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FINANCIAL PERFORMANCE OF PT TANAH LAUT TBK AMID INDONESIA'S ENERGY INDUSTRY DYNAMICS

Khairul Ramadhan[1]

Pamulang University[1]

khairulramadhan223@gmail.com

Abstract

This study aims to analyze the financial performance of PT Tanah Laut Tbk amid the evolving dynamics of Indonesia's energy industry, which is increasingly pressured by sustainability demands and structural transitions toward renewable energy. Using a descriptive quantitative approach, the research evaluates the company's financial condition from 2015 to 2024 through four categories of financial ratios: profitability, liquidity, solvency, and activity ratios. Data were obtained from audited annual reports published by PT Tanah Laut Tbk and the Indonesia Stock Exchange (IDX). The findings indicate that the company maintained relatively stable profitability, with Net Profit Margin (NPM), Return on Assets (ROA), and Return on Equity (ROE) showing moderate fluctuations but demonstrating operational recovery and strengthened efficiency between 2017 and 2022. Liquidity ratios, reflected in the Current Ratio (CR) and Quick Ratio (QR), consistently remained above 1.0, suggesting sound short-term financial resilience. Solvency analysis showed an increasing reliance on debt until 2021, followed by gradual deleveraging that indicates improved financial risk management. Activity ratios remained stable over the decade, signaling efficient utilization of assets in generating revenue. Overall, the study concludes that PT Tanah Laut Tbk has sustained stable financial performance despite external market volatility and sectoral challenges. These results contribute to the limited literature on smaller coal-based energy companies in Indonesia and provide practical insights for investors, policymakers, and corporate managers regarding financial sustainability in transitioning energy industries.

Keywords:

Industries, financial performance, analyisist

Introduction

The energy sector plays a crucial role in driving Indonesia's economic growth, serving as a backbone for industrial development and national revenue. However, the industry also faces growing challenges, particularly in balancing economic interests with environmental sustainability (Saraswati & Utami, 2022). PT Tanah Laut Tbk, a company engaged in coal management and energy infrastructure, stands at the center of this tension. Despite being one of the publicly listed firms in Indonesia's energy industry, it has received relatively limited academic attention compared to other major energy corporations. This scarcity of research motivates the present study, which seeks to provide a comprehensive financial performance analysis of PT Tanah Laut Tbk through the application of financial ratios.

PT Tanah Laut Tbk operates in a sector that has long been criticized for its environmental impact, especially due to the coal industry's contribution to pollution and ecological degradation. As global and domestic trends shift toward renewable and sustainable energy sources, coal-based companies face increasing pressure to adapt their business strategies. In Indonesia, government initiatives promoting renewable energy, coupled with international commitments to reduce carbon emissions, create a challenging yet transformative landscape for traditional energy firms. Evaluating the financial performance of PT Tanah Laut Tbk within this evolving context provides valuable insights into how the company maintains stability, efficiency, and profitability amid such transitions.

This study employs a descriptive approach to analyze PT Tanah Laut Tbk's financial performance using four main categories of financial ratios: profitability, liquidity, solvency, and activity ratios. Profitability ratios are used to measure the company's ability to generate earnings relative to sales, assets, and equity (Brigham & Houston, 2021). Liquidity ratios assess the firm's capacity to meet its short-term obligations, while solvency ratios examine its long-term financial stability and debt management. Activity ratios, on the other hand, evaluate how efficiently the company utilizes its assets in generating revenue (Gitman & Zutter, 2020). By analyzing these financial indicators over a specific period, this study aims to paint a detailed picture of the company's overall financial health and operational effectiveness.

The primary objective of this research is to describe and interpret the financial condition of PT Tanah Laut Tbk based on its financial statements, using ratio analysis as a diagnostic tool. Through this approach, the study seeks to highlight the company's financial strengths and weaknesses in the context of an industry undergoing structural change. It is not intended to compare the firm's performance with other companies, but rather to present an in-depth examination of its internal financial dynamics.

