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# FINANCIAL PERFORMANCE ANALYSIS AT PT. INDOSAT TBK. PERIOD 2017 – 2021 CENTRAL JAKARTA

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**Abstract**
PT. Indosat Tbk. is a telecommunications service provider company in Indonesia. This research aims to determine the financial performance of PT. Indosat Tbk. using financial ratio analysis, namely liquidity ratios, solvency ratios and profitability ratios. The research data collection technique comes from the annual financial report of the company PT. Indosat Tbk. 2017-2021 listed in Issuer Performance. This research was carried out using qualitative methods. Data analysis and discussion uses a comparative analysis method with a descriptive approach. This research analysis tool uses liquidity, solvency and profitability ratios which include current ratio, quick ratio, debt to assets ratio, debt to equity ratio, rate of return on investment, net profit margin, return on equity and earnings per share of common stock. The results of this research show that the liquidity ratio analysis of PT. Indosat Tbk. on financial performance during 2017-2021 as measured by the current ratio and quick ratio is considered very bad, because the increase in current debt is greater than the increase in current assets. Analysis of PT's solvency ratio. Indosat Tbk. The financial performance during the 2017-2021 period as measured by DAR and DER is considered very bad, because the company's funding is mostly funded by debt originating from creditors. Analysis of profitability ratios of PT. Indosat Tbk. on financial performance during 2017-2021 as measured by the rate of return on investment, net profit margin, return on equity and earnings per share of common stock is considered not very good, because the company management does not manage the company's operations optimally. The author states that PT. Indosat Tbk. Measuring financial performance using ratio analysis results in the overall ratio calculation being that current liabilities are greater than current assets.

Keywords: Financial Performance, Liquidity Ratio, Solvency Ratio, Profitability Ratio

## 1. Introduction

This section describes the background to the issue or problem as well as the urgency and rationalization of the research. This section also describes the purpose and contribution of research and the organization of article writing (if deemed necessary).

Economic development in this global era, Indonesia is experiencing rapid development and growth due to technological changes. The origin of increasingly advanced technological changes has resulted in many investors trading stocks between countries, because information issues are now easily accessible to investors. Furthermore, this condition indirectly benefits the Indonesian side, whether it has been listed on the Indonesia Stock Exchange or not. But that, will also bring quite fierce competition between business people.

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In general, companies that only have advantages, will survive in the competition that is quite competitive. The advantage to win this competition is that the company must have a good financial performance. Because companies that have a good financial performance will always maintain and improve their financial performance every period.

Data sources of information that are usually used by investors are: Financial Report which consists of income statements and balance sheets that know the good and bad financial performance of the company. Financial statements, according to Sochib (2018) in Kieso, et al (2007: 2) is a media that is often used by companies to communicate conditions related to their financial position to company stakeholders. An earnings report is a brief report of what the company did during a certain period, how many sales it made, costs incurred, and profits and losses suffered during that period (Sugiyono & Untung, 2016). While Soetjipto (2016) The balance sheet is a list of assets, liabilities, and capital of the owner. Furthermore, according to the results of the study Defrizal et al. (2020) in an article entitled "Financial Statement Analysis to Measure Financial Performance (Case Study at PT. Kalbe Farma Tbk for the 2014-2018 period) stated that using ratio analysis calculations resulted in an increase in financial performance although not significant.

A measuring tool commonly used in measuring financial performance is financial ratio analysis. According to Anwar (2019) Financial ratios are the activity of dividing numbers on different posts to get comparisons or ratios can be interpreted easily. And the ratio results are used to assess the company's financial position and the progress of the business. Based on the results of the analysis Rizal (2017) regarding financial ratio analysis in an article entitled "Financial Performance Analysis of PT. Garuda Indonesia Tbk. stated that the results of its research to measure financial performance with financial ratios resulted in poor conditions in calculating liquidity, solvency, and profitability ratios.

PT. Indosat Tbk. is a telecommunication service provider company in Indonesia. The company was founded on November 20, 1967. PT. Indosat Tbk. offers android mobile users the option to purchase prepaid or postpaid IM3 and 3 communication services. The company also provides additional services such as internet channels through fiber optic media under the Indosat HIFI brand, voice, landline, and international direct lines, as well as multimedia and data communication services. Furthermore, PT. Indosat Tbk. also strives to optimize the company's resources and financial performance in this intense telecommunications competition in every period. However, due to the fierce competition with other large telecommunications PT. Indosat Tbk. ini become unable to control it significantly. In the end, in the financial performance of PT. Indosat Tbk. Decreased. The following is the financial statement data of PT. Indosat in the last five years.

