

**FINANCIAL PERFORMANCE ANALYSIS USING LIQUIDITY, SOLVENCY,
PROFITABILITY AND ACTIVITY RATIO AT PT XL AXIATA, TBK****^{1*}Johanes Wilfrid Pangihutan Purba, Fakultas Ekonomi Universitas Simalungun**

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ABSTRACT

This study aims to measure and analyze the financial performance of PT XL Axiata Tbk for the 2019–2022 period using a financial ratio approach. This is a quantitative study that utilizes secondary data in the form of the company's annual financial statements for the observation period. The analytical tools used include liquidity ratios (current ratio, quick ratio, and cash ratio), solvency ratios (debt-to-asset ratio and debt-to-equity ratio), and profitability ratios (Net Profit Margin, Return on Assets, and Return on Equity). The results indicate that, overall, the financial performance of PT XL Axiata Tbk during this period was suboptimal. The company's liquidity ratios are classified as poor due to the low ability of current assets to cover current liabilities. Solvency ratios also indicate suboptimal conditions due to the high proportion of debt relative to equity. Furthermore, the company's profitability ratios are classified as poor, reflecting the company's insufficient efficiency in generating profits from the utilization of its total assets and equity.

Keywords: Financial Ratio Analysis, Liquidity Ratio, Solvency Ratio, Profitability Ratio.

ABSTRAK

Penelitian ini bertujuan untuk mengukur dan menganalisis kinerja keuangan PT XL Axiata Tbk periode 2019–2022 dengan menggunakan pendekatan rasio keuangan. Penelitian ini merupakan penelitian kuantitatif yang menggunakan data sekunder berupa laporan keuangan tahunan perusahaan selama periode pengamatan. Alat analisis yang digunakan meliputi rasio likuiditas (*current ratio*, *quick ratio*, dan *cash ratio*), rasio solvabilitas (*debt to asset ratio* dan *debt to equity ratio*), serta rasio profitabilitas (*Net Profit Margin*, *Return on Asset*, dan *Return on Equity*). Hasil penelitian menunjukkan bahwa secara umum kinerja keuangan PT XL Axiata Tbk pada periode tersebut berada dalam kondisi kurang baik. Rasio likuiditas perusahaan berpredikat buruk karena rendahnya kemampuan aset lancar dalam menutupi kewajiban lancarnya. Rasio solvabilitas juga menunjukkan kondisi yang kurang ideal akibat tingginya proporsi utang dibandingkan modal yang dimiliki. Selanjutnya, rasio profitabilitas perusahaan tergolong kurang baik, yang mencerminkan belum maksimalnya efisiensi perusahaan dalam menghasilkan laba dari pemanfaatan total aset dan ekuitasnya.

Kata kunci: Analisis Rasio Keuangan, Rasio Likuiditas, Rasio Solvabilitas, Rasio Profitabilitas

I. INTRODUCTION

The rapid advancement of information technology is currently driving the growth of various telecommunications companies in Indonesia, which has resulted in increasingly fierce industrial competition. To win this competition, companies are required to have a solid financial management strategy to maintain the stability and performance of their businesses. Considering that the main goal of a business entity is to achieve optimal profits, synergy between components within the organization is essential. Effective financial management policies are one of the main drivers of company growth,

the form of accountability of which is reflected transparently through financial reports.

Financial statements play a vital role as instruments that capture the accounting reality and financial condition of a business entity. This document serves as the primary basis for strategic decision-making for stakeholders, both internal and external. Generally, these statements cover the financial position outlining the value of assets, liabilities, and equity and the income statement, which represents the company's performance over a fiscal year.

Accuracy and precision in monitoring financial performance are essential, and this can be achieved through financial statement analysis. As Hery (2015) points out, financial performance is a formal effort to evaluate a company's efficiency and effectiveness in generating profits and managing cash flow. This analysis of financial statements serves as the primary benchmark for assessing work results and operational achievements over a specific period.

Evaluating the financial performance of PT XL Axiata Tbk is a crucial step in comparing the company's historical conditions, so that management can formulate appropriate projections and policies for the future. Operating since October 8, 1996, PT XL Axiata Tbk is known as a leading cellular telecommunications service provider in Indonesia, offering prepaid and postpaid GSM products. (Note: Irregular technical sections in the original text have been tidied up for relevance.) During the period 2019 to 2022, this issuer recorded highly volatile stock movements and financial performance.

