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Evaluating company performance based on financial statement analysis

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Abstract
This research aims to evaluate the financial performance of a state-owned corporation. The study employs a descriptive quantitative approach. The population consists of the company's financial statements, with a sample covering the period from 2013 to 2022. Data were collected through documentation and analyzed using financial ratios and trend analysis. The results indicate that, based on liquidity, profitability, and activity ratios, the company has not been efficient in managing its assets and equity to increase sales, obtain maximum profits, and meet short-term obligations. However, from the solvency ratio perspective, the company is capable of meeting long-term debt obligations using its assets and equity. Compared to the industry average for telecommunications companies, the company performs better and demonstrates potential for future growth.

Keywords: liquidity ratios, solvency ratios, profitability ratios, activity ratios, trend analysis

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Abstrak

Penelitian ini bertujuan untuk mengevaluasi kinerja keuangan perusahaan milik negara. Studi ini menggunakan pendekatan kuantitatif deskriptif. Populasi terdiri dari laporan keuangan perusahaan, dengan sampel yang mencakup periode 2013 hingga 2022. Data dikumpulkan melalui dokumentasi dan dianalisis menggunakan rasio keuangan dan analisis tren. Hasil menunjukkan bahwa, berdasarkan rasio likuiditas, profitabilitas, dan aktivitas, perusahaan belum efisien dalam mengelola aset dan ekuitasnya untuk meningkatkan penjualan, memperoleh keuntungan maksimal, dan memenuhi kewajiban jangka pendek. Namun, dari perspektif rasio solvabilitas, perusahaan mampu memenuhi kewajiban utang jangka panjang menggunakan aset dan ekuitasnya. Dibandingkan dengan rata-rata industri untuk perusahaan telekomunikasi, perusahaan berkinerja lebih baik dan menunjukkan potensi pertumbuhan di masa depan.

Kata Kunci: rasio likuiditas, rasio solvabilitas, rasio profitabilitas, rasio aktivitas, analisis tren

1. Introduction

Investment involves various risks and uncertainties that can affect investors' decisions. To mitigate these risks, investors require comprehensive information on the company's performance, as well as relevant economic and political conditions in the country (Fakhrul et al., 2020). Financial health refers to a company's ability to generate profits, maintain liquidity, and meet financial obligations. It is a critical indicator of a company's sustainability and operational success (Alyasari et al., 2024; Horváthová et al., 2021; Novaldo et al., 2023; Siekelová et al., 2015). Financial analysis involves systematic evaluation of data from financial statements, such as balance sheets, income statements, and cash flow statements, to assess a company's financial condition 1 5. Common financial indicators include Return on Assets (ROA), Return on Equity (ROE), profitability ratios, debt ratios, and liquidity ratios (Fiala et al., 2020; Lassala et al., 2017; Siekelová et al., 2015). Advanced methods like multivariate discriminant analysis (MDA), neural networks, and machine learning models are increasingly used to predict financial health and potential risks, such as bankruptcy (Almonayirie, 2015; Horváthová et al., 2021). By analyzing these factors in depth, investors can make more accurate, rational decisions amid market uncertainty.

A company's performance is a depiction of its financial condition, analyzed using financial analysis tools, allowing an assessment of its financial health, which reflects its operational performance over a specific period (Umairoh et al., 2020). Company performance is typically analyzed through financial statements, with methods including financial ratio analysis and trend analysis (Almurni et al., 2022). Financial ratio analysis presents numerical relationships among various elements in the financial statements, helping compare the company's current performance with previous periods. There are several financial ratios, including liquidity ratios, solvency ratios, activity ratios, profitability ratios, and market value ratios. Financial ratios play a crucial role for shareholders in assessing company performance, as they expect the funds invested to yield greater returns. Trend analysis (trend position) is an analytical technique used to determine the trend in financial conditions, whether upward or downward (Almurni et al., 2022).

