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Liquidity, Solvency, and Profitability Ratio Analysis as a Financial Performance Measurement Tool at PT Telkom Indonesia (Persero) Tbk for the Period 2020-2022 (Case Study of Companies Listed on the Indonesia Stock Exchange)

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ABSTRACT
This study aims to assess the financial performance of the company using liquidity ratios, solvency ratios, and profitability ratios at PT. Telkom Indonesia (Persero) Tbk for the period 2020-2022. The type of research used in this study is descriptive quantitative research by analyzing the financial statements of PT. Telkom Indonesia (Persero) Tbk for the period 2020-2022. The data source used is secondary data, which includes annual financial statements such as income statements and balance sheets. The results of the study show that the financial performance of PT. Telkom Indonesia is as follows: (1) The calculation using the liquidity ratio with the Current Ratio formula for the last three years indicates that the company is in good condition, (2) The solvency ratio calculations for the last three years indicate that the company is in good condition, (3) The profitability ratio (Return on Equity) calculations show that the company's financial performance has been in poor condition over the last three years.

KEYWORDS
Financial Performance; Liquidity Ratio; Solvency; Profitability

1. Introduction

The transformation of financial performance is a process aimed at improving a company's financial performance through changes in existing strategies, processes, and financial practices. According to Van Zeebroeck (2017), companies that enhance their digital intelligence will successfully implement financial performance transformation, which ultimately becomes crucial for sustainable revenue and growth. Chon (2021) adds that financial performance transformation significantly impacts a company's financial performance by involving efforts to enhance operational efficiency, optimize resource use, better manage risks, and increase transparency in financial reporting. By transforming financial performance, companies can achieve improved profitability, efficiency, and overall corporate value. This transformation encompasses various steps and changes in systems, processes, and organizational culture, aiming for better outcomes in financial management and the utilization of financial technology (fintech) in financial performance analysis (Widnyani et al., 2021). Financial performance transfor-

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mation is a strategic effort aimed at enhancing efficiency, transparency, and resilience in managing financial aspects, as well as growth and development potential for the company (Bella Giovana Putri, 2020). This transformation includes several steps and changes in systems, processes, and organizational culture, with the goal of achieving better outcomes in financial management and the utilization of fintech in financial performance analysis (Widnyani et al., 2021).

Understanding the transformation in measuring a company's financial performance is crucial, and companies need to be aware of their financial condition. To ascertain the financial condition, an analysis of the company's financial statements is necessary. By analyzing these financial statements, information related to the company's financial position, achievements, and other decision-making information can be obtained (Halim, 2021). Financial statements are essential tools for investors to periodically monitor a company's development (Mukoffi, Sulistiyowati, & Reda, 2023). These statements include significant accounting information that depicts the company's financial status. Financial statements can be used by both internal and external stakeholders when making company decisions. As the final process in the accounting cycle, financial statements serve not only as tools for measuring and evaluating a company's performance but also as vital instruments for providing information about the company's financial condition to various stakeholders (Yuliaty & Astawinetu, 2022). The importance of financial statements is increasingly evident in modern economic development, where companies are required to prepare financial statements periodically. These statements are not only audit tools but also primary sources of information depicting the company's financial condition, providing a basis for economic decision-making. According to the Indonesian Institute of Accountants (IAI) in PSAK No.1 Year 2015, financial statement operators can include current and potential investors, employees, lenders, suppliers, and other creditors (Griselda, 2021). Therefore, financial statement analysis is not only a historical assessment but also a guide to determine financial strategies and policies that are responsive to market demands. Financial performance reflects the company's ability to adapt and grow in a dynamic business environment. Financial statements reflect the financial condition of the company at a given period (Putra, Darwis, & Priandika, 2021).

In the context of financial analysis, financial ratios are not merely comparative figures between financial statement items but are significant representations of meaningful relationships. For example, comparisons between debt and equity, cash and total assets, and the cost of goods sold with total sales provide deep insights into the company's structure and financial performance. The importance of financial ratios in analyzing a company's financial condition cannot be overlooked. Financial ratios are key in evaluating financial statements, providing a deeper understanding of the company's performance and financial achievements. By using financial ratio analysis, as explained by Haryoko, Albab, and Pratama (2020), we can assess the company's health by focusing on liquidity, solvency, and profitability ratios. The technique of calculating financial ratios is a highly effective approach to measure a company's financial performance. According to Haryoko et al. (2020), ratio analysis is an analytical tool that can explain or provide a picture to analysts about the good or bad state and financial position of a company. Therefore, financial ratio analysis is not only an evaluation tool but also an effective strategy to understand and measure a company's financial condition. Utilizing these ratios, including liquidity, solvency, and profitability ratios, is crucial.

