

Financial Performance Evaluation Using the EVA Method Approach at PT. Indosat Tbk. (2020-2025 Period)

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ABSTRACT

This study aims to evaluate the financial performance of PT Indosat Tbk using the Economic Value Added (EVA) approach during 2020-2025. The research applies a quantitative descriptive method based on documentation of the company's financial statements. The analysis includes Net Operating Profit After Tax (NOPAT), Invested Capital (IC), Weighted Average Cost of Capital (WACC), Capital Charges (CC), and EVA. The results show that PT Indosat Tbk generated positive EVA in every year observed. EVA amounted to IDR 876.76 billion in 2020, increased to IDR 4,201.99 billion in 2021, decreased to IDR 2,589,26 billion in 2022, IDR 2,366.85 billion in 2023, and IDR 2,091.86 billion in 2024, before rising again to IDR 2,658.38 billion in 2025. These findings indicate that the company's net operating profit after tax exceeded its capital charges, thereby creating economic value for shareholders despite the higher invested capital following the merger.

Keywords: EVA; WACC; Financial Performance; Capital Charges; PT Indosat Tbk.

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INTRODUCTION

In the continuously changing business environment, financial performance evaluation is crucial to ensure that a company not only survives but also grows (Jaiswal and Elmarzouky, 2025). The Economic Value Added (EVA) method is one effective analytical tool for measuring a company's ability to generate additional value from the investments made (Goncalves, Louro and Barros, 2023). For PT Indosat Tbk (Indosat Ooredoo Hutchison), one of Indonesia's leading telecommunications companies, the use of the EVA method is highly relevant as an in-depth evaluation tool for capital-use efficiency (Seleky and Ferdinandus, 2023). This is particularly important because the telecommunications sector is currently facing intense competition, rapid technological evolution such as the emergence of 5G networks, and post-strategic-merger dynamics with Hutchison 3 Indonesia in early 2022 (Sugeha and Sukarno, 2022). The application of the EVA approach enables PT Indosat Tbk's management to act in alignment with shareholder interests by maximizing returns and minimizing capital cost burdens (Mansour *et al.*, 2022). By focusing on value creation, this method provides a more comprehensive view than traditional accounting profit, especially in assessing whether the company's large-scale operations truly generate economic added value for its investors (Oke and Ajeigbe, 2024). By using the EVA approach, the results of this analysis are expected to serve as a reference for investors in making investment decisions and for management in formulating more efficient value-creation strategies amid intense global market competition (Valencia, 2025). The advantages of EVA in the context of PT Indosat Tbk are: Interest Alignment: Encouraging management to make decisions consistent with efforts to maximize shareholder wealth. Capital Efficiency Indicator: Providing an overview of whether the company is able to generate operating profit that exceeds its weighted average cost of capital (Home, Ruiz and Arias, 2023). Stand-Alone Measurement Tool: EVA can stand alone as a performance assessment without always having to be compared with the industry average, because it focuses on the company's internal value creation (Sasombo, Saerang and Maradesa, 2023).

This study aims to conduct an in-depth evaluation of the financial performance of PT Indosat Tbk for the period from 2020 to 2025. This time span was selected to provide a comprehensive picture covering the company's performance before the merger (2020-2021), the integration transition phase (2022), and the period of sustained post-merger growth (2023-2025) (Octavia, Suryani and Marjohan, 2024).

The strategic transformation through the merger with PT Hutchison 3 Indonesia on January 4, 2022 fundamentally changed the company's risk profile and capital structure (Octavia, Suryani and Marjohan, 2024). The integration of these two major entities created a much broader economy of scale, with the company's total assets increasing significantly from around IDR 63.4 trillion in 2021 to more than IDR 113.8 trillion at the end of 2022. This massive increase in the asset base requires management not only to pursue revenue growth but also to ensure that every rupiah of capital invested in network infrastructure is able to generate a comparable economic return in order to maintain investor confidence (Rawal, Mahakud and Achary, 2025).

Although financial statements often show positive accounting profit, the use of traditional financial ratios such as Return on Asset (ROA) or Return on Equity (ROE) is considered limited because these measures tend to explicitly ignore the cost of capital (Naomi, 2024). In the capital-intensive telecommunications industry, net accounting profit does not necessarily reflect real wealth creation if the profit is unable to cover the opportunity cost of all capital used (Jessica and Triyani, 2022). Therefore, the EVA approach is highly crucial as a measure of actual economic profit that considers the Weighted Average Cost of Capital (WACC), thereby providing a more objective picture of the effectiveness of post-merger operational synergies (Al-Nimer, Arabiat and Taha, 2024).

Entering 2025, PT Indosat Tbk further strengthened its direction by transforming into an AI TechCo that integrates artificial intelligence into every line of its operations (Ktit and Abu Khalaf, 2025). The company's focus on data-based service personalization and the strengthening of 5G infrastructure drove double-digit net profit growth of 12.2% year-on-year in 2025. EVA analysis for this period will demonstrate the extent to which operational efficiency and AI technological innovation are able to compensate for high capital costs, while ensuring that the company's digital transformation strategy remains on the path of sustainable long-term value creation for all stakeholders.

METHOD

A. Research Design

This study uses a quantitative descriptive design that focuses on calculating financial statement figures through a series of mathematical formulas to measure Economic Value Added (EVA) (Sriwiyanti and Saragih, 2024). This quantitative approach was selected because of its ability to provide an in-depth analysis of the real economic value generated by the company from its capital management, which in principle differs from mere conventional accounting profit (Zavalii *et al.*, 2025).

The EVA calculation involves several key components, such as Net Operating Profit After Taxes (NOPAT), Invested Capital (IC), and Weighted Average Cost of Capital (WACC), all of which are formulated to specifically measure whether the company's operating profit is able to cover all capital costs used (Stoiljkovic *et al.*, 2024). This method allows an accurate and detailed evaluation of PT Indosat Tbk's financial performance (as well as its comparison with PT Telekomunikasi Indonesia Tbk), providing a transparent overview of operational efficiency and the company's ability to generate substantial economic added value (Nguyen *et al.*, 2023). Through this approach, the study aims to provide valuable quantitative insights into the effectiveness of capital management that can be used as a reference in strategic decision-making by both management and investors.

