



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

Puji Lestari<sup>1</sup>, Ade Repi Rafiyani<sup>2</sup>, Siti Nur Rahmawati<sup>3</sup>, Didit Haryadi<sup>4</sup>

<sup>1,2,3,4</sup>Management Study Program, Faculty of Economics and Business, Primagraha University, Indonesia

## ARTICLE INFO

### Article history:

Received Dec 19, 2023

Revised Dec 20, 2023

Accepted Jan 1, 2024

### Keywords:

Gross Profit Margin;

Net Profit Margin;

Return On Asset;

Return On Equity.

## 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.

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



## Corresponding Author:

Puji Lestari,

Department of Economics and Business,

Primagraha University,

Komplek Griya Gemilang Sakti, Jl. Trip Jamaksari No. 1A Kaligandu, 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 generated 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 all purchases to generate after-tax profits. ROA indicates 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) measures a company's ability to use its capital to generate after-tax profits. 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) 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 Gross Profit Margin (GPM) is Ebit divided by Revenue (Nur et al., 2023; Zhafira & Lubis, 2023).

Telkom is a company owned by a 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.umi.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.umi.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](http://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 1.** Financial Position of PT Telekomunikasi Tbk as of December 31, 2018, 2019, 2020, 2021, and 2022 (In Billions of Rupiah)

INFORMATION	YEAR				
	2018	2019	2020	2021	2022
ASSETS					
Cash and Cash Equivalents	17.439	18.242	20.589	38.311	31.947
Setup	717	585	983	779	1.144
- Total Current Assets	43.268	41.722	46.503	61.277	55.057
-Total Fixed Assets	162.928	179.486	200.440	215.907	220.135
Total Assets	206.196	221.208	246.943	277.184	275.192
PASSIVE					
Current Debt	46.261	58.369	69.093	69.131	70.388
Long-Term Debt	42.632	45.589	56.961	62.654	55.542
-Total Debt	88.893	103.958	126.054	131.785	125.930
-Equity	117.303	117.250	120.889	145.399	149.262
TOTAL PASSIVE	206.196	221.208	246.943	277.184	275.192

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)

INFORMATION	YEAR				
	2018	2019	2020	2021	2022
Sales	130.784	135.567	136.462	143.210	147.306
Gross Profit	38.845	42.394	43.505	47.563	39.581
Profit Before Tax	36.405	37.908	38.775	43.678	36.339
Net Profit	26.979	25.400	25.986	35.928	29.447
EBIT	39.912	39.956	39.718	50.023	35.274

Source: Attachment Data

### Profitability Ratio

#### a. Return on Assets

$$\text{Return On Asset} = \frac{\text{EAT}}{\text{Total Asset}}$$

$$\text{Year 2018} = \frac{26.979}{206.196} = 0,13. \text{ Year 2019} = \frac{25.400}{221.208} = 0,11. \text{ Year 2020} = \frac{25.986}{246.943} = 0,10$$

$$\text{Year 2021} = \frac{35.928}{277.184} = 0,12. \text{ The year 2022} = \frac{29.447}{275.192} = 0,10$$

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

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

$$\text{Year 2018} = \frac{26.79}{117.803} = 0,22. \text{ The year 2019} = \frac{25.400}{117.250} = 0,21. \text{ The year 2020} = \frac{25.986}{120.889} = 0,21$$

$$\text{The year 2021} = \frac{35.928}{145.399} = 0,24. \text{ The year 2022} = \frac{29.447}{149.262} = 0,19$$

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)

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

$$\text{Year 2018} = \frac{26.979}{130.784} = 0,20. \text{ The year 2019} = \frac{25.400}{135.567} = 0,18. \text{ The year 2020} = \frac{25.986}{136.462} = 0,19$$

$$\text{The year 2021} = \frac{35.928}{143.210} = 0,25. \text{ The year 2022} = \frac{29.447}{147.306} = 0,19$$

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 b 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)