One of the largest and fastest-growing state-owned telecommunications companies in Indonesia has shown strong performance in its recent financial reports. The company's shares are traded on both domestic and international stock exchanges, and its stock has been considered a blue-chip option, reflecting stability and higher value compared to other stocks (Chaca, 2024). The dividend per share has remained stable over the past several years, indicating the company's commitment to returning value to shareholders. Therefore, the stock is an attractive investment option, especially for investors seeking stable growth potential and consistent dividend yields. As a result, investors need to conduct an in-depth analysis of the company's performance before making investment decisions.

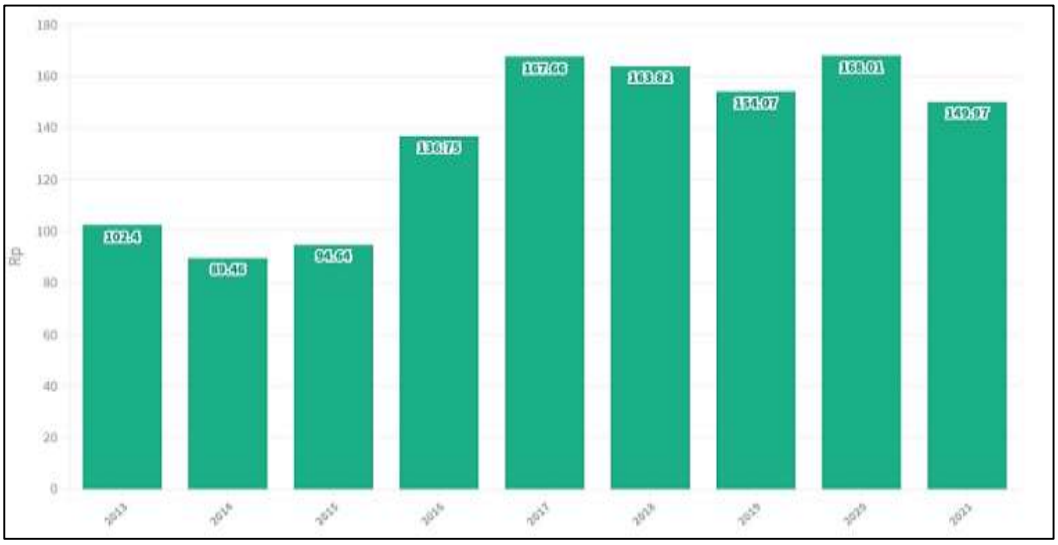

Figure 1. Growth of Telkom's Dividend Value from 2013 to 2021

Previous studies by Ramadhan Noor et al. (2021), based on profitability ratio analysis for the period 2016–2020, calculated on a semi-annual basis, showed that the company's performance was not favorable when measured by return on investment, return on equity, and gross profit margin. However, based on net profit margin, the company was in good financial condition. The financial statement analysis using profitability ratios for the period 2016–2020 indicated that the company had efficiently utilized its assets, with a consistent increase in net profit during each period. Furthermore, the company improved capital use and focused on increasing sales. According to Samsinar et al. (2023),, the company generated profits from 2018 to 2021 and met its debt obligations with its assets and equity.

According to Alif Al Ghifari Pulungan et al. (2023), the company's financial condition was relatively stable from 2020 to 2022, as assessed by liquidity, solvency, activity, and profitability ratios. Another recent study conducted by Riyanto (2024) revealed that during the period 2021–2022, based on liquidity ratios (quick ratio, current ratio, and cash ratio), the company's performance was poor; the level of profitability based on net profit margin (NPM) decreased in 2022, indicating that the company's financial performance was not optimal. Return on investment (ROI) declined, suggesting that asset management was not being optimized. However, the rising return on equity (ROE) indicated improved equity management and healthier financial performance. Due to differences in the findings of previous studies, further research is necessary to re-evaluate

the company's financial condition over a different period. The objective of this study is to assess the company's performance from 2013 to 2022 using liquidity ratios, solvency ratios, activity ratios, market value ratios, and trend analysis, and to compare the results with the industry average.

