

Impact of the Merger on the Financial Performance of PT Indosat Tbk

Dewa Ayu Dewi Utami^{1*}, Ica Rika Candraningrat²
Universitas Udayana, Denpasar

Corresponding Author: Dewa Ayu Dewi Utami dewi.utami20@student.unud.ac.id

ARTICLE INFO

Keywords: Merger, Financial Performance, Financial Ratios

Received : 15, July

Revised : 10, August

Accepted: 18, August

©2025 Utami, Candraningrat : This is an open-access article distributed under the terms of the [Creative Commons Attribution 4.0 International](https://creativecommons.org/licenses/by/4.0/).



ABSTRACT

The purpose of this research is to assess the financial performance differences of PT Indosat Tbk between the pre-merger and post-merger periods, measured by the ratios of Current Ratio (CR), Debt to Asset Ratio (DAR), Net Profit Margin (NPM), Total Asset Turnover (TATO), and Earnings Per Share (EPS). This study analyzes quarterly data collected over a six-year timeframe, encompassing both the pre-merger and post-merger periods, each lasting three years. The hypothesis testing in this study employs the Paired Sample T-Test. The results show a significant difference in the Debt to Asset Ratio (DAR), while no significant differences are found in the Current Ratio (CR), Net Profit Margin (NPM), Total Asset Turnover (TATO), and Earnings Per Share (EPS) before and after the merger.

INTRODUCTION

Increasingly fierce business competition encourages companies to develop effective strategies to maintain their existence and achieve business goals. One of the commonly applied corporate strategies is mergers, which is the merger of two companies where one of them remains standing and continues operations. Mergers aim to improve efficiency, expand markets, reduce competition, and maintain business sustainability. In addition, mergers can also be used to access new technologies and diversify the business. In Indonesia, merger strategies are prevalent in the telecommunications sector in response to the increasing demand for digital services as well as government policies that want to reduce the number of operators in order to create a healthier industry. One example of a successful merger occurred in PT Indosat Tbk and PT Hutchison 3 Indonesia joined forces in 2022, giving rise to a newly established company, Indosat Ooredoo Hutchison (IOH) and drove significant revenue growth compared to other operators.

	Q1 2021 Revenue	Q1 2022 Revenue	Change (%)
TLKM	33,945	35,208	3.72%
ISAT	6,045	9,378	55.14%
EXCL	6,247	6,742	7.92%
FREN	2,406	2,679	11.35%

Source: CNBC Indonesia, 2022

Figure. 1 Data on Revenue Growth of Telecommunication Companies in Indonesia

The strategic merger undertaken by Indosat Ooredoo and Hutchison 3 Indonesia (H3I) aims to create greater operational synergies in the telecommunications sector. This merger is expected to improve digital services, expand market reach, and create added value for shareholders and consumers. In theory, merger activities are related to synergy theory and signal theory. The synergy theory states that the value of the combined company should exceed the value of the company individually, while the signal theory suggests that a merger can provide investors with positive information regarding the prospects for the company's future performance.

To measure the impact of post-merger synergies, a company's financial performance can be analyzed through five types of financial ratios: liquidity ratio (CR), solvency ratio (DAR), profitability ratio (NPM), activity ratio (TATO), and market ratio (EPS). Previous studies have shown mixed results regarding the effect of mergers on these ratios, whether significant or not. Therefore, it is important to conduct further research to analyze whether there is a significant difference in the five ratios before and after the merger, especially in the case of PT Indosat Tbk.

THEORETICAL REVIEW

Synergy Theory

Synergy Theory explains that mergers are carried out to create added value, where the combined value of two companies exceeds the sum of their individual values before the merger. Gunther (1995) stated that mergers create synergy between the acquirer and the target. This synergy can be achieved particularly when the merged companies operate in similar fields, allowing for economies of scale, cost reductions, and increased revenues.

Synergy can be classified into two types:

1. **Operational synergy**, which occurs when the merger results in cost efficiency and increased operational income.
2. **Financial synergy**, which arises when the merged company has a stronger capital structure, making it easier and cheaper to access external funding.

This theory emphasizes that mergers are only undertaken when mutually beneficial, with the projection that the company will experience significant growth in performance and valuation after merger.

Signaling theory

Signaling theory, first introduced by Spence (1973), suggests that company management acts as a signaler by providing relevant information—such as financial statements—to investors, who use it to make investment decisions. A merger can serve as a positive signal indicating better future prospects for the company. This study uses financial data before and after the merger as signals to analyze the firm's performance and to observe the merger's effect on its financial condition.

Merger

A merger refers to the unification of two or more companies into one organization, in which the surviving company remains in operation and assumes control over the liabilities and assets of the company being merged.

Mergers are driven by economic motives (such as increasing company value) or non-economic motives (such as personal ambitions of management). The classification of mergers includes five forms: vertical, horizontal, congeneric, conglomerate, and market extension mergers.

Benefits of mergers include faster cash flow, easier access to funding, an established customer base, proven operational systems, reduced business risk, and accelerated growth. However, mergers also have drawbacks, such as complex integration, high costs, increased bureaucracy, and no guarantee of improved company value.

Unlike mergers, acquisitions involve one company taking control of another, either by acquiring its shares (share acquisition) or its assets (asset acquisition).

