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STRATEGIC FINANSIAL MANAGEMENT ANALYSIS OF PT TIMAH TBK IN 2024

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Abstract

This study aims to analyze the strategic financial management of PT Timah Tbk in 2024 through profitability, solvency, risk, and strategic investment analysis. The study uses a descriptive qualitative approach based on secondary data obtained from the company's financial performance indicators. The analysis focuses on Return on Assets (ROA), Return on Equity (ROE), and Debt to Equity Ratio (DER) to evaluate the company's financial condition and sustainability. The results indicate that PT Timah Tbk demonstrates relatively good profitability performance, reflected by positive ROA and ROE values. However, the company also faces financial risks due to its high DER, indicating dependence on debt financing. Internal risks identified include high debt levels, cash flow management issues, and operational inefficiency, while external risks involve fluctuations in global tin prices, government regulations, and global economic conditions. The study also highlights the importance of digitalization and operational efficiency in supporting business sustainability. Strategic recommendations include debt restructuring, operational cost efficiency, asset optimization, and technology investment to strengthen financial stability and improve long-term competitiveness.

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Keywords: *Strategic Financial Management, Profitability Analysis, Return on Assets (ROA), Return on Equity (ROE), Debt to Equity Ratio (DER), Solvency, Financial Risk, Tin Industry, Business Sustainability*

INTRODUCTION

Strategic financial management is one of the most critical aspects in maintaining the sustainability and competitiveness of a company, particularly in the mining sector, which is characterized by high risk levels and is significantly influenced by global market dynamics. Mining companies are not only required to generate profits, but must also maintain capital structure stability, operational efficiency, and resilience against fluctuations in world commodity prices. PT Timah Tbk, as one of Indonesia's largest mining companies, faces considerable complexity in sustaining its financial performance amid an unstable global economic environment.

In the analysis of strategic financial management, financial ratios serve as the primary tool for evaluating a company's ability to create value for its shareholders. Profitability ratios such as Return on Assets (ROA) and Return on Equity (ROE) are used to measure the effectiveness of a company in generating profit, while solvency ratios such as the Debt-to-Equity Ratio (DER) are used to assess the degree of a company's dependence on debt. Based on PT Timah Tbk's 2024 financial report, the company recorded an ROA of 9.27%, an ROE of 15.93%, and a DER of 71.80%.

Although the company remains capable of generating reasonably strong profits, the elevated DER value indicates a level of financial risk that warrants serious attention. Dependence on debt can increase interest burden and adversely affect the company's cash flow. Therefore, an appropriate financial strategy is necessary to enable the company to maintain financial stability and long-term business sustainability. This study aims to analyze the financial condition of PT Timah Tbk, identify the risks it faces, and formulate turnaround strategies and strategic investment decisions that the company can implement.

METHOD

This study employs a qualitative descriptive approach using secondary data in the form of financial statements and strategic information from PT Timah Tbk for the year 2024. The descriptive approach is applied to illustrate the company's financial condition based on an analysis of profitability and solvency ratios.

Data collection was conducted through documentary study of the company's financial statements as well as literature relevant to strategic financial management. The data were analyzed using financial ratio analysis encompassing Return on Assets (ROA), Return on Equity (ROE), and Debt-to-Equity Ratio (DER).

In addition, this study also incorporates a business environment analysis to identify internal and external risks affecting the company's performance. The analysis was carried out systematically to produce strategic recommendations capable of supporting the long-term sustainability of the company.

RESULTS AND DISCUSSION

Profitability and Solvency Analysis

The results of the analysis indicate that PT Timah Tbk demonstrates a reasonably sound level of profitability. An ROA of 9.27% reflects the company's ability to generate profit from its existing assets. Meanwhile, an ROE of 15.93% signifies a satisfactory rate of return delivered to shareholders. Nevertheless, the company's DER of 71.80% indicates that its dependence on debt remains considerably high. This condition may elevate financial risk, particularly in the form of interest expense and increased pressure on the company's cash flow.

Internal Risk Factors

The primary internal risks faced by the company include its high debt level, cash flow management, and operational efficiency. The elevated level of debt subjects the company to substantial interest payment obligations, which in turn can reduce net profit. Furthermore, suboptimal cash flow management may disrupt the smooth running of the company's operations.

