

FINANCIAL HEALTH ASSESSMENT OF PT. PLN (PERSERO) 2019-2022: TOWARDS FINANCIAL SUSTAINABILITY

Regita Vyonda, Sanda Patrisia Komalasari*

Faculty of Economics and Business, Andalas University

email: sandapatrisia@eb.unand.ac.id

ABSTRACT

This research aims to measure the financial performance of PT. PLN (Persero) in 2019-2022 uses financial ratios in accordance with the regulations of the Ministry of State-owned enterprises (BUMN). The sample for this research is PT PLN (Persero) financial report for four years. The research method used is a case study with an Financial Ratio Analysis. The analysis was carried out based on the Decree of the Minister of BUMN No. KEP-100/MBU/2002. The research results show that the liquidity ratio of PT. PLN (Persero) was 95.02%, 64.98%, 58.63% and 82.30%, respectively. The solvency ratio shows debt to assets of 41.37%, 40.85%, 39.15% and 39.48%. Profitability ratios show ROEs of 0.47%, 0.64%, 1.34% and 1.45%. Based on this analysis, PT. PLN (Persero) was categorized as "Unhealthy" because the company's financial performance shows unstable fluctuations during the period. In conclusion, despite some stable financial indicators, several aspects require further attention to ensure continued positive performance. Companies are advised to improve operational efficiency and debt management to strengthen their overall financial position.

Keywords: Financial Performance; Financial Ratios; PT. PLN (Persero)

ABSTRAK

Penelitian ini bertujuan untuk mengukur kinerja keuangan PT. PLN (Persero) pada tahun 2019-2022 menggunakan rasio keuangan sesuai dengan regulasi Kementerian BUMN. Sampel untuk penelitian ini adalah laporan keuangan PT PLN (Persero) selama empat tahun. Metode penelitian yang digunakan adalah studi kasus dengan Analisis Rasio Keuangan. Analisis dilakukan berdasarkan Keputusan Menteri BUMN No. KEP-100/MBU/2002. Hasil penelitian menunjukkan bahwa rasio likuiditas PT. PLN (Persero) adalah 95,02%, 64,98%, 58,63%, dan 82,30%, masing-masing. Rasio solvabilitas menunjukkan utang terhadap aset sebesar 41,37%, 40,85%, 39,15%, dan 39,48%. Rasio profitabilitas menunjukkan ROE sebesar 0,47%, 0,64%, 1,34%, dan 1,45%. Berdasarkan analisis ini, PT. PLN (Persero) dapat dikategorikan sebagai "Kurang Sehat" karena kinerja keuangan perusahaan menunjukkan fluktuasi yang tidak stabil selama periode tersebut. Sebagai kesimpulan, meskipun ada beberapa indikator keuangan yang stabil, beberapa aspek memerlukan perhatian lebih lanjut untuk memastikan kinerja positif yang berkelanjutan. Perusahaan disarankan untuk meningkatkan efisiensi operasional dan manajemen utang untuk memperkuat posisi keuangan secara keseluruhan.

Kata Kunci: Kinerja Keuangan; Rasio Keuangan; PT. PLN (Persero)

*Corresponding author. E-mail: sandapatrisia@eb.unand.ac.id

1. INTRODUCTION

In the era of globalization, the energy sector plays an important role in the economic development of a country, including Indonesia. PT. PLN (Persero), as a state-owned company responsible for providing electricity throughout Indonesia, has a vital role in supporting various industrial sectors and people's daily lives (Markoni, 2015). The success of PT. PLN (Persero) manages the availability and distribution of electricity, which not only affects the company's operational stability but also creates a significant impact on national economic growth (Patriella, 2020). However, challenges in the energy sector are increasingly complex, with fuel price fluctuations, increasingly fierce competition, and dynamically changing government regulations (Adjikri, 2017).

In recent years, Indonesia's rapid economic growth has increased the demand for electricity, providing growth opportunities for PT. PLN (Persero) also brings new challenges related to pressure on infrastructure and resources (Alhusain, 2019). Therefore, in-depth research regarding the financial performance of PT. PLN (Persero) is very important in understanding the extent to which the company can manage and overcome this challenge.

Limitations of Focus on PT. PLN (Persero) as a State-Owned Enterprise. While numerous studies have explored financial performance across various sectors and private companies, there is a notable scarcity of research specifically analyzing PT. PLN (Persero), a state-owned enterprise operating in the electricity sector. PT. PLN (Persero) faces distinctive challenges as a state-owned entity, tasked with the dual mission of providing electricity for public welfare and managing extensive energy-related infrastructure.