Financial performance

Financial performance describes how well an organization utilizes its financial resources in a given period to achieve profitability. This performance is

evaluated through financial statement analysis to assess the efficiency, effectiveness, and financial health of the company. Financial performance is generally measured using five categories of financial ratios:

1. **Liquidity Ratio** - assesses the company's ability to meet short-term liabilities (e.g., Current Ratio/CR).
2. **Solvency Ratio** - assesses how much of the company's funding structure is supported by debt (e.g., Debt to Assets Ratio/DAR).
3. **Profitability Ratio** - measures the organization's capacity to earn profit (e.g., Net Profit Margin/NPM).
4. **Activity Ratio** - assesses the effectiveness of the company in utilizing its assets (e.g., Total Assets Turnover/TATO).
5. **Market Ratio** - represents the market's response to the financial condition demonstrated by the firm (e.g., Earning Per Share/EPS).

This study uses one measurement for each ratio type: CR, DAR, NPM, TATO, and EPS. CR, NPM, and TATO represent **operational synergy**, DAR reflects **financial synergy**, and EPS illustrates **market signaling** to investors, aligning with signaling theory.

Conceptual Framework

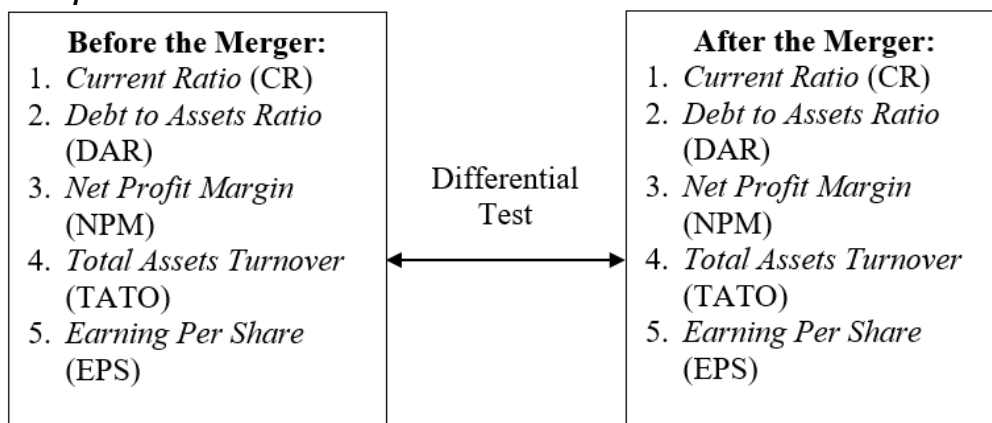


Figure. 2 Conceptual Framework of the Impact of the Merger on the Financial Performance of PT Indosat Tbk

Research Hypothesis

This study compares how **PT Indosat Tbk** performed financially in the periods before and after merger using financial ratios. A hypothesis is a temporary answer to the research problem stated in the form of a declarative sentence (Sugiyono, 2020:267). The purpose of this study is to analyze potential changes in financial performance of PT Indosat Tbk pre- and post-merger through selected variables.

1. Difference in Current Ratio (CR) Before and After Merger

Liquidity ratios reflect a firm's capacity to fulfill short-term liabilities through its available current assets. One such ratio is the Current Ratio (CR). A merger is expected to improve the company's liquidity, creating synergy reflected in better capability to settle short-term debts. A higher post-merger CR gives a positive signal to investors concerning the company's financial condition and reliability.

Several studies (e.g., Irawan, 2021; Esterlina & Firdausi, 2017; Tarigan et al., 2018) found significant differences in CR before and after mergers.

H1: There is a difference in Current Ratio (CR) before and after the merger.

2. Differences in Debt to Assets Ratio (DAR) Before and After Merger

Solvency ratios indicate the extent to which an enterprise can satisfy its long-term and short-term debts. The Debt to Assets Ratio (DAR) shows how much the extent to which debt is used to finance the company's assets. According to synergy theory, asset combination in mergers is expected to improve efficiency and reduce reliance on debt. A lower DAR indicates healthier financial structure and lower risk.

Research by Beverly et al. (2019) and others has found significant changes in DAR post-merger.

H2: There is a difference in Debt to Assets Ratio (DAR) before and after the merger.

3. Difference in Net Profit Margin (NPM) Before and After Merger

Profitability ratios assess how effectively a firm produces earnings through its sales activities. Net Profit Margin (NPM) indicates how well the company converts revenue into profit. The merger between Indosat and 3, both in the same industry, is expected to increase market share and profitability.

Higher NPM reflects stronger profit performance, providing a positive signal to investors about future growth.

Prior studies (e.g., Muchran et al., 2023; Kurniati & Asmirawati, 2022) found significant differences in NPM pre- and post-merger.

H3: There is a difference in Net Profit Margin (NPM) before and after the merger.

4. Difference in Total Assets Turnover (TATO) Before and After Merger

Activity ratios indicate the effectiveness of a firm in managing and using its assets. Total Assets Turnover (TATO) measures the effectiveness of asset use in generating sales. An increased TATO post-merger may signal that the company has achieved operational synergy.

Higher TATO is a positive indicator for investors, showing asset efficiency and potential profitability improvements.

Studies (e.g., Zahrah & Utiyati, 2018; Yunus & Lukum, 2021) found significant TATO changes due to mergers.

H4: There is a difference in Total Assets Turnover (TATO) before and after the merger.

5. Differences in Earnings Per Share (EPS) Before and After the Merger

Market valuation ratios assess how the market recognizes the company's performance. Earning Per Share (EPS) shows the net profit earned per share. A higher post-merger EPS indicates value creation for shareholders and is seen as a positive signal to the market. A significant rise in EPS suggests improved

efficiency and attractiveness to investors. Several studies (e.g., Adhikari, 2023; Aquino, 2019; Zahara et al., 2023) support this finding.

