

Analysis Of Financial Performance Based On Profitability Ratio, Liquidity Ratio, Solvency Ratio, And Market Value Ratio At PT Gudang Garam Tbk In 2020–2024

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Abstract

This study aims to analyze the financial performance of PT. Gudang Garam Tbk for the 2020–2024 period uses financial ratio analysis which includes profitability ratio, liquidity ratio, solvency ratio, and market value ratio. The research data is obtained from the company's annual financial statements published on the Indonesia Stock Exchange. The analysis method used is a quantitative descriptive analysis by calculating Current Ratio, Quick Ratio, Cash Ratio, Debt to Asset Ratio, Debt to Equity Ratio, Return on Asset, Return on Equity, Net Profit Margin, Earning Per Share, Price Earning Ratio, and Price to Book Value in the financial performance report of PT. Gudang Garam Tbk which is listed on the Indonesia Stock Exchange (IDX) for the period of 2020 to 2024. The results of the ratio calculation from the financial statements will be interpreted to describe the company's profitability, liquidity, solvency, and market value. The results of the study show that the profitability ratio has decreased drastically with ROA decreasing from 10% (2020) to 1% (2024), ROE from 13% to 2%, and NPM from 6.6% to 0.9%, this states that the Company is in poor financial condition, with the risk of long-term financial difficulties if not addressed immediately. The Company's liquidity ratio fluctuates with the Current Ratio ranging from 183.2%-291.2%, which states that the Company has much larger current assets than current liabilities, specifically indicating very strong liquidity. The solvency ratio shows an improving capital structure in 2024 with a decrease in DAR to 27.1% and DER to 37.1%. The market value ratio shows a negative trend with EPS falling from 397.4% to 50.9%, PER increasing to 26.0%, and PBV decreasing to 0.4%, Where the company's financial health declined sharply, but its valuation in the stock market became expensive relative to its profits. This study concludes that PT. Gudang Garam Tbk faces serious challenges in maintaining profitability which may be caused by strict regulations in the tobacco industry, increasing cigarette excise, and changes in consumer behavior

Keywords: financial performance; profitability; liquidity; solvency; market value

I. INTRODUCTION

Financial performance analysis is one of the important tools that companies use to plan and determine business growth strategies in a sustainable manner (Wahyudi, 2024). The company's ability to maintain business continuity and compete in the midst of industrial competition is greatly influenced by its financial condition (Sujarweni Wiratna, 2016)

To find out these conditions, companies need to analyze financial statements. This analysis aims to provide an overview of the company's financial position, ability to generate profits, liquidity levels, funding structure, and the effectiveness of asset use. One of the most commonly used methods in assessing a company's financial health is financial ratio analysis. Financial ratios are made up of several main groups. The profitability ratio is used to measure a company's ability to generate profits. The liquidity ratio is used to assess a company's ability to meet its short-term obligations. Meanwhile, the solvency ratio or leverage is used to find out the extent to which a

company's assets are financed by debt (By Stephanie Scott) *et al.*, 2024). In addition, the market value ratio is used to assess a company's performance based on the comparison between the stock market price and the profit rate per share (Asharun *et al.*, 2023).

PT Gudang Garam Tbk is one of the largest cigarette companies in Indonesia that has been operating for decades in the national tobacco industry (Rizka *et al.*, 2024). As a public company, PT Gudang Garam Tbk's financial performance has attracted the attention of various parties, such as investors, creditors, and other stakeholders. The 2020–2024 period is an interesting period to analyze because the company faces various challenges, including the impact of the Covid-19 pandemic, changes in cigarette excise policies, fluctuations in raw material prices, increasing industrial competition, and unstable market conditions.

Based on PT Gudang Garam Tbk's financial statements published on the Indonesia Stock

Exchange, there are dynamics in the company's financial condition during the 2020–2024 period

Based on Table 1.1, the company's total assets fluctuate. Total assets increased from IDR 78.19 trillion in 2020 to IDR 92.45 trillion in 2023, but decreased again to IDR 84.94 trillion in 2024. In terms of capital structure, total liabilities increased significantly from IDR 19.67 trillion in 2020 to IDR 31.59 trillion in 2023, before decreasing to IDR 23.02 trillion in 2024. Meanwhile, total equity showed a relatively stable increase from IDR 58.52 trillion in 2020 to IDR 61.92 trillion in 2024.

However, the most prominent condition is the decline in the company's net profit and revenue. Net profit experienced a very sharp decline from IDR 7.65 trillion in 2020 to IDR 980.80 billion in 2024, or a decrease of 87.2%. In addition, the company's revenue also decreased from IDR 114.48 trillion in 2020 to IDR 98.66 trillion in 2024, or a decrease of 13.8%. This condition indicates a decline in the company's ability to generate profits and maintain revenue levels despite having relatively large assets.

The significant decline in net profit has the potential to affect various aspects of the company's financial performance, such as the level of profitability, the company's ability to distribute dividends to shareholders, and investors' perception of the company's long-term prospects. This condition also raises questions about the effectiveness of asset management, operational efficiency, and the company's ability to deal with external pressures, such as increasingly stringent cigarette excise policies and changes in people's consumption patterns.

