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### **FINANCIAL PERFORMANCE EVALUATION OF PT. INDOSAT, TBK USING THE APPROACH OF LIQUIDITY, SOLVENCY, ACTIVITY, AND PROFITABILITY RATIOS FOR THE PERIOD 2015-2024**

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#### *Abstract*

*This research aims to analyze the financial performance of PT Indosat Tbk for the 2015–2024 period using a financial ratio approach that includes liquidity, solvency, activity, and profitability ratios. The research method used is a descriptive quantitative method with secondary data in the form of the company's annual financial reports obtained from the official website of the Indonesia Stock Exchange (IDX) and the annual report of PT Indosat Tbk. The results of the analysis show that the liquidity ratio based on the Quick Ratio is below the ideal standard of 1.0 with an average of 0.47, so the company's liquidity condition is classified as unhealthy. In terms of solvency, total debt has increased significantly while equity is relatively stagnant, which indicates an increasing level of leverage and financial risk. The activity ratio shows an increase in sales volume from year to year, but the faster growth in total assets requires an increase in asset utilization efficiency. Meanwhile, the profitability ratio as measured by Gross Profit Margin (GPM) experienced a positive trend with an average of 15.56% and a final value of 19.39%, indicating an increase in operational efficiency although it has not yet reached the industry standard of 20%. Overall, PT Indosat Tbk's financial performance during the study period was quite good, but it still faces pressures on liquidity and solvency. The company is advised to strengthen its capital structure and increase profitability to maintain sustainable financial performance in the future.*

**Keywords:** Liquidity Ratios; Solvency Ratios; Activity Ratios; Profitability Ratios; Financial Performance Assessment

#### **1. INTRODUCTION**

The development and progress of companies today is very rapid, therefore companies have a lot of evidence of whether they are experiencing profits or losses, so companies record all financial transactions, starting from the entry and exit of a transaction. According to Munawir (2007:2), financial statements are the result of the accounting process that can be used as a tool to communicate financial data or activities of a company to parties concerned with the company's data or activities. A company's financial performance can be obtained from the information presented in a financial report for a given period. The financial condition of a company can be determined from its financial reports, which consist of a balance sheet, income statement, cash flow statement, and other financial reports.

#### **Understanding Financial Ratios**

Financial ratios can be used to evaluate a company's financial condition and performance. The results of these financial ratios come from the company concerned. According to Van Home,

financial ratios are indicators that connect two accounting figures obtained by dividing one figure by another. According to Munawir (2004:37), ratio analysis is a method of analysis to determine the ratio of a particular item on a balance sheet or income statement individually or as a combination of two reports. Meanwhile, according to Hanadie (2005:77), ratio analysis is a combination of financial statement elements and other elements, and the relationship between the statement elements is expressed in a simple mathematical form. It can be concluded that financial ratios are an activity of comparing figures in financial statements by dividing one figure by another. Financial indicators are used to assess the financial position and performance of a company. The results of these financial ratios show the health of the company concerned. Comparisons can be made between one component in a financial statement. Then the figures in one period or several periods (Hansen & Mowen, 2001). With the existence of financial ratio analysis, it helps identify the financial health of a company from its assets to its ability to generate profits. PT Indosat Tbk (now known as Indosat Ooredoo Hutchison or IOH) is a large telecommunications company in Indonesia that provides various services such as retail telephony and internet. This company is the result of a merger between Indosat Ooredoo and Hutchinson Tri in 2021. The fluctuations of PT Indosat Tbk are caused by various factors, including financial performance that does not meet market expectations, which affects its share price. In addition, fluctuations are also due to the impact of foreign exchange rate fluctuations (especially the USD) on the company's loans, receivables, and other liabilities. Therefore, this study focuses on assessing the financial performance of PT Indosat Tbk using liquidity, solvency, activity, and profitability ratios during the 2015-2024 period.

## **2. PENELITIAN YANG TERKAIT**

Several previous studies have examined corporate financial performance through a financial ratio approach.

