

Operating Cash Flow Analysis as a Financial Performance Measurement Tool

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ABSTRACT

The purpose of this study is to analyze and determine the current ratio obtained at PT Siloam International Hospitals Tbk in 2019 - 2021. The method used in this study is descriptive qualitative research method. From the results of the study, it can be concluded that the financial performance of PT Siloam International Hospital.Tbk in 2019-2021 is assessed from the operating cash flow ratio is stated to be not good, the performance is said to be not good so that the company must strive to increase cash from operating activities so that in the future the company's cash flow can run smoothly.

INTRODUCTION

In general, every company or institution records every transaction digitally using Microsoft Excel applications or accounting applications that play an important role in presenting financial information in the form of financial statements, every company needs financial statements that are used to provide information containing financial conditions, performance and changes in financial position to interested parties. Parties interested in the company's financial position and development, namely internal parties such as company management and employees, and external parties such as shareholders, creditors, government, and society (Erica, D, 2018).

To ensure that the company's goals can be achieved and find out the extent of the effectiveness of the company's operations in achieving the goals, periodic company performance measurements are carried out whether it's a service company, trade, manufacturing/industry. To assess whether or not the financial performance of a company can be known by analyzing financial statements to help users of financial statements so that they can make the right decisions. Analysis of the company's financial statements is basically to find out how much profit (revenue) the company earns or how healthy the company is. Financial performance analysis can describe the financial performance achieved.

One way to measure a company's performance level is to use a cash flow statement. Cash flow ratio is a financial statement that contains the effect of cash from operating activities, investment transaction activities, and funding or financing transaction activities as well as a net increase or decrease in a company's cash during a period that aims to assess the performance and economic condition of a company. The cash flow ratio becomes a tool to assess the financial performance of a company.

In this study, the company that became the object of research was PT Siloam International Hospitals, Tbk as one of the Health companies listed on the Indonesia Stock Exchange. PT Siloam International Hospitals is one of the companies affected by the Covid-19 pandemic. To determine the financial performance of PT Siloam Hospitals International, it is necessary to research to analyze the impact after the decline in the Covid-19 Pandemic which certainly affects changes in the company's cash condition, which is assessed by the movement of cash flow ratios to assess the company's financial performance in terms of liquidity and company flexibility on the company's financial performance using cash flow statement analysis.

THEORETICAL REVIEW

Financial Performance

According to Jumingan (2006), the definition of financial performance is a description of the company's financial condition in a certain period, both concerning aspects of raising funds or distributing funds, and is usually measured using indicators of capital adequacy, liquidity, and profitability

According to Irham Fahmi (2018), financial performance is an analysis carried out to see the extent to which companies implement good and correct

financial implementation rules. Company performance is a picture of the financial condition of a company that is analyzed using financial analysis tools so that it can be known how good the financial condition of a company is reflected in work performance in a certain period. Resources must be used optimally when facing environmental changes

Cash Flow Statement

According to Simamora, H (2000) The cash flow statement is a financial statement that shows the effect of the company's operating, funding, and investment activities on cash flow during a certain accounting period in a way that reconciles the initial and final cash balances.

According to Arfan Ikhsan (2012), the cash flow statement is the main statement of cash inflows and cash outflows from the company during a period. The cash flow statement provides useful information regarding a company's ability to generate cash from operations, maintain and expand its operating capacity, meet its financial obligations, and pay dividends.

According to Henry (2012), the Statement Of Cash Flows is a report that describes cash inflows and cash outflows in detail from each activity, starting from operating activities, and investment activities, to funding/financing activities for a certain period).

Cash Flow Statement

According to Darsono and Ashari in their book (2005) cash flow statement ratio analysis tools needed to assess the company's financial performance include:

1. Operating Cash Flow Ratio (AKO). The operating cash flow ratio is one of the most important cash flow ratios. Operating cash flow relates to the cash flow an organization obtains from its operational activities to the repayment of its current debts.
2. Cash to Interest Coverage Ratio (CKB). The ratio is used to determine the company's ability to pay interest on existing debt.
3. Total Debt Ratio (TH). The total debt ratio shows the term of debt repayment by the company assuming all operating cash flows are used to repay the debt.
4. Cash to Current Debt Coverage Ratio (CKHL). This ratio measures a company's ability to pay current debt based on net operating cash flow.
5. Capital Expenditure Ratio (PM). This ratio is used to measure the capital available for investment and servicing existing debt.
6. Funding Flow Coverage (CAD). The fund flow coverage ratio is used to determine the company's ability to generate cash to pay its commitments (interest, taxes, and dividends).
7. Net Free Cash Flow Ratio (AKBB). The free net cash flow ratio is useful for measuring a company's ability to meet future cash obligations.
8. Cash Flow Adequacy Ratio (KAK). The cash flow adequacy ratio is an analytical technique that measures a company's ability to provide cash to meet its obligations in the next 3 years

