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Assessment Of Financial Performance At PT Kimia Farma Tbk With A Financial Ratio Approach For The Years 2022-2023

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Abstract

Despite the fact that the pharmaceutical industry plays a significant part in the healthcare sector, the financial challenges that it faces can make it difficult for it to remain sustainable. There was a decline in the financial performance of PT Kimia Farma Tbk, which was characterized by increasing losses and dependence on debt. With the help of profitability, liquidity, solvency, and activity ratios, the purpose of this study is to conduct an analysis of the company's financial performance in the years 2022 and 2023. One of the methods that is utilized is a descriptive quantitative analysis that is based on the financial statements of the company. The findings indicated a negative profitability, with a declining return on assets and return on equity, low liquidity characterised by a Current Ratio and Cash Ratio that were below the standards of the industry, and increasing DAR and DER, which reflected a high dependence on debt. These findings provide further evidence that asset optimization strategies and operational efficiency solutions are required. The influence of external factors on the financial performance of the company can be investigated further through the use of additional studies.
Keywords*: Financial Performance, Return on Assets (ROA), Return on Equtity (ROE), Current Ratio, Cash Ratio, Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER), Working Capital Turnover (WCTO), Total Asset Turnover (TATO).*

A. INTRODUCTION

According to information provided by the Central Statistics Agency, Indonesia follows the United States as the fourth most populous country in the world that there are 281,603.8 thousand people in 2024 (BPS Indonesia, 2024) With such a large population, it can provide its own potential and obstacles for Indonesia so that in this case Indonesia must strive to accelerate economic growth and development because economic growth is a tool to measure the success of a country and development is an indicator in achieving the country's goals. (Supaijo et al., 2017) to achieve this, the government has created various programs that focus on improving infrastructure, education, industry and others.

Among the many sectors that certainly have an important role for Indonesia, there is one sector that is no less important, namely the health sector, the health sector has a very important role, because health is the main factor in carrying out all activities which in turn has the potential to enhance the quality of human resources which will result in an increase in the human development index so that Indonesia can achieve the targets that have been planned previously (Fadila et al., 2023). The importance of the health sector in Indonesia is increasingly clear with the existence of programs created by the Government to facilitate the community in gaining access to health, in 2014 the Government launched the Health Social Security Organizing Agency (BPJS Kesehatan) (Alkayyis, 2024). In this case, the health sector is the main pillar in supporting national health.

Based on previous research conducted by Meyliza and Desi Efrianti with the title "Analysis of Cash Flow Statements to Assess the Financial Performance of Pharmaceutical Companies" with research conducted in 2017-2019, it shows that PT Kalbe Farma Tbk has better financial performance than other pharmaceutical companies (Meyliza & Efrianti, 2020).

In addition, to support the health sector, the government also encourages the pharmaceutical industry to take a role in providing health services, medicines and medical devices, one of the companies that plays a role in supporting national health is Kimia Farma Tbk (KAEF).

In 1817, the government of the Dutch East Indies established Kimia Farma Tbk (KAEF), the first pharmaceutical industry in Indonesia. After becoming one of the companies listed on the Indonesia Stock Exchange, PT Kimia Farma changed its name to PT Kimia Farma Tbk and became a public company on July 4, 2001, over time now PT Kimia Farma Tbk has developed into an integrated company in healthcare in Indonesia which focuses on the production of medicines, pharmaceutical distribution, health clinic services, laboratories and cosmetic products. In addition, PT Kimia Farma Tbk is committed to social responsibility that supports education in terms of health and provides national health services so that PT Kimia becomes one of the companies that are very important in supporting national health.

On the other hand, even though Kimia Farma is an integrated company in supporting national health, PT Kimia Farma Tbk also faces various difficulties, one of the problems faced by PT Kimia Farma Tbk is financial problems, in 2022 Kimia Farma was reported to have suffered a loss of Rp 170.04 billion which of course this amount is not small, the soaring losses faced by PT Kimia Farma Tbk were caused by losses from subsidiaries in Saudi Arabia due to the absence of Hajj and Umrah pilgrimages during the pandemic and this had an impact on PT Kimia Farma, besides that the tax effect of unlocking value corporate actions on subsidiaries caused a tax burden of Rp 76 billion. Increased cost of goods was also the cause of net loss at PT Kimia Farma Tbk, amounting to Rp 5.45 trillion.