**Table 1**. Net Profit at PT. Indosat Tbk. Period 2017-2021

| Year | Revenue reports (in millions of rupiah) | Growth (%) |
|---|---|---|
| 2017 | 1,301,929 | - |
| 2018 | (2,085,059) | -260% |
| 2019 | 1,630,372 | 178% |
| 2020 | (630,160) | -139% |
| 2021 | 6,860,121 | 1189% |

Source: Annual Financial Report of PT. Indosat Tbk. (https://emiten.kontan.co.id)

From the data that has been described, it can be seen that PT. Indosat Tbk. has the following financial performance of the company in the period 2017 PT. Indosat Tbk. earned revenue of Rp 1,301,929, the 2018 period compared to 2017 experienced a decrease in profit of (Rp 3,386,988) or -260%, the 2019 period compared to 2018 experienced an increase in profit of Rp 3,175,431 or 178%, the 2020 period compared to 2019 experienced a decrease in profit of (Rp 2,260,532) or -139%, and in the 2021 period compared to 2020 there was an increase in profit of Rp 7,490,281 or 1189%, comprehensively from the period 2017-2021 PT. Indosat Tbk. still earned a net profit of Rp 7,077,203. Furthermore, how is the financial performance of PT. Indosat Tbk. in terms of liquidity, solvency, and profitability ratios during the period 2017-2021? Because with financial ratio analysis we can observe in detail and accurately about the company's financial performance. So, this will help management in making decisions and policies more appropriate to improve management performance than in previous periods. So that investors can choose which companies they will invest in.

The purpose of this study is to determine the financial performance of PT. Indosat Tbk. for the 2017-2021 period uses financial ratio analysis, namely liquidity, solvency, and profitability ratios.

## 2. Theoretical Background

2.1 Liquidity Ratio

According to Prihadi (2019) Liquidity Ratio is the company's ability to settle its short-term debt. Short-term debt is an obligation that must be settled for one year. According to Warren (2015) The liquidity ratio commonly used consists of two indicators to measure it, namely the current ratio and the quick ratio (Quick Ratio). The current ratio is Indicator which is more reliable than working capital in determining the company's ability to settle its current liabilities and the current ratio is easier to use to compare between companies. Quick ratio (Quick Ratio) is a ratio that does not think about the type of current assets owned by the company and the level of ease of converting it into cash. CR and QR It has been very often used by some early researchers as Indicator To measure it, namely: (Goddess, 2017), (Nuriasari, 2018), (Priyanto &; Saleh, 2019), (Anggraeni et al., 2020), (Shofwatun et al., 2021)and (Livia Nur Zakiyah et al., 2022). The formula of the current ratio and the quick ratio (Quick Ratio) i.e.:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Quick Ratio} = \frac{\text{Quick Asset}}{\text{Current Liabilities}}$$

Source: Warren (2015:851-852)

According to Cashmere (2019) In general, a current ratio standard of 200% (2:1) is usually claimed to be an excellent standard or suitable for the business, while a quick ratio of 1.5 times indicates that the company's condition is better than other companies.

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2.2 Solvency Ratio

Solvency ratio, according to Harahap (2016) is the ability of a company to pay off its long-term debts or debts when the company is liquidated. Furthermore, in the use of solvency ratios are usually aligned according to the purpose and interests of the business. The company may use all or only part of the ratio. Companies that only use a partial solvency ratio mean that the ratio is considered necessary to know. According to Hery (2023) There are several Indicator which is reasonably used in measuring the company's ability to meet all its debts, namely the ratio of debt to assets (Debt to Asset Ratio), debt to Capital ratio (Debt to Equity Ratio), the ratio of multiples of Generated interest (Times Interest Earned Ratio), the ratio of long-term debt to Capital (Long Term Debt to Equity Ratio) and the ratio of operating profit to liabilities (Operating In-come to Liabilities Ratio). However, in this study the researchers used two Indicator for the measuring instrument, namely the ratio of debt to assets (Debt to Asset Ratio) and debt-to-capital ratio (Debt to Equity Ratio). Debt to Asset Ratio (Debt to Asset Ratio) is a ratio that shows how much of a ratio there is between liabilities and existing assets. While the ratio of debt to capital (Debt to Equity Ratio) is a ratio that serves to calculate how much liability is owned by potential investors. Next DAR and DER It has also been frequently used by some previous researchers as Indicator to measure it is (Rakhmawati et al., 2017), (Bonita Ayu Pradipta, 2018), (Siregar & Prihatini, 2021)and (Yuyun Ayu Diah Wulansari et al., 2022). The formula of the ratio of debt to assets (Debt to Asset Ratio) and debt-to-capital ratio (Debt to Equity Ratio) as follows:

$$\text{Debt to Asset Ratio} = \frac{\text{Total debt}}{\text{Total assets}}$$

$$\text{Debt to Equity Ratio} = \frac{\text{Total debt}}{\text{Total capital}}$$

Source: Hery (2023:226-228)

