

ANALYSIS OF FINANCIAL PERFORMANCE AT PT. TELKOM INDONESIA Tbk. PERIOD 2019-2023

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Abstract

This research aims to find out and analyze how the financial performance of PT. Telkom Indonesia Tbk uses the ratio of Liquidity, Solvency, Profitability and Activity. The population and sample used in this study are the financial statements of PT. Telkom Indonesia Tbk for the 2019-2023 period. The type of research used is quantitative descriptive. Based on the results of the research from the liquidity ratio in 2019-2023, the results are not good. The solvency ratio is also not good. Based on the profitability ratio, the net profit margin shows good results because it is above industry standards, while the return on assets and return on equity can be said to be poor. In the activity ratio, judging from the working capital turnover, it has shown good results, while judging from the total asset turnover and receivable turnover over, the results are not good. Overall, the company's financial performance can be said to be not good because the average has not reached the industry standards that have been determined.

Keywords: *Financial performance, liquidity ratio, solvency, profitability, activity.*

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INTRODUCTION

The development of the increasingly competitive business world requires every company to have a competitive advantage in order to survive and develop. One of the main indicators of such excellence is good and sustainable financial performance. Financial performance is a benchmark in assessing the success of a company in managing its resources effectively and efficiently. Companies that have a good financial management system will be able to increase the company's value and maintain its business sustainability in the long term (Agus, 2011; Sutrisno, 2008). Financial performance can be analyzed through financial statements that are prepared periodically. Financial statements present information about the company's financial position, performance, and cash flow that is useful for internal and external parties in decision-making (Kasmir, 2012; Martono, 2011). Through the analysis of financial statements, management can evaluate the company's achievements and formulate a more appropriate strategy for the next period.

One of the commonly used analytical tools in assessing financial performance is financial ratio analysis. Financial ratios provide an overview of the condition of liquidity, solvency, profitability, and company activities (Wardiyah, 2017; Kasmir, 2018). Research by Yanto and Aprilia (2021) shows that the ratio of cash turnover and receivables turnover has an effect on Return on Asset (ROA), which indicates that the efficiency of asset management plays an important role in increasing the company's profitability. In addition, the study of the company's solvency and ability to meet long-term obligations is also an important aspect in financial performance analysis (Munawir, 2010). In the broader context of financial management, the implementation of a good financial management information system also plays a role in improving the quality of financial management and accountability (Yanto & Afkir, 2020; Yanto, Sahwan, & Prathomo, 2023). An integrated information system enables accurate and timely presentation of financial data to support managerial decision-making. This is in line with the basic concept of corporate budgeting which emphasizes the importance of financial planning and control as part of the management function (Yanto, Nurfitriana, & Ijma, 2022).

Previous research shows that financial performance analysis using liquidity, solvency, and profitability ratios can provide a comprehensive picture of the company's condition (Masyitah, 2018; Rizal, 2017; Satriyani, 2019). Therefore, financial ratio analysis is a relevant approach in assessing the health and stability of a company.

PT. Telkom Indonesia Tbk as one of the State-Owned Enterprises (SOEs) engaged in information and communication technology has a strategic role in the national economy. As a public company whose shares are traded on the Indonesia Stock Exchange (IDX), the financial performance of PT. Telkom Indonesia Tbk has become the concern of investors and other stakeholders. Financial statement data for the 2019–2023 period shows a consistent increase in revenue, but the company's profit

fluctuates. This condition indicates the need for a more in-depth analysis of the company's financial performance through the approach of liquidity, solvency, profitability, and activity ratios. Based on this description, it is important to conduct this research to comprehensively analyze the financial performance of PT. Telkom Indonesia Tbk for the 2019–2023 period to find out the company's health level and provide an overview of the company's ability to manage its financial resources effectively.

