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Assessing Financial Performance Through Ratio Analysis: A Study on PT Unilever Indonesia Tbk

Florentina Bulolo¹, Puspita Rama Nopiana^{2*}

^{1, 2}Accounting Departement, STIE Galileo, Batam Indonesia

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ABSTRACT

The purpose of this research is to analyze financial performance using liquidity ratios (Current Ratio and Cash Ratio), solvency (Debt to Assets Ratio and Debt to Equity Ratio), profitability (Return on Investment and Return on Equity), and activity (Asset Turnover and Fixed Asset Turnover) at PT Unilever Indonesia Tbk. for the period 2019–2024. The research method used is a quantitative descriptive method, which explains and provides an overview of a phenomenon from numerical data listed in the financial statements for 6 consecutive years. The results of the study indicate that PT Unilever Indonesia Tbk. has excellent profitability and asset efficiency, this can be seen from the ROI, ROE, TAT, and FAT values that are above industry standards. However, in terms of liquidity, the Current Ratio is below standard, even though the Cash Ratio is very high. This is due to sufficient cash capacity to meet short-term obligations. Meanwhile, a high solvency ratio indicates the company dependence on debt, so financial risks need to be managed more carefully. This research provides an empirical picture of the strengths and weaknesses of the company financial performance and can be the basis for management strategies in optimizing capital structure, increasing liquidity, and maintaining asset efficiency in a sustainable manner.

1. INTRODUCTION

The Fast-Moving Consumer Goods (FMCG) industry plays a strategic role in the Indonesian economy due to its dynamic characteristics and rapid growth (PwC Indonesia, 2023). Products produced by this sector cover a variety of basic needs, such as food, beverages, personal care products, and household supplies, which are generally consumed routinely and at affordable prices (Euromonitor International, 2022). The FMCG sector's contribution is not only evident in the increase in Gross Domestic Product (GDP) but also in employment across all levels of society (BPS, 2024). In line with increasing urbanization and the expansion of the middle class, consumer consumption patterns have undergone significant changes, so demand for FMCG products remains strong (KPMG, 2023).

Corresponding Author.

*ramanopiana@gmail.com

While the growth opportunities in this industry are significant, FMCG companies must face various risks, such as changes in raw material prices, distribution disruptions, and global economic instability, which can impact operating profits (Deloitte, 2022). High levels of competition also require companies to maintain cost efficiency and optimize financial performance to survive and thrive in the long term (McKinsey & Company, 2023). In this context, financial performance analysis is a crucial tool for measuring a company ability to adapt to changes in the business environment while maintaining profitability (Brigham & Houston, 2019).

Financial performance assessment serves as a primary indicator for assessing the effectiveness of company management in achieving financial targets and maintaining operational efficiency (Brigham & Houston, 2019). This information is typically presented through periodically published financial reports as a form of accountability to internal and external parties, such as investors, creditors, and supervisory authorities. Financial reports serve as the primary source of information for strategic decision-making (Said, 2017). Through documents such as balance sheets, income statements, and cash flow statements, stakeholders can assess the extent to which a company performance aligns with industry expectations and standards (Kieso, Weygandt, & Warfield, 2020).

One of the most widely used approaches to assessing a company financial condition is financial ratio analysis, which measures a company liquidity, solvency, profitability, and activity (Horne & Wachowicz, 2016). Liquidity ratios are used to assess a company ability to meet its short-term obligations and maintain cash flow to maintain operational stability (Gitman & Zutter, 2018). Solvency ratios, on the other hand, provide an overview of a company ability to cover its debt burden, both in the short and long term (Ross, Westerfield, & Jordan, 2019). Profitability ratios illustrate a company effectiveness in managing assets and resources to generate profits (Subramanyam, 2014), while activity ratios indicate a company efficiency in utilizing assets to support increased revenue (Wild, Subramanyam, & Halsey, 2014).

Financial ratio analysis not only plays a crucial role for management in monitoring internal performance, but also serves as a tool for external parties, such as investors and creditors, to assess investment feasibility and financing risks (White, Sondhi, & Fried, 2003). Through this analysis, management can periodically evaluate financial conditions, identify areas requiring improvement, and develop more effective strategies to enhance company performance (Hutabarat, 2020). Significant changes or decreases in ratio values can signal inefficiencies, changes in cost structure, or adjustments to business strategy (Penman, 2012).

Thus, the application of financial ratio analysis is a key instrument in assessing a company ability to manage resources and adapt to the dynamics of the business environment (Horne & Wachowicz, 2016). Each group of ratio liquidity, solvency, profitability, and activity provides a comprehensive picture of a company financial stability and capacity for sustainable growth (Gitman & Zutter, 2018). In addition to providing benefits for internal management, the results of this analysis also serve as an important reference for investors, creditors, and other stakeholders in assessing the company performance and future financial prospects (Ross, Westerfield, & Jordan, 2019).

