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COMPREHENSIVE ANALYSIS OF FINANCIAL RATIOS AS INDICATORS OF EFFICIENCY AND PROFITABILITY: A CASE STUDY OF PT TRIWALA MITRA BESTARI

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Abstract

In the world of business and organizational management, budget efficiency is a crucial aspect that determines sustainability and operational effectiveness. Sound financial management not only aims to maintain financial stability but also contributes to enhancing overall performance. One widely used method for optimizing budget utilization is financial ratio analysis. This analytical approach plays a vital role in ensuring that available financial resources are allocated effectively to support business or operational activities that positively impact organizational performance. The financial ratios of PT Triwala Mitra Bestari for the period 2020–2024 reflect stable and positive performance. Liquidity and solvency ratios indicate a healthy financial condition in both the short and long term. Activity ratios suggest an increasing efficiency in asset utilization, while profitability ratios demonstrate the company's strong ability to generate profits, despite experiencing some fluctuations. PT Triwala Mitra Bestari does not hold long-term debt; however, it does incur short-term liabilities related to software license stock as an authorized distributor, which are settled at the beginning of each month. In addition, the stability of the company's financial ratios is supported by its secondary business in the IT sector, which typically requires minimal capital investment yet yields relatively high profitability. Overall, this analysis confirms that the company has been able to manage its finances effectively, thereby supporting its growth and maintaining competitive advantage.

Keywords: financial ratio analysis, financial performance evaluation, budgetary efficiency

Introduction

In the realm of business and organizational management, budget efficiency is a crucial aspect that determines both sustainability and operational effectiveness. Sound financial management not only aims to maintain financial stability but also contributes significantly to improving overall performance. One widely used method for optimizing budgets is financial ratio analysis. Financial ratio analysis serves as a primary tool for evaluating the financial condition of an entity—be it a corporation, a governmental institution, or a non-profit organization. By employing various ratios such as liquidity, solvency, profitability, and operational efficiency, stakeholders can identify both strengths and weaknesses within the financial structure. This facilitates more informed decision-making regarding resource allocation and budgetary strategies. Financial ratio analysis has been proven to significantly support strategic financial planning, especially within the medium-scale industrial sector. Ratios such as the current ratio, debt-to-equity ratio, and return on assets play a pivotal role in measuring operational efficiency and sustaining long-term stability (Putra & Raharjo, 2021).

Furthermore, financial ratio analysis is essential in ensuring that available budgets are utilized optimally to support business or operational activities that positively impact organizational performance. With a deeper understanding of financial conditions, management can adjust strategies to enhance operational efficiency and effectiveness, thereby contributing to long-term growth. It is therefore imperative for organizations to implement systematic financial ratio analysis as part of their financial decision-making processes. Through this approach, budget efficiency can be achieved, ultimately enhancing overall performance. In its efforts to increase competitiveness and meet international standards, PT Triwala Mitra Bestari must integrate financial ratio analysis as part of its business strategy. Such analysis is a vital instrument for evaluating the company's financial health and supporting data-driven decision-making. A profound understanding of the company's financial condition enables the identification of potential risks and opportunities that can be leveraged to improve operational efficiency and effectiveness.

The application of financial ratios in medium-scale manufacturing firms has been shown to significantly enhance the quality of investment and operational decision-making, particularly in the context of intense global competition (Susanti & Firmansyah, 2020). Therefore, a systematic approach to financial ratio analysis is

essential for PT Triwala Mitra Bestari in realizing its vision of becoming a competitive player in the international market. However, to date, PT Triwala Mitra Bestari has not developed a comprehensive report or analysis of its financial ratios, making it difficult for management to evaluate overall financial performance and make well-informed strategic decisions. Thus, it is crucial for the company to promptly establish and carry out a financial ratio analysis. This study aims to examine the financial ratios of PT Triwala Mitra Bestari within the framework of budget efficiency. The results of this analysis are expected to provide a clear picture of the company's financial condition and support more effective and efficient decision-making.

