



## Financial Performance Analysis Measured by Cash Flow, Liquidity, Profitability and Solvency at PT Garuda Indonesia (Persero) Tbk During 2020-2024 Period

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### ABSTRACT

This study aims to analyze the financial performance of PT Garuda Indonesia (Persero) Tbk during the 2020–2024 period using cash flow ratios, liquidity ratios, profitability ratios and solvency ratios. The background of this research is based on the company's financial condition which is experiencing significant pressure due to the COVID-19 pandemic, high debt burden, and fluctuations in operational costs. The method used in this research is quantitative descriptive, with secondary data taken from the company's annual financial reports. The results of the study show that the company's cash flow performance experienced a positive increase, especially in operating activities. However, the liquidity and profitability ratios still show fluctuating conditions and are not consistently stable. Despite improvements in some financial indicators, the company still faces challenges in maintaining long-term profitability and solvency. These findings are expected to provide input for management in making strategic decisions and become a consideration for investors and creditors in assessing the company's financial health.

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## INTRODUCTION

Financial performance analysis cannot be separated from the use of financial ratios. Financial ratios serve to assess how well a company can meet its near-term obligations, generate profits, and manage its cash flow. Financial ratios are used to understand a company's financial situation and performance over a specific period of time and serve as a basis for managerial and investment decisions (Syaharman, 2021).

Profitability ratios illustrate how effectively a company generates profits from all its assets. According to (F. Amelia & Anhar, 2019), profitability is a crucial indicator for evaluating management's success in generating returns for shareholders. This ratio is of interest to investors because it directly relates to the potential return on investment in stocks.

The Solvency Ratio describes the company's ability to meet all its long-term obligations. This ratio reflects the level of financial risk faced by the company, where a higher solvency ratio indicates a greater dependence on debt. In the context of companies experiencing financial pressure, such as PT Garuda Indonesia (Persero) Tbk during the pandemic, analysis of solvency ratios is crucial for understanding the company's capital structure and ability to maintain business continuity.

During the period 2020 to 2024, the total assets of PT Garuda Indonesia (Persero) Tbk decreased by 38.66%, from USD 10.789 million in 2020 to USD 6.618 million in 2024. This decrease was driven by a reduction in non-current assets by 40.84%, as well as fluctuations in current assets which had increased by 162% in 2022, but fell again to 31% in 2024. On the other hand, total liabilities decreased by 37.43% from USD 12.733 million in 2020 to USD 7.970 million in 2024, reflecting the company's debt restructuring efforts. However, for five consecutive years, the company has experienced negative equity, with the highest deficit of USD -6,110 million in 2021 and improving to USD -1,351 million in 2024. This condition reflects serious financial pressure and is an important indicator of the company's financial performance not yet fully recovered.

The profit and loss report of PT Garuda Indonesia (Persero) Tbk from 2020 to 2024 shows fluctuating financial performance. The company's revenue declined by 10.43% from USD 1.49 billion in 2020 to USD 1.33 billion in 2021, but increased sharply by 57.13% in 2022 and continued to climb to USD 3.41 billion in 2024. Meanwhile, the company's expenses decreased by 21.01% from 2020 to 2021, then remained relatively stable in the range of USD 2.5–3.1 billion until 2024.

Net profit/loss showed significant losses in 2020 and 2021, amounting to USD -2.47 billion and USD -4.17 billion, respectively, with losses increasing by 68.57%. However, 2022 marked a turning point, recording a net profit of USD 3.74 billion, turning from a loss to a profit. In 2023, profits dropped drastically by 93.25% to USD 251 million, and again recorded a slight loss of USD -69 million in 2024, a 127.69% decrease compared to the previous year.

Overall, despite year-over-year revenue increases, the company's net profit has not shown sustained stability. This fluctuation reflects the significant

challenges in controlling operating expenses and maintaining long-term profitability.

The cash flow statement of PT Garuda Indonesia (Persero) Tbk for the period 2020 to 2024 shows fluctuations reflecting the dynamics of the company's operational, investment, and financing activities. Cash flow from operating activities decreased by 25.31% from USD 110.37 million in 2020 to USD 82.40 million in 2021, but increased drastically by 217% to USD 261.35 million in 2022. This increase continued until it reached its peak in 2024 at USD 585.74 million, an increase of 163.82% from the previous year. This indicates a significant improvement in the company's ability to generate cash from core activities.