This research is motivated by the lack of focused research on the financial performance of PT. PLN (Persero), particularly using the indicators outlined in the Decree of the Minister of SOEs No. KEP-100/MBU/2002.

This Research specializes in evaluating the financial performance of PT. PLN (Persero) using eight financial ratio indicators relevant to the characteristics of state-owned enterprises in the energy sector. These indicators encompass critical aspects such as *Return on Equity* (ROE), *Return on Investment* (ROI), *Current Ratio*, and *Asset Turnover*.

Research by Batrancea (2021) shows that liquidity ratios such as the current ratio and quick ratio, as well as solvency ratios such as the debt-to-equity ratio, significantly influence company performance as measured by return on assets, gross margin and EBITDA. This research highlights the importance of managing liquidity and solvency in supporting the financial health of companies in the healthcare industry (Batrancea, 2021). Another study by Coulon (2020) suggests that liquidity and solvency ratios play a crucial role in assessing a company's financial health, with ratios such as the debt-to-equity ratio being the main indicator of a company's financial risk (Coulon, 2020).

Khidmat and Rehman (2014) found that liquidity and solvency ratios have a significant effect on company profitability in the chemical sector in Pakistan. This research shows that good liquidity management can increase company profitability (Khidmat & Rehman, 2014). Research by Lartey, Antwi, and Boadi (2013) in the Ghanaian banking sector found a positive relationship between liquidity and profitability, emphasizing the importance of liquidity ratios, such as the current ratio, in assessing bank financial

performance (Lartey et al., 2013). Furthermore, Olarewaju and Adeyemi (2015), in their study of the banking sector in Nigeria, identified a causal relationship between liquidity and profitability, indicating that effective liquidity management can influence long-term financial results (Olawajun & Adeyemi, 2015).

Thus, financial ratio analysis, based on the standards of BUMN Ministerial Decree No. KEP-100/MBU/2002, supported by previous research, provides a comprehensive framework for assessing BUMN's financial health. These ratios not only provide insight into operational efficiency and debt management but also into a company's ability to create long-term value and profitability.

This research aims to measure the financial performance of PT. PLN (Persero) in 2019-2022 uses financial ratios that comply with the regulations of the Ministry of BUMN. The sample for this research is PT PLN (Persero) financial report for four years. The research method used is a case study with financial ratio analysis, which includes liquidity, solvency, activity and profitability ratios. This analysis was carried out based on the standards set by BUMN Ministerial Decree No. KEP-100/MBU/2002 (Ministry of BUMN, 2002). Based on this background, the problem formulation in this research is about the liquidity, solvency, activity, and profitability ratios of PT. PLN (Persero) in 2019-2022 and what the level of health is when seen from the value of each ratio.

This research is expected to provide a clear picture of PT PLN financial performance and how this company can improve operational efficiency and better manage debt to strengthen its overall financial position. In addition, the results of this research can be a reference for company management in making strategic decisions and for external stakeholders in assessing

the company's financial stability (Hussain et al., 2018).

The motivation for this research is to provide a clear picture of PT PLN financial performance and how this company can improve operational efficiency and better manage debt to strengthen its overall financial position. It is hoped that the results of this research can be a reference for company management in making strategic decisions and for external stakeholders in assessing the company's financial stability (Sudirman et al., 2022).

2. LITERATURE REVIEW

Liquidity Ratio

The Liquidity ratio describes the company's ability to meet short-term obligations. In measuring company liquidity, this research uses the current ratio and cash ratio, which are explained below:

a. Current Ratio

Current Ratio measures a company's ability to meet its current debts using its current assets. A high current ratio is required when the company has difficulty obtaining loans quickly. However, this Ratio has the weakness that not all current assets have the same level of liquidity. The following is the current ratio formula used in this research and the scoring rules according to BUMN Ministerial Decree No. KEP-100/MBU/2002:

$$\text{Current Ratio} = \left(\frac{\text{Current Assets}}{\text{Current Liabilities}} \right) \times 100\%$$

Table 1. Current Ratio Assessment Score

Current Ratio = x (%)		Score
125	$\leq x$	3
110	$\leq x < 125$	2.5
100	$\leq x < 110$	2
95	$\leq x < 100$	1.5
90	$\leq x < 95$	1
	$x < 90$	0

Source: BUMN Ministerial Decree No. KEP-100/MBU/2002

b. Cash Ratio

The cash ratio is a ratio that measures a company's liquidity and the company's ability to cover short-term liabilities with cash and cash equivalents. The following is the cash ratio formula used in this research and the scoring rules according to BUMN Ministerial Decree No. KEP-100/MBU/2002:

$$\text{Cash Ratio} = \left(\frac{\text{Cash and Cash Equivalents}}{\text{Current Liabilities}} \right) \times 100\%$$

