

Financial Performance Analysis Of The Agro Group Packaged Drinking Water Company In 2022-2024

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Abstract

This study aims to determine the financial performance of the AGRO Group Bottled Drinking Water Company for 2022–2024 . This research is descriptive, meaning it describes a situation or area of interest systematically, factually, and accurately. The data sources used are: used in this study are secondary data obtained from Financial Report of 6 Branches of the AGRO Group Bottled Drinking Water (AMDK) Company from 2022 to 2024. The results of the study stated that overall, AGRO Group's financial performance during the 2022-2024 period showed significant variations among the six branches. Although some branches, such as CV. Banyumas Megah and CV. Centralindo Megah, showed good performance in terms of liquidity and solvency, there were several branches that still needed attention, especially CV. Tirta Indo Megah Kendari which consistently experienced difficulties in profitability. Branches such as CV. Tirta Indo Megah Kendari require more attention in debt management and operational costs. The results of this study provide a valuable evaluation tool for AGRO Group management to assess operational efficiency and resource management. By using ratio analysis, management can identify strengths and weaknesses in the financial structure, which can guide strategic decision-making.

Keywords: Financial Performance; Liquidity Ratio; Solvency Ratio; Activity Ratio; Profitability Ratio



INTRODUCTION

The bottled drinking water (AMDK) industry in Indonesia is experiencing rapid growth, with a projected annual growth of 10% and a 1.24-fold increase in usage per year, reflecting significant market expansion potential for industry players such as the AGRO Group in the 2022–2024 period (Abhirama et al., 2023). Increasing public awareness of health and the need for clean water has driven demand for bottled drinking water products, marked by a market value reaching IDR 22.51 trillion and the presence of more than 500 companies competing fiercely (Adzmizah & Singgih, 2021). In this competitive context, evaluating financial performance through analysis of liquidity, profitability, and accounts receivable turnover ratios is crucial for assessing a company's competitiveness and financial resilience, given that these ratios are key indicators in assessing the financial performance of bottled drinking water companies (Pramesti & Purnamawati, 2024; Putri & Nasution, 2023). This study aims to comprehensively examine these key ratios including *current ratio*, *debt-to-equity ratio*, *return on assets*, and *working capital turnover* by utilizing AGRO Group's annual financial report data, and adopting an analytical framework that has been validated in previous literature.

This study also builds on findings from several previous studies that demonstrated various challenges in the financial performance of bottled drinking water companies, such as liquidity issues and low profitability at PT Sariguna Primatirta Tbk (Hastuti, 2024), a declining *current ratio* indicating liquidity pressure at CV Al-Abrar Kafur (Ihsan, 2015), and fluctuations in gross profit margins reflecting long-term performance instability (Herlina, 2019). The gaps in these findings emphasize the need for an in-depth analysis of working capital efficiency and its impact on AGRO Group's profitability (Tanusi & Tauk, 2023). This study will complement previous findings by comparing AGRO Group's financial ratios to the industry average for bottled drinking water, providing a comparative context in assessing the company's ability to generate sustainable profit growth (Widiasmara et al., 2022). The results of the analysis are expected to provide an empirical basis for strategic decision-making, particularly in optimizing capital structure, cash flow management, and operational efficiency.

AGRO Group is a manufacturing company in the bottled drinking water (AMDK) industry that applies a strategic approach based on financial ratio analysis—specifically *the current ratio* as the main variable and *the debt-to-equity ratio* as an additional indicator to optimize capital structure and increase company value (2014), considering the findings that the liquidity ratio has a significant effect on profit growth (Syarafina et al., 2024) and the leverage ratio is associated with increased profitability (Widiasmara et al., 2022); with

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seven operational branches spread across Malang, Tegal, Banyumas, Toli-Toli, Lombok, Palu, and Kendari, each facing different market dynamics and operational challenges, so that partial financial performance analysis is essential, especially because performance evaluation has so far only been based on turnover comparisons without in-depth analysis of liquidity, activity, solvency, and profitability aspects, which has led to a lack of objective basis in strategic decision making, so that a comprehensive analysis based on financial ratios is needed for the period 2022–2024 to provide a complete picture of the company's financial performance and support sustainable performance improvement.

LITERATURE REVIEW

Financial performance

is the company's ability to generate added value through efficient use of resources, which can be measured by liquidity, solvency, profitability, and operational activity ratios (Putri & Nasution, 2023) (Widiasmara et al., 2022) . Previous research shows that the combination of the current ratio, debt - to - equity ratio, and return on assets consistently contributes to increased company profitability (Rukmana & Mariana, 2021). (Dumilah, 2021) . Previous research indicates that increasing the current ratio and debt - to - equity ratio significantly contributes to increasing company profitability (Juliani et al., 2023). (Widiasmara et al., 2022) . In line with these findings, increasing leverage through a debt - to - equity ratio has been shown to improve asset utilization efficiency, thereby increasing Return on Assets, strengthening company profitability (Paramita & Alinsari, 2022) . By integrating these ratio measurements into the periodic reporting system, management can monitor the impact of changes in capital structure on AGRO Group's profitability in real time (Rianingsih et al., 2023). (Machfudt & BZ, 2023) . Therefore, implementing periodic liquidity, leverage, and profitability ratio analysis will enable early identification of financial imbalances and support data-driven strategic decisions (Liwaul et al., 2023). (Murtiningtyas & Giovanni, 2022) .

