Analysis of profitability ratio to financial performance of Indonesian telecommunication company Tbk (2018-2022 Period)

Puji Lestari¹, Ade Repi Rafiyanî², Siti Nur Rahmawati³, Didit Haryadi⁴
¹²³⁴Management Study Program, Faculty of Economics and Business, Primagraha University, Indonesia

ABSTRACT
This study aims to assess the financial performance of PT Telekomunikasi Indonesia Tbk by analyzing financial statements using profitability ratios. Data collection techniques in this study use qualitative research methods with a descriptive approach. The type of data in this study is secondary data, which is obtained directly through the official website of PT Telekomunikasi Indonesia Tbk. This research received the results of the profitability ratio at PT Telekomunikasi Indonesia Tbk; namely, the development of the company's ratio cannot be said to be good because it has decreased a lot from year to year. This causes the company to be unable to generate profits because the calculation of return on assets, return on equity, gross profit margin, and net profit margin every year has decreased significantly. However, the same increase in 2021 also decreases again the following year. So it can be said that the company has not been efficient in generating profits and its financial performance also cannot be said to be good. This study aims to develop a model for reviewing financial statements from financial performance. This research is expected to make theoretical contributions to the literature in this context, including in the context of financial and banking management.

Keywords: Gross Profit Margin; Net Profit Margin; Return On Asset; Return On Equity.

This is an open-access article under the CC BY-NC license.

Corresponding Author:
Puji Lestari,
Department of Economics and Business,
Primagraha University,
Komplek Griya Gemilang Sakti, Jl. Trium Jamaksari No. 1A Kaliagun, Serang, Banten 42111, Indonesia
Email: kotabumipuji@gmail.com

1. INTRODUCTION
Financial statements are a source of information needed as one of the tools to assess the success of management is expected to be able to provide information about the progress and development of a company (Gu et al., 2023, 2024; Lasabuda, Pelleng, et al., 2019). Financial statements are an essential tool to obtain information concerning the wishes of certain parties interested in the financial statements. Financial statements will be more meaningful to interested parties if analyzed further to convey information supporting policies (Nguyen et al., 2023; Winarno, 2017; Zhang et al., 2023). Financial statements are the final part of the accounting process that plays an essential role in measuring and evaluating a company's performance. Companies in Indonesia, especially those that go public, must make financial statements periodically (Mujari 2019; Supsermpol et al. 2023; Zhang et al. 2023).

Financial performance is work achievement in the financial field that has been achieved by the company and is stated in the company's financial statements. Meanwhile, according to Munawir, financial performance is "Work performance that has been obtained by a company in a certain period and is owed in the relevant financial statements (Hasan, 2023). Financial
performance has many aspects, but economists usually only focus on three main elements: efficiency, technological progress, and balance in distribution. Simply put, the calculation of efficiency is to produce a maximum value with a certain number of inputs, both quantitatively physical and economic value (price). In summary, it can be explained that a certain number of information of a bonus nature is avoided so that no resources are unused and discarded. (Wenda and Ditilebit 2021). Financial performance is an achievement achieved by a company in a certain period that reflects the company's level of health. This is in contrast to Fahmi, who stated that financial performance is an analysis carried out to see the extent to which a company has implemented financial implementation rules properly and correctly. So, it can be concluded that financial performance is a picture of financial condition, which is a measure of success or achievement achieved by the company in maintaining health and stability in the financial sector by using financial implementation rules properly and correctly during a specific period (Buntu 2023).

Analisis rasio merupakan rasio untuk mengukur kemampuan perusahaan dalam memenuhi Long-term liabilities of the company, besides profitability is a ratio used to measure the company's ability to generate profits from sales. (Noordiatmoko 2020). Profitability is the net result of various policies and decisions, where this ratio is used as a measure of the company's ability to profit from every rupiah of sales generated. (Widarjo & Setiawan, 2009). The results of the profitability ratio can be used as an illustration of the effectiveness of bank performance in terms of net profit obtained compared to the cost of revenue. (Fernos 2017). The profitability ratio measures a company's ability to generate profits using its owned resources such as assets, capital, or sales. Profitability ratios that are often used include return on assets (ROA), return on equity (ROE), profit margin ratio, and elemental earning power. (Jajuli et al., 2023). Return on assets measures a company's ability to use capital to generate after-tax profits. ROA measures the level of efficiency of an investment. The formula for calculating Return on Assets (ROA) is EAT divided by Total Assets (Gunawan et al. 2022; Hariyanto 2022; Hawaldar et al. 2022). Return on Equity (ROE) reflects the efficiency of own money. The formula for calculating Return on Equity (ROE) is EAT divided by Equity (Zulkarnain et al., 2022; Kusz et al., 2023; Saputra 2022). Measure the company's ability to generate net profit from sales made. The one ratio reflects the efficiency of production, personnel, marketing, and finance. The formula for calculating Net Profit Margin (NPM) is EAT divided by Sales. Gross Profit Margin (GPM) is a ratio of a company's ability to generate gross profit from sales made (Hadi & Azul, 2023). Gross Profit Margin (GPM) reflects the efficiency of the production part. The formula for calculating Profit Margin (GPM) is Ebit divided by Revenue (Nur et al., 2023; Zafira & Lubis, 2023).