Table 2. Cash Ratio Assessment Score

Cash Ratio = x (%)	Score
x >= 35	3
25 <= x < 35	2.5
15 <= x < 25	2
10 <= x < 15	1.5
5 <= x < 10	1
0 <= x < 5	0

Source: BUMN Ministerial Decree No. KEP-100/MBU/2002

Solvency Ratio

The Solvency ratio assesses a company's ability to finance its debt. This research uses the ratio of total own capital to total assets to view the company's solvency. The ratio of Total owned capital to Total Assets, or the equity to assets ratio, is an important metric in company solvency analysis. This ratio measures how large the proportion of assets is funded by shareholder equity compared to debt. The ratio of Total Owned Capital to Total Assets, also known as the equity to assets ratio. The following is ratio of total own capital to total assets formula used in this research and the scoring rules according to BUMN Ministerial Decree No. KEP-100/MBU/2002:

$$\text{Equity to Assets Ratio} = \left(\frac{\text{Total Equity}}{\text{Total Assets}} \right) \times 100\%$$

Table 3. Equity to Asset Ratio (EAR)

Assessment Score		
EAR (%) = x		Score
x < 0		0
0	<= x < 10	2
10	<= x < 20	3
20	<= x < 30	4
30	<= x < 40	6
40	<= x < 50	5.5
50	<= x < 60	5
60	<= x < 70	4.5
70	<= x < 80	4.25
80	<= x < 90	4
90	<= x < 100	3.5

Source: BUMN Ministerial Decree No. KEP-100/MBU/2002

Activity Ratio

In assessing company activities, this research uses the Asset Turnover Ratio, Collection Periods, and Inventory Turnover Ratio, which will be explained below:

a. Asset Turnover

Assets Turn Over measures the company's effectiveness in using all assets to generate sales. The higher the value of this ratio, the better the company is at managing all existing assets. The following is Asset Turnover formula used in this research and the scoring rules according to BUMN Ministerial Decree No. KEP-100/MBU/2002:

$$\text{Asset Turnover Ratio} = \left(\frac{\text{Revenue}}{\text{Total Assets}} \right) \times 100\%$$

Table 4. Asset Turnover Ratio Assessment Score

Score		
Asset Turnover = x (%)		Score
120	< x	4
105	< x <= 120	3.5
90	< x <= 105	3
75	< x <= 90	2.5
60	< x <= 75	2
40	< x <= 60	1.5

20	< x <= 40	1
	x <= 20	0.5

Source: BUMN Ministerial Decree No. KEP-100/MBU/2002

b. Collection Periods

Collection period is a ratio that shows how long a company takes to collect or collect its receivables—comparing the number of days in a certain period with the accounts receivable turnover. The smaller the value, the more quickly the company collects its receivables, which indicates that it is good at managing them. The following is Collection Period formula used in this research and the scoring rules according to BUMN Ministerial Decree No. KEP-100/MBU/2002:

$$\text{Collection Period} = \frac{\text{Days in Year}}{\text{Receivable Turnover Ratio}}$$

$$\text{Receivable Turnover Ratio} = \frac{\text{Revenue}}{\text{Average Accounts Receivable}}$$

Table 5. Collection Periods Assessment Scores

Collection Periods= x (days)	Score
x<=60	4
60 < x <= 90	3.5
90 < x <= 120	3
120 < x <= 150	2.5
150 < x <= 180	2
180 < x <= 210	1.6
210 < x <= 240	1.2
240 < x <= 240	0.8
270 < x <= 300	0.4
300 < x	0

Source: BUMN Ministerial Decree No. KEP-100/MBU/2002

c. Inventory Turnover Ratio

Inventory Turnover Ratio is a financial metric used to assess the efficiency of a company's inventory management about sales revenue. This ratio shows how much inventory a company has compared to its total sales. It provides insight into how well

a company manages its inventory levels to meet sales demand without experiencing excess or inventory shortage. The following is Inventory Turnover Ratio formula used in this research and the scoring rules according to BUMN Ministerial Decree No. KEP-100/MBU/2002:

$$\text{Inventory Turnover} = \left(\frac{\text{Total Inventory}}{\text{Revenue}} \right) \times 365$$

Table 6. Inventory Turnover Assessment Score

PP = x (days)	Score
x <= 60	4
60 < x <= 90	3.5
90 < x <= 120	3
120 < x <= 150	2.5
150 < x <= 180	2
180 < x <= 210	1.6
210 < x <= 240	1.2
240 < x <= 270	0.8
270 < x <= 300	0.4
300 < x	0