According to Cashmere (2019) generally put forward Standard Industry Debt to Asset Ratio by 35%, which means that the owner is difficult to obtain credit if DAR did not reach Industry Standard While the industry standard DER by 80%, which means that the effort is still considered bad because it is above average Standard industry.

2.3 Profitability Ratio

The profitability ratio is an indicator that shows how profitable a business can make a profit and calculates how much investment is returned (Sukamulja, 2022). Profitability also shows how well management maintains company operations so that it can run well. In general, according to Cashmere (2019) There are 4 (four) sizes Indicator profitability i.e. Net Profit Margin (NPM), Rate of Return Investment (ROI), Return on Equity (ROE), and Earnings Per Common Share (Earnings per Share of Common Stock). NPM that is ratio which serves to show net sales revenue, ROI that is ratio which shows the acquisition of the total property used by the business, ROE is one of the ratios which serves to show the extent of effective use equity owner, and EPS be ratio used to measure success Management to earn profits to give it to shareholders. NPM, ROI and

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ROE has been used by several previous researchers as Indicator to measure it is (Barus et al., 2017), (Fernawati, 2020), (Destiani &; Hendriyani, 2021) and (Meliana et al., 2022). Next on EPS It has also been often used by previous researchers as an indicator of profitability to measure it, among others: (Saputra, 2019)and (Oktariansyah, 2020). As for the formula of Net Profit Margin (NPM), Rate of Return Investment (ROI), Return on Equity (ROE), earnings per common share (Earnings per Share of Common Stock) as follows:

$$\text{Net Profit Margin (NPM)} = \frac{\text{Earning After Interest and Tax}}{\text{Sales}}$$

$$\text{Rate of Return Investment (ROI)} = \frac{\text{Earning After Interest and Tax}}{\text{Total assets}}$$

$$\text{Return on Equity (ROE)} = \frac{\text{Earning After Interest and Tax}}{\text{Equity}}$$

$$\text{Earnings per share} = \frac{\text{Ordinary Stock Earnings}}{\text{Ordinary Shares Outstanding}}$$

Source: Cashmere (2019)

According to Cashmere (2019) It is generally suggested that Net Profit Margin has an average Industry Standard by 20% if the profit limit is greater than 20% then it is said to be good, Rate of Return Investment have Industry Standard 30% means that profit margins above 30% are said to be good, Return on equity 40% means that if above 40% is still said to be good, and EPS.

## 2.4 Financial Performance

Financial performance is the gain achieved by the party Management when they control their assets as best they can over a certain period (Surjaweni, 2019 in Rudianto, 2013). Furthermore according to Fahmi (2015) In analyzing the company's financial performance, there are five stages, namely reviewing financial statement data, carrying out calculations, comparing the results of calculations that have been obtained, interpreting various problems, and finding and providing solutions to these problems. Reviewing financial statement data means that revisions are carried out with the aim of ensuring that Financial Report that has been made accordingly Standard Accounting that is commonly used and the results can be accounted for, the calculation means that the calculation method must be adjusted to the problem situation at hand so that the calculation results can obtain conclusions that are in line with the expected analysis, comparing the calculation results that have been obtained means that the calculation obtained by the company will be done again by comparing the calculation results from other companies, Interpreting various problems means that management identifies problems and challenges faced by the company, and finds and provides solutions to these problems, meaning that at that stage after problems are found, solutions need to be found to provide input so that problems that have been found so that problems that have been found so far can be resolved quickly. To assess financial performance in this study, calculations using financial ratios are needed by analyzing the annual financial statements of PT. Indosat Tbk.