2. Theoretical framework

Financial Ratio Analysis

One method of financial analysis that is often used as an indicator in assessing the development of a company over a certain period is financial ratio analysis Putra et al., 2021). Ratio analysis is used to evaluate various aspects of the company's operations and financial performance, such as liquidity, solvency, profitability, activity, and market value (Darmawan, 2020). Thus, financial ratios help stakeholders simplify information that describes the relationship between financial items in assessing company performance.

Liquidity Ratio

The liquidity ratio refers to the company's ability to pay off short-term debt obligations using its current assets. More specifically, liquidity reflects the extent to which the company has sufficient funds to meet its maturing debt obligations. The higher a company's liquidity level, the better its performance. Companies with high liquidity generally have greater opportunities to obtain support from external parties, such as creditors and investors (Fakhrul et al., 2020). Several types of liquidity ratios are used in this research, including:

Current Ratio

The current ratio measures the company's ability to pay short-term debt that is due immediately in a certain period using current assets (cash, receivables, and inventory). The current ratio formula is as follows (Ross et al., 2023):

$$\text{Current Ratio} = \frac{\text{Current Assets}}{Short - Term\ Debt}$$

Quick ratio is a ratio that measures the company's ability to meet the company's short-term debt using the company's current assets without counting inventory. The quick ratio formula is as follows (Ross et al., 2023)

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Short} - \text{Term Debt}}$$

Solvency Ratio

The solvency ratio is the ability of a company to fulfill all its liabilities. The liabilities in question are the company's debts that must be paid. From this level of solvency, the company can determine the extent to which its debt can be repaid if the company is liquidated. If the company has a high level of solvency, the investment risk is greater.

Conversely, if the company has a low level of solvency, the investment risk is smaller (Fakhrul et al., 2020). Several types of solvency ratios are used in this research, including:

Debt to Equity Ratio (DER)

The debt to equity ratio assesses a company's total debt in relation to its equity. In other words, this ratio helps to determine how much of the company's own capital is being used as collateral for its debts. The formula for calculating the debt to equity ratio is as follows (Darmawan, 2020):

$$DER = \frac{Total\ Debt}{Total\ Equity}\ x\ 100$$

Debt to Asset Ratio is a ratio used to measure the proportion of total debt to total assets. The formula for the debt to asset ratio is as follows (Darmawan, 2020)

$$DAR = \frac{Total\ Debt}{Total\ Asset}\ x\ 100$$

Profitability Ratio

Profitability ratios can be used as a benchmark for investors and creditors in assessing the performance of a company. Profitability ratio is the ability of a company to generate profits using its resources such as assets, capital, or company sales (Fakhrul et al., 2020). There are several types of profitability ratios used in research including:

Net Profit Margin

Net profit margin is a ratio that measures a company's net profit from the sales generated. It reflects the company's ability to control its operational costs over a specific period. The formula used to calculate the net profit margin is as follows (Ross et al., 2023)

$$\text{Net Profit Margin} = \frac{Net\ Income}{Sales}$$

Return on Asset (ROA)

Return on assets describes the company's overall ability to generate profits (net income) by utilizing the assets available in the company. The formula used for return on assets is as follows (Ross et al., 2023):

$$Return\ on\ Asset = \frac{Net\ Income}{Total\ Asset}$$

Return on Equity (ROE)

Return on equity is a measurement of the income earned by the company on the equity invested in the company. The return on equity formula is as follows (Ross et al., 2023):

$$Return\ on\ Equity = \frac{Net\ Income}{Total\ Equity}$$

Activity Ratio

According to Subrayam in (Tasniyah Widad et al., 2024) activity ratio provides an overview of how effective the company is in managing assets to generate sales and maximize company profits. A high activity ratio value can be an indication that the company has good operational performance, thereby reducing investment risk and increasing investor attractiveness. There are several types of activity ratios used in research including:

Total Asset Turn Over (TATO)

Total asset turn over is a ratio used to measure the turnover of funds derived from sales of assets owned by the Company. According to Darmawan (2020) the formula for total asset turnover is as follows

$$TATO = \frac{Sales}{Total\ Asset}$$

Inventory Turnover

Inventory turnover is a ratio that illustrates how many times a company can sell inventory during a certain period. To calculate the days required to sell inventory, divide the days by the inventory turnover in that period. The formula that can be used to determine the value of inventory turnover is as follows (Ross et al. 2023)

$$Inventory\ Turnover = \frac{COGS}{Inventory}$$

$$Day's\ Sales\ in\ Inventory = \frac{365\ days}{Inventory\ Turnover}$$

Market Value Ratio

Market value ratio analysis is used to measure stock value. The market value ratio serves to provide information to stakeholders regarding the comparison of book value with market value reflected by the company's share price. The higher the market value ratio, the more likely investors see the company as more attractive and has the potential to grow in the future. There are several types of market value ratios used in research including:

Price Earning Ratio (PER)

Price earning ratio shows how much investors are willing to pay or buy shares of each reported profit. The price earning ratio formula is as follows (Ross et al., 2023)

$$PER = \frac{Market\ Price\ per\ Share}{Earnings\ per\ Share}$$

Market to Book Value Ratio

Market to book value ratio shows how much the company is worth based on what the company has invested. If the company's share price is below book value, the company does not have enough potential. The market to book value ratio formula is as follows (Ross et al., 2023)

$$Book\ Value\ Per\ Share = \frac{Equity}{Number\ of\ Shares\ Outstanding}$$

$$Market\ to\ Book\ Value\ Ratio = \frac{Market\ Value\ per\ Share}{Book\ Value\ per\ Share}$$

The conceptual framework is a line of thought that describes the relationship between one concept and another in order to provide an objective description of the variables under research. The conceptual framework in this study is intended to assess the financial performance of a state-owned telecommunications company by analyzing financial ratios, including liquidity ratios, solvency ratios, activity ratios, profitability ratios, and comparing the results with the average of the telecommunications industry.

3. Methods

3.1. Sample and Procedures

Population is defined as a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by researchers to be studied and then to draw conclusions. The population in this research consists of the financial statements of a state-owned telecommunications company. The sample is part of the population that serves as the data source in research, representing the characteristics of the population. The sampling technique used in this study is purposive sampling. The sample comprises the financial statements for the period from 2013 to 2022.

3.2. Measurement

In this research, the data collection technique employed is documentation. This study uses secondary data obtained from the company's financial statements published on the official websites of the company and the Indonesia Stock Exchange. Operational variables are defined as all elements determined by the researcher to be studied in order to obtain information from which conclusions can be drawn. Operational variables are used to identify the types and indicators of the variables involved in the study. The indicators of the variables are presented in Table 1.

Table 1. *Operational Indicators of Research Variables*

No.	Variable	Indicator
1	Liquidity Ratio	Current Ratio, Quick Ratio
2	Solvency Ratio	Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER)
3	Activity Ratio	Total Asset Turnover (TATO), Inventory Turnover
4	Profitability Ratio	Net Profit Margin (NPM), Return on Equity (ROE), Return on Assets (ROA)
5	Market Value Ratio	Price Earnings Ratio (PER), Price to Book Value Ratio (PBV)

3.3. Data Analysis Technique

Data analysis is a research step carried out after the supporting data have been fully collected and arranged systematically to facilitate understanding and to communicate the results to others. The data analysis method used in this study consists of financial ratio analysis (liquidity ratios, solvency ratios, profitability ratios, activity ratios, and market value ratios), trend analysis, and comparison with industry averages for similar companies.