Meanwhile, cash flow from investing activities has consistently been negative, reflecting capital expenditures and asset disposals. Its value increased from a deficit of -55.94 million USD (2020) to -405.20 million USD (2024), indicating a 624.43% increase in investment spending. Cash flow from financing activities fluctuated sharply: it was in deficit in 2020, turned positive in 2021 and 2022 (up 2,095%), and then returned to negative in 2023 and 2024, indicating debt repayment or a decrease in financing.

The amount of cash and cash equivalents at year-end also showed a significant change. From USD 199.13 million in 2020, it fell 72.67% to USD 54.44 million in 2021, then jumped 857.93% in 2022 to USD 521.68 million. However, in 2023 and 2024, it decreased again to USD 289.84 million and USD 219.17 million, down 44.45% and 24.84%, respectively.

Based on the description, the author is interested in conducting research with the title "**Financial Performance Analysis Measured by Cash Flow, Liquidity, Profitability and Solvency at PT Garuda Indonesia (Persero) Tbk During 2020-2024 Period**".

#### *Formulation of the problem*

Based on the background that has been described, the problem formulation in this study is how the financial performance of PT Garuda Indonesia (Persero) Tbk for the 2020-2024 period is viewed from the cash flow ratio, liquidity ratio, profitability ratio and solvency ratio.

#### *Research purposes*

The purpose of the research conducted by the author is to determine the company's financial performance measured by the cash flow ratio, liquidity ratio, profitability ratio and solvency ratio at PT Garuda Indonesia (Persero) Tbk for the 2020-2024 period.

## **LITERATURE REVIEW**

### *Financial performance*

Based on (Amalia & Fakhri, 2016) Performance refers to the results or level of success of an individual as a whole within a certain period of time when carrying out a task, compared to various possibilities, such as predetermined standards, targets or goals or previously agreed criteria.

Financial performance is a measure used to assess a company's financial condition in a certain period, reflecting the company's ability to generate profits, manage assets and liabilities, and maintain its liquidity and solvency.

### Cash Flow Ratio

One type of financial analysis that uses cash flow statement information is cash flow statement ratio analysis. This cash flow statement analysis uses components in the cash flow statement, as well as components in the balance sheet and income statement, as information for ratio analysis.

According to (Mulyani, 2013) the cash flow report ratio analysis tools required for company financial performance include:

a) Operating Cash Flow Ratio (OCR)

The Operating Cash Flow Ratio measures the ability of operating cash flow to pay off short-term debt. This ratio is operations divided by current liabilities.

$$AKO = \frac{\text{Jumlah Arus Kas Operasi}}{\text{Kewajiban Lancar}}$$

b) Cash to Current Liabilities Coverage Ratio (CKHL)

This ratio measures a company's ability to pay short-term debt obligations based on net operating cash flow. This ratio is obtained by dividing operating cash flow plus cash dividends by current liabilities.

$$CKHL = \frac{\text{Arus Kas Operasi} + \text{Deviden}}{\text{Kewajiban Lancar}}$$

c) Cash Flow Coverage Ratio (CFR)

The cash flow coverage ratio is used to measure a company's ability to provide cash to meet its obligations over the next three years. This ratio is derived from:

$$KAK = \frac{\text{Arus Kas Operasi}}{\text{Kewajiban Tetap}}$$

### Liquidity Ratio

Liquidity Ratio is a ratio that shows the company's ability to meet its short-term obligations or debts. The liquidity ratio is often also called the working capital ratio or current asset ratio, which is a ratio used to measure how liquid a company is. This working capital ratio is calculated by comparing total current assets with total current liabilities. Measurement and evaluation of this ratio can be done for several periods so that the development of the company's liquidity level can be seen over time (Dewi, 2016).

