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Financial Performance Analysis Before and After the Acquisition of PT. Sarana Menara Nusantara Tbk. (TOWR)

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Abstract

This study aims to analyze changes in the financial performance of PT Sarana Menara Nusantara Tbk (TOWR) before and after the acquisition of PT Solusi Tunas Pratama Tbk (SUPR) in 2021. This study focuses on evaluating financial ratios, including liquidity, leverage, and profitability, to determine the effectiveness of the acquisition strategy in increasing company value. The data used is secondary data obtained from the company's annual financial statements for the period 2019–2024. A descriptive comparative method was used, analyzing the Current Ratio (CR), Net Working Capital to Total Assets (NCWTA), Debt to Assets Ratio (DAR), Debt to Equity Ratio (DER), Return on Assets (ROA), and Return on Equity (ROE). The analysis shows that the company's liquidity performance post-acquisition has improved, although it remains at a low level. The Current Ratio increased slightly compared to the pre-acquisition period, while the NCWTA showed a decrease in the working capital deficit, indicating a reduction in short-term liability pressure. In terms of leverage, the company remains reliant on debt financing, as reflected in its stable DAR, but its DER has declined, indicating a strengthening of its capital structure. In terms of profitability, ROA has been relatively stable, indicating consistent effective asset utilization, while ROE has tended to decline post-acquisition due to increased financial burdens and post-integration adjustments. Overall, the acquisition has had a positive impact in terms of asset expansion and business scale, but has not yet fully translated into significant increases in profitability and the ability to generate returns for shareholders. This research contributes to investors' and management's understanding of the implications of acquisitions on long-term financial performance and serves as a reference for other companies considering inorganic growth strategies through acquisitions.

Keywords: Acquisition; Financial Performance; Liquidity; Benefits; Advantages; PT Sarana Menara Nusantara Tbk (TOWR)

Introduction

The development of the business world in the era of globalization requires companies to adapt to increasingly complex and competitive economic dynamics. Fierce competition, technological advances, and demands for efficiency drive companies to seek effective growth strategies. One widely used strategy is mergers and acquisitions. Acquisitions are seen as a crucial step to expand market share, acquire strategic assets, strengthen business positions, and create synergies between companies. However, acquisitions also present significant challenges, such as financing risks, operational integration processes, differences in company culture, and uncertainty about achieving performance targets.

Financial performance is a key indicator for assessing the success of an acquisition. Through analysis of financial ratios, such as liquidity, solvency, activity, and profitability, it is possible to determine how effectively a company manages assets, capital, and liabilities after an acquisition. Previous research has shown mixed results. Some studies suggest that acquisitions can improve performance due to the creation of synergies and greater economies of scale. However, other studies show no significant changes, and some even find performance declines due to financial burdens and integration failures (Astuti & Wardani, 2019; Ramadhani & Susanto, 2022). These differing results confirm that the impact of an acquisition is highly dependent on management's effectiveness in optimizing post-acquisition strategies.

PT Sarana Menara Nusantara Tbk (TOWR) is a key company to analyze in this context. TOWR is the largest telecommunications infrastructure provider in Indonesia, specifically towers and fiber optic networks. With the growing demand for digital and data services, TOWR acquired PT Solusi Tunas Pratama Tbk (SUPR) in December 2021. The purpose of this acquisition was to expand its network, increase service capacity, strengthen its market position, and optimize the company's economies of scale (IDX, 2021). This strategy is expected to generate long-term synergies and enhance the company's competitiveness in the telecommunications industry.

Post-acquisition, TOWR's consolidated financial statements showed significant growth. The company's total assets reached IDR 77.8 trillion in 2024, reflecting the expansion of its business scale. Revenue increased 8.48% to IDR 12.7 trillion (TOWR, 2024), while net profit and EBITDA margins showed positive trends (IndoPremier, 2025). However, the increase in long-term liabilities resulting from the acquisition financing put pressure on the capital structure. This situation raises the question: did this growth stem from increased operational efficiency or simply from business scale expansion?

The study, entitled "Analysis of Public Company Financial Performance Before and After the Acquisition of PT Sarana Menara Nusantara Tbk (TOWR)," is relevant to answering this question. This study will compare pre- and post-acquisition financial ratios, such as the current ratio, debt-to-equity ratio, total asset turnover, net profit margin, and return on assets. This analysis is expected to provide an objective picture of the acquisition's effectiveness in creating added value for both the company and its shareholders.

Overall, acquisitions are a growth strategy with significant potential, but also carry complex risks. In the case of TOWR, the SUPR acquisition provided opportunities for expansion and increased revenue, but also had consequences for liquidity and solvency. Therefore, evaluating pre- and post-acquisition financial performance is crucial for assessing the strategy's success. The research findings are expected to benefit investors, company management, and academics in understanding the real impact of acquisitions on long-term financial performance.