H5: There is a difference in Earning Per Share (EPS) before and after the merger.

METHODOLOGY

Research Design

This research uses a quantitative approach with a descriptive comparative research design. It compares the financial performance of PT Indosat Tbk before and after the merger. The comparison is measured using CR (Current Ratio), DAR (Debt to Assets Ratio), NPM (Net Profit Margin), TATO (Total Assets Turnover), and EPS (Earnings Per Share), represented in numerical data. The study also includes descriptive information related to the merger as the central phenomenon, relevant news or issues, theories applied, and research gaps gathered from published journal articles and online news sources.

Research Location

The research was carried out using data obtained from the official Indonesia Stock Exchange (IDX) website at www.idx.co.id and the official Indosat Ooredoo Hutchison site (<https://ioh.co.id/portal/id/iohindex>) to access the quarterly financial reports of PT Indosat Tbk as the main data source. All data collection and analysis were conducted entirely through online platforms, thereby obviating the need for a physical visit to the company's premises.

Research Object

The object of this research is the comparison of financial performance measured using CR, DAR, NPM, TATO, and EPS of PT Indosat Tbk (ISAT) before and after the merger.

Population, Sample, and Sample Determination Method

This research adopts a case study methodology, with a specific focus on the financial performance of PT Indosat Tbk both prior to and after the merger. The purpose of using this method is to provide an in-depth explanation regarding the financial performance of PT Indosat Tbk during the two distinct periods under consideration.

Data Types and Sources

The data utilized in this study is secondary data, which refers to data that is not directly collected by the researcher but obtained from formal institutions, organizations, or other parties associated to the company (Sugiyono, 2020:137). Specifically, the secondary data comprises the quarterly financial statements (Q1

to Q4) of PT Indosat Tbk for the years 2019, 2020, and 2021 (before the merger), and 2022, 2023, and 2024 (after the merger). These data are sourced from the official websites of the Indonesia Stock Exchange (www.idx.co.id) and Indosat Ooredoo Hutchison (<https://ioh.co.id/portal/id/iohindex>).

Data Collection Methods and Research Instruments

The data collection method used in this research is non-participant observation, which entails gathering literature pertinent to the development of the research proposal. This aims to establish the theoretical foundation and analysis techniques used to address the research problem. Data collection is also conducted by gathering quarterly financial statements (Q1 to Q4) of PT Indosat Tbk for the years 2020 and 2021 (pre-merger) and comparing them with the years 2022 and 2023 (post-merger) through the official websites of the Indonesia Stock Exchange (www.idx.co.id) and Indosat Ooredoo Hutchison (<https://ioh.co.id/portal/id/iohindex>).

RESULTS

General History of PT Indosat Tbk

PT Indosat Tbk is a leading telecommunications company in Indonesia, established in 1967 and beginning operations in 1969. Originally a foreign business entity, Indosat became a state-owned enterprise after all its shares were taken over by the government in 1980. The company listed its shares on the STOCK EXCHANGE, BES, and NYSE in 1994, making it the first state-owned enterprise to be listed on an international exchange.

Indosat entered the mobile telecommunications sector in 2001 by acquiring Satelindo and launching IM3. In 2002, the government dived shares to STT, which was later acquired by Ooredoo in 2008. The company rebranded as Ooredoo in 2015, and in 2022 it officially merged with Hutchison 3 Indonesia to become Indosat Ooredoo Hutchison (IOH).

Following the merger, IOH broadened its offerings by introducing 5G and Indosat HiFi, reaching more than 100 million customers. The company has a vision to become the most chosen digital service provider in Indonesia with a mission and values such as *Wholehearted*, *Shine*, and *Better Together*.

Organizational structure of PT Indosat Ooredoo Hutchison

The organizational structure of PT Indosat Ooredoo Hutchison serves to systematically define the distribution of duties, responsibilities, and hierarchical relationships among various positions within the company. This structure formally explains the role of each department in supporting the company's operations.

Statistics Descriptive

Descriptive statistics are an overview of financial ratio data between before and after the merger by looking at the minimum, maximum, *mean*, and standard

deviation values. Based on the results of the data analysis contained in tables 4.1 – 4.5, it can be described as follows:

1) *Current Ratio (CR)*

The results of the descriptive statistical analysis of the CR of PT Indosat Tbk before and after the merger were obtained as follows:

Table. 1 Results of Descriptive Statistics of CR Before and After Merger

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
CR Before the Merger	12	37,83	71,56	51,0050	10,51435
CR After the Merger	12	34,74	55,30	45,3508	5,81633

Source: Processed Researcher, 2025

Based on Table 1, the average Current Ratio (CR) of PT Indosat Tbk decreased by 5.65%, from 51.01% before the merger to 45.35% after the merger. The minimum value was recorded at 37.83% (Quarter II 2019) before the merger, and 34.74% (Quarter III 2022) after the merger. Meanwhile, the maximum value is 71.56% and 55.30%, respectively. The standard deviations of 10.51 and 5.82 indicate a considerable data spread. This decline indicates a decline in the company's ability to meet its short-term obligations after the merger.

