Assessing Financial Performance Using Operating Cash Flow Ratios: A Study at PT Telekomunikasi Indonesia Tbk.

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**ABSTRACT**

This study is aimed at analyzing the cash flow statements used as material for evaluating the financial performance of PT Telekomunikasi Indonesia Tbk. 2017-2021 years. This quantitative research uses financial statements of PT Telekomunikasi Indonesia Tbk collected through documentary study. The data were analyzed using the ratio analysis of cash flow statements. The research results show the operating cash flow ratio of PT Telekomunikasi Indonesia Tbk have shown promising results, although there are still 2 ratios that are below number 1, namely the cash flow ratio and the total debt ratio, which means that the company has not been able to fulfill its obligations from operating cash flows that have. From the results of the study, it was found that the ratio of operating cash flows (AKO) has an average value of 0.992<1, the ratio of operating cash flows to net income has an average value of 1.88>1, the coverage ratio of cash to current liabilities (CKHL) has the average value is 1.2>1, the ratio of capital expenditure (PM) has an average value of 1.54>1 and the total debt ratio (TH) has an average value of 0.52<1.

**Keywords:** Financial Performance, Operating Cash Flow, Statement of Cash Flow

**INTRODUCTION**

Financial reports are prepared as a company communication medium with internal and external parties as an indicator of a company's financial management to describe what the company will be like in the future. The cash flow statement is one example, which can provide clear information about the receipt and disbursement of company funds. Analyzing cash flow statements is one way to analyze a company's financial performance.
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This financial performance shows the level of soundness of the company over a certain period of time (Gofwan, 2022). In this way, users of financial statements can analyze cash flow ratios to see whether they are progressing or not and how they change from year to year. In addition, an evaluation of the company's financial performance can provide information about the effectiveness of achieving company goals that will be beneficial to its users.


PT Telekomunikasi Indonesia Tbk or PT Telkom which uses the TKLM symbol whose shares are traded on the Indonesia Stock Exchange have cash flows as illustrated in Table 1 below:

Table 1. Statement of Cash Flows of PT Telekomunikasi Indonesia Tbk. Period 2018-2021 (expressed in billions of Rupiah)

<table>
<thead>
<tr>
<th>Information</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flow From Operating Activities</td>
<td>49.405</td>
<td>45.671</td>
<td>54.949</td>
<td>65.317</td>
<td>68.353</td>
</tr>
<tr>
<td>Cash Flow From Investing Activities</td>
<td>(33.007)</td>
<td>(35.791)</td>
<td>(35.090)</td>
<td>(35.256)</td>
<td>(37.703)</td>
</tr>
<tr>
<td>Cash Flow From Funding Activities</td>
<td>(21.052)</td>
<td>(18.247)</td>
<td>(18.458)</td>
<td>(27.753)</td>
<td>(12.986)</td>
</tr>
</tbody>
</table>

Source: idx.com

Based on the table above, we can see the cash flow of PT Telekomunikasi Indonesia Tbk. (Telkom) every year is not the same. Cash flows from operating, investing and financing activities have increased and decreased.

LITERATURE REVIEW

Cash flow Statement

The cash flow statement describes the cash inflows and cash outflows and cash equivalents of an entity (Yenti and Amelia, 2018), which aims to report cash flows within a certain period of time and are grouped based on operating, investing and financing activities (PSAK No. 2, 2015). One of the benefits is as a source of information for users of financial statements, so that in this way a company's ability to generate cash and cash equivalents will be known and its needs for these cash flows can be assessed (PSAK, 2018). In addition, the aim is to provide various information related to cash flows in and out of a company during a certain period of time (Martani, 2018).

In the financial statements, cash flow activities can be divided into three main activity groups, namely:
**Operations Activity**

Operating activities are defined as all activities carried out by a company that are intended to make a profit. Activities included in cash flows from operating activities are cash receipts from customers, sales of goods, interest income, cash payments for expenses, receipt of tax refunds, payment of interest expenses, other cash receipts, payment of value added tax and cash payments to employees.

**Investment Activity**

Activities related to the sale and purchase of company assets such as machinery, buildings and vehicles that support the company's economic activities are the meaning of investment activities. Examples are purchases of fixed assets, sales of fixed assets, purchases of intangible assets, receipts from insurance claims and purchases of other assets.