Theoretical Framework

Analysis of a company's financial performance before and after an acquisition is an essential foundation for evaluating the effectiveness of a corporate expansion strategy. An acquisition is defined as the process of taking over one company by another to gain control and create business synergies. According to Gaughan (2018), "an acquisition is a strategic move to integrate operational strengths to achieve greater economic value than the individual entities." In the context of PT Sarana Menara Nusantara Tbk (TOWR), the acquisition was undertaken to strengthen its position in the telecommunications tower industry and improve operational efficiency.

Financial performance, as the dependent variable, reflects a company's ability to generate profits, manage assets, and meet financial obligations. Brigham and Ehrhardt (2021) explain that profitability, solvency, and liquidity ratios are key indicators in assessing a company's financial health. Through this approach, changes in performance before and after an acquisition can be observed through Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), and Debt to Equity Ratio (DER). This ratio reflects the company's effectiveness in managing resources after corporate expansion.

Synergy theory serves as the primary theoretical basis for this research. Damodaran (2020) states that the success of an acquisition is determined by value creation through cost savings, increased revenue, and optimization of combined assets. If synergy is achieved, the company's financial performance post-acquisition will show significant improvement. However, management integration and operational challenges often hinder the achievement of these benefits.

Furthermore, signaling theory is also relevant in analyzing the impact of acquisitions. Acquisitions send a signal to investors regarding a company's growth prospects. Ross et al. (2019) explain that major corporate actions such as acquisitions are seen as a signal of management confidence in the company's future. If the market responds positively, the company's stock value and financial performance can increase.

Agency theory also provides a critical perspective. Jensen and Meckling (1976) emphasize that managerial decisions, including acquisitions, should be directed toward improving shareholder welfare. However, conflicts of interest can arise if management pursues expansion solely to increase control without considering long-term value. Therefore, a financial performance evaluation is necessary to ensure that the acquisition provides economic benefits, not just structural growth.

The framework for this study compares TOWR's financial performance before and after the acquisition. If the acquisition successfully creates synergies and increases efficiency, financial ratios such as ROA and ROE will show improvement. Conversely, if there is an increase in debt without a corresponding increase in profits, the acquisition has the potential to become a financial burden. Therefore, a longitudinal analysis of post-acquisition performance provides an objective basis for assessing the success of this corporate strategy.

Therefore, the theoretical basis of this study confirms that acquisitions are a non-organic growth strategy that has direct consequences for financial performance. A financial ratio-based evaluation allows researchers to measure the effectiveness of business integration and assess whether these managerial decisions successfully create shareholder value. The research results are expected to provide an empirical contribution to the development of financial management science and serve as a practical reference for other companies considering acquisition strategies.

Method

This study uses a descriptive quantitative approach with a comparative method to assess and compare the financial performance of PT Sarana Menara Nusantara Tbk. (TOWR) in the pre- and post-acquisition periods. The data used in this study is secondary data obtained from the company's annual financial reports officially published by the Indonesia Stock Exchange (IDX) and the company's website. Data selection was based on the availability of consistent information relevant to the financial ratio calculations used.

Data collection was conducted using documentation techniques, namely by compiling the balance sheet and income statement. The data were then analyzed by calculating several key financial ratios, including the Current Ratio (CR) to assess liquidity, Net Working Capital to Total Assets (NCWTA) to describe the proportion of working capital to total assets, Return on Assets (ROA) and Return on Equity (ROE) as measures of profitability, and the Debt to Assets Ratio (DAR) and Debt to Equity Ratio (DER) to assess the company's leverage level or capital structure.

1. Current Ratio (CR)

The current ratio is a liquidity indicator used to assess a company's ability to cover short-term liabilities using its current assets. This ratio shows whether the company has sufficient cash, receivables, or inventory to pay maturing debts. The higher the CR, the stronger the company's liquidity.

2. Net Working Capital to Total Assets (NCWTA)
NCWTA represents the ratio of net working capital to a company's total assets. Net working capital is calculated by dividing current assets by current liabilities. This ratio indicates a company's ability to maintain smooth operations without relying on external funding sources. A higher NCWTA value indicates a more flexible financial condition.

3. Return on Equity (ROE)
ROE is a profitability measure that assesses how effectively a company generates net income from shareholder capital. This ratio illustrates the company's efficiency in utilizing owner equity to generate profits. The higher the ROE, the better the return for investors.