Furthermore, the research conducted by (Batubara and Sipayung, 2023) indicates that the company experienced a significant decline in profitability, especially in the ratio of ROA and ROE, although the company's solvency is still in a relatively safe condition.

<u>Year</u>	<u>Total Assets</u>	<u>Total Liability</u>	<u>Total Equity</u>	<u>Net Profit</u>	<u>Revenue</u>
2020	IDR 78,191,409	IDR 19,668,941	IDR 58,522,468	IDR 7,647,729	IDR 114,447,311
2021	IDR 89,964,369	IDR 30,675,095	IDR 59,288,374	IDR 5,605,321	IDR 124,881,266
2022	IDR 88,562,617	IDR 30,706,651	IDR 57,855,966	IDR 2,779,742	IDR 124,682,692
2023	IDR 92,450,823	IDR 31,587,980	IDR 60,862,843	IDR 5,324,516	IDR 118,952,997
2024	IDR 84,939,276	IDR 23,022,685	IDR 61,916,591	IDR 980,80483	IDR 98,655,483

Table 1. Financial Position of PT Gudang Garam Tbk Period 2020 - 2024 (Million Rupiah)

Source: Financial Statements of PT Gudang Garam Tbk 2020-2024 (data processed, 2025)

Research by (Musfirah, Agung Widhi Kurniawan, Andi Mustika Amin, Hety Budiyanti, 2023) indicates that the company's profitability ratio is below industry standards, while the liquidity and solvency ratio shows a tendency to fluctuate due to high inventory and short-term liabilities. Research conducted by (Sumbawa, 2025) shows that the decline in the company's profit was influenced by the increase in production costs and excise rates on tobacco products, which had a direct impact on the decline in Net Profit Margin and Return on Equity. Research by (Imaduddin *et al.*, 2025) indicates that although the company is able to maintain a balance of its capital structure, fluctuations in the DER and DAR reflect the presence of external pressures that affect the company's financial stability.

Based on the results of previous research, PT Gudang Garam Tbk's financial performance problems during the 2018–2023 period show instability and a tendency to decline in financial performance. Batubara and Sipayung (2023) found fluctuations in the profitability and liquidity ratios during the 2019–2022 period which reflected the company's challenges in maintaining operational efficiency and the ability to meet short-term obligations. These findings are strengthened by Musfirah *et al.* (2023) who show a decrease in the profitability ratio during the 2018–2022 period due to increasing cost pressures and declining effectiveness of profit management. Furthermore, Sumbawa (2025) revealed that the decline in the ratio of activity and profitability in the 2019–2023 period indicates the suboptimal use of company assets in generating revenue. In terms of financial structure, Imaduddin *et al.* (2025) highlight the increase in long-term liabilities which have an impact on the solvency ratio and have the potential to increase financial risks and disrupt the company's financial stability in the long term. This condition shows that PT Gudang Garam Tbk's financial performance problems are comprehensive and require evaluation and more effective financial management strategies to maintain business sustainability. Therefore, this study was conducted to fill the research gap by thoroughly analyzing the financial performance of PT Gudang Garam Tbk using the four financial ratio groups during the 2020–2024 period. This research is expected to provide a more comprehensive picture of the company's financial condition and become a consideration for management and investors in decision-making.

II. RESEARCH METHODOLOGY

In this study, the approaches, types of data, data sources, and analysis techniques used in the research to evaluate the financial performance of PT. Gudang Garam Tbk. (GGRM) during the 2020-2024 period. This study uses a quantitative descriptive approach. Descriptive Aims to describe and explain in detail the facts and characteristics of the company's financial ratio. Quantitative involves the use of numerical data (numbers from financial statements) and simple statistical analysis (ratio calculations) to test relationships and trends that occur. The object of this research is the financial performance of PT. Gudang Garam Tbk. (GGRM). Focus on the analysis of Profitability Ratio (Return on Asset/ROA, Return on Equity/ROE, Net Profit Margin/NPM), Liquidity Ratio (Current Ratio, Quick Ratio, Cash Ratio), Solvency Ratio (Debt to Asset Ratio / DAR, Debt to Equity Ratio / DER), and Market Value Ratio (Earning Per Share / EPS, Price Earning Ratio / PER, Price Book Value / PBV). In the Research Period, the annual financial statements are for five years, namely from 2020 to 2024. Sources and Data Collection Techniques in the form of financial historical secondary data sourced from <https://www.idx.co.id/id>. Where, the Annual Financial Report of PT. Gudang Garam Tbk. for the period 2020-2024, obtained from the company's official website or other authoritative sources (for example, the Indonesia Stock Exchange/IDX or financial data platforms). With the Data Collection Technique through Documentation, which is the recording and extraction of relevant data (such as Current Assets, Total Liabilities, Net Profit,) from the financial statements that have been published. The analysis technique used is Financial Ratio Analysis. Where, the data that has been collected is processed by calculating the relevant financial ratios using the standard formula of financial accounting.

The results of the ratio calculation are presented in the form of Trend Analysis, namely data tables and chart visualizations to identify patterns, fluctuations, and directions of changes in the financial performance of PT. Gudang Garam Tbk. from year to year (2020-2024). Interpreting trends is a step that connects between the components of financial statements (e.g., linking the decrease in the Current Ratio in 2021 to an increase in Short-Term Liabilities) and provides an assessment of the company's financial condition.