In 2023, the financial condition of PT Kimia Farma Tbk again experienced a loss based on news reported by www.cnbcindonesia.com PT Kimia Farma Tbk experienced a loss of 1.48 trillion, this was due to the cost of goods which increased significantly by 25.83%, financial expenses which increased by 18.4% and total assets fell to Rp 17.58 trillion Rp 19.79 trillion.

The following phenomena are related to the decline in earnings quality that occurred at PT Kimia Farma Tbk

Description	**2022 (In Thousands Rupiah)**	**2023 (In Thousands Rupiah)**
Equity	9.339.290.000	6.392.705.329
Liability	11.014.703.000	11.192.592.254
Cash and Cash Equivalents	2.153.024.000	832.672.052
Income	9.606.145.000	9.965.033.049
Expenses	3.286.258.916	4.663.734.142
Profit	(109.783.000)	(1.821.483.017)
Assets	20.353.993.000	17.585.297.583

Source: PT Kimia Farma Corporate Financial Report accessed on www.idx.co.id

Based on the table above, it can be seen that PT Kimia Farma Tbk (KAEF) in 2022 experienced a loss of Rp 109,783,000 and in 2023 experienced a loss of Rp 1,821,483,017 if seen in table 1.1 equity in 2022 amounted to Rp 9,339,290,000 and experienced a significant decline in 2023 with equity obtained of Rp 6. 392,705,329, liabilities increased from 2022 to 2023 with liabilities obtained in 2022 amounting to Rp 11,014,703,000 in 2023 rising to 11,192,592,254. cash equivalents decreased in 2022 obtaining cash and cash equivalents of 2,153,024,000 decreased to 832. 672,052, expenses also obtained in 2022 to 2023 increased with expenses of 3,286,258,916 and in 2023 4,663,734,142, in assets experienced a significant decline as well as total assets achieved in 2022 amounting to Rp. 20,353,993,000 while in 2023 it became Rp. 17,585,297. 583, based on this description, it can be said that it has a relationship with a decrease in profits at PT Kimia Farma Tbk which makes PT Kimia Farma

Tbk suffer losses, but on the other hand, PT Kimia Farma's revenue from 2022 to 2023 has increased, with revenue obtained in 2022 amounting to 9,606,145,000 and in 2023 amounting to 9,965,033,049.

Based on previous research, PT Semen Baturaja Tbk also experienced a decline in financial performance caused by weakening liquidity, increasing dependence on debt, decreasing profitability, and low asset utilization effectiveness. Decreased liquidity is reflected in the decrease in Current Ratio and Cash Ratio, while the increase in Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER) indicates increased dependence on debt. Weakened profitability can be seen from the decline in ROA and ROE which indicates inefficiency in generating profits. In addition, the low effectiveness of asset utilization is indicated by TATO and WCTO which are below industry standards. This pattern of performance decline also occurred at PT Kimia Farma Tbk, which experienced a decrease in cash, an increase in liabilities, and an increasingly large negative profit. (Budianto et al., n.d.)

Since profit is the primary metric for evaluating the operational efficiency and competitiveness of a company, a substantial decline in profit will almost certainly impact the financial performance of the business. According to a study titled "The Effect of Earnings Management on Financial Performance Moderated by Corporate Social Responsibility: Case Study on Companies Listed on the Indonesia Stock Exchange for the 2017-2021 Period" (Karina & Rosmery, 2023), higher-quality earnings are indicative of a company's strong financial performance.

Based on this background, researchers are interested in conducting research by raising the title "**Assessment of Financial Performance at PT Kimia Farma Tbk with a Financial Ratio Approach for 2022-2023**".