Source: BUMN Ministerial Decree No. KEP-100/MBU/2002

Profitability Ratio

Profitability Ratio (Profitability Ratio) is a ratio used to assess a company's ability to seek profits or profits in a certain period. This research uses the Return on Equity (ROE) and Return on Investment (ROI) ratios in assessing company profitability, here is the explanation:

a. Return On Equity (ROE)

ROE assesses a company's ability to use shareholder capital to generate profits. The higher the value of this ratio, the better the company is in its return on equity. The following is ROE formula used in this research and the scoring rules according to BUMN Ministerial Decree No. KEP-100/MBU/2002:

$$\text{ROE} = \frac{\text{Earning After Tax}}{\text{Equity}} \times 100\%$$

Table 7. ROE Assessment Score

ROE (%)	Skor
15 < ROE	15
13 < ROE ≤ 15	13.5
11 < ROE ≤ 13	12
9 < ROE ≤ 11	10.5
7,9 < ROE ≤ 9	9
6,6 < ROE ≤ 7,9	7.5
5,3 < ROE ≤ 6,6	6
4 < ROE ≤ 5,3	5
2,5 < ROE ≤ 4	4
1 < ROE ≤ 2,5	3
0 < ROE ≤ 1	1.5
ROE < 0	1

Source: BUMN Ministerial Decree No. KEP-100/MBU/2002

b. Return On Investment (ROI)

$$ROI = \frac{EBIT + \text{Penyusutan}}{\text{Capital Employed}} \times 100\%$$

ROI is a financial ratio that evaluates company performance by measuring how efficiently an investment produces profits for a company. A higher ROI value is considered better because it shows that the investment provides a greater return compared to the costs incurred. The following is ROI formula used in this research and the scoring rules according to BUMN Ministerial Decree No. KEP-100/MBU/2002:

Table 8. ROI Assessment Score

ROI (%)	Skor
18 < ROI	10
15 < ROI ≤ 18	9
13 < ROI ≤ 15	8
12 < ROI ≤ 13	7
10,5 < ROI ≤ 12	6
9 < ROI ≤ 10,5	5
7 < ROI ≤ 9	4
5 < ROI ≤ 7	3.5
3 < ROI ≤ 5	3
1 < ROI ≤ 3	2.5
0 < ROI ≤ 1	2
ROI < 0	0

Source: BUMN Ministerial Decree No. KEP-100/MBU/2002

Weight of Financial Aspects in Health Assessment

Assessment of PT. PLN (Persero) health level refers to the Decree of the Minister of BUMN No. KEP-100/MBU/2002. In this rule, the first step that must be taken is to calculate the value of each specified ratio. Then, the value of these ratios is determined by the score. After the score for each ratio is chosen, the next step is to add up the scores and multiply them by two or divide by 50%. This is based on the Decree of the Minister of BUMN No. KEP-100/MBU/2002, which states that the financial aspects of BUMN, such as PT. PLN (Persero) has a maximum total score of 50. The following is the description:

Table 9. Ratio and Maximum Score

Ratio	Maximum Score
Current Ratio	4
Cash Ratio	3
Equity to Asset Ratio	6
Asset Turnover Ratio	4
Collection Period	4
Inventory Turnover Ratio	4
ROE	15
ROI	10
Total	50

Source: BUMN Ministerial Decree No. KEP-100/MBU/2002

As explained above, the total score is then multiplied by two or divided by 50% to adjust the value so that the predicate or level of company health can be determined. This is done so that the maximum value of the score is 100. The following is a classification of the company's health level from the adjusted total score value:

- a. HEALTHY, which consists of:
 - AAA if total (TS) > 95
 - AA if 80 < TS ≤ 95
 - A if 65 < TS ≤ 80

- b. LESS HEALTHY, which consists of:
 - BBB if $50 < TS \leq 65$
 - BB if $40 < TS \leq 50$
 - B if $30 < TS \leq 40$
- c. UNHEALTHY, which consists of:
 - CCC if $20 < TS \leq 30$
 - CC if $10 < TS \leq 20$
 - C if $TS \leq 10$

3. RESEARCH METHODOLOGY

This research method uses a quantitative descriptive approach to measure the financial performance of PT. PLN (Persero) in 2019-2022 based on financial ratios per the Ministry of State-Owned Enterprises (BUMN) regulations. This research was designed using secondary data obtained from PT. PLN (Persero) annual report for

four years, from 2019 to 2022. This reasonably long research period was chosen to provide a comprehensive view of the company's financial performance and identify trends and changes that may occur.