Liquidity Ratio

1. Current Ratio

$$\text{Current Ratio} = \frac{\text{Aset Lancar}}{\text{Hutang Lancar}} \times 100\%$$

The Current Ratio is a ratio that indicates how well a company can pay its short-term obligations or debts that are immediately due when paid in full. A company is considered good if it has a current ratio of two times, or 200 percent,

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assuming that to be declared liquid, the company will guarantee current debt of Rp 1,- with current assets of Rp 2,-. (Widiyanti, 2014).

2. Cash Ratio

$$\text{Cash Ratio} = \frac{\text{Kas dan Bank}}{\text{Hutang Lancar}} \times 100\%$$

Cash Ratio A liquidity ratio is a measure of how well a company can meet short-term obligations using its cash and cash equivalents. The industry average for the cash ratio is 50%, indicating that the company is in a better position than its competitors in the same industry.

3. Quick Ratio

$$\text{Quick Ratio} = \frac{\text{Aset Lancar} - \text{Persediaan}}{\text{Hutang Lancar}} \times 100\%$$

The Quick Ratio is a measure of how well a company can meet its debts or obligations without considering the value of its inventory. The industry average for this ratio is one hundred percent, or 1.5 times, indicating that the company is in a better position than its competitors. This condition indicates that the business can pay off current liabilities by selling securities or collecting receivables rather than selling goods (Kasmir, 2008: 138) .

Solvency Ratio (Leverage Ratio)

1. Debt to Asset Ratio

$$\text{Debt to Asset Ratio} = \frac{\text{Total Hutang}}{\text{Total Aset}} \times 100\%$$

The Debt-to-Asset Ratio is a measure of how well a company can meet its debts or obligations without considering the value of its inventory. The industry average for this ratio is one hundred percent, or 1.5 times, indicating that the company is in a better position than its competitors. This condition indicates that the business can pay off current liabilities by selling securities or collecting receivables rather than selling goods. (Kasmir, 2008: 156) in (Widiyanti, 2014).

2. Debt to Equity Ratio

$$\text{Debt to Equity Ratio} = \frac{\text{Total Hutang}}{\text{Total Ekuitas}} \times 100\%$$



The *debt-to-equity ratio* is a ratio used to assess the ratio of debt to equity. It is useful for determining how much funding is provided by creditors compared to the company's owners. This ratio averages 90 percent, which is the industry standard; companies exceeding this figure are considered to be performing poorly .

Activity Ratio

1. Capital Turnover

$$\text{Working Capital Turnover} = \frac{\text{Penjualan Bersih}}{\text{Aset Lancar} - \text{Hutang Lancar}} \times 1 \text{ kali}$$

Working Capital Turnover is a ratio that measures how effectively a business uses its working capital to generate sales. A low working capital turnover ratio indicates that the company has excess working capital. This can be caused by low inventory turnover, accounts receivable, or excessively high cash balances . Conversely, a high working capital turnover ratio can be caused by high inventory turnover, accounts receivable, or excessively low cash balances. The industry average working capital turnover is six times (Kasmir, 2008: 182) .(Widiyanti, 2014)

2. Asset Turnover

$$\text{Total Asset Turnover} = \frac{\text{Penjualan Bersih}}{\text{Total Aset}} \times 1 \text{ kali}$$

Total Asset Turnover is a ratio that indicates how effectively a business uses its assets to generate revenue. This ratio should be twice the industry standard; if it's less than that, the company isn't utilizing its assets effectively. Therefore, companies are expected to increase sales or reduce some of their less productive assets (Kasmir, 2008: 185). (Widiyanti, 2014).

Profitability Ratio

1. Net Profit Margin (NPM)

$$\text{Net Profit Margin (NPM)} = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Penjualan Bersih}} \times 100\%$$

Net Profit Margin (NPM) is a ratio used to measure how well a business generates net profit from all sales during a specific financial period. If a company's NPM is greater than 20% of the industry average, its profit margin is considered good. If the company's NPM is lower than the average, it indicates poor performance. (Kasmir, 2008: 201) in (Widiyanti, 2014).



2. Return on Equity (ROE)

$$\text{Return on Equity (ROE)} = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Ekuitas}} \times 100\%$$

Return on Equity (ROE) is a ratio that measures net profit after tax against equity. This ratio indicates the efficiency of a company's use of equity. The higher the ROE, the better the company's financial condition. The industry average for ROE is 40% (Kasmir, 2008: 205) .(Widiyanti, 2014)

3. Return on Assets (ROA)

$$\text{Return on Assets (ROA)} = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Aset}} \times 100\%$$

Return on Assets (ROA) is a ratio used to assess a company's ability to manage the value of its assets to generate net profit after tax . The industry average for a good and efficient ROA is 30% (Kasmir, 2008) .(Simanullang, 2021)

RESEARCH METHODOLOGY

This study uses a descriptive approach to provide a systematic and accurate overview of AGRO Group's financial performance during the 2022–2024 period, utilizing secondary data in the form of monthly financial reports from the company's seven operational branches spread across Malang, Tegal, Banyumas, Toli-Toli, Lombok, Palu, and Kendari. The analysis is conducted through the calculation of financial ratios covering aspects of liquidity (current ratio), leverage (debt-to-equity ratio), and profitability (return on assets), in accordance with the framework used in previous studies (Musikawati & Paramitalaksmi, 2023; Kartika et al., 2024; Agusta & Hati, 2018), and contextualized with industry standards and historical company trends (2014). The purpose of this study is to map the company's financial condition comprehensively without experimental intervention, with the hope of identifying significant deviations that provide an empirical basis for more optimal financial policy recommendations (Gunawan et al., 2022; Sari et al., 2022). The analysis results will then be interpreted to provide strategic insights regarding capital structure and financial performance, taking into account empirical findings that emphasize the role of liquidity and leverage ratios in influencing profitability



(Novietta et al., 2022), thereby supporting more objective and data-driven managerial decision-making.