Liquidity ratios, focusing on the company's ability to pay short-term obligations, reflect a critical aspect of financial stability. By comparing total current assets with total current liabilities, liquidity ratios provide a deep understanding of how liquid the company is in meeting its daily obligations (Handayani, 2022). This evaluation is not just a momentary assessment but a process carried out over several periods. By observing the company's liquidity over time, stakeholders can understand whether the company is improving or declining in its liquidity capabilities. The company's success in meeting short-term obligations can instill confidence in creditors and shareholders, showing that the company can maintain its financial balance. The financial ratio used to assess a company's financial performance is the solvency ratio, which measures the company's ability to pay off all its debts using its total assets. In other words, the solvency ratio measures how much of the company's assets are financed by debt. According to Briando Loho et al. (2021), solvency ratio analysis is the company's ability to meet its financial obligations if the company is liquidated, including both short-term and long-term obligations, which are critical for operational continuity and long-term growth.

The profitability ratio, as explained by Aini et al. (2021), illustrates the company's ability to earn profits over a specific period, playing a crucial role in investment decision-making. Investors, as cited by Aini et al. (2021), use profitability ratios as a reference in selecting issuers that issue financial instruments. Further, Wardoyo et al. (2020) emphasize that profitability ratios are not just numbers but measures that determine the company's ability to generate profits directly related to sales, equity, and assets. Profitability, as an evaluation parameter, provides insights into the company's efficiency in generating profit from every sales transaction. Financial ratios are tools used to evaluate a company's financial performance. These ratios can provide an overview of the company's financial health, including liquidity, solvency, profitability, and operational efficiency. According to Serang et al. (2023), liquidity, solvency, and profitability ratios are influential tools in assessing a company's financial condition. The liquidity ratio results, using the current ratio and cash ratio formulas, reveal whether the company is in poor condition due to a decline over several years, with debt exceeding current assets. Although the current ratio from the previous year still indicated the company was slightly struggling to cover short-term obligations, the cash ratio showed that the company was below standard in paying off current liabilities with cash and cash equivalents, indicating poor financial condition as it failed to cover current liabilities with available cash.

Meanwhile, the solvency ratio using the debt-to-asset ratio formula shows the company in a good condition as the percentage is below the company's standard value, while the debt-to-equity ratio indicates the company is in good condition within the company's standards. The profitability ratio, with net profit margin and return on equity, shows good conditions as the company demonstrates the ability to earn relatively high profits. Thus, using financial ratios with specific formulas will reveal whether the company is following the trends in financial performance transformation each year. PT Telkom Indonesia (Persero) Tbk, the object of this study, is a company engaged in information communication technology services and telecommunications networks in Indonesia. In financial analysis, financial statements serve as reference sources to assess the true financial condition and performance of PT Telkom Indonesia (Persero) Tbk. The liquidity, solvency, and profitability ratios depicted in the financial statements of PT Telkom Indonesia (Persero) Tbk show unsatisfactory values for the company. These values can impact the company's financial performance, affecting both internal and external stakeholders

2. Theoretical Review

2.1. Financial Performance

Financial performance is a representation of a company's success, serving as a guideline for measuring success over a specific period, reflected in the company's performance level resulting from effective management decisions. According to Fahmi (2018:142), financial performance is not only the result achieved but also reflects how well the company adheres to financial regulations.

2.2. Financial Ratios

After financial statements are prepared based on relevant data and proper accounting procedures and evaluations, the true financial condition of the company can be determined. This condition includes the amount of assets, liabilities, and equity on the balance sheet. According to Ekosetio (2021), financial ratios involve the comparative processing of financial statement data. These comparative figures can indicate whether a company's financial condition is healthy or not. Financial ratios are comparisons between one or more accounts in the financial statements, aimed at measuring the company's ability.