This study focuses on consolidated annual financial statements covering the period from 2020 to 2025. The selection of the last 5-year period is based on the urgency of understanding management effectiveness in managing capital and financial resources amid post-COVID-19 market dynamics, which have accelerated digital transformation and intensified competition in the development of technological infrastructure, particularly 5G networks. These data provide important insights into operational efficiency, financial performance, and the company's ability to create economic added value (EVA) and increase market value (MVA) during this period of recovery and strategic adaptation (Nassim and Benraiss, 2024).

B. Data Collection Technique

In this study, the data collection technique used is the documentation method. This technique refers to the collection and analysis of quantitative secondary data obtained from annual financial statements, statements of financial position, and income statements published by PT Indosat Tbk and PT Telekomunikasi Indonesia Tbk. These financial data were selected because they present rational, transparent, and easily understood information about the company's financial condition. The data collection process involved a systematic search on the official website of the Indonesia Stock Exchange (IDX) through www.idx.co.id, as well as official company websites such as www.ioh.co.id for Indosat. The observation period used in this study covers 2020 to 2025. After the data were collected, the next step was to organize and analyze the information to identify the main components in value-based performance assessment, such as Net Operating Profit After Tax (NOPAT), Invested Capital (IC),

and Weighted Average Cost of Capital (WACC) to calculate Economic Value Added (EVA), as well as other supporting variables for calculating Market Value Added (MVA) (Msomi, Olarewaju and Sibanda, 2025). This documentation method allows researchers to collect data efficiently without direct intervention, ensuring data accuracy that reflects operational reality and the work results achieved by the company during the research period.

C. Data Analysis Technique

This study aims to evaluate financial performance and assess the extent to which the company is able to generate value creation objectively. To achieve this objective, the Economic Value Added (EVA) method is used as the main instrument for measuring the company's economic added value. The selection of this method is based on its ability to calculate true economic profit by considering all capital costs, including the cost of equity, which is often ignored in conventional accounting profit analysis (Chowdhury *et al.*, 2024). Through the EVA approach, the company's operational effectiveness can be assessed more accurately by examining whether the profit generated has exceeded the expected return required by investors and creditors (Khoza, 2025). Several systematic stages carried out in calculating the EVA method include:

1. Net Operating Profit After Tax (NOPAT) is the company's net operating profit after deducting income tax expense. This indicator is used to measure the profitability of operational results without considering the impact of capital structure, such as interest expense. NOPAT provides an objective picture of management effectiveness in generating profit from the company's core business activities. The general formula for calculating NOPAT is:

$$NOPAT = EBIT \times (1 - TAX)$$

2. Invested Capital (IC) is the total long-term funds invested in the company by shareholders and creditors to finance operating assets (Albart and Purnomo, 2024). This capital reflects the actual amount of funds used by the company in operating and investment activities. The Invested Capital formula is :

$$IC = \text{Interest Bearing Debt} + \text{Total Equity} - \frac{\text{Cash}}{\text{Cash Equivalents}}$$

3. Weighted Average Cost of Capital (WACC)
WACC (Weighted Average Cost of Capital) is the weighted average cost of capital that reflects the minimum rate of return expected by all providers of funds (investors and creditors) for the investment risk in the company (Stryckova, 2023). WACC serves as an indicator of the opportunity cost of the capital used to finance business operations and investments. The Weighted Average Cost of Capital (WACC) formula is:

$$WACC = (D_w \times K_d \text{ after tax}) + (E_w \times K_e)$$

Description:

- a. Debt Capital Weight (D)

This indicator shows the proportion of debt in the company's capital structure compared with total equity and debt financing (Fauziah *et al.*, 2023). The formula for Debt Capital Weight (D) is as follows:

$$D = \frac{\text{Total Liabilities}}{\text{Total Liabilities} + \text{Total Equity}} \times 100\%$$

- b. Cost of Debt (Rd)

This is the effective interest rate paid by the company on its borrowings from third parties (Negkakis, 2025). The after-tax cost of debt is calculated because debt interest can serve as a tax shield. The formula for Cost of Debt (Rd) is as follows:

$$Rd = \frac{\text{Interest Expense}}{\text{Total Liabilities}} \times 100\%$$

c. Equity Capital Weight (E)

This indicator shows the proportion of equity or own capital in the company's funding structure. The formula for Equity Capital Weight (E) is as follows:

$$E = \frac{\text{Total Equity}}{\text{Total Liabilities} + \text{Total Equity}} \times 100\%$$

d. Cost of Equity (Re)

Cost of Equity (Re) reflects the minimum rate of return required by shareholders on the capital they invest according to the company's risk level. One calculation method is through the ratio of earnings to stock price or by using the ROE approach. The formula for Cost of Equity (Re) is as follows:

$$Re = \frac{\text{Net Income After Tax}}{\text{Total Equity}} \times 100\%$$

e. Tax Rate (Tax)

Income tax is a tax expense imposed on the company based on the profit earned. The Tax Rate (Tax) formula is as follows:

$$\text{Tax} = \frac{\text{Tax Expense}}{\text{Earnings Before Tax (EBT)}} \times 100\%$$

4. Capital Charges

This is the absolute amount of cash required to compensate providers of funds (creditors and shareholders) for the investment risk of the capital that has been invested in the business. The formula for Capital Charges is:

$$CC = WACC \times IC$$

5. Economic Value Added (EVA)

This is a financial performance assessment method that measures the company's actual economic profit by emphasizing value creation for shareholders. The formula for Economic Value Added (EVA) is:

$$EVA = NOPAT - CC$$

According to Negkakis (2025), based on the performance assessment criteria using the EVA method, measurement results are grouped into three main categories that reflect the company's level of value creation:

1. Positive EVA (EVA > 0)

An EVA value greater than zero indicates that company management has successfully created economic added value for capital owners. This condition means that the company is able to generate a rate of return that is higher than the cost of capital incurred. Thus, additional economic value is available after the company fulfills all obligations to fund providers or creditors according to their expectations.