1. Munawir (2002) emphasized that financial ratio analysis is an important tool for assessing the financial condition and operational performance of a company.
2. Sarianta (2014) on PT Citra Tubindo Tbk showed that high liquidity and solvency ratios indicate a company's ability to meet its short-term and long-term obligations.
3. Khair (2020) conducted research on PT Astra Otoparts Tbk and found that although the company's solvency was good, its profitability was still below the industry average.
4. Rahmawati and Yuliana (2021) on telecommunications companies on the IDX show that liquidity and activity have a significant effect on profitability, while solvency has a negative effect.
5. Putri and Santoso (2022) conclude that stable financial performance is reflected in the balance between asset efficiency and profit-generating ability.

From this study, it can be concluded that financial ratio analysis is able to provide a comprehensive picture of the financial condition of an entity, but the results may vary depending on industry characteristics and economic conditions.

Financial ratio analysis is a method of evaluating a company's performance and financial condition based on financial statements (Munawir, 2002). The main ratios used in the study include:

1. Liquidity Ratio: measures the company's ability to meet short-term obligations Current Ratio (CR), Quick Ratio (QR), Cash Ratio (CaR)
2. Solvency Ratio: shows the company's ability to meet long-term obligations. Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER)
3. Activity Ratios: measure the efficiency of asset utilization. Total Asset Turnover (TATO), Fixed Asset Turnover (FATO)
4. Profitability Ratios: assess the company's ability to generate profits. Gross Profit Margin (GPM), Net Profit Margin (NPM), Return on Assets (ROA), Return on Equity (ROE).

Most previous studies have focused on manufacturing companies such as PT Astra Otoparts Tbk or PT Citra Tubindo Tbk. However, studies examining financial performance in the telecommunications sector, particularly PT Indosat, Tbk in the long term (2015–2024), are still limited. In addition, there have not been many studies that combine all four groups of financial ratios (liquidity, solvency, activity, and profitability) to assess the financial performance of telecommunications companies after the COVID-19 pandemic. Therefore, this study is expected to fill this gap by presenting a comprehensive analysis based on the latest data and providing an overview of the effectiveness of PT Indosat, Tbk's financial strategy.

### **3. RESEARCH METHOD**

According to Sugiyono (2012:2) in his book entitled Quantitative, Qualitative, and R&D Research Methods, "Research methods are scientific ways of obtaining data for specific purposes and uses." This study uses quantitative research methods, namely from the financial reports of PT Indosat Tbk for the period 2015-2024. The population in this study is all of PT Indosat Tbk's annual financial reports that have been published on the official website of the Indonesia Stock Exchange (IDX) and the company's official website. Because this study is a company case study, the sampling technique used is purposive sampling. The criteria are:

1. Annual financial reports that are available in full for the years 2015-2024
2. Reports that contain comprehensive information about the financial position (balance sheet) and profit and loss performance.
3. Reports that include comprehensive information on financial position (balance sheet) and income statement performance.

The data used in this study is secondary data, which is data obtained not directly from respondents, but from official documents. Data sources include:

1. PT. Indosat, Tbk annual financial reports for the period 2015–2024.
2. Summary of financial data in Excel format, which has been summarized by the researcher from PDF financial reports.
3. Supporting data such as industry standards, previous journals, and literature related to financial ratio analysis.

The data collection technique was carried out using the documentation method, which involved downloading, reading, and copying relevant financial data for analysis. The research instrument used was a quantitative data-based financial ratio calculation sheet. The variables used include:

1. Liquidity: Current Ratio, Quick Ratio, Cash Ratio.
2. Solvency: Debt to Asset Ratio, Debt to Equity Ratio.
3. Activity: Total Asset Turnover, Fixed Asset Turnover.
4. Profitability: Gross Profit Margin, Net Profit Margin, Return on Assets, Return on Equity.

The data was analyzed using the financial ratio analysis method. The analysis steps taken were:

1. Calculating each financial ratio for the 2015–2024 period.
2. Analyzing trends (trend analysis) to see the development of financial performance from year to year.
3. Comparing the ratio results with industry standards or ideal averages to assess the level of financial health.
4. Drawing descriptive conclusions about
5. The liquidity, solvency, activity, and profitability of PT. Indosat, Tbk.