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

Year 2018 =  $\frac{39.912}{130.784} = 0,30$ . The year 2019 =  $\frac{39.956}{135.567} = 0,29$ . The year 2020 =  $\frac{3.718}{136.462} = 0,29$   
 The year 2021 =  $\frac{5.023}{143.210} = 0,35$ . The year 2022 =  $\frac{3.274}{147.306} = 0,23$

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 in 2022 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 e, based on the calculation of ROE from 2018-2022, it2 has decreased a lot from year thither to 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, cause 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 from 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

- Buntu, Benyamin. 2023. "Analisis Rasio Likuiditas, Rasio Leverage Dan Profitabilitas Pada PT Telkom Indonesia (Persero) Tbk." *Jurnal Ekonomi Dan Bisnis* 15(1):1-14.
- Fernos, Jhon. 2017. "ANALISIS RASIO PROFITABILITAS UNTUK MENGUKUR KINERJA (Studi Kasus Pada PT. Bank Pembangunan Daerah Provinsi Sumatera Barat)." *Jurnal Pundi* 1(2):107-18.
- Gu, Jing, Xinyu Shi, Junyao Wang, and Xun Xu. 2024. "Examining the Impact of Market Power Discrepancy between Supply Chain Partners on Firm Financial Performance." *International Journal of Production Economics* 268:109100.
- Gu, Xiaozhe, Nandu J. Nagarajan, Akin Sayrak, and Dhinu Srinivasan. 2023. "U.S. Airline Responses to Mandated Disclosure of Non-Financial Performance." *Journal of Contemporary Accounting & Economics* 100394.
- Gunawan, Rais, Marlina Widiyanti, Shelfi Malinda, and Mohamad Adam. 2022. "The Effect of Current Ratio, Total Asset Turnover, Debt To Asset Ratio, and Debt To Equity Ratio on Return on Assets in Plantation Sub-Sector Companies Listed on the Indonesia Stock Exchange." *International Journal of Economic, Business, Accounting, Agriculture Management and Sharia Administration (IJEBA)* 2(1):19-28.
- Hadi, Eko Supriyanto and Teuku Alexander Azwani Amzul. 2023. "Pengaruh Current Ratio Terhadap Gross Profit Margin Pada PT. Mayora Tbk. Periode 2010-2022." *Jurnal Ekonomi Utama* 2(2):138-42.
- Hariyanto, Dedi. 2022. "The Effect of Return on Assets and Return on Equity on Company Value with Dividends as Intervening Variables in Manufacturing Companies in the Basic and Chemical Industry Sectors Listed on the Indonesia Stock Exchange in 2017-2020." *TechHub Journal* 2(1):27-48.
- Hasan, Hasanudin. 2023. "Analisis Profitabilitas Dalam Menilai Kinerja Keuangan Pada Pt Pos Indonesia." *Ekonomi & Bisnis* 22(1):93-108.
- Hawalidar, Iqbal Thonse, Bharat Kumar Meher, Puja Kumari, and Santosh Kumar. 2022. "Modelling the Effects of Capital Adequacy, Credit Losses, and Efficiency Ratio on Return on Assets and Return on Equity of Banks during COVID-19 Pandemic." *Banks and Bank Systems* 17(1):115-24.
- Iskandar Zulkamain, Nanda Sulistiyowati, and Sjukun. 2022. "The Effect of Return on Equity and Debt To Equity Ratio on Stock Prices in the Company Transportation Sub Sector Listed on the Indonesia Stock Exchange for the 2015-2019 Period." *International Journal of Social Science* 1(6):955-66.