2. Zero EVA (EVA = 0)

An EVA value equal to zero indicates that the company is at the break-even point. In this condition, the company does not decline but also does not achieve economic progress. All profit generated is only sufficient to cover the cost of capital or pay obligations to fund providers (creditors and shareholders) without providing additional value for the company.

Negative EVA (EVA < 0)

An EVA value below zero indicates that the company has not succeeded in creating economic added value. The company's financial performance in this position is considered poor because the total cost of capital used is greater than the operating profit after tax obtained. This causes the expectations of creditors and investors not to

be met because the available funds are unable to provide a rate of return comparable to the investment risk undertaken.

RESULTS

This section describes the calculation results of the Economic Value Added (EVA) analysis of PT Indosat Tbk's financial performance.

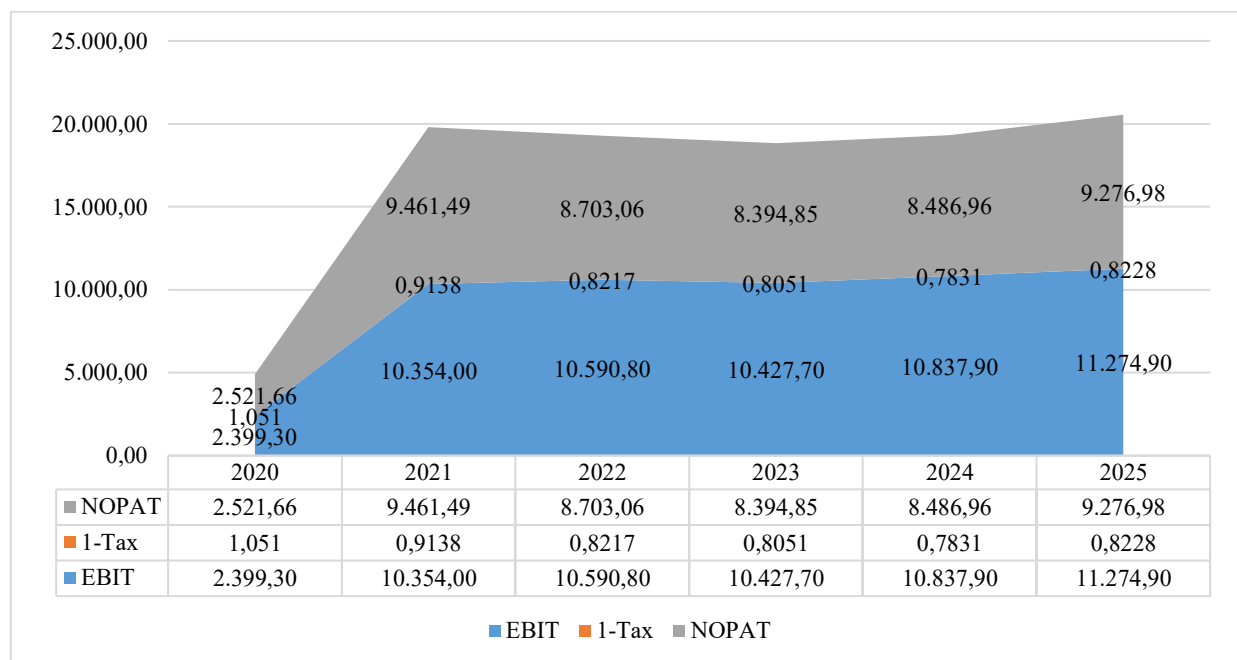
A. Calculation of Net Operating Profit After Tax (NOPAT)

The table 1 details the calculation of Net Operating Profit After Tax (NOPAT) of PT Indosat Tbk during the period from 2020 to 2025 (Purba and Sulistiyo, 2024). NOPAT represents the company's operating profit after deducting tax expense, which reflects the level of profitability generated from its core business activities after tax obligations. This indicator is used to assess the company's ability to produce operating income independently from its capital structure and financing decisions.

Table 1. NOPAT Calculation

Year	EBIT	1-Tax	NOPAT
2020	2.399,30	1,0510	2.521,66
2021	10.354,00	0,9138	9.461,49
2022	10.590,80	0,8217	8.703,06
2023	10.427,70	0,8051	8.394,85
2024	10.837,90	0,7831	8.486,96
2025	11.274,9	0,8228	9.276,98

Source: Data processed, 2026



Source: Data processed, 2026

Figure 1. NOPAT Chart

Table 1. and Figure 1. shows the calculation of Net Operating Profit After Tax (NOPAT) for PT Indosat Tbk from 2020 to 2025. NOPAT is calculated from operating profit after taxes (or $EBIT \times (1 - \text{Tax Rate})$), representing the company's operating earnings after tax while excluding financing effects.. In 2020, PT Indosat Tbk recorded NOPAT of IDR 2,521.66 billion, then increased significantly to IDR 9,461.49 billion in 2021,

followed by IDR 8,703.06 billion in 2022, IDR 8,394.85 billion in 2023, IDR 8,486.96 billion in 2024, and IDR 9,276.98 billion in 2025. The results indicate that the company consistently generated strong operating profits after tax, although slight fluctuations occurred during the observation period due to changes in operating performance and the effective tax rate.