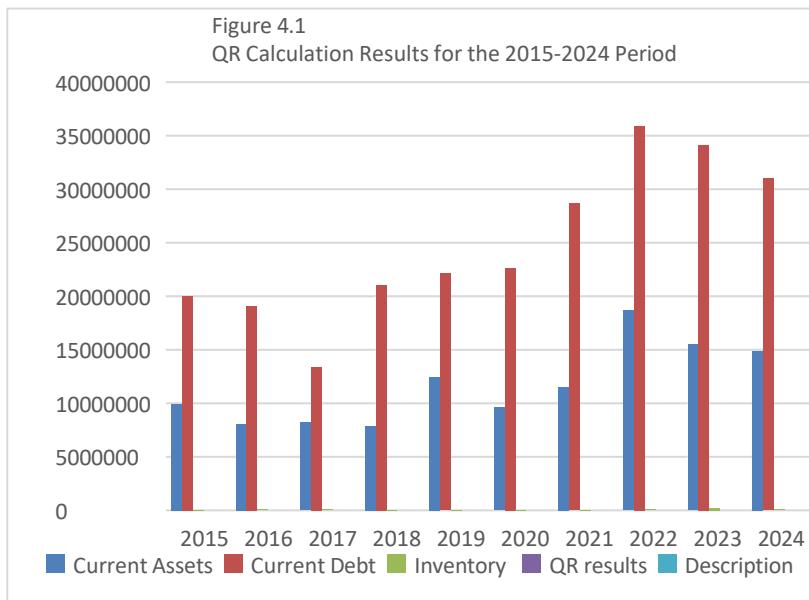
All calculations were performed using Microsoft Excel, which served as a tool for data processing and visualization of analysis results.

#### 4. RESULTS AND DISCUSSION

##### a. Liquidity Ratio

Table 4.1  
QR Calculation Results for the 2015-2024 Period  
(In Millions)

Years	Current Assets	Current Debt	Inventory	QR results	Description
2015	9918677	20052600	39346	49.27%	UNHEALTHY
2016	8073481	19086592	79272	41.88%	UNHEALTHY
2017	8210043	13370059	89070	60.74%	UNHEALTHY
2018	7906525	21040365	47889	37.35%	UNHEALTHY
2019	12444795	22129440	29406	56.10%	UNHEALTHY
2020	9594951	22658094	39813	42.17%	UNHEALTHY
2021	11499439	28658152	18110	40.06%	UNHEALTHY
2022	18683115	35874074	73277	51.88%	UNHEALTHY
2023	15479659	34134343	226428	44.69%	UNHEALTHY
2024	14877675	31009045	71815	47.45%	UNHEALTHY
Average			47.16%	UNHEALTHY	



Based on the data processed above, it can be explained that the liquidity ratio calculated for PT Indosat Tbk for the 2015-2024 period using the Quick Ratio is well below the threshold of 1.0 throughout the period. This means that based on the quick ratio, current assets without inventory are insufficient to cover current liabilities. The conservative standard considers  $QR \geq 1$ . Average QR (Quick Ratio) = 0.4716, min = 0.3735, max = 0.6074, latest value = 0.4745. Trend: slightly decreasing in a linear fashion. Indosat was in the unhealthy category during 2015-2024. Although current assets increased from 2015 to 2024, current liabilities increased faster. Inventories are relatively small compared to current assets, so the low QR is not due to high inventories but rather to the large amount of current liabilities.