The research model used is financial ratio analysis, including liquidity, solvency, profitability, and activity ratios. This model was chosen because it complies with the standards set by the Ministry of BUMN and can provide a comprehensive picture of the company's financial performance. The justification for the sample size in this study is based on the availability of complete and relevant data for the period, ensuring the analysis covers a long enough period to identify significant trends and changes in the company's financial performance. The data processing steps in this research are explained in the figure below:

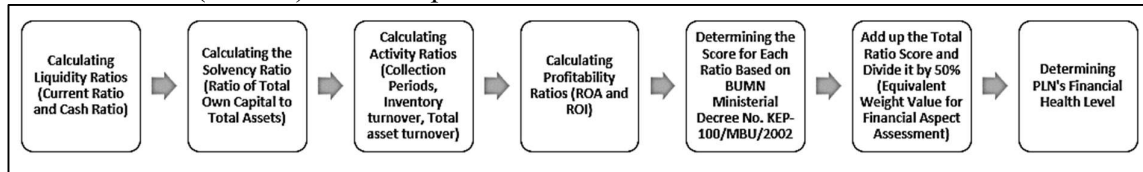


Figure 1. Data Processing Steps

4. RESULT AND DISCUSSION

The table below shows the results of the calculations for assessing PT. PLN (Persero) health level according to BUMN Ministerial Decree No. KEP-100/MBU/2002. The results show that the company is in the "Less Healthy" category every year. The total financial performance assessment score shows an increase from 28 in 2019 to 29 in 2022. Key financial ratios such as ROE, ROI, and cash ratio have experienced significant changes, but they are more needed to improve the company's health category. The equity-to-assets ratio increased from 58.63% in 2019 to 60.52% in 2022, indicating improved solvency. The Total Health Assessment Score also increased from 56% in 2019 to

58% in 2022, indicating improvements in several aspects of the company's finances even though it is still in the "Less Healthy" category. For further explanation, it is described below.

Profitability Ratio

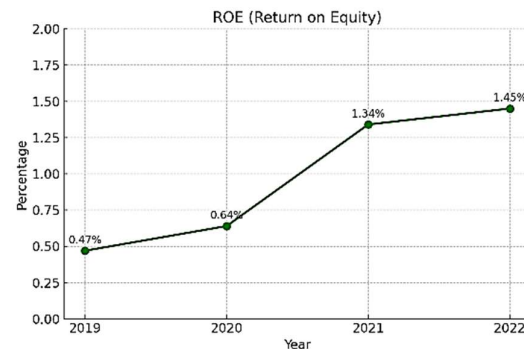


Table 10. PLN Health Level Calculation Results

Ratio	Value	Score	Value	Score	Value	Score	Value	Score
	2019		2020		2021		2022	
ROE (%)	0.47%	1.5	0.64%	1.5	1.34%	3	1.45%	3
ROI (%)	17.26%	9	12.64%	7	27.03%	10	18.04%	10
Cash Ratio (%)	29.25%	2.5	36.58%	3	25.91%	2.5	35.50%	3
Current Ratio (%)	95.02%	1.5	64.98%	0	58.63%	0	82.30%	0
Collection Period (days)	32.35	4	30.81	4	28.48	4	28.49	4
Inventory Turnover (days)	13.13	4	10.86	4	10.34	4	14.51	4
Asset Turnover (%)	17.42%	0.5	17.30%	0.5	17.91%	0.5	18.99%	0.5
Equity to Asset (%)	58.63%	5	59.15%	5	60.85%	4.5	60.52%	4.5
Total Financial Performance Score	28		25		28.5		29	
Total Health Assessment Score	56%		50%		57%		58%	
Health Category of PT. PLN (Persero)	BBB	Less Healthy	BBB	Less Healthy	BBB	Less Healthy	BBB	Less Healthy

Source : Data Processed (2024)

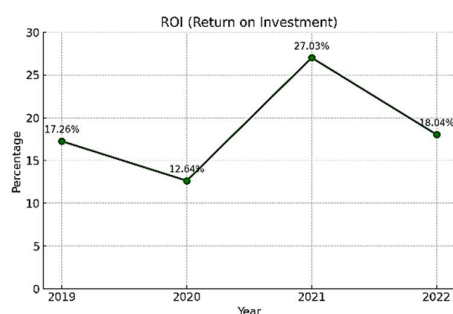


Figure 2. Chart of Profitability Ratio

From the graph above, the ROE of PT. PLN can be seen shows a slow increase from 0.47% in 2019 to 1.45% in 2022. Even though there is an increase, this value still needs to be higher, which indicates that the company has limited efficiency in utilizing equity to generate profits. A low ROE reflects that shareholders receive little

