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### Financial Ratio Analysis of PT Soho Global Health, Tbk's Corporate Performance For 2019-2021

Novita Syarifah Nur<sup>1\*</sup>, Febri Anggini<sup>2</sup>, Velissa Nadia Suciyanti<sup>3</sup>

<sup>1,2,3</sup> Faculty of Economics and Business, Universitas Muhammadiyah Riau

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#### ABSTRACT

*Financial ratio analysis is a method of evaluating company performance that uses comparative data contained in financial statements, such as balance sheet statements, income statements, and cash flow statements. Financial ratios provide an overview of a company's financial health, operational efficiency, rate of return on investment, and the company's ability to meet financial obligations. This study aims to analyze the performance of PT Soho Global Health, Tbk from 2019-2021. The object of our research focuses on the 2019-2020 financial reports of PT Soho Global Health. This research uses qualitative methods. This data is used to analyze and develop an analysis of liquidity, solvency, profitability and activity ratios. The data collection technique used is a literature study carried out to enrich knowledge about various concepts that will be used as a basis or guideline in the research process. The data analysis technique used is Descriptive Statistical analysis. The liquidity ratio using the current ratio shows a fairly good performance. The solvency ratio using the debt to asset ratio shows the company's performance in a good situation. The profitability ratio using the net profit margin ratio shows that it is in unfavorable condition. The activity ratio using the ratio of total asset turnover which shows quite good performance.*

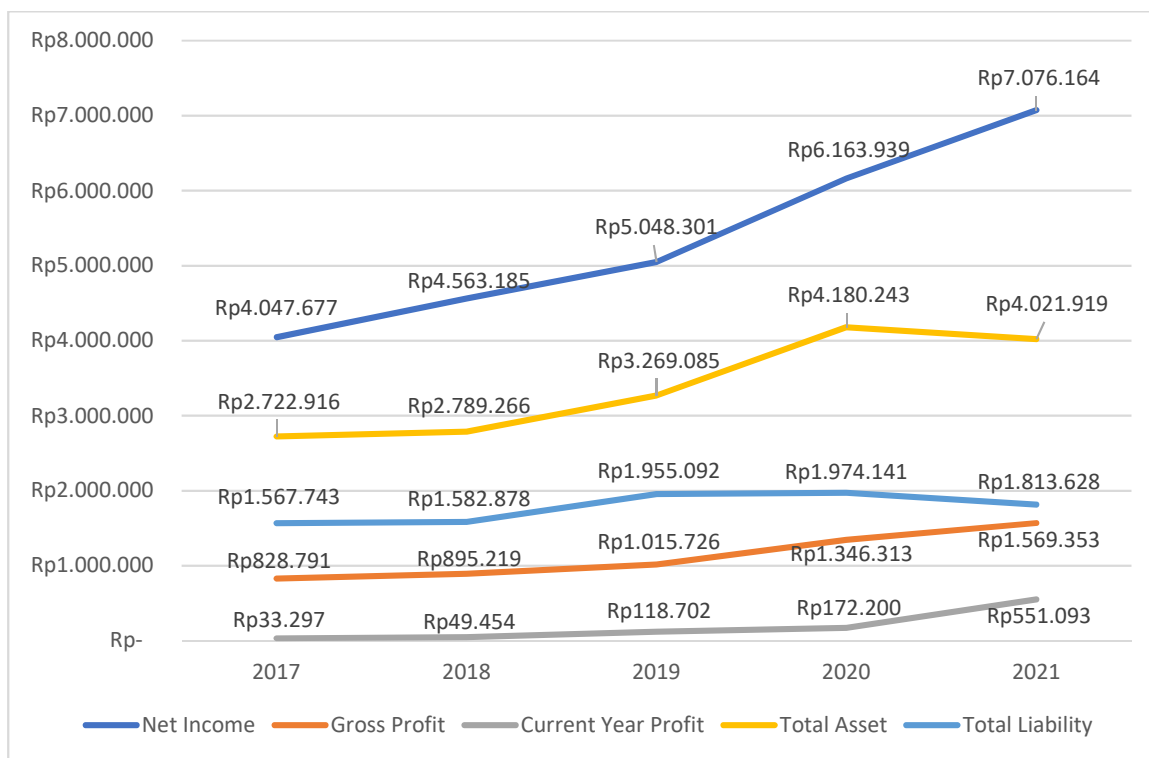
#### INTRODUCTION

Every company must have a goal to generate profits from stakeholders through the company's ability to generate maximum profits and the company can run well and develop. Especially throughout 2022/21, the world has been in the grip of the *coronavirus* pandemic. Around the world many people have died from the virus, economic conditions have suffered, and even livelihoods have been destroyed. For Soho Global Health, these times were challenging, but PT Soho Global Health Tbk managed to get through the pandemic with outstanding performance and at the same time built the foundation to build the growth of PT Soho Global Health, Tbk.