III. RESULTS AND DISCUSSION

A. Profitability Ratio

The profitability ratio measures a company's ability to generate profits through Return on Asset (ROA), Return on Equity (ROE), and Net Profit Margin (NPM). According to Kasmir (2016), the ideal standard of ROA is 30% and NPM is 20%. However, it should be noted that this standard is a fairly high benchmark and in practice, many

companies, especially in manufacturing industries with high cost structures such as the cigarette industry, find it difficult to achieve such figures. The cigarette industry faces very high excise burdens, fluctuating raw material costs, and strict regulations, so profit margins tend to be lower than other industries.

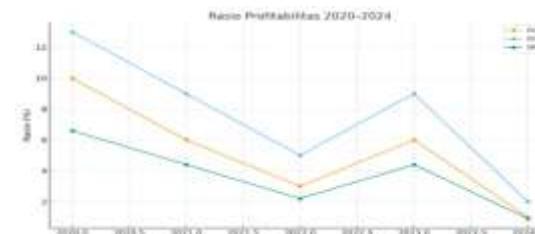


Figure 1. Profitability Ratio of PT. Gudang Garam Tbk (2020-2024)

Based on Figure 4.1, the profitability ratio of PT Gudang Garam Tbk as measured through Return on Asset (ROA) and Return on Equity (ROE) shows a downward trend during the study period. This condition indicates the weakening of the company's ability to generate profits, both in terms of asset utilization and return on capital to shareholders.

B. Return on Asset (ROA)

Table 2. Calculation of ROA of PT. Gudang Garam Tbk Period 2020-2024

Year	Total Net Profit	Total Assets	LON G	Categories
2020	IDR 7,647,729	IDR 78,191,409	10%	Unhealthy
2021	Rp.5,605,321	IDR 89,964,369	6%	Unhealthy
2022	Rp.2.779.742	IDR 88,562,617	3%	Unhealthy
2023	Rp.5.324.516	IDR 92,450,823	6%	Unhealthy
2024	IDR 980,804	IDR 84,939,276	1%	Unhealthy

Source: Financial Statements of PT. Gudang Garam Tbk 2020-2024 (data processed 2025)

Based on Table 4.1, the Return on Asset (ROA) of PT Gudang Garam Tbk shows a downward trend. The decline in ROA reflects the decline in the effectiveness of companies in utilizing assets to generate profits. ROA decreased drastically from 10% (2020) to 1% (2024). Based on the Kashmir (2016) standard which sets an ideal ROA of 30%, the entire study period shows the category of "Unhealthy". However, when compared to the reality of the cigarette manufacturing industry, the ROA of 10% in

2020 is actually quite a good achievement, given the characteristics of the high-cost industry with thin margins. The decline in ROA that occurs to reach 1% in 2024 shows extraordinary pressure on the company's ability to generate profits from its assets. Net profit plummeted from IDR 7.6 trillion to IDR 980 billion, while total assets actually increased, indicating serious inefficiencies in optimizing assets to generate profits.

These findings are in line with Financial Performance Theory which states that ROA reflects management's ability to efficiently manage all assets to generate profits (Qomariyah, Nur Afifah and Citradewi, 2022) The higher the level of operational efficiency and cost control, the higher the rate of return on assets obtained by the company. The decrease in ROA that occurred at PT Gudang Garam Tbk indicates that the company has not been able to optimize the increase in its assets to generate net profit. Theoretically, this condition indicates the presence of An imbalance between asset growth and profitability, Where the increase in total assets is not followed by an increase in profit, in fact, there is a significant decrease in profit. This reinforces the view of financial performance theory that the effectiveness of asset use is a key factor in determining the level of profitability of a company.

In addition, financial performance theory also emphasizes that operational cost pressures, high cost structures, and external factors such as regulations can reduce the company's profitability performance. In the context of the cigarette industry which is high-cost and heavily regulated, The results of this study prove that increasing production costs and strict regulations have a direct impact on the decline in net profit, which ultimately reduces the company's ROA. Thus, the results of this study support the theory that Reduced operational efficiency and weak cost control will reduce the ability of assets to generate profits. These findings in line with research (Musfirah, Agung Widhi Kurniawan, Andi Mustika Amin, Hetty Budiyanti, 2023) which states that the company's profitability is under pressure due to increased operating expenses and production costs. Research by (Batubara and Sipayung, 2023) also found that PT Gudang Garam Tbk's ROA tends to decrease as a result of declining company profits. In addition, (Sumbawa, 2025) It concluded that excise policies and regulatory pressures have an effect on the decline in the effectiveness of asset utilization in cigarette industry companies.

C. Return on Equity (ROE)

Table 3. Calculation of ROE of PT. Gudang Garam Tbk Period 2020-202

Year	Total Net Profit	Total Equity	ROE	Categories
2020	IDR 7,647,729	IDR 58,522,468	13%	Unhealthy

2021	Rp.5,605,321	IDR 59,288,274	9%	Unhealthy
2022	Rp.2.779.742	IDR 57,855,966	5%	Unhealthy
2023	Rp.5.324.516	IDR 60,862,843	9%	Unhealthy
2024	IDR 980,804	IDR 61,916,591	2%	Unhealthy

Source: Financial Statements of PT. Gudang Garam Tbk 2020-2024 (data processed 2025)

Based on Table 4.2, the Return on Equity (ROE) of PT Gudang Garam Tbk shows a downward trend, which indicates a decline in the company's ability to provide a level of return to shareholders.