4. Return on Assets (ROA)
ROA indicates a company's effectiveness in utilizing all its assets to generate profits. This ratio reflects management's ability to manage assets to support business activities productively. A high ROA indicates optimal asset utilization.

5. Debt to Asset Ratio (DAR)
DAR measures the proportion of a company's total assets financed by debt. This ratio can assess the company's financial risk level and funding structure. A high DAR indicates a heavy reliance on debt, which can increase potential financial risk.

6. Debt to Equity Ratio (DER)
DER is a ratio that compares a company's total debt to its owner's equity to determine its leverage level. This ratio indicates the extent to which a company relies on debt versus its own capital. A high DER indicates greater use of debt, which can increase risk but also has the potential to support expansion if managed properly.

The analysis phase was conducted by comparing the results of financial ratio calculations between the pre- and post-acquisition periods. This comparison aims to determine the extent to which the acquisition impacted the company's financial condition. Furthermore, the pattern of ratio changes is interpreted to assess financial stability and performance over a specific period.

Data presentation is enhanced by the use of tables or graphs to facilitate visualization of performance differences between periods. This study does not employ inferential statistical tests, but rather focuses on an analytical understanding of financial ratios. Therefore, this research method is expected to provide a clear picture of the impact of the acquisition on the company's liquidity, profitability, and solvency, thus providing a basis for evaluating the financial performance of PT Sarana Menara Nusantara Tbk. post-acquisition.

Results

The results section should present the research findings clearly and systematically. Data may be displayed in tables, graphs, or figures as appropriate to support the presentation of the results.

RESULTS AND DISCUSSION

1. Liquidity Ratio

The following is the calculation of the liquidity ratio using the Current Ratio and Net Working Capital to Total Assets.

Tabel 4.1 Liquidity Ratio (Current Ratio)

Tahun	Aset Lancar	Kewajiban Lancar	CR
2019	2.424,4	4.516,0	0,6
2020	3.002,8	7.825,2	0,4
2021	3.798,1	21.888,3	0,3
2022	3.651,1	14.446,1	0,2
2023	4.726,9	24.299,0	0,2
2024	4.955,8	20.124,2	0,2

4.2 Liquidity Ratio (Net Working Capital to Total Assets)

Tahun	Modal Kerja Bersih	Total Aset	NWC/TA
2019	-2.090,7	27.665,7	0,07
2020	-3.242,5	34.249,6	0,1
2021	-14.447,8	65.828,7	-0,2
2022	-10.895,9	65.425,1	-0,1
2023	-19.874,1	68.419,0	-0,2
2024	-15.168,4	77.828,4	-0,2

2. The Leverage Ratio

is calculated using the Debt to Total Assets Ratio and the Debt to Total Equity Ratio, as presented in the table below.

4.3 Leverage Ratio (Debt to Total Assets Ratio)

Tahun	Total Kewajiban	Total Aset	DAR
2019	18.905,1	27.665,7	0,68
2020	24.065,5	34.249,6	0,7
2021	53.766,7	65.828,7	0,8
2022	51.192,7	65.425,1	0,7
2023	51.907,3	68.419,0	0,7
2024	58.659,2	77.828,4	0,7

4.4 Leverage Ratio (Debt to Total Equity Ratio)

Tahun	Total Kewajiban	Ekuitas	DER
2019	18.905,1	8.760,6	2,1
2020	24.065,5	10.184,0	2,3
2021	53.766,7	12.062,0	4,4
2022	51.192,7	14.432,4	3,5
2023	51.907,3	16.511,7	3,1
2024	58.659,2	19.169,2	3,0

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3. Profitability Ratio

The table below shows the results of calculating the profitability ratio using Return on Assets and Return on Equity.

4.5 Profitability Ratio (Return On Assets)

Tahun	Laba Setelah Pajak	Total Aset	ROA
2019	2.351,1	27.665,7	0,08
2020	2.853,6	34.249,6	0,08
2021	3.447,9	65.828,7	0,05
2022	3.496,5	65.425,1	0,05
2023	3.303,6	68.419,0	0,04
2024	3.364,6	77.828,4	0,04

4.6 Profitability Ratio (Return On Equity)

Tahun	Laba Setelah Pajak	Ekuitas	ROE
2019	2.351,1	8.760,6	0,27
2020	2.853,6	10.184,0	0,28
2021	3.447,9	12.062,0	0,29
2022	3.496,5	14.432,4	0,24
2023	3.303,6	16.511,7	0,20
2024	3.364,6	19.169,2	0,18

1. Comparison of PT Sarana Menara Nusantara's financial performance, measured by the liquidity ratio after the acquisition (2022-2024) and before the acquisition (2019-2021).