Corresponding Author:

\*Email: [novitasyarifahnur92@gmail.com](mailto:novitasyarifahnur92@gmail.com)

**Graph 1. Growth of PT Soho Global Health Tbk 2017-2021**



Source: data obtained from the annual report of PT Soho Global Health 2021

From the table above, we can see that in 2017 it only earned a profit of IDR 33,297.00 until 2020 it only earned a profit of IDR 172,200.00. PT Soho Global Health Tbk can only earn profits below 200 million for 4 consecutive years. Until 2020 our country was hit by the COVID-19 pandemic which put many companies out of business.

This is not the case for PT Soho Global Health Tbk. In the financial statements of PT Soho Global Health Tbk, it can be seen that the net profit obtained in 2021 was IDR 551,093.00. This means that the company managed to increase profits by 3.2 times or 220% of profits in 2020. So here we as researchers want to analyze and evaluate the performance of the company PT Soho Global Health, Tbk from 2019-2021. In order to see things that must be improved and improved in the future. This analysis is to maintain and ensure the performance of PT Soho Global Health, Tbk.

**LITERATURE REVIEW**

Financial reports do provide an overview of the financial condition of a company at a certain time or within a certain period of time. These financial statements are prepared through an accounting process and include several main components. These financial statements play an important role in the communication of financial information to various interested parties, such as investors, potential investors, company management, creditors, and other parties. Financial statements provide data needed for decision making, such as evaluating a company's financial performance, predicting potential risks, and understanding the company's cash flow.

Financial ratio analysis is a method of evaluating company performance that uses comparative data contained in financial statements, such as balance sheet statements, income statements, and cash flow statements. Financial ratios provide an overview of a company's financial health, operational efficiency, rate of return on investment, and the company's ability to meet financial obligations. Financial analysis has an important role in decision making and company policy development in the later period. Financial analysis helps

management in evaluating the company's financial performance, identifying trends, understanding factors that affect profitability, and measuring the effectiveness of strategies that have been implemented.

A financial ratio analysis is also very important for other parties such as investors and creditors in evaluating the financial health of a company and determining whether they will make investments or loans to the company. Financial ratios provide useful information in measuring a company's financial performance and stability. Some examples of financial ratios often used in analysis include:

Some of the additional benefits of financial ratio analysis are highly relevant. Here is a further explanation of these benefits:

1. Looking at company performance trends: Financial ratio analysis makes it possible to see changes in company performance over time. By comparing financial ratios from period to period, trends can be seen that help in evaluating whether a company's performance is improving or decreasing over time.
2. Evaluation of company resources: Financial ratios can provide insight into the efficient use of company resources such as suppliers, equipment, production processes, and labor. For example, the asset turnover ratio can indicate how efficient a company is in managing and utilizing its assets.
3. Reference for investors: Investors use financial ratio analysis as one of the factors in choosing potential companies to invest in. Financial ratios provide information about a company's financial performance and assist investors in assessing risk and potential return on investment.
4. Considerations for creditors: Creditors, such as banks or other financial institutions, use financial ratio analysis in evaluating a company's ability to repay loans. Financial ratios assist creditors in assessing credit risk and determining whether a company is worth getting a loan.
5. Evaluate the effectiveness of the company's strategy: Financial ratio analysis can help evaluate the effectiveness of the strategy that has been implemented by the company. For example, profitability ratios and sales growth ratios can provide an indication of the extent to which a company's growth strategy is working.
6. Competitiveness analysis: Financial ratios allow comparison of a company's performance with competitors in the same industry. By comparing financial ratios with competitors, the company can evaluate its internal strengths and competitiveness capabilities.
7. Reference for internal audit: Financial ratio analysis can also be used as a reference in internal audit. Financial ratios can help in identifying potential financial, operational, or other risks that need to be examined further in the audit process.
8. Determination of the fair value of profits: Financial ratio analysis can help in assessing whether the profits earned by the company are proportional to the financial performance and risks faced. The profitability ratio and return on capital ratio can be used to evaluate the fairness of the company's profits compared to the level of risk taken.