Operational efficiency also presents a significant challenge within the mining industry, given that production costs are relatively high. Consequently, the company needs to implement rigorous cost control measures and optimize resource utilization in order to remain competitive.

External Risk Factors

The company is also exposed to a range of external risks, including fluctuations in global tin prices, shifts in government policy, and broader global economic conditions. The volatile nature of tin prices can directly impact the company's revenue. In addition, changes in government regulations pertaining to mining and environmental standards may further increase operational costs.

Global economic conditions such as inflation, exchange rate movements, and geopolitical instability can also affect the demand for tin commodities in international markets. It is therefore essential for the company to develop effective risk mitigation strategies in order to sustain business stability.

Turnaround Strategy and Digitalization

To improve its financial position and enhance its competitive standing, PT Timah Tbk needs to implement a turnaround strategy through debt restructuring, operational cost efficiency, asset optimization, and the adoption of digital technology.

Digitalization enables the company to monitor production in real time, improve data management accuracy, and accelerate decision-making processes. The implementation of digital technology can also assist the company in reducing operational costs and sustainably increasing productivity.

Furthermore, the company can pursue strategic investment in the development of modern mining technologies to enhance production efficiency, reduce operational costs, and strengthen workplace safety as well as environmental sustainability.

CONCLUSION

Based on the results of the analysis, PT Timah Tbk demonstrates a reasonably sound profitability position, as reflected by its positive ROA and ROE values. This indicates that the company remains capable of utilizing its assets and equity effectively to generate profit. However, the elevated DER value signals the presence of financial risk stemming from its considerable dependence on debt.

The company faces a range of internal and external risks that may affect its financial stability and long-term business sustainability. It is therefore imperative that the company implement a turnaround strategy encompassing debt restructuring, operational cost efficiency, asset optimization, and the adoption of digital technology. Investment in modern mining technology also constitutes an important strategic step toward enhancing the company's productivity, efficiency, and long-term competitiveness.

SUGGESTION

Based on the findings and conclusions of this study, the following suggestions are put forward for consideration by PT Timah Tbk and relevant stakeholders:

1. **Debt Restructuring and Capital Structure Optimization** Given the company's DER of 71.80%, it is strongly recommended that PT Timah Tbk undertake a structured debt restructuring program. The company should prioritize reducing its reliance on external debt by renegotiating loan terms, extending repayment periods, and exploring alternative financing instruments such as bond issuance or equity financing. A healthier capital structure will reduce interest burden and improve the company's overall financial resilience.
2. **Operational Cost Efficiency** The company should implement comprehensive cost control measures across all operational units, particularly in production and supply chain management. Regular cost audits, lean management practices, and the elimination of operational inefficiencies are essential steps to improve profit margins and strengthen cash flow in the face of fluctuating commodity prices.
3. **Accelerated Digital Transformation** PT Timah Tbk is encouraged to accelerate its digital transformation agenda by integrating advanced technologies such as automated monitoring systems, data analytics, and artificial intelligence into its mining operations. This will not only enhance production efficiency and real-time decision-making, but also reduce long-term operational costs and minimize human error in critical processes.
4. **Strategic Investment in Modern Mining Technology** The company should allocate dedicated investment toward the adoption of modern mining technologies, including environment-friendly extraction methods and precision mining equipment. Such investment will not only improve productivity but also strengthen the company's compliance with environmental regulations, thereby reducing the risk of regulatory penalties and reputational damage.
5. **Risk Mitigation Strategy for External Volatility** To address exposure to global tin price fluctuations, exchange rate movements, and geopolitical instability, PT Timah Tbk should develop a robust risk mitigation framework. This may include hedging strategies for commodity prices and foreign exchange, as well as diversification of revenue streams to reduce overdependence on a single commodity market.
6. **Cash Flow Management Improvement** The company should strengthen its cash flow management by implementing more rigorous working capital monitoring and establishing adequate liquidity reserves. Improved cash flow planning will ensure the company can meet its short-term obligations without compromising its long-term investment capacity.
7. **Future Research Directions** For subsequent researchers, it is recommended that future studies incorporate a broader range of financial indicators and extend the period of analysis beyond a single fiscal year. Additionally, comparative studies involving other mining companies in Indonesia or the Southeast Asian region would provide more comprehensive insights into industry-wide financial performance and strategic benchmarking.

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