2.5 Research Framework

Based on the theoretical framework described earlier, researchers build research models as follows:

Liquidity Ratio (X1)
Indicators:
The liquidity ratio commonly used consists of two indicators to measure it, namely the current ratio and the quick ratio (Quick Ratio).
Source: Warren, 2015

Solvency Ratio (X2)
Indicators:
However, in this study researchers used two indicators for measuring instruments, namely the ratio of debt to assets (Debt to Asset Ratio) and the ratio of debt to capital (Debt to Equity Ratio).
Source: Herry, 2023

Profitability Ratio (X3)
Indicators:
In general, there are 4 (four) measures *of* profitability indicators, namely *Net Profit Margin* (NPM), Rate of Return Investment (ROI), *Return on Equity* (ROE), and Earnings per *Share of Common Stock*.
Source: Cashmere, 2019

Financial Performance (Y)

## 3. Methods

3.1 Types of Research

The type of research to be carried out in this study is qualitative research. Qualitative research is research that emphasizes processes and meanings that have not been thoroughly tested, the nature of social reality, the relationship between the studied and the researcher, emphasizes circumstances that refer to inquiry, are value-laden, and pay attention to how experience Social appear (Hardani et al., 2020). The purpose of qualitative research is to gain knowledge about the actual reality explored rather than decomposing it into interrelated variables. Variable Independent (x), i.e., Liquidity Ratio, Solvency Ratioand profitability ratio with variables Dependent (y) i.e., financial performance.

3.2 Population and sample

The population used in this study is the telecommunication service company PT. Indosat Tbk. which is listed in the Performance of Issuers for the 2017-2021 period. In this study samples were taken by means of Sampling Saturated. According to Barlian (2016), Sampling Saturated is all populations used as samples that are commonly used

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when the population is relatively small. The sample in this study, namely PT. Indosat Ooredoo provides Annual Financial Report for 2017-2021 on Issuer Performance.

3.3 Data types and sources

The type of data used by researchers is secondary data, which is in the form of a company annual report PT. Indosat Tbk. in 2017-2021. The source of the data used is the publication of financial performance of PT. Indosat Tbk. which is listed in the Performance of the Issuer. The data is obtained through the official website of the Issuer's Performance, namely https://emiten.kontan.co.id.

3.4 Data Collection Techniques

Documentary technique is a data collection method used by researchers. Further documentation according to Sidiq & Choiri (2019) is a method of data collection directed at the subject of research indirectly, usually documentation in the form of written items. Researchers use internet media, by downloading the Company Annual Report of PT. Indosat Tbk. Year 2017-2021 which is listed in the Performance of Issuers.

3.5 Data Analysis Techniques

The data analysis technique used in this study is a comparative analysis technique with a descriptive approach. According to Diana (2014) Comparative Analysis is a method of financial statement analysis that compares with each other by displaying Financial Statements Directly Horizontal and compare with each other. Descriptive is a study whose purpose is to describe population data in a structured and precise manner. In descriptive research, the data of research findings are presented sober.

## 4. Results and Discussion

4.1 Liquidity Ratio Analysis of PT. Indosat Tbk. on Financial Performance

In this study, the current ratio and quick ratio were used in the liquidity ratio. Based on company financial reports, the items used in calculating the current ratio are current assets and current liabilities. While the items used to calculate the quick ratio are fast assets and current liabilities. The calculation of the current ratio can be seen in table 1. While the quick ratio can be seen in Table 2.

**Table 1**. Liquidity Ratio (Current Ratio) at PT. Indosat Tbk. Year 2017-2021 (expressed in millions of rupiah)

| Year | Current Assets (1) | Current Liabilities (2) | Current Ratio (3=1/2) |
|---|---|---|---|
| 2017 | 9.479.271 | 16.200.457 | 0,59 |
| 2018 | 7.906.525 | 21.040.365 | 0,38 |
| 2019 | 12.444.795 | 22.129.440 | 0,56 |
| 2020 | 9.594.951 | 22.658.094 | 0,42 |
| 2021 | 11.499.439 | 28.658.152 | 0,40 |
| Average | | | 0,47 |
| Industry Standard | | | 2,00 |

Source: Consolidated Financial Statements, processed (2023)

Based on the table data above, it shows the current ratio of PT. Indosat Tbk. in the 2017 period was 0.59 or 59%, then decreased to 0.38 or 38% in the 2018 period, increased to 0.56 or 56% in the 2019 period, decreased again to 0.42 or 42% in the 2020 period, and again decreased to 0.40 or 40% in the 2021 period, while the average

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current ratio was 0.47 or 47%. Therefore, the data above shows that the condition is very bad in its financial performance because the ratio is below the industry standard of 2.00 times or 200%. PT. Indosat Tbk. averaged its current ratio from 2017-2021 below industry standards due to an increase in its current liabilities higher than the increase in its current assets. The increase in current debt from the 2017-2021 period was 77%, while the increase in current assets was only 21%, proving that PT. Indosat Tbk. lacks the ability to fulfill its current obligations.