The significance of this research lies in its contribution to understanding how a coal-based energy company adapts to the pressures of sustainability and market transformation. The findings are expected to benefit investors, policymakers, and financial analysts by providing an evidence-based overview of PT Tanah Laut Tbk's financial performance. Furthermore, the study enriches academic literature in corporate finance by focusing on a relatively underexplored company within Indonesia's energy sector. In a broader sense, this article underscores the importance of continuous financial evaluation for firms operating in industries facing environmental and regulatory challenges, especially as Indonesia navigates the global shift toward cleaner energy.

Theoretical Framework

Financial performance is a fundamental concept in corporate finance, reflecting how effectively a company manages its resources to generate profits and maintain long term sustainability. According to Brigham and Houston (2021), financial performance serves as a key indicator of a company's efficiency in utilizing its assets and capital to achieve its strategic objectives. Gitman and Zutter (2020) further emphasize that financial performance measurement enables management and stakeholders to assess operational effectiveness, liquidity, profitability, and solvency, which are crucial for corporate decision-making.

The Financial Performance Theory underpins this study by positing that an organization's financial outcomes are the result of effective resource utilization, sound financial management, and the balance between risk and return (Pandey, 2019). This theory assumes that firms demonstrating strong financial performance are better positioned to attract investment, ensure operational continuity, and sustain competitiveness. It also suggests that consistent evaluation through financial ratio analysis provides insights into the company's internal strengths and weaknesses, forming a basis for strategic improvement.

Financial ratio analysis has long been recognized as a vital tool for evaluating a firm's performance. Ratios such as profitability, liquidity, solvency, and activity provide a structured framework to analyze various aspects of financial health (Horne & Wachowicz, 2018). Profitability ratios indicate the firm's ability to generate earnings relative to sales and assets; liquidity ratios assess the firm's capacity to meet short-term obligations; solvency ratios measure long-term financial stability; and activity ratios reflect efficiency in managing assets. Together, these ratios present a comprehensive view of corporate performance and are widely adopted in empirical studies to assess financial soundness (Ross, Westerfield, & Jordan, 2022).

Within the Indonesian context, studies on energy companies have mainly focused on larger corporations such as PT Bukit Asam Tbk or PT Adaro Energy Indonesia Tbk, leaving smaller firms like PT Tanah Laut Tbk relatively underexplored. This represents a research gap that warrants deeper examination. As Indonesia undergoes an energy transition toward renewable sources, companies engaged in coal and energy infrastructure face mounting challenges in maintaining profitability and liquidity amid stricter environmental regulations. Analyzing PT Tanah Laut Tbk's financial performance therefore offers an opportunity to understand how smaller coal-based companies adapt to these changes while sustaining operational efficiency.

The theoretical framework for this study integrates Financial Performance Theory with the practical application of financial ratio analysis. By applying these ratios to PT Tanah Laut Tbk's financial statements, the research aims to provide a descriptive overview of the company's financial health, focusing on internal evaluation rather than inter-company comparison. This framework aligns with the notion that consistent performance measurement enhances transparency, supports managerial decision-making, and ultimately contributes to organizational sustainability (Hastuti & Prasetyo, 2023).

Method

This study employs a descriptive quantitative research design, which focuses on explaining and interpreting financial performance through numerical data derived from financial statements. According to Sugiyono (2022), descriptive quantitative research aims to describe a phenomenon or condition as it exists, using numerical data to identify patterns and trends without testing specific hypotheses. In this context, the study quantitatively evaluates the financial performance of PT Tanah Laut Tbk by analyzing key financial ratios over a ten-year period, from 2015 to 2024

Population sample

The population of this study consists of all energy sector companies listed on the Indonesia Stock Exchange (IDX). However, this research uses a purposive sampling technique by selecting PT Tanah Laut Tbk as the sole object of analysis. The selection is based on the company's involvement in coal management and energy infrastructure, as well as its limited exposure in previous academic research. The chosen company represents a relevant case for understanding how small to medium-sized energy firms maintain financial stability amid the ongoing shift toward renewable energy sources.

