

**ANALISA PROFITABILITAS PT INDOSAT TBK SEBELUM DAN SESUDAH AKUISISI***ANALYZING PT INDOSAT TBK'S PROFITABILITY BEFORE AND AFTER ACQUISITION*

By:

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**Abstrak:** Profitabilitas adalah salah satu hal yang sangat penting dalam sebuah perusahaan. Banyak strategi diterapkan dengan maksud untuk mencapai tujuan utama perusahaan yang adalah mendapatkan keuntungan lebih banyak. Salah satu strategi yang diterapkan adalah perluasan.PT Indosat Tbk melakukan akuisisi sebagai bentuk perluasan perusahaan. Akan ada dua kemungkinan dari hasil yang didapat saat menerapkan sebuah strategi dalam perusahaan, apakah akan berhasil atau tidak. Penelitian ini yang berjudul “Analisa Profitabilitas PT Indosat Tbk Sebelum dan Sesudah Akuisisi” membuktikan bahwa PT Indosat Tbk membutuhkan strategi baru untuk mendapatkan untunglebih banyak. Penelitian ini menggunakan analisa perbandingan dan uji beda dua sampel berpasangan.Untuk menganalisa profitabilitas dari PT Indosat Tbk, penelitian ini menggunakan 4 indikator yang adalahReturn on Assets, Return on Equity, Net Profit Mrgin dan Gross Profit Margin. Data ini diambil dalam bentuk laporan tahunan tahun 2003 sampai tahun 2013di website resmi PT Indosat Tbk dan Bursa Efek Indonesia.Berdasarkan hasil dari penelitian ini, akuisisi yang dilakukan oleh Qtel terhadap PT Indosat Tbk membawa hasil yang negative. Profitabilitas PT Indosat Tbk menurun setelah akuisisi, meskipun pendapatan PT Indosat Tbk meningkat. Aset dan pendapatan tidak menunjukkan pertumbuhan yang seimbang dengan profitabilitas.

**Kata Kunci:** Profitabilitas, Akuisisi, Rasio Finansial, Retrn on Assets, Return on Equity, Net Profit Margin, Gross Profit Margin

**Abstract:** Profitability is a crucial factor in a company. Strategies are applied to achieve the main goal of a company which is to gain more profit and one of them is to expand. PT. Indosat Tbk is implementing acquisition as a form of expanding their company and in performing the strategy, two possibilities might occur whether the company will success or a failure.This research used comparative and paired sample t-test analysis. To analyze the profitability, this research used 4 indicators, which are Return on Asset, Return on Equity, Net Profit Margin, and Gross Profit Margin. The data were taken in the form of annual report from year 2003 to 2013 official website of PT. Indosat Tbk and Indonesia Stock Exchange.Current research regarding with the profitability before and after acquisition issues of PT. Indosat Tbk showed a negative result that declared a new different strategy to gain more profit should be implemented. Based on this research, the negative result of the acquisition of PT. Indosat Tbk by Qtel caused by the increasing of assets and revenues are not in line with the profitability.

**Keywords:** Profitability, Acquisition, Financial Ratio, Return on Assets, Return on Equity, Net Profit Margin, Gross Profit Margin

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## INTRODUCTION

### Research Background

One of the main goals of every company is to be successful which means to be the profitable company. Profitability becomes one of the important things that had to be improved in order to make the company become profitable. Profit is the determining of a success in a company by measuring current and past profitability also projecting future profitability. Many strategies are implemented to keep the company survive while striving inside the competition, one of them is expansion. Expansion is a process of business development in order to improve company's performance and strategy to generate more profit in a company. Acquisition is the process of amalgamation of two companies, where the acquirer company buys all the assets, while the acquired company still exists. Many cellular telecommunication companies are competing to be the best provider in Indonesia. Telecommunication companies and mobile phone manufacturers now face a stiff competition in attracting and retaining users the majority of which are young being aged between 10-39 years and therefore very price sensitive as well as quick to switch brand or provider". There are various provider evolved in Indonesia, which means there also a lot of competition happening between these providers.

### Research Objective

1. To analyze the profitability of PT. Indosat Tbk based on ROA, ROE, NPM and GPM before and after acquisition.
2. To analyze the profitability based on return on assets of PT. Indosat Tbk before and after acquisition.
3. To analyze the profitability based on return on equity of PT. Indosat Tbk before and after acquisition.
4. To analyze the profitability based on net profit margin of PT. Indosat Tbk before and after acquisition.
5. To analyze the profitability based on gross profit margin of PT. Indosat Tbk before and after acquisition.

## THEORETICAL FRAMEWORK

### Management

Kotter (2001) defined the management as a job which takes care of planning, organizing, budgeting, coordinating and monitoring activities for group or organization.

### Financial Management

Financial Management is concerned with planning, organizing, directing, controlling the financial activities such as procurement and utilization of funds of the enterprise (Sorongan, 2013).