RESULTS AND DISCUSSION

Tabel 1. Hasil Rasio Keuangan CV. Alam Megah Jaya Lombok

Rasio Keuangan	2022	Naik/ (Turun)	2023	Naik/ (Turun)	2024
Rasio Likuiditas					
Rasio Lancar (<i>Current Ratio</i>)	256%	46%	302%	(13%)	289%
Rasio Kas (<i>Cash Ratio</i>)	77%	37%	114%	41%	155%
Rasio Cepat (<i>Quick Ratio</i>)	172%	56%	228%	1%	229%
Rasio Solvabilitas					
<i>Debt to Asset Ratio</i>	25%	(6%)	19%	4%	23%
<i>Debt to Equity Ratio</i>	33%	(10%)	23%	7%	30%
Rasio Aktivitas					
<i>Working Capital Turnover</i>	0,48	(0,05)	0,43	(0,15)	0,28
<i>Total Asset Turnover</i>	0,18	(0,02)	0,16	(0,04)	0,12
Rasio Profitabilitas					
<i>Net Profit Margin (NPM)</i>	12%	3%	15%	(4%)	12%
<i>Return on Equity (ROE)</i>	3%	0%	3%	(1%)	2%
<i>Return on Assets (ROA)</i>	2%	0%	2%	(1%)	1%

Sumber: Data perusahaan diolah

Description of CV. Alam Megah Jaya Lombok's Financial Ratio Results (2022-2024)

Table 1 presents the results of the financial ratio analysis of CV. Alam Megah Jaya Lombok for three consecutive years, from 2022 to 2024. This analysis covers four main ratio groups: liquidity ratios, solvency ratios, activity ratios, and profitability ratios.

Liquidity Ratio

AGRO Group's liquidity ratios exhibited a dynamic pattern during the 2022–2024 period, with *the current ratio* increasing from 256% in 2022 to 302% in 2023, but decreasing by 13% to 289% in 2024, indicating potential short-term liquidity pressures that need to be anticipated in financial planning (Sihombing et al., 2022). Conversely, *the*



cash ratio showed significant improvement, rising from 77% in 2022 to 155% in 2024, reflecting strengthening cash reserves and greater financial flexibility. *The quick ratio* also increased from 172% to 229% during the same period, indicating increased efficiency in meeting short-term obligations (Duffin & Gunawan, 2023). While generally indicating good liquidity health, the decline in *the current ratio* in 2024 serves as a warning to management to increase daily cash flow monitoring and current asset structure. Regular monitoring of liquidity ratios is crucial, considering that companies with strong *current* and *quick ratios* tend to have better financial health (Wijaya et al., 2025; Lubis, 2023). Therefore, implementing a *real-time monitoring- based early warning system* is recommended to strengthen the AGRO Group's financial resilience going forward.

Solvency Ratio

AGRO Group's solvency ratio fluctuated during the 2022–2024 period, with *the debt-to-asset ratio* declining from 25% in 2022 to 19% in 2023, but rising again to 23% in 2024, indicating a shift in the debt-based funding structure. *The debt-to-equity ratio* also reflected a similar pattern, declining in 2023 but rising again to 30% in 2024, indicating a proportional shift between debt and equity in the capital structure. This underscores the need for stricter leverage controls, including setting a maximum *debt-to-asset limit* below 20% as recommended in the literature (Pratiwi et al., 2024; Duffin & Gunawan, 2023). Management is advised to strengthen internal financing, conduct annual evaluations of the leverage ratio, and implement periodic sensitivity analysis to anticipate overleverage risks and maintain the stability of the company's value (Wijaya et al., 2025; Lubis, 2023; Novietta et al., 2022).

Activity Ratio

working capital turnover ratio declined sequentially from 0.48 in 2022 to 0.28 in 2024, indicating a decline in efficiency in working capital utilization. *Total asset turnover* also decreased from 0.18 to 0.12, indicating a decline in the effectiveness of asset utilization in generating revenue. To improve this performance, the company needs to increase asset rotation by optimizing production and credit policies. Increasing *total asset turnover* has the potential to strengthen profitability and company value, as profitability is a key indicator of stock valuation (Khan & Hidayat, 2022; Novietta et al., 2022). Increasing activity ratios, particularly inventory turnover, has been empirically proven to increase profitability (Rajagukguk & Siagian, 2021; Hasbiah, 2022) and support increases in net



profit margins and ROE, ultimately contributing to increased company value (Nuarika, 2022; Alfiana et al., 2023).

Profitability Ratio

The company's Net Profit Margin (NPM) increased from 12% in 2022 to 15% in 2023, then decreased again to 12% in 2024. Return on Equity (ROE) was relatively stable with small fluctuations, namely 3% in 2022, remained at 3% in 2023, and decreased to 2% in 2024. Return on Assets (ROA) showed the same trend, namely stagnant at a consistent figure indicating a lack of improvement in operational efficiency, as the literature emphasizes the role of profitability in assessing company value (Novietta et al., 2022) . (Wijayaningsih & Yulianto, 2021) . As a recommendation, management needs to strengthen its operational cost control strategy to increase net profit margins, considering that increased profitability has consistently been shown to be associated with higher company value (AMSAL, 2025) . Therefore, implementing regular evaluations of Return on Assets as a profitability measure can provide management with critical insights for optimizing company value (Cahya et al., 2021). (Dewi & Novitasari, 2021) .