2.3. Solvency Ratios

Solvency ratios not only reflect how well the company uses its funds to meet its assets but also provide an overview of the company's financial desirability (Admin_Ojs, 2020). Solvency ratios measure the extent to which a company's assets are financed by debt and are commonly used to determine the company's long-term fulfillment capabilities. Solvency is a matrix used to measure the company's ability (Wardoyo et al., 2020).

2.4. Profitability Ratios

Profitability is the ability achieved by a company within a certain period. The basis for assessing profitability is the financial statements, including the balance sheet and income statement. Profitability ratios are used to measure a company's ability to generate profit. According to Fernos (2017), profitability ratios assess a company's ability to seek profit. These ratios involve comparing various components of the balance sheet and income statement over several management policy periods. Liquidity ratios compare short-term liabilities with short-term or current resources to meet obligations (Asadi, Mukoffi, & Susanti, 2021).

2.5. Conceptual Framework

The analysis approach used in this study focuses on liquidity, solvency, and profitability ratios as the main analytical tools. The liquidity ratio formulas used in this research are the Current Ratio and Cash Ratio, which provide insights into the company's ability to meet short-term obligations. The solvency ratio formulas used are the Debt to Assets Ratio (DAR) and Debt to Equity Ratio (DER), offering perspectives on the company's long-term sustainability. The profitability ratio formulas used are Return on Assets (ROA) and Return on Equity (ROE), providing information on how well the company can generate profit from its assets. Based on the discussed theories, a conceptual framework is formulated that focuses on specific financial ratios. This study aims to provide a comprehensive overview of the company's financial performance. Ratio analysis can help assess the company's financial health, operational efficiency, and long-term sustainability by measuring financial performance using the formulas mentioned above.

3. Research Methodology

3.1. Data Analysis

The analytical method used in this study is descriptive quantitative data analysis. Secondary data sources are derived from the data of companies listed on the Indonesia Stock Exchange (IDX) located at Jln. Veteran No. 16, Ketawanggede, Kecamatan Lokowaru, Kota Malang, Jawa Timur. The financial statement data is sourced from the official IDX website, https://www.idx.co.id, or from annual reports.

3.2. Measurement Concept of the Study

The variables disclosed in the conceptual definition are operationally, practically, and tangibly within the scope of the research object. The variables used in this study are the conceptual variables or indicators utilized by the researcher.

3.2.1. Liquidity Ratios

3.2.1.1. Cash Ratio. The cash ratio measures how much cash is available to pay off debt in meeting long-term obligations. The formula is:
Cash Ratio = (Current Assets / Current Liabilities) × 100%

3.2.1.2. Current Ratio. The current ratio indicates the company's ability to pay its obligations. The higher the current ratio, the better the creditor's position, implying less concern for the creditor and the company. The formula used to calculate the current ratio is:
Current Ratio = (Current Assets / Current Liabilities) × 100%

3.2.2. Solvency Ratios

3.2.2.1. Debt to Equity Ratio (DER). This ratio illustrates the extent to which the company utilizes debt for operational or business expansion purposes, and the proportion of equity used. The formula for the Debt to Equity Ratio (DER) is:Debt to Equity Ratio = (Total Debt / Total Equity) × 100%

3.2.2.2. Debt to Asset Ratio (DAR). This ratio measures the percentage of funds derived from both current and long-term debt. The higher this ratio, the greater the risk faced by creditors and shareholders. The formula is:
Debt to Asset Ratio = (Total Debt / Total Assets) × 100%

3.2.3. Profitability Ratios

3.2.3.1. Return on Assets (ROA). ROA is obtained by comparing net income to total assets. The formula for calculating this ratio is as follows (Badria & Marlius, 2014):

Return on Assets = (Net Income / Total Assets) × 100%

3.2.3.2. Return on Equity (ROE). The ROE formula provides a percentage that indicates how efficiently the company generates profit from its equity. The higher the ROE, the better the company is at utilizing shareholder capital to generate profits. The formula is:

Return on Equity = (Net Income / Total Equity) × 100%

3.2.4. Financial Performance

Measuring financial performance to understand the company's condition in managing its financial performance will serve as the basis for analyzing the impact and effectiveness of financial performance at PT Telekomunikasi Indonesia (Persero) Tbk. This analysis will be descriptive quantitative

4. Results and Discussion

The analysis of liquidity, solvency, and profitability ratios is an integral part of a company's financial analysis. These ratios help evaluate the financial health of a company, identify potential risks, and provide insights into the financial performance of PT Telkom Indonesia (Persero) Tbk. Liquidity ratios measure the company's ability to meet its short-term obligations using current assets. Solvency ratios indicate the extent to which the company can meet its long-term obligations. Profitability ratios evaluate how well the company generates profit from its operations.