return on their investment. For comparison, PT. Pertamina has an average ROE above 5% during the same period (PT. Pertamina, 2022). This shows that PT. PLN needs to evaluate its investment strategy to increase its efficiency in using equity; meanwhile, for ROI, ROI PT. PLN shows significant fluctuations. ROI fell from 17.26% in 2019 to 12.64% in 2020, then jumped sharply to 27.03% in 2021 before decreasing again to 18.04% in 2022. This fluctuation shows variability in the efficiency of using company assets to generate profits. The sale of non-productive assets or operational improvements will result in a significant increase in 2021. However, the decline in 2022 emphasizes the importance of stability in operational efficiency. Increase in PT PLN ROE and ROI shows that there are efforts to improve the company's financial management. However, the value

is still relatively low compared to similar companies, indicating that there is still room for improvement. PT. PLN needs to focus on strategies to increase operational efficiency and optimize asset use. Increasing efficiency in equity and asset management will help increase overall company profitability.

Liquidity Ratio

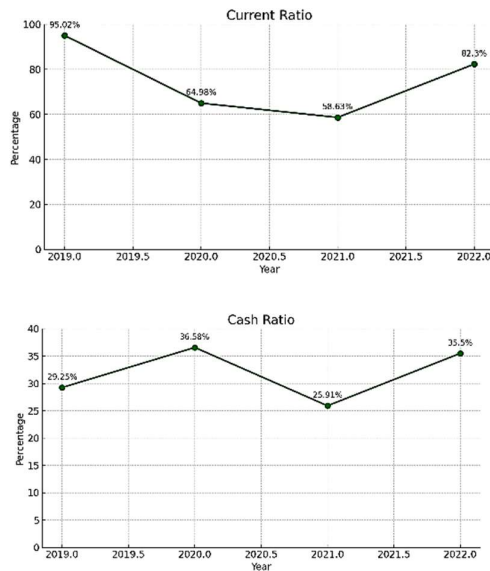


Figure 3. Chart of Liquidity Ratio

Current Ratio PT. PLN (Persero) shows a decreasing trend from 95.02% in 2019 to 58.63% in 2021 before increasing again to 82.30% in 2022. Although there will be an increase in 2022, this ratio will still be below the recommended industry standard of 100% (Lessambo, 2018). The significant decline in 2020 and 2021 indicates that the company will need help in meeting its short-term obligations during the period. The increase in 2022 shows the company's efforts to improve its liquidity, but further improvement is still needed to achieve the ideal ratio.

Cash Ratio PT. PLN (Persero) in 2019 was 29.25%, increased to 36.58% in 2020, but decreased again to 25.91% in 2021 and increased again to 35.50% in 2022. The industry standard for a healthy Cash Ratio is a minimum of 20% (Brigham & Houston,

2019). With a ratio ranging from 25.91% to 36.58%, PT. PLN (Persero) has demonstrated a fairly good ability to cover its short-term liabilities with available cash. However, significant fluctuations indicate the need for more stable cash management to ensure consistent liquidity.

Activity Ratio

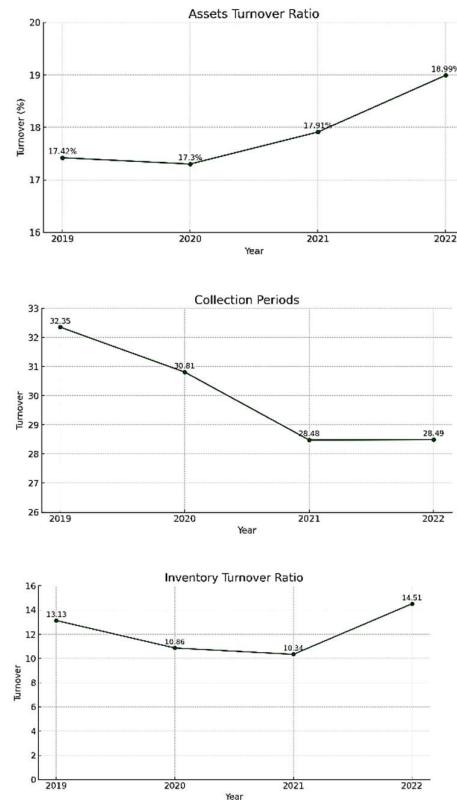


Figure 4. Chart of Activity Ratio

During the 2019-2022 period, PT PLN (Persero)'s Collection Period was relatively stable, ranging from 28 to 32 days. This stable collection period shows that PT PLN (Persero) has fairly good receivables management. According to Investopedia, the ideal collection period for the industry is around 30 days, which shows that PT PLN (Persero) is in a healthy and efficient range (Kasozzi, 2017). This stability is important to ensure the company's liquidity is maintained and its ability to meet its short-term obligations remains good.