PT Unilever Indonesia Tbk. (UNVR) is a major company operating in the *Fast-Moving Consumer Goods* (FMCG) sector and is listed on the Indonesia Stock Exchange (IDX). In carrying out its business activities, the company faces various financial challenges influenced by fluctuations in global commodity prices, movements in foreign exchange rates, and changes in consumer consumption patterns (Unilever Indonesia Annual Report, 2024). As a major player in the FMCG industry, Unilever Indonesia's financial performance has a significant impact on investor perceptions and the stability of the Indonesian capital market.

An overview of the company sales and net profit growth over the past five years can be seen in the following table:

**Table 1. Net Sales and Net Profit Growth
PT Unilever Indonesia Tbk. Period 2019-2024**

Year	Net Sales (Rp T)	Sales Growth (%)	Net Profit (Rp T)	Profit Growth (%)
2019	42.9	—	7.39	—
2020	43.0	+0.2%	7.16	-3.1%
2021	39.55	-8.1%	5.76	-19.6%
2022	41.22	+4.2%	5.36	-6.9%
2024	35.14	-14.8%	3.37	-37.1%

Source: www.idx.co.id (2025)

Based on the data in Table 1, it can be seen that the sales and profit development of PT Unilever Indonesia Tbk. has shown a fluctuating trend with a downward trend in recent years. In 2019, net sales were recorded at IDR 42.9 trillion, with net profit reaching IDR 7.39 trillion. However, since the outbreak of the COVID-19 pandemic in 2020, the company financial performance began to be depressed due to declining consumer purchasing power, changes in consumption behavior, and disruptions to the global supply chain. This condition continued into 2021, when sales fell to IDR 39.55 trillion, with net profit of only IDR 5.76 trillion. Despite a recovery in 2022, the company performance weakened again due to rising inflation, rising raw material prices, and higher logistics costs. Furthermore, in the 2023–2024 period, a boycott movement emerged against several multinational companies' products, including Unilever, linked to global geopolitical issues. This phenomenon has resulted in a decline in brand image and decreased sales volume in several domestic market segments.

Previous research conducted by (Rahmawati and Putra, 2019) and (Sari, 2020) focused on analyzing profitability and liquidity ratios without including activity and solvency ratios in measuring overall financial performance. In fact, both ratios play a crucial role in assessing the effectiveness of asset management and a company ability to meet long-term obligations. The findings of (Rahmawati and Putra, 2019) indicate that liquidity significantly impacts the financial performance of FMCG companies because adequate cash levels reflect operational efficiency. However, these results differ from research by (Sari, 2020), which states that excessively high liquidity levels can actually reduce profitability due to underutilized cash.

Furthermore, According to previous research, (Sariyana, et al., 2016) and (Negasa, 2016), concluded that liquidity has a negative and partially significant effect on profitability. Different results were obtained from the results of research conducted by (Ambarwati et al., 2015), (Ratnasari and Budiyanto, 2016), stating that liquidity has a positive but not significant effect on profitability. Conversely, research (Hutabarat, 2020) shows that proportional use of leverage can actually increase *Return on Equity* (ROE) through the capital multiplier effect. However, (Wulandari, 2023) offers a different view, stating that increased activity does not always have a positive impact on profitability if there is excess production capacity or decreased market demand.

Based on these findings and the current situation at PT Unilever Indonesia Tbk. it can be concluded that most previous studies are limited to the period before the COVID-19 pandemic, thus not covering the impact of global economic changes, inflationary pressures, rising raw material costs, and the impact of boycotts on international products. Therefore, this study aims to fill this gap by conducting a comprehensive evaluation of PT Unilever Indonesia

Tbk. financial performance using liquidity, solvency, profitability, and activity ratios for the period 2019–2024.

2. LITERATURE REVIEW

Financial Performance

Financial performance is a key indicator that illustrates the extent to which a company has successfully achieved its economic goals, particularly in generating profits and maintaining operational sustainability. According to Brigham and Houston (2019), financial performance reflects management effectiveness in managing assets, liabilities, and capital to achieve optimal results. Meanwhile, Harahap (2018) explains that financial performance is the result of the process of managing a company financial resources to achieve specific goals through the efficient management of assets, liabilities, and capital. In general, financial performance serves as a tool to assess management effectiveness and efficiency in utilizing its economic resources. Companies with good financial performance generally demonstrate high levels of profitability, healthy liquidity conditions, and a stable solvency structure.

According to Kasmir (2019), financial analysis is the process of reviewing financial statements by comparing their items to identify a company strengths and weaknesses. In the context of this research, financial analysis is conducted by measuring four main ratio groups: liquidity, solvency, profitability, and activity, as a basis for assessing a company financial performance, both for internal management and external parties such as investors and creditors.

Liquidity Ratio in Improving Financial Performance

Liquidity ratios are closely related to a company ability to meet its short-term obligations. A good level of liquidity indicates that a company has effective cash management and is able to maintain smooth operations without experiencing financial difficulties (Fahmi, 2020). Adequate liquidity also increases investor and creditor confidence because the company is deemed capable of meeting its financial commitments on time. However, Munawir (2019) warns that excessive liquidity can negatively impact profitability, as some current assets are not utilized productively. Therefore, management needs to balance liquidity and profitability levels to maintain optimal financial performance. In the context of PT Unilever Indonesia Tbk. liquidity ratio analysis is used to assess the extent to which the company is able to manage cash and current assets to finance operations and meet obligations to external parties efficiently.