**Funding Activity**

Financing activities are activities of receiving cash that need to be repaid and disbursing cash and cash equivalents that will be received back which results in changes in the amount and composition of long-term debt and receivables, such as cash receipts from capital instruments.

The cash flow ratio can be used to analyze the finances of a business or company. Each calculated ratio can reveal certain conditions of the company. By using the cash flow ratio, a company can identify how much money the company has, where the money is going and what needs to be done so that cash in is always greater than cash out.

**Financial Performance**


**Previous Research**

Putriani, Damanik and Purba (2022) researched the analysis of the cash flow statements of PT Indofood Sukses Makmur Tbk for the 2016-2020 financial year and found the company's inability to pay its short-term obligations and capital expenditures. The research results of Caneva et al., (2021) show that for 3 years (2016-2018) the
company's cash flow performance was less effective, which means that the company has not been able to fulfill its commitments and obligations.

Sopiah, Utami and Fadhilah, (2021) conducted research on PT Handjaya Mandala Sampoerna Tbk and obtained the result that HM Sampoerna's cash flow ratio was not good with a ratio below 1. There were only 2 ratios that had good value, namely the ratio of cash flow and the ratio of cash flow cash.

Gumilang, (2020) conducted research on cash flow analysis (an empirical study at PT Indosat Tbk.). The results showed that for 3 years (2016-2018) cash inflows and cash outflows were dominated by cash flows from operating activities with a tendency for cash inflows to decrease.


**RESEARCH METHODOLOGY**

This research is a quantitative descriptive study (Borrego, Douglas and Amelink, 2009 dan Bernabé-Moreno et al., 2018) because in this study an analysis of the interpretation of financial performance was carried out based on the cash flow statements of PT Telekomunikasi Indonesia Tbk. The data collection technique used is the documentation technique. The population in this research is the financial statements of PT Telekomunikasi Indonesia Tbk. (Telkom) 2017-2021, which is secondary data, namely the financial statements of PT Telekomunikasi Indonesia Tbk. obtained from the IDX's official website, www.idx.co.id.

Financial analysis in the form of cash flow analysis used in this study is as follows:

**Operating Cash Flow Ratio (AKO)**

The AKO ratio is used as an instrument to determine a company's ability to pay current debts.

\[
AKO = \frac{\text{Jumlah Arus Kas Operasi}}{\text{Hutang Lancar}}
\]

**Ratio of Operating Cash Flow to Net Income (AKLB)**

This ratio is used to reveal how well a company is performing. If the ratio is above 1 then d is considered good and vice versa.

\[
AKLB = \frac{\text{Jumlah Arus Kas Operasi}}{\text{Laba Bersih}}
\]
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Cash Coverage Ratio to Current Liabilities (CKHL)

The CKHL ratio is used to assess a company's ability to pay its current debts based on its operating cash flow and cash dividends.

\[ CKHL = \frac{\text{Arus Kas Operasi} + \text{Dividen Kas}}{\text{Hutang Lancar}} \]

Capital Expenditure Ratio (PM)

The PM ratio is the ratio used to calculate how much of a company's operating cash flow can be used to purchase fixed assets, extend the life of fixed assets and other capital expenditures.

\[ PM = \frac{\text{Arus Kas Operasi}}{\text{Pengeluaran Modal}} \]

Total Debt Ratio (TH)

This ratio shows a company's ability to pay all of its debts, both short-term and long-term debt, from the total operating cash flow.

\[ TH = \frac{\text{Arus Kas Operasi}}{\text{Total Hutang}} \]

Table 2. Results of the Calculation of the Cash Flow Ratio of PT Telekomunikasi Indonesia Tbk. (Telkom) 2018-2021

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Operating Cash Flow Ratio (AKO)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ratio of Operating Cash</td>
<td>1,09</td>
<td>0,99</td>
<td>0,94</td>
<td>0,95</td>
<td>0,99</td>
<td>0,992</td>
</tr>
<tr>
<td></td>
<td>Ratio of Operating Cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Flow to Net Income (AKOLB)</td>
<td>1,5</td>
<td>1,7</td>
<td>2,0</td>
<td>2,2</td>
<td>2,0</td>
<td>1,88</td>
</tr>
<tr>
<td></td>
<td>Cash Coverage Ratio to</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Current Liabilities (CKHL)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Capital Expenditure Ratio (PM)</td>
<td>1,34</td>
<td>1,27</td>
<td>1,13</td>
<td>1,11</td>
<td>1,17</td>
<td>1,2</td>
</tr>
<tr>
<td>4</td>
<td>Total Debt Ratio (TH)</td>
<td>0,6</td>
<td>0,5</td>
<td>0,5</td>
<td>0,5</td>
<td>0,5</td>
<td>0,52</td>
</tr>
</tbody>
</table>