The data shows significant fluctuations in the inventory turnover ratio from 13.13 days in 2019, decreasing to 10.34 days in 2021, and increasing to 14.51 days in 2022. This fluctuating ratio shows variability in inventory management. A higher inventory turnover ratio generally indicates better efficiency in managing inventory, but too high can also indicate a risk of stockouts that could disrupt operations. The ideal inventory turnover ratio in the industry ranges from 5 to 10 times per year, which means PT. PLN (Persero) is still within the acceptable range even though there are fluctuations (Brigham & Houston, 2021).

PT. PLN (Persero) asset turnover ratio shows stability with a slight increase from year to year, from 17.42% in 2019 to 18.99% in 2022. A higher asset turnover ratio indicates that the company is more efficient in using its assets to generate income. A healthy asset turnover ratio ranges from 20% to 50%, depending on the company's sector and business model (Ross, Westerfield, & Jordan, 2019). Although PT PLN (Persero) is still below industry standards, the gradual increase in this ratio indicates improvements in asset use efficiency.

Overall, PT PLN (Persero)'s activity ratio performance shows several important points to pay attention to.

- a. Effective receivables management is reflected in the stable collection period, showing that PT. PLN (Persero) has managed its accounts receivable well. This efficient management contributes positively to the company's liquidity.
- b. Fluctuations in inventory turnover indicate the need to improve consistency in inventory management. This has to do with instability in the rotation of goods, which can affect

storage costs as well as inventory management.

- c. A small increase in the asset turnover ratio reflects an improvement in the efficiency of asset utilization by the company. Nonetheless, there is still an opportunity to improve this performance so that companies can achieve higher industry standards in terms of the use of assets to generate revenue.

Solvency Ratio



Figure 5. Chart of Solvency Ratio

Equity to Asset Ratio is a solvency ratio that measures the proportion of assets financed by shareholder equity compared to debt. This ratio is important because it shows how large a share of assets owned by shareholders after all liabilities have been paid. Based on PT PLN (Persero) data from 2019 to 2022, the equity-to-assets ratio shows a stable trend with a gradual increase: 0.25 in 2019, 0.28 in 2020, 0.27 in 2021, and 0.30 in 2022.

This increase reflects that PT PLN (Persero) is gradually reducing its dependence on debt and increasing the use of equity to fund its assets. A higher ratio indicates that the company has more assets funded by equity, which means the company's financial risk is lower.

According to Brigham and Houston (2021), a healthy ratio for industry usually ranges from 0.25 to 0.50. With a ratio that is in this range, PT PLN (Persero) is in good financial condition and has a strong level of solvency. This shows that the company has

a greater capacity to bear losses without a high risk of bankruptcy.

According to research by Kasozi (2017), good working capital management, including managing equity in assets, is very important for company profitability. PT PLN (Persero) shows an increasing trend in the equity-to-asset ratio, which means the company has reduced its dependence on debt and relied more on internal funding. This reduces the risk of default and increases investor confidence, as investors are more likely to invest in companies with a high equity-to-assets ratio.

Overall, the performance of PT PLN (Persero)'s solvency ratio shows several important points to pay attention to. An increase in the equity-to-assets ratio indicates an improvement in the company's financial management. With the right strategy, PT PLN (Persero) can continue to improve its capital structure and increase investor confidence and long-term financial stability.

5. CONCLUSION AND SUGGESTIONS

Based on the financial ratio analysis of PT. PLN (Persero) During the 2019-2022 period, it was found that the company's financial performance was in the "Less Healthy" category. Even though there have been some improvements in certain aspects, such as solvency, profitability ratios and liquidity, companies still face significant challenges to achieving optimal financial performance. Key ratios such as ROE and ROI show steady improvement but are still below recommended industry standards.

In addition, liquidity ratios show significant fluctuations, reflecting challenges in managing the company's short-term liabilities. PT. PLN needs to focus on strategies to improve operational efficiency and maximize the use of assets and equity capital. This improvement will help in increasing profitability ratios such as ROE

and ROI. Companies must adopt more effective debt management strategies to improve solvency ratios and reduce dependence on debt. Good debt management will also increase investor confidence and long-term financial stability. Although the cash ratio shows a fairly good ability to cover short-term liabilities, significant fluctuations indicate the need for more stable and planned cash management. PT. PLN must ensure that it has adequate cash reserves to anticipate sudden liquidity needs. Fluctuations in inventory turnover ratios indicate the need for more consistent and efficient inventory management. PT. PLN must ensure that they have an effective system for managing inventory to avoid inventory shortages or excesses that could disrupt operations. To increase ROE, PT. PLN needs to evaluate their investment strategy. Companies should focus on investments that provide significant added value and generate higher returns.