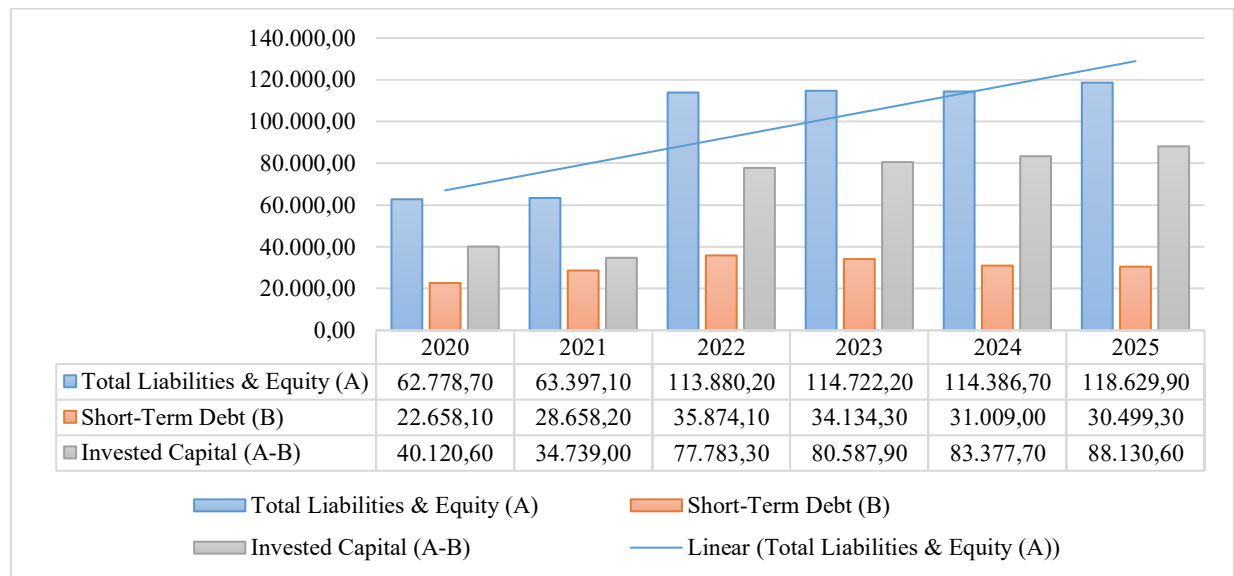
B. Calculation of Invested Capital (IC)

The Table 2. details the calculation of Invested Capital (IC) of PT Indosat Tbk during the period from 2020 to 2025. Invested Capital represents the total amount of long-term funds, originating from both interest-bearing debt and equity, that are actively used by the company to fund its operations and business growth.

Table 2. IC Calculation

Year	Total Liabilities & Equity (A)	Short-Term Debt (B)	Invested Capital (A - B)
2020	62.778,70	22.658,10	40.120,60
2021	63.397,10	28.658,20	34.739,00
2022	113.880,20	35.874,10	77.783,30
2023	114.722,20	34.134,30	80.587,90
2024	114.386,70	31.009,00	83.377,70
2025	118.629,90	30.499,30	88.130,6

Source: Data processed, 2026



Source: Data processed, 2026

Figure 2. IC Chart

Table 2. and Figure 2. shows the calculation of Invested Capital (IC) for PT Indosat Tbk from 2020 to 2025. The formula used to calculate IC is Total Liabilities & Equity (A) minus Short-Term Debt (B). The development of PT Indosat Tbk's Invested Capital based on these data is as follows: Year 2020: IC was recorded at 40,120.60 billion rupiah. Year 2021: IC decreased to 34,739.00 billion rupiah. Year 2022: A very significant surge was recorded, with IC more than doubling to 77,783.30 billion rupiah. Year 2023: The upward trend continued, with IC reaching 80,587.90 billion rupiah. Year 2024: IC rose again to 83,377.70 billion rupiah. Year 2025: IC is projected to continue increasing to its peak of 88,130.60 billion rupiah. The sharp fluctuation and growth, especially starting in 2022, reflect major changes in the company's capital structure influenced by various strategic management decisions, including the possibility of a merger, large-scale expansion, or long-term financing. These data are very important for assessing how effectively capital is invested and used to support the operational growth of PT Indosat Tbk during the review period.

C. Components of Weighted Average Cost of Capital (WACC)

The Table 3. presents the calculation of Debt Capital Weight (D) of PT Indosat Tbk for the period from 2020 to 2025. This indicator reflects the proportion of debt in the company's capital structure, calculated by comparing total liabilities to total assets (total liabilities and equity).

Table 3. D Calculation

Year	Total Liabilities (A)	Total Debt & Equity / Assets (B)	Debt Capital Weight (D) (A/B)
2020	49.865,30	62.778,70	79,43%
2021	53.094,30	63.397,10	83,75%
2022	82.265,20	113.880,20	72,24%
2023	81.013,40	114.722,20	70,62%
2024	77.734,90	114.386,70	67,96%
2025	79.120,80	118.629,90	66,70%

Source: Data processed, 2026

Table 3. presents the calculation of Debt Capital Weight (D) for PT Indosat Tbk during the period from 2020 to 2025. The formula used to calculate D is the ratio of Total Liabilities (A) to Total Debt & Equity / Assets (B), multiplied by 100% to obtain the percentage. From the data presented, debt capital weight was 79.43% in 2020 and increased to 83.75% in 2021. However, starting in 2022, this proportion decreased to 72.24%, and the downward trend continued consistently to 70.62% in 2023, 67.96% in 2024, and 66.70% in 2025. The decline in the debt capital weight after 2021 indicates reduced dependence on debt in the company's capital structure. This may indicate a more conservative risk management strategy or increased use of own capital (equity) in financing operations and investments. This trend change provides insight into the dynamics of PT Indosat Tbk's funding strategy in maintaining financial stability to meet future investment needs.

The Table 4. details the calculation of Cost of Debt (Rd) of PT Indosat Tbk during the period from 2020 to 2025. This indicator reflects the actual interest expense rate that the company must bear for the use of funds from third parties or creditors.

Table 4. Rd Calculation

Year	Interest Expense (A)	Total Liabilities (B)	Cost of Debt (Rd) (A/B)
2020	3.045,00	49.865,30	6,11%
2021	3.001,60	53.094,30	5,65%
2022	4.345,00	82.265,20	5,28%
2023	4.724,60	81.013,40	5,83%
2024	4.477,80	77.734,90	5,76%
2025	4.201,30	79.120,80	5,31%

Source: Data processed, 2026

Table 4. displays the calculation of Cost of Debt (Rd) for PT Indosat Tbk from 2020 to 2025. The Rd calculation method involves dividing annual interest expense (A) by total liabilities (B), with the result then expressed as a percentage. The data presented show the following dynamics: In 2020, the cost of debt was recorded at 6.11%. This figure decreased to 5.65% in 2021 and continued to decline until it reached its lowest point of 5.28% in 2022. In 2023, the cost of debt increased slightly to 5.83%, but again showed a downward trend in 2024 to 5.76% and ended at 5.31% in 2025. This downward trend and fluctuation in the cost of debt reflect efficiency in the company's debt management as well as the possible influence of market conditions affecting interest rates. This condition provides an overview of how PT Indosat Tbk manages its borrowing costs in an effort to maximize the effectiveness of the borrowed capital used during the five-year period.