Based on this background, the formulation of the problem in this study is: 1) How is the financial performance of PT. Telkom Indonesia Tbk based on liquidity ratio for the 2019–2023 period?; 2) How is the financial performance of PT. Telkom Indonesia Tbk based on solvency ratio for the 2019–2023 period?; 3) How is the financial performance of PT. Telkom Indonesia Tbk based on the profitability ratio for the 2019–2023 period? Dan; 4) How is the financial performance of PT. Telkom Indonesia Tbk based on the activity ratio for the 2019–2023 period. The objectives of this research are: 1) To find out the financial performance of PT. Telkom Indonesia Tbk based on liquidity ratio for the 2019–2023 period; 2) To find out the financial performance of PT. Telkom Indonesia Tbk based on solvency ratio for the 2019–2023 period; 3) To find out the financial performance of PT. Telkom Indonesia Tbk based on the profitability ratio for the 2019–2023 period and; 4) To find out the financial performance of PT. Telkom Indonesia Tbk based on the activity ratio for the 2019–2023 period.

METHODOLOGY

This study uses a quantitative approach with a descriptive method. Quantitative descriptive research is research that aims to solve problems based on existing data by presenting, analyzing, and interpreting the data systematically. Through this approach, the researcher describes and analyzes the liquidity ratio, solvency, profitability, and activity ratio in assessing the financial performance of PT. Telkom Indonesia Tbk. The research was carried out at PT. Telkom Indonesia Tbk by taking data through the Indonesia Stock Exchange (IDX) which is accessed through [the official website of www.idx.co.id](http://www.idx.co.id). The research implementation time will take place from May to June 2024. The population in this study is all data on the annual financial statements of PT. According to Husain Usman (2016:181) in Mahmud et al. (2022), population is the total value, both calculation and measurement results, which are quantitative and qualitative of certain characteristics of the object being studied in a complete and clear manner. The sample in this study is the financial statements of PT. Telkom Indonesia Tbk is used to analyze the company's financial performance through liquidity, solvency, profitability, and activity ratios in accordance with the research objectives. The data used in this study is quantitative data. The data source used is secondary data, which is data that has been previously available and obtained through published company financial statements.

The data collection method used is the documentation method. Data was obtained through the financial statements of PT. Telkom Indonesia Tbk published on the Indonesia Stock Exchange. In addition, this research is also supported by literature in the form of scientific journals and relevant reference books as a theoretical and supporting basis in the analysis process. The data that has been obtained is then processed and analyzed using financial ratio analysis which includes liquidity ratios, solvency, profitability, and activity. The liquidity ratio according to Kasmir (2014) shows the company's ability to meet its short-term obligations. Liquidity measurement is carried out through the Current Ratio, which is calculated by comparing current assets with current debt; Quick Ratio, which compares current assets minus inventories with current debt; and Cash Ratio, which compares cash and cash equivalents with current debt. The solvency ratio is used to assess the extent to which a company's assets are financed by debt (Kasmir, 2014). Measurement is carried out through the Debt to Equity Ratio (DER), which compares total debt to equity, and the Debt to Asset Ratio (DAR), which compares total debt to total assets. The profitability ratio is used to assess a company's ability to generate profits (Kasmir, 2008). The ratio used includes Net Profit Margin (NPM), which is a comparison between net profit after tax and net sales; Return on Asset (ROA), which is the comparison of net profit after tax with total assets; and Return on Equity (ROE), which is a comparison of net profit after tax with equity. The activity ratio according to Kasmir (2018:172) in Margaretha et al. (2021) is used to measure the effectiveness of a company in utilizing its assets. Measurement is carried out through Total Asset Turnover which compares sales with total assets, Receivable Turnover which compares sales with receivables, and Working Capital Turnover which compares sales with working capital.

The results of the calculation of these ratios are then compared with the industry average standard based on Kasmir (2013) to determine the company's performance category, whether it is very good, good, medium, or not good. Interpretation is carried out by combining the results of the ratio calculation with the applicable theory so that a comprehensive picture of the company's financial performance condition is obtained. Financial performance in this study is interpreted as the result of an analysis that shows the extent to which the company has carried out financial management in accordance with applicable principles and rules. Liquidity is a company's ability to meet its short-term obligations. Solvency indicates the company's ability to meet its long-term obligations. Profitability reflects a company's ability to generate profits, while activity ratio describes the company's effectiveness in carrying out its operational activities through the use of its assets.

