
Fundamental Analysis Of Financial Statements on PT. Indosat Tbk

D. S. S. Mumu^{1*}, M. Veronica²

¹ Program Studi Manajemen, Universitas Terbuka, Tangerang Selatan,

² University of Indo Global Mandiri, Palembang

* Corresponding Author. E-mail: 043314969@ecampus.ut.ac.id

Abstract

The purpose of this study is to determine the value of the company PT Indosat Tbk by analysing the financial statements of PT Indosat Tbk using fundamental analysis. The method used in this research is quantitative with the data used is the financial statements and stock prices of PT Indosat Tbk obtained from the Indonesia Stock Exchange and Yahoo Finance. The results of the fundamental analysis of the financial statements of PT Indosat Tbk show that the value of the company's PBV, PER, EPS, ROA, ROE, DER and Dividend Yield ratios from 2020 to 2022 has changed towards a positive direction. This is indicated by an increase in revenue, net income, total assets, total equity, and a decrease in corporate debt. Fundamental analysis of the financial statements of PT Indosat Tbk shows that the company is in a good fundamental condition and the company is experiencing growth and development in running a business so that it has a positive impact on company value. Fundamental analysis of financial statements is important to use when making investment decisions in a company with the aim of reducing risk and making profits in the future.

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INTRODUCTION

Technological developments have transformed the telecommunications industry in Indonesia. Breakthroughs and innovations in the telecommunications sector have made a shift from legacy telecommunications such as voice and SMS to data-based telecommunications. In 1985-1993, the development of telecommunications began with the emergence of coin, card, and telephone kiosk services or commonly called wartel. Then in 1993-2000, it began to show growth with the circulation of sim cards. Developments continued to occur until in 2006, there were three cellular operators in Indonesia who received 3G service licences, namely Telkomsel, Indosat, and Excelcom, which made cellular services in Indonesia experience an explosion. Developments continued until in 2013 the first 4G LTE network appeared in Indonesia and in 2021 the 5G network began operating in Indonesia.

PT Indosat Tbk was established in Indonesia on 10 November 1967 as a foreign investment company providing telecommunication services in Indonesia. PT Indosat Tbk conducted an IPO (Initial Public Offering) or initial public offering of shares on the Indonesia Stock Exchange on 19 October 1994. The company is listed on the Indonesia Stock Exchange with the stock code ISAT. The composition of shareholders of PT Indosat Tbk includes owned by Ooredoo Hutchison Asia Pte. Ltd by 65.644%, PT Tiga Telekomunikasi Indonesia by 8.332%, PT Perusahaan Pengelola Aset Negara (Persero) by 9.632%, State of the Republic of Indonesia 0%, and Public by 16.392%. The products and services offered by the company are divided into three categories namely (1) consumer with IM3, Tri Indonesia, and Indosat HIFI products, (2) business includes Indosat Business and Indosat Marvelous Xperience Centre and (3) network with 5G, Network Coverage, VoLTE, and Unusual services.

Fundamental analysis is an analysis to determine the value of a company by processing data sourced from external companies in general and internal companies in the form of financial reports (Makkualu R. A, 2021, p. 167). In fundamental analysis, the company's financial statements are needed as financial information to be able to calculate the company's value. The company's financial statements are downloaded through the Indonesia Stock Exchange website and the company's website. The financial statements consist of a balance sheet, income statement, and cash flow statement (Prihadi, 2019).

In the 2022 annual financial report, PT Indosat Tbk recorded revenue of 46.75 T and earned a net profit of 4.72 T. Revenue in 2022 increased by 48.9% compared to 2021 from 31.38 T to 46.75 T. Revenue in 2021 increased by 12.4% compared to 2020 from 27.92 T to 31.38 T. Indosat's net profit in 2021 reached 6.75 T compared to 2020 which recorded a net loss of 717 billion, but in 2022 net profit fell to 4.72 T which in the previous year was 6.75 T.

The stock price is called the last price in 2020 is IDR 5,050 / share, in 2021 IDR 6,200 / share, and in 2022 IDR 6,175 / share. With the number of shares outstanding in 2020 and 2021 amounting to 5,433,933,500 shares and in 2022 the number of shares increased

to 8,062,702,740 shares, the increase in the number of shares outstanding of PT Indosat Tbk due to a business merger with PT Hutchison 3 Indonesia and effective since 4 January 2022. So that Indosat issued 2.62 billion shares to Hutchison 3 Indonesia which represents 32.6% share ownership in the company receiving the merger.