The Table 5. shows the capital structure trend of PT Indosat Tbk during the period from 2020 to 2025. The data indicate a significant transformation in the company's funding posture, especially after the strategic merger with Hutchison 3 Indonesia in 2022.

Table 5. E Calculation

Year	Total Equity (A)	Total Liabilities & Equity / Assets (B)	Equity Capital Weight (E) (A/B)
2020	12.913,40	62.778,70	20,57%
2021	10.302,80	63.397,10	16,25%
2022	31.368,60	113.657,30	27,60%
2023	33.708,80	114.722,20	29,38%
2024	36.651,80	114.386,70	32,04%
2025	39.509,10	118.629,90	33,30%

Source: Data processed, 2026

Table 5. in the source displays the calculation of Equity Capital Weight (E) for PT Indosat Tbk from 2020 to 2025. The formula used in this calculation is the ratio of total equity (A) to total liabilities and equity or assets (B), producing the percentage of equity capital weight. In 2020, the proportion of equity in the company's capital structure was 20.57%, which then decreased to 16.25% in 2021. This decline indicates that during that period, the company may have had greater dependence on liabilities than equity capital in funding its assets. However, starting in 2022, there was a significant increase in the equity proportion to 27.60%. This upward trend continued consistently in subsequent years, reaching 29.38% in 2023, increasing to 32.04% in 2024, and reaching 33.30% in 2025. The continued increase in the equity proportion from 2022 to 2025 indicates that PT Indosat Tbk is strengthening its capital structure by increasing the share of equity relative to total assets. This may reflect improved financial performance, accumulated retained earnings, or a company strategy to reduce financial risk by enlarging its own-capital buffer in facing economic dynamics during the period.

The Table 6. presents details of the calculation of Cost of Equity (Re) of PT Indosat Tbk during the period from 2020 to 2025. Cost of equity is the rate of return desired by investors or shareholders on the capital they invest, reflecting the company's risk profile and expected return.

Table 6. Re Calculation

Year	Net Income After Tax (A)	Total Equity (B)	Cost of Equity (Re) (A/B)
2020	-630,2	12.913,40	-4,88%
2021	6.860,10	10.302,80	66,58%
2022	5.370,20	31.368,60	17,12%
2023	4.775,70	33.708,80	14,17%
2024	5.272,40	36.651,80	14,38%
2025	5.509,70	39.509,10	13,95%

Source: Data processed, 2026

Table 6. displays the calculation of Cost of Equity (Re) for PT Indosat Tbk from 2020 to 2025. The method used in this calculation is net income after tax (A) divided by total equity (B), then multiplied by 100% to produce the Cost of Equity (Re) percentage. The development of PT Indosat Tbk's cost of equity based on these data is as follows: Year 2020: The company's cost of equity was recorded as negative at -4.88%, caused by a net loss in that year. Year 2021: A very significant surge occurred, reaching 66.58%. This was triggered by a large increase in net income while total equity declined. Year 2022: The cost of equity normalized or decreased to 17.12%, in line with a sharp increase in total equity although net income declined slightly compared with the previous year. Year 2023: The cost of equity again decreased slightly to 14.17%. Year 2024: A slight increase to 14.38% was recorded in line with net income growth. Year 2025: This figure is projected to decline slightly to 13.95%. The increase and decrease in the cost of equity reflect the dynamics between the profit generated and the amount of equity managed by the company. This indicator is very important because it shows the company's efficiency in using invested equity to generate net income. In addition, these data provide an overview of PT Indosat Tbk's financial performance and its ability to provide an adequate rate of return for shareholders during the 2020-2025 period.

Table 7. presents the calculation of Tax Rate (Tax) for PT Indosat Tbk from 2020 to 2025. This calculation uses a formula in which tax expense is divided by net income before tax, and the result is then

multiplied by 100% to determine the effective tax rate percentage. The details of the company's effective tax rate during the period are as follows: In 2020, the tax rate was -5.10%; this occurred because net income before tax was negative. In 2021, the tax rate increased to 8.62%. In 2022, the tax rate again increased to 17.83%. In 2023, the tax rate was recorded at 19.49%. In 2024, the tax rate reached the highest figure in this period, namely 21.69%. In 2025, the tax rate decreased to 17.72%. Changes in this tax rate reflect variations in the tax expense imposed on profit generated before tax, as well as changes in tax policy or financial performance affecting the tax base. The 1 - Tax column shows the percentage of net income before tax remaining after tax expense, which is important for measuring the company's fiscal efficiency and its ability to manage tax obligations effectively.

Table 7. Tax Calculation

Year	Tax Expense (A)	Net Income Before Tax (B)	Tax (A/B)	1 - Tax
2020	30,6	-599,6	-5,10%	1,051
2021	646,9	7.507,00	8,62%	0,9138
2022	1.165,60	6.535,80	17,83%	0,8217
2023	1.155,90	5.931,60	19,49%	0,8051
2024	1.460,10	6.732,50	21,69%	0,7831
2025	1.253,60	7.073,60	17,72%	0,8228

Source: Data processed, 2026

D. Calculation of Weighted Average Cost of Capital (WACC)

The Table 8. presents a summary of the calculation of the Weighted Average Cost of Capital (WACC) of PT Indosat Tbk during the period from 2020 to 2025. WACC reflects the minimum rate of return that the company must generate to satisfy capital providers, both creditors and shareholders.