B. LITERATURE REVIEW

Financial Report Analysis

Financial statement analysis is a method for assessing a company's financial performance by scrutinizing the interrelationships among numerical data, evaluating the financial situation, and comparing the elements of financial statements over a certain time. According to (Fitriana, 2024) financial statement analysis is a method for assessing a company's performance over a specific period.

Analysis of Financial Ratios

Financial ratio analysis is a technique employed to assess the interrelation among different components inside financial statements. This strategy involves comparing pertinent numbers, both across accounts in the financial statements and across specific time periods (historical) or with contemporaneous industry ratios. The findings of this study provide a foundation for comprehending the company's financial status and assist in making financial decisions. According to (Fahmi Irham, 2020) Financial ratios are an analysis that examines the relationships between figures in financial statements using representative formulae.

Financial Performance

Financial performance is derived from an analysis utilized as a benchmark to evaluate the degree to which the organization effectively manages and utilizes its financial resources, in alignment with sound financial management principles and practices. This study functions as an evaluative instrument to measure the company's performance and efficacy in attaining its financial objectives. According to (M.Si et al., 2024) Financial performance serves as a critical analytical instrument for evaluating a company's performance, particularly regarding the effective utilization of resources and financial management.

Financial report

Financial statements are documents that provide information on a company's financial status within a specific time. This information not only represents the company's financial operations and conditions but can also be utilized to assess financial performance. Financial reports have numerous key components and serve as a crucial assessment and decision-making instrument in the company's financial management. According to (Fitriana, 2024) financial statements serve as a framework of information utilized for decision-making by investors, potential investors, and the company's management.

Profitability Ratio

The profitability ratio is a metric utilized to assess a company's capacity to make profit. This ratio indicates the outcomes of many corporate strategies and actions related to liquidity, asset management, and debt. Furthermore, the profitability ratio is employed to assess the company's efficacy in leveraging revenue, sales, assets, and equity to produce profits. According to (Seto et al., 2023) the profitability ratio measures a company's capacity to make profits. Proxies in the profitability ratio utilize Return on Assets and Return on Equity.

Return On Asset

According to (Sukmawati, 2022) r Return on assets is a ratio that assesses a company's capacity to create net revenue from its assets.
Formula:

$$Return\ on\ Asset = \frac{\text{Net Profit}}{\text{Total Assets}}$$

Source: Sukamulja, Sukmawati. 2022. Financial Statement Analysis. Andi Publisher. Yogyakarta

The industry benchmark for Return on Assets (ROA) is between 0.5 and 0.8 (Sukmawati, 2022) indicating that a ROA number below 0.5 signifies the company's inefficiency in utilizing its assets to create profits. A ROA of 0.5-0.8 signifies that the organization is more adept at leveraging its assets to produce profits. Nonetheless, a significantly elevated ROA may indicate poor asset management or a decline in asset value, resulting in an inflated ROA figure.

Return On Equity

According to (Sukmawati, 2022) Return On Equity (ROE) is a number that assesses a company's capacity to create net income relative to its capital.
Formula:

$$Return\ on\ Equity = \frac{\text{Net Profit}}{\text{Equity}}$$

Source: Sukamulja, Sukmawati. 2022. Financial Statement Analysis. Andi Publisher. Yogyakarta

The industry benchmark for ROE ranges from 0.5 to 0.8 (Sukmawati, 2022) indicating that a ROE below 0.5 signifies the company's ineffectiveness un producing profits from shareholder equity. Nevertheless, a ROE of 0.5-0.8 signifies that the corporation is very proficient in creating profits from invested equity; yet, an excessively high ROE may imply an elevated debt level, resulting in equity being less than total assets.

Liquidity Ratio

The liquidity ratio indicates a company's capacity to fulfill its short-term liabilities. According to (Brigham & Houston, 2020) a ratio that expresses the relationship between a company's cash and other current assets and its current obligations in relation to those assets. During the calculation of the liquidity ratio, the Current Ratio and Cash Ratio are utilized as proxies.