Overall, financial ratio analysis provides many benefits in evaluating a company's financial performance and making decisions related to investment, credit, strategy, and management of the management system. Types of financial ratio analysis include liquidity ratio, solvency ratio, profitability ratio, and activity ratio.

### **Liquidity ratio**

Liquidity ratios, such as the current ratio and quick ratio, help assess a company's ability to meet its short-term obligations. Investors and creditors usually want to see a company with sufficient liquidity to meet its financial obligations.

$$\text{CURRENT RATIO} = \frac{\text{Current Assets}}{\text{Current Debt}}$$

A good current ratio shows the company's ability to pay its short-term debt with its current assets. The current ratio is calculated by dividing total current assets by total current debt. If the current ratio is 1:1 or 100% (1x), it means that the company's current assets are sufficient to cover its current debt. Usually, the current ratio that is considered healthy is above 1x or above 100%. This indicates that the company has enough current assets to pay off its short-term debt. A high current ratio indicates good liquidity and a lower tendency towards late payment risk.

However, keep in mind that each industry has different characteristics and needs. The current ratio that is considered healthy can vary depending on the industry and context of the company. It is important to compare the current ratio with similar companies in the same industry and consider other factors in a thorough financial analysis. A high current ratio is usually considered better because it indicates a company's ability to repay short-term debt with its current assets. Thus, the higher the current ratio, the more liquid and able to pay the company's debt. This gives creditors and investors confidence that the company can meet its financial obligations. So, in this case, a higher current ratio is preferred by creditors and investors.

### **Solvency Ratio**

Solvency ratios, such as debt-to-asset ratios, help assess a company's ability to meet its long-term financial obligations. Investors and creditors want to make sure that the company has a healthy level of solvency and is not overburdened by debt.

$$\text{DEBT TO ASSET RATIO} = \frac{\text{Total Debt}}{\text{Total Assets}}$$

If the value of the ratio is smaller, the better (solvable) in meeting long-term financial obligations and favored by creditors and investors.

### **Profitability Ratio**

The profitability ratio describes the level of profit a company generates in relation to its sales, assets, or equity. Some examples of profitability ratios include gross profit margin, operating profit margin, and net profit margin.

$$\text{NET PROFIT MARGIN} = \frac{\text{Net Profit}}{\text{Sales}}$$

Profitability ratios, such as the ratio of net profit to sales (net profit margin) provide an idea of a company's ability to make a profit from its operations. Investors and creditors are attracted to companies that have a high level of profitability and are able to provide good returns. The ratio calculates a percentage of each residual sale after deducting all costs and expenses, including interest and taxes. Simply put, this ratio measures the level of the company's ability to get net profit. If the value of this ratio is greater, it means that this shows the better the financial performance achieved by a company.

### **Activity Ratio**

In the context of financial ratio analysis, the terms "activity ratio" or "utility ratio" refer to ratios that assess the efficiency of a company's use of assets. These ratios provide insight into the extent to which the company is able to manage and utilize its assets to achieve profitable results. Understanding management ratios or activity ratios as explained by Brigham & Houston (2013) emphasizes the importance of using company assets to achieve economic benefits. The activity ratio can provide information about how efficiently the company manages its assets, including how the company utilizes those assets to generate profits for shareholders.

$$\text{ACTIVITY RATE} = \frac{\text{Sales}}{\text{Total Assets}}$$

Asset turnover ratio: This ratio measures how efficiently a company uses its assets to generate revenue. The higher the asset turnover ratio, the more efficient the company is in generating revenue from each unit of assets owned. By analyzing activity ratios, company management can assess the efficiency of asset use and identify areas where the company can improve its performance. The activity ratio also provides valuable information for investors and creditors to understand how the company manages its assets in order to achieve optimal economic returns.

Financial ratio analysis helps stakeholders, such as company owners, investors, and creditors, in understanding the company's performance and making decisions related to investment or lending. It is important to understand that financial ratio analysis should be done carefully, taking into account the context of the industry, comparisons with competitors, and historical trends of the company to gain a more comprehensive understanding of financial performance. In the context of financial ratio analysis, it is important to understand each ratio specifically and relate it to the condition of the company and the industry in which the company operates. The exact interpretation will depend on those factors.