The company's total assets in 2020 recorded 62.77 T then in 2021 it increased to 63.39 T. In 2022 the company's total assets increased by 50.48 T from the previous 63.39 T to 113.88 T. The company's total equity in 2020 was 12.91 T in 2021 the total equity fell to 10.30 T and in 2022 the company's total equity increased by 21.31 T to 31.61 T from the previous 10.30 T. The company's total debt in 2020 was 49.86 T, increased in 2021 to 53.09 T and in 2022 the company's total increased to 82.26 T.

Through the Annual Extraordinary General Meeting of Shareholders of PT Indosat Tbk, in 2021 PT Indosat Tbk distributed a cash dividend of Rp 828.13 per share totalling 4.5 T for the 2020 financial year. In 2022 PT Indosat Tbk distributed a final cash dividend of IDR 248.06 per share with an amount of 2 T for the 2021 financial year. In 2023 PT. Indosat Tbk distributed the final cash dividend of Rp 255.7 per share with an amount of 2.06 T equivalent to 43.6% of 2022 net profit for the financial year 2022.

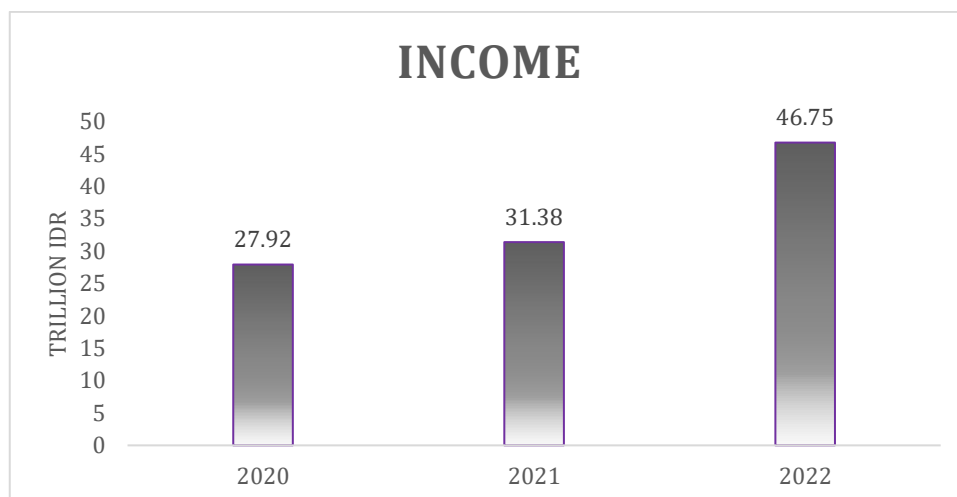


Figure 1. Revenue Chart of PT Indosat Tbk
 (source: annual financial report of PT Indosat Tbk 2020-2022)

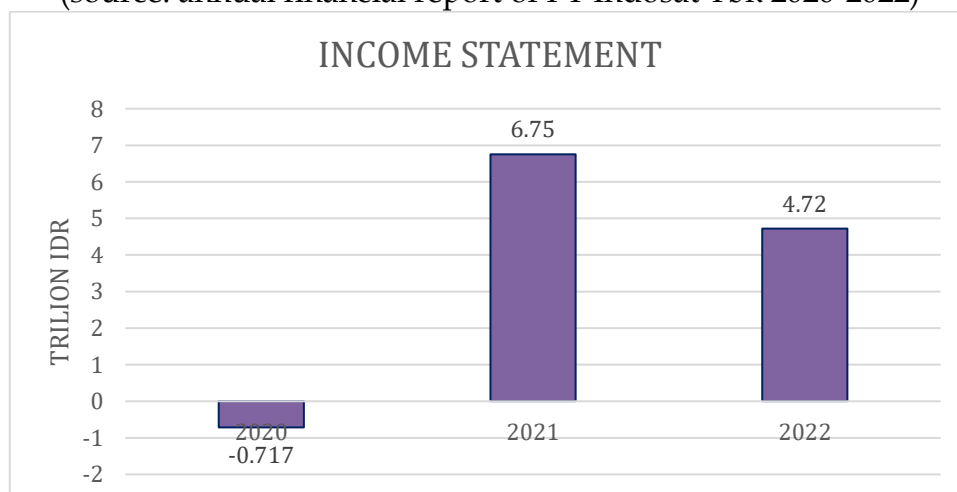
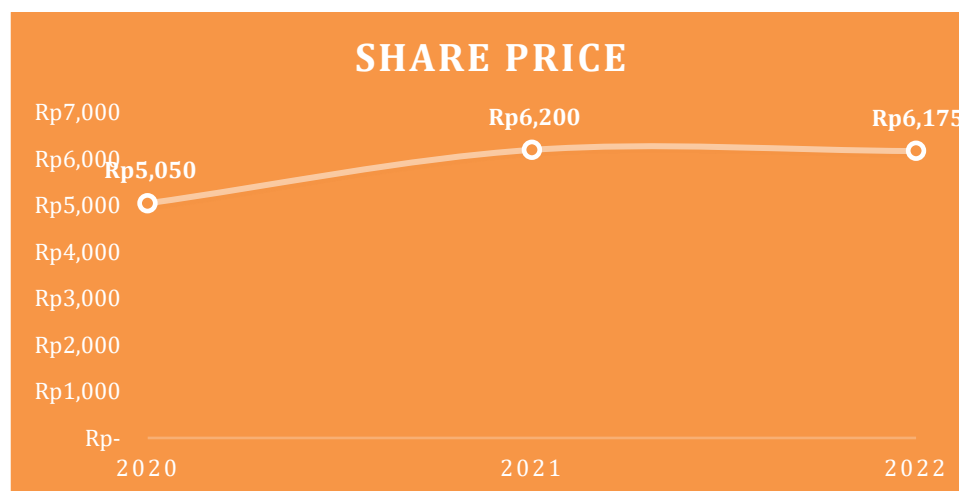