2) *Debt to Assets Ratio (DAR)*

The results of descriptive statistical analysis of PT Indosat Tbk's DAR before and after the merger were obtained as follows:

Table. 2 Descriptive Statistics Results of DAR Before and After Merger

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
DAR Before Merger	12	73,06	83,75	78,2892	2,75396
DAR After Merger	12	67,96	73,34	70,8058	1,62638

Source: Processed Researcher, 2025

Based on the table, the average Debt to Assets Ratio (DAR) of PT Indosat Tbk decreased by 7.48%, from 78.29% before the merger to 70.81% after the merger. The minimum values were recorded at 73.06% (Quarter III 2021) and 67.96% (Quarter IV 2024), while the maximum values were 83.75% and 73.34%. The standard deviations of 2.75 and 1.63 indicate relatively small deviations. This decline reflects an improvement in capital structure with a reduced reliance on post-merger debt.

3) *Net Profit Margin (NPM)*

The results of the descriptive statistical analysis of PT Indosat Tbk's NPM before and after the merger were obtained as follows:

Table. 3 Descriptive Statistics Results of NPM Before and After Merger

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
NPM Sebelum Merger	12	-9,09	37,65	7,8750	15,75384
NPM Sesudah Merger	12	1,51	15,83	9,5267	3,29493

Source: Processed Researcher, 2025

The average Net Profit Margin (NPM) of PT Indosat Tbk increased by 1.65%, from 7.88% before the merger to 9.53% after the merger. Before the merger, the standard deviation was high (15.75) indicating large fluctuations, while after the merger it decreased (3.29), indicating better stability. The minimum and maximum NPM values before the merger were -9.09% and 37.65%, while after the merger were 1.51% and 15.83%. The increase in NPM reflects the company's increased efficiency and profitability post-merger.

4) *Total Assets Turnover (TATO)*

The results of descriptive statistical analysis of PT Indosat Tbk's TATO before and after the merger are as follows:

Table. 4 Descriptive Statistical Results of TATO Before and After Merger

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
TATO Before Merger	12	0,11	0,5	0,2775	0,13336
TATO After Merger	12	0,10	0,49	0,2842	0,13447

Source: Processed Researcher, 2025

The average Total Assets Turnover (TATO) of PT Indosat Tbk increased slightly by 0.0067, from 0.2775 before the merger to 0.2842 after the merger. The data deviation was relatively small with a standard deviation of around 0.13 in both periods. The minimum value was recorded at 0.11 before the merger and 0.10 after the merger, while the maximum value was 0.50 and 0.49, respectively. This increase indicates a slight improvement in the efficiency in the use of assets to generate post-merger sales.

5) *Earning per Share (EPS)*

The results of the descriptive statistical analysis of PT Indosat Tbk's EPS before and after the merger are obtained as follows:

Table. 5 Results of Descriptive EPS Statistics Before and After the Merger

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
EPS Sebelum Merger	12	-7,69	3,74	-2,1314	3,52357
EPS Sesudah Merger	12	0,00	2,06	0,1717	0,59467

Source: Processed Researcher, 2025

PT Indosat Tbk's average earnings per share (EPS) increased by 2.3031, from -2.1314 before the merger to 0.1717 after the merger. The standard deviation shows a decreasing deviation, from 3.52357 to 0.59467. The minimum EPS value was recorded at -7.69 before the merger and 0.00 after the merger, while the maximum value was 3.74 and 2.06, respectively. This increase reflects the company's improved performance in generating earnings per share after the merger.

Normality Test

The results of the normality test of the financial ratios before and after the merger are shown in table 6.

Table. 6 Results of Financial Ratio Normality Test Before and After Merger

Ratio	Asymp Sig. (2-tailed) before Merger	Information	Asymp Sig. (2-tailed) after Merger	Information	Analytical Techniques
CR	0,2	Normal	0,2	Normal	Paired Sample t-test
DAR	0,003	Abnormal	0,2	Normal	Wilcoxon Signed Rank Test
NPM	0,003	Abnormal	0,66	Normal	Wilcoxon Signed Rank Test
TATO	0,2	Normal	0,2	Normal	Paired Sample t-test
EPS	0,002	Abnormal	<,0,001	Abnormal	Wilcoxon Signed Rank Test

Source: Processed Researcher, 2025

The results of the normality test in Table 4.6 show six out of ten data with normal distribution (significance > 0.05), namely CR and TATO before and after the merger, and DAR and NPM after the merger. In contrast, the pre- and post-merger EPS data, as well as the DAR and NPM before the merger were abnormally distributed (significance < 0.05), indicating high fluctuations. Hypothesis tests were conducted using *the Paired Sample t-test* for normal data (CR and TATO), and *the Wilcoxon Signed Rank Test* for abnormal data (DAR, NPM, and EPS).

Uji Hypothesis

1) *Current Ratio (CR)*

CR reflects a company's ability to meet short-term liabilities. An increase indicates better financial health, while a decrease suggests the opposite. The analysis uses the *Paired Sample T-test* (Table 7).

Table. 7 Paired Sample T-Test CR Test Results Before and After Merger

Financial Performance	Paired Samples Statistic		Paired Samples Test			
	Before Merger	After Merger	<i>t</i>	df	Sig. (2-tailed)	
CR	51,005	45,3508	1,608	11	0,136	

Source: Processed Researcher, 2025

The average CR before the merger (51.005%) was higher than after the merger (45.3508%), indicating a decline in the company's ability to meet short-term obligations. However, the *Paired Samples Test* result shows a significance value of 0.136 (> 0.05), indicating no significant difference. Hypothesis H1 is rejected.

2) *Debt to Assets Ratio (DAR)*

DAR reflects the proportion of assets financed by debt. A decrease in DAR indicates reduced reliance on debt, lowering the company's risk of default. The analysis of DAR before and after the merger was conducted using the Wilcoxon Signed Rank Test (see Table 8).