The liquidity ratio can be calculated using the current ratio formula. The current ratio compares current assets to current liabilities. The current ratio can be formulated using the following formula:

$$\text{Current Ratio} = \frac{\text{Aktiva Lancar}}{\text{Hutang Lancar}}$$

a. Quick Ratio

This ratio, also known as the acid test ratio, is used to measure a company's ability to meet its short-term obligations. The quick ratio is calculated by subtracting inventory from current assets. This is because inventory is a low-liquidity current asset and is often subject to price fluctuations, potentially leading to losses. The quick ratio is generally considered favorable; the higher the ratio, the better the company's condition. The formula is:

$$\text{Quick Ratio} = \frac{\text{Aktiva Lancar} - \text{Persediaan}}{\text{Kewajiban Lancar}}$$

### *Profitability Ratio*

Profitability ratios show financial performance related to profit or earnings over a specific period. Several types of measurements used to assess the financial performance of PT Garuda Indonesia (Persero) Tbk include the following (Mugi et al., 2014) .

a) Return on Assets (ROA)

$$ROA = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Aktiva}} \times 100\%$$

b) Return on Equity (ROE)

$$ROE = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Ekuitas}} \times 100\%$$

c) Net Profit Margin (NPM)

$$NPM = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Pendapatan}} \times 100\%$$

### *Solvency Ratio*

The solvency ratio is a financial ratio used to measure a company's ability to meet all of its long-term obligations. This ratio indicates how much of a company's assets are financed by debt and whether the company has sufficient resources to survive in the long term (Sopian & Rahayu, 2017) .

a) Debt Ratio (Total Debt Ratio)

$$\text{Debt Ratio} = \frac{\text{Total Kewajiban}}{\text{Total Aktiva}} \times 100\%$$

### *Hypothesis*

The hypothesis is used as a basis for the author, so the author takes the following hypothesis: It is suspected that the financial performance of PT Garuda Indonesia (Persero) Tbk during the 2020-2024 period was in poor condition.

## **METHODOLOGY**

### *Types of Research*

Type data that used in study This is data quantitative, namely data that includes the financial position report data of PT Garuda Indonesia (Persero) Tbk for 2020-2024 obtained from the Indonesian stock exchange publication.

### *Location and Time of Research*

research location selected in this study is PT Garuda Indonesia (Persero) Tbk and this research will be conducted in July 2025.

### *Data Collection Technique*

1. Library research

Namely, data collection is carried out by studying literature guide books that are related to this writing.

2. Documentation

Namely collecting information on the Financial Report of PT Garuda Indonesia (Persero) Tbk from 2020 to 2024, documents concerning the company's history, organizational structure, division of tasks and production processes at PT Garuda Indonesia (Persero) Tbk.

### *Data Types and Sources*

The type of data used in this research is quantitative data. Quantitative data is data in the form of numbers or data that can be calculated and analyzed

systematically. The quantitative data in this study are the figures contained in the financial statements and cash flow statements of PT Garuda Indonesia (Persero) Tbk for the 2020-2024 period.

The data source in this study is secondary data, namely data in the financial reports of PT Garuda Indonesia (Persero) Tbk.

#### *Data Analysis Methods*

The analysis method used in this study is quantitative descriptive analysis. Used to solve cases in measuring financial performance against company financial reports by using liquidity ratios, cash flow ratios, profitability ratios and solvency ratios.

#### *Cash Flow Ratio*

This cash flow statement analysis uses components in the cash flow statement and balance sheet and profit and loss statement components as information in the ratio analysis (Mulyani, 2013) .

##### a) Operating Cash Flow Ratio (OCR)

Operating Cash Flow Ratio is a ratio that compares cash flow from operating activities with current liabilities. This ratio is used to assess the company's ability to meet short-term obligations through cash generated from operational activities.

$$AKO = \frac{\text{Jumlah Arus Kas Operasi}}{\text{Kewajiban Lancar}}$$

##### b) Cash to Current Liabilities Coverage Ratio (CKHL)

This ratio measures the extent to which cash flow from operating activities is able to cover a company's current liabilities. CKHL is considered an important indicator for evaluating a company's cash strength in facing short-term obligations. The minimum standard for this ratio is 0.4. A value below this standard indicates potential difficulty for the company in meeting short-term obligations with cash (Fitriany, 2023) .