This dynamic was evident when the company posted a profit of IDR 712 billion in 2019, recovering from the previous year's loss thanks to a surge in revenue. However, in 2020, profits were again depressed due to management's policy of accelerating the depreciation of obsolete 3G network assets, resulting in a depreciation expense of IDR 2.47 billion.

PT XL Axiata Tbk's performance improved again in 2021 thanks to increased data usage amid the COVID-19 pandemic. Unfortunately, this positive trend was not sustained, as the company experienced a IDR 1.1 trillion profit decline in 2022 due to increased operating expenses. As a listed company on the Indonesia Stock Exchange (IDX), its dynamic financial track record and business expansion efforts over the past four years make PT XL Axiata Tbk a highly interesting object for further analysis.

II. THEORETICAL STUDY

Definition of Financial

Statement Analysis According to Harahap (2018), financial statement analysis is the process of breaking down elements in financial statements into more detailed information. This step is carried out to find meaningful relationships between elements both quantitative and qualitative data so that the company's financial condition can be understood in depth to support accurate decision-making. In line with this, Sujarweni (2019) explains that this analysis is an evaluation step of an entity's financial status and past performance track record. The goal is to understand current achievements while projecting the entity's future performance.

Objectives of Financial Statement Analysis According to Kasmir (2021), implementing financial statement analysis has several main objectives, namely:

- 1) Knowing the Financial Position: Identifying the status of assets, liabilities, capital, and company business achievements in one or several specific periods.
- 2) Detecting Weaknesses: Finding various deficiencies or critical points currently being experienced by the company.
- 3) Identifying Strengths: Knowing the potential and advantages possessed by the company.
- 4) Formulating Improvement Steps: Determining evaluation and improvement strategies in the future that are adjusted to the current financial condition.
- 5) Assessing Management Performance: Evaluating the success of the management team to decide whether a structural overhaul (refreshment) is needed or not for the next period.
- 6) As a Benchmark: Using the results of these achievements as a comparison with competing companies operating in the same industry.

Financial Ratios

According to Hery (2018), a financial ratio is a numerical instrument resulting from a comparison between financial statement items that have a logical and significant relationship. This comparative analysis can be applied to items within the same financial statement or between different financial statements.

In general, the use of this financial ratio aims to measure and answer several crucial aspects, namely:

- Liquidity Level: Assessing the company's ability to meet its short-term financial obligations.
- Management Efficiency: Measuring the extent to which management is effective in optimizing owned assets to generate operational profits.
- Funding Structure: Reviewing the fulfillment of funding and capital needs for company operations.
- Stock Return: Knowing the level of profit returns for common shareholders.

Types of Financial Ratios

According to Shinta Rahma Diana (2018), the types of financial ratios can be grouped as follows:

1. Liquidity Ratio This ratio measures a company's ability to meet all of its short-term financial obligations. Liquidity reflects a company's readiness and capacity to pay off its maturing debts promptly when they are due.

- a. Current Ratio (Current Ratio)

This indicator is used specifically to evaluate a company's ability to settle its short-term debt by optimizing all current assets owned

$$CR = \frac{\text{Current Assets}}{\text{Current Liabilities}} \times 100\%$$

- b. Quick ratio

This indicator functions to evaluate the company's financial capacity to pay off its short-term debts by relying on the current asset components that are most quickly converted into cash.

$$QR = \frac{\text{Current Assets}}{\text{Current Liabilities}} \times 100\%$$

- c. Cash ratio

This ratio serves to evaluate the company's capacity to pay off its short-term liabilities by utilizing the total cash currently available.

$$\text{Cash Ratio} = \frac{\text{Cash and Cash Equivalent}}{\text{Current Liabilities}}$$

2. Solvency Ratio

This ratio is used to measure a company's ability to meet all of its long-term financial obligations. Furthermore, solvency also reflects a company's capacity to repay its total debt both short-term and long-term if the company is forced to liquidate.

