



COMPARISON OF FINANCIAL PERFORMANCE BEFORE AND DURING THE COVID-19 PANDEMIC: STUDY OF PT. TELEKOMUNIKASI INDONESIA TBK

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Abstract

The research aims to determine the comparison of the financial performance of PT. Indonesian Telecommunications before and during the Covid-19 pandemic. This research uses descriptive quantitative methods. The research sample used is the financial position report and profit and loss report at PT. Indonesian Telecommunication, Tbk. 2017-2021 period. The type of data used is secondary data, with data collection techniques through library studies, internet studies and documentation. The data analysis technique used uses financial ratio analysis based on the company's financial performance based on the pre-Covid-19 period and the Covid-19 period, as well as the financial performance of financial companies based on the Ministry of BUMN Decree No. Kep-100/MBU/2002. The research results show that the company's liquidity level was the best in the pre-Covid-19 period. The company's profitability level was the best in the pre-Covid-19 era. The company's solvency level was the best during the Covid-19 period. Also, the level of company activity was the best in the pre-Covid-19 period. Overall level of financial performance of PT. Indonesian telecommunications before and during the Covid-19 pandemic were declared healthy during the 2017-2021 period.

Keywords : Liquidity; Profitability; Solvency; Activity; Company Financial Performance

INTRODUCTION

The spread of the COVID-19 pandemic has significantly impacted all countries around the world. Almost all business activities from various industrial sectors have been affected by this pandemic and are required to adapt in order to survive. However, there are several industrial sectors that have good opportunities and prospects to provide the best services to the community, including the health, food, e-commerce, and Information & Communication Technology (ICT) industries.

As a state-owned enterprise operating in the telecommunications sector, PT Telkom Indonesia (Persero) Tbk (Telkom) has become one of the many ICT business players required to adapt amidst the disruption of this Pandemic. After planning to transform into a digital telecommunications company (digital telco) since last year, the COVID-19 Pandemic has provided space for digital acceleration, prompting the company to accelerate its transformation efforts.

This opportunity was certainly seized by Telkom as a momentum, not only to achieve outstanding performance but also to create innovations through digital

products and services to meet the shifting needs of the community. This is what made Telkomsel's and IndiHome's digital businesses the main drivers of the company's revenue growth in the first half of 2020, especially during the COVID-19 pandemic. IndiHome recorded revenue of IDR 10.4 trillion, growing by 19.1% compared to the same period last year.

**Table 1 Revenue, Net Income and Change
PT Telekomunikasi Indonesia Tbk 2017-2021 Period
(In Billions of Rupiah)**

Year	Revenue	Change	Net Income	Change
2017	128.256	-	32.701	-
2018	130.784	2.528	26.979	(5.722)
2019	135.567	4.7830	27.592	613
2020	136.462	895	29.563	1.971
2021	143.210	6.748	33.948	4.385

Source: Annual Report of PT. Telekomunikasi Indonesia Tbk. (2023)

In the table, information related to annual revenue data from 2017 to 2021 was obtained. The information shows an increase in revenue for each year. In 2017, the revenue was recorded at Rp 128.256 trillion, rising to Rp 143.210 trillion in 2021. There also appears to be fluctuations in revenue with inconsistent increases. In 2018, it increased by Rp 2.528 trillion, in 2019 by Rp 4.783 trillion, in 2020 by Rp 895 billion, and in 2021 by Rp 6.748 trillion. This phenomenon shows the dynamic and varied revenue growth of PT. Telekomunikasi Indonesia Tbk. Although there was an increase in revenue, The company also requires additional funds obtained from debt, such as the increasing development of loans within the company. This will add debt or burden to the company.

In a company, financial issues are one of the most vital problems for the company's business development across the entire organization. The company's ability to generate profits is the key to its success in achieving excellent performance, as profits are a crucial component in assessing the company's performance. This will influence the company's progress and collaboration with other companies.

