

ANALYSIS OF LIQUIDITY, SOLVENCY, ACTIVITIES, AND PROFITABILITY ON THE FINANCIAL PERFORMANCE OF PT TELEKOMUNIKASI INDONESIA (PERSERO) TBK.

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Abstract

The purpose of this study is to find out the financial condition of PT Telekomunikasi Indonesia (Persero) Tbk. based on its financial performance. Financial performance is measured using an analysis of liquidity, solvency, activity, and profitability ratios. This study uses the profit and loss statement and balance sheet statement of PT Telekomunikasi Indonesia (Persero) Tbk. for the 2019-2023 period as the research object. This study uses a quantitative approach with a descriptive method from the calculation of financial ratio analysis on the income statement and balance sheet statement of PT Telekomunikasi Indonesia (Persero) Tbk. for the 2019-2023 period. This study resulted in the conclusion that based on the liquidity ratio in that period, the financial condition of PT Telekomunikasi Indonesia (Persero) Tbk. was not in good condition due to high current debt. In terms of solvency ratio, the financial condition is not in good condition due to the high total debt. In terms of activity ratio, the financial condition of PT Telekomunikasi Indonesia (Persero) Tbk. is not in good condition due to low revenue. In terms of profitability ratio, the financial condition is not good because the net profit obtained is not large enough. Although the net profit obtained is low, the net profit margin of PT Telekomunikasi Indonesia (Persero) Tbk. has a fairly good value so that the financial condition is in good condition based on the net profit margin. Overall, PT Telekomunikasi Indonesia Tbk.'s financial performance is in poor condition due to high debt and low revenue.

Keywords: activity, liquidity, profitability, solvency

Introduction

Financial statements are reports that contain information on the financial condition of a company currently or in a certain period (Kasmir, 2019: 7). Financial statements can be used to measure the performance of a company by analyzing the report. The effectiveness of a company's efficiency can be determined by the company's ability to earn profits and in the process of the company's activities. One way to assess financial performance is to use the financial ratio analysis method. Financial ratios link the projected balance sheet statement to the income statement, which can provide a company's history and evaluation.

Financial ratios are the process of comparing numbers in financial statements by dividing one number by another (Kasmir, 2019: 104). The comparison of these numbers can come from numbers on the same financial statement or can come from numbers on different financial statements. Financial ratio analysis can be used to measure a company's financial performance. Financial ratio analysis can be used to measure a company's financial performance.

Performance is an overview of the level of success in the implementation of an organization's policy (activity plan) to achieve the goals, goals, visions, and missions outlined in the organization's strategic planning (Moehariono, 2014: 95). According to Fahmi (2018: 142), financial performance is an analysis to find out the extent to which the company has implemented rules in good and correct financial implementation.

The rapid development of technology today needs to be followed by good telecommunications to support the development of technology. PT Telekomunikasi Indonesia Tbk. is a large telecommunications company in Indonesia. PT Telekomunikasi Indonesia Tbk. has an important part in technological advancement in Indonesia.

Based on the explanation described earlier, the researcher was encouraged to make a study entitled "Analysis of Liquidity, Solvency, Activities, and Profitability on the Financial Performance of PT Telekomunikasi Indonesia (Persero) Tbk."

Methods

A quantitative approach is used in this study with a descriptive method. This study uses secondary data as research data. Secondary data is data obtained indirectly by researchers such as notes, books, financial

reports, articles, and so on (Sujarweni, 2017: 74). Secondary data has been further processed and has been presented in several documents. The secondary data used by the researcher is the financial statements of PT Telekomunikasi Indonesia Tbk. from 2019 to 2023. The financial report was obtained by the researcher from PT Telekomunikasi Indonesia Tbk. by downloading the report which is available at website company.

The analysis in this study is the analysis of financial ratios from financial statements. Financial ratios are used to measure financial performance by comparing the value obtained with industry standards for each ratio so that the company's financial condition can be known based on industry standard criteria. The industry standards used to determine the criteria of the financial ratios studied are as follows.

Table 2.1 Industry Standard of Financial Ratios

Financial Ratios		Industry Standards
Liquidity Ratio	Current Ratio	≥ 2.00
	Quick Ratio	≥ 1.50
	Cash Ratio	≥ 0.50
Solvency Ratio	Debt-to-Asset Ratio	≤ 0.35
	Debt-to-Equity Ratio	≤ 0.80
Activity Rate	Fixed Assets Turnover	≥ 5 times
	Total Assets Turnover	≥ 2 times
Profitability Ratio	Net Profit Margin	≥ 0.20
	Return on Assets	≥ 0.30
	Return on Equity	≥ 0.40

Source: Cashmere (2019: 134-202)

The financial ratios analyzed in this study include liquidity, solvency, activity, and profitability.