Solvency Ratio in Improving Financial Performance

The solvency ratio reflects a company ability to meet its long-term obligations and maintain a healthy capital structure. According to Harahap (2018), ideal solvency indicates good financial stability and increases investor confidence in the company. However, a solvency ratio that is too high due to excessive debt can degrade financial performance due to increased interest expenses. Furthermore, Lestari (2023) found that a moderate *Debt-to-Equity Ratio (DER)* can actually increase *Return on Equity (ROE)* because borrowed funds are used productively to expand business activities. Conversely, excessive debt will reduce profitability and increase financial risk.

Furthermore, Hery (2021) emphasized that efficient asset management is a crucial factor related to a company solvency and financial performance. In the case of PT Unilever Indonesia Tbk. the ability to manage assets effectively is crucial given the company extensive distribution network and supply chain. Proper management of inventory, receivables, and fixed assets can help the company maintain operational efficiency and long-term financial stability.

Profitability Ratios in Improving Financial Performance

Profitability ratios measure a company ability to generate profits from its operational activities. According to Horne and Wachowicz (2016), a high level of profitability indicates management's efficiency in utilizing assets and a company competitive advantage in the market. Gibson (2019) states that profitability ratios are a key indicator of management's success in optimally managing financial and operational resources. Meanwhile, Subramanyam (2014) asserts that increased profitability reflects the effectiveness of a company strategy in creating added value for shareholders.

In the context of PT Unilever Indonesia Tbk. stable profitability demonstrates the company success in controlling costs, maintaining product innovation, and strengthening its competitive position in the domestic market (Ross, Westerfield, & Jordan, 2021). Therefore, the profitability ratio is used as a primary benchmark to assess a company success in achieving its financial goals while maintaining investor confidence and share price stability in the capital market. Previous research used as a reference in this study can be seen in the following table:

Table 2. Previous Research

No	Researcher & Year	Research Title	Variable / Focus	Research methods	Research result	Differences with Research conducted
1	Lestari, D. (2021)	The Influence of Liquidity, Profitability, and Solvency Ratios on Financial Performance of Manufacturing Companies on the IDX	Liquidity, Profitability, Solvency, Financial Performance	Quantitative; Multiple Linear Regression Analysis	Profitability has a significant positive effect on financial performance.	This study adds activity ratios to see operational efficiency towards the performance of PT Unilever Indonesia Tbk.
2	Saladin, H., & Damayanti, R. (2019)	Liquidity (CR, QR) and solvency (DAR, DER) ratios	Liquidity, Solvency	Comparative	ratio analysis; results indicated weak liquidity and high leverage.	Your study may expand variables and use more recent data.
3	Fitriani, N. (2023)	Financial Ratio Analysis at PT Unilever Indonesia Tbk. for the 2018–2022 Period	Liquidity, Profitability	Comparative Descriptive	Unilever's profitability ratios are stable, liquidity has decreased slightly.	This research is complemented by solvency and activity analysis for a more comprehensive performance assessment.
4	Rahmawati & Dewi (2020)	The Influence of Financial Ratios on Company Value in the Manufacturing Sector	Solvency, Activity, Company Value	Quantitative; Panel Regression Analysis	Activities have a positive impact on company value.	This study focuses on the direct influence of activity ratio on financial performance.
5	Susanto (2021)	Financial Performance Analysis of FMCG Companies in	Liquidity, Profitability, Solvency	Descriptive Quantitative	Profitability is high, solvency varies across	This study highlights a detailed analysis of PT Unilever Indonesia Tbk. as a major

Indonesia Using Financial Ratios FMCG representative of the companies. FMCG sector.

Source: Various Research Journals, (2025)

3. RESEARCH METHOD

This study uses a quantitative descriptive approach, a method that aims to provide an overview or explanation of a phenomenon based on numerical data sourced from the company financial statements. This approach was chosen because the study does not focus on hypothesis testing or analyzing causal relationships between variables, but rather focuses on assessing and describing the financial performance of PT Unilever Indonesia Tbk. during the 2019–2024 period through an analysis of financial ratio calculations.

The type of data used in this study is secondary data, obtained from the annual financial report of PT Unilever Indonesia Tbk. which has been officially published through the Indonesia Stock Exchange (IDX) and the company official website. The data includes the profit and loss statement, balance sheet, and statement of changes in equity during the study period. The analysis was conducted using eight financial ratio indicators grouped into four main categories, namely: (1) liquidity ratios, consisting of the Current Ratio (CR) and Cash Ratio (CaR); (2) solvency ratios, which include the Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER); (3) profitability ratios, which are measured through Return on Assets (ROA) and Return on Equity (ROE); and (4) activity ratios, which include Total Assets Turnover (TAT) and Fixed Assets Turnover (FAT). The operational definition of each variable is explained in the following table:

Table 3. Definition of Research Variables

No.	Variables	Variable Definition	Formula	Source
1	Liquidity	Measuring the company ability to meet short-term obligations with its current assets.	$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$	Cashmere (2020)
		Describes the company ability to pay off short-term liabilities with available cash and cash equivalents.	$\text{Cash Ratio} = \frac{\text{Cash} + \text{Cash Equivalents}}{\text{Current Liabilities}}$	Harahap (2021)
2	Solvency	Measures the extent to which a company total assets are financed by its total liabilities.	$\text{Debt to Asset Ratio} = \frac{\text{Total Debt}}{\text{Total Assets}} \times 100\%$	Brigham & Houston (2019)
		Measures the ratio between total liabilities and equity.	$\text{Debt to Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Total Equity}} \times 100\%$	Horne & Wachowicz (2018)
3	Profitability	Describes the company ability to generate profits from all assets used.	$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Total Assets}} \times 100\%$	Cashmere (2020)
		Measures the company ability to generate net profit from its own capital invested by shareholders.	$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Total Equity}} \times 100\%$	Gitman (2018)

4	Activity	Measures the effectiveness of using a company total assets to generate sales.	$\text{Total Assets Turnover} = \frac{\text{Net Sales}}{\text{Total Assets}}$	Harahap (2021)
		Measuring the effectiveness of the use of fixed assets in generating sales.	$\text{Fixed Assets Turnover} = \frac{\text{Net Sales}}{\text{Fixed Assets}}$	Brigham & Houston (2019)

Furthermore, it is also explained that the results of the criteria standard ratio finance Which used in evaluate performance company finances as follows:

Table 4. Standard Ratio Criteria

Ratio	Criteria	Standard Ratio
Liquidity		
Current Ratio (CR)	Very Good	>2.0
	Good	1.0 - 1.99
	Not enough Good	<1.0
Cash Ratio (CaR)	Very Good	>0.5
	Good	0.2 - 0.49
	Not enough Good	<0.2
Ratio Solvency		
<i>Debt to Assets Ratio</i> (DAR)	Very Good	<0.5
	Good	0.5 – 0.69
	Not enough Good	>0.7
<i>Debt to Equity Ratio</i> (DER)	Very Good	<1.0
	Good	1.0 – 2.0
	Not enough Good	>2.0
Ratio Profitability		
Return on Investment (ROI)	Very Good	>0.15
	Good	0.10 – 0.15
	Not enough Good	<0.10
Return on Equity (ROE)	Very Good	>1.5
	Good	1.0 – 1.5
	Not enough Good	<1.0
Ratio Activity		
Total Assets Turnover (TAT)	Very Good	>2.0
	Good	1.0 – 2.0
	Not enough Good	<1.0
Fixed Assets Turnover (FAT)	Very Good	>2.0
	Good	1.0 – 2.0
	Not enough Good	<1.0

Data source: Fahmi (2015)

Based on the financial ratio indicators and standard measurement criteria explained previously, the analysis of PT Unilever Indonesia Tbk. financial performance will be conducted in accordance with the company actual conditions. In the financial statement analysis process, four main ratio groups are used: liquidity, solvency, profitability, and activity ratios, to provide a comprehensive assessment of the company financial position. The purpose of this analysis is to assess the company ability to meet short-term and long-term obligations, as well as to measure the company level of effectiveness in generating profits. Through the results of this analysis, it is hoped that a comprehensive picture of the company financial condition will be obtained, as well as the extent to which PT Unilever Indonesia Tbk. financial performance reflects efficiency, stability, and sustainability in carrying out its operational activities.

4. RESULTS

Liquidity Ratio Analysis

The analysis of PT Unilever Indonesia Tbk. financial statements in this study begins with a liquidity ratio measurement, which aims to assess the company ability to meet its short-term obligations using its current assets. The liquidity ratio in this study is measured using two main indicators: Current Assets (CR) and Current Assets (CAR). Furthermore, the CR explanation is used to indicate the extent to which current assets can cover the company current liabilities.

**Table 6. Current Ratio on PT Unilever Indonesia
2019-2024 period**

<i>(In millions of Rupiah)</i>			
Year	Total Assets	Total Debt	Current Ratio
1	2	3	4 = 2/3
2019	8,530,334 ,-	13,065,308 ,-	0.65
2020	8,828,360 ,-	13,357,536 ,-	0.66
2021	7,642,208 ,-	12,445,152 ,-	0.61
2022	7,567,768 ,-	12,442,223 ,-	0.61
2023	6,191,839 ,-	11,223,968 ,-	0.55
2024	5,280,548 ,-	11,830,201 ,-	0.45
Average	7,340,176.17	12,394,064.67	0.59
Note		Not good	

Source: processed by yourself (2025)

Based on the calculation results in table 6 above, the CR of PT Unilever Indonesia Tbk. during the 2019–2024 period shows a fairly consistent downward trend. The company CR value continues to decline from 0.65 in 2019 to only 0.45 in 2024, with an average of 0.59. This value is below the ideal current ratio standard, which is 2 times, which means that every Rp1 of current liabilities is only covered by Rp0.59 of current assets. This condition illustrates that the company has a low ability to meet its short-term obligations using its current assets. The decline in the ratio from year to year also indicates that the company liquidity is weakening, so attention is needed to manage current assets and current liabilities to maintain the company financial stability. Overall, the current ratio of PT Unilever Indonesia Tbk. during the study period can be categorized as less than good.