By implementing these steps, PT. PLN (Persero) can improve its financial performance and achieve a better health category in the future. Improvements in operational efficiency, debt management, liquidity, and investment will help companies achieve long-term financial stability and sustainable growth. This research has limitations in terms of the data used, namely that it only covers the financial reports of PT. PLN for four years. For future research, it is recommended to use data over a longer period and consider external factors that influence the company's financial performance, such as changes in government regulations and global energy market conditions. In addition, further research can focus on comparative analysis with similar companies in the same industry to get a more comprehensive picture of PT PLN (Persero) financial position..

6. UCAPAN TERIMA KASIH

Terimakasih kepada pembimbing saya, Ibu Sanda Patrisia Komalasari S.E., M.Si untuk segala dukungan dan bimbingan untuk penulisan tugas akhir saya beserta artikel ini.

7. DAFTAR PUSTAKA

- Adjikri, F. (2017). Strategi pengembangan energi terbarukan di Indonesia. *Jurnal Online Mahasiswa (JOM) Bidang Teknik Elektro*, 1(1).
- Alhusain, A. S. (2019). Tantangan, kendala dan upaya pembangunan infrastruktur listrik di Provinsi Riau dan Provinsi Sulawesi Selatan. *Kajian*, 24(4), 261-279.
- Batrancea, L. (2021). The Influence of Liquidity and Solvency on Performance within the Healthcare Industry: Evidence from Publicly Listed Companies. *Mathematics*, 9(18), 2231.
- Brigham, E. F., & Houston, J. F. (2019). *Fundamentals of Financial Management (14th ed.)*. Boston, MA: Cengage Learning.
- Coulon, Y. (2020). *Key Liquidity and Solvency Ratios*. In *Rational Investing with Ratios*. Palgrave Pivot, Cham.
- Gallo, A. (2015). A Refresher on Debt-to-Equity Ratio. *Harvard Business Review*.
- Hussain, N., Rigoni, U., & Cavezzali, E. (2018). Does it pay to be sustainable? Looking inside the black box of the relationship between sustainability performance and financial performance. *Corporate Social Responsibility and Environmental Management*, 25, 1198-1211.
- Kasozi, A. (2017). Cash conversion cycle and financial performance: evidence from manufacturing firms of Bangladesh. *Journal of Applied Accounting Research*, 18(2), 210-222.
- Kementerian Badan Usaha Milik Negara. (2002). *Keputusan Menteri BUMN Nomor KEP-100/MBU/2002 tentang Penilaian Tingkat Kesehatan Badan Usaha Milik Negara*. Jakarta: Kementerian BUMN.
- Khidmat, W., & Rehman, M. (2014). Impact of liquidity & solvency on profitability chemical sector of Pakistan. *Economic Management Innovation*, 6(3), 34-67.
- Lartey, V.C., Antwi, S., & Boadi, E.K. (2013). The relationship between liquidity and profitability of listed banks in Ghana. *International Journal of Business and Social Science*, 4(3).
- Lessambo, F. I. (2018). *Financial Ratios Analysis*. In *Financial Statements*. Palgrave Macmillan, Cham.
- Markoni. (2015). Analisis kepuasan pelanggan PT PLN (Persero) terhadap proses pemasangan listrik prabayar (Studi Kasus PT PLN WS2JB Rayon Sukarami). *Jurnal Manajemen & Bisnis Sriwijaya*, 13(4), 487-498.
- Mwizarubi, M., Singh, H., & Prusty, S. (2015). Liquidity-profitability trade-off in commercial banks: evidence from Tanzania. *Research Journal of Finance and Accounting*, 6(7), 93-100.
- Olarewaju, O.M., & Adeyemi, O.K. (2015). Causal relationship between liquidity and profitability of Nigerian deposit money banks. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 5(2), 165-171.

- Petriella, Y. (2020, Juni 17). *Distribusikan tenaga listrik, PLN hadapi segudang tantangan*. Bisnis.com.
- PT Pertamina. (2022). *Laporan Tahunan 2022*. Indonesia: PT Pertamina.
- Ross, S. A., Westerfield, R. W., & Jordan, B. D. (2019). *Fundamentals of Corporate Finance*. McGraw-Hill Education.
- Sudirman, M. A., Siska, V., Suhairi, S., & Surianti, S. (2022). Analisis Pengaruh Biaya Operasional Terhadap Kinerja Keuangan Pada PT. PLN (Persero). *SEIKO : Journal of Management & Business*, 5(1).