Figure 2. Net Profit and Loss Chart of PT Indosat Tbk
 (source: annual financial report of PT Indosat Tbk 2020-2022)



ISAT Share Price Chart 2020-2022
 (source: Yahoo Finance)

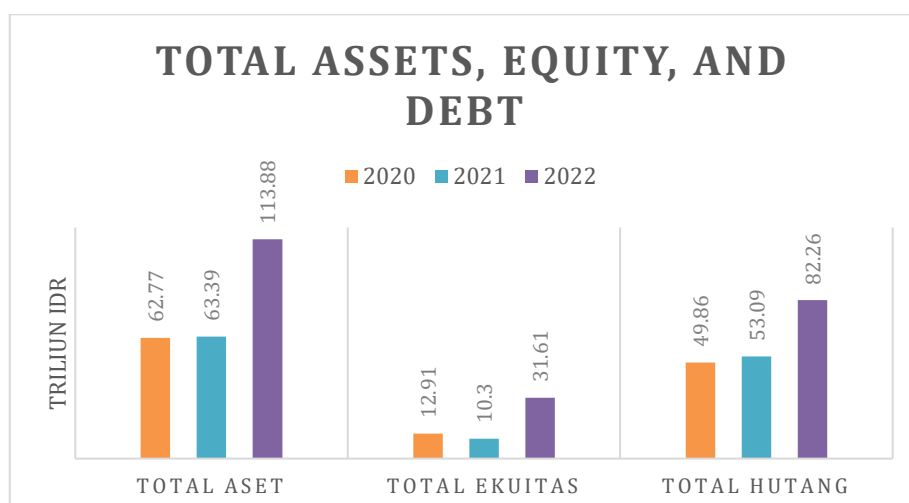


Figure 4. Chart of Total Assets, Equity, and Debt of PT Indosat Tbk
 (source: annual financial report of PT Indosat Tbk 2020-2022)

Ramang (2019) states that financial statements are records that store information about company finances in an accounting period. To assess a company, financial ratios are used using the company's financial statements which include value ratios as fundamental analysis. Value ratios in fundamental analysis, including:

- PBV (*Price Book Value*)

PBV serves as a measure to see a stock classified as cheap or expensive. Hidayat (2017) argues that the PBV value is calculated based on the company's equity value, which tends to increase every year because the company is still able to generate net income.

PBV formula:

$$PBV = \frac{\text{Share prices}}{\text{Book Value}}$$

$$\text{Book Value} = \frac{\text{Nilai Ekuitas}}{\text{Total of Shares Outstanding}}$$

- **PER (Price Earnings to Ratio)**
Makkualu (2021) states that PER is the ratio between the share price and the profit generated.
PER formula:

$$\text{PER} = \frac{\text{share price per share}}{\text{EPS}}$$
- **EPS (Earning Per Share)**
EPS calculation is done using the formula, namely: income after tax divided by total shares outstanding (Ardianti. N. A, 2020).
EPS formula:

$$\text{EPS} = \frac{\text{Net Profit}}{\text{Jumlah Lembar Saham}}$$
- **ROA (Return on Assets)**
ROA is the profit obtained from each asset owned by the company. The higher the ROA value, the more efficiently the company utilises each asset value it has (Sunendar, 2019), in other words the company has the ability to utilise its assets to generate profits for the company.
ROA Formula:

$$\text{ROA} = \frac{\text{Net profit}}{\text{Total Aset}}$$
- **ROE (Return on Equity)**
Budiman (2020) argues that ROE shows how much the percentage of a company's net profit is compared to its total equity. A high ROE indicates that the company's profitability level is getting better.

