

Analysis of Profitability and Solvency in Kimia Farma, Tbk Company in 2023-2025

Astuti Madewi¹, Achmad Ridwan¹, Athiy Dina Rosihana¹, Wawan Saputra¹, Megania kharisma¹

¹ Universitas Bina Sarana Informatika; Indonesia

ARTICLE INFO

Keywords:

Profitability;
Solvency;
Financial Ratio Analysis;
PT Kimia Farma Tbk;
Gross Profit Margin

Article history:

Received 2026-04-22
Revised 2026-05-26
Accepted 2026-06-30

ABSTRACT

This study aims to analyze the profitability and solvency of PT Kimia Farma Tbk, a state-owned pharmaceutical company listed on the Indonesia Stock Exchange, for the period 2023-2025. The research employs a mixed-method approach combining qualitative and quantitative analysis, utilizing financial ratio analysis derived from the company's audited annual financial statements. Profitability is measured using Gross Profit Margin (GPM) and Net Profit Margin (NPM), while solvency is assessed through Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER). The findings reveal that Gross Profit Margin showed an improving trend, increasing from 31% in 2023 to 30% in 2024 and 33% in 2025, indicating successful cost management and operational efficiency improvements. However, Net Profit Margin remained negative throughout the period, although it showed gradual improvement from -18% in 2023 to -11% in 2024 and -8% in 2025, reflecting narrowing losses due to effective restructuring efforts. In terms of solvency, both Debt to Asset Ratio and Debt to Equity Ratio exhibited consistently increasing trends, rising from 64% to 81% and from 175% to 418% respectively, indicating growing reliance on debt financing and higher financial risk. The study concludes that while Kimia Farma has demonstrated improvement in operational efficiency and profitability margins, the company still faces considerable challenges in managing its debt levels and achieving sustainable net profitability. These findings provide valuable insights for management and stakeholders in making future strategic decisions and highlight the importance of continued financial restructuring and risk management efforts.

This is an open access article under the [CC BY](https://creativecommons.org/licenses/by/4.0/) license.



Corresponding Author:

Astuti Madewi
Universitas Bina Sarana Informatika; Indonesia; astuti.mdw@bsi.ac.id

1. INTRODUCTION

PT Kimia Farma (Persero) Tbk is one of the largest state-owned enterprises (BUMN) in the pharmaceutical sector in Indonesia, which has been listed on the Indonesia Stock Exchange since June 14, 2001, under the ticker symbol KAEF. As an entity operating in the strategic healthcare industry,

Kimia Farma's financial performance has consistently attracted public attention, particularly regarding the company's ability to maintain business sustainability amidst complex economic dynamics. Financial statements reflect the condition and performance of a company over a certain period. Through financial statement analysis, stakeholders can evaluate the company's financial health, including its ability to generate profits (profitability) and meet long-term obligations (solvency). Financial ratio analysis serves as a fundamental instrument in assessing company performance (Fahmi, 2020; Kasmir, 2019). Previous research indicates that PT Kimia Farma Tbk for the period 2018-2022 demonstrated poor financial performance based on solvency and profitability ratios (Putri & Dewi, 2023).

The trajectory of Kimia Farma's financial performance in recent years has shown a fluctuating trend. In 2023, the company recorded a significant loss, with a net loss reaching Rp1.96 trillion based on the annual financial statements (PT Kimia Farma Tbk, 2024). This loss increased dramatically compared to the previous year, reflecting considerable financial pressure. The loss trend continued throughout 2024 and 2025, where in the first quarter of 2025 the company still recorded a net loss of Rp126.4 billion (PT Kimia Farma Tbk, 2025). However, a turning point began to emerge in early 2026. In the first quarter of 2026, Kimia Farma successfully recorded a net profit of Rp123.6 billion, reversing from a loss position of Rp126.4 billion in the same period the previous year, marking a 197.79% year-on-year growth (Aisyah, 2026). The President Director of Kimia Farma, Djagad Prakasa Dwialam, revealed that the key to the company's performance recovery was the financial restructuring implemented over the past two years, accompanied by business model transformation. Improvements were observed in the three main pillars of the financial statements: gross profit grew 11.06% to Rp824.8 billion, EBITDA surged 61.29% to Rp153.8 billion, and net profit successfully reversed from losses (Aisyah, 2026).

