

ABSTRACT

The competition between telco industries is getting stronger and requires companies to constantly strengthen management fundamentals so that they will be able to compete with other companies. Inability to anticipate global developments would lead to reduction in volume of business, which in turn resulted in losses for the company. Financial distress is a very essential issue which must be aware by the company, the bankruptcy of a company can be assessed and measured through financial statement analysis, by analyzing financial statements.

This research aims to determine the results of financial distress predictions on Telecommunications sector companies in Indonesia using three models that are often used in predicting financial distress, there are: the Altman model, the Ohlson model and Artificial Neural Network Backpropagation (ANN). The samples used were three telecommunication company listed on the Indonesia Stock Exchange 2013-2017. Comparative analysis is done by analyzing the prediction result and the accuracy of each model. For testing the hypothesis using technical analysis tool non-parametric statistic Wilcoxon Rank Sum Test.

The research results showed that from the three sample companies during the 2013-2017 period, it was predicted that two companies would experience financial distress, there are PT. Indosat Tbk and PT. XL. Axiata Tbk. The level of accuracy using Altman's model prediction is 86.67%, while for Ohlson and ANN is 93.33%. Based on the results of the non parametric testing of the ANN model on the Altman and Ohlson models the Asymp values were obtained. Sig (2-tailed) of 0.573 and 0.397, means that it is greater than the significance value (> 0.05). This value conclude that there is no difference between ANN's method to Altman and Ohlson models.

Keywords: *Telecommunication Sector, Indonesia Stock Exchange, Altman, Ohlson, Artificial Neural Network, Financial Distress*