According to the research results analyzed by the researcher from the Indonesia Stock Exchange on PT Telkom Indonesia (Persero) Tbk, the necessary data includes the financial statements of PT Telkom Indonesia Tbk. The financial statements used in this research cover a three-year period from 2020 to 2022. These financial statements were then analyzed using liquidity, solvency, and profitability ratios to assess the financial performance of PT Telkom Indonesia Tbk. Financial performance is crucial for a company because good financial performance attracts investors to invest their funds in the company, ensuring its sustainability. Below is the analysis of each financial ratio used to measure the company's financial performance:

Table 1. Financial Statements of PT Telkom Indonesia (Persero) Tbk for the Period 2020-2022

No.	Year	Liquidity Ratio	Current Ratio	Current Assets	Current Liabilities	Cash Ratio	Cash and Cash Equivalents	Current Liabilities
1	2020			46.50	69.093		20.589	246.943
2	2021			61.277	69.131		31.729	257.848
3	2022			55.057	70.388		24.365	64.046

Source: PT Telkom Indonesia (Persero) Tbk.
Source: Appendices Data
Source: Appendices Data

Table 2. Financial Position as of December 31,2020-2022 (in Billions)

No.	Year	Solvency Ratio	Debt to Equity Ratio	Total Debt	Total Equity	Debt to Asset Ratio	Total Debt	Total Assets
1	2020			126.054	120.889		126.054	246.943
2	2021			131.785	145.399		131.785	277.184
3	2022			125.930	149.262		125.930	275.192

Table 3. Income Statement as of December 31,2020-2022 (in Billions)

No.	Year	Profitability Ratio	Return on Assets Ratio	Net Income	Total Assets	Return on Equity Ratio	Net Income	Total Equity
1	2020			29.563	246.943		120.889	120.889
2	2021			33.948	277.184		145.399	145.399
3	2022			27.680	275.192		149.262	275.192

Table 4. Financial Position as of December 31, 2020-2022 (in Billions)

Description	Year	2020	2021	2022
Assets				
Cash and Cash Equivalents		20.589	38.311	31.947
Total Current Assets		46.503	61.277	55.057
Total Assets		246.943	277.184	275.192
Current Liabilities				
Current Liabilities		69.093	69.131	70.388
Long-term Debt		56.961	62.654	55.542
Total Debt		126.054	131.785	125.930
Total Equity		120.889	145.399	149.262
Total Liabilities and Equity		246.943	277.184	275.192

Table 5. Income Statement as of December 31, 2020-2022 (in Billions)

Description	Year	2020	2021	2022
Profit Before Tax		38.775	43.678	36.339
Net Income		29.563	33.948	27.680

By comparing the industry-standard financial ratios, we can understand the true financial performance of the company.

Table 6. Industry Standard Ratios for Liquidity, Solvency, and Profttability

Ratio Type	Percentage (%)	Criteria
Liquidity Ratio	60	Very Good
	45	Good
	40	Adequate
	30	Poor
Solvency Ratio	70	Very Good
	60	Good
	50	Adequate
	35	Poor
Profttability Ratio	>40	Very Good
	40	Good
	30	Adequate
	25	Poor

Source: Standard Financial Ratios

Liquidity ratios are measurements of PT Telkom Indonesia (Persero) Tbk.'s ability to finance its short-term obligations or debts. The purpose of these ratios is to assess PT

Telkom Indonesia (Persero) Tbk's ability to pay its liabilities that are due soon or when demanded. The most commonly used liquidity ratios by PT Telkom Indonesia (Persero) Tbk. are the current ratio, cash ratio, and quick ratio. In measuring the financial performance of PT Telkom Indonesia (Persero) Tbk., the current ratio formula is used. Liquidity ratios illustrate a company's ability to meet its short-term obligations (Adlia, 2019).