- Jajuli, Imam Sofi'i, and Didit Haryadi. 2023. "Moderation of Non-Performing Financing on the Effect of Buying and Selling Financing on Return on Assets Empirical Study on Islamic Banking in Indonesia in 2015-2020." *International Journal of Applied Finance and Business Studies* 11(21):231-38.
- Kusz, Dariusz, Iwona Bąk, Beata Szczecińska, Ludwik Wicki, and Bożena Kusz. 2023. "Determinants of Return-on-Equity (ROE) of Biogas Plants Operating in Poland." *Energies* 16(1).
- Lasabuda, Nur Lischa M. P., Frendy A. O. Pelleng, and Dolina L. Tampi. 2019. "Analisis Rasio Kinerja Keuangan Pada PT Telekomunikasi Indonesia (Persero), Tbk." *Productivity* 1(2):154-62.
- Mujari. 2019. "ANALISIS LAPORAN KEUANGAN UNTUK MENGUKUR KINERJA KEUANGAN PERUSAHAAN TELEKOMUNIKASI YANG TERDAFTAR DI BURSA EFEK INDONESIA." *Proceedings of the Institution of Mechanical Engineers, Part J: Journal of Engineering Tribology* 224(11):122-30.
- Nguyen, Phuong Ngoc-Duy, Khuong Ngoc Mai, and Thu-Hang Le. 2023. "Strategic Perspectives, Creativity, and Financial Performance in Vietnamese SMEs." *Heliyon* 9(9):e20354.
- Noordiatmoko, Didik. 2020. "Analisis Rasio Profitabilitas Sebagai Alat Ukur Untuk Menilai Kinerja Keuangan Pada Pt Mayora Indah Tbk, Periode 2014-2018." *Jurnal Parameter* 5(4):38-51.
- Nur, Latief Z., Wulan Riyadi, and Nita Hernita. 2023. "Effect of Gross Profit Margin and Dividend Policy on Stock Price (Case Study of Food and Beverage Companies Listed on the IDX for the 2016-2021 Period)." *Journal of International Conference Proceedings* 6(2):222-31.
- Repository.umi.ac.id. 2019. "GAMBARAN TENTANG PROFIL PT. TELEKOMUNIKASI INDONESIA, Tbk." *UMY Repository* 53(9):1689-99.
- Saputra, Farhan. 2022. "The Effect of Return on Equity, Earning per Share and Price Earning Ratio to the Stock Prices of Manufacturing Companies Listed in Indonesia Stock Exchange." *Dinasti International Journal of Economics, Finance and Accounting (DIJEFA)* 3(1):82-94.
- Supsermpol, Pompawee, Van Nam Huynh, Suttipong Thajchayapong, and Navee Chiadamrong. 2023. "Predicting Financial Performance for Listed Companies in Thailand during the Transition Period: A Class-Based Approach Using Logistic Regression and Random Forest Algorithm." *Journal of Open Innovation: Technology, Market, and Complexity* 9(3):100130.
- Wenda, Alpius and Norbertha Ditilebit. 2021. "Analisis Likuiditas Dan Profitabilitas Untuk Menilai Kinerja Keuangan Pada Pt. Telekomunikasi Indonesia, Tbk." *Jurnal Ekonomi Dan Bisnis* 11(2):33-42.
- Winarno, Slamet Heri. 2017. "Penilaian Kinerja Keuangan Perusahaan Melalui Analisis Profitabilitas." *Jurnal Moneter* IV(2):106-12.
- Zhafira, Azahra and Andriani Lubis. 2023. "Analisis Pengaruh Gross Profit Margin Dan Return on Equity Terhadap Harga Saham Pada Perusahaan Sektor Infrastruktur Yang Terdaftar Di Bursa Efek Indonesia

- Periode 2020-2022." *COMSERVA : Jurnal Penelitian Dan Pengabdian Masyarakat* 3(4):1459-67.
- Zhang, Weiwei, Fu Chen, Enru Liu, Yichi Zhang, and Fangfang Li. 2023. "How Does Digital Inclusive Finance Promote the Financial Performance of Chinese Cultural Enterprises?" *Pacific-Basin Finance Journal* 82:102146.
- Zhang, Xinhua, Qianqian Zhang, Zhifeng Dai, and Xiaotong Zhang. 2023. "The Impact of Carbon Markets on the Financial Performance of Power Producers: Evidence Based on China." *Energy Economics* 127:107119.