Trend Analysis

Trend analysis was conducted using time series analysis with the least squares method to observe the tendency of the calculated ratio values, thereby providing an overview of whether the company's performance tends to increase or decrease. The linear equation of the trend line is formulated as follows:

$$Yt=a+bXYt=a+bXa=\sum Yn,b=\sum XY\sum X2a=n\sum Y,b=\sum X2\sum XY$$

Where:

- YtYt = Trend value for a certain period
- YY = Ratio value
- aa = YtYt value when X=0X=0
- bb = Slope of the trend line
- XX = Time period code of the base year
- nn = Number of years (periods)

When bb is positive, the company's financial ratios from year to year tend to increase. If bb is negative, the ratios tend to decrease (Hendryadi et al., 2019, 2025).

4. Results and discussion

4.1. Results

After describing the background of the research, the theories that have confirmed the research, and the research methods used, this chapter presents the results of the research. The results of the research will be described based on the results of financial ratio analysis and trend analysis.

Trend analysis was conducted using time series analysis with the least squares method to observe the tendency of the calculated ratio values over the period 2013–2022. The linear

equation of the trend line is Yt=a+bXYt=a+bX, where a positive slope (b) indicates an increasing trend and a negative slope indicates a decreasing trend.

Current Ratio Trend

The trendline equation for the current ratio is Yt=0.982+(−0.029)XYt=0.982+(−0.029)X. The slope coefficient (b) is negative at -0.029, indicating that the current ratio tends to decrease year over year.

Table 1. *Trend Analysis Calculation of Current Ratio (2013–2022)*

Year	Year Code (X)	Current Ratio (Y)	XY	X^2	Yt
2013	-9	1.16	-10.47	81	10.08
2014	-7	1.06	-7.44	49	5.11
2015	-5	1.35	-6.76	25	3.42
2016	-3	1.20	-3.60	9	2.54
2017	-1	1.05	-1.05	1	1.99
2018	1	0.94	0.94	1	1.61
2019	3	0.71	2.14	9	1.32
2020	5	0.67	3.37	25	1.08
2021	7	0.89	6.20	49	0.89
2022	9	0.78	7.04	81	0.72
Total		**9.82**	**-9.63**	**330**	

Source: Company Financial Reports 2013–2022 (processed data)

Debt to Equity Ratio (DER) Trend

The trendline equation for DER is Yt=0.7976+(−0.016)XYt=0.7976+(−0.016)X. The slope coefficient (b) is negative at -0.016, meaning the DER value tends to decrease yearly.

Table 2. *Trend Analysis Calculation of Debt to Equity Ratio (2013–2022)*

Year	Year Code (X)	DER (Y)	XY	X^2	Yt
2013	-9	65.26%	-5.873	81	782.7%
2014	-7	63.59%	-4.452	49	387.2%
2015	-5	77.86%	-3.893	25	257.6%
2016	-3	70.18%	-2.105	9	194.4%

2017	-1	77.01%	-0.770	1	157.9%
2018	1	75.78%	0.758	1	134.6%
2019	3	88.66%	2.660	9	118.9%
2020	5	104.27%	5.214	25	108.0%
2021	7	90.64%	6.345	49	100.2%
2022	9	84.37%	7.593	81	94.7%
Total		**797.6%**	**-5.476**	**330**	

Source: Company Financial Reports 2013–2022 (processed data)

The trendline equation for DER is Yt=0.7976+(−0.016)XYt=0.7976+(−0.016)X. The slope coefficient (b) is negative at -0.016, meaning the DER value tends to decrease yearly.