ROE formula:

$$\text{ROE} = \frac{\text{Net Profit}}{\text{Total Ekuitas}}$$

- **DER (Debt Equity Ratio)**
DER is a ratio used to assess debt with equity (Affifa. N. M. A, 2022). A good DER value is $\text{DER} < 1$, meaning that the company's debt is smaller than its equity, but if $\text{DER} > 1$, it means that the company's debt value is more than its equity. Darmawan (2020) suggests that the lower the DER, the better the company's ability to pay its obligations.
DER formula:

$$\text{DER} = \frac{\text{Total Debt}}{\text{Total Ekuitas}}$$

- **DY (Dividend Yield)**
 DY is calculated by comparing a year's dividend with its share price (Budiman, 2020). Dividend per share is usually announced by the company when distributing dividends.
 DY formula:

$$DY = \frac{\text{Dividend Per share}}{\text{Share price}} \times 100\%$$

The research objective of fundamental analysis of financial statements is to calculate the fundamentals of the company using value ratios including PBV, PER, EPS, ROA, ROE, and DER and Dividend Yield and the value of the company based on the results of the calculated value ratio. Based on the above problems, the authors are interested in discussing the fundamental analysis of financial statements at PT Indosat Tbk.

RESEARCH METHOD

The type of data used in this study is quantitative using secondary data sources as data in conducting research. The data used is in the form of financial statements and share prices of PT Indosat Tbk for the period 2020-2022 obtained through the Indonesia Stock Exchange and Yahoo Finance. The data collection technique in the study used the documentation method.

RESULTS AND DISCUSSION

RESULTS

Financial statements are used as a basis for assessing the company's financial condition. Fundamental analysis uses financial ratios in calculating the value of a company.

Price Book Value

PBV	PBV 2020	PBV 2021	PBV 2022
	$= \frac{\text{Share prices}}{\text{Book Value}}$	$= \frac{\text{Share prices}}{\text{Book Value}}$	$= \frac{\text{Share prices}}{\text{Book Value}}$
	$= \frac{5.050}{2.376}$	$= \frac{6.200}{1.277}$	$= \frac{6.175}{3.921}$
	=2.1 x	= 4.8 x	= 1.5 x
	<i>Book Value</i>	<i>Book Value</i>	<i>Book Value</i>
	$= \frac{\text{Nilai Ekuitas}}{\text{Total of Shares Outstanding}}$	$= \frac{\text{Nilai Ekuitas}}{\text{Total of Shares Outstanding}}$	$= \frac{\text{Nilai Ekuitas}}{\text{Total of Shares Outstanding}}$
	$= \frac{12.913.396.000.000}{5.433.933.500}$	$= \frac{10.302.802.000.000}{8.062.702.740}$	

	= 2.376	= 1.277	= $\frac{31.614.988.000.000}{8.062.702.740}$ = 3.921
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Based on the results of the above calculations, it shows that in 2020 the share price was sold at 5,050 PBV at that time was 2.1 x, meaning that the company was sold at a price of 2.1 x compared to its book value. In 2021 if the share price is sold at 6,200 PBV at that time is 4.8 x, meaning that the company is sold at a price of 4.8 x compared to its book value. And in 2022 the share price is sold at 6,175 PBV at that time is 1.5 x, meaning that the company is sold at a price of 1.5 x compared to its book value.

Price Earning Ratio

PER	PER 2020	PER 2021	PER 2022
	= $\frac{\text{share price per share}}{\text{EPS}}$	= $\frac{\text{share price per share}}{\text{EPS}}$	= $\frac{\text{share price per share}}{\text{EPS}}$
	= $\frac{5.050}{-131,8}$	= $\frac{6.200}{837,2}$	= $\frac{6.175}{585,8}$
	= -38,3 x	= 7,40 x	= 10,54 x

The calculation above shows that the PER in 2020 is -38.3 x, this is because PT Indosat Tbk is experiencing a net loss so that the PER result is -38.3 x. In 2021, the PER of PT Indosat Tbk is 7.40 x, meaning that when buying shares at a price of 6,200 in 2021, investors will return capital after 7.40 x dividend distribution. While the company's PER value in 2022 is 10.54 x, meaning that when buying shares at a price of 6,175 in 2022, investors will return capital after 10.54 x dividend distribution.