ROE decreased from 13% (2020) to 2% (2024). Although based on Kasmir's (2016) standard the category is "Unhealthy", the ROE of 13% in 2020 actually shows a relatively good performance in the context of the cigarette industry facing regulatory pressures and high costs. The drastic decline in ROE to reach 2% in 2024 shows that the company faces significant challenges in providing returns to shareholders. This decline was mainly due to a decline in net profit, while equities were relatively stable, indicating that the decline in ROE was more due to a decline in profitability than a change in capital structure.

The results of the study show that PT Gudang Garam Tbk's Return on Equity (ROE) has decreased significantly during the 2020–2024 period. This decline in ROE reflects the company's declining ability to generate profits for shareholders, which is in line with the concept of signaling theory by Brigham and Houston (2019). According to this theory, a company's financial performance, specifically profitability ratios such as ROE, serves as a signal for investors in assessing the company's future prospects and performance. The ROE, which declined from 13% in 2020 to 2% in 2024, sends a **negative** signal to investors about the weakening of the company's ability to provide a return on invested capital. Theoretically, a high ROE indicates management's effectiveness in managing equity to generate profits, while a low ROE indicates a decline in profitability performance. In this study, the decline in ROE was more influenced by the decline in net profit, while the company's equity was relatively stable, so the decline in ROE reflected weak operational performance, not a change in capital structure.

The results of this study consistent with (Sahabuddin *et al.*, 2022) which states that the decline in ROE in cigarette companies is due to increased cost burdens and declining profit margins. In addition, (Hasyaldi, 2024) also found that the weakening ROE reflects a decline in the effectiveness of self-capitalization in generating profits. These findings

are reinforced by (Rosalina Delfina Weru, Andeas Rengga, 2025) which concludes that the decline in ROE is a negative signal for investors regarding the prospect of long-term investment returns.

D. Net Profit Margin (NPM)

Table 4. NPM Calculation of PT. Gudang Garam Tbk Period 2020-2024

Year	Total Net Profit	Total Revenue	NPM	Categories
2020	IDR 7,647,729	Rp.114.477.311	6,6 %	Unhealthy
2021	Rp.5,605,321	IDR 124,881,266	4,4 %	Unhealthy
2022	Rp.2.779.742	Rp.124.682.692	2,2 %	Unhealthy
2023	Rp.5.324.516	Rp.118.952.997	4,4 %	Unhealthy
2024	IDR 980,804	IDR 98,655,483	0,9 %	Unhealthy

Source: *Financial Statements of PT. Gudang Garam Tbk 2020-2024 (data processed 2025)*

Based on Table 4.3, PT Gudang Garam Tbk's Net Profit Margin (NPM) during the 2020–2024 period shows low conditions and tends to decline, so that the company as a whole is in an unhealthy category in terms of profitability. This condition indicates that the company has not been able to manage revenue optimally to generate adequate net profit, despite having a large business scale and sales rate.

In the signaling theory of Brigham and Houston (2019), NPM is one of the important indicators used by investors to assess the company's ability to generate net profit from its sales activities. The decline in NPM sends a negative signal to investors, as it shows that an increase in revenue is not accompanied by effective cost control. As a result, the company's net profit is under sustained pressure. Signaling theory explains that the financial information published by the company will affect investors' perception of the quality of management performance. Low NPM reflects low management effectiveness in controlling operating expenses and production costs, thereby lowering investor and stakeholder confidence in the company's ability to create value and maintain profitability in the future.

The results of this study consistent with findings (Sirait, 2016) which states that the decline in Net Profit Margin indicates the company's poor profitability performance due to increased operating expenses and inefficiencies in cost management. The study emphasized that NPM is an important indicator in assessing the success of a company in maintaining

net profit from revenue generated. Furthermore, (Batubara and Sipayung, 2023) also shows that PT Gudang Garam Tbk's Net Profit Margin tends to decline in line with increasing operational cost pressures and industry challenges, resulting in a decline in the company's ability to generate net profit. This condition reinforces that cost pressures are the dominant factor that affects the company's profitability. In addition, (Sumbawa, 2025) concluded that the decline in Net Profit Margin reflects the weakening of the company's operational efficiency amid regulatory pressures on the tobacco industry and an increase in cost of goods sold. The research confirms that low NPM is a signal of declining financial performance that investors need to watch out for because it affects the sustainability of the company's profitability.

E. Liquidity Ratio

Liquidity ratio measures a company's ability to meet its short-term obligations, analyzed through Current Ratio, Quick Ratio, and Cash Ratio.