$$CKHL = \frac{\text{Arus Kas Operasi} + \text{Deviden}}{\text{Hutang Lancar}}$$

##### c) Cash Flow Coverage Ratio (CFR)

The Cash Flow Adequacy Ratio measures the ability of cash flow from operating activities to cover long-term needs such as debt payments, dividends, and capital expenditures. This ratio is an important measure of a company's cash sustainability. A Cash Flow Adequacy Ratio (CAR) value of  $\geq 1$  indicates that the company has sufficient cash. to fund its long-term needs without heavy dependence on external sources (Warongan et al., 2018) .

$$KAK = \frac{\text{Arus Kas Operasi}}{\text{Kewajiban Tetap}}$$

#### *Liquidity Ratio*

The Liquidity Ratio is a ratio that shows the company's ability to meet its short-term obligations or debts. The liquidity ratio is often also called the working capital ratio or current asset ratio, which is a ratio used to measure how liquid a company.

#### *Current Ratio*

Current Ratio measures the company's ability to pay short-term liabilities using all current assets.

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

*Quick Ratio*

Quick Ratio or Acid-Test Ratio is a ratio that measures a company's ability to pay off short-term obligations without relying on inventory, because inventory is considered less liquid.

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

*Profitability Ratio*

Profitability ratios show financial performance related to earning profits or earnings at a certain time (Mugi et al., 2014).

- a) Return on Assets (ROA)

$$\text{ROA} = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Aktiva}} \times 100\%$$

- b) Return on Equity (ROE)

$$\text{ROE} = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Ekuitas}} \times 100\%$$

- c) Net Profit Margin (NPM)

$$\text{NPM} = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Pendapatan}} \times 100\%$$

*Solvency Ratio*

The ratio used to measure a company's ability to meet all its obligations or debts, both short-term and long-term, by using all assets or equity (Pramurdyawardani et al., 2023).

- a) Debt Ratio (Total Debt Ratio)

$$\text{Debt Ratio} = \frac{\text{Total Kewajiban}}{\text{Total Aset}} \times 100\%$$

**RESULT AND DISCUSSION**

*Cash Flow Ratio*

- a) Operating Cash Flow Ratio (OCR)**

Table 1. Results of the Calculation of the Operating Cash Flow Ratio

Year	AKO Results
2020	0.026
2021	0.014
2022	0.155
2023	0.191
2024	0.499

The operating cash flow ratio of PT Garuda Indonesia (Persero) Tbk showed a fluctuating trend but tended to increase during the 2020–2024 period. In 2020, this ratio was recorded at 0.026, then decreased sharply by 46.15% to 0.014 in 2021, reflecting the company's weak ability to meet its current liabilities with cash from operating activities. However, in 2022, there was a significant increase of 1.007% to 0.155, indicating a recovery in operating cash flow. This

positive trend continued in 2023 with a 23.22% increase to 0.191, and a sharp increase of 161.26% in 2024 to 0.499. Although the ratio has not yet reached the ideal figure of  $\geq 1$ , this sharp increase indicates improvements in the company's liquidity and operational efficiency from year to year.

**b) Cash to Current Liabilities Coverage Ratio (CKHL)**

Table 2. Results of the Calculation of the Cash Coverage Ratio to Current Liabilities

Year	CKHL Results
2020	0.026
2021	0.014
2022	0.156
2023	0.191
2024	0.499

The cash to current liabilities (CKHL) ratio of PT Garuda Indonesia (Persero) Tbk showed a significant increase from 2020 to 2024. In 2020, CKHL was only 0.026 and fell 46.15% in 2021 to 0.014, far below the minimum standard of 0.4. However, in 2022 the ratio rose drastically by 1.007% to 0.156, then increased again by 23.21% in 2023 to 0.191. At its peak, in 2024, CKHL jumped 161.26 % to 0.499, surpassing the ideal threshold. This trend reflects a gradual but consistent improvement in the company's liquidity and operational cash flow efficiency.