METHODOLOGY

This research uses descriptive qualitative research methods obtained with documentation sheets containing data to see the completeness of the contents of financial statements. In this study, the secondary source of data is a site on the internet that is related to the research conducted. The source of data taken by researchers has been provided by the company in the form of financial statement data obtained from PT Siloam International Hospitals Tbk during the 2019-2021 period which includes balance sheet and cash flow statements. This research was conducted at PT Siloam International Hospitals Tbk in the 2019-2021 period. The required data can be accessed through the www.idx.co.id website. The research was conducted for about 2 months, from December 2022 to January 2023. The data analysis used in this study is a descriptive analysis by calculating ratios for 3 periods (2019 - 2021) and then analyzing the high or low cash flow ratio at PT Siloam International Hospitals Tbk.

RESEARCH RESULT

Operating Cash Flow Ratio (AKO)

This ratio shows the ability of the company's operating cash flow to pay off its current liabilities.

Table 1. Results of Operating Cash Flow Ratio (AKO) Calculation

Year	Total Operating Cash Flow (in millions of rupiah)	Current Liabilities (in millions of rupiah)	AKO Ratio
2019	651,507	1,370,337	0.48
2020	1,336,602	1,681,474	0.79
2021	2,033,133	2,232,850	0.91

Cash to Interest Coverage Ratio (CKB)

This ratio shows the company's ability to pay interest on existing debt.

Table 2. Results of Cash to Interest Coverage Ratio (CKB) Calculation

Year	Total Operating Cash Flow (in millions of rupiah)	Flower (in millions of rupiah)	CKB ratio
2019	651,507	52,397	12.43
2020	1,336,602	91,169	14.66
2021	2,033,133	64,985	31.29

Total Debt Ratio (TH)

This ratio shows the term of debt repayment by the company assuming all operating cash flows are used to repay the debt.

Table 3. Total Debt (TH) Ratio Calculation Results

Year	Total Operating Cash Flow (in millions of rupiah)	Total Debt (in millions of rupiah)	TH Ratio
2019	651,507	1,754,101	0.37
2020	1,336,602	2,409,411	0.55
2021	2,033,133	2,780,383	0.73

Cash to Current Debt Coverage Ratio (CKHL)

This ratio shows the company's ability to pay current debt based on net operating cash flow.

Table 4. Results of Calculation of Cash Coverage Ratio to Current Debt (CKHL)

Year	Total Operating Cash Flow (in millions of rupiah)	Cash Dividend (in millions of rupiah)	Current Debt (in millions of rupiah)	CKHL Ratio
2019	651,507	-	1,370,337	0.48
2020	1,336,602	-	1,681,474	0.79
2021	2,033,133	224,591	2,232,850	1.01

Capital Expenditure Ratio (PM)

This ratio is used to measure the capital available for investment and servicing existing debt.

Table 5. Results of Capital Expenditure Ratio (PM) Calculation

Year	Total Operating Cash Flow (in millions of rupiah)	Capital Expenditures (in millions of rupiah)	PM Ratio
2019	651,507	467,709	1.39
2020	1,336,602	258,623	5.17
2021	2,033,133	546,077	3.72

Fund Flow Coverage Ratio (CAD)

This ratio measures a company's ability to generate cash to pay its commitments (interest, taxes, and dividends).

Table 6. Results of Fund Flow Coverage Ratio (CAD) Calculation

Year	EBIT (in millions of rupiah)	Flower (in millions of rupiah)	Tax Adjustment (in millions of rupiah)	Dividend (in millions of rupiah)	CAD Ratio
2019	(100,272)	52,397	83,380	-	-0.74
2020	390,592	91,169	109,504	-	1.95
2021	1,018,703	64,985	218,793	224,591	2.00

Net Free Cash Flow Ratio (AKBB)

This ratio measures the company's ability to meet future cash obligations

Table 7. Calculation of Net Free Cash Flow Ratio (AKBB)

Flower (in millions of rupiah)	Depreciation (in millions of rupiah)	Rent (in millions of rupiah)	Leasing (in millions of rupiah)	Dividend (in millions of rupiah)	Financier (in millions of rupiah)
52,397	345,613	52,274	-	-	467,709
91,169	104,768	305,627	-	-	258,623
64,985	116,105	413,569	-	224,591	546,077

Cash Flow Adequacy Ratio (KAK)

This ratio measures the company's ability to provide cash to meet its obligations in the next 3 years.

