

## **PUPUK SRIWIJAYA PALEMBANG FINANCIAL PERFORMANCE ANALYSIS COMPARE WITH NATIONAL COMPANY**

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### **Introduction**

#### *Background*

The increasing number in population means higher demand for food. Threats in agricultural production such as pests, loss of soil fertility and lack of nutrients may result in low percentage of plants to harvest. If these problems are not addressed, there would not be enough crops which compose a big fraction of our food supply to sustain the needs of the people. Hence, the importance of using fertilizers rises. Fertilizers are substances containing chemical elements such as mixture of nitrates that improves the growth of plants. Based on Fertilizer Outlook 2010 -2015 from Fertilizer Industry Association (IFA), production of cereals and oilseeds is projected to expand steadily from 2010 until 2015, with higher growth rates for soybean and maize vs. wheat and rice. Yield improvements would dominate the outlook. Some area expansion is seen in countries with abundant land and water resources, such as Brazil, Indonesia and Russia.

Indonesia itself is one of the largest agricultural country in among all tropical country around the world after Brazil; from 27 percent of the world's tropical zone, Indonesia has 11 percent of the tropical region that can be planted and cultivated annually. The area of arable land put Indonesia in the position number 10 of the world. According to the World Bank data, Indonesia is a coverage area of 1,905,000 km<sup>2</sup> and a vast arable land area of 241,880 km<sup>2</sup> (total 12 percent) and the rest of land consist the hills or mountains, and others. Now on the Joko Widodo and Jusuf Kalla leadership, the government is trying to invigorate the agricultural activities in order to increase agricultural product especially rice. To achieve that, the government made the tactical decision to supply fertilizer subsidy for Indonesia farmer, by appoint Pupuk Sriwijaya Palembang as the only supplier. Fertilizer subsidy paid by farmers are considered the highest retail price, namely the price of fertilizer sales in cash as stated at Ministry of Agriculture Decree which covers Urea, SP-36, ZA, NPK and organic fertilizers. In 2013, the proposal fertilizer use is estimated around 9.55 million mt, which consist of 4.10 million mt of Urea, 850 thousand mt of Sp-36, 1.05 mt of ZA, 2.55 millions mt of NPK, and 1.00 million mt of organic fertilizer. With these prices, the subsidy is around 50-75% of the market price of fertilizers (Table 1.1.). Total budget for fertilizer subsidy in 2013 is US\$ 1.51 billion

In Indonesia there are several fertilizer companies, but the big five are Pupuk Sriwijaya Palembang, Pupuk Petrokimia Gresik, Pupuk Kalimantan Timur, and Pupuk Iskandar Muda. The sales value of fertilizer product of 5 companies are increasing in the last 3 years, after decreasing from 2009 to 2010 period. In 2009, sales value of fertilizer product of 5 companies are about 33 trillion rupiah; then decreasing in 2010 into 32 trillion rupiah of sales value. Later in 2011 the sales value of fertilizer product are increasing into 39 trillion rupiah, and still increasing in 2012 period with 48 trillion rupiah of sales value. And then in 2013 the sales value of fertilizer product are increasing into 52 trillion rupiah.

### *Problem Identification and Research Question*

Based on the moment of Indonesia government made the tactical decision to appoint Pupuk Sriwijaya Palembang as the only supplier of fertilizer subsidy for Indonesia farmer, the main issues to be discussed in this final project is:

1. Based on financial performance analysis using combined analysis and BUMN financial scoring compare to other national fertilizer company; is the Indonesia government decision to appoint Pupuk Sriwijaya Palembang as the only one fertilizer subsidy are right?
2. What are financial indicators that Pupuk Sriwijaya Palembang could improve in order to compete in current market.

### *Research Objectives*

The objectives of this research are:

1. To understand the Indonesia government decision by analyzing Pupuk Sriwijaya Palembang's financial performance compare with other national fertilizer company using combined analysis and BUMN financial scoring.
2. Give recommendation based on combined analysis and BUMN financial scoring about financial indicators which Pupuk Sriwijaya Palembang should improve

### *Research Limitation*

The analysis of this final project is based on annual report and consolidated financial statement of national fertilizer company, there are Pupuk Sriwijaya, Pupuk Petrokimia Gresik, Pupuk Kalimantan Timur, Pupuk Iskandar Muda, and Pupuk Kujang in five years back, from year 2009 to year 2013.

### *Writing Structure*

In order to explain the systematic analysis, this final project will be divided into five chapters, there are Introduction, Literature Review, Methodology, Data Analysis, and Conclusion and Recommendation.