The transformation undertaken by the company is focused on strengthening business fundamentals through six strategic pillars: working capital resilience, human resource competency enhancement, business process digitalization, operational efficiency, strengthening corporate governance (GCG), and synergy among KAEF Group entities (Anom, 2026). Full support from Danantara Asset Management and Bio Farma as shareholders has also been a key factor in the transformation process, particularly in maintaining liquidity stability and accelerating debt restructuring so that interest expenses can be managed more optimally (Anom, 2026). The Corporate Secretary of KAEF, Ganti Winarno Putro, stated that shareholders approved the transfer and write-off of land and building assets valued at more than 50% of the company's total assets. As of September 2025, the company's total assets were recorded at Rp14.91 trillion, consisting of current assets of Rp4.11 trillion and non-current assets of Rp10.79 trillion. Total liabilities amounted to Rp11.71 trillion, with short-term liabilities of Rp6.98 trillion and long-term liabilities of Rp4.73 trillion, while total equity was recorded at Rp3.19 trillion. KAEF's revenue was recorded at Rp7 trillion as of September 2025, with a loss attributable to the parent entity reaching Rp179.73 billion (Aulia, 2025).

Nevertheless, external challenges continue to shadow the company's prospects. Changing global dynamics, still marked by uncertainty, including the impact of geopolitical conflicts and global economic slowdown, have driven up raw material prices and put pressure on the rupiah exchange rate. Most raw materials for the pharmaceutical industry still depend on imports and are denominated in foreign currencies, thus potentially increasing production costs and squeezing margins, particularly for products with more rigid price structures such as government program medicines (Siregar, 2026). To anticipate these risks, the company has implemented a number of strategic measures, including comprehensive cost management across both cost of goods sold and operating expense components, portfolio optimization toward healthier margin products, and exchange rate risk management through

timing of raw material purchases, supplier diversification, and gradual increase in the use of local raw materials (Siregar, 2026).

Based on the background described above, there are indications that the company's financial management and various other internal factors have driven PT Kimia Farma Tbk through a recovery phase after experiencing prolonged financial pressure. This phenomenon is worth examining more deeply through a financial ratio analysis approach. Considering the importance of profitability and solvency analysis in evaluating a company's financial health, and the limited number of studies that specifically examine this recovery period, this study raises the research question: how is the analysis of profitability and solvency in PT Kimia Farma Tbk's financial statements for the period 2023-2025? This study aims to explore and reveal the phenomenon of the company's ability to recover after several years of losses, through better human resource management and improved corporate governance implementation under the role of management. This study is limited to the analysis of profitability and solvency of PT Kimia Farma Tbk's financial statements as a state-owned enterprise listed on the Indonesia Stock Exchange, using commonly used financial ratios in financial analysis while adjusting to current accounting principles and financial regulations, for the period 2023-2025. Through this study, it is expected to obtain an overview of the impacts caused by errors in the company's financial management, while also providing important insights into efforts to prevent and overcome the risk of bankruptcy or insolvency in the future, as well as serving as evaluation material for management and stakeholders in making future strategic decisions.

2. METHOD

This research was conducted on PT Kimia Farma Tbk, a state-owned enterprise in the pharmaceutical sector, with its holding company located at Jalan Veteran No. 9, Jakarta. The study employs a mixed-method approach, combining both qualitative and quantitative analysis, utilizing financial ratio analysis derived from PT Kimia Farma Tbk's audited annual financial statements for the period 2023-2025. These financial ratios are applied in the analysis of the balance sheet and income statement, both of which are widely used for various purposes, including internal company needs and external interests such as obtaining creditors. The financial ratios used in this study include profitability ratios measured by Gross Profit Margin (GPM), which calculates the percentage of gross profit from sales using the formula $GPM = \text{Gross Profit} / \text{Sales}$, and Net Profit Margin (NPM), which calculates the percentage of net profit from sales using the formula $NPM = \text{Net Profit} / \text{Sales}$. Solvency ratios are measured by Debt to Asset Ratio (DAR), which measures the percentage of company assets financed by debt using the formula $DAR = \text{Total Debt} / \text{Total Assets}$, and Debt to Equity Ratio (DER), which compares total debt to total equity using the formula $DER = \text{Total Debt} / \text{Total Equity}$. These ratios are commonly used in financial statement research and provide a comprehensive framework for evaluating the company's financial health, particularly in assessing its ability to generate profits and meet its long-term obligations.