Earning Per Share

EPS	EPS 2020	EPS 2021	EPS 2022
	= $\frac{\text{Net Profit}}{\text{Total of share}}$	= $\frac{\text{Net Profit}}{\text{Total of share}}$	= $\frac{\text{Net Profit}}{\text{Total of share}}$
	= $\frac{-716.719.000.000}{5.433.933.500}$	= $\frac{6.750.873.000.000}{8.062.702.740}$	= $\frac{4.723.415.000.000}{8.062.702.740}$
	= -131,8	= 837,2	= 585,8

The company's EPS value in 2021 has increased compared to 2020 from the previous -131, 8 to 837.2, this means that the company is experiencing growth marked by an increase in net profit, but in 2022 the company's EPS value fell to 585.8 due to a decrease in the company's net profit.

Return on Assets

ROA	ROA 2020	ROA 2021	ROA 2022
	$= \frac{\text{Net profit}}{\text{Total Aset}}$	$= \frac{\text{Net profit}}{\text{Total Aset}}$	$= \frac{\text{Net profit}}{\text{Total Aset}}$
	$= \frac{-716.719.000.000}{62.778.740.000.000}$	$= \frac{6.750.873.000.000}{63.397.148.000.000}$	$= \frac{4.723.415.000.000}{113.889.230.000.000}$
	= -1,14%	= 10.64%	= 4,14%

Nilai ROA perusahaan pada 2020 adalah -1, 14%, kemudian pada 2021 nilai ROA perusahaan adalah 10% artinya dengan aset 63,39 T perusahaan mampu menghasilkan keuntungan sebesar 10,64% yakni 6,75 T. Dan pada 2022, nilai ROA perusahaan 4,14% yang artinya perusahaan mampu menghasilkan keuntungan sebesar 4,14% yakni 4,72 T dari asetnya sebesar 113,88 T.

Return on Equity

ROE	ROE 2020	ROE 2021	ROE 2020
	$= \frac{\text{Net Profit}}{\text{Total Ekuitas}}$	$= \frac{\text{Net Profit}}{\text{Total Ekuitas}}$	$= \frac{\text{Net Profit}}{\text{Total Ekuitas}}$
	$= \frac{-716.719.000.000}{12.913.396.000.000}$	$= \frac{6.750.873.000.000}{10.302.802.000.000}$	$= \frac{4.723.415.000.000}{31.614.988.000.000}$
	= -5,55%	= 65,52%	= 14,94%

The ROE value of PT Indosat Tbk in 2020 is -5.55%. In 2021, the ROA value of PT Indosat Tbk rose to 65.52%, meaning that the company was able to utilize equity of 10.32 T and generate profits of 6.75 T. In 2022, the ROE value of PT Indosat Tbk was 14.94%, meaning that the company was able to utilize equity of 31.61 T and generate profits of 4.72 T.

Debt Equity Ratio

DER	DER 2020	DER 2021	DER 2022
	$= \frac{\text{Total Debt}}{\text{Total Ekuitas}}$	$= \frac{\text{Total Debt}}{\text{Total Ekuitas}}$	$= \frac{\text{Total Debt}}{\text{Total Ekuitas}}$
	$= \frac{49.865.344.000.000}{12.913.396.000.000}$	$= \frac{53.094.346.000.000}{10.302.802.000.000}$	$= \frac{82.265.242.000.000}{31.614.988.000.000}$
	= 3,86 x	= 5,15 x	= 2,60 x

The company's DER value in 2020 is 3.86x, meaning that the company has 3.86x more debt than total equity. In 2021 the company's DER value rose to 5.15x and in 2022 the company's DER value fell to 2.60x.

Dividend Yield

DY	DY 2020	DY 2021	DY 2022
	$= \frac{\text{Dividend Per share}}{\text{Share price}} \times 100\%$	$= \frac{\text{Dividend Per share}}{\text{Share price}} \times 100\%$	$= \frac{\text{Dividend Per share}}{\text{Share price}} \times 100\%$
	$= \frac{828,13}{5.050} \times 100\%$	$= \frac{248,06}{6.200} \times 100\%$	$= \frac{255,7}{6.175} \times 100\%$
	=16,39 %	= 4 %	= 4,14 %

The company's DY value in 2020 is 16.39%, meaning that by investing in shares at a price of 5,050 per share, investors get a dividend of 16.39% per year. The company's DY value in 2021 is 4%, meaning that by investing in shares at a price of 6,2000 per share, investors get a dividend of 4% per year. The company's DY value in 2022 is 4.14%, meaning that by investing in shares at a price of 6,175 per share, investors get a dividend of 4.14% per year.