Financial ratio analysis can be used to determine the financial performance that the company aims to achieve. Financial ratios that can be used to assess the company's financial performance include liquidity ratios, profitability ratios, activity ratios, and solvency ratios. Various achievements obtained by PT. Telekomunikasi Indonesia, Tbk as the best company compared to other companies in the field of telecommunications and information goods and services, have made the researcher very interested in conducting research with the aim of comparing the Financial Performance of PT. Telekomunikasi Indonesia Before and During the Covid-19 Pandemic.

METHOD

The data analysis technique in this study aims to draw conclusions on the "Comparison of the Financial Performance of PT. Telekomunikasi Indonesia Tbk. Before and After the Covid-19 Pandemic," which will be conducted through various mechanisms of financial ratio analysis, including liquidity, profitability, solvency, and activity ratios. The types of ratios used include the current ratio, quick ratio, cash ratio, debt to equity ratio, debt to asset ratio, total equity to total asset ratio, return on equity, return on asset, accounts receivable turnover, inventory turnover, and total asset turnover. Next, the ratio data will be compared between the years 2018-2019 and 2020-2021.

RESULT

Descriptive Statistics

Here are the liquidity, profitability, solvency, and activity ratio values of PT Telekomunikasi Indonesia Tbk from 2018-2021.

**Table 2 The liquidity, profitability, solvency, and activity ratio
PT Telekomunikasi Indonesia Tbk (2018-2021)**

Tahun	2018	2019	2020	2021
CR	94%	71%	67%	89%
QR	92%	70%	66%	88%
CaR	38%	31%	30%	55%
ROE	23.00%	23.53%	24.45%	23.35%
ROA	13.08%	12.47%	11.97%	12.25%
DER	75.78%	88.66%	104.27%	90.64%
DAR	43.11%	47.00%	51.05%	47.54%
TETA	57%	53%	49%	52%
RTO	32 hari	32 hari	30 hari	22 hari
ITO	2 hari	2 hari	3 hari	2 hari
TATO	0.63	0.61	0.55	0.52

Source: Financial Report, Processed data (2023)

It can be observed that the Current Ratio of PT. Telekomunikasi Indonesia Tbk. experienced fluctuations during the period 2018-2021. In 2018, it experienced a

downward trend in the following year and continued until it reached its lowest value in 2020 at 67.30%. Next, there was a significant increase in 2021, recording a ratio value of 89%. Quick Ratio of PT. Telekomunikasi Indonesia Tbk. experienced a downward trend during the period 2018-2021. However, the company managed to rebound to 87.51% in 2021. The Cash Ratio of PT. Telekomunikasi Indonesia Tbk. experienced fluctuations during the period 2017-2021. The company experienced a significant decline to 29.80% in 2020. In 2021, there was a significant increase to 55.52%, indicating an improvement in the company's ability to meet its short-term obligations through the utilization of its cash resources.

Return On Equity of PT. Telekomunikasi Indonesia Tbk. experienced fluctuations during the period 2017-2021. In 2017, the company managed to achieve a profit of 29.16% and experienced an increase in the following two years, reaching its highest value of 24.45% in 2020, indicating the company's efficiency in generating net profit on shareholders' equity. However, in the following year, namely 2021, the company experienced a decline in performance in generating profits, bringing the value down to 23.35%. Return On Asset of PT. Telekomunikasi Indonesia Tbk. experienced fluctuations during the period 2018-2021. In 2018, the company achieved its highest profit in the last 6 years, amounting to 16.48%, but experienced a decline in the following two years until it reached its highest value of 11.97% in 2020, indicating a decrease in the company's efficiency in generating net profit from its assets. However, the following year, in 2021, the company experienced an improvement in performance in generating profits, reaching 12.25%.