Return on Assets (ROA) Trend

Table 3. *Trend Analysis Calculation of Return on Assets (2013–2022)*

Year	Year Code (X)	ROA (Y)	XY	X^2	Yt
2013	-9	15.9%	-1.43	81	140.4%
2014	-7	15.2%	-1.06	49	70.9%
2015	-5	14.0%	-0.70	25	47.4%
2016	-3	16.2%	-0.49	9	35.3%
2017	-1	16.5%	-0.17	1	27.8%
2018	1	13.1%	0.13	1	22.7%
2019	3	12.5%	0.38	9	18.8%
2020	5	12.0%	0.60	25	15.7%
2021	7	12.2%	0.85	49	13.2%
2022	9	10.1%	0.91	81	11.1%
Total		**1.38**	**-0.98**	**330**	

Source: Company Financial Reports 2013–2022 (processed data)

The trendline equation for ROA is Yt=0.138+(−0.003)XYt=0.138+(−0.003)X. The slope coefficient (b) is negative at -0.003, indicating the ROA value tends to decrease yearly.

Total Asset Turnover (TATO) Trend

The trendline equation for total asset turnover is Yt=0.605+(−0.007)XYt=0.605+(−0.007)X. The slope coefficient (b) is negative at -0.007, meaning that total asset turnover tends to decrease during the research period.

Table 4. *Trend Analysis Calculation of Total Asset Turnover (2013–2022)*

Year	Year Code (X)	TATO (Y)	XY	X^2	Yt
2013	-9	0.648	-5.83	81	6.11
2014	-7	0.637	-4.46	49	3.07
2015	-5	0.617	-3.09	25	2.05
2016	-3	0.648	-1.94	9	1.53
2017	-1	0.646	-0.65	1	1.22
2018	1	0.634	0.63	1	1.00
2019	3	0.613	1.84	9	0.84
2020	5	0.553	2.77	25	0.72
2021	7	0.517	3.62	49	0.62
2022	9	0.535	4.82	81	0.54
Total		**6.05**	**-2.29**	**330**	

Source: Company Financial Reports 2013–2022 (processed data)

Price Earnings Ratio (PER) Trend

The trendline equation for PER is Yt=18.503+(−0.022)XYt=18.503+(−0.022)X, with a negative slope (b) of -0.022, showing that PER values also decline during the research period.

Table 5. *Trend Analysis Calculation of Price Earnings Ratio (2013–2022)*

Year	Year Code (X)	PER (Y)	XY	X^2	Yt
2013	-9	14.584	-131.26	81	502.18
2014	-7	19.122	-133.85	49	251.54
2015	-5	19.681	-98.40	25	167.75
2016	-3	20.286	-60.86	9	125.68
2017	-1	19.861	-19.86	1	100.29
2018	1	20.601	20.60	1	83.25
2019	3	21.072	63.22	9	70.97
2020	5	15.761	78.81	25	61.67
2021	7	16.164	113.15	49	54.36
2022	9	17.901	161.11	81	48.44
Total		**185.03**	**-7.36**	**330**	

The trendline equation for PER is Yt=18.503+(−0.022)XYt=18.503+(−0.022)X, with a negative slope (b) of -0.022, showing that PER values also decline during the research period.

Comparison with Industry Averages

The industry averages were calculated from the ratio analysis of the period 2013 to 2022, based on similar companies in the telecommunications sector, including PT. XL Axiata, Tbk (EXCL), PT. Indosat, Tbk (ISAT), and PT. Smartfren Telecom, Tbk (FREN). The industry averages are presented in Table 6.

Table 6. *Industry Average Ratios for Telecommunications Sector (2013–2022)*

Year	CR	ROA	DER	TATO	PER
2013	0.54	-5.33%	249.33%	0.37	11.24
2014	0.53	-3.78%	360.22%	0.33	-22.28
2015	0.53	-3.19%	292.36%	0.34	-414.37
2016	0.45	-1.82%	235.33%	0.37	29.83
2017	0.49	-3.10%	187.72%	0.40	46.28
2018	0.38	-7.91%	218.17%	0.35	-5.00
2019	0.45	-1.39%	234.46%	0.36	12.53
2020	0.46	-1.46%	284.33%	0.35	8.70
2021	0.34	4.00%	340.05%	0.37	-10.47
2022	0.39	2.67%	231.28%	0.33	13.36