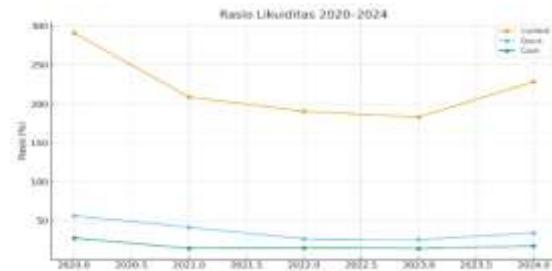


Figure 2. Liquidity Ratio of PT. Gudang Garam Tbk (2020-2024)

The liquidity ratio graph shows conditions that tend to fluctuate during the study period. In general, the company is still able to meet short-term liabilities, but the level of quick liquidity and cash seems more limited than the overall liquidity.

F. Current Ratio

Table 5. Calculation of Current Ratio of PT. Gudang Garam Tbk Period 2020-2024

Year	Current Assets	Short-Term Liability	Current Ratio	Categories
2020	IDR 49,537,929	IDR 17.009.992	291,2%	Healthy
2021	Rp.59,312,578	IDR 28,369,283	209,0%	Healthy
2022	IDR 55,445,127	Rp.29.125.010	190,3%	Unhealthy
2023	Rp.54.115.182	Rp.29.536.433	183,2%	Unhealthy
2024	Rp.47.590.906	Rp.20.824.215	228,5%	Healthy

Source: *Financial Statements of PT. Gudang Garam Tbk 2020-2024 (data processed 2025)*

Based on Table 5, the Current Ratio of PT Gudang Garam Tbk shows that the company still has sufficient current assets to cover its short-term liabilities. This condition indicates a relatively maintained level of short-term liquidity security. Nonetheless, a high current ratio does not necessarily reflect strong cash conditions, as most of a company's current assets are in the form of inventory. This can pose a liquidity risk in the event of a slowdown in sales.

On the theory of liquidity (Qomariyah, Nur Afifah and Citradewi, 2022). Stating that the current ratio is used to assess a company's ability to pay off short-term liabilities by using its current assets, liquidity theory also emphasizes that a high current ratio does not always reflect strong liquidity conditions if the quality of current assets is not good. In this study, most of PT Gudang Garam Tbk's current assets are in the form of inventories, so they have the potential to pose liquidity risks in the event of a slowdown in sales or stock accumulation. This condition can hinder the company's ability to meet short-term obligations in a timely manner, even though it looks safe in a safe ratio. Thus, the results of this study support the theory of liquidity which emphasizes that the current ratio must be analyzed not only from its quantity, but also from the composition and quality of current assets. PT Gudang Garam Tbk's relatively stable Current Ratio shows that there is a liquidity security margin, but effective inventory management is still needed so that the company's ability to meet short-term obligations can be optimally maintained.

These findings in line with research (Batubara and Sipayung, 2023) which states that the company is still able to meet its short-term obligations using current assets. (Rosalina Delfina Weru, Andeas Rengga, 2025) also stated that the decrease in the Current Ratio at PT Gudang Garam Tbk does not necessarily indicate serious liquidity problems, but rather reflects an adjustment of the current asset structure to the company's operational dynamics. In addition, (Imaduddin *et al.*, 2025) concluding that the company is still able to maintain short-term liquidity amid industry challenges.

G. Quick Ratio

Table 6. Calculation of Quick Ratio of PT. Gudang Garam Tbk Period 2020-2024

Year	Current Assets - Setup	Short-Term Liability	Quick Ratio	Categories
2020	Rp.9.643.406	IDR 17.009.992	56,6%	Unhealthy
2021	Rp.11,856,353	IDR 28,369,283	41,7%	Unhealthy

202	Rp.7.805.242	Rp.29.125	26,7%	Unhealthy
2	.010			
202	Rp.7.629.216	Rp.29.536	25,8%	Unhealthy
3	.433			
202	IDR 7.164,968	Rp.20.824	34,4%	Unhealthy
4	.215			

Source: *Financial Statements of PT. Gudang Garam Tbk 2020-2024 (data processed 2025)*

Based on Table 6, the Quick Ratio of PT Gudang Garam Tbk shows a lower value than the current ratio. This condition indicates that the company's ability to meet short-term obligations without relying on inventory is still limited. The low quick ratio indicates the company's dependence on inventory as the main component of current assets. In the cigarette industry, inventory has an important role in the production and distribution process, so this ratio tends to be lower.

In the theory of liquidity (Qomariyah, Nur Afifah and Citradewi, 2022). The quick ratio provides a more conservative picture of liquidity because it excludes inventory. The low ratio indicates the limitations of cash and receivables in closing short-term liabilities. The results of this study show that PT Gudang Garam Tbk's Quick Ratio is at a lower level than the Current Ratio , indicating that most of the company's current assets are still dominated by inventory and the company has a relatively high dependence on inventory realization to meet its short-term obligations.