4.1. Financial Performance of PT Telkom Indonesia (Persero Tbk Measured by Current Ratio (CR)

The current ratio is the ability to pay debts that must be fulfilled immediately with current assets. The current ratio is a ratio used to measure the company's ability to pay short-term obligations or debts that are due soon when fully demanded. Below are the calculations for the current ratio of PT Telkom Indonesia (Persero) Tbk for the period 2020-2022:

- **Year 2020**: (46.50369.093)×100%=67.30%(69.09346.503)×100%=67.30%
- **Year 2021**: (61.27769.131)×100%=88.63%(69.13161.277)×100%=88.63%
- **Year 2022**: (55.05770.388)×100%=78.21%(70.38855.057)×100%=78.21%

Table 7. Current Ratio of PT Telkom Indonesia (Persero) Tbk 2020-2022 (in Billions)

Year	Current Assets	Current Liabilities	Current Ratio (CR)
2020	46.603	69.093	67.30%
2021	61.277	69.131	88.63%
2022	55.057	70.388	78.21%

Source: Financial Data of PT Telkom Indonesia (Persero) Tbk

Looking at the value of the current ratio in 2020, the Current Ratio (CR) of PT Telkom Indonesia (Persero) Tbk reached 67.30%. The Current Ratio is a ratio that measures the company's ability to meet short-term obligations using current assets. This indicates that the current ratio is in good condition as it can meet short-term debt obligations with the assets owned.

In 2021, the company experienced a significant increase in the Current Ratio, where the ratio value reached 88.63%. The Current Ratio measures the company's ability to meet its short-term obligations using its current assets. This drastic increase in the Current Ratio indicates a positive change in liquidity and the company's ability to handle short-term obligations.

In 2022, PT Telkom Indonesia (Persero) Tbk experienced a decrease to 78.21%, indicating that its short-term obligations are being covered by current assets. This fluctuation in the Current Ratio over the last three years shows that the company's financial performance in 2021 was better compared to 2020 and 2022. Although the performance in 2022 showed a decline, it is still considered to be in good or healthy financial condition. The calculation of the Current Ratio for PT Telkom Indonesia (Persero) Tbk for the period 2020-2022 provides an overview of the company's ability to meet its short-term financial obligations using its current assets. The Current Ratio is a financial indicator that measures a company's ability to meet its short-term obligations with its current assets. This ratio is calculated by dividing total current assets by total current liabilities.

A high Current Ratio tends to indicate a better ability of the company to pay its short-term obligations. However, it is important to note that an excessively high

Current Ratio may also indicate inefficient use of assets. The fluctuation of the Current Ratio from year to year can be caused by various factors, including changes in the structure of assets and liabilities, financial management policies, and general economic conditions. The increase in the Current Ratio from 2020 to 2021 and the slight decrease in 2022 can be interpreted as the company having good overall ability in managing its liquidity, although it should be noted that each company has its own context and conditions, thus the financial performance remains in good condition.

4.2. Financial Performance of PT Telkom Indonesia (Persero Tbk Measured by Cash Ratio

In measuring the financial performance of PT Telkom Indonesia (Persero) Tbk, the Cash Ratio formula is used for the period 2020-2022. The Cash Ratio is one of the financial ratios used to evaluate the company's ability to pay its short-term obligations using cash and cash equivalents. The formula for the Cash Ratio is as follows:

Cash Ratio=(Cash and Cash EquivalentsCurrent Liabilities) 100%×Cash Ratio=(Current LiabilitiesCash and Cash Equivalents)×100%

Below are the calculations for the Cash Ratio of PT Telkom Indonesia (Persero) Tbk for the period 2020-2022:

- **Year 2020**: (20.58969.093)×100%=29.79%(69.09320.589)×100%=29.79%
- **Year 2021**: (38.31169.131)×100%=55.41%(69.13138.311)×100%=55.41%
- **Year 2022**: (31.94770.388)×100%=45.38%(70.38831.947)×100%=45.38%

Table 8. Cash Ratio of PT Telkom Indonesia (Persero) Tbk 2020-2022 (in Billions)

Year	Cash and Cash Equivalents	Current Liabilities	Cash Ratio
2020	20.589	69.093	29.79%
2021	38.311	69.131	55.41%
2022	31.947	70.388	45.38%