Method

Financial Ratios

The research method employed in this study is a quantitative approach using descriptive analysis, which involves analyzing numerical data through calculations, applying financial ratio formulas, and interpreting the results using time series analysis. The analysis is further supported by the company's financial statement notes to provide context and clarity. The specific variables used in this research are detailed in Table 1.

Table 1 Research Variables

Variable	Concept of Variable	Indicator	Scale
Liquidity Ratio			
Current Ratio	A financial ratio that measures the company's ability to meet its short-term obligations using its current assets.	$\frac{Current\ Assets}{Current\ Liabilities}$	Ratio Scale
Quick Ratio	A financial ratio that measures the company's ability to pay current liabilities using its most liquid assets, excluding inventory.	$\frac{Current\ Assets - Inventory}{Current\ Liabilities}$	Ratio Scale
Cash Ratio	A ratio that measures how much cash and cash equivalents are available to cover current liabilities.	$\frac{Cash}{Current\ Liabilities}$	Ratio Scale
Solvency Ratio			
Debt Ratio	This ratio represents a debt metric used to assess the proportion of total liabilities relative to total assets.	$\frac{Total\ Liabilities}{Total\ Assets}\ x\ 100\%$	Ratio Scale
Debt To Equity Ratio	This ratio is used to evaluate the proportion of debt relative to shareholders' equity. It reflects how much financing is provided by creditors compared to the amount invested by the owners. A lower ratio suggests a more conservative capital structure, while a higher ratio indicates higher financial leverage and potential risk.	$\frac{Total\ Liabilities}{Total\ Equity}\ x\ 100\%$	Ratio Scale

Variable	Concept of Variable	Indicator	Scale
Activity Ratios			

Fixed Asset Turn Over	This ratio is used to measure how efficiently a company utilizes its fixed assets to generate sales within a given period. It indicates how many times the investment in fixed assets is turned over through sales in a year. A higher ratio implies more efficient use of fixed assets.	$\frac{Sales}{Total\ Fixed\ Assets}\ x\ 1\ Time$	Time
Total Asset Turn Over	The Total Asset Turnover ratio measures the efficiency with which a company utilizes all of its assets to generate sales. It reflects the amount of revenue earned per unit of total assets.	$\frac{Net\ Sales}{Total\ Aktiva}\ x\ 1\ Time$	Time
Profitability Ratios			
Net Profit Margin	This profitability ratio evaluates a company's financial performance by measuring the proportion of earnings after interest and taxes (EAIT) relative to total sales.	$\frac{EAIT}{Net\ Sales}\ x\ 100\%$	Ratio Scale
Profit Margin	This ratio is used to determine the cost of goods sold (COGS) as a basis for evaluating the efficiency of production and pricing.	$\frac{EBIT}{Net\ Sales}\ x\ 100\%$	Ratio Scale
Return On Investment	This ratio reflects the return on the total assets employed by the company.	$\frac{EAIT}{Total\ Assets}\ x\ 100\%$	Ratio Scale
Return On Equity	This ratio measures the net income after tax in relation to shareholders' equity.	$\frac{EAIT}{Total\ Equity}\ x\ 100\%$	Ratio Scale

Result and Discussions

Financial Condition and Structure of PT Triwala Mitra Bestari

The condition and structural composition of revenue contributions from the company's various business units during the 2020 to 2024 period are examined. Annual pie charts illustrate the proportion of income generated by four main sectors: Projects, Software, System Dynamics Center (SDC) Training, and the Science and Exsimpro Center. This visualization provides a dynamic overview of changes in revenue structure among business units over time, reflecting the company's evolving business strategies and operational focus. A detailed year-by-year comparison is shown in Figure 1.