Table 8. Cash Flow Adequacy Ratio (KAK) Calculation Results

Year	EBIT (in millions of rupiah)	Flower (in millions of rupiah)	Tax (in millions of rupiah)	Financier (in millions of rupiah)	Average Long- Term Debt (in millions of rupiah)	KAK Ratio
2019	(100,272)	52,397	83,380	467,709	397,552	-1.77
2020	390,592	91,169	109,504	258,623	503,346	-0.14
2021	1,018,703	64,985	218,793	546,077	553,078	0.34

DISCUSSION

Based on the calculation of the cash flow ratio which includes operating cash flow, cash to interest coverage, total debt, cash coverage to current debt, capital expenditure, fund flow coverage, free net cash flow and cash flow adequacy presented in 3 periods, namely from 2019 to 2021, it can be known the financial performance of PT Siloam International Hospitals, Tbk.

Operating Cash Flow Ratio (AKO)

The increase in the value of the company's operating cash flow ratio from year to year shows that the company is getting better but the value is still below 1 which means that the company has not been able to pay its current obligations using operating cash flow alone, so the company's financial performance can be said to be less good when measured by the operating cash flow ratio.

Cash to Interest Coverage Ratio (CKB)

The increase in the value of the CKB ratio was caused by an increase in the amount of the company's operating cash flow and a decrease in the company's interest which certainly resulted in the CKB ratio increasing from year to year. This means that there is an increase in the ability of PT Siloam International Hospitals, Tbk to cover interest costs each year so it can be said that the company's financial performance of PT Siloam International Hospitals, Tbk as measured by the ratio of cash to interest coverage is said to be very good.

Total Debt Ratio (TH)

Although the total debt ratio continues to increase every year the value is still below 1, This shows that the company's performance is not good when measured by the total debt ratio, where the company has a poor ability to pay all its obligations from cash flows derived from the company's normal operations. This is because the amount of the company's liabilities is higher than the amount of the company's operating cash flow.

Cash to Current Debt Coverage Ratio (CKHL)

Although the ratio value increased in 2020, the value of the cash coverage ratio to current debt in 2019 and 2020 was still below 1 which means the company was unable to pay current debt based on net operating cash flow, but in 2021 there was an increase from previous years where the calculation of the CKHL ratio reached 1 which means that the company was able to pay current debt based on net operating cash flow, So it can be said that the company's financial performance has increased in 2021 and it can be said that the company's performance is good when measured by the ratio of cash coverage to current debt.

Capital Expenditure Ratio (PM)

The increase in the value of the PM ratio is due to an increase in the amount of the company's operating cash flow and a decrease in the amount of company capital expenditure which certainly results in the PM ratio increasing from year to year. This means an increase in the company's ability to finance

capital expenditures (additional purchases of fixed assets, investments, and acquisitions). The ratio shows that the capital expenditure ratio is above 1 means the company's high ability from the company's operating cash flow to finance its capital expenditures, so that the company's financial performance can be said to be very good. And for 2021, the value of the capital expenditure ratio decreased to 3.72. Although it decreased from the previous year, the value is still above 1, which means that the company is still said to be able to finance the company's capital expenditure, so the company's performance can be said to be good when measured by the capital expenditure ratio.

Fund Flow Coverage Ratio (CAD)

In 2019, the value of fund cash flow coverage was the lowest, which was -0.75, which means that the company's profit before tax and interest was unable to cover commitments due in one year, then There was an increase in 2020 then continued to increase in 2021 which showed that the fund flow coverage ratio was above 1, meaning a good ability of profit before tax and interest to cover commitments due in one year so that performance The company's finances are very good when measured by the ratio of fund flow coverage.

Net Free Cash Flow Ratio (AKBB)

Despite the increase, the value of the net free cash flow ratio each year is still below 1 which means that the company's ability is low to meet future cash obligations using operating cash flow, so it can be said that the company's financial performance is not good when measured by the free net cash flow ratio.

Cash Flow Adequacy Ratio (KAK)

Despite the increase, the value of the cash flow adequacy ratio each year is still below 1 which means the company's low ability to provide cash to meet its obligations within the next 3 years. So the company's financial performance is not good when measured by the cash flow adequacy ratio.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of research and analysis of cash flow statements with financial performance measurement methods at PT Siloam International Hospitals, Tbk, the following conclusions can be drawn, the financial performance of PT Siloam International Hospitals, Tbk for 2019-2021 is assessed from the operating cash flow ratio is stated to be not good, its performance is said to be less good because from the calculation of the eight operating cash flow ratios above states that five ratios have not met standard 1, And only three ratios meet standard 1, this is because the company's ability to manage operating cash flow is still not optimal. However, the financial performance of PT Siloam International Hospitals, Tbk in 2019-2021 tends to increase from year to year, This can be seen from the eight operating cash flow ratios, seven ratios

have increased, so that the financial performance of PT Siloam International Hospitals, Tbk is getting better from year to year.

The advice given by the researcher is that the company must strive to increase cash from operating activities so that in the future the company's cash flow can run smoothly, and it is expected that the company can improve management capabilities in managing company finances so that the company's financial performance will be better.

ADVANCED RESEARCH

This research still has limitations so further research needs to be done on this topic.

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