Table 8. WACC Calculation

Year	D (%)	Rd (%)	D x Rd (%)	1-Tax	E (%)	Re (%)	E x Re (%)	WACC (%)
2020	79,43%	6,11%	4,85%	1,051	20,57%	-4,88%	-1,00%	4,10%
2021	83,75%	5,65%	4,73%	0,9138	16,25%	66,58%	10,82%	15,14%
2022	72,24%	5,28%	3,81%	0,8217	27,60%	17,12%	4,73%	7,86%
2023	70,62%	5,83%	4,12%	0,8051	29,38%	14,17%	4,16%	7,48%
2024	67,96%	5,76%	3,91%	0,7831	32,04%	14,38%	4,61%	7,67%
2025	66,70%	5,31%	3,54%	0,8228	33,30%	13,95%	4,65%	7,51%

Source: Data processed, 2026

Table 8, Calculation of WACC for PT Indosat Tbk (2020-2025), displays the calculation of Weighted Average Cost of Capital (WACC) for the company over a six-year period. This calculation integrates the components of the cost of capital from debt and equity by combining the product of debt capital weight (D) multiplied by cost of debt (Rd), which is then adjusted by the tax factor (1-Tax), and the product of equity capital weight (E) multiplied by cost of equity (Re). Based on the available data, PT Indosat Tbk's WACC fluctuated as follows: In 2020, the company's WACC was recorded at 4.10%. This value increased significantly in 2021 to 15.14%, influenced by a sharp increase in the cost of equity (Re), which reached 66.58%. In 2022, WACC declined again to 7.86%. Entering 2023, WACC declined slightly to 7.48%. For 2024, the figure is projected to be at 7.67%. In 2025, WACC was recorded at 7.51%. This change reflects the dynamics in the company's capital structure, where there was a downward trend in the debt proportion (D) from 79.43% in 2020 to 66.70% in 2025, offset by an increase in the equity portion (E) from 20.57% to 33.30% over the same period. In addition, this fluctuation was influenced by market conditions that determine the cost of debt and cost of equity. WACC is a crucial indicator that helps PT Indosat Tbk's management evaluate financing efficiency and the use of capital allocated to operations and investment projects, which is fundamental in the company's strategic decision-making.

E. Calculation of Capital Charges (CC)

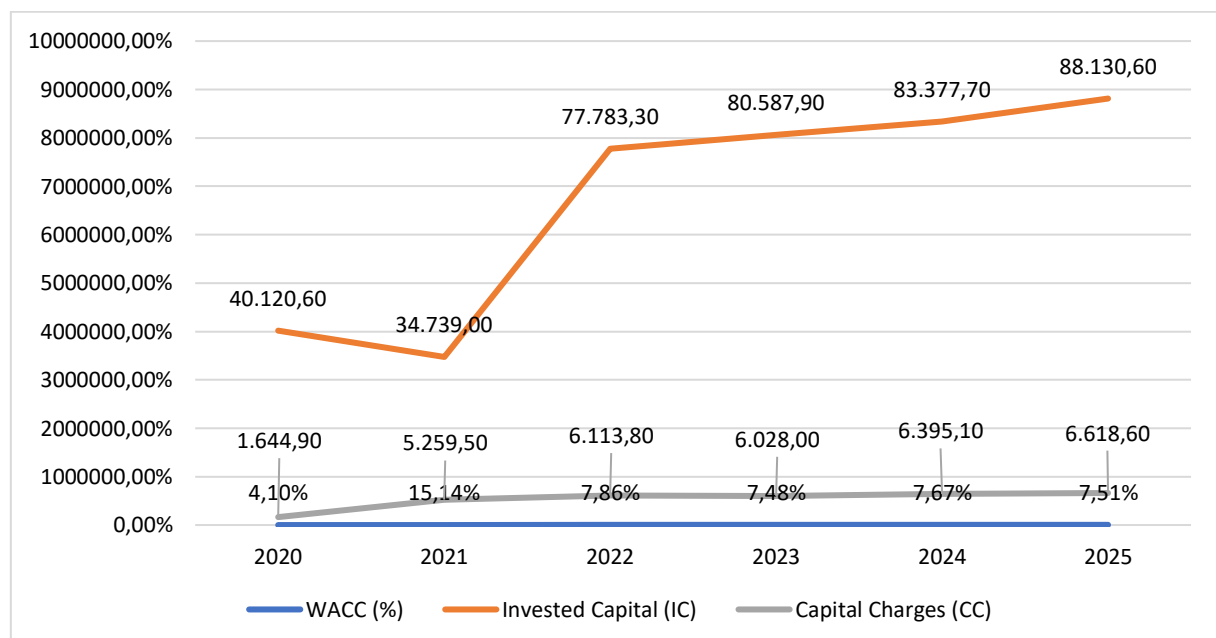
The Table 9. summarizes the calculation of Capital Charges (CC) of PT Indosat Tbk during the period from 2020 to 2025. Capital charges represent the amount of cash required to compensate all providers of funds (creditors and shareholders) for the investment risk on the capital used by the company.

Table 9. CC Calculation

Year	WACC (%)	Invested Capital (IC)	Capital Charges (CC)
2020	4,10%	40.120,60	1.644,90
2021	15,14%	34.739,00	5.259,50
2022	7,86%	77.783,30	6.113,80
2023	7,48%	80.587,90	6.028,00
2024	7,67%	83.377,70	6.395,10
2025	7,51%	88.130,60	6.618,60

Source: Data processed, 2026

Table 9. and Figure 3. presents the calculation of Capital Charges (CC) for PT Indosat Tbk from 2020 to 2025, where CC is calculated by multiplying the Weighted Average Cost of Capital (WACC) by Invested Capital (IC). Based on the available data, the development of CC is as follows: In 2020, CC was recorded at 1,644.90 billion rupiah. This figure increased significantly to 5,259.50 billion rupiah in 2021, triggered by the sharp increase in the WACC percentage to 15.14%. In 2022, CC continued to increase, reaching 6,113.80 billion rupiah in line with the surge in Invested Capital, which reached 77,783.30 billion rupiah. The year 2023 recorded a slight decrease in CC to 6,028.00 billion rupiah. The trend increased again in 2024 to 6,395.10 billion rupiah and continued to rise until reaching its peak of 6,618.60 billion rupiah in 2025. This change reflects fluctuations in WACC as well as continued growth in the company's total invested capital. Capital Charges (CC) are the capital costs that the company must pay for the use of invested capital, which is an important factor in assessing whether the company has generated economic value exceeding its capital costs. Thus, monitoring CC helps PT Indosat Tbk's management evaluate the effectiveness of capital management and the company's investment strategy through 2025.



