

ABSTRACT

The increase in electricity sales of PLN was supported by investment activities in fixed assets. The investment in fixed assets includes the construction of electrical infrastructure, both in generation, transmission, and distribution, maintenance capital expenditure, and the development of other facilities. Cumulatively, the net cash used for investment activities of PLN in 2022 recorded a decrease compared to the previous year. This decrease is primarily influenced by the company's prioritization of capex, which is a centralized process control system in end-to-end investment planning.

This research aims to examine the financial performance impact of PLN before and after implementing the prioritization of investment programs (capex) in 2019 to 2023. The research employs financial analysis tools, such as activity ratios, profitability ratios, and solvency ratios.

The phenomenon in this research is explored through descriptive analysis. The analytical tools used include activity ratios (total asset turnover/TATO) to measure how efficient PLN utilizes its assets obtained from the prioritization of investments to generate sales; profitability ratios (return on investment/ROI) to gauge PLN's ability to use its assets obtained from investment prioritization to generate net income; solvency ratios (debt to asset ratio/DTA) to assess the extent to which PLN's assets are funded by debt.

The results of the study indicate that there is no positive and significant impact on PLN's financial performance as measured by TATO, ROI and DTA between before and after the implementation of capex prioritization. The increase in PLN's measured financial performance values can also be influenced by other factors besides the influence of capex prioritization.

It is expected that the implementation of capex prioritization can be a consideration if it is still necessary to spend costs for capex, it needs to be done carefully, efficiently and directly supports the company's operations to gain profit. Management of the company's work plan and budget for investment needs to be based on the company's strategic objectives.

Keywords: capex, capex prioritization, impact, financial performance