## METHODS

This research uses qualitative methods. Qualitative research method is a type of method that is descriptive and uses a lot of analysis. In qualitative research, the theoretical foundation will be used by researchers as a guide so that the research process can be more focused and in accordance with the facts in the field. Qualitative research methods according to Sugiyono (2018, p. 213) are research methods based on the philosophy of postpositivism, which is used to examine scientific conditions where the researcher himself is the instrument, data collection techniques and qualitative analysis are more pressing on meaning.

The qualitative data used in this study is in the form of the annual report of PT Soho Global Health Tbk 2019-2021. This data is used to analyze and develop an analysis of liquidity, solvency, profitability and activity ratios. In assessing the performance of the company PT Soho Global Health, Tbk. the data source used is secondary data. Secondary data is data obtained or collected by people who conduct research from existing sources (Hasan, 2002: 58). This research data was obtained from the annual report of PT Soho Global Healty in the form of financial statement data which includes the balance sheet and income statement for 2019-2021.

The data collection technique used is a literature study carried out to enrich knowledge about various concepts that will be used as a basis or guideline in the research process (According to Martono (2011: 97). Literature studies in this data collection technique are a type of secondary data used to help the research process, namely by collecting information contained in newspaper articles, books, and scientific papers in previous research.

The data analysis technique used is Descriptive Statistical analysis (Sugiyono, 2014). Financial ratio analysis is a tool to measure company performance based on comparative data written in financial statements such as balance sheet statements, profit and loss, and cash flow in a certain period.

## RESULTS AND DISCUSSION

Liquidity Ratio Analysis of PT Soho Global Health Tbk for 2019-2021 (in millions of rupiah)

**Table 1. Liquidity Ratio Calculation**

Year	Current Assets	Current Debt	Current Ratio
2019	2,377,771	1,833,791	1,30
2020	3,405,989	1,797,440	1,89
2021	3,341,171	1,654,049	2,02
Average			1,74
Industry Standard			2

Source : processed data (2023)

It can be known that the current ratio of PT Soho Global Health in 2019 is 1.30 which means that every current debt of IDR 1.00 is guaranteed by current assets of IDR 1.30. The current ratio in 2020 is 1.89, which means that every current debt of IDR 1.00 is guaranteed by assets of IDR 1.89. The current ratio in 2021 is 2.02, which means that every current debt of IDR 1.00 is guaranteed by assets of IDR 2.02.

The current ratio of PT Soho Global Health Tbk from 2019-2021 experienced an increase where in 2019 to 2020 it increased by 0.59 and in 2020 to 2021 it had an increase of 0.13. The increase in the current ratio was caused by the company's Current Debt decreasing, which in 2021 decreased by 8% and in 2020 decreased by 2%. The decrease in current debt was mainly due to a decrease in trade debt, which was partially offset by an increase in accrual expenses. The liquidity ratio value of PT Soho Global Health Tbk for 2019-2021 if the average becomes 1.74. Liquidity ratios, such as the current ratio and quick ratio, help assess a company's ability to meet its short-term obligations. When referring to the industry standard current ratio is 200% or 2 times (Kasmir, 2017), then PT Soho Global Health performs quite well even though it is still below the industry standard but at least the average value of the ratio is above 1.5.

Analysis of Solvency Ratio of PT Soho Global Health Tbk for 2019-2021 (in millions of rupiah)

**Table 2. Solvency Ratio Calculation**

Year	Debt	Assets	Debt to Asset Ratio
2019	1,955,092	3,269,085	0,59
2020	1,974,141	4,180,243	0,47
2021	1,813,628	4,021,919	0,45
Average			0,50
Industry Standard			0,35

Source: processed data (2023)

Based on the table above, it can be seen that the ratio of debt to assets of PT Soho Global Health Tbk in 2019 is 0.59, which means that every IDR 1.00 the company's total assets are financed by debt of IDR 0.59. The debt to asset ratio in 2020 was 0.47, which means that every IDR 1.00 the company's total assets are financed by debt of IDR 0.47. The debt to assets ratio in 2021 is 0.45, which means that every IDR 1.00 the company's total assets are financed by debt of IDR 0.45.

The solvency ratio using the ratio of debt to assets experienced a decrease in 2019-2021, the value of PT Soho Global Health's Solvency Ratio in 2019-2021 if averaged to 0.50. Solvency ratios, such as debt-to-asset ratios, help assess a company's ability to meet its long-term financial obligations. From 2019-2021, PT Soho Global Health's company

performance is below the industry standard which has a value of 0.35 (Kasmir, 2017). This means that the debt-to-asset ratio of PT Soho Global Health Tbk is in a good situation, because. If the ratio number is smaller, the better (solvable) and preferred by creditors and investors. Therefore, it is possible for the company to be able to refinance its debts because the company can meet its obligations through the assets it has.