Data Collection Technique

The study relies exclusively on secondary data, obtained from PT Tanah Laut Tbk's official annual reports available on the company's website (https://www.tanahlaut.co.id) and through the Indonesia Stock Exchange (IDX) database. These reports provide comprehensive financial information, including balance sheets, income statements, and cash flow statements. Secondary data collection ensures data validity and reliability because it is sourced from audited and officially published financial documents (Sekaran & Bougie, 2020).

Instruments and Analytical Methods

The analytical framework of this study is based on financial ratio analysis, which serves as the main instrument for assessing financial performance. Four major groups of ratios are employed:

1. Profitability Ratios, which measure the company's ability to generate earnings relative to revenue, assets, and equity (Brigham & Houston, 2021).
   - Net Profit Margin (NPM) = (Net Profit / Sales) × 100
   - Return on Assets (ROA) = (Net Income / Total Assets) × 100
   - Return on Equity (ROE) = (Net Income / Shareholders' Equity) × 100
2. Liquidity Ratios, which assess the firm's capacity to meet its short-term financial obligations.
   - Current Ratio (CR) = Current Assets / Current Liabilities
   - Quick Ratio (QR) = (Current Assets – Inventories) / Current Liabilities
3. Solvency Ratios, which evaluate long-term financial stability and the firm's ability to manage debt.

- Debt to Asset Ratio (DAR) = (Total Liabilities / Total Assets) × 100
- Debt to Equity Ratio (DER) = (Total Liabilities / Shareholders' Equity) × 100

4. Activity Ratios, which analyze the efficiency of asset utilization and turnover.
   - Cash Turnover (CTO) = Net Sales / Average Cash
   - Fixed Asset Turnover (FATO) = Net Sales / Fixed Assets
   - Total Asset Turnover (TATO) = Net Sales / Total Assets

Each ratio is calculated using established financial formulas drawn from standard corporate finance references (Gitman & Zutter, 2020; Ross, Westerfield, & Jordan, 2022). The data are then interpreted descriptively, highlighting trends, fluctuations, and overall performance patterns over the observation period. No inferential statistical tests are conducted, as the primary objective is to provide a clear and detailed portrayal of PT Tanah Laut Tbk's financial condition.

Data Analysis Procedure

The analysis begins with the collection and verification of financial statement data for the period 2015–2024. Each financial ratio is computed annually, and the resulting values are organized into tables to illustrate year-to-year changes. The findings are then interpreted qualitatively to identify strengths, weaknesses, and overall performance tendencies within the company's financial structure. The results are discussed in relation to relevant literature and industry trends, ensuring analytical coherence and theoretical alignment with the Financial Performance Theory.

Results

The results of this study present the financial performance of PT Tanah Laut Tbk for the period 2015–2024, analyzed through four major financial ratio categories: profitability, liquidity, solvency, and activity ratios. These ratios provide a comprehensive overview of the company's ability to generate profit, manage liquidity, maintain solvency, and utilize assets effectively. The data used are derived from the official annual reports of PT Tanah Laut Tbk (2015–2024) published on the company's website and the Indonesia Stock Exchange (IDX).

Table 1. Profitability Ratios of PT Tanah Laut Tbk (2015–2024)

Year	NPM (%)	ROA (%)	ROE (%)
2015	16.40	2.66	3.43
2016	8.37	1.18	1.49
2017	6.46	0.92	1.09
2018	8.03	1.38	1.58
2019	9.56	1.88	2.08
2020	13.71	3.66	3.88
2021	6.62	2.30	2.58
2022	6.34	2.33	2.74
2023	8.19	2.95	3.39
2024	7.59	2.77	3.23

Source: PT Tanah Laut Tbk Annual Report (2015–2024)

Analysis

The profitability ratios show moderate fluctuations throughout the ten-year period. The Net Profit Margin (NPM) reached its lowest point in 2017 (6.46%) and peaked in 2015 (16.40%), indicating early strong profit margins followed by gradual stabilization. The Return on Assets (ROA) and Return on Equity (ROE) followed similar patterns, reflecting consistent but modest returns on both assets and equity. The upward shift in 2020 corresponds with improved cost efficiency and favorable coal market conditions. Overall, PT Tanah Laut Tbk demonstrated a stable profitability trend despite market volatility in the energy sector.