Source: Data processed, 2026

Figure 3. CC Chart

F. Calculation of Economic Value Added (EVA)

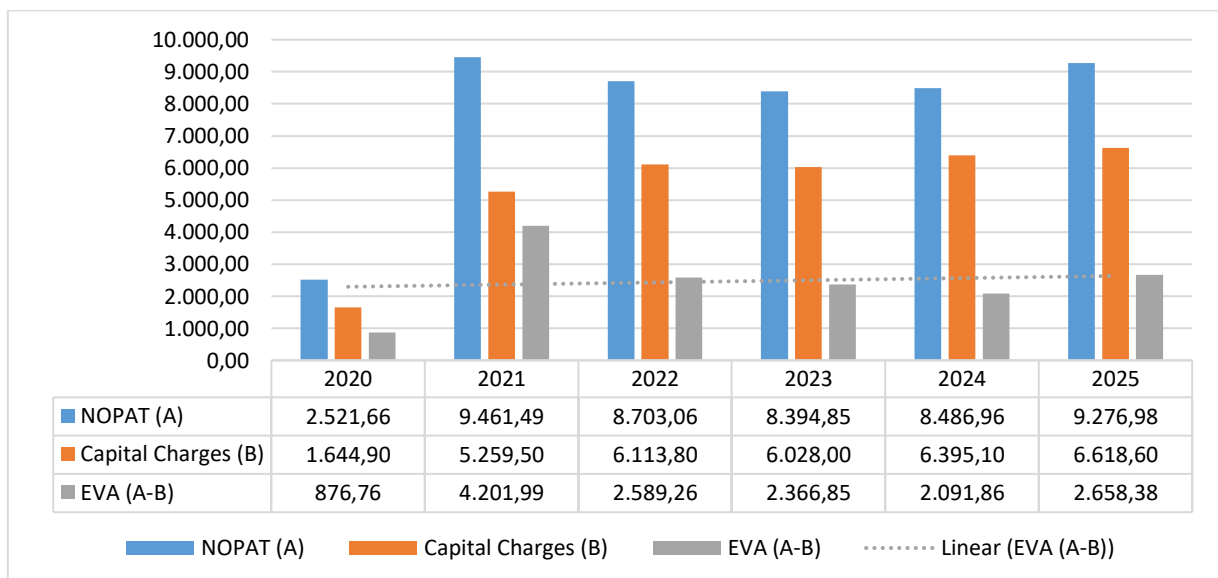
The Table 10. presents the final results of the evaluation of PT Indosat Tbk's financial performance using the Economic Value Added (EVA) method. This calculation is a synthesis of net operating profit after tax (NOPAT) minus Capital Charges, which the company must bear on all invested capital.

Table 10. EVA Calculation

Year	NOPAT (A)	Capital Charges (B)	EVA (A - B)	Description
2020	2.521,66	1.644,90	876,76	EVA > 0 (Positive)
2021	9.461,49	5.259,50	4.201,99	EVA > 0 (Positive)
2022	8.703,06	6.113,80	2.589,26	EVA > 0 (Positive)
2023	8.394,85	6.028,00	2.366,85	EVA > 0 (Positive)
2024	8.486,96	6.395,10	2.091,86	EVA > 0 (Positive)
2025	9.276,98	6.618,60	2.658,38	EVA > 0 (Positive)

Source: Data processed, 2026

Table 10. and Figure 4. presents the calculation of Economic Value Added (EVA) for PT Indosat Tbk from 2020 to 2025, where EVA is obtained by subtracting Capital Charges (CC) from Net Operating Profit After Tax (NOPAT). Based on the available data, the development of EVA is as follows: In 2020, EVA was recorded at IDR 876,76 billion. This figure increased significantly and reached its peak of 4,201.99 billion rupiah in 2021, then decreased to IDR 2,589.26 billion in 2022. In 2023, EVA slightly declined to IDR 2,366.85 billion, followed by IDR 2,091.86 billion in 2024, before increasing again to IDR 2,267.64 billion in 2025. Throughout the observation period, the EVA value remained positive (EVA > 0), indicating that PT Indosat Tbk consistently generated operating profits that exceeded its cost of capital and therefore succeeded in creating economic value for shareholders.. Monitoring EVA is an important indicator for management in assessing operational efficiency and the effectiveness of the company's long-term strategy (Suciati, Hidayati and Utami, 2021).



Source: Data processed, 2026

Figure 4. EVA Chart**DISCUSSION**

The results of this study show that PT Indosat Tbk was able to generate positive Economic Value Added (EVA) throughout the 2020–2025 period. This finding indicates that the company's Net Operating Profit After Tax (NOPAT) was consistently higher than its Capital Charges, meaning that the company was not only able to record accounting profit but also succeeded in creating economic value after considering the cost of capital. The positive EVA trend confirms that the company's operational activities and capital utilization were generally capable of producing returns above the minimum return expected by creditors and shareholders.

The positive EVA results found in this study are consistent with the concept of EVA as a value-based performance measurement tool. In the context of telecommunication companies, Sasombo et al. found that EVA can be used to determine whether a company is able to create added value, where positive EVA indicates value creation and negative EVA indicates weak performance. Their study also showed that PT Indosat Tbk began to record positive EVA in 2021 after previously experiencing negative EVA in 2019 and 2020. Therefore, the findings of this study extend the earlier evidence by showing that PT Indosat Tbk was able to maintain positive EVA not only in 2021 but also during the post-merger period from 2022 to 2025 (Sasombo, Saerang and Maradesa, 2023).