### Financial Ratio

Purnamasari (2015) defines ratio analysis as one of the very common analytical technique performed or used in the analysis of financial statements, in which the results will give a relative measurement of the operating companies.

### Profitability Ratio

Profitability ratios has 3 aspects, there are *operating profit margin and net profit margin, return on total assets and return on equity, basic earnings power ratio. Operating profit margin and net profit margin*, a measure of overall operating efficiency, incorporates all of the expenses associated with ordinary business activities (Tugas, 2012).

### Return on Assets

Agus Sartono (2012) stated that return on assets is a profitability ratio that shows the company's ability to generate profit from assets that being used.

$$\text{Return on Total Assets (ROA)} = \frac{\text{Net profit}}{\text{Total assets}}$$

**Return on Equity**

Return on equity is a commonly used analysis by investors and corporate leaders, to measure how much profit can be the right owner's own capital (Purnamasari, 2015).

$$\text{Return on Common Equity (ROE)} = \frac{\text{Net profit after taxes}}{\text{Common Equity}}$$

**Net Profit Margin**

The net profit margin measures profitability after consideration of all revenue and expense, including interest, taxes, and non-operating items (Fraser & Ormiston, 2004).

$$\text{Net Profit Margin} = \frac{\text{Net profit after tax}}{\text{Revenue}}$$

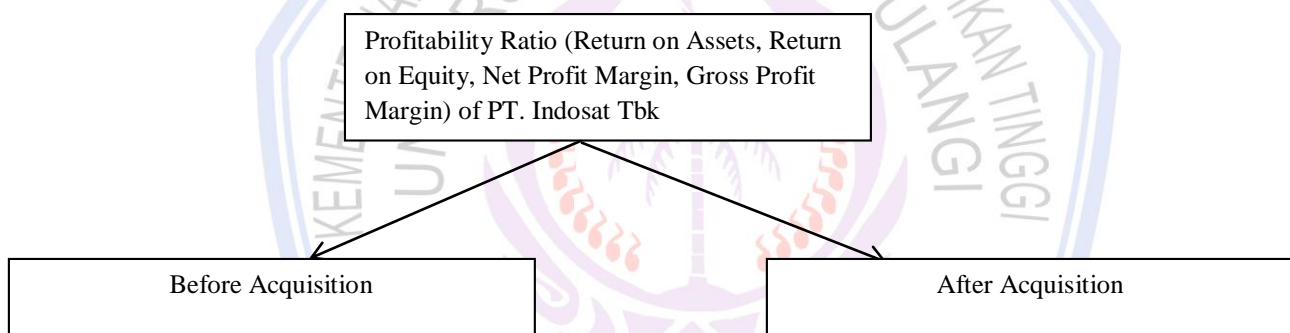
**Gross Profit Margin**

Gross Profit Margin is the percentage of gross profit compared to the sales (Syamsuddin, 2009). Gross

$$\text{Profit Margin} = \frac{\text{revenue} - \text{cost of goods sold}}{\text{revenue}}$$

**Acquisition**

The term acquisition is used to refer to any takeover by one company of the share capital of another in exchange of cash, ordinary shares, or loan stock (Halpern, 1983). The acquiring firm retains its name and identity, and it acquires all of the assets and liabilities of the acquired firm leading to none existence of the acquired firm ( Mailanyi, 2013).

**Conceptual Framework**

**Figure 1. Conceptual Framework**

Source: *Data Processed 2017*

**RESEARCH METHOD****Type of Research**

This research is a comparative research with paired sample t-test, which will reveal the difference in PT. Indosat Tbk's profitability before and after acquisition.

**Population and Sample**

The population that is also be the sample of this research are 10 periods of financial reports which is from 2003 – 2013, exclude 2008 as the acquisition year. The 10 periods of financial reports are 5 years before acquisition, and 5 years after acquisition. This research will implement purposive sampling method. This is a non-probability sampling method, which occurs when the elements of sampling are chosen by the judgment of the researcher.

### Type of Data and Data Collection

Data were collected by secondary source through compilation from published financial report of PT. Indosat Tbk from 2003 to 2013. The financial reports were downloaded from the official website of PT. Indosat Tbk and Bursa Efek Indonesia (BEI).

### Operational Definition and Measurement of Research Variables

1. Profitability before acquisition ( $X_1$ ) = A ratio (ROA, ROE, NPM, GPM) to measure PT. Indosat Tbk's performance and provide an indication of its ability to generate profits from 2003-2007.
2. Profitability after acquisition ( $X_2$ ) = A ratio (ROA, ROE, NPM, GPM) to measure PT. Indosat Tbk's performance and provide an indication of its ability to generate profits from 2009-2013.