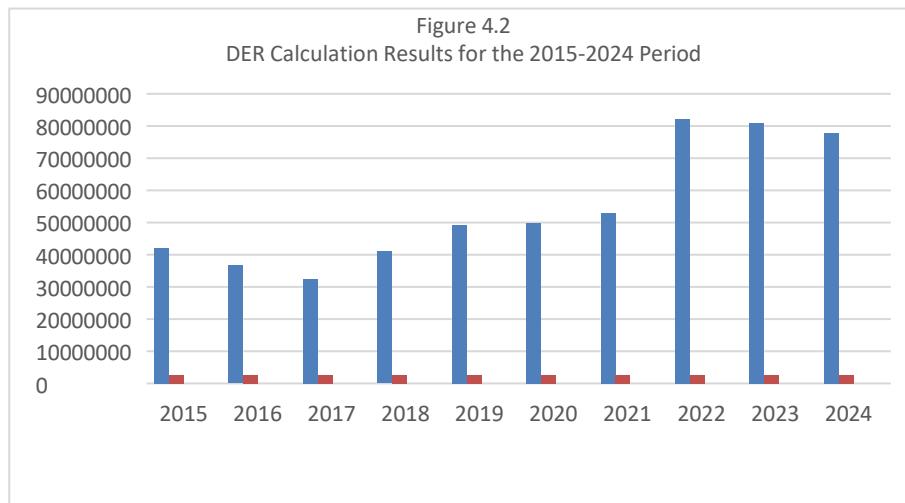
Short-term liquidity risk remains if the company meets its current liabilities when operating cash flow weakens.

### b. Solvency Ratio



Table 4.2  
 DER Calculation Results for the 2015-2024 Period  
 (In Millions)

Years	Total Debt	Equity	QR results	Description
2015	42124676	2494084	1688.98%	HEALTHY
2016	36661585	2494084	1469.94%	HEALTHY
2017	32564458	2494084	1304.95%	HEALTHY
2018	41003340	2494084	1644.02%	HEALTHY
2019	49105807	2494084	1968.89%	HEALTHY
2020	49865344	2494084	1999.35%	HEALTHY
2021	53094346	2494084	2128.81%	HEALTHY
2022	82265242	2494084	434.58%	HEALTHY
2023	81013457	2494084	427.97%	HEALTHY
2024	77734901	2494084	410.65%	HEALTHY
Average		1347.81%	HEALTHY	

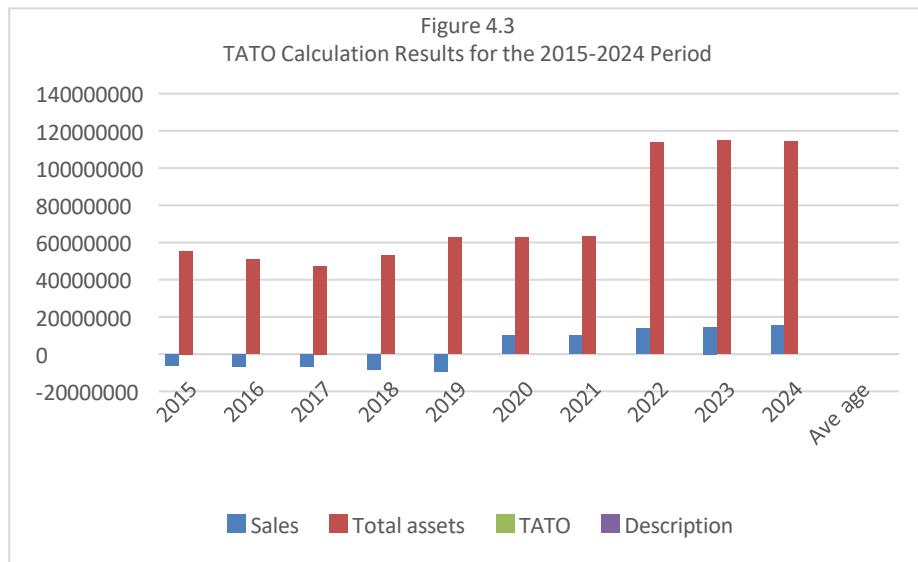


This ratio measures how companies pay their obligations using the equity owned by the company. Based on the calculation of the data in the table above, the Debt to Equity Ratio in the 2015-2024 period fluctuated, with total debt increasing strongly during the period while equity remained relatively stagnant. This indicates a capital structure that is increasingly financed by debt (increased leveraging). Fixed (unchanged) equity along with an increase in debt indicates that the company's debt to equity ratio (DER) is likely to increase sharply. Total Debt, average = 54,543,316, min = 32,564,458, max = 91,101,901. Equity, average = 2,494,084, min = 2,494,084, max = 2,494,084, last value = 2,494,084. Trend: stable (no significant change).