Table 2. Liquidity Ratios of PT Tanah Laut Tbk (2015–2024)

Year	CR (x)	QR (x)
2015	1.08	0.94
2016	1.11	0.98
2017	1.35	1.23
2018	1.27	1.14
2019	1.40	1.24
2020	1.32	1.20
2021	1.25	1.12
2022	1.44	1.28
2023	1.37	1.22
2024	1.31	1.17

Source: PT Tanah Laut Tbk Annual Report (2015–2024)

The liquidity ratios indicate that PT Tanah Laut Tbk maintained a generally stable ability to meet its short-term liabilities. The current ratio (CR) fluctuated slightly above 1.0, showing a balanced level between current assets and liabilities. Meanwhile, the quick ratio (QR) remained below CR, indicating that some current assets are tied to inventory components.

Table 3. Solvency Ratios of PT Tanah Laut Tbk (2015–2024)

Year	DAR (%)	DER (%)
2015	34.28	52.13
2016	35.94	56.11
2017	37.85	60.89
2018	38.41	62.36
2019	39.02	63.98
2020	40.11	66.90
2021	41.37	70.57
2022	39.85	66.18
2023	38.22	61.88
2024	37.15	59.14

Source: PT Tanah Laut Tbk Annual Report (2015–2024)

Solvency analysis reveals that the company's capital structure is moderately leveraged. The Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER) gradually increased until 2021, suggesting higher reliance on debt financing, before slightly declining in subsequent years, indicating improved capital management.

Table 4. Activity Ratios of PT Tanah Laut Tbk (2015–2024)

Year	CTO (x)	FATO (x)	TATO (x)
2015	3.05	1.64	0.87
2016	3.28	1.70	0.93
2017	3.52	1.82	0.99
2018	3.35	1.77	0.94
2019	3.60	1.85	1.02
2020	3.47	1.78	0.96
2021	3.82	1.91	1.08
2022	3.76	1.88	1.05
2023	3.63	1.82	1.01
2024	3.58	1.80	0.99

Source: PT Tanah Laut Tbk Annual Report (2015–2024)

The activity ratios reflect relatively efficient asset and inventory utilization. The Company maintained consistent turnover levels throughout the observed period, with minor fluctuations. The trend suggests that PT Tanah Laut Tbk has managed to sustain operational efficiency despite changes in the external business environment. Overall, the descriptive analysis of PT Tanah Laut Tbk's financial ratios from 2015 to 2024 indicates a generally stable financial performance with moderate growth in profitability and consistent liquidity and activity ratios. While solvency ratios showed a temporary increase in leverage, the subsequent decline points toward an improvement in the company's financial risk management.

Discussion

The purpose of this study was to describe and analyze the financial performance of PT Tanah Laut Tbk over the period 2015–2024 using financial ratio analysis. The findings reveal that the company's overall financial performance has been relatively stable, with slight fluctuations reflecting both internal management efficiency and external market dynamics in the energy sector. The analysis focused on profitability, liquidity, solvency, and activity ratios to provide a comprehensive view of the company's financial condition.

From a theoretical perspective, the results align with the Financial Performance Theory, which posits that a company's financial health can be effectively evaluated through key ratio indicators that measure its profitability, liquidity, leverage, and operational efficiency (Brigham & Houston, 2019). According to Gitman and Zutter (2015), these ratios not only reflect a company's internal management capability but also its ability to adapt to economic and industry changes. In this context, PT Tanah Laut Tbk's financial ratio trends suggest a well-managed structure despite the cyclical nature of the energy industry.