Source: Processed Data (2022)

RESULT AND DISCUSSION

From the financial data that has been collected from the website of PT Telekomunikasi Indonesia Tbk., the company's financial data is collected by measuring the ratio of cash flows to the company. The calculation of the ratios for 5 years is as follows:
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### Table 3. Operating Cash Flow Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>AKO</th>
<th>Total Operating Cash Flow</th>
<th>Current Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1.09</td>
<td>Rp 49.405</td>
<td>Rp 45.376</td>
</tr>
<tr>
<td>2018</td>
<td>0.99</td>
<td>Rp 45.671</td>
<td>Rp 46.261</td>
</tr>
<tr>
<td>2019</td>
<td>0.94</td>
<td>Rp 54.949</td>
<td>Rp 58.369</td>
</tr>
<tr>
<td>2020</td>
<td>0.95</td>
<td>Rp 65.317</td>
<td>Rp 69.093</td>
</tr>
<tr>
<td>2021</td>
<td>0.99</td>
<td>Rp 68.353</td>
<td>Rp 69.131</td>
</tr>
</tbody>
</table>

Source: Processed Data (2022)

PT Telekomunikasi Indonesia Tbk operating cash flow ratio. Used to see or predict the ability of its operating cash flow to settle current debts. From the data that has been processed above, we can see that the operating cash flow ratio of PT Telekomunikasi Indonesia Tbk has an average value of 0.99. The company's operating cash flow ratio is considered good if it has a value of 1. This means that for 5 years PT Telekomunikasi Indonesia Tbk has been able to pay its current debts only with operating cash flow.

### Table 4. Ratio of Operating Cash Flow to Net Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Cash Flow in net profit</th>
<th>Total Operating Cash Flow</th>
<th>Net Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1.5</td>
<td>Rp 49.405</td>
<td>Rp 32.701</td>
</tr>
<tr>
<td>2018</td>
<td>1.7</td>
<td>Rp 45.671</td>
<td>Rp 26.979</td>
</tr>
<tr>
<td>2019</td>
<td>2.0</td>
<td>Rp 54.949</td>
<td>Rp 27.592</td>
</tr>
<tr>
<td>2020</td>
<td>2.2</td>
<td>Rp 65.317</td>
<td>Rp 29.563</td>
</tr>
<tr>
<td>2021</td>
<td>2.0</td>
<td>Rp 68.353</td>
<td>Rp 33.948</td>
</tr>
</tbody>
</table>

Source: Processed Data (2022)

The ratio of operating cash flow to net profit of PT Telekomunikasi Indonesia Tbk from 2017 to 2021 has a value above 1. It can be concluded that the higher the ratio of operating cash flow to net profit, the better the financial performance of the company PT Telekomunikasi Indonesia Tbk.

### Table 5. Ratio of Cash Coverage to Current Liabilities

<table>
<thead>
<tr>
<th>Year</th>
<th>CKHL</th>
<th>Total Operating Cash Flow</th>
<th>Cash Dividends</th>
<th>Current Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1.34</td>
<td>Rp 49.405</td>
<td>Rp 11.611</td>
<td>Rp 45.376</td>
</tr>
<tr>
<td>2018</td>
<td>1.27</td>
<td>Rp 45.671</td>
<td>Rp 13.287</td>
<td>Rp 46.261</td>
</tr>
<tr>
<td>2019</td>
<td>1.13</td>
<td>Rp 54.949</td>
<td>Rp 10.819</td>
<td>Rp 58.369</td>
</tr>
<tr>
<td>2020</td>
<td>1.11</td>
<td>Rp 65.317</td>
<td>Rp 11.197</td>
<td>Rp 69.093</td>
</tr>
<tr>
<td>2021</td>
<td>1.17</td>
<td>Rp 68.353</td>
<td>Rp 12.482</td>
<td>Rp 69.131</td>
</tr>
</tbody>
</table>

Source: Processed Data (2022)
The ratio of cash coverage to current liabilities is used to measure a company's ability to pay current debts based on net operating cash flow. Although the ratio of PT Telekomunikasi Indonesia Tbk in the last 5 years is still fluctuating, it is still able to demonstrate good operating cash flow capabilities in paying its current debts.