Table. 8 Results of Wilcoxon Signed Rank-DAR Tests Before and After Merger

		N (Mean Rank)			Wilcoxon Signed Rank-Test	
		Negative Rank	Positive Rank	Ties	Z	Asymp Sig. (2-tailed)
DAR before	Merger					
DAR after	Merger	12(6,5)	0(0,00)	0	-3,059 ^b	0,002

Source: Processed Researcher, 2025

Table 8 shows that all 12 post-merger DAR values decreased compared to pre-merger (negative rank), with no increases (positive rank). The significance value is $0.002 < 0.05$, so H2 is accepted. This indicates a significant difference in DAR before and after the merger.

3) *Net Profit Margin (NPM)*

Net Profit Margin (NPM) reflects the company's ability to generate profit through sales. An increasing NPM indicates rising profit, while a decreasing NPM shows declining earnings from sales. The analysis uses the Wilcoxon Signed Rank Test, as presented in Table 9.

Table. 9 Results of Wilcoxon Signed Rank-NPM Tests Before and After Merger

	N (Mean Rank)			Wilcoxon Signed Rank-Test	
	Negative Rank	Positive Rank	Ties	Z	Asymp Sig. (2-tailed)
NPM before Merger	4(9)	8(5,25)	0	-0,235 ^b	0,814
NPM after Merger					

Source: Processed Researcher, 2025

Table 9 shows that out of 12 NPM data points, 4 decreased and 8 increased after the merger, indicating a general upward trend. However, the Wilcoxon Signed Rank Test produced a significance value of 0.814 (> 0.05), meaning H3 is rejected, and there is no significant difference in NPM before and after the merger.

4) Total Assets Turnover (TATO)

Total Assets Turnover (TATO) reflects a company's efficiency in utilizing total assets to generate sales. A higher TATO indicates better asset management. The analysis of TATO before and after the merger was conducted using a Paired Sample T-test, as presented in Table 10, to determine whether there is a significant difference due to the merger.

Table. 10 Paired Sample TATO Test Results Before and After Merger

Financial Performance	Paired Samples Statistic		Paired Samples Test		
	Before Merger	After Merger	t	df	Sig. (2-tailed)
TATO	0,2775	0,2842	-1,301	11	0,22

Source: Processed Researcher, 2025

Table 10 shows that the average TATO increased from 0.2775 before the merger to 0.2842 after. However, the Paired Sample T-test yielded a significance value of 0.22 (> 0.05), indicating no significant difference. Thus, hypothesis H4 is rejected, meaning there is no significant difference in TATO before and after the merger.

5) Earning Per Share (EPS)

Earning Per Share (EPS) reflects the company's profit per share and is a key indicator for investors. An increase in EPS signals positive performance, while a decrease may signal a negative outlook. The analysis of EPS before and after the merger is presented using the Wilcoxon Signed Rank-Test in Table 11.

Table 11 Wilcoxon Signed Rank – Test EPS Tests Results Before and After Merger

		N (Mean Rank)			Wilcoxon Signed Rank-Test	
		Negative Rank	Positive Rank	Ties	Z	Asymp Sig. (2-tailed)
EPS before Merger	EPS after Merger	5(5)	7(7,57)	0	-1,099 ^b	0,272

Source: Processed Researcher, 2025

Table 11 shows that out of 12 EPS data points, 5 periods experienced a decrease (negative rank) and 7 periods showed an increase (positive rank) after the merger. This indicates a general increase in EPS post-merger. However, the significance value of 0.272 (> 0.05) indicates that the difference is not statistically significant. Therefore, H₅ is rejected.

DISCUSSION

Table. 12 Summary of Research Results

Ratio	Before the Merger	After the Merger	Up/Down	Sig.	Significance	Conclusion
CR	51,005	45,3508	down	0,136	Insignificant	H ₁ rejected
DAR	78,2892	70,8058	down	0,002	Significant	H ₂ Accepted
NPM	7,8750	9,5267	up	0,814	Insignificant	H ₃ rejected
TATO	0,2775	0,2842	up	0,22	Insignificant	H ₄ rejected
EPS	-2,1314	0,1717	up	0,272	Insignificant	H ₅ rejected

Source: Processed Researcher, 2025

Table 12 shows that only the DAR ratio experienced a significant difference before and after the merger, indicating synergy was achieved in this aspect. Meanwhile, the CR, NPM, TATO, and EPS ratios showed changes but were not statistically significant. This suggests that the expected synergy from the merger has not been fully realized, possibly due to the limited observation period of only three years before and after the merger.

Current Ratio (CR) Before and After the Merger

The results of the Paired Sample T-Test indicate that there was no significant difference in CR before and after the merger, leading to the rejection of hypothesis H₁. CR measures a company's ability to pay its short-term obligations. The decline in CR post-merger shows that synergy has not been achieved in terms of liquidity.

According to the synergy theory, mergers are anticipated to increase efficiency, including liquidity. However, the results of PT Indosat Tbk show that the increase in current assets after the merger was also accompanied by an increase in current liabilities, so that the CR did not change significantly. In addition, the focus of the merger is more on strengthening infrastructure and services, not improving liquidity.

From the perspective of signal theory, the absence of an increase in CR makes the merger signal not strongly captured by the market. Nevertheless, the stability of CR also shows that the company is quite efficient in managing its current assets. These results are in line with previous research by Gustina (2017), Tarigan et al. (2018), Widiyanto et al. (2021), Priadi et al. (2024), and Dewi & Suryantini (2024).