A. Liquidity Ratio

According to Kasmir (2019: 134-138) the formulas for calculating the types of liquidity ratios are as follows.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

$$\text{Cash Ratio} = \frac{\text{Cash} + \text{Cash Equivalents}}{\text{Current Liabilities}}$$

B. Solvency Ratio

According to Kasmir (2019: 158-159) the formulas for calculating the types of solvency ratios include:

$$\text{Debt} - \text{to} - \text{Assets Ratio} = \frac{\text{Total Debts}}{\text{Total Assets}}$$

$$\text{Debt} - \text{to} - \text{Equity Ratio} = \frac{\text{Total Debts}}{\text{Total Equity}}$$

C. Activity Ratio

According to Kasmir (2019: 186-187) the formulas for calculating the types of activity ratios include:

$$\text{Fixed Assets Turnover} = \frac{\text{Net Sales}}{\text{Total Fixed Assets}}$$

$$\text{Total Assets Turnover} = \frac{\text{Net Sales}}{\text{Total Assets}}$$

D. Profitability Ratio

According to Kasmir (2019: 202-206), the formulas for calculating the types of profitability ratios include:

$$\text{Net Profit Margin} = \frac{\text{Net Income}}{\text{Revenue}}$$

$$\text{Return On Assets} = \frac{\text{Net Income}}{\text{Total Assets}}$$

$$\text{Return On Equity} = \frac{\text{Net Income}}{\text{Total Equity}}$$

Results and Discussion

A. Liquidity Ratio

The results of the calculation of the liquidity ratio of PT Telekomunikasi Indonesia (Persero) Tbk. from 2019 to 2023 are as follows.

Table 3.1 Calculation Results from Liquidity Ratio Analysis

Liquidity Ratio	Industry Standards	2019	2020	2021	2022	2023
Current Ratio	≥ 2.00	0,71	0,67	0,89	0,78	0,78
Quick Ratio	≥ 1.50	0,70	0,66	0,88	0,77	0,76
Cash Ratio	≥ 0.50	0,31	0,30	0,55	0,45	0,41

Source: Data processing from <https://www.telkom.co.id> (2024)

By current ratio PT Telekomunikasi Indonesia Tbk. in 2019 to 2023, its financial condition is in good condition because of the value of current ratio lower than the industry standard. The higher the value of the current ratio the company's financial condition is getting better. The same is true for Quick Ratio, the value obtained from 2019 to 2023 is less than the industry standard value so that the company's financial condition can be said to be in poor condition. The higher the value of Quick Ratio The company's financial condition is getting better. To Cash Ratio From 2019 to 2023, only in 2021 it met the industry standard with a value of 0.55 and continued to decline to 0.45 and 0.41 in 2022 and 2023 so that the company's financial condition was good only in 2021. The higher the value of Cash Ratio The company's financial condition is getting better. Broadly speaking, based on the liquidity ratio, the financial condition of PT Telekomunikasi Indonesia Tbk. is in poor condition because it is unable to pay its current obligations.

B. Solvency Ratio

The results of the calculation of the solvency ratio of PT Telekomunikasi Indonesia (Persero) Tbk. from 2019 to 2023 are obtained as follows.

Table 3.2 Calculation Results from Solvency Ratio Analysis

Solvency Ratio	Industry Standards	2019	2020	2021	2022	2023
Debt-to-Asset Ratio	≤ 0.35	0,47	0,51	0,48	0,46	0,45
Debt-to-Equity Ratio	≤ 0.80	0,89	1,04	0,91	0,84	0,83

Source: Data processing from <https://www.telkom.co.id> (2024)

By Debt-to-Asset Ratio and Debt-to-Equity Ratio From 2019 to 2023, the financial condition of PT Telekomunikasi Indonesia Tbk. is not in good condition due to the value of Debt-to-Asset Ratio and Debt-to-Equity Ratio exceeding industry standard values. Value of Debt-to-Asset Ratio shows that every IDR 1.00 of debt can be secured by IDR 0.47 assets in 2019, IDR 0.51 assets in 2020, IDR 0.48 assets in 2021, IDR 0.46 assets in 2022, and IDR 0.45 assets in 2023. The lower the value of Debt-to-Asset Ratio The company's financial condition is getting better. The value of Debt-to-Equity Ratio shows that every IDR 1.00 of debt can be secured by IDR 0.89 capital in 2019, IDR 1.04 capital in 2020, IDR 0.91 capital in 2021, IDR 0.84 capital in 2022, and IDR 0.83 capital in 2023. The lower the value of Debt-to-Equity Ratio The company's financial condition is getting better. In general, based on the solvency ratio, the financial condition of PT Telekomunikasi Indonesia Tbk. is not in good condition even though the ratio value obtained is not too far from the industry standard.

C. Activity Ratio

The results of the calculation of the activity ratio of PT Telekomunikasi Indonesia (Persero) Tbk. from 2019 to 2023 are as follows.