Source: Financial Reports of PT. XL Axiata, Tbk (EXCL), PT. Indosat, Tbk (ISAT), and PT. Smartfren Telecom, Tbk (FREN) 2013–2022 (processed data)

Discussion

This study aimed to evaluate the financial performance of a state-owned telecommunications company over the period 2013–2022 using financial ratio analysis and trend analysis, with comparisons to industry averages. The findings reveal both strengths and weaknesses across different dimensions of financial performance, which are discussed in detail below.

Liquidity Position

The current ratio and quick ratio both declined over the research period, with average values below 1.0 (current ratio: 0.982; quick ratio: 0.967). These figures indicate that the company's current assets were insufficient to cover its short-term liabilities. According to

financial theory, a current ratio below 1.0 suggests that the company may face liquidity challenges, as it lacks sufficient short-term assets to meet immediate obligations (Ross et al., 2023). The downward trend, confirmed by negative slope coefficients in trend analysis (b = -0.029 for current ratio), further signals a deteriorating liquidity position.

However, it is important to interpret these findings within the context of the telecommunications industry. The company's current ratio remained consistently above the industry average throughout the research period, indicating that, while its liquidity weakened, it still performed better than its peers. This relative strength suggests that the company's liquidity management, though declining, remained comparatively sound. The decline in liquidity may reflect strategic decisions to invest in long-term assets or expand operations, temporarily compressing liquidity while supporting future growth.

Solvency Structure

The solvency analysis reveals a more favorable picture. The debt-to-assets ratio (DAR) averaged 44.1% over the 10 years, indicating that more than half of the company's assets were financed by equity rather than debt. This indicates a conservative capital structure with relatively low reliance on debt financing. According to Darmawan (2020), a DAR below 50% generally reflects a healthy solvency position, as the company is not over-leveraged.

Similarly, the debt-to-equity ratio (DER) averaged 79.76%, with a negative trend (b = -0.016) indicating a decreasing reliance on debt relative to equity. Importantly, the company's DER fell below the industry average after 2015, suggesting that it maintains a more conservative debt structure than its competitors. This conservative approach reduces financial risk and enhances the company's ability to withstand economic downturns, as lower leverage implies lower fixed interest obligations (Fakhrul et al., 2020). However, it may also indicate underutilization of debt financing to amplify returns to shareholders.

Profitability Performance

The profitability ratios reveal mixed results. Net profit margin (NPM) averaged 22.7%, demonstrating that the company consistently generated substantial net income relative to sales. However, the declining NPM trend (from 25.5% in 2017 to 18.8% in 2022) suggests that while sales increased annually, operating expenses grew faster. This finding aligns with prior research by Ramadhan Noor et al. (2021), who noted that the company's profitability was strong but required improvements in cost efficiency.

Return on equity (ROE) averaged 24.6% over the 10 years, indicating that for every IDR 100 of equity, the company generated IDR 24.6 in net income. While this represents respectable returns, the ROE remained below 30% and declined to 18.5% in 2022. The downward trend (b = -0.003 for ROA, and similarly implied for ROE) suggests that the company's ability to generate profits from shareholder investments weakened over time. This may reflect increased competition in the telecommunications sector, regulatory pressures, or rising operational costs.

Return on assets (ROA) averaged 13.77% and showed a clear declining trend (b = -0.003). This indicates that the company's efficiency in utilizing its asset base to generate profits deteriorated over the decade. The ROA remained below 20% throughout the period and fell to 10.1% by 2022. This finding is particularly concerning because it suggests that the company's substantial asset growth—total assets increased from IDR

128 trillion in 2013 to IDR 275 trillion in 2022—did not translate proportionally into profit growth.