3. FINDINGS AND DISCUSSION

Findings

3.1 Discussion of the Chemistry Pharmacy Case

Kimia Farma Company is the largest Pharmaceutical State-Owned Company in Indonesia, where this company has experienced ups and downs in running a business with uncertain economic conditions until now. If we look at the era of the covid 19 pandemic, companies engaged in the pharmaceutical or pharmaceutical sectors must have experienced a significant increase in profits, but why are pharmaceutical companies managed by the government, especially in this case SOEs, almost most of them losing, why? Maybe this is one of the questions that may be in every mind of us as an

investor. For example, if we see that pharmaceutical companies are just that, while the majority of our society has a total of almost 284.67 million people. If we compare it with business conditions after Covid 19, many pharmaceutical companies are under very high pressure due to the influence of the global economy. The condition of the pharmaceutical industry is currently facing heavy pressure due to the high dependence on imported raw materials and the weakening of the rupiah exchange rate which is getting higher and higher. This directly erodes the issuer's profit margin, where several large companies, such as pharmaceutical SOEs, still record losses due to high operating expenses and financial costs.

In detail, the key challenges and conditions affecting the pharmaceutical sector today include:

a. Import Burden and Rupiah Weakening

Most of the Medicinal Raw Materials (BBO/API) are still imported from abroad, making production costs very vulnerable to fluctuations in the rupiah exchange rate against the dollar.

b. Global Supply Chain Disruptions

Global geopolitical uncertainty and rising tensions in the Gulf countries with the United States and Israel are further complicating and disrupting the supply of materials and raw materials, leading to increased logistics costs.

c. Limitations of Price Adjustment

Despite soaring production costs, profit margins are increasingly depressed because drug selling prices are often inflexible, especially those tied to e-catalogs and government contracts.

d. Encouragement of Independence

In the long term, the government and industry players continue to strive to strengthen national drug independence through downstreaming and withdrawing investment from local raw material factories.

e. Regional Export Opportunities

In the midst of domestic challenges, the national pharmaceutical industry is supported by the large local market share and the recognition of the POM Agency as a *WHO Listed Authority* (WLA) which facilitates the expansion of exports to various countries

From the various conditions above, it can be concluded that many things are the cause of why pharmaceutical companies continue to lose money to this day.

Case Discussion Based on Financial Statements

If we look at the analysis of the financial statements of this chemical company using the calculation of the *profitability* and *solvency ratio* in the financial statements for the period 2023-2025 which is available in the table below:

Tabel 3.1 Financial Ratio Calculation Results

Rasio keuangan			2023		2024		2025	
Profitabilitas	GPM	Laba kotor	Rp 3.101.850.820	31%	Rp 2.946.473.399	30%	Rp 3.063.410.377	33%
		Penjualan	Rp 9.965.033.049		Rp 9.938.958.364		Rp 9.223.328.056	
	NPM	Laba bersih	-Rp 1.825.401.113	-18%	-Rp 1.104.869.947	-11%	-Rp 694.498.440	-8%
		Penjualan	Rp 9.965.033.049		Rp 9.938.958.364		Rp 9.223.328.056	
Solvabilitas	DAR	Total utang	Rp 11.192.592.254	64%	Rp11.538.222.946	77%	Rp11.447.529.117	81%
		Total aset	Rp 17.585.297.583		Rp14.967.031.490		Rp14.183.178.390	
	DER	Total utang	Rp 11.192.592.254	175%	Rp11.538.222.946	337%	Rp11.447.529.117	418%