**Table 2**. Liquidity Ratio (Quick Ratio) at PT. Indosat Tbk. Year 2017-2021 (expressed in millions of rupiah)

| Year | Fast Asset (1) | Current Liabilities (2) | Quick Ratio (3=1/2) |
|---|---|---|---|
| 2017 | 5.766.934 | 16.200.457 | 0,36 |
| 2018 | 4.103.889 | 21.040.365 | 0,20 |
| 2019 | 8.935.414 | 22.129.440 | 0,40 |
| 2020 | 4.376.550 | 22.658.094 | 0,19 |
| 2021 | 6.147.421 | 28.658.152 | 0,21 |
| Average | | | 0,27 |
| Industry Standard | | | 1,50 |

Source: Consolidated Financial Statements, processed (2023)

Based on the data table above, it shows the quick ratio of PT. Indosat Tbk. in the 2017 period was 0.36 or 36%, then decreased to 0.20 or 20% in the 2018 period, increased by 0.20 or 20% to 0.40 or 40% in the 2019 period, decreased to 0.19 or 19% in the 2020 period, increased again to 0.21 or 21% in the 2021 period, while the average quick ratio was 0.27 or 27%. This shows a very bad condition in financial performance because the ratio is below the industry standard of 1.50 times or 150%. PT. Indosat Tbk. on average quick ratio in the 2017-2021 period is below industry standards because its fast assets did not increase significantly while its current debt increased significantly. The increase experienced by fast assets was 7% from the 2017-2021 period while the increase in current debt was 77%. This shows that the availability of funds to pay current debts is less.

4.2 Solvency Ratio Analysis of PT. Indosat Tbk. on Financial Performance

In this study, the solvency ratio uses two indicators, namely DAR and DER. To obtain results from DAR is to make a comparison between the amount of debt and the amount of assets owned by the company. While DER is by comparing funds prepared by creditors with funds prepared by business owners. The calculation of DAR can be seen in table 1. and DER can be seen in table 2.

**Table 3**. Solvency Ratio of Debt to Asset Ratio at PT. Indosat Tbk. Year 2017-2021 (expressed in millions of rupiah)

| Year | Total Debt (1) | Total Assets (2) | Debt to Asset Ratio (3=1/2) |
|---|---|---|---|
| 2017 | 35.845.506 | 50.661.040 | 0,71 |
| 2018 | 41.003.340 | 53.139.587 | 0,77 |
| 2019 | 49.105.807 | 62.813.000 | 0,78 |
| 2020 | 49.865.344 | 62.778.740 | 0,79 |
| 2021 | 53.094.346 | 63.397.148 | 0,84 |
| Average | | | 0,78 |
| Industry Standard | | | 35% |

Source: Consolidated Financial Statements, processed (2023)

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Based on the table data above, showing the acquisition of DAR PT. Indosat Tbk. In the 2017 period which was 0.71 or 71%, then rose to 0.77 or 77% in the 2018 period, there was an increase of 0.1 or 1% to 0.78 or 78% in the 2019 period, increased to 0.79 or 79% in the 2020 period, the next period 2021 increased again by 0.5 or 5% to 0.84 or 84%, while the average DAR by 0.78 or 78%. Therefore, the data above shows that the financial performance is not good because it is above the industry standard of 0.35 times or 35%. PT. Indosat Tbk. averaged DAR from 2017-2021 above industry standard due to an increase in total debt by 48% while an increase in total assets by 25%. The data shows that PT. Indosat Tbk. has an increase in debt that is greater than assets, so the company will find it difficult to get loans.

