

## **ABSTRACT**

*This study aims to determine the financial performance of PT. Telkom Indonesia, by analyzing the financial statements using financial ratio method and industry average. The financial statements to be used for the analysis, starting from 2011-2015 using time series and cross sectional analysis techniques.*

*The analysis results obtained that the company's liquidity capability in the form of the current ratio of the company PT. Telkom Indonesia, able to fulfill the company's obligations internally and externally, because it has exceeded the company's standard requirement of 100% and the ability of liquidity can affect solvency ability to guarantee the interest expense of the company. The ability of PT. Telkom Indonesia's FAT ratio is still less than 3 and TAT is still less than 2, due to decreased sales capability of some of the products of one of the fixed line phones, which is caused by the shifting needs of mobile phones. For profitability also, PT. Telkom Indonesia still has a ROE of less than 30% and ROA is still less than 20%, resulting from the rapid competition in the telecommunications industry. However, for the average ability of the industry PT. Telkom Indonesia as a whole is still better compared to its peers.*

**Keywords:** *liquidity; solvency; activity; profitability; time series; cross sectional*