It was observed that the Debt to Equity Ratio of PT. Telekomunikasi Indonesia Tbk. experienced fluctuations during the period 2018-2021. From 2018 to 2019, the Debt to Equity Ratio of PT. Telekomunikasi Indonesia Tbk. experienced a significant increase of up to 104.27%. However, in the following year, the company successfully recorded a decrease in the Debt to Equity Ratio value to 90.64%. This may indicate that the company is making efforts to manage its debt burden or restructuring its capital related to the company's equity. The Debt to Asset Ratio of PT. Telekomunikasi Indonesia Tbk. experienced fluctuations during the period 2018-2021. From 2018 to 2019, the Debt to Asset Ratio of PT. Telekomunikasi Indonesia Tbk. experienced a significant increase of up to 51.05%. However, in the following two years, the company successfully recorded a decrease in the Debt to Asset Ratio, reaching 45.76%. This may indicate that the company is making efforts to manage its debt burden or restructuring its capital related to the company's assets to avoid potential financial risks that could occur at any time. Total Equity to Total Asset of PT. Telekomunikasi Indonesia Tbk. experienced fluctuations during the period 2017-2021. The period from 2017 to 2020 was the year when the company experienced a consecutive decline in the Total Equity to Total Asset ratio, reaching 48.95%. Next, in 2021, there was a significant increase of 52.46%.

Collection Periods of PT. Telekomunikasi Indonesia Tbk. experienced a decline during the 2018-2021 period. In 2018 and 2019, the company took 26 to 32

days to collect its receivables, then there was an improvement in performance in 2020 with the number of days for collecting receivables reduced to 30 days. A significant downward trend occurred in 2021, with the company's performance successfully recording the accounts receivable collection period at 22 days. Inventory Turnover of PT. Telekomunikasi Indonesia Tbk. experienced fluctuations during the period 2018-2021. In 2018, and 2019 respectively, the company was able to efficiently manage its inventory to be turned over as part of revenue within 2 days, demonstrating that the company was able to deliver good performance in this regard. However, in 2020 there was an increase to 3 days, and it decreased again in 2021 to 2 days. Total Asset Turnover of PT. Telekomunikasi Indonesia Tbk. tends to decline during the period 2017-2021. In 2017, the company was able to optimize the utilization of total assets as a part of revenue by 64.62%, and subsequently experienced a continuous decline until 2021, reaching 51.67%.

Financial Performance Comparison

The following is a comparison of the average liquidity, profitability, solvency, and activity ratios of PT Telekomunikasi Indonesia Tbk before and during Covid-19, please refer to the following image:

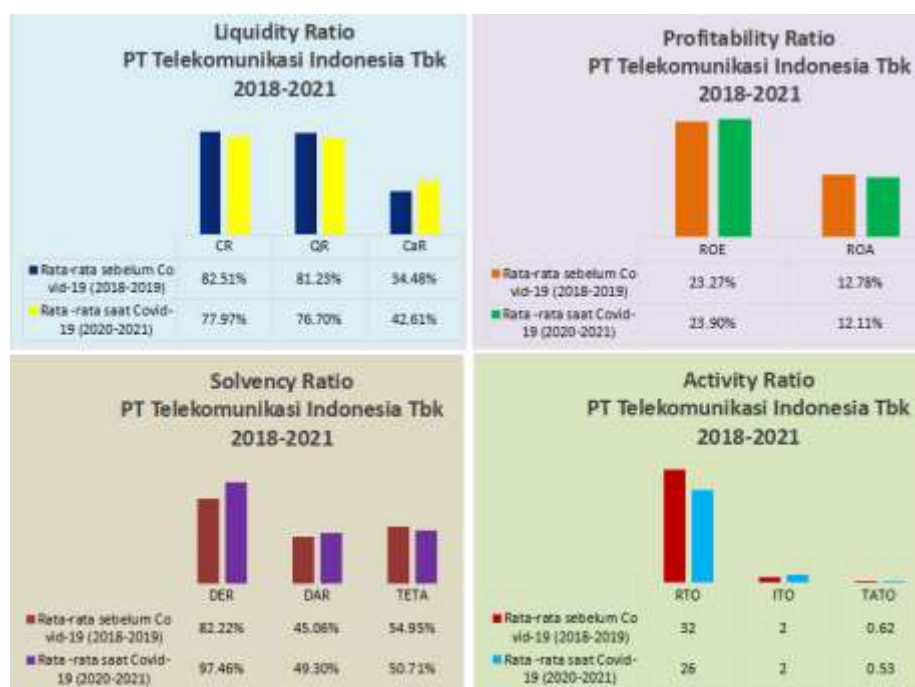


Figure 1
The average liquidity, profitability, solvency, and activity ratios of PT Telekomunikasi Indonesia Tbk before and during Covid-19
Source: Data processed (2023)

Figure 1 above provides information on the changes in the values of liquidity, profitability, solvency, and activity ratios. It can be seen that the liquidity ratios before Covid-19 showed higher CR and QR values compared to during the Covid-

19 pandemic, unlike the lower CaR value. The Profitability Ratios measured using ROA and ROE show differences but are not significant, with a difference of less than 1% between before and during the Covid-19 pandemic. The Solvency Ratios measured by DER, DAR, and TETA provide information that there was an increase in debt during Covid-19, which can certainly lead to a decrease in equity, as indicated by the lower TETA value during the Covid-19 Pandemic compared to before the Covid-19 Pandemic. And lastly, the Activity Ratios measured using RTO, ITO, and TATO indicate that during the Covid-19 Pandemic, the activities were faster compared to before the Covid-19 Pandemic.

DISCUSSION

1. Liquidity ratio during the pandemic is lower than before the pandemic

The results show that during the pandemic, the liquidity ratio was lower compared to before the pandemic. In 2020, the value of current assets increased, but this was also accompanied by an increase in current liabilities, particularly the due liabilities in the form of lease liabilities and contract liabilities, which in 2019 were valued at only 764 billion (lease) and had no contracts, but in 2020 their values became 5.396 billion (lease) and 7.834 billion (contracts). An increase also occurred in trade payables and short-term bank loans.

2. Profitability ratio experienced no significant changes before and during the pandemic

The results show that during the pandemic, the profitability ratio before and during the pandemic changed but not significantly. The increase in assets and capital was able to boost revenue, but amidst the rising demand for internet during the pandemic, the company's revenue from 2019 to 2020 increased by about 1%.

3. Solvency ratio is higher during the pandemic compared to before the pandemic

The results show that during the pandemic, the solvency ratio was higher compared to before the pandemic. In 2020, there was an increase in the company's liabilities, both short-term and long-term. In the short term, as explained in liquidity, there is an increase in lease and contract obligations. Similarly, in long-term liabilities, there was an increase in lease and contract liabilities. In addition, there are other loans that increased in 2021.

4. Activity Ratio is faster during the pandemic compared to before the pandemic

The results show that during the pandemic, the activity ratio was faster compared to before the pandemic. From 2020 to 2021, the inventory experienced a decrease in value while the revenue increased. This indicates that the demand for the services provided by the company has increased. In addition, from the sales perspective, the high demand can reduce non-cash sales, thereby reducing the value of accounts receivable. This is evidenced by the increase in cash in 2021 from 2020, amounting to 20.589 billion to 38.311 billion.

CONCLUSION

Based on the analysis of the research findings titled "Comparison Of Financial Performance Before And During The Covid-19 Pandemic: Study Of Pt. Telekomunikasi Indonesia Tbk,"

the study concludes that the The pandemic led to a decrease in the company's liquidity ratio. While current assets increased, they were outpaced by a significant rise in current liabilities. The pandemic had a relatively neutral effect on the company's profitability. The company's solvency ratio increased during the pandemic. This was driven by a rise in both short-term and long-term liabilities. The pandemic resulted in a faster activity ratio for the company. Decreasing inventory alongside increasing revenue suggests a surge in demand for the company's services

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