Meanwhile, CaR assesses the company ability to pay off short-term liabilities directly using cash and cash equivalents without having to rely on other current assets.

**Table 7. Cash Ratio on PT Unilever Indonesia
2019-2024 period**

<i>(In millions of Rupiah)</i>			
Year	Cash And Equivalent Cash	Total Debt	Cash Ratio
1	2	3	4=2/3
2019	628,649 ,-	13,065,308 ,-	13.57
2020	844,076 ,-	13,357,536 ,-	10.46
2021	325,197 ,-	12,445,152 ,-	23.50
2022	502,822 ,-	12,442,223 ,-	15.05
2023	1,020,598 ,-	11,223,968 ,-	6.07

2024	671,180 ,-	11,830,201 ,-	7.87
Average	665,420.33	12,394,064.67	12.75
Note	Very Good		

Source: processed by yourself (2025)

Based on the calculation results in Table 7 above, it explains that the CaR at PT Unilever Indonesia Tbk. during 2019–2024 had an average value of 12.75%, categorized as very good. This indicates the company ability to meet short-term obligations using available cash and cash equivalents. Although there are fluctuations from year to year, with the highest ratio in 2021 at 23.50% and the lowest in 2023 at 6.07%. This value still indicates that the company has a fairly strong level of liquidity to face current liabilities without having to rely on other current assets. However, this fluctuating trend also needs to be considered, as sharp declines in certain years can reflect inconsistencies in cash management. Overall, PT Unilever Indonesia Tbk. ability to balance cash with its current liabilities is still considered very good, although monitoring is necessary to maintain cash stability in the future.

These two ratios provide important insights into the company liquidity position and short-term cash management efficiency. The liquidity ratio analysis reveals a mixed picture of PT Unilever Indonesia Tbk. ability to meet short-term obligations. The CR is in the poor category, as its value continues to decline and is below ideal standards. This indicates weakening liquidity. However, the CaR shows excellent results, indicating the company still has sufficient cash to cover most of its current liabilities. Overall, the company liquidity remains relatively stable, although improvements in current asset management are needed to maintain short-term financial balance.

Analysis Solvency

The purpose of solvency analysis is to assess a company ability to meet all long-term obligations using its total assets or equity. In this study, DAR and DER indicators will be used to assess this analysis. DAR shows the extent to which a company total assets are financed by debt, thus reflecting the level of financial risk the company faces. PT Unilever Indonesia Tbk. DAR for the 2019-2024 period is as follows:

Table 8. Debt to Assets Ratio on PT Unilever Indonesia 2019-2024 period

<i>(in millions of Rupiah)</i>			
Year	Total Debt	Total Assets	DAR
1	2	3	4=2/3
2019	15,367,509 ,-	20,649,371 ,-	0.74
2020	15,597,264 ,-	20,534,632 ,-	0.76
2021	14,747,263 ,-	19,068,532 ,-	0.77
2022	14,320,858 ,-	18,318,114 ,-	0.78
2023	13,282,848 ,-	16,664,086 ,-	0.80
2024	13,896,928 ,-	16,046,195 ,-	0.87
Average	14,535,445 ,-	18,546,821.67	0.79
Note	Not good		

Source : processed by yourself (2025)

Based on the data in Table 8 above, the DAR ratio of PT Unilever Indonesia Tbk. during the 2019–2024 period shows a consistent increasing trend from 0.74 in 2019 to 0.87 in 2024,

with an average of 0.79. This indicates that approximately 79% of the company total assets are financed by debt, while only approximately 21% comes from equity. This condition indicates a high level of dependence on external funding sources, thus increasing the company financial risk. A higher DAR ratio reflects a company reduced ability to cover long-term liabilities with its assets. Therefore, the solvency ratio of PT Unilever Indonesia Tbk. during this period can be categorized as poor, because it indicates an unhealthy capital structure due to the dominance of debt financing.

Meanwhile, DER reflects the extent to which a company relies on borrowed funds versus equity to run its operations. The DER results in the company financial statements are as follows:

**Table 9. Debt to Equity Ratio on PT Unilever Indonesia
2019-2024 period**

<i>(In millions of Rupiah)</i>			
Year	Total Debt	Total Equity	DER
1	2	3	4=2/3
2019	15,367,509,-	5,218,862,-	2.91
2020	15,597,264,-	4,937,474,-	3.16
2021	14,747,263,-	4,321,269,-	3.41
2022	14,320,858,-	3,997,256,-	3.58
2023	13,282,848,-	3,381,238,-	3.93
2024	13,896,928,-	2,149,267,-	6.47
Average	14,535,445	4,000,894.33	3.91
Note	Not enough Good		

Source : processed by yourself (2025)

From the data in table 9 above, the DER at PT Unilever Indonesia Tbk. during the 2019–2024 period shows a significant increasing trend from 2.91 in 2019 to 6.47 in 2024, with an average of 3.91. This increase in the ratio indicates that the proportion of debt to equity is increasing, meaning the company is increasingly dependent on external funding compared to its own capital. A high DER value indicates an increasing level of financial risk because a large debt burden can affect the company ability to meet interest and principal obligations. This condition can also reduce the company financial flexibility in undertaking expansion or new investments. Thus, the capital structure of PT Unilever Indonesia Tbk. during this period can be categorized as unfavorable, because high dependence on debt indicates a low level of the company capital independence.