Telkom is a company owned by the State Enterprise (BUMN) engaged in information and communication—the history of PT. Telkom Indonesia established a private business entity providing postal and telegraph services in 1882. In 1961, the status of the position was changed to the State Post and Telecommunications Company (PN Postel). Then, in 1965, PN Postel was split into the State Post and Giro Company (PN Pos & Giro) and the State Telecommunications Company (PN Telekomunikasi). (Repository.umy.ac.id 2019). In 1974, PN Telekomunikasi was adapted to become a General Telecommunication Company (PERUMTEL). Several times, it changed its name. In 1980, Indonesia established national and international telecommunications services and all shares of PT. Indonesian Satellite Corporation Tbk. (Indosat) was taken over by the Indonesian government to become a state-owned enterprise. In 1989, Law Number 3 of 1989 concerning telecommunications was enacted, which also regulates the role of the private sector in the implementation of telecommunications. 1991 Perumtel became an Indonesian telecommunications company (Persero) based on PP No. 25 Of 1991. 1995 Initial Public Offering of TELKOM (Initial Public Offering) was conducted on November 14, 1995. Since then, TELKOM's shares have been listed and traded on the Jakarta Stock Exchange (JSX), Surabaya Stock Exchange (BES), New York Stock Exchange (NYSE), and London Stock Exchange (LSE). TELKOM shares are also traded without listing on the Tokyo Stock Exchange. (Repository.umy.ac.id 2019).

PT Telkom Indonesia (Persero) Tbk (Telkom) is a State-Owned Enterprise (BUMN) engaged in information and communication technology (ICT) services and telecommunications
networks in Indonesia. Telkom's majority shareholder is the Government of the Republic of Indonesia, amounting to 52.09%. In comparison, the remaining 47.91% is controlled by the public. Telkom shares are traded on the Indonesia Stock Exchange (IDX) with the code “TLKM” and on the New York Stock Exchange (NYSE) with the code “TLK”. Telkom Group implements a customer-oriented business and operational strategy to transform into a digital telecommunication company. This transformation will make Telkom Group's organization leaner and more agile in adapting to changes in the telecommunications industry that take place very quickly. The new organization is also expected to increase efficiency and effectiveness in creating a quality customer experience. TelkomGroup’s business activities are growing and changing along with the development of technology, information, and digitalization, but still in the telecommunications and information industry corridor. This can be seen from the business lines that continue to grow, complementing the existing legacy. Telkom now divides its business into 3 Digital Business Domains, namely, Digital Connectivity: Fiber to the x (FTTx), 5G, Software Networking (SDN) / Network Function Virtualization (NFV) / Satellite. Digital Platform: Data Center, Cloud, Internet of Things (IoT), Big Data/ Artificial Intelligence (AI), Cybersecurity. Digital Services: Enterprise, Consumer.

This study aims to develop a model for reviewing financial statements from financial performance. This research is expected to make theoretical contributions to the literature in this context, including in the context of financial and banking management.

2. RESEARCH METHOD
This research uses qualitative methods with a descriptive approach that describes or reflects data on financial statements. A descriptive study is conducted to determine the value of independent variables, either one variable or more (independent), without comparing or linking with other variables. This research data comes from the financial statements of PT Telekomunikasi Indonesia Tbk, namely the income statement and balance sheet, by calculating profitability ratio analysis consisting of Return On Assets, Return On Equity, Net Profit Margin, and Gross Profit Margin. The population and sample of this study come from the financial statements of PT Telekomunikasi Indonesia Tbk for the years 2019-2022. This research data is sourced from secondary data, namely the data obtained through the official website of PT Telekomunikasi Indonesia Tbk www.telkom.co.id

3. RESULTS AND DISCUSSIONS
The results of the financial performance analysis based on the profitability ratio at PT Telekomunikasi Indonesia Tbk are presented in total and can be seen below.