Debt to Assets Ratio (DAR) Before and After the Merger

The results of the Wilcoxon Signed Rank Test indicate a statistically significant difference in the DAR before and after the merger, so that H2 is accepted. The average DAR decreased post-merger, which signifies a decrease in the company's dependence on debt.

The decline in DAR reflects a healthier financial structure and lower financial risk. It aligns with the **theory of synergy**, which posits that mergers enhance efficiency and strengthen assets. From a **signal theory** standpoint, this decline indicates that management is able to manage companies with lower risk, providing positive signals to the market.

The significant decrease in DAR is also attributable to the substantial increase in total assets post-merger, especially from the merger of technology and network with PT Hutchison 3 Indonesia. As a result, the proportion of debt to assets becomes smaller.

Net Profit Margin (NPM) Sebelum dan Sesudah Merger

The results of the Wilcoxon Signed Rank Test indicated that, although the average NPM increased following the merger, the difference was not statistically significant. H4 was therefore rejected, meaning that there was no significant difference in NPM before and after the merger.

Net Profit Margin (NPM) reflects a company's ability to generate net profit from sales. An increase in NPM indicates efficiency and profitability, while a decrease indicates weak operations. **In line with synergy theory** expects efficiency from mergers, but these results show that synergy is not optimal in the short term. From the perspective of **signal theory**, the increase in NPM, although not significant, can be an early signal of growth potential, but it is not strong enough to change market perception.

The insignificance of the increase in NPM can be attributed to post-merger integration burdens such as technology, HR, and strategy adjustments, which depress net profit. The complex merger process takes time, so the results are not yet fully visible in the analysis period.

Total Assets Turnover (TATO) Before and After the Merger

The results of the Paired Sample T-Test revealed that although the average TATO increased following the merger, the difference was not statistically significant. As a result, hypothesis H4 is rejected, indicating that there was no significant difference in TATO before and after the merger.

TATO measures a company's efficiency in using total assets to generate sales. While the numerical increase in TATO suggest a potential improvement in efficiency, but it is not significant as the total assets have also increased drastically due to the merger of assets from H3I, while these additional assets have not been fully utilized optimally during the observation period.

From the perspective of **synergy theory**, mergers are expected to enhance operational efficiency and asset productivity. But these results show that synergy has not been fully achieved. According to **signal theory**, a small increase in TATO can be an early indication of improved performance, but not yet strong enough to affect market perception.

Earning Per Share (EPS) Before and After Merger

The analysis indicates that, on average EPS increased following the merger, however, based on the Wilcoxon Signed Rank Test, the difference was not statistically significant. Consequently, **H5 was rejected**, signifying that **there was no significant difference in EPS before and after the merger** of PT Indosat Tbk.

EPS which reflects net income per share outstanding. An increase in EPS is usually considered a positive signal by investors, but this post-merger increase has not been statistically large enough. **According to synergy theory** states that mergers are expected to enhance efficiency and profitability, but the impact may not be directly reflected as the operational integration process is still ongoing. Similarly, **signal theory** also supports that the increase in EPS, although small, still indicates a positive direction, but has not strongly influenced market perception.

The lack of a substantial increase in EPS is likely due to the increasing number of shares in circulation as well as integration expenses such as network integration costs, human resources, and medium-term investments. Although profits have increased, the impact on EPS remains suboptimal.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of testing and discussion, the following conclusions were obtained:

1. The Current Ratio (CR) decreased after the merger, but it was not statistically significant. This shows that the merger does not have a significant impact on the company's liquidity, and that post-merger synergies have not been achieved in this aspect.
2. The Debt to Assets Ratio (DAR) decreased significantly after the merger. This shows that there is a positive influence of mergers, with an increase in capital structure and a decrease in dependence on debt.
3. Net Profit Margin (NPM) increased after the merger but was not significant, indicating that there has been no real impact of the merger on profitability, although there are early indications of improvement.

4. Total Assets Turnover (TATO) also experienced an insignificant increase, indicating that mergers have not provided optimal efficiency in asset utilization.
5. Earnings Per Share (EPS) increased post-merger but not significantly, indicating potential earnings per share growth in the future, but not strong enough to be a positive signal for investors at this time.

General conclusion: Only the DAR ratio showed significant changes, while CR, NPM, TATO, and EPS did not experience significant changes. This indicates that the synergies of the merger activity have not been fully achieved during the observation period.

Suggestions

1. For the Company:

The merger has not yet resulted in significant changes across most financial ratios. It is recommended that management enhance the effectiveness of the integration process to ensure that the expected synergies can be fully realized.

2. For Investors:

The merger has not demonstrated a comprehensive improvement in performance. Therefore, investors are advised to conduct thorough fundamental analysis prior to making any investment decisions.

3. For Future Research:

The future research is recommended to extend the observation period to examine the long-term impact of the merger and add other variables such as stock value to produce more accurate and comprehensive findings, and use different methods, such as event studies, to strengthen the validity of the findings.

FURTHER STUDY

This study has limitations because not all variables show significant differences post-merger in the short term. Further research is recommended to extend the observation period and include additional variables to obtain more comprehensive results. In addition, future studies may focus on other telecommunication companies to provide a broader comparison.

ACKNOWLEDGMENT

First and foremost, the writer would like to express gratitude to God Almighty for His blessings that enabled the completion of this thesis entitled "The Impact of Merger on the Financial Performance of PT Indosat Tbk." The writer also wishes to extend sincere appreciation to the supervisors, family, and all individuals who have provided guidance, support, and encouragement throughout the process of completing this research.