- a. Total Debt to Assets Ratio (DAR)

Total Debt to Assets Ratio is a ratio that measures a company's ability to guarantee all liabilities with its assets

$$DAR = \frac{\text{Total Debt}}{\text{Total Assets}} \times 100\%$$

- b. Total Debt to Equity Ratio (DER)

This ratio is used to measure how much a company is financed by creditors compared to its own capital.

$$DER = \frac{\text{Total Debts}}{\text{Total Equity}} \times 100\%$$

3. Profitability Ratios

Profitability ratios are used to measure a company's ability to generate profits relative to sales value, total assets, and equity. These ratios reflect the company's operational effectiveness in generating profits, both in a specific period and consistently across periods.

a. Net Profit Margin

This ratio is used to measure the company's ability to earn net profit from sales

$$\text{NPM} = \frac{\text{Net Profit After Tax}}{\text{Net Sales}} \times 100\%$$

b. Rate of Return Investment (ROI)

This ratio is used to measure the ability of capital invested in total assets to generate net income.

$$\text{ROI} = \frac{\text{Net Profit After Tax}}{\text{Total Assets}}$$

c. Return on Total Equity (ROE)

The ratio used to measure net profit after tax (NET) to equity. This ratio indicates the efficiency of equity use.

$$\text{ROE} = \frac{\text{Net Profit After Tax}}{\text{Total Equity}} \times 100\%$$

3. Activity ratio to measure the company's effectiveness in using its assets.

a. Inventory Turnover

This ratio shows how quickly inventory is in the normal production cycle in one period

$$\text{Inventory Turn Over} = \frac{\text{Sales}}{\text{Inventory}} \times 100\%$$

b. Total Asset Turn Over

This ratio measures how much sales a company has and measures how much sales are earned for each rupiah.

$$\text{Total Asset Turn Over} = \frac{\text{Sales}}{\text{Total Assets}}$$

Several previous studies relevant to this study are as follows:

First, research conducted by Evianty Fadjri and Suyadi (2023) on PT Fajar Surya Wisesa Tbk revealed that the company's liquidity ratio analysis indicated a poor condition due to its inability to meet applicable industry standards. Similarly, its profitability ratio was deemed poor due to suboptimal operational performance in maximizing profit.

Second, a study by Yulius Gessong Sampeallo, E. Retno Maninggar Jati, and Waheni Julita Parinding (2023) on PT Ultrajaya Milk Industry and Trading Company Tbk concluded that the company's liquidity and solvency were in excellent condition. However, the opposite was seen in profitability and activity ratios, which indicated less than satisfactory performance.

Third, research by Ferdy Handika, Bela Devi Nurcahyanti, Frida Yuliantika, and Rijal Faruqi (2022) on PT Barito Pacific Tbk shows that the company's liquidity level, as measured using the current ratio, quick ratio, and cash ratio, is generally in good condition.

III. RESEARCH METHOD

Research Object

The research object is the main focus or target studied to obtain answers to the phenomena occurring within a company. In this study, the object analyzed is the financial ratio of PT XL Axiata Tbk for the period 2019–2022, which includes:

- a. Liquidity Ratios: Consisting of the current ratio, quick ratio, and cash ratio.
- b. Solvency Ratios: Consisting of the total debt to assets ratio and the total debt to equity ratio.
- c. Profitability Ratios: Consisting of the net profit margin, rate of return on investment, and return on total equity.

Data Type and Sources

The approach used in this study is a quantitative method based on periodic numerical data processing. The quantitative data in this study is in the form of the annual financial statements of PT XL Axiata Tbk for the period 2019–2022, which have undergone an audit process. The type of data source used is secondary data, namely data obtained from published sources. The financial report data that has been processed by the company was obtained directly from the official website of PT XL

Axiata Tbk (www.xlaxiata.co.id), supported by other literature such as books and relevant scientific journals.

Data Collection Techniques

The data collection procedures applied in this scientific research use two main techniques, namely:

1. Literature Study: Conducted by studying theories, concepts, and related references through books and scientific journals.
2. Documentation: Conducted by collecting, recording, and processing annual financial report documents belonging to the companies that are the subject of the research.

IV. RESULTS AND DISCUSSION

Liquidity Ratio Analysis

a. Current ratio

Current ratio (Current Ratio) This ratio is to measure the Company's ability to meet short-term financial obligations using current assets.

Table 1. Current ratio calculation for the period 2019-2022

(Millions of Rupiah)

Year	Current Assets	Current Liabilities	Current ratio
2019	7.145.648	21.292.684	33,50%
2020	7.571.123	18.857.026	40,10%
2021	7.733.191	20.953.921	36,90%
2022	10.408.358	26.350.500	39,40%

Source: Data processed by the author

Analysis of Current Ratio Development of PT XL Axiata Tbk (2019–2022)

1) 2019–2020 (Improvement Phase)

In 2019, PT XL Axiata Tbk's current ratio was recorded at 33.50%. Entering 2020, this ratio increased to 40.10%. This increase was triggered by the growth of current assets of IDR 7,571,123 which was driven by the increase in cash, cash equivalents, and inventory. At the same time, current liabilities decreased to IDR 18,857,026 along with the reduction in the value of the loan account.