The DAR and DER ratios described provide important insights into the company capital structure and level of dependence on debt to support its business activities. The results of the solvency ratio analysis indicate that PT Unilever Indonesia Tbk. capital structure was in poor condition during the period studied. Both ratios show an increasing trend, indicating the company dependence on debt is increasing year after year. This indicates increasing financial risk and the company declining ability to finance assets and operations using its equity.

Analysis Profitability

The profitability ratio aims to measure a company ability to generate profit from its resources. In this study, profitability is analyzed using two main ratios (ROI and ROE). ROI is used to assess a company effectiveness in utilizing total assets to generate net income, thus reflecting the efficient use of all company resources. ROI can be seen as follows:

Table 10. Return on Investment Ratio on PT Unilever Indonesia 2019-2024 period

(In millions of Rupiah)

Year	Net Profit	Assets	ROI
1	2	3	4=2/3
2019	7,392,837 ,-	20,649,371 ,-	0.36
2020	7,163,536 ,-	20,534,632 ,-	0.35
2021	5,758,148 ,-	19,068,532 ,-	0.30
2022	5,364,761 ,-	18,318,114 ,-	0.29
2023	4,800,940 ,-	16,664,086 ,-	0.29
2024	3,368,693 ,-	16,046,195 ,-	0.21
Average	5,641,485.83	18,546,821.67	0.30
Note	Very Good		

Source : processed by yourself (2025)

Table 10 shows that the ROI data for PT Unilever Indonesia Tbk. during the 2019–2024 period averaged 0.30 (30%), which is classified as very good. Although the ROI value decreased from 0.36 in 2019 to 0.21 in 2024, the company was still able to generate a high rate of return on its total assets. This decrease is in line with the reduction in net profit and total assets during the period, but the efficiency of asset use in generating profits is still quite well maintained. This reflects that the management of PT Unilever Indonesia Tbk. is able to utilize company resources effectively to generate profits. Overall, the company profitability performance in terms of ROI can be categorized as very good, although the downward trend indicates the need to improve asset efficiency strategies in the future.

Meanwhile, ROE measures the company ability to generate profits for shareholders based on the invested equity capital which can be presented in the following table:

Table 11. Return On Equity Ratio on PT Unilever Indonesia 2019-2024 period

(In millions of Rupiah)

Year	Net Profit	Equity	ROE
1	2	3	4=2/3
2019	7,392,837 ,-	5,281,862 ,-	1.40
2020	7,163,536 ,-	4,937,368 ,-	1.45
2021	5,758,148 ,-	4,321,269 ,-	1.33
2022	5,364,761 ,-	3,997,256 ,-	1.34
2023	4,800,940 ,-	3,381,238 ,-	1.42
2024	3,368,693 ,-	2,149,267 ,-	1.57
Average	5,641,485.83	4,011,376.67	1.42
Note	Good		

Source : processed by yourself (2025)

The data in Table 11 above shows that PT Unilever Indonesia Tbk. ROE averaged 1.42 (142%), categorized as good. This high ROE indicates the company ability to generate substantial profits from every rupiah of invested equity. Although the company net profit tends to decline year after year, the ROE ratio is relatively stable and even increased to 1.57 in 2024,

in line with the decline in the company equity. This indicates that the efficiency of equity utilization is still well maintained. This means that PT Unilever Indonesia Tbk. maintained a strong ability to generate profits for its shareholders throughout the study period, despite pressure from a decline in nominal profits.

Both ROI and ROE provide important insights into the level of profitability and management's performance in optimally managing the company assets and capital. PT Unilever Indonesia Tbk. profitability performance during the study period was considered good to excellent. This means the company was able to generate substantial profits from the use of its assets and equity, despite a nominal decline in net profit each year. This indicates that asset and capital management efficiency is still well maintained, but the company still needs to improve its operational strategy to maintain and improve profitability in the future.