Table 3.3 Calculation Results from Activity Ratio Analysis

Activity Rate	Industry Standards	2019	2020	2021	2022	2023
<i>Fixed Assets Turnover</i>	≥ 5.00	0,86	0,85	0,87	0,85	0,83
<i>Total Assets Turnover</i>	≥ 2.00	0,61	0,55	0,52	0,54	0,52

Source: Data processing from <https://www.telkom.co.id> (2024)

Based on the ratio of activities in 2019 to 2023, The financial condition of PT Telekomunikasi Indonesia Tbk. is not in good condition because the value of its activity ratio does not meet good industry standards Fixed Assets Turnover and Total Assets Turnover. Fixed Assets Turnover shows the efficiency ratio of the company's fixed assets in generating income while Total Assets Turnover It shows the ratio of efficiency in using the company's total assets in generating revenue. At Fixed Assets Turnover every IDR 1.00 of fixed assets can generate IDR 0.86 in revenue in 2019, IDR 0.85 in revenue in 2020, IDR 0.87 in revenue in 2021, IDR 0.85 in revenue in 2022, and IDR 0.83 in revenue in 2023. The higher the value of Fixed Assets Turnover The company's financial condition is getting better. At Total Assets Turnover Every IDR 1.00 of total assets can generate IDR 0.61 revenue in 2019, IDR 0.55 revenue in 2020, IDR 0.52 revenue in 2021, IDR 0.54 revenue in 2022, and IDR 0.52 revenue in 2023. The higher the value of Fixed Assets Turnover The company's financial condition is getting better. Overall, PT Telekomunikasi Indonesia Tbk.'s financial condition is not in good condition based on the activity ratio because the value of the activity ratio is far below the industry standard.

D. Profitability Ratio

The results of the calculation of the profitability ratio of PT Telekomunikasi Indonesia (Persero) Tbk. from 2019 to 2023 are obtained as follows.

Table 3.4 Calculation Results from Profitability Ratio Analysis

Profitability Ratio	Industry Standards	2019	2020	2021	2022	2023
<i>Net Profit Margin</i>	≥ 0.20	0,20	0,22	0,24	0,19	0,22
<i>Return on Assets</i>	≥ 0.30	0,12	0,12	0,12	0,10	0,11
<i>Return on Equity</i>	≥ 0.40	0,24	0,24	0,23	0,19	0,21

Source: Data processing from <https://www.telkom.co.id> (2024)

Based on the Net Profit Margin from 2019 to 2023, PT Telekomunikasi Indonesia Tbk. is in good financial condition except in 2022 which decreased from 0.24 in 2021 to 0.19 in 2022 and improved to 0.22 in 2023 when compared to the industry standard value. Furthermore, based on Return on Assets and Return on Equity, the financial condition of PT Telekomunikasi Indonesia Tbk. is in a bad state because it cannot meet industry standards. Return on Assets shows the ratio of efficiency of a company in using its total assets to earn a net profit. The higher the value of Return on Assets, the better the financial condition of PT Telekomunikasi Indonesia. Return on Equity shows the ratio of efficiency of a company in using its total capital to obtain net profit. The higher the value of Return on Equity, the better the financial condition of PT Telekomunikasi Indonesia. Broadly speaking, based on the profitability ratio, PT Telekomunikasi Indonesia Tbk.'s financial condition is in a bad state.

Conclusion and Suggestions

A. Conclusion

The conclusion of this study based on the analysis of financial ratios in the financial statements of PT Telekomunikasi Indonesia Tbk. for the period 2019 to 2023 is that the financial condition of PT Telekomunikasi Indonesia Tbk. in 2019 to 2023 is not in good condition. Based on the liquidity ratio, it can be concluded that the financial condition of PT Telekomunikasi Indonesia Tbk. from 2019 to 2023 is not in good condition because the company is unable to pay its current liabilities. High current debt without being followed by high current assets or cash makes the company's financial condition not good. Based on the solvency ratio, the financial condition of PT Telekomunikasi Indonesia Tbk. from 2019 to 2023 is not in good condition because the company's financing is still large from debt rather than from total assets or total

capital. Based on the activity ratio, the financial condition of PT Telekomunikasi Indonesia Tbk. from 2019 to 2023 is not in good condition due to low revenue. PT Telekomunikasi Indonesia Tbk.'s revenue from 2019 to 2023 is far below total assets and total fixed assets. Based on the profitability ratio, the financial condition of PT Telekomunikasi Indonesia Tbk. from 2019 to 2023 is not in good condition because the net profit obtained is much lower when compared to the total value of capital and total assets. The financial condition based on the profitability ratio can be said to be in good condition when viewed from the company's Net Profit Margin. The net profit obtained by the company is still relatively high when compared to revenue.

B. Suggestions

The advice that the researcher can give to PT Telekomunikasi Indonesia Tbk so that the financial performance condition is in good condition is to increase current assets to offset current debt and reduce debt for the company's operations. PT Telekomunikasi Indonesia Tbk. also needs to increase sales to boost revenue in order to offset its assets and capital and to increase net profit. The increase in current assets must also be balanced with debt reduction and increased income

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