2) 2021 (Decrease Phase Due to Transformation Strategy)

The company's current ratio decreased to 36.90% in 2021. Despite growth in current assets, this increase was accompanied by a surge in current liabilities originating from accounts payable and loans. This increase in debt was a strategic management measure to accelerate the useful life of some network equipment to migrate from 3G to 4G technology. This increase in short-term liabilities was deliberately implemented as capital for the company's transformation to strengthen its position as a leading mobile internet provider.

3) 2022 (Recovery Phase)

In 2022, the current ratio again showed a positive trend. Although current liabilities were observed to increase, the company's current assets grew significantly more. This indicates that the company's financial performance is starting to move towards recovery.

Conclusion of Liquidity Performance Evaluation

In general, the liquidity condition of PT XL Axiata Tbk during the observation period was assessed as less than optimal because the company's capacity to pay off its short-term obligations had not been met ideally.

This situation arose due to internal company policies that prioritized funding for business expansion and infrastructure development. Concrete steps taken included the addition of transmitter towers in various regions of Indonesia and massive network quality improvements.

b. Quick Ratio

This ratio is used to measure the Company's ability to pay short-term financial obligations using more liquid current assets.

Table 2. Quick ratio calculation for the period 2019-2022

(Millions of Rupiah)

Year	Current Assest	Inventories	Current Liabilities	Quick ratio
2019	7.145.648	74.608	21.292.684	33,20%
2020	7.571.123	143.377	18.857.026	39,30%
2021	7.733.191	156.440	20.953.921	36,10%
2022	10.408.358	408.178	26.350.500	37,90%

Source: Data processed by the author

Analysis of Quick Ratio Development of PT XL Axiata Tbk (2019–2022)

1) 2019–2020 (Improvement Phase)

In 2019, PT XL Axiata Tbk's quick ratio was recorded at 33.20%. Entering 2020, this ratio increased to 39.30%. This increase was driven by the growth of current assets of IDR 7,571,123, which was influenced by the increase in cash and cash equivalents, as well as the value of inventory which increased to IDR 143,377. On the other hand, current liabilities decreased to IDR 18,857,026 along with the reduction in the balance on the loan account.

2) 2021 (Decline Phase Due to Transformation Strategy)

The company's quick ratio decreased to 36.10% in 2021. Although current assets and inventory showed growth, this upward trend was accompanied by a surge in current liabilities originating from accounts payable and loans. This increase in short-term debt occurred due to management's decision to accelerate the useful life of some network equipment in order to migrate from 3G to 4G technology. This strategic step was deliberately taken to support the company's transformation into a leading mobile internet provider.

3) 2022 (Recovery Phase)

In 2022, the quick ratio rose again. Although current liabilities grew significantly, this increase was offset by significantly greater growth in current assets. This indicates that the company's financial performance has begun to improve.

Financial Performance Evaluation Conclusions

Overall, PT XL Axiata Tbk's financial performance, in terms of liquidity, remains suboptimal. This is due to the company's capacity to meet or repay its short-term obligations not being at an ideal level. The primary factor behind this situation is internal management policies that prioritize funding allocation for long-term business expansion. Concrete steps taken include the construction and addition of network towers in various regions across Indonesia and massive network quality improvements.

c. Cash ratio (Rasio Kas)

This ratio is used to measure a company's ability to pay short-term financial obligations using available cash.

Table 3. Cash ratio calculation for the 2019-2022 period

(Millions of Rupiah)

Year	Cash and Cash Equivalent	Current Liabilities	Cash ratio
2019	1.603.445	21.292.684	7,50%
2020	2.965.589	18.857.026	15,70%
2021	2.664.387	20.953.921	12,70%
2022	5.184.113	26.350.500	19,60%

Data processed by the author

Analysis of Cash Ratio Development of PT XL Axiata Tbk (2019–2022)

1) 2019–2020 (Improvement Phase)

In 2019, PT XL Axiata Tbk's cash ratio was at 7.50%, then increased to 15.70% in 2020. This growth was driven by an increase in cash and cash equivalents by IDR 2,965,589. However, this liquidity performance cannot be categorized as ideal in settling obligations, because the available funds are mostly allocated to finance technology expansion from 3G to 4G networks.