**c) Cash Flow Coverage Ratio (CFR)**

Table 3. Results of Cash Flow Coverage Ratio Calculation

Year	KAK Results
2020	0.013
2021	0.011
2022	0.043
2023	0.032
2024	0.086

The Cash Flow Coverage Ratio (CFR) of PT Garuda Indonesia (Persero) Tbk during the 2020–2024 period shows that the company's ability to cover fixed liabilities using operating cash flow is still far from ideal ( $\geq 1$ ). In 2020, the CFR ratio was recorded at **0.013**, then decreased by **15.38%** in 2021 to **0.011**, reflecting the company's weakening ability to pay its fixed liabilities. However, in 2022 there was a significant increase of **290.91%** to **0.043**, followed by a

further decrease in 2023 by **25.58%** to **0.032**. In 2024, the CFR ratio again experienced a sharp increase of **168.75 %**, reaching **0.086**.

*Liquidity Ratio*

**a) Current Ratio**

Table 4. Current Ratio Calculation Results

Year	Current Ratio Results
2020	12.49
2021	5.30
2022	47.66
2023	56.11
2024	47.21

PT Garuda Indonesia (Persero) Tbk's current ratio fluctuated significantly from 2020 to 2024. In 2020, a ratio of 12.49 indicated that the company's current assets far exceeded its current liabilities. However, this excessively high ratio could indicate suboptimal asset utilization. In 2021, there was a drastic decline of 57.57% to 5.30, indicating a decline in the company's ability to meet short-term obligations. In 2022, the current ratio increased sharply by 798.30% to 47.66, then rose again by 17.73% in 2023 to 56.11. However, in 2024, the ratio decreased by 15.85% to 47.21. Although the ratio remained well above the ideal standard of 1–2 for the past five years, this high current ratio indicates that the company has excess current assets that are not immediately utilized productively, requiring continuous evaluation of liquidity efficiency.

**b) Quick Ratio**

Table 5. Quick Ratio Calculation Results

Year	Quick Ratio Results
2020	10.04
2021	4.03
2022	43.61
2023	46.13
2024	40.05

The Quick Ratio of PT Garuda Indonesia (Persero) Tbk from 2020 to 2024 showed very high liquidity conditions and tended to fluctuate. In 2020, the

quick ratio was recorded at 10.04, indicating that the company had sufficient current assets to meet current liabilities without relying on inventory. However, in 2021, there was a decrease of 59.86 % to 4.03, indicating a decline in the company's ability to quickly pay short-term obligations. In 2022, the ratio again increased sharply by 981.14 % to 43.61, then rose again by 5.78% in 2023 to 46.13. Meanwhile, in 2024, the quick ratio decreased by 13.18 % to 40.05. During these five years, the quick ratio remained well above the ideal standard of 1–2, which generally indicates strong short-term liquidity. However, a ratio that is too high can also reflect excess current assets that are not being utilized efficiently, so the company needs to review its cash and current asset management strategy to optimize it.

*Profitability Ratio*

a) Return on Assets (ROA)

Table 6. ROA Calculation Results

Year	ROA Results
2020	-23%
2021	-58%
2022	60%
2023	4%
2024	-1%

PT Garuda Indonesia (Persero) Tbk's Return on Assets (ROA) fluctuated from 2020 to 2024, reflecting the company's unstable profitability. In 2020, ROA was recorded at -23%, indicating the company suffered a net loss and was unable to generate profit from its total assets. This situation worsened in 2021, with ROA declining to -58%, as net losses increased and total assets declined. However, a significant recovery occurred in 2022, with ROA reaching 60%, indicating the company's success in maximizing asset utilization to generate profit. Unfortunately, ROA dropped again drastically in 2023 to 4%, and in 2024, it turned negative at -1% as the company again posted a net loss. This data reflects the company's highly inconsistent profitability performance and highlights the challenges in maintaining efficient asset utilization to generate sustainable profits.

b) Return on Equity (ROE)