Activity Efficiency

Total asset turnover (TATO) averaged 0.605 times over the research period, meaning that each IDR 1 of assets generated only IDR 0.605 in sales. This low turnover indicates that the company's asset utilization was suboptimal. The negative trend (b = -0.007) further confirms that efficiency declined over time. According to Ross et al. (2023), a TATO below 1.0 suggests that the company is not generating sufficient sales relative to its asset base. This inefficiency may result from overinvestment in fixed assets, such as infrastructure and network expansion, that have not yet yielded commensurate revenue growth.

In contrast, inventory turnover performed well. The company required an average of only 8 days to sell its inventory, with the shortest period being 5 days in 2019. This reflects efficient inventory management and rapid conversion of inventory into sales, both of which are positive indicators of operational effectiveness.

Market Valuation

The price earnings ratio (PER) averaged 18.5 over the 10 years, with a declining trend (b = -0.022). This average exceeded the typical PER for the Indonesian Stock Exchange, suggesting that investors were willing to pay a premium for the company's earnings, reflecting confidence in future growth prospects. However, the declining PER trend may indicate that investor expectations moderated over time, possibly due to the company's declining profitability and asset efficiency.

The price-to-book value (PBV) ratio averaged 3.14, with values consistently above 2.5. A PBV above 1.0 indicates that the market values the company at a premium to its book value. With an average of 3.14, the company's shares were consistently overvalued relative to their book value, suggesting strong market confidence. However, the declining PBV from 3.92 in 2017 to 2.49 in 2022 may reflect a correction in market expectations as the company's fundamental performance weakened.

Comparison with Industry Averages

The trend analysis comparisons reveal that the company generally outperformed the telecommunications industry average across most ratios. The current ratio, ROA, TATO, and PER were consistently above industry averages throughout the research period. This indicates that, despite internal performance declines, the company remained a market leader relative to its peers. Notably, the debt-to-equity ratio (DER) fell below the industry average after 2015, reflecting a more conservative capital structure. While this reduces financial risk, it suggests that the company has not fully leveraged debt financing to enhance returns. The telecommunications industry typically requires substantial capital investment, and underutilization of debt could result in missed opportunities for expansion or modernization.

Synthesis and Implications

The findings present a nuanced picture of the company's financial performance. On the positive side, the company maintained a strong market valuation, efficient inventory management, and conservative solvency ratios. Its performance relative to industry

averages remained robust, confirming its position as a leading player in the telecommunications sector.

However, several concerning trends emerged. Declining liquidity, deteriorating profitability margins, and weakening asset utilization efficiency suggest that the company faces operational challenges. The consistent increase in sales without proportional growth in net income indicates rising cost pressures. Furthermore, the declining efficiency in asset utilization (TATO) and in profit generation (ROA and ROE) suggests potential issues with capital allocation and operational management.

These findings align with prior research by Riyanto (2024), who found that the company's liquidity ratios reflected poor performance and that profitability declined in 2022. However, they contrast partially with Samsinar et al. (2023), who concluded that the company performed well in generating profits from 2018 to 2021. The discrepancy may be attributed to the longer research period in this study (2013–2022), which captured the full cycle of growth followed by decline.

Limitations

Several limitations should be acknowledged. First, the analysis relied solely on secondary financial statement data, which may not capture qualitative factors such as management effectiveness, competitive dynamics, or regulatory changes. Second, the industry average was calculated from only three competitors, which may not fully reflect the telecommunications sector. Third, the study period ended in 2022, and more recent developments may have altered the company's performance trajectory.

5. Conclusion

In summary, the company demonstrated strong relative performance compared to industry peers but exhibited concerning internal trends of declining liquidity, profitability, and asset efficiency. The findings suggest that while the company's market valuation and solvency position remain healthy, management should focus on improving cost efficiency, optimizing asset utilization, and enhancing profit generation to sustain long-term growth and shareholder value.

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