### c. Activity Ratio

Table 4.3  
 TATO Calculation Results for the 2015-2024 Period  
 (In Millions)

Years	Sales	Total assets	TATO	Description
2015	-6247042	55385759	-11.28%	UNHEALTHY
2016	-6719364	50834713	-13.22%	UNHEALTHY
2017	-6650884	47379338	-14.04%	UNHEALTHY
2018	-8249033	53138054	-15.52%	UNHEALTHY
2019	-9569826	62807714	-15.24%	UNHEALTHY
2020	10011415	62543005	-16.01%	UNHEALTHY
2021	10204023	63192902	-16.15%	UNHEALTHY
2022	13703158	113633142	-12.06%	UNHEALTHY
2023	14621163	114722249	-12.74%	UNHEALTHY
2024	15558448	114386698	-13.60%	UNHEALTHY
Average		-13.99%	UNHEALTHY	

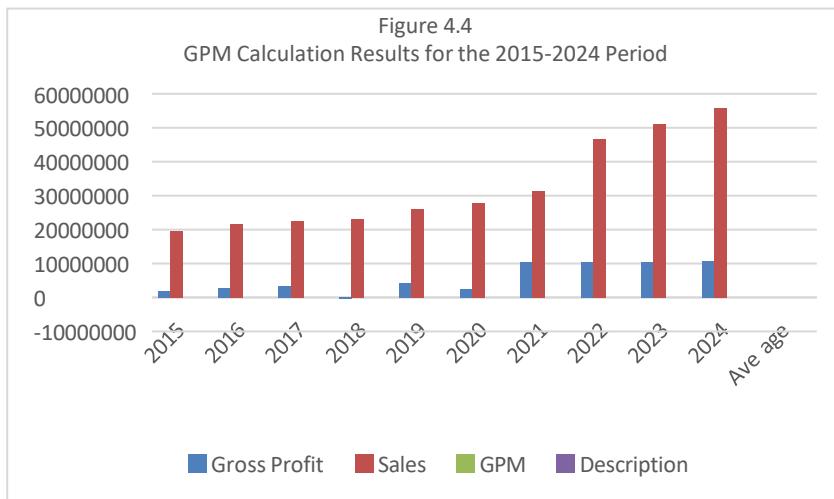


Based on the calculations in the table above, the Total Asset Turnover Ratio at PT Indosat Tbk for the 2015-2024 period experienced fluctuations, with sales clearly increasing during this period, indicating growing demand/sales. However, the increase in sales must be linked to asset growth: if total assets grow faster than sales, Sales, average = 32,611,110, min = 19,581,537, max = 55,886,870, last value = 55,886,870 (2024). Trend: increasing (4,134,323 per year). Sales have clearly increased during this period, indicating growing demand/sales.

#### d. Profitability Ratio

Table 4.4  
 GPM Calculation Results for the 2015-2024 Period  
 (In Millions)

Years	Gross Profit	Sales	GPM	Description
2015	1887971	19581537	9.64%	UNHEALTHY
2016	2854432	21524712	13.26%	UNHEALTHY
2017	3274408	22565827	14.51%	UNHEALTHY
2018	-464797	23139551	-2.01%	UNHEALTHY
2019	4228321	26117533	16.19%	UNHEALTHY
2020	2399329	27925661	8.59%	UNHEALTHY
2021	10354006	31388311	32.99%	UNHEALTHY
2022	10590805	46752319	22.65%	UNHEALTHY
2023	10427722	51228782	20.36%	UNHEALTHY
2024	10837896	55886870	19.39%	UNHEALTHY
Average		15.56%	UNHEALTHY	