The analysis of PT Sarana Menara Nusantara's Current Ratio (CR) shows a change in liquidity levels between the pre- and post-acquisition periods. In the 2019–2021 period (pre-acquisition), the average CR was around 0.10, reflecting the company's limited ability to meet short-term obligations. After the acquisition (2022–

2024), the average CR increased to approximately 0.12. Although this increase has not yet reached the ideal standard, it indicates an improvement in liquidity conditions. In terms of Net Working Capital to Total Assets (NWC/TA), the company still showed negative working capital in both periods. However, there was an increase from -0.14 before the acquisition to -0.12 after the acquisition. This change indicates a reduction in the pressure of current liabilities on current assets. Overall, it can be concluded that post-acquisition liquidity performance has improved, although the company's liquidity position remains relatively low.

2. Comparison of PT Sarana Menara Nusantara's financial performance, measured by the leverage ratio after the acquisition (2022-2024) and before the acquisition (2019-2021).

A leverage ratio analysis using the Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER) reveals a shift in the company's funding structure after the acquisition. Before the acquisition (2019–2021), the average DAR was around 0.74, indicating that the majority of assets were financed through debt. After the acquisition (2022–2024), the DAR stabilized at around 0.75, indicating that reliance on debt remained high but more manageable. A more striking change was seen in the DER. Before the acquisition, the DER ranged from 3.2 to 4.4. Post-acquisition, this ratio decreased to around 3.0–3.5. This decrease indicates an increase in equity capital and a decrease in the portion of debt-based funding. Thus, although leverage levels remained high, the company demonstrated an improvement in its capital structure after the acquisition.

3. Comparison of PT Sarana Menara Nusantara's financial performance, measured by the profitability ratio after the acquisition (2022-2024) and before the acquisition (2019-2020).

An evaluation of profitability ratios using Return on Assets (ROA) and Return on Equity (ROE) shows that the company's profitability is relatively stable, but has not experienced a significant increase after the acquisition. Before the acquisition, ROA was in the range of 0.02–0.05, and after the acquisition, it remained in the range of 0.04–0.05. This indicates that the company is able to maintain effective asset utilization. Conversely, ROE decreased. Before the acquisition, the ROE was around 0.21, while after the acquisition, it decreased to 0.11–0.12. This decrease reflects a reduced return on equity, likely due to increased financial expenses and the post-acquisition consolidation process. Overall, although the company's profitability is stable, there has not been an increase in returns to the same level as in the pre-acquisition period.

Discussion

Discussion of Financial Performance Analysis Results of PT Sarana Menara Nusantara Tbk (TOWR) The financial performance of PT Sarana Menara Nusantara Tbk (TOWR) before and after the acquisition was analyzed using liquidity, leverage, and profitability ratios for the 2019–2024 period. The calculation results show that the company's liquidity, as measured by the Current Ratio (CR), is relatively low, below 0. This indicates the company's limited ability to meet short-term obligations. Although there was an increase in the initial period after the acquisition, liquidity did not show significant improvement and remained in the less liquid category. The Net Working Capital to Total Assets (NCWTA) ratio also showed a negative value for most of the period. This indicates that the company's net working capital was in deficit, making it dependent on external funding to finance its operational activities. This dependence is consistent with the relatively high debt-to-assets (DAR) and debt-to-equity (DER) ratios. The Debt-to-Equity (DAR) ratio ranged from 0.6 to 0.7, indicating that the majority of the company's assets were financed through debt. Meanwhile, the Debt-to-Equity Ratio (DER) peaked in 2020–2021, reflecting the aggressive use of debt to support expansion through acquisitions. In terms of profitability, Return on Assets (ROA) and Return on Equity (ROE) showed a fluctuating trend. ROA ranged from 0.04–0.08, indicating that the company's return on total assets remained low. ROE increased in the initial post-acquisition period but declined again in subsequent years. This indicates that while acquisitions contributed to profit growth, the company's effectiveness in managing assets and capital was not optimal. Overall, acquisitions have resulted in asset growth and operational expansion, but have not been accompanied by significant increases in liquidity and profitability. The company needs to strengthen its financial structure and improve operational efficiency so that debt use can generate optimal returns.

Conclusion

Based on the analysis, it can be concluded that the acquisition by PT Sarana Menara Nusantara Tbk has had a positive impact on asset growth and capital structure, but has not yet fully improved overall financial performance. Liquidity has shown improvement, although still low, leverage remains high but more manageable, and profitability tends to be stable despite a decline in returns on capital. This indicates that the success of an acquisition depends not only on asset expansion, but also on the effectiveness of operational integration, cost efficiency, and financial management strategies. Strengthening post-acquisition management is necessary so that the achieved growth can generate added value and improve shareholder welfare.

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