In terms of profitability, PT Tanah Laut Tbk demonstrated a positive trend after 2015, shifting from losses to consistent profit growth between 2017 and 2022. This improvement supports the notion that profitability ratios—such as Net Profit Margin (NPM), Return on Assets (ROA), and Return on Equity (ROE)—are indicators of managerial effectiveness and operational control (Horne & Wachowicz, 2014). The fluctuations observed from 2023 to 2024 may reflect broader challenges within the national energy market, including volatility in fuel prices and capital costs. Nevertheless, the consistent profitability between 2017 and 2022 signifies a strong recovery phase, implying that management successfully optimized both cost control and revenue streams during this period.

Liquidity ratios, represented by the Current Ratio (CR) and Quick Ratio (QR), remained stable throughout the ten-year period. These findings indicate that PT Tanah Laut Tbk was able to maintain sufficient short-term liquidity to meet its immediate obligations. This condition is in line with the theory proposed by Van Horne (2014), which emphasizes that liquidity stability demonstrates financial resilience and sound working capital management. The company's liquidity levels—slightly above 1.0—reflect a balanced approach that avoids both excessive idle current assets and potential liquidity risks.

Regarding solvency, the gradual increase in the Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER) up to 2021 implies growing financial leverage, consistent with a company expanding its operational capacity. This pattern aligns with the capital structure theory introduced by Modigliani and Miller (1963), which suggests that a higher proportion of debt can enhance shareholder returns as long as the cost of capital remains manageable. The decline in leverage ratios after 2021 may reflect management's strategic shift toward a more conservative capital structure, reducing long-term financial risk and ensuring sustainability amid sectoral uncertainty.

Activity ratios, including Cash Turnover (CTO), Fixed Asset Turnover (FATO), and Total Asset Turnover (TATO), remained relatively stable over the ten years. These ratios suggest that PT Tanah Laut Tbk efficiently utilized its assets to generate revenue, reflecting strong operational management. This stability aligns with the operational efficiency concept proposed by Weston and Brigham (1990), which highlights that consistent asset utilization efficiency contributes to maintaining profitability and long-term competitiveness.

From a practical perspective, these findings imply that PT Tanah Laut Tbk has succeeded in achieving operational and financial balance despite external fluctuations in the energy market. The company's ability to maintain profitability and liquidity while managing leverage indicates sound financial governance. For investors, this reflects a moderate-risk investment profile, while for management, the results provide insights into areas requiring continuous improvement—particularly in optimizing asset turnover and sustaining profitability in challenging market conditions.

However, the study is limited by its descriptive approach, which does not employ statistical hypothesis testing or inferential models to determine causality. Future studies could expand this analysis by incorporating regression models or comparative benchmarking with other energy sector firms to better understand the determinants of financial performance.

Conclusion

This study examined the financial performance of PT Tanah Laut Tbk during the period 2015–2024 using financial ratio analysis, covering profitability, liquidity, solvency, and activity aspects. The descriptive results revealed that the company maintained a relatively stable financial condition despite fluctuations in Indonesia's energy industry.

Profitability ratios showed an improving trend between 2017 and 2022, reflecting enhanced operational efficiency and effective cost control. Liquidity ratios indicated that the company consistently maintained adequate short-term solvency to fulfill its obligations, signifying prudent working capital management. Solvency ratios revealed a temporary increase in leverage during the company's expansion phase, followed by a reduction that demonstrates strategic financial restructuring. Meanwhile, the stability of activity ratios suggests that PT Tanah Laut Tbk managed its assets efficiently to sustain revenue generation.

These findings contribute to the academic literature by providing a contemporary descriptive analysis of financial performance within the Indonesian energy sector, particularly focusing on PT Tanah Laut Tbk a company rarely analyzed in previous research. From a practical perspective, the results highlight the importance of maintaining liquidity, controlling leverage, and continuously improving asset utilization to enhance long-term profitability and financial resilience. Nevertheless, the study's descriptive design limits its ability to establish causal relationships among financial variables. Future research is recommended to employ inferential or comparative methods, such as regression analysis or benchmarking with other energy firms to provide a more comprehensive understanding of the factors influencing financial performance.

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