1. Chapter 1: Introduction  
Besides provide guideline for author to do the final project, this chapter also explain about the background of this final project. Author wants to present the problem and the goal of this final project.
2. Chapter 2: Literature Review  
Literature review will be described on theory correlated with this final project, also explained about the theories which used as guidelines from the study.
3. Chapter 3: Methodology  
Methodology explained the methods and the steps used in the final project to make the research design, problem identification, make the literature review, data collecting and data analyzing.
4. Chapter 4: Data Analysis  
Data analysis contains the data processing and analyzing using methodology tools and explanation about the problem experienced by Pupuk Sriwijaya Palembang and other companies, there are Pupuk Petrokimia Gresik, Pupuk Kalimantan Timur, Pupuk Iskandar Muda, and Pupuk Kujang as the comparison.
5. Chapter 5: Conclusion and Recommendation  
This chapter contains the conclusion from the data analyzing result and appropriate recommendation for Pupuk Sriwijaya's managerial, and to understand the Indonesia government decision as the author objectives.

## Literature Review

### *Financial Statement*

To understand the risk and profitability of a firm through analyze reported annual report and financial statement is financial statement analysis goal. Based on (Bordeianu, Sebastian, 2009), the information needed from the users for the financial statements concerning the performance of the company. The enterprise offering the information and recognized in an unitary way regarding correlated the company performance. Because provide information correlated with investing fund and calculate various aspects of performance, so this analysis is very important to the investors. Based on (Lawrence J Gitman, 2006), the four key of financial statement are income statement, balance sheet, the statement of shareholder's equity, and the statement of cash flows. Through profitability ratios, debt ratios, liquidity ratios, and market ratios, financial report can be analyze by various component

### *Financial Ratio*

According to Ehsan Nikhbat (2000), financial ratio is two selection of numerical values taken from firm's financial statement. To evaluate the overall financial condition of a corporation or organization, there are several standards ratio which commonly used. Financial ratios may be used by share holders, managers of the firm, and investors. Based on (Lawrence. J. Gitman, 2006), ratio analysis is methods of calculating and interpreting financial ratios to analyze and evaluate the company's performance for each period. Comparison across companies within same industry are allowed in financial ratio analysis to analyze trends and company's financial to others. When doing comparison of financial ratios, the companies should have similar characteristics. Based on (Dennis, Michael C, 1995) there are several limitations in Financial Statement Analysis:

- 1) Past financial performance, good or bad, is not necessarily a good predictor of what will happen with a customer in the future.
- 2) The more out-of-date a customer's financial statements are, the less value they are to credit department.
- 3) Without the notes to the financial statements, credit managers cannot get a clear picture of the scope of the credit risk they are considering.
- 4) Unless the customer financial statements are audited, there is no assurance they conform to generally accepted accounting principles. As a result, the statements may be misleading or even completely fraudulent
- 5) To see the big picture, it is necessary to have at least three years of financial statements for comparison. Trends will only become apparent through comparative analysis.

According to (Babalola, 2013). The most popular and widely used tools of financial analysis is ratio analysis. And, based on (Mautz, 2006) there are 5 most common used financial ratio categories, but the author only describe four of common financial ratio (becasuse Pupuk Sriwijaya not an open market company yet) , there are:

### *Liquidity*

Maintaining sufficient liquidity is an important matter, because in order to achieve the goal of long-term profitability, the firm must survive the short-term by meeting financial obligations on timely basis. Liquidity means that the firm's ability to meet their liquid assets with short-term obligations or is capable of raising funds on short time.

### *Debt*

Because of debt is the least costly individual source of funds for the company, so the are many companies use debt to finance a portion of their assets. While dividends on preferred and common stock are not deductible as expenses for tax purpose. But for tax purposes, interest could be deductible The deductibility of interest makes the use of debt very advantageous. The company

must get a balance between the tax benefits and the added costs or risk correlated with use of debt. Because increasing profit chance make increasing the risk to investors too.

#### *Activity*

Activity ratios measure how efficiently a firm operates, such as inventory management, disbursements, and collections. A number of ratios are available for measuring the activity of the most important current accounts, which include inventory, accounts receivable, and account payable. The efficiency with which total assets are used can also be calculated

#### *Profitability*

The goal of every business is to generate profits by using assets provided by investors and creditors. These profits maybe returned to investors and creditors as dividends and interest or reinvested to grow the business. The most obvious indicators of success is the firm's net income

#### *Financial Statement Analysis*

Based on Babalola et al (2013), Financial statement analysis is the application of analytical tools to general-purposes financial statements and related data. Financial statement analysis decreases uncertainty on hunching, guessing, and intuition of business analysis decision. So an analyst will better understand and interpret both qualitative and quantitative financial information and can understand about company prospects and risks.