2) 2021 (Declining Phase)

In 2021, the company's cash ratio declined. This negative trend was due to a decrease in cash and cash equivalents, accompanied by an increase in current liabilities.

3) 2022 (Recovery Phase)

Entering 2022, the cash ratio again showed a positive recovery. Despite a significant increase in current liabilities, the company was able to offset this through increased cash and cash equivalents, thus maintaining its capacity to service its obligations.

Liquidity Performance Evaluation Conclusion

Overall, PT XL Axiata Tbk's financial performance, when viewed from the cash ratio, is considered less than optimal. This is due to the company's capacity to utilize available cash to repay short-term debt not being optimal. This condition is a logical consequence of the company's internal policy of prioritizing funding allocation for infrastructure development and business expansion. This strategic step is realized through the expansion of network towers in various regions of Indonesia and massive network quality improvements.

d. Ratio Solvabilitas

This ratio is used to measure the company's ability to meet all long-term financial obligations.

1. Total Debt to Assets Ratio

Total Debt to Assets Ratio is a ratio used to measure a company's ability to guarantee all liabilities with its assets.

Table 4. Debt to Assets Ratio Calculation for the Period 2019-2022

(Millions of Rupiah)

Years	Total Liabilities	Total Asset	Total Debt to Assets Ratio
2019	43.603.276	62.725.242	69,50%
2020	48.607.431	67.744.797	71,70%
2021	52.664.537	72.753.282	72,30%
2022	61.503.554	87.277.780	70,40%

Source: data Procced author

Analysis of the Development of Total Debt to Assets Ratio (DAR) of PT XL Axiata Tbk (2019–2022)

1) Years 2019–2020 (Exploratory Debt Increase Phase)

In 2019, PT XL Axiata Tbk's Total Debt to Assets Ratio (DAR) was recorded at 69.50%, then increased to 71.70% in 2020. This condition indicates that the company's capacity to guarantee long-term liabilities using its total assets is not yet optimal. Although assets grew, this was accompanied by a significant surge in total debt due to additional capital for business expansion. On the other hand, the company's total assets also increased to IDR 67,744,797 driven by growth in cash and cash equivalents, inventory, and fixed assets.

2) Years 2021 (Liabilities and Assets Growth Phase)

In 2021, the DAR ratio climbed again to 72.30%. This increase in the solvency ratio was driven by growth in total liabilities, reaching IDR 52,664,537, followed by an increase in total assets to IDR 72,753,282.

3) Years 2022 (Decreasing Ratio Phase)

Entering 2022, the DAR performance showed a downward trend to 70.40%. This decrease in the ratio was influenced by the significant increase in total assets, reaching IDR 87,277,780, which was in line with an increase in accumulated depreciation.

Solvency Performance Evaluation Conclusion

Based on calculations throughout the 2019 – 2022 period, PT XL Axiata Tbk's Total Debt to

Assets Ratio has consistently been above the industry average. In financial analysis, the higher this ratio, the greater the financial risk faced by the company. Therefore, it can be concluded that the company's solvency performance, as measured by the DAR ratio, is considered poor because its funding structure is still dominated by debt.

a. Total Debt to Equity Ratio

This ratio is used to measure how much a company is financed by external creditors compared to its own capital.

Table 5. Debt to Equity Ratio Calculation for the 2019-2022 Period

(Millions of Rupiah)

Years	Total Liabilities	Total Equity	Total Debt to Equity Ratio
2019	43.603.276	19.121.966	2,28%
2020	48.607.431	19.137.366	2,53%
2021	52.664.537	20.088.745	2,62%
2022	61.503.554	25.774.226	2,38%

Source: data Procceed author

Analysis of the Development of the Debt To Equity Ratio (DER) of PT XL Axiata Tbk (2019 – 2022)

1) Years 2019–2020 (Increased Debt Dependence)

In 2019, PT XL Axiata Tbk's Debt-to-Equity (DER) ratio was recorded at 2.28 times. Entering 2020, this ratio increased to 2.53 times. This increase was driven by total debt growth, reaching IDR 48,607,431, driven by increases in liabilities and accounts payable.

2) Years 2021 (The Upward Trend Continues)

In 2021, the DER ratio climbed again to 2.62 times. This increase occurred because the company's total debt swelled to IDR 52,664,537. Meanwhile, the company's total equity also grew to IDR 20,088,745, driven by additional paid-in capital.