Source: Financial Data of PT Telkom Indonesia (Persero) Tbk

In 2020, the Cash Ratio of PT Telkom Indonesia (Persero) Tbk reached 29.79%, indicating that the company had 20.589 billion in cash to cover 69.093 billion in current liabilities using cash and cash equivalents. This analysis indicates that the company had sufficient ability to pay part of its current liabilities using cash and cash equivalents. Although this figure does not reach the highest level, a Cash Ratio of 29.79% reflects a fairly good level of liquidity for the period. Good liquidity provides flexibility for the company in managing its short-term obligations and can reduce the risk of inability to pay debts, which can negatively impact the company's reputation and operational continuity. In 2021, the Cash Ratio increased to 55.41%, indicating a significant improvement in the company's ability to pay short-term debts using cash and cash equivalents. This increase could be due to an increase in cash or a decrease in current liabilities, generally indicating an improvement in the company's liquidity management. In 2022, the company's Cash Ratio decreased to 45.38%, although it still shows a relatively good level of ability to pay part of the current liabilities using cash and cash equivalents. The quick ratio is used to measure a company's ability to use current assets excluding inventory to pay short-term debts. Therefore, it can be assessed that the company's performance is still in good condition.

4.3. Financial Performance of PT Telkom Indonesia (Persero Tbk Measured by Debt Equity Ratio (DER)

The calculation of the Debt Equity Ratio (DER) for PT Telkom Indonesia (Persero) Tbk for the period 2020-2022 provides an overview of how the company uses debt and equity in its capital structure. The Debt Equity Ratio is a financial ratio that measures the proportion of a company's debt to its equity. This ratio indicates the extent to which the company relies on debt to finance its operations and investments. The formula used to measure financial performance is as follows:

Debt Equity Ratio=(Total DebtTotal Equity)×100%Debt Equity Ratio=(Total EquityTotal Debt) ×100%

Below are the calculations for the Debt Equity Ratio of PT Telkom Indonesia (Persero) Tbk for the period 2020-2022:

- **Year 2020**: (126.054120.889)×100%=104.27%(120.889126.054)×100%=104.27%
- **Year 2021**: (131.785145.399)×100%=90.63%(145.399131.785)×100%=90.63%
- **Year 2022**: (125.930149.262)×100%=84.36%(149.262125.930)×100%=84.36%

Table 9. Debt Equity Ratio of PT Telkom Indonesia (Persero) Tbk for the Period 2020-2022

Year	Total Debt	Total Equity	Debt Equity Ratio (DER)
2020	126.054	120.889	104.27%
2021	131.785	145.399	90.63%
2022	125.930	149.262	84.36%

Source: Financial Data of PT Telkom Indonesia (Persero) Tbk

From 2020 to 2022, the calculations in the table above show that the Debt to Equity Ratio of PT Telkom Indonesia (Persero) Tbk experienced significant fluctuations. In 2020, the company had a Debt to Equity Ratio of 104.27%, indicating a high proportion of debt relative to equity during that period. This ratio shows that more than 100% of the total equity was financed through debt, illustrating a high level of dependence on debt funding and the associated financial risks due to significant financial burdens. If the company undertakes substantial borrowing to finance investments or expansion projects, it can lead to a significant increase in debt levels, consequently raising the Debt to Equity Ratio.

In 2021, the Debt to Equity Ratio decreased to 90.63%, indicating a shift in the company's capital structure with less reliance on debt and more on equity. This could be due to prudent debt management or an increase in equity from rising net profits, as seen in the calculations showing that the net profit in 2021 was higher than the company's total equity.

In 2022, there was a further decrease in the Debt to Equity Ratio to 84.36%. Although the company has been striving to manage its debt, this reduction could also be influenced by a decline in net profits or changes in total equity, where total equity increased and net profit decreased in 2022.

The decline in the Debt Equity Ratio from 2020 to 2022 indicates the company's efforts to reduce debt levels and rely more on equity. This can be seen as a positive action, as it can reduce financial risks associated with interest burdens and debt repayments. Reducing the Debt Equity Ratio can also improve the company's image in the eyes of investors and creditors, as it shows a healthier capital structure. However, it is important to note that a low Debt Equity Ratio could also mean a lack of optimal use of debt for business growth. Therefore, any decisions regarding capital structure should balance risks and benefits.