**Table 6. Capital Expenditure Ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>PM</th>
<th>Total Operating Cash Flow</th>
<th>Capital Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,5</td>
<td>Rp 49.405</td>
<td>Rp 33.881</td>
</tr>
<tr>
<td>2018</td>
<td>1,3</td>
<td>Rp 45.671</td>
<td>Rp 36.052</td>
</tr>
<tr>
<td>2019</td>
<td>1,4</td>
<td>Rp 54.949</td>
<td>Rp 39.037</td>
</tr>
<tr>
<td>2020</td>
<td>1,8</td>
<td>Rp 65.317</td>
<td>Rp 35.731</td>
</tr>
<tr>
<td>2021</td>
<td>1,7</td>
<td>Rp 68.353</td>
<td>Rp 39.399</td>
</tr>
</tbody>
</table>

Source: Processed Data (2022)

The capital expenditure ratio shows the capability of operating cash flow for the company's capital expenditure. PM Ratio PT Telekomunikasi Indonesia Tbk. for 5 years is always worth > 1. A ratio of more than 1 means that the company's operating cash flow is able to finance its capital expenditures.

**Table 7. Total Debt**

<table>
<thead>
<tr>
<th>Year</th>
<th>TH</th>
<th>Total Operating Cash Flow</th>
<th>Total Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>0,6</td>
<td>Rp 49.405</td>
<td>Rp 86.354</td>
</tr>
<tr>
<td>2018</td>
<td>0,5</td>
<td>Rp 45.671</td>
<td>Rp 88.893</td>
</tr>
<tr>
<td>2019</td>
<td>0,5</td>
<td>Rp 54.949</td>
<td>Rp 103.958</td>
</tr>
<tr>
<td>2020</td>
<td>0,5</td>
<td>Rp 65.317</td>
<td>Rp 126.054</td>
</tr>
<tr>
<td>2021</td>
<td>0,5</td>
<td>Rp 68.353</td>
<td>Rp 131.785</td>
</tr>
</tbody>
</table>

Source: Processed Data (2022)

The total debt ratio means the ratio used to assess the ability of operating cash flows to pay off all debts, both current and long-term debt. A ratio that is less than 1 indicates that the company's ability is not good enough to pay off the total debt that exists from its operating cash flow. During the last 5 years, the average ratio of total debt of PT Telekomunikasi Indonesia Tbk. Shows a ratio of 0.5. The increase in total debt of PT Telekomunikasi Indonesia Tbk was not accompanied by an increase in the amount of its operating cash flow.

**CONCLUSION**

There are several conclusions that can be drawn regarding the cash flow ratio of PT Telekomunikasi Indonesia Tbk. from 2017 to 2021, namely as follows:

a. PT Telekomunikasi Indonesia Tbk's operating cash flow ratio averages 0.99<1, which means that the company is capable enough to pay its current debts using operating cash flow only.
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b. The ratio of operating cash flow to PT Telekomunikasi Indonesia Tbk's net profit for 5 years (2017-2021) has always been above 1. This means that the company has been able to optimize net income to cover operating cash flow expenses.

c. The ratio of cash coverage to current liabilities of PT Telekomunikasi Indonesia Tbk for 5 years (2017-2021) has always been above 1, which means that the company's operating cash flow has been good at covering its current debts.

d. PT Telekomunikasi Indonesia Tbk's capital expenditure ratio for 5 years (2017-2021) has always been above 1, meaning that Telkom's operating cash flow is able to cover existing capital expenditures.

e. PT Telekomunikasi Indonesia Tbk's total debt ratio for 5 years (2017-2021) is always less than 1, which means that the company has not been able to pay all of its obligations using cash flows originating from the company's operating activities.

For ratios originating from operating cash flow, PT Telekomunikasi Indonesia Tbk should be able to maximize its cash inflows, especially from cash receipts from customers and other operators so that it can cover all of its debts, both current and long-term debt.

REFERENCES