### Method of Analysis

#### Comparative Analysis

Comparative analysis is a broad term that includes both quantitative and qualitative comparison of social entities. The main goal of comparative research or analysis is to search for similarity and variance (Mils and Bunt, 2006:621).

#### Paired Sample T-Test

This research will use paired sample t-test method. The tabulation of data is using Statistical Package for Social Science (SPSS) 22 version in Windows.

## RESULT AND DISCUSSION

### Result

#### Comparative Analysis

Comparative analysis is a type of research that compared the difference and the similarity of each variable. The comparative method can be employed to analyze various types of units: territorial units more generally, but also organizations (Caramani, 2008).

#### Return on Assets

**Table.1 Return on Assets of PT. Indosat Tbk Before and After Acquisition**

Before Acquisition				
Year	Net Income	Total Assets	ROA	%
2003	6082	26059.2	0.23339166	23.34%
2004	1633.2	27872.5	0.05859539	5.86%
2005	1623.5	32787.1	0.04951643	4.95%
2006	1410.1	34228.7	0.04119642	4.12%
2007	2042	45305.1	0.04507219	4.51%
		Mean		8.56%
After Acquisition				
Year	Net Income	Total Assets	ROA	%
2009	1498.2	55041.5	0.02721946	2.72%
2010	647.2	52818.2	0.01225335	1.23%
2011	968.65	53233.01	0.01819642	1.82%
2012	375.11	55225.06	0.00679239	0.68%
2013	2782	54520.89	0.05102631	5.10%
		Mean		2.31%

Source : PT. Indosat Tbk's Annual Report 2003-2013



**Return on Equity****Table.2 Return on Equity of PT. Indosat Tbk Before and After Acquisition**

<b>Before Acquisition</b>				
Year	Net Income	Common Equity	ROE	%
2003	6082	12039.9	0.505154	50.52%
2004	1633.2	13184.6	0.123872	12.39%
2005	1623.5	14315.3	0.11341	11.34%
2006	1410.1	15201.7	0.092759	9.28%
2007	2042	16544.7	0.123423	12.34%
		Mean		19.17%
<b>After Acquisition</b>				
Year	Net Income	Common Equity	ROE	%
2009	1498.2	17957.7	0.083429	8.34%
2010	647.2	17850.7	0.036256	3.63%
2011	968.65	18515.31	0.052316	5.23%
2012	375.11	18861.37	0.019888	1.99%
2013	2782	15914.16	0.174813	17.48%
		Mean		7.33%

Source : PT. Indosat Tbk's Annual Report 2003-2013

**Net Profit Margin****Table.3 Net Profit Margin of PT. Indosat Tbk Before and After Acquisition**

<b>Before Acquisition</b>				
Year	Net Income	Revenue	NPM	%
2003	6082	8229.6	0.73904	73.90%
2004	1633.2	10430.1	0.156585	15.66%
2005	1623.5	11589.8	0.14008	14.01%
2006	1410.1	12239.4	0.11521	11.52%
2007	2042	16873.8	0.121016	12.10%
		Mean		25.44%
<b>After Acquisition</b>				
Year	Net Income	Revenue	NPM	%
2009	1498.2	18824.2	0.079589	7.96%
2010	647.2	19796.5	0.032693	3.27%
2011	968.65	20529.29	0.047184	4.72%
2012	375.11	22418.81	0.016732	1.67%
2013	2782	23855.27	0.11662	11.66%
		Mean		5.86%

Source : PT. Indosat Tbk's Annual Report 2003-2013

**Gross Profit Margin****Table.4 Gross Profit Margin of PT. Indosat Tbk Before and After Acquisition**

<b>Before Acquisition</b>						
Year	Revenue - Operating Expense			Revenue	GPM	%
	Revenue	Operating Expense	=			
2003	8229.6	5881.7	2347.9	8229.6	0.285299	28.53%
2004	10430.1	7232	3198.1	10430.1	0.306622	30.66%
2005	11589.8	7937.9	3651.9	11589.8	0.315096	31.51%
2006	12239.4	8840.7	3398.7	12239.4	0.277685	27.77%
2007	16873.8	12354.2	4519.6	16873.8	0.267847	26.78%

		Mean		29.05%		
<b>After Acquisition</b>						
Year	Revenue – Operating Expense					
	Revenue	Operating Expense	=	Revenue	GPM	%
2009	18824.2	15611.2	3213	18824.2	0.170685	17.07%
2010	19796.5	16322.6	3473.9	19796.5	0.175481	17.55%
2011	20529.29	17364.98	3164.31	20529.29	0.154136	15.41%
2012	22418.81	19228.91	3189.9	22418.81	0.142287	14.23%
2013	23855.27	22346.06	1509.21	23855.27	0.063265	6.33%
		Mean		14.12%		

Source : PT. Indosat Tbk's Annual Report 2003-2013

### Paired Sample T-test Analysis

#### Return on Assets

**Table .5 Paired Sample Test**

		Paired Differences						t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference					
					Lower	Upper				
Pair 1	ROABefore Acquisition – ROAAfter Acquisition	6.24600	8.26948	3.69822	-4.02192	16.51392	1.689	4	.167	

Source : Data Processed with SPSS 22 Version 2017

The result of significant (2-tailed) is above 0.05 and it is showed there is no significant difference in return on assets before acquisition and after acquisition.