4.4. Financial Performance of PT Telkom Indonesia (Persero) Tbk Measured by Debt to Asset Ratio (DAR)

The Debt to Asset Ratio (DAR) is a financial ratio that measures the extent to which a company finances its assets using debt. This ratio provides an indication of the company's reliance on debt to fund its assets. The formula used to calculate the Debt to Asset Ratio is:

Debt to Asset Ratio=(Total DebtTotal Assets) 100%Debt to Asset Ratio=(Total AssetsTotal Debt) ×100%

Below are the calculations for the Debt to Asset Ratio of PT Telkom Indonesia (Persero) Tbk for the period 2020-2022:

- **Year 2020**: (126.054246.943)×100%=51.04%(246.943126.054)×100%=51.04%
- **Year 2021**: (131.785277.184)×100%=47.54%(277.184131.785)×100%=47.54%
- **Year 2022**: (125.930275.192)×100%=45.76%(275.192125.930)×100%=45.76%

Table 10. Debt to Asset Ratio of PT Telkom Indonesia (Persero) Tbk for the Period 2020-2022 (in Billions)

Year	Total Debt	Total Assets	Debt to Asset Ratio (DAR)
2020	126.054	246.943	51.04%
2021	131.785	277.184	47.54%
2022	125.930	275.192	45.76%

Source: Financial Data of PT Telkom Indonesia (Persero) Tbk

The financial performance of PT Telkom Indonesia (Persero) Tbk based on the Debt to Asset Ratio calculations for the period 2020-2022 is as follows:

- **Year 2020**: The Debt to Asset Ratio was 51.04%, indicating that 51.04% of the company's total assets were financed by debt. This high ratio suggests that more than half of the assets were funded through debt, which can indicate a higher risk level, especially if the interest to be paid on the debt is high.
- **Year 2021**: The ratio decreased to 47.54%, indicating a reduction in the proportion of assets financed by debt compared to the previous year. This decrease suggests that the company relied slightly less on debt, which can be seen as a positive sign as it reduces the financial risk associated with debt, especially in the face of interest rate fluctuations or other financial pressures.
- **Year 2022**: The ratio further decreased to 45.76%. This continued reduction shows that the company has made efforts to reduce its reliance on debt or there has been an increase in the company's equity. Although the decrease in the ratio is generally positive, it is important to understand that a lower ratio may also result from a strategy to reduce debt or an increase in assets.

The reduction in the Debt to Asset Ratio from 2020 to 2022 indicates the company's efforts to reduce its debt levels and rely more on equity. This can be considered a positive action, as it reduces financial risks associated with interest burdens and debt repayments. However, it is also important to recognize that a very low Debt to Asset Ratio might mean the company is not optimizing the use of debt for business growth. Therefore, decisions regarding capital structure should be balanced to achieve an optimal mix of risk and return.

4.5. Financial Performance of PT Telkom Indonesia (Persero Tbk Measured by Return on Assets (ROA)

Return on Assets (ROA) is a financial ratio that measures the extent to which a company can generate net profit from the assets it owns. ROA provides an indication of the efficiency of the company in managing its assets to generate profit. This ratio can give insights into how well the company is performing in generating profit from its total assets. Below are the calculations for the Return on Assets of PT Telkom Indonesia (Persero) Tbk for the period 2020-2022:

- **Year 2020**: (29.563246.943)×100%=11.98%(246.94329.563)×100%=11.98%
- **Year 2021**: (33.948277.184)×100%=12.25%(277.18433.948)×100%=12.25%
- **Year 2022**: (27.680275.192)×100%=10.06%(275.19227.680)×100%=10.06%

Table 11. Return on Assets of PT Telkom Indonesia (Persero) Tbk for the Period 2020-2022 (in Billions)

Year	Net Income After Tax	Total Assets	Return on Assets (ROA)
2020	29.563	246.943	11.98%
2021	33.948	277.184	12.25%
2022	27.680	275.192	10.06%

Source: Financial Data of PT Telkom Indonesia (Persero) Tbk

In 2020, the Return on Assets (ROA) of PT Telkom Indonesia (Persero) Tbk reached 11.98%, reflecting the company's efficiency in using its assets to generate profit. This figure implies that the company successfully generated approximately 11.98% of profit from its total assets during this period. The high ROA of 11.98% indicates that the company's management effectively optimized asset utilization, creating significant added value. This achievement could result from prudent investment policies, operational efficiency, or successful business strategies.