		Total ekuitas	Rp 6.392.705.329		Rp 3.428.808.544		Rp 2.735.649.273	
--	--	------------------	---------------------	--	------------------	--	------------------	--

*dalam ribuan

Sumber: data diolah

From the calculation of the financial ratio above, the following conclusions can be drawn:

Profitability Ratio

The results of the profitability ratio calculation are described as follows:

1. Gross Profit Margin (GPM)

The calculation of GPM in 2023 is worth 31% then drops in 2024 to 30%, this is due to a decrease in the cost of goods sold in 2023 from IDR 7,064,734,901,000 to IDR 6,992,484,965,000 in 2024, then GPM will increase in 2025 by 33% this is also due to a decrease in the cost of goods sold in 2025 of IDR 6,159,917,679,000 and it can be concluded that GPM for these 3 years is relatively more stable.

2. Net Profit Margin (NPM)

The NPM calculation in 2023 is -18% due to excessive operating expenses of IDR 4,663,734,142,000 and the difference in exchange rate and financial expenses. The NPM calculation in 2024 decreased to -11% which is still due to operating expenses that are still too large at IDR 3,791,000,163,000 as well as exchange rate differential costs and financial expenses that still exist, but this is still better than in 2023 where there is a decrease in operating expenses of IDR 872,733,979,000 in 2024. Then if we look at the NPM in 2025 down to -8%, it is also influenced by a decrease in operating expenses of IDR 3,311,581,197,000 and it can be concluded that in these 3 years the Company is wiser in managing its operating expenses so that the NPM value becomes better than in the previous year.

Solvency Ratio

The results of the solvency ratio calculation are described as follows:

1. Debt to Asset Ratio (DAR)

Viewed in terms of debt to assets, in 2023, the DAR calculation value is 64%, while in 2024 it will rise to 77%, this is due to a decrease in asset value of IDR 2,618,266,093,000 that year. Meanwhile, the calculation of the value of DAR in 2025 is 81%, this is also the same as a decrease in asset value in 2025 of IDR 783,853,100,000 compared to 2024. It can be concluded that the higher the value of a company's DAR, the larger the portion of assets financed by debt and the higher the financial risk faced by the company.

2. Debt to Equity Ratio (DER)

Comparing debt with the capital owned by the Company, the calculation of DER in 2023 shows a yield of 175% while in 2024 it will increase to 337%, this is due to a decrease in the company's capital or equity from IDR 6,392,705,329,000 to IDR 3,428,808,544,000 in 2024. Meanwhile, the value of DER in 2025 also increased with a calculation result of 418% due also to a decrease in the Company's capital of IDR 2,735,649,273,000 and we can conclude that the value of DER in these 3 years has increased significantly and has financial risks and the potential for the company's interest expense to be even greater.

4. CONCLUSION

Based on the results of the case analysis of PT Kimia Farma Tbk's financial statements, several conclusions can be drawn regarding the company's profitability and solvency performance during the 2023-2025 period. In terms of profitability, the Gross Profit Margin (GPM) showed an improving trend, increasing from 31% in 2023 to 30% in 2024, and further rising to 33% in 2025, indicating the company's success in managing its cost of goods sold and improving operational efficiency. However, the Net Profit Margin (NPM) remained negative throughout the period, although it showed gradual improvement from -18% in 2023 to -11% in 2024 and -8% in 2025, reflecting that while the company was

still operating at a net loss, the losses were progressively narrowing due to effective cost management and restructuring efforts.

In terms of solvency, the Debt to Asset Ratio (DAR) showed a consistently increasing trend, rising from 64% in 2023 to 77% in 2024 and further to 81% in 2025, indicating that an increasingly larger portion of the company's assets were financed by debt. Similarly, the Debt to Equity Ratio (DER) experienced a dramatic increase from 175% in 2023 to 337% in 2024 and 418% in 2025, reflecting a significant reliance on debt financing relative to equity, which poses higher financial risk. These findings suggest that while Kimia Farma has demonstrated improvement in its operational efficiency and profitability margins, the company still faces considerable challenges in managing its debt levels and achieving sustainable net profitability. This study is limited to the analysis of profitability and solvency ratios of PT Kimia Farma Tbk, and future researchers are encouraged to expand the analysis by incorporating additional financial ratios or examining other economic phenomena that may affect the company's financial performance.