3) Years 2022 (Decrease in Ratio Value)

Entering 2022, the DER ratio showed a downward trend, reaching 2.38 times. Although total debt experienced a significant increase to IDR 61,503,554 due to increases in liabilities and accounts payable, this decrease in the ratio indicates higher growth in the equity component during the year.

Solvency Performance Evaluation Conclusion

Based on analysis for the 2019 – 2022 period, PT XL Axiata Tbk's solvency performance, as measured by its DER ratio, is considered poor. This condition is due to the company's aggressive business expansion and development policies, requiring a significant supply of fresh funds from external sources. However, this high DER figure serves as a reminder that the company cannot continue to rely on debt, as it can increase long-term financial risk.

Ratio Profitability

Profitability ratio to measure how much a company is able to earn profits in relation to the value of sales, assets and equity.

a. Net Profit Margin

This ratio is used to measure the company's ability to earn net profit from sales.

Table 6. Net Profit Margin Calculation for the Period 2019-2022

(Millions of Rupiah)

Years	Net Profit After Tax	Net sales	Net Profit Margin
2019	712.579	25.132.628	2,83%
2020	371.598	26.009.095	1,42%
2021	1.287.807	26.754.050	4,81%
2022	1.121.188	29.141.994	3,84%

Source: data Procceed author

Analysis of Net Profit Margin (NPM) Development of PT XL Axiata Tbk (2019–2022)

1) Years 2019–2020 (Profit Decline Phase Due to Asset Adjustment)

In 2019, PT XL Axiata Tbk's Net Profit Margin (NPM) was recorded at 2.83%. However, in 2020, this ratio decreased to 1.42%. Despite sales volume growth, net profit after tax actually plummeted to IDR 371,598. This decline in profitability was the impact of management's policy of reviewing the estimated useful lives of fixed assets. The evaluation resulted in the decision to accelerate the depreciation of some 3G network equipment deemed to be no longer operational in the future.

2) Years 2021 (Profitability Recovery Phase)

Entering 2021, the company's NPM ratio rebounded and jumped to 4.81%. This significant increase was driven by net profit after tax growth of IDR 1,287,807, driven strongly by an increase in total sales to IDR 26,754,050

3) Years 2022 (Minor Contraction Phase)

In 2022, the growth trend did not continue, and the NPM declined again to 3.84%. This was because, despite the company's increase in sales turnover, its net profit after tax actually decreased slightly compared to the previous year.

Profitability Performance Evaluation Conclusion

Based on calculations throughout the 2019–2022 period, PT XL Axiata Tbk's Net Profit Margin consistently fell below the industry average. Therefore, it can be concluded that the company's profitability performance is less than optimal. This indicates that management's ability to reduce operating expenses and maximize the conversion of revenue into net profit still requires improvement.

b. Rate of Return Investment (ROI)

This ratio is used to measure the ability of capital invested in total assets to generate net income.

Table 7. Calculation of Rate of Return on Investment for the Period 2019-2022

(Millions of Rupiah)

Years	Net Profit After Tax	Total Asset	Rate of Return Investment
2019	712.579	62.725.242	1,13%
2020	371.598	67.744.797	0,54%
2021	1.287.807	72.753.282	1,77%
2022	1.121.188	87.277.780	1,28%

Source: data Procced author

Analysis of Return on Investment (ROI) Development of PT XL Axiata Tbk (2019–2022)

1) Years 2019–2020 (Profit Decline Phase Due to Depreciation Expenses)

In 2019, PT XL Axiata Tbk's Return on Investment (ROI) was recorded at 1.13%. Entering 2020, this ratio decreased to 0.54%. Despite total asset growth, the company is aggressively expanding, so more revenue is allocated to business development. Furthermore, management's decision to accelerate the economic life of its 3G network infrastructure triggered a surge in depreciation expenses, ultimately impacting net profit after tax.

2) Years 2021 (Asset Performance Recovery Phase)

In 2021, the company's ROI performance rebounded, climbing to 1.77%. This increase in the ratio coincided with the company's total assets, which significantly increased to IDR 72,753,282.

3) Years 2022 (Operational Load Pressure Phase)

Entering 2022, the growth trend stalled, and ROI shrank again to 1.28%. Although the company posted increased revenue, profits were eroded by swelling expenses from December 2021 to December 2022. One of the main drivers was the increase in depreciation expenses, which jumped from IDR 9.9 trillion to IDR 10.5 trillion.

