ABSTRACT

THE FINANCIAL PERFORMANCE ANALYSIS OF PT TELEKOMUNIKASI INDONESIA WITH ECONOMIC VALUE ADDED METHOD (EVA) FOR THE PERIOD 2003 – 2009

By

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The financial performance measurement is one of important factor in assessing a company because the result will depict the health condition of company's financial, which later will be applied by company management, investor and also investor candidate for decision making.

For investor and investor candidate, a company thought well of if rate of return yielded by the company exceeds risk of the capitals which has been invested or in other word the company has added value.

The traditional measurement of the financial performance like Return on Investment (ROI), Return on Equity (ROE), Return on Asset (ROA), Price to Earning Ratio (PER) and other, only measures rate of return received to legal capital released without considering investment risk (capital charges) so that difficult to know has a company successfully creates value or no.

In the year 1989, Stern Stewart & Co. developed new method to measure company financial performance recognized as Economic Value Added (EVA). The concept from EVA’s method
simple, that is a company is told able to increase the prosperity of its shareholders if company’s rate of return bigger than its capital charges.

The research done to PT Telekomunikasi Indonesia aims to analyse company performance during time line 2003 - 2009 by using EVA method. Thereby, from result of the calculation is knowable how TELKOM’s performance during the range of time, has the company given added value to all investor or on the contrary reduce the investors wealth.

Based on calculation result of the TELKOM’s financial performance with EVA method for time line 2003-2009 known, during the range of time TELKOM always yields positive EVA value with trend increasing from year to year. This thing indicates that TELKOM’s management successfully creates value added to its shareholder. The decline of the EVA value in the year 2004, 2005, and 2008 doesn't indicate that the company has bad performance because the EVA value still staying in positive area, farther the decline has caused by the external factor that outside management control.