Tabel 2. Hasil Rasio Keuangan CV. Alam Mega Jaya Toli-Toli

Rasio Keuangan	2022	Naik/ (Turun)	2023	Naik/ (Turun)	2024
Rasio Likuiditas					
Rasio Lancar (<i>Current Ratio</i>)	251%	(1%)	250%	5%	255%
Rasio Kas (<i>Cash Ratio</i>)	21%	89%	110%	7%	117%
Rasio Cepat (<i>Quick Ratio</i>)	72%	104%	176%	5%	181%
Rasio Solvabilitas					
<i>Debt to Asset Ratio</i>	22%	3%	25%	1%	26%
<i>Debt to Equity Ratio</i>	28%	5%	33%	1%	35%
Rasio Aktivitas					
<i>Working Capital Turnover</i>	0,62	0,00	0,62	(0,18)	0,44
<i>Total Asset Turnover</i>	0,20	0,03	0,23	(0,06)	0,17
Rasio Profitabilitas					
<i>Net Profit Margin (NPM)</i>	13%	8%	21%	(10%)	11%
<i>Return on Equity (ROE)</i>	3%	3%	7%	(4%)	3%
<i>Return on Assets (ROA)</i>	3%	2%	5%	(3%)	2%

Sumber: Data perusahaan diolah



1) *Description of Financial Ratio Results of CV. Alam Megah Jaya Toli-Toli (2022-2024)*

Table 2 presents the results of the financial ratio analysis of CV. Alam Megah Jaya Toli-Toli for three consecutive years, from 2022 to 2024.

Liquidity Ratio

The company's current ratio showed a slight decline from 251% in 2022 to 250% in 2023, but then increased to 255% in 2024. The cash ratio experienced a consistent upward trend from 21% in 2022 to 117% in 2024, indicating a significant improvement in the company's ability to meet short-term obligations with cash. The quick ratio also showed an increase from 72% in 2022 to 181% in 2024, indicating the company's ability to pay off current obligations without relying on inventory. The continued increase in the cash and quick ratios is in line with the increase in the current ratio, which is identified in the literature as a key indicator of company liquidity (Novietta et al., 2022) . As a further step, the company can implement an integrated cash management system to monitor inflows and outflows in real time , thereby strengthening liquidity resilience against market fluctuations. However, companies must continue to monitor liquidity levels that are too high because this could indicate the presence of idle funds which could potentially reduce profitability, as stated in related literature (2014) .

Solvency Ratio

Debt-to-asset ratio increased gradually from 22% in 2022 to 26% in 2024, indicating a slight increase in the proportion of the company's assets financed by debt. The *debt-to-equity ratio* also increased from 28% in 2022 to 35% in 2024, reflecting an increased use of debt over equity in the company's capital structure. The continued increase in the debt-to-equity ratio indicates the need for adjustments to funding policies to maintain financial stability and investor confidence (2014). (Nabila et al., 2023) . Therefore, companies should consider de - leveraging strategies, such as debt restructuring or raising equity, to lower the debt - to - equity ratio to a more competitive level within the industry (BP, 2023) . However, excessive leverage can reduce profitability and undermine investor confidence, as the literature highlights the trade - off between leverage and profitability (Sari & Dwirandra, 2019) . (2014) .



Activity Ratio

working capital turnover ratio remained stable at 0.62 in 2022 and 2023, but then declined significantly to 0.44 in 2024, indicating a decline in efficiency in working capital utilization. The *total asset turnover ratio* increased from 0.20 in 2022 to 0.23 in 2023, but declined again to 0.17 in 2024, indicating fluctuations in the company's effectiveness in utilizing its total assets to generate sales. To address this decline in efficiency, the company should implement operational productivity improvement programs and invest in technology that can accelerate asset turnover. This implementation aligns with literature recommendations emphasizing the importance of activity ratio analysis to improve a company's operational efficiency (S et al., 2023) . Regular monitoring of the working capital turnover ratio and total asset turnover can be a proactive indicator for identifying declines in efficiency and directing appropriate strategic interventions.

Profitability Ratio

Net Profit Margin (NPM) increased from 13% in 2022 to 21% in 2023, but experienced a significant decline to 11% in 2024. *Return on Equity* (ROE) showed an increase from 3% in 2022 to 7% in 2023, then decreased to 3% in 2024. *Return on Assets* (ROA) also experienced a similar pattern, increasing from 3% in 2022 to 5% in 2023, and then decreased to 2% in 2024. The decline in 2024 indicates challenges in generating profitability from sales and utilization of assets and equity. Therefore, management needs to review the capital structure to avoid increasing leverage that could potentially reduce profitability further (2014) . Alternatively, companies can balance their financing policies by reducing the proportion of debt relative to equity to avoid the negative impact of leverage on profitability, as the literature indicates a trade - off between leverage and profitability (Novietta et al., 2022). (Sari et al., 2021) . The application of DuPont analysis will detail the effects of profitability, asset turnover, and leverage on ROA decline, thus guiding management in formulating a more balanced funding policy (Manap et al., 2024). (Wijayaningsih & Yulianto, 2021) .