REFERENCES

- Adhikari, P. R. (2023). Pre and Post-Merger Financial Performance Analysis of Commercial Banks in Nepal. *The International Research Journal of Management Science*, 8(1), 95-110.
- Al-Hroot, Y. A., Al-Qudah, L. A., & Alkharabsha, F. I. (2020). The impact of horizontal mergers on the performance of the Jordanian banking sector. *The Journal of Asian Finance, Economics and Business*, 7(7), 49-58.
- Antaranews. (2024). Ekonom Rinci Daftar Perusahaan yang Makin Kuat Usai Merger. Antaranews.com. Website: Ekonom rinci daftar perusahaan yang makin kuat usai merger - ANTARA News.
- Almazur, B., et al. (2018). The reasons and Evaluations of Mergers and Acquisitions. *Accounting and Finance Research*, 7(3), 211.
- Almurni, S., & Azhar, E. (2018). Comparative Analysis of Corporate Performance before and after the Merger (Empiric study on public companies). In 5th Annual International Conference on Accounting Research, 52-56.
- Aquino, R. (2019). Analisis Pengaruh Faktor-Faktor Kinerja Keuangan Sebelum dan Sesudah Merger dan Akuisisi (Studi Kasus pada PT XL Axiata Tbk Periode 2010-2018). *Sains Manajemen: Jurnal Manajemen Unsera*, 5(1), 59-72.
- Beverly, C., Sutejo, B. S., & Murhadi, W. R. (2019). Company Performance Before and After a Merger. In 16th International Symposium on Management (INSYMA 2019), 28-31.
- Dewi, A. A. I. M. K., & Suryantini, N. P. S. (2024). Perbandingan Kinerja Keuangan Perusahaan Perbankan Di Indonesia Sebelum dan Sesudah Merger. *Jurnal Review Pendidikan dan Pengajaran (JRPP)*, 7(3), 10344-10353.
- Esterlina, P., Firdausi, N. N. (2017). Analisis Kinerja Keuangan Perusahaan Sebelum dan Sesudah Merger dan Akuisisi. *Jurnal Administrasi Bisnis*, 47(2), 39-48.
- Fahmi, I. (2015). *Manajemen Perbankan Konvensional & Syariah* (S. Idris, Ed: Pertama). Jakarta: Mitra Wacana Media.
- Finansia, L. (2017). Analisis Kinerja Keuangan Perusahaan Sebelum dan Setelah Merger dan Akuisisi. *Jurnal Manajemen Bisnis Indonesia (JMBI)*, 6(1), 43-54.
- Firdaus, G. R. & Dara, S.R. (2020). Analisis Perbandingan Kinerja Keuangan Sebelum dan Sesudah Melakukan Akuisisi dan Merger Pada Perusahaan

- Non Keuangan. *AKURASI: Jurnal Riset Akuntansi dan Keuangan*, 2(2), 63-74.
- Gustina, I. (2017). Analisis Kinerja Keuangan Sebelum dan Sesudah Merger dan Akuisisi pada Perusahaan yang Go Public yang Terdaftar di BEI. *Jurnal Akuntansi dan Keuangan*, 6(2), 1-23.
- Hadyarti, V. (2022). Analisis Perbedaan Kinerja Keuangan Sebelum dan Setelah Merger dan Akuisisi pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Periode 2016-2020. *Eco-Entrepreneur*, 8(1), 31-42.
- Irawan, F. (2021). Pengaruh Merger Terhadap Kinerja Keuangan Perusahaan yang Terdaftar di Daftar Efek Syariah Periode Tahun 2015-2020. *IQTISHADUNA*, 4(2), 585-606.
- Irawan, M., & Edi, E. (2021). Analysis the Effect of Mergers and Acquisitions on Firm Performance and Earning Quality in Firms Listed on the IDX. *Combines-Conference on Management, Business, Innovation, Education and Social Sciences*, 1(1), 963-975.
- Kominfo.go.id. (2015). Menkominfo: 5 Tahun Lagi Hanya Ada 4 Operator Seluler. Kominfo.go.id. Website: 20memiliki%207,Smartfren%20dan%20PT.%20Bakrie%20Telecom.
- Kurniati, M., & Asmirawati, A. (2022). Efek Merger dan Akuisisi terhadap Kinerja Keuangan Perusahaan Go Public. *JPS (Jurnal Perbankan Syariah)*, 3(1), 72-84.
- Lyssa'adah, I., & Budiman, A. (2022). Analisis Perbedaan Kinerja Keuangan Sebelum dan Sesudah Merger dan Akuisisi Pada Perusahaan Sektor Keuangan. *Jurnal Al-Iqtishad*, 18(1), 1-18.
- Muchran, M., Kirana, A., & Nasrullah, N. (2023). Analisis Kinerja Keuangan Perbankan Syariah Sebelum dan Sesudah Merger di Indonesia. *Al-Buhuts*, 19(2), 91-111.
- Musah, A., Abdulai, M., & Baffour, H. (2020). The Effect of Mergers and Acquisitions on Bank Performance in Ghana. *Asian Journal of Economics and Empirical Research*, 7(1), 36-45.
- Mutammimah, M., dkk. (2021). Merger dan Akuisisi. *Jurnal Akuntansi dan Keuangan Islam*. 3(2), 1-9.
- Patel, R. (2018). Pre & Post-merger Financial Performance: An Indian Perspective. *Journal of Central Banking Theory and Practice*, 7(3), 181-200.
- Priadi, D., Sissah, S., & Syahrizal, A. (2024). Analisis Dampak Merger Terhadap Kinerja Keuangan Perusahaan yang Terdaftar di Bursa Efek Indonesia. *Jurnal Ilmiah Ekonomi Dan Manajemen*, 2(1), 678-688.