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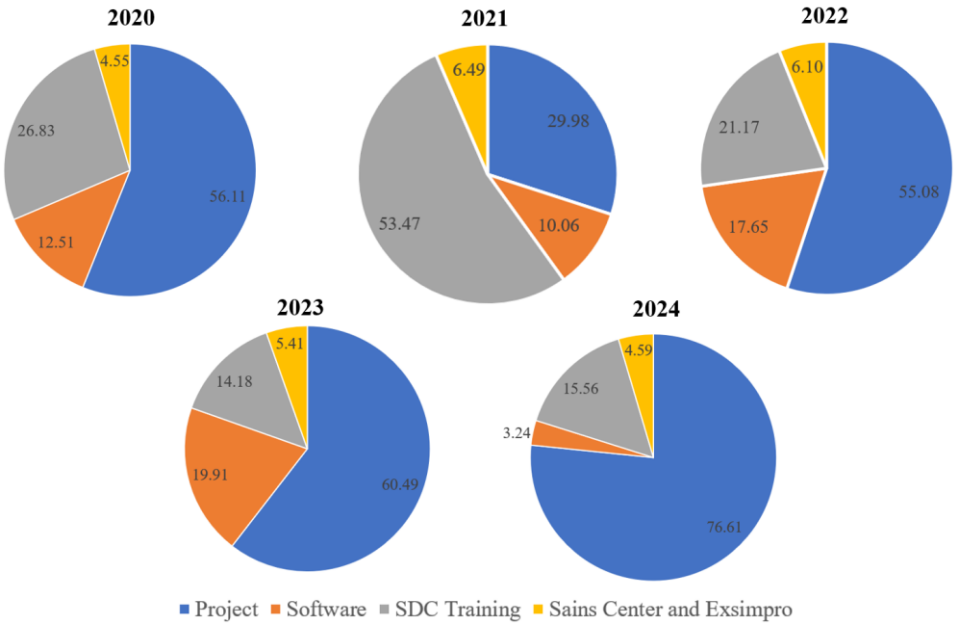

Figure 1
Revenue Percentage of PT Triwala Mitra Bestari

Figure 1 illustrates the percentage of revenue generated by PT Triwala Mitra Bestari from 2020 to 2024, divided into four main categories: Project, Software, SDC Training, and the Science and Exsimpro Center. Based on the figure, it can be observed that the contribution of each revenue source fluctuates over time. In 2020, the Project category was the largest contributor, accounting for 56.11% of total revenue, followed by SDC Training at 26.83%, Software at 12.51%, and the Science and Exsimpro Center at 4.55%. In 2021, a significant shift occurred: SDC Training surged to become the primary income source, contributing 53.47%, while Project revenue sharply declined to 29.98%. This change may have been driven by a shift in business strategy or external factors such as the Covid-19 pandemic, which disrupted project-based activities. By 2022, the Project category regained its position as the primary revenue driver, contributing 55.08%, signaling a recovery in that sector. Software revenue also increased to 17.65%, indicating growth in the company's software services. SDC Training revenue declined to 21.17%, while the Science and Exsimpro Center remained modest at 6.10%.

In 2023, the dominance of Project revenue strengthened further to 60.49%. Software revenue reached its five-year peak at 19.91%. However, SDC Training continued to decline, contributing only 14.18%, and the Science and Exsimpro Center remained stable at a low percentage. In 2024, Project revenue reached its highest level over the observed period at 76.61%, indicating a heavy reliance on this sector. Conversely, Software revenue dropped significantly to just 3.24%. SDC Training remained on a downward trend, contributing 15.56%, while the Science and Exsimpro Center remained steady at around 4.59%. Overall, this data highlights a growing focus of PT Triwala Mitra Bestari on project-based revenue, while contributions from training and software have declined. To ensure financial sustainability and reduce reliance on a single sector, the company may need to reinforce its income diversification strategy. Detailed developments are presented in Figure 2.

Figure 2 illustrates the cash flow of PT Triwala Mitra Bestari from 2020 to 2024, consisting of bar charts representing income and line graphs representing expenses. By comparing these two elements, we can observe the annual gap between revenue and expenditure, which reflects the company's overall financial condition. In 2020, the company recorded revenue of IDR 1,305,066,490, while expenses amounted to IDR 800,112,886. The resulting positive difference of IDR 504,953,604 indicated a healthy financial state. In the following year, 2021, revenue increased to IDR 1,618,539,716, while expenses also rose to IDR 852,552,340, yielding a larger surplus of IDR 765,987,376 compared to the previous year.