Current Ratio

The current ratio, as defined by (Sukmawati, 2022) measures a company's capacity to fulfill its short-term liabilities using its current assets.
Formula:

$$Current\ Ratio = \frac{\text{Current Assets}}{\text{Current Liabilties}}$$

Source: Sukamulja, Sukmawati. 2022. Financial Statement Analysis. Andi Publisher. Yogyakarta

The industry standard for Current Ratio is 2 (Sukmawati, 2022) signifying that the firm possesses sufficient current assets to adequately meet its short-term commitments. Conversely, a Current Ratio below 2 shows an insufficiency of assets to pay these liabilities.

Cash Ratio

As stated by (Sukmawati, 2022) the Cash Ratio is a metric employed to evaluate a company's ability to meet its current liabilities with its cash and cash equivalents.
Formula:

$$Cash\ Ratio = \frac{Cash\ and\ Cash\ Equivalents}{\text{Current Liabilities}}$$

Source: Sukamulja, Sukmawati. 2022. Financial Statement Analysis. Andi Publisher. Yogyakarta

The industry standard for the cash ratio is 0.5-1 (Sukmawati, 2022) indicating that a company can fulfill its short-term liabilities using its cash and cash equivalents. A cash ratio below 0.5 signifies that the company may struggle to meet its short-term obligations solely with its available cash and cash equivalents. If the Cash Ratio exceeds 1, it signifies that the organization possesses surplus cash, suggesting that management may not be optimizing the investment of unutilized money.

Solvency Ratio

The solvency ratio assesses a company's capacity to meet all its obligations. According to (Kasmir, 2019) the solvency ratio, also known as the leverage ratio, measures the percentage of a company's assets financed through debt. This signifies the ratio of the company's liabilities to its assets. The solvency ratio is employed to evaluate a company's ability to meet all its obligations, both short-term and long-term, in the event of liquidation. The profitability ratio employs the Debt to Asset Ratio and the Debt to Equity Ratio as proxies.

Debt to Asset Ratio

As per (Henry Jirwanto, S.E. et al., 2018) the Debt to Asset Ratio evaluates the proportion of a company's assets financed through debt and the influence of debt on asset management. A lesser ratio is advantageous.

Formula:

$$\boxed{Debt\ to\ Asset\ Ratio = \frac{\text{Total Debt}}{\text{Total Assets}}}$$

Source: Jirwanti, Henry. 2024. Financial Management. CV Azka Pustaka.West Sumatra.

The average ratio standard is 35% (Henry Jirwanto, S.E. et al., 2018) which shows that the company is financed by debt as much as 35% if the DAR value is below 35% it can be said to be very good because it means that the less the company's assets are financed by debt.

Debt to Equity Ratio

The Debt to Equity Ratio, as defined by (Henry Jirwanto, S.E. et al., 2018) quantifies the correlation between total debt and equity. This ratio is essential for assessing the extent to which the company's assets are financed by debt. A higher ratio signifies enhanced quality. The industry benchmark for this ratio is 80%.

Formula:

$$\boxed{Debt\ to\ Equity\ Ratio = \frac{\text{Total Debt}}{\text{Total Equity}}}$$

Source: Jirwanti, Henry. 2024. Financial Management. CV Azka Pustaka.West Sumatra.

A Debt-to-Equity Ratio (DER) below 80% (Henry Jirwanto, S.E. et al., 2018) signifies that the firm has a conservative approach to debt utilization, favoring equity for operational funding. This strategy enhances stability but may result in a less aggressive expansion posture. A DER over 80% signifies heightened risk for the firm owing to its dependence on debt; however, it may also suggest the possibility of fast expansion if the debt is utilized well to provide increased earnings.

Activity Ratio

The Activity Ratio quantifies a company's efficiency in utilizing its assets to produce revenue from sales. According to (Alexander, 2022) the activity ratio measures a company's performance in utilizing its assets and assesses its efficiency in employing current resources. Proxies in the activity ratio utilize Working Capital Turnover and Total Asset Turnover.