Table 6. ROE Calculation Results

Year	ROE Results
2020	127%
2021	68%

2022	-243%
2023	-20%
2024	5%

PT Garuda Indonesia (Persero) Tbk's Return on Equity (ROE) showed sharp fluctuations and abnormal conditions throughout 2020 and 2024, primarily due to the company's negative equity value for five consecutive years. In 2020, despite negative net income, ROE was recorded at 127% due to negative equity value, which mathematically produces a positive number but does not reflect healthy profitability. In 2021, the company's losses increased, but ROE fell to 68%. Entering 2022, the company recorded a net income, but because total equity remained negative, ROE was -243%, indicating that the profits obtained were not enough to cover the equity deficit. In 2023, ROE improved to -20%, but remained negative because equity had not recovered. In 2024, ROE showed a positive 5%, although profit returned to negative, because the numerator and denominator (profit and equity) were both negative, which technically produced a positive value but did not reflect ideal financial performance. This condition indicates that the company's capital structure is still unhealthy, and true ROE recovery can only be achieved if equity returns to a positive position accompanied by the achievement of stable net profit.

c) Net Profit Margin (NPM)

Table 7. NPM Calculation Results

Year	NPM Results
2020	-166%
2021	-312%
2022	178%
2023	9%
2024	-2%

The Net Profit Margin (NPM) of PT Garuda Indonesia (Persero) Tbk experienced sharp fluctuations from 2020 to 2024, reflecting instability in the company's profitability. In 2020, the NPM was recorded at -166%, indicating that the company experienced losses far exceeding its total revenue. This condition worsened in 2021, where the NPM dropped to -312%, reflecting severe financial pressure. However, in 2022, there was a drastic recovery, with the NPM soaring to 178%, indicating that the company managed to generate a very large net profit compared to revenue at that time. In 2023, the net profit margin decreased to 9%, which still indicates a healthy condition despite a decrease in efficiency compared to the previous year. Unfortunately, in 2024,

the NPM returned to negative at -2%, indicating that the company experienced a slight loss despite increasing revenue. Overall, this data shows that Garuda Indonesia's profitability is unstable and still faces challenges in maintaining operational efficiency and consistent net profit to revenue.

**Solvency Ratio**

a) Debt Ratio (Total Debt Ratio)

Table 8. Debt Ratio Calculation Results

Year	Debt Ratio Results
2020	1.18
2021	1.85
2022	1.25
2023	1.19
2024	1.20

PT Garuda Indonesia (Persero) Tbk's debt ratio from 2020 to 2024 consistently exceeded the normal 1.0, indicating the company's total liabilities exceeded its total assets. In 2020, the debt ratio was 1.18, indicating that debt exceeded assets by 18%. This value continued to rise, peaking at 1.85 in 2021, representing a 56.78% increase compared to the previous year, reflecting very poor solvency and high financial pressure. Despite a decrease in 2022 to 1.25 (a 32.43% decrease), this ratio remains above the acceptable limit. In 2023 and 2024, the debt ratio remained relatively stable at around 1.19–1.20, which, while slightly better, still indicates the company is insolvent because its assets are unable to cover its total liabilities.

Overall, this debt ratio reflects that PT Garuda Indonesia has been operating with a very high level of financial risk in the last five years, and its capital structure has not shown significant improvement to escape debt pressure.

*Cash Flow Ratio Analysis*

During the research period, the company's cash flow ratio showed quite significant development. Operating Cash Flow (AKO) and Cash Coverage to Current Liabilities (CKHL) have gradually increased from year to year. This indicates that the company is starting to be able to generate cash from its core operational activities and strengthen its ability to meet short-term obligations. However, the Cash Flow Coverage (CFR) ratio still shows inadequate results, indicating that cash flow from operations is not yet fully capable of covering fixed liabilities such as long-term debt repayment and interest. This condition reflects that although cash liquidity has improved, debt pressure remains a challenge in maintaining long-term financial stability.

### *Liquidity Ratio Analysis*

In terms of liquidity, the company showed a very high ratio during almost the entire observation period. Current Ratio and Quick Ratio reflect that the company's current assets significantly exceed the short-term liabilities that must be covered. This indicates that the company has excellent capacity to meet its short-term obligations. However, a ratio that is too high also warrants caution, as it could indicate funds languishing in current assets that are not being utilized productively. Therefore, even if the company appears highly liquid, asset management efficiency needs to be improved so that available funds can contribute more optimally to profitability.