**Table 4**. Solvency Ratio Debt to equity ratio at PT. Indosat Tbk. Year 2017-2021 (expressed in millions of rupiah)

| Year | Total Debt (1) | Total Capital (2) | Debt to Equity Ratio (3=1/2) |
|---|---|---|---|
| 2017 | 35.845.506 | 14.815.534 | 2,42 |
| 2018 | 41.003.340 | 12.136.247 | 3,38 |
| 2019 | 49.105.807 | 13.707.193 | 3,58 |
| 2020 | 49.865.344 | 12.913.396 | 3,86 |
| 2021 | 53.094.346 | 10.302.802 | 5,15 |
| Average | | | 3,68 |
| Industry Standard | | | 80% |

Source: Consolidated Financial Statements, processed (2023)

Based on the table data above, it shows the acquisition of DER PT. Indosat Tbk. in the 2017 period was 2.42 or 242%, increased to 3.38% in the 2018 period, increased by 0.20 or 20% to 3.58% in the 2019 period, in the 2020 period it increased to 3.86 or 386%, in 2021 it increased again to 5.15 or 515% and the average DER was 3.68 or 368%. This situation shows a very bad situation in its financial performance because the ratio is above the industry standard of 0.80 times or 80%. PT. Indosat Tbk. on average from the 2017-2021 period was caused by an increase in its total debt greater than its total capital. Total debt from the 2017-2021 period increased by 48% while total capital decreased by -30%, the situation shows that PT. Indosat Tbk. is more supported by debt than capital. Therefore, this condition is not good for creditors because there are more risks to bear. But for the company, it is good because the company spends only a little capital.

4.3 Profitability Ratio Analysis of PT. Indosat Tbk. on Financial Performance

In this study, researchers used four ratios, namely Net Profit Margin (NPM), Rate of Return Investment (ROI), Return on Equity (ROE), and Earnings Per Share of Common Stock. To find out the results of Net Profit Margin (NPM), namely calculating the comparison of net income with sales, Rate of Return Investment (ROI) is calculated by comparing net income with assets, Return on Equity (ROE) which is calculating the comparison between net income and equity, and Earnings Per Share of Common Stock) i.e., calculated by comparing the profits of ordinary shares outstanding with those of common stock. The calculation of Net Profit Margin (NPM) can be seen in table 1., Rate of Return Investment (ROI) can be seen in table 2., Return on Equity (ROE) can be seen in table 3., and Earnings per Share of Common Stock can be seen in table 4.

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**Table 5**. Net Profit Margin (NPM) Profitability Ratio at PT. Indosat Tbk. Year 2017-2021 (expressed in millions of rupiah)

| Year | Earning After Interest and Tax (1) | Sales (2) | Net Profit Margin (3=1/2) |
|---|---|---|---|
| 2017 | 1.301.929 | 29.926.098 | 0,04 |
| 2018 | -2.085.059 | 23.139.551 | -0,09 |
| 2019 | 1.630.372 | 26.117.533 | 0,06 |
| 2020 | -630.160 | 27.925.661 | -0,02 |
| 2021 | 6.860.121 | 31.388.311 | 0,22 |
| Average | | | 0,04 |
| Industry Standard | | | 20% |

Source: Consolidated Financial Statements, processed (2023)

Based on the table data above, showing the NPM acquisition of PT. Indosat Tbk. in the 2017 period was 0.04 or 4%, decreased to -0.09 or -9% in the 2018 period, there was an increase in the 2019 period to 0.06 or 6%, decreased again to -0.02 or -2% in the 2020 period, experienced a very significant increase to 0.22 or 22% in the 2021 period, while the average NPM was 0.04 or 4%, This condition shows that its financial performance is poor because the ratio is below the industry standard of 0.20 times or 20%. Average NPM PT. Indosat Tbk. from the 2017-2021 period is below industry standards because earnings after interest and tax are very low while sales are unstable. This is because the selling price is relatively low or the sales volume is less, and it can also be due to high operating expenses or less efficient.

**Table 6**. Profitability Ratio Rate of Return Investment (ROI) at PT. Indosat Tbk. Year 2017-2021 (expressed in millions of rupiah)

| Year | Earning After Interest and Tax (1) | Total Assets (2) | Rate of Return Investment (ROI) (3=1/2) |
|---|---|---|---|
| 2017 | 1.301.929 | 50.661.040 | 0,03 |
| 2018 | -2.085.059 | 53.139.587 | -0,04 |
| 2019 | 1.630.372 | 62.813.000 | 0,03 |
| 2020 | -630.160 | 62.778.740 | -0,01 |
| 2021 | 6.860.121 | 63.397.148 | 0,11 |
| Average | | | 0,02 |
| Industry Standard | | | 30% |

Source: Consolidated Financial Statements, processed (2023)

Based on the table data above, showing the ROI of PT. Indosat Tbk. in the 2017 period, namely 0.03 or 3%, decreased to -0.04 or -4% in the 2018 period, increased in the 2019 period to 0.03 or 3%, fell back to -0.01 or -1% in the 2020 period, and in the 2021 period experienced a significant increase while the average rate of return rnvestment (ROI) of 0.02 or 2%, this phenomenon shows that the financial performance is not good because the ratio is below the industry standard of 0.30 times or 30%. PT. Indosat Tbk. average ROI is below industry standard because after-interest and tax income is very low, its total assets increased by 25%, this situation indicates that PT. Indosat Tbk. is still ineffective in its overall company operations.