#### Return on Equity

**Table 6.Paired Samples Test**

		Paired Differences						T	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference					
					Lower	Upper				
Pair 1	ROEBefore Acquisition - ROEAfter Acquisition	11.84000	17.83156	7.97452	-10.30080	33.98080	1.485	4	.212	

Source : Data Processed with SPSS 22 Version 2017

The result of significant (2-tailed) is above 0.05 and it is showed there is no significant difference in return on equity before acquisition and after acquisition.

**Net Profit Margin****Table.7 Paired Samples Test**  
Paired Differences

	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
				Lower	Upper			
Pair 1 NPMBefore Acquisition - NPMAfterAcquisition	19.58200	26.30514	11.76402	-13.08015	52.24415	1.665	4	.171

Source : Data Processed with SPSS 22 Version 2017

The result of significant (2-tailed) is above 0.05 and it is showed there is no significant difference in net profit margin before acquisition and after acquisition.

**Gross Profit Margin****Table 8.Paired Samples Test**

	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
				Lower	Upper			
Pair 1 GPMBefore Acquisition - GPMAfterAcquisition	14.93200	3.50445	1.56724	10.58065	19.28335	9.528	4	.001

Source : Data Processed with SPSS 22 Version 2017

The result of significant (2-tailed) is under 0.05 and it is showed the difference in gross profit margin before acquisition and after acquisition.

**Discussion****Return on Assets**

Based on the result of two methods of return on assets analysis, PT. Indosat Tbk's profitability is decreasing and there is no significant difference in its profitability before and after acquisition. PT. Indosat Tbk have an increasing total assets but the net income is decreasing. PT. Indosat Tbk cannot maximizing its total assets to generate profit.

**Return on Equity**

Based on the result of two research method, PT. Indosat Tbk's return on equity percentage is decreasing and there is no difference in its profitability before acquisition and after acquisition. Because the net income is getting down, it means that PT. Indosat Tbk cannot use its equity to generate a big income or a big profit. As a company that recently did an expansion, it is natural for PT. Indosat to have a big amount of equity and a small income, because it charges a big cost to do an expansion.

**Net Profit Margin**

Based on the analysis of two methods, PT. Indosat Tbk cannot generate much profit from the equity it had, because the percentage of net profit margin is decreasing before acquisition and there is no difference in its profitability after acquisition is also decreasing. As a provider, PT. Indosat Tbk have to implement so many

strategies to make its sales going up, but those strategies cost a big fee, and this hampers the company to generate net profit from its sales. This indicates that PT. Indosat Tbk is having a big operational expense so it cannot maximize the net profit.

### **Gross Profit Margin**

Based on the result of two research methods, the gross profit margin indicates that PT. Indosat cannot generate a gross profit from its sales. It can happen because the operational expenses are big, so PT. Indosat cannot maximize its revenue from sales to turn it into gross profit.

## **CONCLUSION AND RECOMMENDATION**

### **Conclusion**

1. The profitability (ROA, ROE, NPM, GPM) of PT. Indosat Tbk before acquisition is better than after acquisition. Even the profitability is unstable from year to year, but it shows a better percentage than after acquisition. The profitability (ROA, ROE, NPM, GPM) of PT. Indosat Tbk is decreasing after acquisition. This happens because even the revenue is increasing, the expense is also increasing.
2. There is no significant difference in profitability based on return on assets of PT. Indosat Tbk before and after acquisition.
3. There is no significant difference in profitability based on return on equity of PT. Indosat Tbk before and after acquisition.
4. There is no significant difference in profitability based on net profit margin of PT. Indosat Tbk before and after acquisition.
5. There is no significant difference in profitability based on gross profit margin of PT. Indosat Tbk before and after acquisition.

### **Recommendation**

PT. Indosat Tbk already proved their action to be acquired by Qtel to make a difference in the company. But not all strategies that implemented in a company may bring benefit, some also did not bring goodness for a company. Acquisition that implemented in PT. Indosat Tbk did not make the company generate more profit than before acquisition, it makes the main purpose of acquisition which is to generate more profit cannot be done properly. Some recommendations may be taken into consideration to help PT. Indosat Tbk generate more profit. PT. Indosat Tbk may try to reduce the company expense. A big company expense can be reduced by minimizing the electricity usage, paper usage, and media of promotion. If the company still cannot generate more profit, the company may start to consider a new strategy.

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