These findings in line with research (Musfirah, Agung Widhi Kurniawan, Andi Mustika Amin, Hety Budiyanti, 2023) which states that the low quick ratio is caused by the company's high dependence on inventory. (Hasyaldi, 2024) found that the decrease in the Quick Ratio at PT Gudang Garam Tbk showed a weakening of rapid liquidity due to cash flow pressures and increased operating costs. Furthermore, (Sumbawa, 2025) concludes that the inventory-dominated current asset structure leads to a low ability of the company to meet short-term obligations without relying on inventory

H. Cash Ratio

Table 7. Calculation of Cash Ratio of PT. Gudang Garam Tbk Period 2020-2024

Year	Cash and Cash Equivalent	Short-Term Liability	Qash Ratio	Categories
2020	Rp.4.774,2	IDR 17.009.992	28,0	Unhealth
0	72		%	y
202	Rp.4.169.7	IDR 28,369,283	14,6	Unhealth
1	40		%	y
202	Rp.4.407.0	Rp.29.125.0	15,1	Unhealth
2	33	10	%	y
202	IDR 4,256,264	Rp.29.536.4	14,4	Unhealth
3	33		%	y
202	Rp.3.705.7	Rp.20.824.2	17,7	Unhealth
4	54	15	%	y

Source: *Financial Statements of PT. Gudang Garam Tbk 2020-2024 (data processed 2025)*

Based on Table 7. Cash Ratio, PT Gudang Garam Tbk shows that the company's ability to fulfill short-term obligations using cash and cash equivalents is still relatively limited. This condition shows that the company is not entirely dependent on cash to meet short-term obligations, but rather relies more on inventory turnover and receivables.

In the theory of cash management by Brigham and Houston (2019), a low cash ratio does not necessarily reflect poor financial conditions, but can indicate a company's strategy in optimizing the use of cash to support short-term operational activities and investments. Companies tend to reduce cash balances so that there is no *idle cash* which can reduce the efficiency of using funds. In this context, PT Gudang Garam Tbk seems to prefer to allocate cash to productive activities rather than holding it in the form of excessive cash. Cash management theory also emphasizes the importance of maintaining a minimum cash balance so that companies are able to meet short-term obligations in a timely manner. PT Gudang Garam Tbk's relatively low cash ratio indicates that the company needs to manage cash flow carefully so that liquidity risks can be minimized, especially when there is economic uncertainty or a slowdown in sales. Thus, the results of this study are in line with cash management theory which emphasizes the balance between the efficiency of cash use and the company's ability to maintain short-term liquidity.

These findings in line with research (Batubara and Sipayung, 2023) which states that cigarette industry companies tend to have limited cash due to the high need for working capital. In addition, (Mon, 2024) It also found that a decline in the Cash Ratio is an early indication of increased financial pressure, although it has not led to financial distress. In addition, (Imaduddin *et al.*, 2025) concludes that the low cash ratio reflects the company's strategy in managing cash efficiently.

I. Solvency Ratio

The solvency ratio measures a company's ability to meet long-term obligations through the Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER).

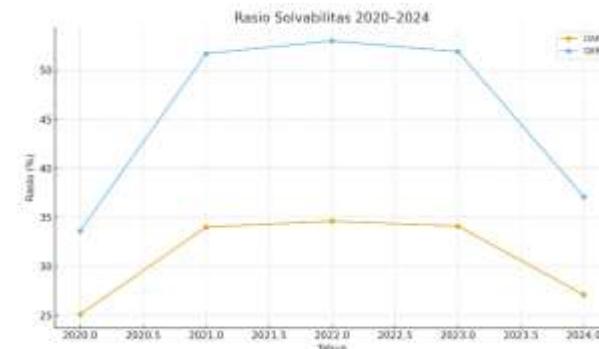


Figure 3. Solvency Ratio of PT. Gudang Garam Tbk (2020-2024)

The solvency graph shows that the company's capital structure was relatively controlled during the study period, although there were fluctuations in some periods.

J. Debt to Asset Ratio (DAR)

Table 8. Calculation of DAR of PT. Gudang Garam Tbk Period 2020-2024

Year	Total Liability	Total Assets	DAR	Categories
2020	IDR 19,668,941	IDR 78,191,409	25,1%	Healthy
2021	Rp.30.675.095	IDR 89,964,369	34,0%	Healthy
2022	IDR 30,706,651	IDR 88,562,617	34,6%	Quite Healthy
2023	IDR 31,587,980	IDR 92,450,823	34,1%	Healthy
2024	Rp.23.022.685	IDR 84,939,276	27,1%	Healthy

Source: *Financial Statements of PT. Gudang Garam Tbk 2020-2024 (data processed 2025)*

Based on Table 8. Debt to Asset Ratio PT Gudang Garam Tbk shows that some of the company's assets are funded by debt, but are still within controllable limits. This condition shows that the company is able to maintain a balance between funding from debt and assets, so that solvency risks are relatively controlled.

In the theory of capital structure Brigham and Houston (2019). The proportionate use of debt can provide benefits for companies, one of which is in the form of *tax shields* or tax savings on interest expenses. However, this theory also confirms that excessive use of debt will increase financial risk and potential financial distress. In the context of this study, PT Gudang Garam Tbk's controlled DAR level shows that the company is not yet in a high-risk leverage condition. Thus, the results of this study are in line with the theory of capital structure which emphasizes the importance of determining an optimal funding structure. A relatively stable and controlled DAR reflects the company's funding policy that tends to be cautious in utilizing debt, so as to be able to maintain financial stability and reduce solvency risks in the future.

These findings in line with research (Imaduddin *et al.*, 2025) which states that the company's funding structure is still in a healthy condition. (Ren U. Moidady *et al.*, 2023) also stated that PT Gudang Garam Tbk has a relatively healthy funding structure with controlled debt levels. In addition, (Rosalina Delfina Weru, Andeas Rengga, 2025) It also found that stable DARs reflect a company's ability to maintain a balance between debt and assets, even as the company faces considerable earnings pressures.