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**Table 7**. Return on Equity (ROE) Profitability Ratio at PT. Indosat Tbk. Year 2017-2021 (expressed in millions of rupiah)

| Year | Earning After Interest and Tax (1) | Capital (2) | Return on Equity (ROE) (3=1/2) |
|---|---|---|---|
| 2017 | 1.301.929 | 14.815.534 | 0,09 |
| 2018 | -2.085.059 | 12.136.247 | -0,17 |
| 2019 | 1.630.372 | 13.707.193 | 0,12 |
| 2020 | -630.160 | 12.913.396 | -0,05 |
| 2021 | 6.860.121 | 10.302.802 | 0,67 |
| Average | | | 0,13 |
| Industry Standard | | | 40% |

Source: Consolidated Financial Statements, processed (2023)

Based on the table data above, it shows the ROE of PT. Indosat Tbk. in the 2017 period was 0.09 or 9%, down to -0.17 or -17% in the 2018 period, experienced a significant increase in the 2019 period to 0.12 or 12%, fell back in the 2019 period to -0.05 or -5%, and experienced a significant increase again to 0.67 or 67%, while the average ROE was 0.13 or 13%, this data shows a very bad condition in its financial performance because the ratio is below the industry standard of 0.40 times or 40%. PT. Indosat Tbk. averaged ROE in the 2017-2021 period below industry standards due to very low after-interest and tax profits, while its capital decreased by 30%, the situation shows that PT. Indosat Tbk. is less efficient in its capital management, resulting in a low return on capital.

**Table 8**. Profitability Ratio of Earnings per Share of Common Stock at PT. Indosat Tbk. Year 2017-2021

| Year | Ordinary Stock Earnings (1) | Common Shares Outstanding (2) | EPS (3=1/2) |
|---|---|---|---|
| 2017 | 1.033.561.000.000 | 4.944.794.756 | 209,02 |
| 2018 | -2.181.969.000.000 | 4.932.340.974 | -442,38 |
| 2019 | 1.549.166.000.000 | 5.365.262.866 | 288,74 |
| 2020 | -852.788.000.000 | 6.465.413.192 | -131,9 |
| 2021 | 6.813.807.000.000 | 5.484.611.422 | 1242,35 |

Source: Consolidated Financial Statements, processed (2023)

Based on the table data above, Earnings per Share of Common Stock PT. Indosat Tbk. in the 2017 period was Rp 209.02, decreased to (Rp 442.38) in the 2018 period, increased to Rp 288.74 in the 2019 period, in the 2020 period decreased again to (Rp 131.9), experienced a significant increase again to Rp 1242.35. Therefore, it can be seen that the welfare of shareholders is not stable, but on average from the 2017-2021 period, it still provides benefits for shareholders of IDR 233.17. So, PT. Indosat Ooredoo can be said that its financial performance is still quite good for shareholders because it can still provide profits.

**Table 9**. Financial Ratio Recapitulation of PT. Indosat Tbk. Year 2017-2021

| Year | Liquidity | | Solvency | | Profitability | | | |
|---|---|---|---|---|---|---|---|---|
| | Ratio Fluent | Quick Ratio | DAR | DER | NPM | ROI | ROE | EPS |
| 2017 | 0,59 | 0,36 | 0,71 | 2,42 | 0,04 | 0,03 | 0,09 | 209,02 |
| 2018 | 0,38 | 0,20 | 0,77 | 3,38 | -0,09 | -0,04 | -0,17 | -442,38 |
| 2019 | 0,56 | 0,40 | 0,78 | 3,58 | 0,06 | 0,03 | 0,12 | 288,74 |

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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 2020 | 0,42 | 0,19 | 0,79 | 3,86 | -0,02 | -0,01 | -0,05 | -131,90 |
| 2021 | 0,40 | 0,21 | 0,84 | 5,15 | 0,22 | 0,11 | 0,67 | 1.242,35 |
| Average | 0,47 | 0,27 | 0,78 | 3,68 | 0,04 | 0,02 | 0,13 | 233,17 |
| Industry Standard | 2,00 | 1,50 | 0,35 | 0,80 | 0,20 | 0,30 | 0,40 | |