Looking at the Gross Profit Margin calculation table above, it can be seen that the company experienced fluctuations in this ratio. The Gross Profit Margin (GPM) increased throughout the period from a negative/lower value in several years to a final value of ~19.39%, but it is still slightly below the conservative healthy threshold of ~20%. So: GPM has improved but has not yet fully reached the “healthy” threshold. GPM, average = 0.1556 (~15.56%), min = -0.0201, max = 0.3299, latest value = 0.1939 (~19.39%). Trend: increasing (0.0167 per year). Absolute gross profit is rising and sales are also increasing, a positive signal. However, because the company has taken on significant debt (see solvency) and there may be pressure from costs/interest expenses, net profitability is uncertain.

From all these results, the average for PT Indosat Tbk 2015-2024 is a weak short-term liquidity ratio with a consistent Quick Ratio < 1 (last value 0.47). Although current assets have increased, current liabilities have grown faster, resulting in continued liquidity pressure. Solvency ratios have deteriorated relatively, with total debt increasing sharply while equity has stagnated, leading to increased leverage and financial risk. Activity/sales ratios have improved due to increased sales and gross profit, indicating positive operational performance. However, the effectiveness of asset utilization (TATO) must be monitored to ensure that asset growth results in equivalent sales growth. The gross profitability ratio has improved (GPM rising to ~19.4%) but is still not strong according to the conservative threshold of 20%, and net profitability has not been fully evaluated.

## 5. CONCLUSION

From all the research results regarding the analysis of liquidity, solvency, activity, and profitability ratios to measure the financial performance of PT Indosat Tbk for the period 2015- 2024, it can be concluded that:

a. Liquidity ratio at PT Indosat Tbk for the period 2015-2024

The analysis shows that PT Indosat Tbk's Quick Ratio (QR) during the 2015-2024 period was consistently below the ideal standard (1.0), with an average of 0.47. Although the company's current assets increased, current liabilities grew faster, so the company's ability to meet its short-term obligations was still considered illiquid. This condition indicates that the company still depends on operational cash flow and short-term financing facilities to maintain liquidity. Thus, in terms of liquidity, the financial performance of PT Indosat Tbk has not

shown an optimal healthy condition.

b. Solvency ratio at PT Indosat Tbk for the period 2015-2024

Solvency analysis shows a significant increase in total debt from year to year, while equity has remained relatively stagnant throughout the observation period. This reflects an increasingly leveraged capital structure, so that the debt to equity ratio (DER) is expected to increase and the company's solvency risk to become higher. This condition shows that Indosat is increasingly dependent on external financing (debt) to fund expansion or operational needs. From a long-term perspective, this type of capital structure can reduce financial flexibility and increase interest expenses, so it needs to be balanced with increased profitability and strengthened equity.

c. Activity ratio at PT Indosat Tbk for the 2015-2024 period

Based on sales data and Total Asset Turnover (TATO), PT Indosat Tbk's activity performance shows an increase in sales volume during the 2015-2024 period. However, this sales growth needs to be balanced with total asset growth in order to optimize asset utilization efficiency. If asset growth is faster than sales growth, TATO will decline and reflect a decrease in operational efficiency. In general, the company's activities are on a positive trajectory with sustained sales growth, but optimization of asset utilization is still needed to generate commensurate income.

d. Profitability ratio at PT Indosat Tbk for the period 2015-2024

Profitability performance has shown a fairly good upward trend. Gross Profit Margin (GPM) increased from a low value at the beginning of the period to around 19.39% in 2024. This indicates an improvement in operational efficiency and control of cost of goods sold. However, the margin is still slightly below the telecommunications industry standard (around 20%), so the company's profitability is fairly good but not yet optimal. The consistent increase in gross profit is a positive indication of business sustainability and the potential for an increase in company value in the future.

Thus, the financial performance of PT Indosat Tbk for the 2015–2024 period can be categorized as fairly good but still facing pressure in terms of liquidity and solvency. The company needs to maintain a balanced capital structure and strengthen its ability to generate profits in order to ensure its financial health is sustainable.

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