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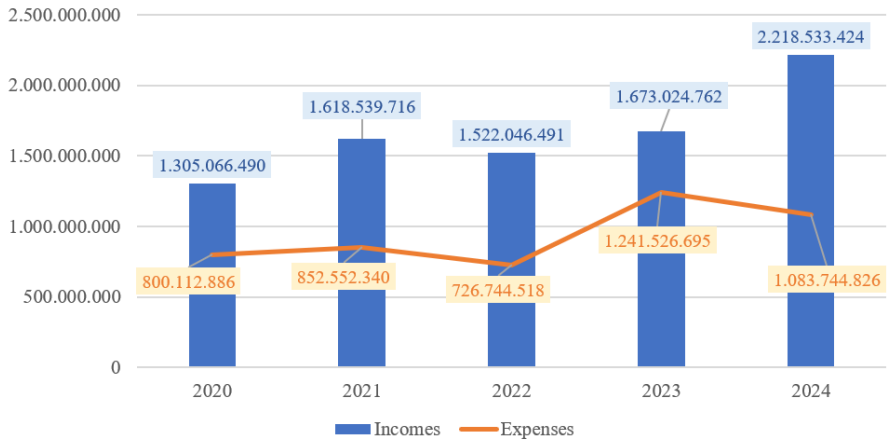

Figure 2
Cash Flow PT. Triwala Mitra Bestari

However, in 2022, both revenue and expenses declined. Revenue dropped to IDR 1,522,046,491, and expenses decreased to IDR 726,744,518. Despite the decline in income, the surplus rose slightly to IDR 795,301,973, demonstrating improved cost efficiency. The situation changed in 2023 when expenses surged significantly to IDR 1,241,526,695, while income only slightly increased to IDR 1,673,024,762. As a result, the surplus shrank drastically to IDR 431,498,067, signaling a decline in efficiency and a sharp rise in operational costs. The year 2024 marked the highest revenue within the five-year period, reaching IDR 2,218,533,424, reflecting remarkable growth. Expenses also remained substantial at IDR 1,083,744,826; however, the surplus increased significantly to IDR 1,134,788,598 — the highest recorded in the five-year span. Overall, the data indicates that PT Triwala Mitra Bestari consistently maintained an annual financial surplus. The peak of financial efficiency was achieved in 2024, whereas 2023 presented clear cost-related challenges. Effective cost control and revenue enhancement strategies have evidently led to a significant improvement in the company's financial performance in the long term. This suggests that the company is on a positive and sustainable growth trajectory.

Financial Ratio PT. Triwala Mitra Bestari

This section presents the development of the company's financial ratios over a five-year period, from 2020 to 2024. The ratios cover various aspects including liquidity, solvency, activity, and profitability, which collectively represent the company's overall financial performance. Through in-depth analysis of this data, trends in the company's performance can be identified, including asset utilization effectiveness, operational efficiency, and the company's ability to generate returns for shareholders. Therefore, this table serves as a fundamental reference for comprehensively evaluating the company's financial strengths and weaknesses, both for academic purposes and managerial decision-making. A detailed breakdown of the financial ratio trends is presented in Table 2.

Table 2 Financial Ratio Calculation Results

Variabel	2020	2021	2022	2023	2024
Current Ratio	1.15	1.40	1.55	1.90	1.67
Quick Ratio	1.09	1,34	1,48	1,81	1,56
Cash Ratio	1.09	1.34	1.48	1.81	1.56
Debt Ratio	8%	13%	10%	12%	10%
Debt To Equity Ratio	14%	24%	8%	14%	15%
Fixed Asset Turn Over	3.17	3.52	4.10	4.53	5.57
Total Asset Turn Over	1.30	1.22	1.48	1.58	2.36
Net Profit Margin	41%	41%	55%	28%	48%
Profit Margin	47%	45%	62%	34%	48%
Return On Investment	128%	133%	226%	126%	266%

Return On Equity	218%	260%	190%	150%	434%

Based on Table 2 above, financial ratio analysis is utilized to assess a company's financial condition and performance. In this context, various indicators from 2020 to 2024 are examined, encompassing liquidity, solvency, activity, and profitability ratios. This information is highly valuable for strategic decision-making, both for internal management and external stakeholders such as investors and creditors.