Source: Consolidated Financial Statements, processed (2023)

1) Based on the recapitulation above, the liquidity ratio produced research using CR and QR shows that companies are included in the category of companies whose assets are not easily disbursed because the company is unable to pay off debts with its current assets. Therefore, PT. Indosat Tbk. for the 2017-2021 period is considered not good because the results are below industry standards.
2) Based on the recapitulation data above, the results of the solvency ratio research using the ratio of debt to assets and the ratio of debt to capital show a very bad situation because it is above the industry standard of 0.78 or 78% and 3.68 or 368%. According to creditors, this increase in ratio will increase the risk of failure of the company is high, because it uses more debt for most of its funds.
3) Based on research data recapitulation of profitability ratios using NPM, ROI, ROE, and EPS. In the last two years, NPM fell to -0.09 or -9% in the 2018 period, and fell back to -0.02 or -2% in the 2020 period. Overall, NPM is still below the industry standard of 0.20 or 20%. The rate of return on investment (ROI) in the 2017-2021 period is still considered not good because it is far below industry standards, especially -0.04 or -4% in the 2018 period and the 2020 period of -0.01 or -1%. In the last 2 years, it can be seen that the Return on equity (ROE) for the 2019 period has decreased to -0.17 or -17%, and in the 2020 period it has decreased again to -0.05 or -5%, making the average category below the industry standard of 0.40 or 40%. EPS for the 2017-2021 period, it can be seen that the welfare of shareholders is unstable, but overall, from the 2017-2021 period it still provides benefits for shareholders of IDR 233.17. Thus, PT. Indosat Ooredoo can be said that its financial performance is still quite good for shareholders because it can still provide profits

## 5. Conclusion

Based on the financial performance assessment analysis for the last five years, from the 2017-2021 period which uses liquidity, solvency, and profitability ratios, the author concludes that the financial performance of PT. Indosat Tbk. as follows:

5.1 Liquidity Ratio Analysis of PT. Indosat Tbk. on Financial Performance
1) Current ratio, PT. Indosat Tbk. for the period 2017-2021 I concluded that PT. Indosat Tbk. lacks the ability to settle its short-term debts.
2) Quick Ratio, PT. Indosat Tbk. for the period 2017-2021 I concluded that the availability of company funds to pay its current debt was lacking.

5.2 Solvency Ratio Analysis of PT. Indosat Tbk. on Financial Performance
1) DAR, PT. Indosat Tbk. for the period 2017-2021 I concluded that PT. Indosat Tbk. has an increase in debt that is greater than assets, so the company will find it difficult to get loans.
2) DER, PT. Indosat Tbk. for the period 2017-2021 I concluded that PT. Indosat Tbk. is mostly supported by debt.

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5.3 Profitability Ratio Analysis of PT. Indosat Tbk. on Financial Performance

3) NPM, PT. Indosat Tbk. for the period 2017-2021 I concluded that the average NPM of PT. Indosat Tbk. is still below industry standards because earning after interest and tax is very low while sales are not stable.
4) ROI, PT. Indosat Tbk. for the period 2017-2021 I concluded that it is still ineffective in its overall company operations.
5) ROE, PT. Indosat Tbk. for the period 2017-2021 I concluded that the company is still inefficient in managing its capital, which causes a low return on capital.
6) EPS, at PT. Indosat Tbk. for the period 2017-2021 I concluded that the company can still be said to be good in its financial performance because it still provides benefits for shareholders.

5.4 Suggestion

Based on the problems described related to the assessment of financial performance for the 2017-2021 period which uses the calculation of liquidity, solvency, and profitability ratios. The author tries to provide recommendations to PT. Indosat Tbk. for the above problems, as follows:

1) Preferably for the liquidity ratio, the current ratio should sell unused fixed assets to pay current debts and QR should increase assets quickly by selling unused assets.
2) Preferably for the solvency ratio, in DAR and DER I recommend selling unused assets to pay some of the debt.
3) Preferably for the profitability ratio, NPM must be able to increase sales and reduce production costs, in order to obtain maximum profit, at ROI must increase sales and other income and reduce loan interest by selling assets that are not needed to pay debts, at ROE must increase must increase sales results of its products, reduce operating expenses, and increase additional income in addition to the main income. Meanwhile, in EPS, the company must maintain its profit margin to remain good

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