- Rakhmayanti, I. (2024). Menkominfo ke XL dan Smartfren: 3 Operator Seluler Cukup! CNBC Indonesia. Website: <https://www.cnbcindonesia.com/tech/20240326165411-37-525659/menkominfo-ke-xl-dan-smartfren-3-operator-seluler-cukup>.
- Rini, D. P., Lestari, S. S., & Sapta, A. E. (2023). Analyzing the Financial Performance of PT Bank Syariah Indonesia Tbk: Before and After Merger. *Jurnal REKSA: Rekayasa Keuangan, Syariah dan Audit*, 10(2), 121-131.
- Rosyandy, E. T. (2017). Analisis Perbandingan Kinerja Keuangan Perusahaan Sebelum dan Sesudah Merger dan Akuisisi (Studi pada Perusahaan yang Melakukan Merger dan Akuisisi tahun 2013 di Bursa Efek Indonesia). *Jurnal Ilmiah Riset Akuntansi*, 6(05).
- Sandria, F. (2022). Adu Kuat Emiten Telekomunikasi, Siapa Juaranya? CNBC Indonesia. Website: <https://www.cnbcindonesia.com/market/20220616135048-17-347654/adkuat-emiten-telekomunikasi-siapa-juaranya/amp>.
- Sari, I. P. (2021). Penerapan Corporate Governance terhadap Kinerja Perusahaan. *Juripol (Jurnal Institusi Politeknik Ganesha Medan)*, 4(1), 90-97.
- Sidik, S. (2021). Ini Dia! 8 Merger & Akuisisi Paling Fenomenal Sepanjang 2021. CNBC Indonesia.com. Website: <https://www.cnbcindonesia.com/market/20211227155255-17-302401/ini-dia-8-merger-akuisisi-paling-fenomenal-sepanjang-2021>.
- Singh, S., & Das, S. (2018). Impact of post-merger and acquisition activities on the financial performance of banks: A study of Indian private sector and public sector banks. *Revista Espacios Magazine*, 39(26), 25.
- Storyteller. (2023). 6 Contoh Perusahaan Merger di Indonesia, Apakah Makin Sukses? Stories.briefer.id. Website: <https://stories.briefer.id/2023/11/14/contoh-perusahaan-merger/>.
- Sucofindo.go.id. (2022). Sektor Informasi dan Telekomunikasi. Sucofindo.go.id. Website: <https://www.sucofindo.co.id/sektor-bisnis/sektor-informasi-dan-telekomunikasi/>.
- Sugiyono. (2020). Metode Penelitian Kuantitatif, Kualitatif, dan R&D. Alfabeta: CV.
- Suhaedi, S., & Rinaldo, D. (2023). Analisis Perbandingan Kinerja Keuangan Sesudah Dan Sebelum Merger (Studi Kasus pada Bpr Nusumma Cisolak dan Nusumma Singaparna). *SEIKO: Journal of Management & Business*, 6(2).

- Tarigan, J., Claresta, A., & Hatane, S. E. (2018). Analysis of Merger & Acquisition Motives in Indonesian Listed Companies through Financial Performance Perspective. *Jurnal Kinerja*, 22(1), 95-112.
- Utama, Made Suyana. (2016). *Buku Ajar Aplikasi Analisis Kuantitatif untuk Ekonomi dan Bisnis*. CV Sastra Utama.
- Wei, C., Nneka, U. O., & George, N. (2021). The impact of Mergers and Acquisitions on the Financial Performance of Ecobank Ghana Limited. *Journal of Accounting Finance and Auditing Studies (JAFAS)*, 7(3), 243-259.
- Wiagustini, Ni Luh Putu. (2014). *Dasar-dasar Manajemen Keuangan*. Denpasar: Udayana Press.
- Widianto, T., Yenni K., dan Lukman A. I. P. (2021). Analisis Kinerja Keuangan Perusahaan Sebelum Dan Sesudah Merger Dan Akuisisi Pada Perusahaan Go Publik Di Indonesia. *Jurnal Accounting*, 8(2), 47-54.
- Wulandari, T. (2020). Analisis Kinerja Perusahaan Sebelum dan Setelah Merger dan Akuisisi pada Tahun 2015. *MBIA*, 19(2), 227-236.
- Yuliantari, N., & Baskara, I. (2023). Analisis Perbandingan Kinerja Keuangan Perusahaan Sebelum Dan Sesudah Merger Dan Akuisisi. *E-Jurnal Ekonomi dan Bisnis Universitas Udayana*, 12(2), 229-240.
- Yunus, I., & Lukum, A. (2021). Comparative Analysis of Financial Performance Before and After Acquisition. In *7th Regional Accounting Conference (KRA 2020)*, 173, 175-186.
- Zahara, Z., Sari, P. A., Ramadhea Jr, S., & Andriani, W. (2023). Comparison of The Financial Performance of Banking Companies Before and After Merger or Acquisition. *Entrepreneurship and Small Business Research*, 2(2), 68-77.
- Zahrah, I., & Utiyati, S. (2018). Analisis perbandingan kinerja keuangan sebelum dan sesudah merger pada perusahaan manufaktur. *Jurnal Ilmu dan Riset Manajemen (JIRM)*, 7(1).