Activity Ratio Analysis

Activity analysis aims to assess the effectiveness of a company in utilizing its resources to generate sales. TAT and FAT analyses are used to measure the activity ratio. TAT analysis is used to measure how efficiently a company utilizes all of its assets to generate revenue. The TAT table is shown below:

**Table 12. Total Asset Tuner on PT Unilever Indonesia
2019-2024 period**

<i>(In millions of Rupiah)</i>			
Year	Net Sale	Total Assets	TAT
1	2	3	4=2/3
2019	42,922,563.-	20,649,371.-	2.08
2020	42,927,474.-	20,534,632.-	2.09
2021	39,545,959.-	19,068,532.-	2.07
2022	41,218,881.-	18,318,114.-	2.25
2023	36,611,401.-	16,664,086.-	2.32
2024	35,138,643.-	5,280,548.-	2.19
Average	39,727,486.83	16,752,547.17	2.17
Note	Very good		

Source : processed by yourself (2025)

Based on the data in Table 12 PT Unilever Indonesia Tbk. TAT ratio for the 2019–2024 period shows an average value of 2.17, which is included in the very good category. This value indicates that every rupiah of assets owned by the company is able to generate an average of Rp2.17 in sales, reflecting high efficiency in the use of total assets. Although there are slight fluctuations, the TAT ratio tends to be stable with an increase in recent years, especially in 2022 and 2023. This indicates an increase in the effectiveness of asset management in generating revenue. Overall, PT Unilever Indonesia Tbk. activity performance can be categorized as very good, because it is able to maximize the utilization of its assets to support optimal productivity and sales growth.

Furthermore, the FAT analysis assesses the company ability to utilize fixed assets (machinery and equipment) to support operational activities that generate sales. FAT information can be seen as follows:

**Table 13. Fixed Asset Turnover on PT Unilever Indonesia
2019-2024 period**

(In millions of Rupiah)

Year	Net Sale	Total Assets	FAT
1	2	3	4=2/3
2019	42,922,563.00	8,530,334.00	5.03
2020	42,927,474.00	8,828,360.00	4.86
2021	39,545,959.00	7,642,208.00	5.17
2022	41,218,881.00	7,567,768.00	5.45
2023	36,611,401.00	6,191,839.00	6.24
2024	35,138,643.00	5,280,548.00	6.65
Average	39,727,486.83	7,340,176.17	5.57
Note	Very Good		

Source : processed by yourself (2025)

Based on the FAT ratio table data for PT Unilever Indonesia Tbk. (2019-2024), it shows a positive upward trend, with an average value of 5.57 (very good). The increase in the ratio from 5.03 in 2019 to 6.65 in 2024 indicates that the company is increasingly efficient in utilizing current assets to generate sales. Although net sales have decreased slightly in recent years, the efficiency of fixed asset use continues to increase, indicating that the company is able to optimize existing resources to support operational activities. Overall, the company performance in terms of activities is classified as very good. This is due to the high ability to manage assets to generate income effectively and productively.

The TAT and FAT results provide important insights into the company asset utilization efficiency and productivity in generating revenue from its investments. The activity ratio analysis of PT Unilever Indonesia Tbk. demonstrates a very high level of efficiency in utilizing its assets to generate sales. This ratio demonstrates an increasing and stable trend, reflecting the company ability to manage assets effectively and productively. This indicates that the company is able to maintain efficient operational performance despite fluctuating sales, thus maintaining the effectiveness of fixed asset utilization and total fixed assets.

Discussion

This discussion aims to describe and interpret the results of the financial ratio analysis conducted on PT Unilever Indonesia Tbk. during 2024-2019. Through this discussion, it is hoped that a deeper understanding of the company financial condition, the effectiveness of asset and capital management, the ability to meet obligations, and the efficiency in generating profits can be obtained. The results of this analysis also serve as a basis for assessing the stability and sustainability of PT Unilever Indonesia Tbk. financial performance in facing business dynamics during the study period. The results of the financial performance analysis are seen from liquidity, solvency, profitability, and activity, each of which is measured through relevant financial ratios.

Table 14. Results Values Recap The ratio on PT Unilever Indonesia 2019-2024 period

Ratio	Year						Average Ratio	Standard	Information
	2019	2020	2021	2022	2023	2024			
	Liquidity								
CR	0.65	0.66	0.61	0.61	0.55	0.45	59%	<1.5	Not enough Good
CaR	13.57	10.46	23.50	15.05	6.07	7.87	1.275%	>1.0	Very good
	Solvency								
DAR	0.74	0.76	0.77	0.78	0.80	0.87	79%	>0.7	Not enough Good
DER	2.91	3.16	3.41	3.58	3.93	6.47	391%	>2.0	Not enough Good
	Profitability								
ROI	0.36	0.35	0.30	0.29	0.29	0.21	30%	>0.15	Very good
ROE	1.40	1.45	1.33	1.34	1.42	1.57	142%	>0.20	Good
	Activity								
TAT	2.08	2.09	2.07	2.25	2.32	2.19	217%	>2.0	Very good
FAT	5.03	4.86	5.17	5.45	6.24	6.65	557%	>3.0	Very good

Source : Processed Alone (2025)

Based on Table 14 above, the results of the financial ratio calculations of PT Unilever Indonesia Tbk. for the 2019-2024 period show varying financial conditions across all aspects of the analysis. In terms of liquidity, the CR value is below the ideal standard (<1.5), indicating the company ability to meet short-term obligations is still inadequate. This aligns with Kasmir (2019) opinion, which states that the lower the CR, the less able a company is to repay its short-term debt using current assets. These results also align with research by Saputri (2025) in *this study, the Current Ratio (CR) as a liquidity variable is reported to have a significant relationship with investor confidence, which is reflected through the investment opportunity set*. Furthermore, a very high CaR indicates strong cash liquidity capabilities. This supports the findings of Brigham and Houston (2019) who stated that high cash can indicate a company ability to maintain liquidity even if the efficiency of its current assets decreases. This is further supported by research by Dewi & Utama (2020), which states that companies with high levels of liquidity tend to be more resilient to short-term economic pressures.