Working Capital Turnover

As per (Kasmir, 2022) working capital turnover is a ratio that assesses the efficiency of a company's working capital in producing sales over a certain time.

Formula:

$$\boxed{Perputaran\ Modal\ Kerja = \frac{\text{Sales}}{\text{Working Capital}}}$$

Source: Cashmere 2022:186 Financial Statement Analysis

The average industry standard for working capital turnover is 6 times (Kasmir, 2022) indicating that each Rp 1.00 of working capital can yield Rp 6.00 in sales. If the working capital turnover falls below this standard, the company's performance is deemed unfavorable, suggesting inefficiency in utilizing working capital to generate sales during that period.

Total Asset Turnover

According to (Kasmir, 2022) Total asset turnover is a metric that evaluates the efficacy of a company's total assets in producing sales, indicating the sales produced for each rupiah invested in total assets.

Formula:

$$Perputaran\ total\ aset = \frac{\text{Sales}}{\text{Average Total Assets}}$$

Source: Cashmere 2022:186 Financial Statement Analysis

The average industry standard for total asset turnover is 2 times (Kasmir, 2022) indicating that each Rp 1.00 of fixed assets generates Rp 2.00 in sales, thereby demonstrating the company's capacity to optimize its assets during that period. Conversely, if the TATO analysis yields results below this standard, it signifies that the company has failed to fully leverage its assets.

C. RESEARCH METHODS

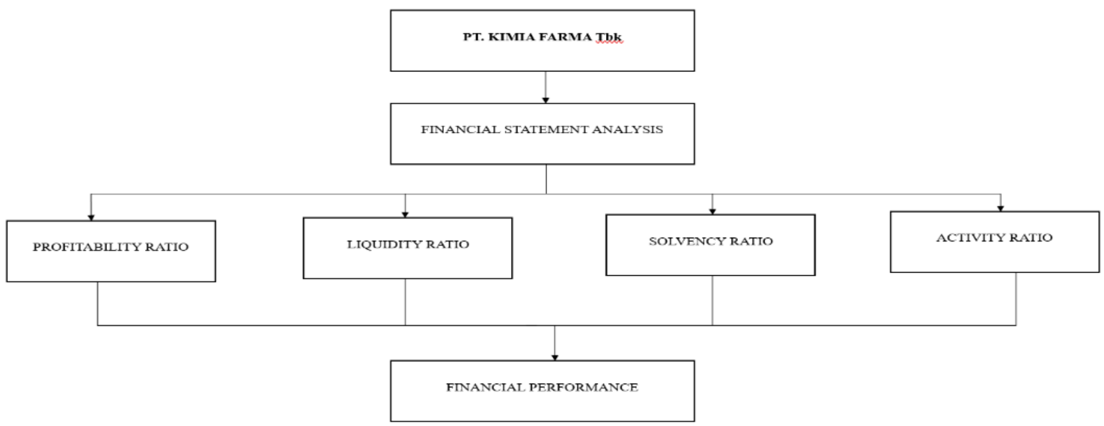

Image 1. Framework of Thought

This type of research is descriptive research using quantitative methods. (Sugiyono, 2022) asserts that quantitative research methods are defined as research methodologies rooted in the philosophy of positivism used to research on certain populations or samples, using research instruments for data collection and conducting quantitative or statistical analysis with the aim of testing predetermined hypotheses. This study uses numerical formulas and ratios to assess the financial performance of PT Kimia Farma Tbk, which experienced a decrease in profits from 2022 to 2023. The subject of this research is PT Kimia Farma Tbk. The sample used is the Financial Statements of PT Kimia Farma Tbk, using saturated sampling methodology.