Profitability Ratio Analysis of PT Soho Global Health Tbk for 2019-2021 (in millions of rupiah)

**Table 3. Calculation of Profitability ratio**

Year	Net Profit	Sales	Net Profit Margin
2019	118.702	5.048.301	0,0235
2020	172.200	6.163.939	0,0267
2021	551.093	7.076.164	0,0778
Average			0,043
Industry Standard			2

Source: processed data (2023)

Based on the table above in 2019, we can know that every 1 rupiah of sales of PT ohoGlobal Health Tbk can generate a profit of 0.0235 Rupiah. In 2020, we can know that every 1 rupiah of PT Soho Global Health's sales can generate a profit of 0.0267 Rupiah. In 2021, we can know that every 1 rupiah of sales of PT Soho Global Health Tbk can generate a profit of 0.0235% Rupiah.

The Profitability Ratio using PT Soho Global Health Tbk's net profit margin for 2019-2021 tends to decrease. However, from a comparison for 3 years. From 2019 to 2021 there was an increase in the profit margin ratio, this shows that PT SOHO is able to increase total net profit. Viewed from 2019 to 2020, it has an increase in the Profit Margin ratio of 0.044. And in 2020 against 2021 it has an increase in the Gross Margin ratio of 0.0511. The profitability ratio increases due to the increase in the value of profit after tax owned by PT Soho Global Health Tbk. The profitability ratio describes the level of profit that a company generates in relation to its sales, assets, or equity. PT Soho Global Health Tbk from 2019-2021 has an average of 0.43. In this case, it means that the net profit margin at PT Soho Global Health Tbk is in poor condition because it is below the industry standard which has a value of 2 times.

Analysis of PT Soho Global Health Tbk's Activity Ratio for 2019-2021 (in millions of rupiah)

**Table 4. Activity Ratio Calculation**

Year	Sales	Assets	Asset Turnover Ratio
2019	5.048.301	3,269,085	1,54
2020	6.163.939	4,180,243	1,47
2021	7.076.164	4,021,919	1,76
Average			1,59
Industry Standard			2

Source: processed data (2023)

Based on the results of the table above, it is known that the asset turnover of PT Soho Global Health Tbk in 2019 was 1.54, this means that every IDR 1.00 of funds embedded in the assets generates sales of IDR 1.54. The asset turnover ratio in 2020 of 1.47 means that every IDR 1.00 of funds embedded in assets generates sales of IDR 1.47. The asset turnover ratio in 2021 is 1.76, which means that every IDR 1.00 of funds embedded in assets generates sales of IDR 1.76.

The activity ratio at PT Soho Global Health Tbk, which uses the calculation of total asset turnover in 2019-2021, tends to experience sufficient conditions even though in 2020 there was a decline. In 2020, there was a decrease due to the high number of total assets. These ratios provide insight into the extent to which the company is able to manage and utilize its assets to achieve profitable results.

The average value of PT Soho Global Health's activity ratio which uses the calculation of asset turnover has a value of 1.59 where in the industry the total asset turnover ratio is 2 times (Cashmere, 2017) with this means that it shows the performance of PT Soho Global Health Tbk which is quite good, this is because the management is quite qualified in collecting sufficient sales of the total assets owned by the company.

## CONCLUSION

From the results of the discussion above, the performance of PT Soho Global Health Tbk can be concluded that: *First*, the liquidity ratio using the current ratio shows that the average ratio of PT Soho Global Health in 2019-2021 performed quite well even though it was still below industry standards but at least the average ratio value was above 1.5. *Second*, The solvency ratio using the debt to asset ratio at PT Soho Global Health Tbk in 2019-2021 shows that the company's performance is in a good situation. *Third*, the profitability ratio using the net profit margin ratio at PT Soho Global Health Tbk for 2019-2021 shows that it is in poor condition because it has an average value that is still below industry standards. And companies do not need to reduce unnecessary costs and companies must further increase the value of their profits. *Fourth*, the activity ratio using the total asset turnover ratio shows that PT Soho Global Health Tbk's performance in 2019-2021 is quite good, this is because the management is quite qualified in collecting sufficient sales for the company's total assets.

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