<table>
<thead>
<tr>
<th>Table 1. Financial Position of PT Telekomunikasi Tbk as of December 31, 2018, 2019, 2020, 2021, and 2022 (In Billions of Rupiah)</th>
</tr>
</thead>
<tbody>
<tr>
<td>INFORMATION</td>
</tr>
<tr>
<td>ASSETS</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
</tr>
<tr>
<td>Setup</td>
</tr>
<tr>
<td>- Total Current Assets</td>
</tr>
<tr>
<td>-Total Fixed Assets</td>
</tr>
<tr>
<td>Total Assets</td>
</tr>
<tr>
<td>PASSIVE</td>
</tr>
<tr>
<td>Current Debt</td>
</tr>
<tr>
<td>Long-Term Debt</td>
</tr>
<tr>
<td>-Total Debt</td>
</tr>
<tr>
<td>-Equity</td>
</tr>
<tr>
<td>TOTAL PASSIVE</td>
</tr>
</tbody>
</table>

Source: Attachment Data
Table 2. PT Telekomunikasi Tbk’s Profit and Loss as of December 31, 2018, 2019, 2020, 2021, and 2022 (In Billions of Rupiah)

<table>
<thead>
<tr>
<th>INFORMATION</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>130.784</td>
<td>135.567</td>
<td>136.462</td>
<td>143.210</td>
<td>147.306</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>38.845</td>
<td>42.394</td>
<td>43.505</td>
<td>47.563</td>
<td>39.581</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>36.405</td>
<td>37.908</td>
<td>38.775</td>
<td>43.678</td>
<td>36.339</td>
</tr>
<tr>
<td>Net Profit</td>
<td>26.979</td>
<td>25.400</td>
<td>25.986</td>
<td>35.928</td>
<td>29.447</td>
</tr>
<tr>
<td>EBIT</td>
<td>39.912</td>
<td>39.956</td>
<td>39.718</td>
<td>50.023</td>
<td>35.274</td>
</tr>
</tbody>
</table>

Source: Attachment Data

Profitability Ratio

a. Return on Assets

\[
\text{Return On Asset} = \frac{\text{EAT}}{\text{Total Asset}}
\]

Year 2018 = \( \frac{26.979}{135.567} = 0.13 \)  
Year 2019 = \( \frac{25.400}{233.898} = 0.11 \)  
Year 2020 = \( \frac{25.896}{246.943} = 0.10 \)  

Year 2021 = \( \frac{23.978}{277.154} = 0.12 \)  

The year 2022 was 0.10

Based on the calculation above, it shows PT’s Return on Assets (ROA). Telekomunikasi Indonesia Tbk in 2018 was 0.13%, down 2% to 0.11% in 2019, then decreased again by 1% in 2020 to 0.10%, then in 2021, it increased by 2% to 0.12%, and there was a decrease again in 2022 by 2% to 0.10%.

The decline in 2019, 2020, and 2022 was caused by an increase in total assets and a decrease in net profit. This shows that the company cannot utilize assets to obtain profits, and its performance is also considered not good because it has decreased from year to year.

b. Return on Equity

\[
\text{Return on Equity (ROE)} = \frac{\text{EAT}}{\text{Equity}}
\]

Year 2018 = \( \frac{26.979}{135.567} = 0.22 \)  
Year 2019 = \( \frac{25.400}{233.898} = 0.21 \)  
Year 2020 = \( \frac{25.896}{246.943} = 0.21 \)  
Year 2021 = \( \frac{23.978}{277.154} = 0.24 \)  
Year 2022 = \( \frac{29.447}{359.298} = 0.19 \)

Berdasarkan perhitungan diatas menunjukkan bahwa Return on Equity (ROE) PT. Telekomunikasi Indonesia Tbk pada year 2018 adalah 0.22%, turun 1% menjadi 0.21% pada year 2019 dan 2020, mengalami kenaikan pada year 2021 sebesar 3% menjadi 0.24%, kemudian pada year 2022 mengalami penurunan sebesar 5% yaitu 0.19%. Penurunan yang terjadi pada year 2019, 2020, dan 2022 disebabkan oleh menurunnya total laba bersih dan ekuitas yang digunakan dalam kegiatan perusahaan. Hal ini menunjukkan bahwa perusahaan belum mampu dalam menghasilkan laba bersih disetiap dana dalam ekuitas. Sehingga dapat disimpulkan bahwa kinerja perusahaan juga dianggap kurang baik karena mengalami banyak penurunan dari year ke year.