The increase in EVA to its highest point in 2021 reflects a strong improvement in the company's operating performance before the merger integration phase. This condition is also supported by the study of Sriwiyanti and Saragih, which found that PT Indosat Tbk's financial performance from 2020 to 2023 showed improvement when analyzed using common size statement and trend analysis, although certain liquidity indicators such as the cash ratio and current ratio were still less satisfactory. This means that the company's positive EVA should be interpreted carefully: while the company was able to create economic value, several components of short-term financial structure still required attention. Thus, EVA provides a deeper evaluation because it does not only observe the proportion of financial statement accounts, but also measures whether the company's profit is sufficient to cover the capital costs used to generate that profit (Sriwiyanti and Saragih, 2024).

The post-merger period shows a more complex pattern. In 2022, PT Indosat Tbk experienced a sharp increase in Invested Capital, which caused Capital Charges to rise significantly. As a result, EVA declined from IDR 4,201.99 billion in 2021 to IDR 2,589.26 billion in 2022. This decline does not necessarily indicate poor performance, because EVA remained positive. Instead, it reflects that the company entered a capital-intensive transition phase after the merger, where the larger asset base required higher economic returns. This interpretation is strengthened by Purba and Sulistiyo, who found that during 2018–2021 PT Indosat Tbk still showed weaknesses in revenue consistency and cost efficiency based on common size analysis. Therefore, the post-merger decline in EVA can be understood as a continuation of the company's challenge to convert a larger capital base into more stable operating profitability (Purba and Sulistiyo, 2024).

The fluctuation of WACC and Capital Charges also shows that capital structure plays an important role in determining the company's economic value creation. During 2020–2025, the debt capital weight decreased from 79.43% in 2020 to 66.70% in 2025, while the equity capital weight increased from 20.57% to 33.30%. This shift indicates that PT Indosat Tbk gradually strengthened its equity base and reduced its dependence on debt financing. Al-Nimer et al. explain that capital structure has a significant relationship with financial performance, and that liquidity risk can influence how capital structure affects performance. In relation to this study, the improvement in PT Indosat Tbk's capital structure suggests that the company attempted to balance funding sources and control financial risk while maintaining positive EVA (Al-Nimer, Arabiat and Taha, 2024).

The recovery of EVA in 2025 to IDR 2,658.38 billion indicates that PT Indosat Tbk began to regain economic performance after the pressure experienced in 2022–2024. This recovery can be associated with the company's ability to improve operational effectiveness, optimize capital usage, and support long-term digital transformation. Gonçalves et al. found that economic performance, including EVA, can be strengthened through strategic initiatives that improve profitability and asset efficiency. In this study, the increase in EVA in 2025 suggests that PT Indosat Tbk's strategic direction, including digital infrastructure development and AI-based transformation, has the potential to support value creation when such investments are able to generate returns above the company's cost of capital (Goncalves, Louro and Barros, 2023).

From an investor perspective, the use of EVA in this study provides a more comprehensive interpretation than conventional accounting ratios alone. Traditional indicators such as ROA and ROE are useful for measuring profitability, but they do not explicitly consider the cost of capital. Oke and Ajeigbe emphasized that accounting variables and value-based management variables should be used together because they provide complementary information in evaluating company performance and shareholder returns. Therefore, the positive EVA of PT Indosat Tbk can be interpreted as a signal that the company was able to create economic profit, while conventional ratios remain useful as supporting indicators to assess profitability and market expectations (Lestari et al., 2022; Oke and Ajeigbe, 2024).

Overall, the findings indicate that PT Indosat Tbk successfully created economic value during the entire observation period, but the quality of this value creation varied across years. The strongest performance occurred in 2021, while the post-merger period showed pressure caused by higher Invested Capital and Capital Charges. Nevertheless, the company's ability to keep EVA positive demonstrates that operational profit remained sufficient to cover the cost of capital. This discussion confirms that EVA is relevant for evaluating PT Indosat

Tbk because it bridges accounting profit, capital structure, investment efficiency, and shareholder value into one integrated performance measure.

CONCLUSION

This study concludes that PT Indosat Tbk was able to create economic value during the 2020–2025 period. This is reflected in the positive Economic Value Added (EVA) recorded in every year of observation, indicating that the company's Net Operating Profit After Tax (NOPAT) consistently exceeded its Capital Charge. Therefore, PT Indosat Tbk not only generated accounting profit but also created economic value for shareholders after covering the cost of capital employed.

The highest EVA was achieved in 2021 at IDR 4,201.99 billion, mainly because NOPAT increased substantially while the Capital Charge remained relatively lower. Following the merger, EVA declined during 2022–2024 because the company's invested capital increased significantly, resulting in higher Capital Charges. Although NOPAT remained positive, its growth was not sufficient to offset the increase in the cost of capital. Consequently, the difference between NOPAT and Capital Charge became smaller, causing EVA to decline. Nevertheless, EVA remained positive because NOPAT continued to exceed the Capital Charge in every year. In 2025, EVA increased again to IDR 2,658.38 billion as operating profit improved more rapidly than the increase in capital costs, indicating a recovery in the company's economic performance.

Overall, the findings demonstrate that EVA provides a more comprehensive measure of financial performance than accounting profit alone because it evaluates whether the company generates operating returns that are sufficient to compensate both debt holders and shareholders. Therefore, EVA is an appropriate value-based indicator for assessing the efficiency of capital utilization and long-term value creation.

RECOMMENDATIONS

Based on the research findings, several recommendations are proposed:

1. Cost and Revenue Management. PT Indosat Tbk should continue improving operational efficiency and revenue growth to ensure that NOPAT consistently exceeds Capital Charge, thereby sustaining positive Economic Value Added (EVA).
2. Capital Structure and Investment. The company should optimize its capital structure to maintain an efficient WACC and ensure that investments, particularly in digital infrastructure, 5G, and AI, generate returns above the cost of capital.
3. Investor Performance Evaluation. Management and investors are encouraged to use EVA together with Market Value Added (MVA) in addition to conventional financial ratios, as these measures provide a more comprehensive assessment of value creation.
4. Future Research. Future studies should extend the observation period, include additional variables such as macroeconomic factors or cash flows, and compare EVA with other value-based performance measures such as FVA and REVA to obtain broader insights.

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