- Liquidity Ratios

During the period from 2020 to 2024, the company's liquidity ratios exhibited a generally positive trend, reflecting an improved ability to meet short-term obligations. One of the primary indicators, the Current Ratio, increased gradually from 1.15 in 2020 to 1.90 in 2023. Although there was a slight decline to 1.67 in 2024, the ratio remained above the ideal threshold (i.e., greater than 1), indicating that the company still held sufficient current assets to cover its short-term liabilities. This upward trend suggests increasingly efficient management of current assets over the years, while the minor decrease at the end of the period appears to have no significant impact on the company's short-term financial stability. These findings are consistent with those of Santoso and Wijayanti (2020), who noted that an increase in the current ratio positively contributes to the perception of a company's financial health.

In line with the rise in the Current Ratio, the Quick Ratio also demonstrated a similar pattern. This ratio increased from 1.09 in 2020 to 1.81 in 2023, before slightly decreasing to 1.56 in 2024. The Quick Ratio, which excludes inventory from its calculation, provides a more conservative assessment of a company's liquidity. The three-year consecutive increase indicates that, aside from inventory, the company effectively maintained a balance between other current assets—such as receivables and short-term marketable securities—and its short-term liabilities. The slight decline in the final year remains within a safe range and reflects continued strong liquidity management. According to research by Putri and Handayani (2021), a high quick ratio indicates a company's capacity to meet its obligations without relying on inventory sales, which is crucial for maintaining operational continuity during market fluctuations. Furthermore, the Cash Ratio—which measures the extent to which cash and cash equivalents can be used to directly settle short-term obligations—followed a trend consistent with the previous two ratios. This ratio rose from 1.09 in 2020 to 1.81 in 2023, before declining slightly to 1.56 in 2024. The fact that all three liquidity ratios show similar trends reinforces the conclusion that the company maintained a very strong liquidity position over the five-year period. Overall, these liquidity ratios depict a stable and healthy short-term financial condition. Despite the minor decline in 2024, the figures suggest that the company was consistently able to manage its current assets effectively to meet all of its short-term obligations.

- Solvency Ratios

Throughout the period from 2020 to 2024, the company's solvency ratios indicated a highly positive trend in managing debt and long-term financing. This is reflected in the Debt Ratio, which remained at very low levels, ranging between 8% and 13%. In 2020, the ratio stood at 8%, then slightly increased to 13% in 2021. It declined again to 10% in 2022, edged up to 12% in 2023, and dropped back to 10% in 2024. Overall, these fluctuations are minor and indicate that the company utilized only a small portion of its assets through debt financing. In other words, most of the company's assets were financed through equity rather than liabilities, resulting in a low level of financial risk or leverage. Research by Pertiwi and Hardiningsih (2017) revealed that a low debt ratio correlates positively with the perception of financial stability and the company's resilience to external risks, particularly in the non-financial sector.

Meanwhile, the Debt to Equity Ratio also displayed a pattern consistent with a conservative financing strategy. This ratio fluctuated over the five years, with a peak of 24% in 2021 and a low of 8% in 2022. It rose again to 14% in 2023 and 15% in 2024. Despite some variations, the overall values remained low, indicating that the company did not rely heavily on external funding through debt but instead prioritized its internal capital. Such a strategy reflects a cautious approach to long-term financial management and the company's ability to maintain a healthy and sustainable capital structure. These findings are supported by Arifin and Pradika (2020), who noted that an equity-dominated capital structure tends to promote financial stability and enhance firm value over the long term, especially in the face of economic volatility.

- Activity Ratios

The company's activity ratios from 2020 to 2024 revealed a consistent upward trend, reflecting continuous improvements in operational efficiency year after year. One of the key indicators in this category is the Fixed Asset Turnover, which measures how effectively the company utilizes its fixed assets—such as buildings, machinery, and equipment—to generate revenue. In 2020, the ratio stood at 3.17. It then rose significantly to 3.52 in 2021, further increased to 4.10 in 2022, 4.53 in 2023, and reached 5.57 in 2024. This

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consistent increase indicates that the company has been optimizing the use of its fixed assets to support operational activities and generate revenue more efficiently. These findings are supported by research from Dewi and Novitasari (2020), who stated that an increase in fixed asset turnover reflects greater efficiency in utilizing fixed assets to enhance company revenue.