Tabel 1. Hasil Rasio Keuangan CV. Alam Megah Jaya Lombok

Rasio Keuangan	2022	Naik/ (Turun)	2023	Naik/ (Turun)	2024
Rasio Likuiditas					
Rasio Lancar (<i>Current Ratio</i>)	256%	46%	302%	(13%)	289%
Rasio Kas (<i>Cash Ratio</i>)	77%	37%	114%	41%	155%
Rasio Cepat (<i>Quick Ratio</i>)	172%	56%	228%	1%	229%
Rasio Solvabilitas					
Debt to Asset Ratio	25%	(6%)	19%	4%	23%
Debt to Equity Ratio	33%	(10%)	23%	7%	30%
Rasio Aktivitas					
Working Capital Turnover	0,48	(0,05)	0,43	(0,15)	0,28
Total Asset Turnover	0,18	(0,02)	0,16	(0,04)	0,12
Rasio Profitabilitas					
Net Profit Margin (NPM)	12%	3%	15%	(4%)	12%
Return on Equity (ROE)	3%	0%	3%	(1%)	2%
Return on Assets (ROA)	2%	0%	2%	(1%)	1%

Sumber: Data perusahaan diolah

2) Description of Financial Ratio Results of CV. Alam Mega Jaya Palu (Lombok) (2022-2024)

Table 3 presents the results of the financial ratio analysis of CV. Alam Mega Jaya Palu for three years, from 2022 to 2024.

Liquidity Ratio

AGRO Group's liquidity ratios experienced a significant improvement during the 2022–2024 period, with *the current ratio* rising from 334% in 2022 to 364% in 2023, and soaring to 594% in 2024, indicating the company's improved ability to meet short-term obligations. *The cash ratio* also increased sharply from 156% to 397% in 2024, followed by an increase in *the quick ratio* from 228% to 453%, indicating very strong liquidity without relying on inventory realization. However, the high liquidity ratio potentially reflects idle funds that can depress profitability; therefore, management is advised to allocate surplus cash to productive short-term investment instruments with optimal returns while maintaining liquidity, in line with literature recommendations regarding cash optimization to avoid inefficiencies (Rismanty & Suraya, 2023).

Solvency Ratio

AGRO Group's solvency ratio showed a consistent downward trend during the 2022–2024 period, with *the debt-to-asset ratio* decreasing from 24% in 2022 to 20% in 2023, and further decreasing to 14% in 2024, reflecting a reduced reliance on debt



financing. The *debt-to-equity ratio* also decreased significantly from 32% to 16% during the same period, indicating a strengthening of the capital structure and reduced financial risk. This improvement in the leverage ratio has the potential to support an increase in *return on assets* (ROA), in line with the finding that liquidity and leverage significantly influence asset performance (Hantono, 2018; Damayanti & Suryandani, 2023). However, management needs to maintain a balance in the funding structure to ensure that debt reduction does not sacrifice asset utilization efficiency, considering that ROA is a reflection of managerial effectiveness in managing the combination of liquidity and leverage.

Activity Ratio

Working capital turnover ratio decreased from 0.49 in 2022 to 0.36 in 2023, and continued to decline to 0.22 in 2024, reflecting a decline in efficiency in working capital utilization. The *total asset turnover ratio* also decreased from 0.28 in 2022 to 0.19 in 2023 and 0.15 in 2024, indicating a decline in the company's effectiveness in using its assets to generate sales. Therefore, the company should optimize inventory management and accelerate the accounts receivable cycle to improve the asset turnover ratio. The implementation of an information technology-based inventory management system and strict collection policies can accelerate the cash conversion cycle, thereby significantly improving the asset turnover ratio.

Profitability Ratio

AGRO Group's profitability performance declined during the 2022–2024 period, marked by a stable Net Profit Margin (NPM) of 14% in 2022–2023, but dropping to 9% in 2024, reflecting a decline in the ability to maintain net profit. Return on Equity (ROE) decreased from 5% to 2% during the period, indicating a weakening return on equity, while Return on Assets (ROA) decreased from 4% to 1%, indicating a decrease in efficiency in generating profits from total assets. This decline in profitability aligns with findings that increased leverage can negatively impact financial performance (Syahputri et al., 2022). To improve performance, debt restructuring and increased operational efficiency through production process automation are necessary (Pardosi & Siagian, 2021). Furthermore, the periodic implementation of DuPont analysis is recommended to monitor the dynamics of profitability components, asset turnover, and leverage, so that financial policies can be adjusted responsively (Widiasmara et al., 2022).



Tabel 4. Hasil Rasio Keuangan CV. Banyumas Megah

Rasio Keuangan	2022	Naik/ (Turun)	2023	Naik/ (Turun)	2024
Rasio Likuiditas					
Rasio Lancar (<i>Current Ratio</i>)	554%	628%	1182%	(159%)	1023%
Rasio Kas (<i>Cash Ratio</i>)	270%	331%	601%	(78%)	524%
Rasio Cepat (<i>Quick Ratio</i>)	447%	443%	891%	(39%)	852%
Rasio Solvabilitas					
<i>Debt to Asset Ratio</i>	11%	(6%)	5%	2%	7%
<i>Debt to Equity Ratio</i>	12%	(6%)	6%	2%	8%
Rasio Aktivitas					
<i>Working Capital Turnover</i>	0,29	(0,04)	0,25	(0,05)	0,20
<i>Total Asset Turnover</i>	0,14	(0,01)	0,15	(0,02)	0,13
Rasio Profitabilitas					
<i>Net Profit Margin (NPM)</i>	9%	19%	28%	(11%)	17%
<i>Return on Equity (ROE)</i>	1%	3%	4%	(2%)	2%
<i>Return on Assets (ROA)</i>	1%	3%	4%	(2%)	2%

Sumber: Data perusahaan diolah

Description of CV. Banyumas Megah's Financial Ratio Results (2022-2024)

Table 4 presents the results of the financial ratio analysis of CV. Banyumas Megah for three years, from 2022 to 2024. This analysis includes the company's liquidity, solvency, activity, and profitability ratios.

