

## CHAPTER V

### CONCLUSIONS AND RECOMMENDATIONS

#### 5.1. CONCLUSIONS

Based on the company's financial data analysis from PT Indonesian Satellite Corporation Tbk (INDOSAT) in the period 1996-1999, it can be concluded that:

1. Generally, the company's financial condition is in a good condition. It can be seen from the company's financial ratio. The liquidity ratio from PT Indonesian Satellite Corporation Tbk (INDOSAT) was in a stable condition. The company's current ratio and quick ratio was in a healthy condition. It can be seen from each ratio in every year that was higher than the minimum standard. The highest current ratio was 484.71% that was achieved in the year 1996, while the highest quick ratio was 363.60% that was achieved in the year 1999. Only the company's cash ratio was in an unstable or unhealthy condition. It can be seen from the company's cash ratio ranging from 17.75% to 239.35%. It can be said that generally the company is able to meet the short-term obligations.
2. The debt ratio or solvability ratio from PT Indonesian Satellite Corporation Tbk (INDOSAT) in the period of 1996-1999 was also in the stable condition. The highest company's debt ratio was 9.92%, while the lowest company's debt ratio was 27.58%. On the other word, it can be said that PT Indonesian Satellite Corporation Tbk (INDOSAT) was in a healthy condition because all company's debt ratio was below 100%. It means that the company still has higher assets and equity rather than debt.

3. The company's profitability rate from 1996 to 1999 tends to be in a stable condition. It can be seen from the profitability range that was from 42.65% to 72.75%. On the other word, it can be said that the ability from PT Indonesian Satellite Corporation Tbk (INDOSAT) to produce profit from 1996 to 1999 was stable.
4. The activity ratio rate from PT Indonesian Satellite Corporation Tbk (INDOSAT) was in a stable condition. This stable condition is caused by the company's activity ratio range that was relatively stable from 0.41 times to 2.05 times. It can be said that the company's asset turnover from 1996-1999 is relatively efficient.
5. Based on liquidity analysis, debt or solvability analysis, profitability analysis, and activity analysis; it can be concluded that PT Indonesian Satellite Corporation Tbk (INDOSAT) has high ability to manage and use their financial condition.
6. Based on Du Pont analysis, the increase or decrease of return on equity (ROE) from PT Indonesian Satellite Corporation Tbk (INDOSAT) is influenced by the increase or decrease of return on investment (ROI) and equity multiplier. It can be seen from the year 1999, there is a decrease of return on equity (ROE) caused by the decrease of equity multiplier. On the other hand, the dominant factors that influence return on investment (ROI) from PT INDOSAT Tbk are net profit margin and total asset turnover. The increase or decrease of return on investment is led by the increase or decrease of net profit margin and total asset turnover. The increase or decrease of net profit margin is led by the increase or decrease of net income and sales. While, the increase or decrease of total asset turnover is caused by the increase or decrease of sales and total asset.

## 5.2. RECOMMENDATIONS

Based on the analysis from PT Indonesian Satellite Corporation Tbk (INDOSAT), the writer tries to give some recommendations that might be useful for the company's management to make an appropriate decision in the next period. The recommendations are depicted as follows:

1. The liquidity rate that has been achieved by PT Indonesian Satellite Corporation Tbk (INDOSAT) has to be maintained. The company's liquidity rate is not only to be maintained, but it should be increased for the next period. If the company's liquidity rate increases, it will lead the company's ability to meet the short-term obligations.
2. The company's debt ratio has to be maintained or decreased. If the debt ratio decreased, it means the company's ability to operate their company with their own assets or funds are increased. On the other word, it can be said that the company has to increase their assets used for their operational activity. If the company has high assets, the company only needs low debt.
3. The profitability rate from PT Indonesian Satellite Corporation Tbk (INDOSAT) also has to be maintained and increased for the next period. If the profitability rate increases, it means the company's ability to produce profit also increases.
4. The company also has to maintain the company's return on investment (ROI) through stabilizing the rate of net profit margin and total assets turnover. The rate of total asset turnover has to be increased, because the rate of company's total asset turnover is relatively small. On the other hand, the company also should increase net profit margin. Finally, the company also should increase the amount of return on investment (ROI) to get the higher return on equity (ROE).