c. Net Profit Margin (NPM)

\[
\text{Net Profit Margin (NPM)} = \frac{\text{EAT}}{\text{Sales}}
\]

Year 2018 = \( \frac{26.979}{130.784} = 0.20 \)  
Year 2019 = \( \frac{25.400}{135.567} = 0.18 \)  
Year 2020 = \( \frac{25.896}{143.210} = 0.19 \)  
Year 2021 = \( \frac{23.978}{147.306} = 0.16 \)  
Year 2022 = \( \frac{29.447}{158.540} = 0.19 \)

Based on the calculation above, it shows the Net Profit Margin (NPM) of PT. Telekomunikasi Indonesia Tbk in 2018 was 0.20%, down 2% to 0.18% in 2019; in 2020, it increased by 1% to 0.19%; in 2021, it increased by 6% to 0.25%. The decline occurred again in 2022 by 6%, to 0.19%.

The company’s decreased net profit and equity caused a fall in 2019, 2020, and 2022. This shows
that company has been unable to generate profits due to inefficient operations caused by the high costs that must be borne. So it can be concluded that the company's performance is also considered not good because it has decreased a lot from yearly. Gross Profit Margin (GPM)

\[
\text{Gross Profit Margin (GPM)} = \frac{EBIT}{Pendapatan}
\]

Year 2018 = \(\frac{29,915}{120,789} = 0.30\). The year 2019 = \(\frac{39,856}{125,567} = 0.29\). The year 2020 = \(\frac{27,18}{196,462} = 0.29\)

The year 2021 = \(\frac{3274}{143,210} = 0.35\). The year 2022 = \(\frac{127,560}{142,210} = 0.23\)

Based on the calculation above, what is the Gross Profit Margin (GPM) of PT. Telekomunikasi Indonesia Tbk in 2018 was 0.30%, down 1% to 0.29% in 2019 and 2020, increased in 2021 by 4% to 0.35%, and then decreased by 10% to 0.23%. The decline in 2019, 2020, and 2022 was caused by reduced cost of goods sold, such as initial purchases and final inventory, so the company's operational activities became less efficient. So it can be concluded that the company's performance is also considered not good because it has decreased yearly.

4. CONCLUSION

Based on the results of the analysis and calculations above, the author draws several conclusions, namely, the Financial Performance of Telecommunication Companies Tbk measured using the Profitability Ratio has not achieved success or cannot be said to be good because, based on the calculation of ROA from 2018-2022 there has been a very significant decline, this is due to the company's inability to utilize assets to earn profits. If this happens continuously, it will cause company losses. The Financial Performance of Telecommunication Companies Tbk measured using the Profitability Ratio has not achieved success or cannot be said to be good because, based on the calculation of ROE from 2018-2022, it has decreased a lot from year to year, the company's inability to utilize capital to earn profits. If this happens continuously, it will cause losses and company efficiency. The Financial Performance of Telecommunication Companies Tbk measured using the Profitability Ratio has not achieved success or cannot be said to be good because, based on NPM calculations from 2018-2022, there has been much decline; this is due to the company's inability to generate profits due to inefficient company operations caused by high costs that must be borne. So it can be concluded that the company's performance is also considered not good because it has decreased yearly. The Financial Performance of Telecommunication Companies Tbk measured using the Profitability Ratio has not achieved success or cannot be said to be good because, based on GPM calculations from 2018-2022, there has been much decline due to the decrease in cost of goods sold such as initial inventory purchases and final inventory so that the company's operational activities become less efficient. If this continues to happen, it will cause company losses. The author's suggestion is PT. Telekomunikasi Tbk should improve the company's ability and performance in generating profits year to year. PT Telekomunikasi Tbk should be able to improve financial performance for the stability of the company's operations and the profitability ratio should also be improved in order to obtain maximum profit. The results of this study can be used as a reference or as a comparison in conducting research on financial performance using profitability ratios for further research. This needs to be done and improved to avoid unwanted things such as declining profits that will cause the company to lose. This research is expected to make theoretical contributions to the literature in this context, including in the context of financial and banking management.

ACKNOWLEDGEMENTS

The author would like to express my deepest gratitude for the expression and dedication of the entire team. The International Journal of Applied Finance and Business Studies has reviewed the article and published the author's paper. In addition, the author also would like to thank all peer reviewers who have collaborated and supported the preparation of this article so that it can be successful and published in the International Journal of Applied Finance and Business Studies.
REFERENCES