RESULTS AND DISCUSSION

Liquidity ratio analysis is carried out to assess the company's ability to meet its short-term obligations. The ratios used include Current Ratio, Quick Ratio, and Cash Ratio.

Current Ratio Analysis

Table 1. The current ratio of PT. Telkom Indonesia Tbk Year 2019–2023 (in Billion Rupiah Units)

Year	Current Assets	Current Debt	CR	SI (200%)	Criteria
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2019	41.722	58.369	71%	200%	Illikuid
2020	46.503	69.093	67%		Illikuid
2021	61.277	69.131	89%		Illikuid
2022	55.057	70.388	78%		Illikuid
2023	55.613	71.568	78%		Illikuid

Source: Data processed (2024)

The calculation results show that the Current Ratio of PT. Telkom Indonesia Tbk during the research period fluctuated in the range of 67% to 89% and was completely below the industry standard of 200%. The highest score occurred in 2021 at 89%, while the lowest score occurred in 2020 at 67%. This condition shows that every Rp1 of current debt cannot be fully guaranteed by the current assets owned by the company. Fluctuations in the ratio are influenced by an increase in current debt that is relatively larger than the growth of current assets. Overall, this condition indicates that the company is in the illicit category based on industry standards.

Quick Ratio Analysis

Table 2. Quick Ratio of PT. Telkom Indonesia Tbk Year 2019–2023 (in Billion Rupiah Units)

Year	Current Assets	Inventory	Current Debt	QR	SI (150%)	Criteria
2019	41.722	585	58.369	70%	150%	Illikuid
2020	46.503	983	69.093	66%		Illikuid
2021	61.277	779	69.131	88%		Illikuid
2022	55.057	1.144	70.388	77%		Illikuid
2023	55.613	997	71.568	76%		Illikuid

Source: Data processed (2024)

The Quick Ratio shows a pattern that is in line with the Current Ratio, with the highest value in 2021 at 88%. Despite a significant increase in the year due to the increase in current assets, the ratio remained below the industry standard of 150%. This indicates that without taking inventory into account, the company is still unable to close its short-term obligations optimally. Thus, the company's fast liquidity capability can be categorized as inadequate.

Cash Ratio Analysis

Table 3. Cash Ratio of PT. Telkom Indonesia Tbk Year 2019–2023 (in Billion Rupiah Units)

Year	Cash	Current Debt	Cash Ratio	SI (50%)	Criteria
2019	18.242	58.369	31%	50%	Illikuid
2020	20.589	69.093	30%		Illikuid
2021	38.311	69.131	55%		Likuid
2022	31.947	70.388	45%		Illikuid

2023	29.007	71.568	41%		Illikuid
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Source: Data processed (2024)

The Cash Ratio shows that only in 2021 the company was able to exceed the industry standard by 50%, with a ratio of 55%. In other years, the ratio was below standard, indicating the limitations of cash in guaranteeing current debt. These fluctuations are caused by significant changes in cash balances and an increase in current debt. In general, companies have not shown consistency in maintaining cash-based liquidity.

The performance of PT. Telkom Indonesia Tbk Based on Solvency Ratio

The solvency analysis aims to assess the company's funding structure and the level of dependence on debt.

Analisis Debt to Equity Ratio

Table 4. Debt to Equity Ratio PT. Telkom Indonesia TbkYear 2019–2023 (in Billion Rupiah Units)

Year	Total Debt	Equity	DER	SI (80%)	Criteria
2019	103.958	117.250	89%	80%	Insolvable
2020	126.054	120.889	104%		Insolvable
2021	131.785	145.399	91%		Insolvable
2022	125.930	149.262	84%		Insolvable
2023	130.480	156.562	83%		Insolvable

Source: Data processed (2024)

The Debt to Equity Ratio during the research period was above the industry standard of 80%, with the highest value in 2020 at 104%. This condition shows that the company's capital structure is more financed by debt than its own capital. Despite the downward trend after 2020, the ratio remains in the insolvent category by industry standards, which indicates relatively high financial risk.