Liquidity Ratio

The company's current ratio showed a drastic increase from 554% in 2022 to 1182% in 2023, but slightly decreased to 1023% in 2024. Despite the decrease in 2024, this ratio still shows a very high level of liquidity, indicating the company's strong ability to meet short-term obligations. The cash ratio also showed a similar trend, jumping from 270% in 2022 to 601% in 2023, then decreasing to 524% in 2024, remaining at a very healthy level. Similarly, the quick ratio increased from 447% in 2022 to 891% in 2023, and slightly decreased to 852% in 2024, indicating very good liquidity without dependence on inventory. Thus, the company's liquidity position remains at a very favorable level. However, to ensure that high liquidity does not result in high opportunity costs, companies need to channel excess cash into short-term, liquid, and higher-yielding investment instruments.



Solvency Ratio

AGRO Group's solvency ratios showed a consistent decline from 2022 to 2023, with *the debt-to-asset ratio* dropping from 11% to 5%, followed by a moderate increase to 7% in 2024, reflecting a reduced reliance on debt and a slight increase in leverage in the latter year. A similar pattern occurred with *the debt-to-equity ratio*, which decreased from 12% to 6% in 2023, then slightly increased to 8% in 2024, indicating a conservative capital structure and low financial risk. These conditions support financial stability, but management needs to maintain a balance between high liquidity and moderate leverage to improve asset efficiency (Diannissa & Qodir, 2021). Periodic application of the DuPont framework is recommended to monitor the interaction between profitability, asset turnover, and capital structure, while a structured debt maturity management policy can strengthen stability and support profitability performance, given the significant relationship between liquidity, solvency, and profitability (Sukmadewi et al., 2021).

Activity Ratio

AGRO Group's asset turnover ratio declined during the 2022–2024 period, with *working capital turnover* decreasing from 0.29 in 2022 to 0.25 in 2023, and further decreasing to 0.20 in 2024, indicating a decline in efficiency in the use of working capital to generate sales. *Total asset turnover* also trended downward from 0.14 in 2022 to 0.13 in 2024—despite a temporary increase to 0.15 in 2023—indicating stagnation in asset utilization effectiveness. To address this trend, strengthening working capital management through the implementation of a material requirements planning system and a more rigorous analysis of the cash conversion cycle is recommended. Routine optimization of the asset turnover ratio can improve a company's profitability and competitive position amid market fluctuations (Ulfah & Nurzianti, 2023). Furthermore, optimal control of the *debt-to-asset ratio*, which positively impacts profitability, can be a supporting strategy for improving asset efficiency and long-term competitiveness.

Profitability Ratio

Net Profit Margin (NPM) showed a strong increase from 9% in 2022 to 28% in 2023, but then decreased to 17% in 2024. Despite the decline in the last year, NPM remains at a good level. *Return on Equity* (ROE) increased from 1% in 2022 to 4% in 2023, but decreased to 2% in 2024. A similar decline was also seen in *Return on Assets* (ROA), which increased from 1% in 2022 to 4% in 2023, then decreased to 2% in 2024. This indicates that despite significant improvements in 2023, the company's profitability

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experienced slight pressure in 2024. Therefore, the company should conduct an in-depth analysis of margin components and operational efficiency, and consider increasing the working capital turnover ratio to stabilize profitability going forward (Setyoko et al., 2020). (Wulandari et al., 2020) . Consistently increasing Net Profit Margin can be achieved by optimizing operational efficiency and reducing non-productive costs, as demonstrated by literature that emphasizes the importance of high margins for profit stability (Miransyah et al., 2021). (Putri et al., 2020) . In line with previous findings, increasing profitability margins consistently contributes to the stability of corporate profits (Jiang et al., 2022) .

Tabel 5. Hasil Rasio Keuangan CV. Centralindo Megah

Rasio Keuangan	2022	Naik/ (Turun)	2023	Naik/ (Turun)	2024
Rasio Likuiditas					
Rasio Lancar (<i>Current Ratio</i>)	1341%	(604%)	737%	280%	1017%
Rasio Kas (<i>Cash Ratio</i>)	276%	90%	366%	80%	446%
Rasio Cepat (<i>Quick Ratio</i>)	696%	(202%)	494%	244%	738%
Rasio Solvabilitas					
<i>Debt to Asset Ratio</i>	4%	3%	7%	(1%)	6%
<i>Debt to Equity Ratio</i>	4%	4%	7%	(1%)	6%
Rasio Aktivitas					
<i>Working Capital Turnover</i>	0,28	0,03	0,31	(0,08)	0,23
<i>Total Asset Turnover</i>	0,12	0,01	0,14	(0,02)	0,12
Rasio Profitabilitas					
<i>Net Profit Margin (NPM)</i>	11%	11%	22%	(7%)	15%
<i>Return on Equity (ROE)</i>	1%	2%	3%	(1%)	2%
<i>Return on Assets (ROA)</i>	1%	2%	3%	(1%)	2%

Sumber: Data perusahaan diolah

Description of CV. Centralindo Megah's Financial Ratio Results (2022-2024)

Table 5 presents an analysis of CV. Centralindo Megah's financial ratios from 2022 to 2024, covering liquidity, solvency, activity, and profitability ratios.