D. RESULT AND DISCUSSION

PROFITABILITY RATIO

(Results of Return On Asset Calculation Analysis)

Year	ROA	Industry Standard	Category
2022	-0,005	0,5-0,8	Unprofitable
2023	-0,103	0,5-0,8	Unprofitable

Based on the table above, it can be seen that the Return On Asset value of PT Kimia Farma Tbk from 2022 to 2023 has decreased by 0.098 times with the results of -0.005 in 2022 and -0.103 in 2023, while in 2021 the resulting ROA was 0. 016 so that the results experienced a significant decline towards

2022 with ROA reaching the minimum value, the decline was due to a significant decrease in net profit, in 2022 the net profit of PT Kimia Farma Tbk was -109,783,000 and in 2023 it was -1,821,483,017 in thousands. When compared to the industry standard of 0.5-0.8, it can be said that the return on assets of PT Kimia Farma Tbk can be said to be unfavorable, which means that the company is less efficient in utilizing its assets to generate profits. Efforts to increase the company's return on assets need to have good cash turnover, this can be done by managing income and expenses so that expenses do not exceed the income of a company because expenses affect the company's profit income.

(Results of Return On Equity Calculation Analysis)

Year	ROE	Industry Standard	Category
2022	-0,011	0,5-0,8	Unprofitable
2023	-0,285	0,5-0,8	Unprofitable

Based on the table above, PT Kimia Farma Tbk's Return on Equity from 2022 to 2023 also decreased by 0.273 in 2022 the ROE value was -0.01, in 2023 it was -0.285, while in 2021 the ROE value of PT Kimia Farma Tbk was 0.040, although it was still below the average, this figure did not touch the minus number, which means that PT Kimia Farma Tbk was still profitable, this decrease was due to a decrease in net profit and equity in 2022 to 2023 where equity decreased by 2,946,584,671 in thousands. When compared to industry standards, namely 0.5-0.8, it can be said that PT Kimia Farma TBK's return on equity is said to be unfavorable, which means that the company is less effective in generating profits from the equity invested by shareholders. To generate return on equity, the company needs to increase sales and reduce costs, then increase operational efficiency.

LIQUIDITY RATIO

(Results of Current Ratio Calculation Analysis)

Year	Current Ratio	Industry Standard	Category
2022	1,059	2 x	illiquid
2023	0,626	2 x	illiquid

Based on the table above, it can be seen that the current ratio value of PT Kimia Farma Tbk from 2022 to 2023 has decreased by 0.433 times, with a large ratio in 2022 of 1.059 and in 2023 of 0.626. When viewed in 2021, the current ratio value is greater, namely 1.385, thus there is a decrease in the current ratio from 2021 to 2022, this decrease is due to current assets and cash and cash equivalents which have decreased, especially in cash and cash equivalents which have decreased significantly, namely 1,320,351. 948 besides that current debt from 2022 to 2023 has increased by 1,378,878,166 in thousands of rupiah, when compared to the industry standard of 2 times, it can be said that the current ratio of PT Kimia Farma Tbk is in an illiquid state, which means that the company does not have sufficient assets to cover its short-term liabilities. Efforts made by the company to produce a current ratio value by increasing cash sales, reducing bad debts and reducing non-essential costs.

(Cash Ratio Calculation Analysis Results)

Year	Cash Ratio	Industry Standard	Category
2022	0,268	0,5-1	illiquid
2023	0,088	0,5-1	illiquid

Based on the table above, the Cash Ratio of PT Kimia Farma Tbk from 2022 to 2023 also decreased by 0.179 times, seen in 2021 the cash ratio value was at 0.164, which means that this value has increased until 2022 but is still below the standard. In 2023, it experienced a significant decrease with a cash ratio value of 0.088, this was due to a decrease in cash and cash equivalents while current liabilities increased. When compared to the industry standard of 0.5-1 times, the cash ratio of PT Kimia

Farma Tbk shows an illiquid condition indicating that the company faces potential challenges in meeting its short-term obligations with only available cash and cash equivalents. Efforts to generate maximum cash, the company can accelerate the collection of receivables, reduce accounts receivable inventory, increase sales and sell assets that are no longer productive.