Analisis Debt to Asset Ratio

Table 5. Debt to Asset Ratio PT. Telkom Indonesia TbkYear 2019–2023 (in Billion Rupiah Units)

Year	Total Debt	Total Assets	DAR	SI (35%)	Criteria
2019	103.958	221.208	47%	35%	Insolvable
2020	126.054	246.943	51%		Insolvable
2021	131.785	277.184	48%		Insolvable
2022	125.930	275.192	46%		Insolvable
2023	130.480	287.042	45%		Insolvable

Sumber: Data diolah (2024)

The Debt to Asset Ratio shows that 45% to 51% of a company's assets are financed by debt. This value is above the industry standard of 35%, thus illustrating a

fairly high level of leverage. Although there is a gradual downward trend after 2020, the company's solvency condition is still relatively less secure.

The performance of PT. Telkom Indonesia Tbk Based on Profitability Ratio

Profitability analysis shows the company's ability to generate profits from its operational activities. Net Profit Margin during the study period was relatively stable and was in the range of 19% to 24%. Most of the year showed values above the industry standard of 20%, except for 2022. This shows that the company has a good enough ability to generate a net profit from sales. Return on Asset is in the range of 10% to 12% and is entirely below the industry standard of 30%. This shows that the company's asset utilization has not been optimal in generating net profit.

Return on Equity also shows a value between 19% to 24%, still below the industry standard of 40%. This condition indicates that the rate of return to shareholders has not been maximized and the efficiency of capital management needs to be improved.

The performance of PT. Telkom Indonesia Tbk Based on Activity Ratio

The activity ratio shows the efficiency of the company in utilizing its assets to generate sales. Total Asset Turnover is in the range of 0.51 to 0.61 times and is entirely below the industry standard of 2 times, which indicates that the company's assets have not been optimally used in generating revenue. Receivable Turnover showed improved performance in 2021 and 2022 as it exceeded the standard by 15 times, but declined again in 2023. This shows fluctuations in the effectiveness of receivables management. Working Capital Turnover is consistently above the industry standard of 6 times, which shows that the company's working capital is relatively effective in supporting sales activities. Overall, the results of the study show that although the company has a fairly good profit margin performance, the aspects of liquidity, solvency, and asset utilization efficiency still need to be improved to achieve healthier and more sustainable financial conditions.

CONCLUSION

Based on the results of the research and discussions that have been carried out, it can be concluded that the financial performance of PT. Telkom Indonesia Tbk, which is analyzed through liquidity, solvency, profitability, and activity ratios, shows varying conditions. In terms of liquidity, the company is in a poor category because the high current debt has not been able to be optimally offset by current assets, so the ability to meet short-term obligations is still limited. Judging from the solvency ratio, the Debt to Equity Ratio and Debt to Asset Ratio values are above industry standards, which shows the company's high dependence on debt-based funding and the relatively low proportion of funding from shareholders. In terms of profitability, Net

Profit Margin is above industry standards so that it reflects the company's ability to generate net profit from sales. However, Return on Asset and Return on Equity are still below industry standards, indicating that the utilization of shareholders' assets and capital in generating profits is not optimal. Meanwhile, in terms of activities, the average turnover of receivables is still below industry standards, showing that the effectiveness of converting receivables into cash has not been consistent, while the turnover of working capital has been above the industry standard which indicates the effectiveness of the use of working capital in supporting sales.

Based on these findings, the company is advised to improve its liquidity structure by improving the quality and proportion of current assets in order to be able to close short-term liabilities more adequately. The company also needs to optimize asset management and capital structure to increase its Return on Asset and Return on Equity, so that net profit can grow in line with the amount of investment and total assets owned. In addition, optimizing the use of fixed assets and increasing the effectiveness of receivables management needs to be carried out so that sales and cash flow can increase sustainably. The results of this study can be considered for investors in assessing the prospects and risks of investment in companies, as well as a reference for future researchers to develop financial performance analysis studies using more diverse indicators or measurement approaches.

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