K. Debt to Equity Ratio (DER)

Table 9. Calculation of DER of PT. Gudang Garam Tbk Period 2020-2024

Year	Total Liability	Total Equity	THE ER	Categories
2020	IDR 19,668,941	IDR 58,522,468	33,6%	Healthy
2021	Rp.30.675.095	IDR 59,288,274	51,7%	Healthy
2022	IDR 30,706,651	IDR 57,855,966	53,0%	Healthy
2023	IDR 31,587,980	IDR 60,862,843	51,9%	Healthy
2024	Rp.23.022.685	IDR 61,916,591	37,1%	Healthy

Source: *Financial Statements of PT. Gudang Garam Tbk 2020-2024 (data processed 2025)*

Based on Table 9. Debt to Equity Ratio, PT Gudang Garam Tbk shows that the company's capital structure is still dominated by its own capital rather than debt. This ratio indicates that the company has a high level of dependency

In the theory of capital structure Brigham and Houston (2019). DER is used to assess the extent to which a company utilizes debt compared to its own capital in financing its operational and investment activities. A controlled DER reflects a company's ability to maintain a balance between risk and return, and demonstrates management's prudence in making funding decisions. Capital structures that are more supported by their own capital generally have lower financial risk than companies with high levels of leverage. Thus, the results of this study are in line with the theory of capital structure which emphasizes the importance of optimal debt management to maintain long-term financial stability. The DER of PT Gudang Garam Tbk, which is at a controlled level, shows that the company is still able to manage its capital structure well, so that financial risks can be minimized and business continuity is maintained.

The results of this study consistent with (Sahabuddin *et al.*, 2022) which states that cigarette companies tend to have low DER as a form of financial risk management strategy. Similar findings were also put forward by (Hasyaldi, 2024) which concluded that the DER of PT Gudang Garam Tbk was in a safe condition even though the company's profit had decreased. In addition, (Rosalina Delfina

Weru, Andeas Rengga, 2025) emphasized that the stability of DER is an important factor in maintaining the confidence of creditors and investors in the company's financial condition.

L. Market Value Ratio

The market value ratio measures investors' perception of a company's performance through Earning Per Share (EPS), Price Earning Ratio (PER), and Price to Book Value (PBV).

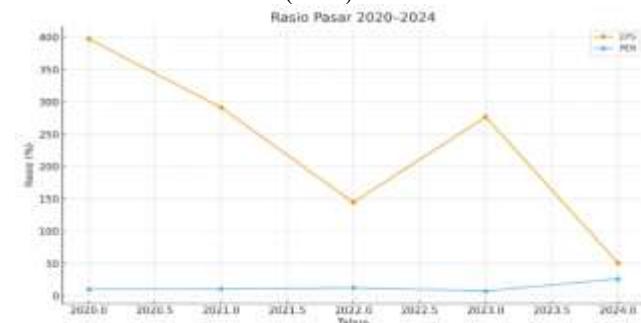


Figure 4. Market Value Ratio of PT. Gudang Garam Tbk (2020-2024)

The market value ratio chart shows a downward trend in most indicators, reflecting the weakening of investors' perception of the company's performance and prospects

M. Earnings Per Share (EPS)

Table 10. EPS Calculation of PT. Gudang Garam Tbk Period 2020-2024

Year	Net Profit	Outstanding Shares	EPS	Categories
2020	7.647.729	1.924.088.000	3974	Reasonable
2021	5.605.321	1.924.088.000	2913	Downward
2022	2.779.742	1.924.088.000	1444	Downward
2023	5.324.516	1.924.088.000	2767	Increase
2024	980.804	1.924.088.000	509	Downward

Source: *Financial Statements of PT. Gudang Garam Tbk 2020-2024 (data processed 2025)*

Based on Table 10, Earnings per Share of PT. Gudang Garam Tbk shows a downward trend which reflects the decrease in profit obtained by each share. The decline in EPS indicates that the company's net profit is not able to provide an optimal rate of return to shareholders.

In signaling theory Brigham and Houston (2019). EPS is one of the main indicators used by investors in assessing the company's financial performance and future prospects. The decline in EPS gives a negative signal to investors because it shows the weakening of the company's ability to create added value for shareholders. Declining EPS information can affect investors' perception of the

company's earnings stability and growth potential. Thus, the results of this study are in line with the signaling theory which states that changes in profit performance reflected in EPS will be responded to by investors as a signal regarding the company's condition and prospects. The decline in PT Gudang Garam Tbk's EPS shows that there is pressure on the company's profitability performance, which has the potential to reduce investor interest and market confidence in the company's future performance.

These findings in line with research (Sumbawa, 2025) which states that the decline in the company's profit has a direct impact on the decline in earnings per share. (Rosalina Delfina Weru, Andeas Rengga, 2025) also stated that the decline in EPS in PT Gudang Garam Tbk reflects the weakening of the company's ability to generate earnings per share. In addition, (Hasyaldi, 2024) confirming that declining EPS negatively impacted investors' perception of the company's future prospects.