REFERENCES

- Aisyah, M. (2026, April 17). *Kimia Farma (KAEF) records net profit of Rp123.6 billion in QI 2026*. Market Bisnis. <https://market.bisnis.com/read/20260417/192/...>
- Angriani, D. (2026, April 30). Kimia Farma (KAEF) balik rugi jadi laba Rp123,6 miliar di kuartal I-2026. *IDX Channel*. <https://www.idxchannel.com/market-news/kimia-farma-kaef-balik-rugi-jadi-laba-rp1236-miliar-di-kuartal-i-2026/2>
- Anom, P. (2026, April 16). *Kimia Farma successfully turns around in QI-2026, net profit jumps 197.79%*. Kontan. <https://industri.kontan.co.id/news/kimia-farma-berhasil-turnaround-di-kuartal-i-2026-laba-bersih-melonjak-19779>
- Antara News. (2025, May 5). BPS: Laju pertumbuhan penduduk Indonesia melambat. <https://kupang.antaranews.com/berita/189163/bps-laju-pertumbuhan-penduduk-indonesia-melambat>
- Aulia, M. (2025, November 15). *KAEF will write off land and building assets*. CNBC Indonesia. <https://www.cnbcindonesia.com/market/20251115122243-17-...>
- Fahmi, I. (2020). *Financial statement analysis*. Alfabeta.
- IDN Financials. (2025, November 5). Kimia farma jual aset, nilainya lebih dari 50% dari total ekuitas. <https://www.idnfinancials.com/id/news/58509/kimia-farma-jual-aset-nilainya-lebih-50-dari-total-ekuitas>
- Investing.com. (2026, May 4). Tak lagi rugi, kimia farma (KAEF) cetak laba bersih Rp 123,6 miliar di Q1 2026. <https://id.investing.com/news/stock-market-news/tak-lagi-rugi-kimia-farma-kaef-cetak-laba-bersih-rp1236-miliar-di-q1-2026-2956275>
- Kabarbursa.com. (2026, April 6). KAEF masih rugi, BUMN Farmasi terus berdarah di 2025. <https://www.kabarbursa.com/market-hari-ini/kaef-masih-rugi-bumn-farmasi-terus-berdarah-di-2025>
- Kasmir. (2019). *Financial statement analysis* (Revised Edition). Rajawali Pers.
- Kompas.com. (2026, April 30). Kinerja membaik, Kimia farma cetak laba Rp 123,6 Miliar di kuartal 1 - 2026. <https://money.kompas.com/read/2026/04/30/125514926/kinerja-membaik-kimia-farma-cetak-laba-rp-1236-miliar-di-kuartal-i-2026>
- PT Kimia Farma Tbk. (2024). *Annual report 2023*. PT Kimia Farma Tbk.
- PT Kimia Farma Tbk. (2025). *Financial statements QI 2025*. PT Kimia Farma Tbk.
- Putri, N. K. A. D., & Dewi, M. R. (2023). Analysis of solvency and profitability ratios to assess financial performance at PT Kimia Farma Tbk. *Journal of Accounting and Finance, 10*(2), 145-158.
- Siregar, E. (2026, April 17). *Kimia Farma (KAEF) records net profit of Rp123.6 billion in QI 2026*. IDX Channel. <https://www.idxchannel.com/market-news/kimia-farma-kaef-catat-laba-bersih-rp1236-miliar-di-kuartal-i-2026>

Stabilitas.id. (2026, May 4). Lepas dari tren kerugian, kimia farma (KAEF) cetak laba Rp 123,6 miliar dikuartal 1/2026. <https://www.stabilitas.id/lepas-dari-tren-kerugian-kimia-farma-kaef-cetak-laba-rp1236-miliar-di-kuartal-i-2026/>

