize the financial performance of PT Indomobil:

1. To optimize operational effectiveness and strengthen cost control, companies need to develop more efficient and integrated production and distribution strategies.
2. To reduce dependence on debt, companies need to gradually reduce their level of liabilities, considering that the DER and DAR ratios are currently still relatively high.
3. To improve sustainable investment strategies, companies should consider expansion steps more selectively and based on careful calculations.

Improve dividend and profit retention policies so as not to burden cash flow too much, while still supporting internal funding needs for long-term growth.

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