N. Price Earning Ratio (PER)

Table 11. Calculation PER PT. Gudang Garam Tbk Period 2020-2024

Year	Stock Price	EPS	BY	Categories
2020	41.000	3.974	10	Cheap
2021	30.600	2.913	10	Reasonable
2022	18.000	1.444	12	Reasonable
2023	20.235	2.767	7	Cheap
2024	13.275	509,5	26	Expensive

Source: *Financial Statements of PT. Gudang Garam Tbk 2020-2024 (data processed 2025)*

Based on Table 11. the Price Earning Ratio of PT Gudang Garam Tbk shows a change in investor perception of the company's profit growth prospects. The change in the PER reflects investors' expectations for the company's future performance, especially related to its ability to generate profits.

According to Tandelilin's capital market theory (2017). PER is used as an indicator to assess whether a stock is in *an overvalued or undervalued* condition by comparing the stock price to the profit per share generated. A high PER generally reflects investors' expectations of high profit growth in the future, while a low PER indicates low market expectations of a company's ability to generate profits. In this study, the change in the PER of PT Gudang Garam Tbk shows that investors' expectations for the company's performance have adjusted in line with the change in profit performance shown by the company. Thus, the results of this study are in line with capital market theory which states that valuation ratios such as PER reflect investors' perceptions and expectations of the company's prospects. The change in PT Gudang Garam Tbk's PER indicates a shift in market valuation of the company's ability to create profits and future growth, which at the same time reflects investors' response to the dynamics of the company's financial performance.

These findings in line with research (Sumbawa, 2025) which states that changes in the PER reflect the market response to the company's performance. Research by (Imaduddin *et al.*, 2025) also found that investors' expectations of a company's earnings affect the value of the PER. In addition, (Musfirah, Agung Widhi Kurniawan, Andi Mustika Amin, Hety Budiyanti, 2023) concludes that the change in the PER reflects the market's assessment of the company's future prospects

O. Price to Book Value (PBV)

Table 12. PBV Calculation of PT. Gudang Garam Tbk Period 2020-2024

Year	Stock Price	Book Value Per Share	PBV	Categories
2020	41.000	30.240	1,3	Reasonable
2021	30.600	30.818	1	Reasonable
2022	18.000	30.063	0,6	Cheap
2023	20.235	31.626	0,6	Cheap
2024	13.275	32.174	0,4	Cheap

Source: *Financial Statements of PT. Gudang Garam Tbk 2020-2024 (data processed 2025)*

Based on Table 12, the Price to Book Value of PT Gudang Garam Tbk shows a downward trend that reflects the decline in the company's value in the eyes of investors. The decline in PBV shows that the market considers the company to be in a less than optimal condition compared to its book value.

In the signaling theory of Brigham and Houston (2019), PBV is one of the important indicators that reflects the level of investor confidence in the company's future prospects and performance. The decline in PBV sends a negative signal to investors, as it shows a weakening of market perception of the company's ability to generate profits and increase the company's value. Declining PBV information can be interpreted as reduced investor confidence in the company's growth prospects and performance stability. Thus, the results of this study are in line with signaling theory which states that changes in market ratios, such as PBV, function as signals that influence investor perceptions and decisions. The decline in PT Gudang Garam Tbk's PBV reflects a decline in investor confidence in the company's prospects, which has the potential to have an impact on a decline in investment interest and the company's value in the capital market.

These findings in line with research (Batubara and Sipayung, 2023) which states that the decline in the value of the company reflects the weakening of investor confidence. (Reni U. Moidady *et al.*, 2023) also stated that the decline in PBV reflects a decline in investor perception of the company's value. These findings are reinforced by (Mon, 2024) which concludes that the declining market value ratio indicates a weakening of investor confidence in the company's financial performance.

IV. CONCLUSION

Based on the results of the analysis of PT Gudang Garam Tbk's financial performance for the 2020-2024 period, it can be concluded that the company has experienced a significant decline in financial performance, especially in the aspect of profitability. The sharp decline in net profit led to a weakening of the company's ability to generate profits from assets and equity, and had a direct impact on the decline in stock market value performance. Despite this, the company's liquidity and solvency remain at relatively safe levels, which indicates that the company remains able to meet short-term liabilities and maintain a stable capital structure. However, production cost pressures, increased excise rates, and the dynamics of the tobacco industry were the main factors that affected the decline in the company's financial performance during the study period. Overall, the results of this study show that PT Gudang Garam Tbk is in a financially stable condition, but faces serious challenges in maintaining profitability and investor confidence amid increasing external pressures

V. RECOMMENDATIONS

Based on the results of the research and the conclusions that have been obtained, the suggestions that can be given are as follows:

A. For Companies

PT Gudang Garam Tbk is advised to improve profitability performance through controlling production costs and optimizing operational efficiency, so as to be able to maintain profit stability amid regulatory pressures and increased excise rates. In addition, companies need to strengthen business strategies to increase investor confidence and improve the performance of stock market value.

B. For Investors

Investors are advised to pay more attention to profitability performance and market value ratio before making an investment decision in PT Gudang Garam Tbk, considering the decline in profit and weakening market perception during the research period.

C. For the Next Researcher

The next research is expected to add other variables such as cash flow, sales growth, or macroeconomic factors, as well as extend the research period to obtain more comprehensive results on the company's financial performance.

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