Liquidity Ratio

The company's current ratio shows significant fluctuations. Starting from 1341% in 2022, this ratio decreased drastically to 737% in 2023, but then recovered to 1017% in 2024. Despite the decline in 2023, the company overall maintained a strong ability to meet short-term obligations. The cash ratio showed a steady upward trend from 276% in 2022 to 366% in 2023, and reached 446% in 2024, indicating a stronger cash position. The quick ratio also decreased from 696% in 2022 to 494% in 2023, but then jumped to 738% in 2024, indicating healthy liquidity without excessive reliance on inventory. To maintain this level of liquidity, the company should implement a working capital management policy that emphasizes optimizing the cash conversion cycle and real - time monitoring of cash inflows and outflows. By strengthening these oversight mechanisms, companies can ensure that the current ratio remains above the 100% safety threshold, as previous findings suggest that a consistently high liquidity ratio reflects a company's ability to cover short-term liabilities (Simon et al., 2023) . Empirical studies show that companies that consistently maintain a current ratio above 100% tend to record higher profit growth, underscoring the importance of adequate liquidity in supporting profitability (Suhartono et al., 2022). (Simon et al., 2023)

Solvency Ratio

Debt-to-asset ratio increased from 4% in 2022 to 7% in 2023, and then decreased slightly to 6% in 2024. This increase indicates a slight increase in the proportion of debt funding in 2023. The *debt-to-equity ratio* followed a similar pattern, increasing from 4% in 2022 to 7% in 2023, then decreasing to 6% in 2024. Overall, this level of solvency ratio indicates a relatively conservative capital structure with low debt dependence. Maintaining this conservative leverage profile is in line with literature findings showing that a lower debt - to - asset ratio contributes to a reduced risk of financial distress and supports sustainable profitability (Nurdiwaty & Zaman, 2021). (Sari et al., 2022) . Implementing a dynamic leverage control policy, supported by a weighted average cost of capital analysis , can further enhance a company's financial resilience (Nurcahaya & Yogasnumurti, 2023) . Furthermore, periodic assessment of the weighted average cost of capital can help adjust the capital structure to minimize debt burden and strengthen the company's financial resilience (Nurcahaya & Yogasnumurti, 2023) .



Activity Ratio

Working capital turnover ratio showed a slight increase from 0.28 in 2022 to 0.31 in 2023, but then decreased to 0.23 in 2024. This indicates efficiency in the use of working capital to generate fluctuating sales. The *total asset turnover ratio* also showed an increase from 0.12 in 2022 to 0.14 in 2023, before declining again to 0.12 in 2024. This indicates that the company's effectiveness in utilizing its assets to generate revenue tends to stagnate or even slightly decline after the increase in 2023. Therefore, the company needs to improve the asset turnover ratio by optimizing the use of fixed assets and reviewing investment policies, as the literature emphasizes that a high activity ratio contributes to increased effectiveness of a company's financial performance (Madany et al., 2022) . Consistently strengthening the asset turnover ratio can reduce the risk of financial distress, in line with the finding that strong liquidity, profitability, and solvency ratios contribute to a company's financial stability (Megasanti & Sejarahi, 2023) .

Profitability Ratio

Net Profit Margin (NPM) showed a significant increase from 11% in 2022 to 22% in 2023, but then decreased to 15% in 2024. Despite the decline in the last year, NPM remains at a good level. *Return on Equity* (ROE) increased from 1% in 2022 to 3% in 2023, but decreased again to 2% in 2024. A similar pattern is seen in *Return on Assets* (ROA) which increased from 1% in 2022 to 3% in 2023, then decreased to 2% in 2024. This fluctuation indicates that the company's profitability experienced a substantial increase in 2023 but faced pressure in 2024. The decline in profitability is consistent with the finding that a higher capital structure can reduce profit margins and become a dominant factor affecting a company's return on investment (Muliana & Ahmad, 2021) . (Zakaria & Sonjaya, 2023) . Therefore, management must strengthen capital cost controls and optimize cash flow to maintain stable profitability, as studies show that consistent liquidity above 100% is associated with higher profit growth (Wijayaningsih & Yulianto, 2021) . Therefore, management needs to integrate routine profitability ratio analysis into the strategic planning process to detect performance declines early and adjust operational policies (Naili et al., 2023). (Limjong et al., 2021) .



Tabel 6. Hasil Rasio Keuangan CV. Tirta Indo Megah Kendari

Rasio Keuangan	2022	Naik/ (Turun)	2023	Naik/ (Turun)	2024
Rasio Likuiditas					
Rasio Lancar (<i>Current Ratio</i>)	156%	(2%)	154%	27%	181%
Rasio Kas (<i>Cash Ratio</i>)	44%	(21%)	23%	75%	98%
Rasio Cepat (<i>Quick Ratio</i>)	82%	(3%)	79%	67%	146%
Rasio Solvabilitas					
<i>Debt to Asset Ratio</i>	24%	4%	28%	2%	30%
<i>Debt to Equity Ratio</i>	31%	7%	38%	6%	44%
Rasio Aktivitas					
<i>Working Capital Turnover</i>	0,73	0,04	0,77	(0,37)	0,40
<i>Total Asset Turnover</i>	0,10	0,02	0,12	(0,02)	0,10
Rasio Profitabilitas					
<i>Net Profit Margin (NPM)</i>	-21%	22%	1%	7%	8%
<i>Return on Equity (ROE)</i>	-3%	3%	0%	1%	1%
<i>Return on Assets (ROA)</i>	-2%	2%	0%	1%	1%

Sumber: Data perusahaan diolah

Description of Financial Ratio Results of CV. Tirta Indo Megah Kendari (2022-2024)

Table 6 presents an analysis of CV. Tirta Indo Megah Kendari's financial ratios from 2022 to 2024, covering liquidity, solvency, activity, and profitability ratios.