The solvency aspect shows that *the DAR and DER* show quite high values, indicating a significant dependence on debt. This supports research by Sartono (2018), which found that high DAR and DER ratios can increase financial risk due to the high burden of liabilities on assets and equity. These results also align with research by Widyastuti & Rahmawati (2020), which concluded that a capital structure dominated by debt can reduce a company long-term financial flexibility. However, Horne & Wachowicz (2019) added that in large industries such as FMCG (Fast Moving Consumer Goods), relatively high debt levels are acceptable as long as the company is able to generate sufficient profits to cover its interest and operational costs. Therefore, despite PT Unilever's relatively high solvency ratio, the company is still able to maintain its credit reputation and investor confidence thanks to its strong profitability.

Furthermore, regarding profitability, ROI and ROE results show good to excellent performance, indicating the company effectiveness in generating profits from both assets and equity. This finding supports research by Harahap (2018), which states that a high profitability

ratio reflects management's ability to efficiently manage resources. However, this finding contradicts research by Siahaan (2021), which found that long-term sales declines are usually followed by a significant decline in profitability. This finding is also supported by research by Putri & Nugroho (2022), which found that companies with strong brands like Unilever tend to have high profit margins due to consumer loyalty and supply chain efficiency. In the case of PT Unilever Indonesia Tbk. despite declining sales, the company was still able to maintain profitability through operational efficiency.

Meanwhile, in terms of activities, both TAT Both the Activity Ratio (ARR) and *Fixed Asset Turnover (FAT)* showed excellent results, indicating high efficiency in asset utilization to generate sales. This aligns with Weston and Brigham's (2018) finding that the higher the activity ratio, the more efficient the company is in utilizing its assets to support operating income. Research by Rahman & Dewi (2022) supports this finding, stating that a high activity ratio is a strong indication of management effectiveness in managing productive assets. These results are also consistent with research by Susanti & Pratama (2023), which highlights that fixed asset and total asset efficiency are crucial factors in maintaining competitive advantage in the FMCG sector.

Overall, the analysis shows that PT Unilever Indonesia Tbk. has excellent profitability and activity, demonstrating high efficiency in asset management and profit generation. However, in terms of liquidity and solvency, the company still faces challenges in the form of debt dependence and a low current ratio. These results reinforce previous theory and research that the balance between liquidity, solvency, and profitability is crucial to ensuring sustainable financial performance (Kasmir, 2019; Brigham & Houston, 2019; Widyastuti & Rahmawati, 2020; Harahap, 2020).

5. CONCLUSION

Based on the results of the financial ratio analysis of PT Unilever Indonesia Tbk. for the 2019–2024 period shows varied performance across different financial aspects. In terms of liquidity, the company's ability to meet short-term obligations remains relatively weak, indicating that the management of current assets needs improvement. However, strong cash reserves help maintain short-term financial stability. In the solvency aspect, the company exhibits a high dependence on debt, which presents financial risks that must be monitored. A large proportion of liabilities may limit long-term financial flexibility, although it can still be managed as long as the company maintains the ability to meet its financial obligations. From a profitability perspective, the company demonstrates very strong performance. This reflects management's capability to efficiently utilize resources to generate profits, even during periods of declining sales. The ability to maintain profitability shows solid operational efficiency. In terms of activity, the company performs efficiently in utilizing its assets to generate sales, indicating effective management of productive assets. Overall, PT Unilever Indonesia Tbk. shows strong profitability and asset utilization efficiency, yet continues to face challenges related to liquidity and solvency. Maintaining a balanced financial structure across these aspects is essential to ensuring sustainable financial performance.

Based on the results of this study, several recommendations can be provided for PT Unilever Indonesia Tbk. The company is advised to strengthen liquidity management, specifically increasing CR to make it easier to meet short-term obligations without relying on excessive cash. Furthermore, a strategy is needed to reduce reliance on debt to improve solvency ratios and minimize financial risks. The company is also advised to continue maintaining and improving profitability and asset utilization efficiency, as high activity and

profitability ratios are key indicators of operational success. Furthermore, management can consider comparative analysis with similar companies to obtain a more comprehensive benchmark for financial decision making.

Limitation

This study has several limitations that should be considered. First, the data used only comes from the financial statements of PT Unilever Indonesia Tbk. for the period 2019–2024 , so the results reflect short-term conditions and cannot be fully generalized to longer periods. Second, the analysis only uses financial ratios, so non-financial factors such as customer satisfaction, product innovation, and macroeconomic conditions are not taken into account. Third, this study relies on public data, so more detailed internal company information is not available. Finally, this study does not compare financial performance with similar companies in the FMCG industry, so the conclusions obtained are specific to PT Unilever Indonesia Tbk.

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