In 2021, there was an increase in ROA to 12.25% compared to the previous year, reflecting improved efficiency in using assets to generate net profit. This increase indicates that the company successfully increased the productivity of its assets, creating more added value than before. The increase in ROA could be due to factors such as improved operational efficiency, prudent investment policies, or successful business strategies. A higher ROA in 2021 provides a positive indication of the company's financial performance, showing that management could manage assets more effectively to achieve higher net profit.

In 2022, the ROA decreased to 10.06%, indicating that the company generated lower profit relative to its total assets compared to the previous year. This decline could be influenced by several factors, such as increased operational costs, changes in cost structure, or the impact of unstable economic conditions. Despite the decline, an ROA of 10.06% still indicates a positive level of profit generation from the company's assets, although it reflects slightly weaker performance. This suggests that the company faced some challenges in maintaining the same level of efficiency in asset utilization as in previous years.

4.6. Financial Performance of PT Telkom Indonesia (Persero Tbk Measured by Return on Equity (ROE)

Return on Equity (ROE) is a financial ratio that measures the extent to which a company can generate net profit from shareholders' equity. ROE provides an indication of how efficiently a company uses the capital provided by shareholders to generate profit. Below are the calculations for the Return on Equity of PT Telkom Indonesia (Persero) Tbk for the period 2020-2022:

- **Year 2020**: (29.563120.889)×100%=24.45%(120.88929.563)×100%=24.45%
- **Year 2021**: (33.948145.399)×100%=23.34%(145.39933.948)×100%=23.34%
- **Year 2022**: (27.680149.262)×100%=18.54%(149.26227.680)×100%=18.54%

Table 12. Return on Equity of PT Telkom Indonesia (Persero) Tbk for the Period 2020-2022 (in Billions)

Year	Net Income	Total Equity	Return on Equity (ROE)
2020	29.563	120.889	24.45%
2021	33.948	145.399	23.34%
2022	27.680	149.262	18.54%

Source: Financial Data of PT Telkom Indonesia (Persero) Tbk

In 2020, the Return on Equity (ROE) of PT Telkom Indonesia (Persero) Tbk reached 24.45%, indicating that the company successfully generated a net profit of 24.45% from its total equity. The ROE of 24.45% in 2020 reflects a high level of efficiency in managing the company's equity to achieve significant profit. This high ROE also reflects shareholder confidence, indicating that the company can provide good investment returns.

In 2021, the ROE decreased to 23.34%, indicating a slight decline in the company's efficiency in generating net profit from its equity. This decrease could be due to an increase in equity and a decrease in net profit. The company's financial performance in 2021 was less favorable compared to the previous year. This decline might be caused by factors such as increased costs or decreased revenue, leading to a less favorable financial condition.

In 2022, the ROE further decreased to 18.54%. This decline indicates that the company's efficiency in generating net profit from its equity has further diminished. The calculation of ROE shows that the company's position was less favorable due to the decrease in net profit, which might have been caused by various factors such as decreased sales, increased operational costs, or issues in operational management. Additionally, equity increased more rapidly than net profit, resulting in a less favorable financial performance as the company did not optimally utilize its equity to generate profit.

5. Conclusion

Based on the research results and discussions from data analysis using financial ratio analysis, specifically liquidity, solvency, and profitability ratios, for PT Telkom Indonesia (Persero) Tbk for the period 2020-2022, the author can conclude that the company's liquidity ratios, measured through the Current Ratio and Cash Ratio, indicate a healthy liquidity condition, with values increasing year by year. This suggests the company's ability to meet its short-term obligations and effectively utilize its assets, resulting in a good financial performance. The solvency ratios, measured through the Debt to Equity Ratio and Debt to Asset Ratio, also indicate a good financial condition. The company maintained stable solvency levels throughout the period, demonstrating its ability to pay off debts and efficiently utilize assets, thus reflecting a sound financial condition. However, the company's profitability ratios, measured by Return on Equity (ROE) and Return on Assets (ROA), show a declining trend over the last three years. Although these ratios are still at acceptable levels, the company may need to consider strategies to enhance efficiency and profitability, as the current condition suggests a less favorable financial performance.

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