Conclusion of Investment Efficiency Evaluation

Based on calculations throughout the 2019–2022 period, PT XL Axiata Tbk's Return on Investment (ROI) has consistently been below the industry average. Therefore, it can be concluded that the company's return on investment is considered inadequate. This indicates that the utilization and management of its total assets have not been able to generate maximum net profit due to the high capital costs and depreciation from its technology expansion allocation strategy.

c. Return on Total Equity (ROE)

This ratio is to measure net profit after tax with equity.

Table 8. Calculation of Rate of Return on Equity for the Period 2019-2022

(Millions of Rupiah)

Years	Net Profit After Tax	Total Equity	Return on Total Equity
2019	712.579	19.121.966	3,72%
2020	371.598	19.137.366	1,94%
2021	1.287.807	20.088.745	6,41%
2022	1.121.188	25.774.226	4,35%

Source: data Procced author

Analysis of the Development of Return on Total Equity (ROE) of PT XL Axiata Tbk (2019–2022)

1) Years 2019–2020 (Equity Return Decline Phase)

In 2019, PT XL Axiata Tbk's Return on Total Equity (ROE) ratio was recorded at 3.72%. Entering 2020, this ratio decreased to 1.94%. This decline in return on equity was driven by a decline in the company's net profit after tax to IDR 371,598.

2) Years 2021 (Equity Performance Surge Phase)

In 2021, the company's ROE performance showed a significant recovery, jumping to 6.41%. This increase in the ratio was in line with the company's total equity growth, which reached IDR 20,088,745.

3) Years 2022 (ROE Contraction Phase)

Entering 2022, the ROE value was again corrected to 4.35%. This decrease in the ratio was a consequence of the company's expanding capital base, with total equity increasing to IDR 25,774,226.

Conclusion of Equity Return Evaluation

Based on calculations throughout the 2019–2022 period, PT XL Axiata Tbk's Return on Total Equity (ROE) has consistently been below the industry average. Therefore, it can be concluded that PT XL Axiata Tbk's profitability performance, as measured by its ROE ratio, is considered subpar. This indicates that management's ability to utilize and optimize shareholder capital to generate net profit is still not optimal.

Rasio Aktivitiy

Activity ratio to measure the company's effectiveness in using its assets.

a. Inventory Turn Over

This ratio shows how quickly inventory is in the normal production cycle in one period.

Table 9. Calculation of Inventory Turnover for the Period 2019-2022

(Millions of Rupiah)

Years	Sales	Supplay	Inventory Turn Over
2019	25.132.628	74.608	336
2020	26.009.095	143.377	181
2021	26.754.050	156.440	171
2022	29.141.994	408.178	71

Source: data Procced author

Analysis of Inventory Turnover Development at PT XL Axiata Tbk (2019–2022)

1) Years 2019–2020 Early Phase of Turnover)

In 2019, PT XL Axiata Tbk's inventory turnover ratio was 336 times. This indicates that funds invested in inventory were turned over 336 times per year to generate sales. However, in 2020, this turnover ratio decreased to 181 times.

2) Years 2021 (Continuation of the Downward Trend)

The downward trend in the inventory turnover ratio continued in 2021. The company's inventory turnover ratio decreased by 10 points, from 181 times in 2020 to 171 times in 2021. This indicates a slight slowdown in the efficiency of inventory turnover in driving smooth sales.

3) Years 2022 (Final Contraction Phase)

Entering 2022, the company's inventory turnover ratio was observed to have dropped again, reaching 71 times. Although the ratio chart shows a fairly consistent year-over-year decline, this decline is not considered to indicate a significant decline in the company's internal performance.

Activity Performance Evaluation Conclusion

Overall, PT XL Axiata Tbk's financial performance, based on inventory turnover during the 2019–2022 period, is categorized as good. This positive assessment is based on the company's turnover ratio, which consistently remains above the industry average. This demonstrates management's ability to maintain optimal working capital efficiency, with a relatively small amount of working capital tied up in finished goods inventory, positively impacting the company's liquidity and financial flexibility.

b. Total Asset Turn Over

This ratio measures how much sales the Company has and measures how much sales are earned for each rupiah.