Fundamental Table of PT Indosat Tbk in 2020-2022

Keterangan	2020	2021	2022
PBV	2.1 x	4.8 x	1.5 x
PER	-38,3 x	7,40 x	10,54 x
EPS	-131, 8	837,2	585,8
ROA	-1,14 %	10,64 %	4,14 %
ROE	-5,55 %	65,55 %	14,94 %
DER	3,86 x	5,15 x	2,60 x
DY	16,39 %	4 %	4,14 %
Total Assets	62,77 T	63,39 T	113,88 T
Total Equity	12,91 T	10,30 T	31,61 T
Last Price	5.050	6.200	6.175
Dividend per share	828,13	248,06	255,7
Share Out	5.433.933.500	5.433.933.500	8.062.702.740
Market Cap	27,441 T	33,690 T	49,787 T

Source: PT Indosat Tbk

Based on the results of the fundamental analysis of the financial statements of PT Indosat Tbk above, the following can be explained:

1. Calculations using ratios in fundamental analysis

The results of the calculation of the ratios above include PBV, PER, EPS. ROA, ROE, DER, and Dividend Yield from 2020-2022 show a positive change. The calculation of these ratios is explained as follows:

- The company's finances are in good condition, through fundamental data showing Last Price, Total Assets, Total Equity, and EPS are growing.
- The share price of PT Indosat Tbk (ISAT) is classified as expensive because $PBV > 1$, but it is still reasonable considering the positive performance of PT Indosat Tbk which can record net profit in 2021 and 2022, which previously experienced a net loss in 2020.

- c. The company's PER value increased from 2020 to 2022, indicating that the company has a high share price, and the company is growing.
- d. The ROA and ROE results of PT Indosat Tbk show that the company can utilise assets and capital to generate profits.
- e. The company's EPS value increases in 2021, which was previously negative in 2020, which is supported by an increase in company profits in 2021. The increase in EPS value shows that the company is growing well.
- f. The company's DER value decreased in 2022, meaning that the lower DER ratio indicates that the company has a better capital structure.
- g. The company's Dividend Yield value fell to 4% in 2021, which was previously 16.39% in 2020 and then rose to 4.14% in 2022.

2. Company value of PT Indosat Tbk

Based on the fundamental analysis of the financial statements of PT Indosat Tbk for the period 2020-2022, it is known that the company recorded an increase in revenue, net profit, total assets, total equity, and a decrease in corporate debt. Good company fundamentals are followed by an increase in company value or market capitalisation as indicated by the market cap of PT Indosat Tbk which has grown from 2020 to 2022. The market cap of PT Indosat Tbk in 2020 was 27.441 T, increased in 2021 to 33.690 T and experienced an increase in 2022 to 49.787 T.

CONCLUSIONS

This study shows that the fundamental analysis of the financial statements of PT Indosat Tbk affects the value of the company. The results of the calculation of the ratio value in the fundamental analysis of financial statements show PBV, PER, EPS, ROA, ROE, DER, and Dividend Yield perusahaan experiencing changes towards a positive direction. The results of the ratio value show that the company's fundamentals are in good condition, this is indicated by an increase in revenue, net profit, total assets, total equity, and a decrease in company debt for the 2020-2022 period. Good company fundamentals are followed by an increase in company value. The increase in company value is indicated by the increase in market capitalisation or market cap of PT Indosat Tbk from 2020-2022. The market cap of PT Indosat Tbk in 2020 was 27.441 T, increased in 2021 to 33.690 T and increased in 2022 to 49.787 T.

Suggestions

Suggestions for future researchers are that they can use other companies in the same industry so that they can be used as comparisons between other companies in the same industry. Future researchers can also choose a longer period to get maximum results. Suggestions for companies are to continue positive performance so that growth increases and continue to provide financial information, namely financial statements in detail and clearly so that it can be the basis for fundamental analysis of financial statements. Suggestions for investors or investors are to use fundamental analysis to see the company's financial condition when making investment decisions with the aim of reducing risk and making profits in the future.

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