Liquidity Ratio

The company's current ratio showed a slight decline from 156% in 2022 to 154% in 2023, but then increased significantly to 181% in 2024. Despite fluctuations, the company's ability to meet short-term obligations has overall shown improvement in recent years. The cash ratio showed a significant decline from 44% in 2022 to 23% in 2023, but recovered strongly to 98% in 2024. This indicates that the company faced challenges in maintaining a strong cash position in 2023. The quick ratio also showed a similar pattern, decreasing from 82% in 2022 to 79% in 2023, then jumping to 146% in 2024, reflecting a rapid recovery in liquidity. Going forward, the company should maintain a cash ratio above 80% to ensure continued financial flexibility. Thus, regular monitoring of the cash ratio and integration of liquidity indicators into the management dashboard will strengthen the



company's ability to anticipate market fluctuations and support sustainable profit growth (Anggraini, 2022) .

Solvency Ratio

Debt-to-asset ratio shows a consistent upward trend, from 24% in 2022 to 28% in 2023, and then to 30% in 2024. This indicates an increasing proportion of assets funded by debt, indicating increased reliance on external financing. A similar pattern is seen in the *debt-to-equity ratio* , which increased from 31% in 2022 to 38% in 2023, reaching 44% in 2024. This increase in the solvency ratio indicates that the company is taking on more financial risk over time. Therefore, the company should periodically evaluate its capital structure and set a maximum debt - to - asset limit that aligns with its established risk tolerance. As a mitigation measure, the company can consider diversifying funding sources and using hedging instruments to reduce its debt burden and improve its solvency ratio (Putri & Munfaqiroh, 2020) . This periodic evaluation is in line with the finding that liquidity and solvency ratios at healthy levels can reduce the company's financial risk (Agusta & Hati, 2018) .

Activity Ratio

Working capital turnover ratio increased from 0.73 in 2022 to 0.77 in 2023, before declining sharply to 0.40 in 2024. This significant decline in 2024 indicates a decline in the company's efficiency in managing its working capital to generate sales. The *total asset turnover ratio* also increased from 0.10 in 2022 to 0.12 in 2023, before declining again to 0.10 in 2024. This indicates that the effectiveness of asset utilization to generate revenue tends to stagnate or even decline back to its initial level. To address this decline, the company needs to implement an asset optimization strategy by increasing inventory rotation and reviewing long-term investment policies. A sustainable asset management strategy, including adjusting investment policies based on historical asset trend analysis, can help stabilize the asset turnover ratio and mitigate performance declines in the following year (Masruron & Safitri, 2025) . By reducing the level of leverage, companies can increase total asset turnover, which in turn supports value creation according to the finding that larger company size and high leverage are associated with decreased company value (Wijayaningsih & Yulianto, 2021) .



Profitability Ratio

Net Profit Margin (NPM) showed a remarkable increase from -21% in 2022 to 1% in 2023, and continued to increase to 8% in 2024. This is a strong indicator of recovery in the company's ability to generate profits from its sales, turning losses into profits. *Return on Equity* (ROE) also showed significant improvement, moving from -3% in 2022 to 0% in 2023, and further to 1% in 2024. Similarly, *Return on Assets* (ROA) increased from -2% in 2022 to 0% in 2023, and reached 1% in 2024. The improvement in these profitability ratios indicates that the company has successfully emerged from the loss zone and is starting to generate positive returns for its shareholders and assets. This increase is in line with the finding that companies that successfully increase net margins tend to record consistent profit growth (Putri & Nasution, 2023) . Therefore, continuous improvement in ROA and net margin is key to securing long-term profit growth, as evidenced in the literature highlighting the positive influence of profitability ratios on profit growth (Puspita & Juliarsa, 2020). (Desi & Arisudhana, 2020) . Thus, continuous improvement in Net Profit Margin, ROA, and ROE is expected to significantly strengthen the company's profit growth (Widiasmara et al., 2022) . To ensure the sustainability of this positive trend, management must continue to optimize the cost structure and improve operational efficiency, so that the net margin can be maintained above a positive level in the long term (Asiani & Rahayu, 2024) . (Putri & Nasution, 2023) .

CONCLUSION

Overall, AGRO Group's financial performance during the 2022-2024 period showed significant variation among its six branches. While some branches, such as CV. Banyumas Megah and CV. Centralindo Megah, demonstrated good performance in terms of liquidity and solvency, several branches still require attention, particularly CV. Tirta Indo Megah Kendari, which consistently struggled with profitability.

Consistent performance is a key factor for all branches. While some branches show performance spikes in a given year, significant fluctuations can indicate operational management issues. Companies need to focus on creating stability in branch financial performance. Given the varying performance, strategy evaluation is crucial. Underperforming branches need to thoroughly review their approaches to cost management, marketing, and asset management to improve profitability.

Branches like CV. Tirta Indo Megah Kendari require closer attention to debt management and operational costs. Without corrective measures, the company risks experiencing more serious financial difficulties in the future. Despite the challenges, there

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are also opportunities for all branches to improve their performance. With the right approach, branches can leverage their individual strengths to grow better in a competitive market.

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