Additionally, the Total Asset Turnover also showed a notable increase over the same period. This ratio illustrates the company's ability to manage its total assets—both fixed and current—to generate revenue. Starting at 1.30 in 2020, the ratio slightly declined to 1.22 in 2021, but then steadily rose to 1.48 in 2022, 1.58 in 2023, and reached 2.36 in 2024. Despite the slight dip at the beginning, the overall trend indicates that the company has progressively improved the productivity of its assets. This aligns with the findings of Handayani and Sari (2018), who asserted that an increasing total asset turnover indicates efficient asset management that supports sustainable revenue growth. The combination of improvements in both of these ratios suggests that the company has not only enhanced the utilization of its fixed assets but also effectively maximized the overall performance of all its assets. This is a strong indicator that the company's operational and managerial strategies have been effectively implemented, resulting in improved efficiency and productivity in its business operations.

- Profitability Ratios

The company’s profitability ratios during the 2020 to 2024 period demonstrate a dynamic trend, with long-term growth despite experiencing some mid-period fluctuations. One of the primary indicators is the Net Profit Margin, which measures the proportion of net income generated from total revenue. In 2020 and 2021, this ratio remained stable at 41%. A significant surge occurred in 2022, reaching a peak of 55%. However, in 2023, it dropped sharply to 28%, reflecting pressure on the company’s net profitability, possibly due to increased operational costs, declining revenues, or other external factors. Nevertheless, by 2024, the company managed to reverse this downward trend, raising the Net Profit Margin back to 48%, indicating improved financial performance and cost efficiency. A similar phenomenon was highlighted by Pratiwi and Yuliana (2020), who asserted that net profit margins are heavily influenced by operational efficiency and revenue stability over the medium to long term.

Similarly, the Profit Margin—which reflects operational efficiency—exhibited a parallel pattern. The ratio rose from 47% in 2020 to 62% in 2022, then declined to 34% in 2023. However, recovery was evident in 2024, with the ratio rebounding to 48%. These fluctuations indicate that although the company faced operational challenges, management was able to implement effective adjustments to restore profit margins to a healthy level. Furthermore, the Return on Investment (ROI) reflects the returns generated from the company’s total investments. Over the five-year period, ROI showed a remarkable increase from 128% in 2020 to 266% in 2024, peaking in that final year. This growth indicates that the company has successfully enhanced its investment effectiveness, both operationally and financially. This finding aligns with Mursid and Supriyanto (2018), who noted that ROI is one of the most sensitive ratios to changes in business strategies and investment efficiency. Meanwhile, Return on Equity (ROE)—which measures the company’s ability to generate profit from shareholders’ equity—delivered highly impressive results. ROE increased from 218% in 2020 to 260% in 2021, slightly declined in 2022 and 2023 to 190% and 150%, respectively, and then soared dramatically to 434% in 2024. This reflects exceptional efficiency in utilizing owners' capital to generate profits. Such performance indicates an extremely high return for investors and reflects the company’s strong financial competitiveness.

Conclusion

Based on the financial ratio analysis for the period 2020–2024, the company demonstrates a very healthy and sustainable financial performance. Liquidity ratios consistently remain above the ideal standard, indicating a strong ability to meet short-term obligations. Low solvency ratios suggest minimal reliance on debt and a conservative capital structure. Operational activities are also efficient, as shown by the increasing asset turnover ratios. Profitability, despite some fluctuations, shows a long-term upward trend, with exceptionally high ROI and ROE values. Overall, the company is in a solid and competitive financial position.

PT Triwala Mitra Bestari does not hold long-term debt; instead, the existing liabilities are related to software license stock as an authorized reseller, which are paid off at the beginning of each month. Furthermore, the stability of PT Triwala Mitra Bestari’s financial ratios is supported by its additional business in the IT sector, which generally requires minimal capital but yields substantial profitability.

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