Table 10. Calculation of Total Asset Turnover for the Period 2019-2022
(Millions of Rupiah)

Years	Sales	Total Asset	Total Asset Turn Over
2019	25.132.628	62.725.242	0,40
2020	26.009.095	67.744.797	0,38
2021	26.754.050	72.753.282	0,36
2022	29.141.994	87.277.780	0,33

Source: data Procceed author

Analysis of Total Asset Turnover (TATO) Development of PT XL Axiata Tbk (2019–2022)

1) Years 2019 (Early Phase)

In 2019, PT XL Axiata Tbk's Total Asset Turnover (TATO) ratio was recorded at 0.40. This indicates that funds invested in the company's total assets were turned over an average of 0.40 times per year to generate sales. This result is considered suboptimal because the ratio is still below the industry average.

2) Years 2020–2022 (Continued Downward Trend)

Entering the following period, the company's asset turnover efficiency actually experienced a consecutive decline. The TATO value dropped to 0.38 times in 2020, then dropped to 0.36 times in 2021, and reached its lowest point of 0.33 times in 2022. This downward trend confirms that asset utilization has become less effective in stimulating revenue over the years.

Activity Performance Evaluation Conclusion

Based on the analysis for the 2019–2022 period, the overall performance of PT XL Axiata Tbk, as calculated by TATO, is poor, consistently falling below industry standards. This low turnover rate indicates signs of overinvestment, where the company is investing too much capital or entrenching its funds in fixed assets (such as its massive network infrastructure and transmission towers), without a corresponding increase in sales revenue.

DISCUSSION

Based on the results of the financial performance analysis using liquidity, solvency, profitability, and activity ratios at PT XL Axiata Tbk for the 2019–2022 period, the following conclusions can be drawn:

1. Fluctuating Liquidity Performance

Liquidity analysis, measured through the current ratio, quick ratio, and cash ratio throughout 2019–2022, shows a fluctuating or unstable performance trend. This reflects the company's inconsistent short-term financial management. This condition is caused by current liabilities (short-term debt) exceeding its current assets, thus hindering the company from meeting its short-term obligations optimally using its liquid assets.

2. Poor Solvency Performance

The company's solvency, as measured by its Total Debt-to-Assets Ratio (DAR) and Total Debt-to-Equity Ratio (DER), is in poor condition, falling below the industry average. The primary factor is the company's funding structure, which is heavily dominated by external debt compared to equity. This high debt proportion means the company's capital is unable to securely cover its total liabilities and potentially makes it difficult for the company to obtain additional loans in the future.

3. Profitability Performance is Not Optimal

The company's projected profitability performance, measured by Net Profit Margin (NPM), Return on Investment (ROI), and Return on Total Equity (ROE), consistently falls below industry averages. These low ratios are due to management's inability to maximize net profit from the utilization of total assets and available equity, a logical consequence of the high operating costs required to fund its business expansion strategy.

4. Activity Performance Shows Varied Results

Analysis of company activities gives two different results:

- a) Good: In terms of Inventory Turnover (ITO), the company is considered good and efficient because it is able to manage and turn over finished goods inventory quickly to generate sales.
- b) Less Good: Judging from the Total Asset Turnover (TATO), the company is in a less than optimal condition because the utilization of all owned assets has not been able to trigger proportional growth in sales volume.

V. CONCLUSION AND SUGGESTION

Conclusion

Based on the financial ratio analysis conducted, PT XL Axiata Tbk's financial performance is generally in poor condition. The following is a breakdown by category:

- a. Liquidity Ratio: Poor. This is due to the company's low ability of current assets to cover its short-term liabilities or current debt.
- b. Solvency Ratio: Indicates a less-than-ideal condition and is below the industry average. The company's funding structure is heavily dominated by external debt compared to equity, so existing capital is not yet able to optimally cover all of the company's debt.
- c. Profitability Ratio: Poor. This reflects that the company's efficiency in generating net income from utilizing its total assets and equity is not optimal.

Suggestion

Based on the above findings, several strategic steps that can be considered by company management include:

- a. Improving Liquidity: Companies need to improve working capital management to increase current assets or reduce the proportion of current liabilities to better meet short-term obligations.
- b. Funding Restructuring: Given the high dependence on external debt, companies should begin balancing their capital structure by increasing the equity portion or reducing the debt burden to improve solvency ratios.
- c. Optimizing Operational Efficiency: Companies must increase the effectiveness of their total assets and equity utilization to maximize profits, thereby increasing profitability ratios and achieving expected industry standards.
- d. Expense Control: Conducting a thorough evaluation of operating expense increases, such as those that occurred in 2022, to maintain net profit stability in the future.

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