SOLVENCY RATIO

(Results of Debt to Asset Ratio Calculation Analysis)

Year	DAR	Industry Standard	Category
2022	54%	35%	unsolvable
2023	64%	35%	unsolvable

Based on the table above, it can be seen that the Debt to Asset Ratio value of PT Kimia Farma Tbk from 2022 to 2023 has increased by 9% with DAR in 2022 amounting to 54% and DAR in 2023 amounting to 64%, seen in 2021 the DAR value is at 59%, this value is greater than in 2022 because the asset value in 2021 is smaller than in 2022, in 2022 to 2023 it increased because total debt increased while assets decreased, when compared to the industry standard of 35%, it can be said that the Debt to Asset Ratio of PT Kimia Farma cannot be solved. In order for the DAR value to be in good condition the company can increase its assets, increase revenue, reduce expenses and condition debt.

(Result of Debt to Equity ratio Calculation Analysis)

Year	DER	Industry Standard	Category
2022	118%	80%	unsolvable
2023	175%	80%	unsolvable

Based on the table above, the Debt to Equity Ratio from 2022 to 2023 also increased by 57%, DER in 2022 was 118%, in 2023 it was 175%, seen in 2021 the DER value was at 145%, meaning that it experienced the same increase as in 2022 to 2023. This increase is due to the increase in debt while total capital has decreased. When compared to the industry standard of 80%, the DER of PT Kimia Farma Tbk can be said to be unhealthy. In this case, the company needs to increase capital such as issuing new shares to attract investors, increase profitability, restructure debt, and manage cash flow better.

ACTIVITY RATIO

(Result of Working Capital Turnover Calculation Analysis)

Year	WCTO	Industry Standard	Category
2022	20,414	6 x	ineffective
2023	2,829	6 x	ineffective

Based on the table above, it shows that the working capital turnover of PT Kimia Farma Tbk from 2022 to 2023 has increased by 0.208 with a WCTO value of 1.159 in 2022 and 1.367 in 2023. Meanwhile, in 2021 the value is smaller than in 2022 and 2023, which is 1.080 times, when compared to the industry standard of 6 times this value is still below the industry standard and it can be said that PT Kimia Farma's WCTO is in an inefficient condition, which means that the company's performance can be assessed as poor, which means that the company in using its working capital is less effective in generating sales in that period. To produce maximum WCTO, the company can increase sales, manage inventory more efficiently and accelerate collection of receivables and manage its obligations.

(Total Asset Turnover Calculation Analysis Results)

Year	TATO	Industry Standard	Category
2022	0,344	2 x	ineffective
2023	0,341	2 x	ineffective

Based on the table above, the turnover of total assets from 2022 to 2023 can also be said to be stable, the increase is only 0.02 with the results of TATO in 2022 of 0.050 and in 2023 of 0.525, when compared to 2021 the value is at 0.43 but this figure is still less than the industry standard of 2 times, so that the turnover of total assets of PT Kimia Farma Tbk can be said to be inefficient, which means that the company has not been able to maximize its assets. To produce maximum TATO, the company needs to increase sales, optimize the use of assets, improve sales efficiency and focus on products that generate higher margins.

E. CONCLUSION

Summary

The conclusion of this study is that the financial performance of PT Kimia Farma in 2022-2023 is in a category that is not good as seen from the return on assets, return on equity, current ratio, cash ratio, debt to assets ratio, debt to equity ratio, working capital turnover and total assets turnover because the value is below the established industry standards, the analysis of financial performance carried out is very important to determine the company's financial health and as decision making, goodfinancial performance will give a good impression as a company value and attract investors.

Therefore, researchers suggest that companies are able to reduce costs incurred by streamlining operations or optimizing production, besides that companies are also advised to increase business income through sales and other income by selling unproductive fixed assets and increasing equity.

Suggestions

- Suggestions for further researchers are expected to use the object of more than one company, because in the health sub-sector there are 10 companies listed on the Indonesia Stock Exchange (IDX) that can be studied.
- Suggestions for further researchers add the number of year periods so that the results obtained are more generalized.
- Future researchers should use all existing ratios so that the results are even better in determining financial performance by assessing further performance.

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