### *Profitability Ratio Analysis*

The company's profitability performance during the analysis period showed quite striking instability. At the beginning of the period, the company experienced significant losses, which were reflected in negative values in Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM). This condition shows that the company is unable to generate profits from its assets and equity, and is experiencing net losses in its operations. However, there was a positive spike in the middle of the period, which indicated an improvement in performance. Unfortunately, this increase could not be maintained, because at the end of the period profitability showed a decline again. These fluctuations indicate that the company does not yet have a stable financial foundation and still requires a long-term strategy to increase profitability sustainably.

### *Solvency Ratio Analysis*

In terms of solvency, the company remains in a less-than-ideal situation. The debt-to-total-assets ratio consistently shows that the company's liabilities exceed its assets. This indicates that the company is insolvent, meaning the risk of default and dependence on debt remains very high. Although there has been a slight decrease in the ratio in recent years, this has not been enough to significantly alter the capital structure. Thus, companies need to undertake comprehensive financial restructuring, both in the form of reducing debt burdens and increasing productive assets in order to emerge from prolonged solvency pressures.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Conclusion**

Based on the results of the financial performance analysis, it is measured by:

1. Cash flow ratios, such as Operating Cash Flow (AKO) and Cash to Current Liabilities Coverage (CKHL), have significantly improved, from just 0.026 in 2020 to 0.499 in 2024, indicating the company's improved ability to cover its current liabilities with operating cash. However, the Cash Flow Coverage (KAK) ratio remains below the ideal standard, indicating that cash from operations is insufficient to fully cover fixed liabilities.
2. The company's liquidity ratios such as the Current Ratio and Quick Ratio tend to be very high throughout the analysis period, especially in 2022 to 2024. Although this indicates the company's ability to meet short-term obligations, values that are too high indicate the potential for

underutilization of current assets, so liquidity efficiency needs to be improved.

3. In terms of profitability, ratios such as Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) experienced extreme fluctuations. The company recorded significant losses in 2020 and 2021, followed by significant improvements in 2022, but these figures could not be maintained consistently in subsequent years. Furthermore, negative equity contributed to ROE not reflecting true financial performance.
4. In terms of solvency, PT Garuda Indonesia (Persero) Tbk's debt ratio was consistently above 1.0 during the 2020–2024 period. This indicates that the company's total liabilities consistently exceeded its total assets, placing it in an insolvent condition (a condition where total liabilities exceed its total assets). The highest ratio occurred in 2021 at 1.85, reflecting a very high level of debt dependence. Although the ratio decreased in subsequent years, reaching 1.20 in 2024, this condition still indicates an unhealthy financial structure and a high risk of default. Therefore, the company's solvency over the past five years has been less than ideal and requires serious attention to improve its capital structure and reduce its debt burden.
5. Based on the analysis conducted, the overall performance of PT Garuda Indonesia (Persero) Tbk in the 2020-2024 period is still in poor condition.

### **Recommendations**

Based on the results of the analysis and conclusions that have been described, the author provides several suggestions as follows:

1. **Improving Operating Cash Flow**  
PT Garuda Indonesia (Persero) Tbk is advised to continue increasing cash flow from operational activities by optimizing core income, reducing inefficient operational costs, and improving service quality in order to maintain and grow its customer base sustainably.
2. **Efficient Current Asset Management**  
Excessively high current ratios and quick ratios indicate under-productive current assets. Therefore, companies need to evaluate their current asset structure, particularly in managing accounts receivable and idle cash, so that available funds can be utilized more optimally to support business activities.
3. **Capital Structure and Equity Improvement**  
Considering the company's equity condition which was still negative during most of the research period, management needs to consider further financial restructuring strategies, such as additional capital or converting debt to equity, in order to improve the capital structure and create a healthier financial foundation.
4. **Profitability Stabilization**  
To maintain sustainable financial performance, companies need to focus on improving operational efficiency and controlling costs to maintain consistent profitability. Adaptive and sustainable long-term business strategies are crucial for generating stable net income year after year.

## FURTHER STUDY

This research still has limitations so further research on this topic is still needed "Financial Performance Analysis Measured by Cash Flow, Liquidity, Profitability and Solvency at PT Garuda Indonesia (Persero) Tbk During 2020-2024 Period".

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