#### *Combined Analysis*

Based on (Lawrence. J. Gitman, 2006), combined analysis is the most informative approach to financial statement analysis which combined cross-sectional and time-series analysis. A combined makes a new point of view and makes it possible to asses and understand the trend in the behavior of the ratio in relation to the trend for the industry

#### *BUMN Financial Scoring*

The scoring of stated-owned company is based on three aspects which are operational aspect, administration aspect, and financial aspect. The financial scoring only could be applied to the company that has been audited by CPA firms or National Audit Institution. But in this final project the author also asses the financial performance of Pakistan fertilizer company with BUMN Scoring, because the eight ratio within BUMN Financial Scoring are universal and commonly used in financial performance analysis. The author want to know the financial performance of Pakistan fertilizer company toward Indonesia scoring standard.

The scoring are divided into two categories which are infrastructure or non-infrastructure firms. Based on the clause 5 subsection 1, company is categorized into infrastructure firms if its core product are:

- a) Electrical distribution, transmission or generator.
- b) Transport of goods, freights, procurement or support services for passengers either sea, air or train.
- c) Roads, and toll bridges, docks, harbors, or river or lakes, field flying and airports.
- d) Damns and irrigations.

Indicators	Weight	
	Infrastructure	Non Infrastructure
ROE	15	20
ROA	10	15
Cash ratio	3	5
Current Ratio	4	5
Collection Periods	4	5

Inventory Turnover	4	5
Total Assets Turnover	4	5
Equity Ratio	6	10
Weight	50	70

There is specific range and formula for each financial indicator in BUMN financial scoring. The scoring and formula for indicator can be seen on the table below (all formulas are taken from BUMN ministerial decree KEP-100/MBU/2002)

## Methodology

### *Problem Identification*

Related to the projection of the great need of fertilizer in Indonesia (South Asia). As one of national fertilizer company which could supply the national fertilizer demand, Pupuk Sriwijaya Palembang face the tight competition in the current fertilizer market, especially from national company. As a result evaluation and assessment is needed to measure the company's development progress comparing with the similar company. One of the useful assessment is reviewing company's financial statement and the balance sheet. Income statement purpose is to inform how company generated profit, cash flow statement identifies the sources of and amounts of cash in and cash out of the company during the specified period; and the balance sheet shows assets liabilities, and capital of the company. In assessing corporate performance, ratio analysis is also performed to compare with others companies

### *Literature Review*

To help in providing theories about the financial performance assessment, the author read and collects literature studies which written by people who accredited scholars or researches. The literature studies that will be used in this research are taken from textbooks and journals which contain theory or formula that correlated with this final project. The author also use KEP-100/MBU/2002 to understand about calculation on BUMN Financial Scoring.

### *Data Collection*

In order to support in solving the problems, the author needs to collect data from sources or commonly called data collection. In this research, the data are taken from annual report and consolidated financial statement Pupuk Sriwijaya Palembang and other benchmarking company that will be used as the comparison in this research.

The data source are taken from the consolidated financial statements and annual reports of listed fertilizer companies which are Pupuk Sriwijaya Palembang, Pupuk Petrokimia Gresik, Pupuk Kalimantan Timur, Pupuk Iskandar Muda, and Pupuk Kujang. The reports are taken from the company's official website. This research will analyze the company financial performance based on the reports from the year 2009 to 2013.

The author also search for the industry average for fertilizer enterprises from [www.reuters.com](http://www.reuters.com), as the comparison for financial performance of Pupuk Sriwijaya and other benchmarking companies.

### *Data Analysis*

The goal of the data analysis is to process the collected data in order to conduct the analysis, determine the result, and giving the information in order to suggest conclusion and recommendation. The methods consist of combined analysis and BUMN scoring analysis. The result of the data processing using financial ratio is used to compare Pupuk Sriwijaya Palembang to the other benchmarking companies and evaluate Pupuk Sriwijaya Palembang's condition.

### *Conclusion and Recommendation*

The conclusions are based on the result of the company financial performance analysis of Pupuk Sriwijaya Palembang company compared with other national fertilizer companies (as benchmark). In addition, appropriate recommendation will be given to the company for the improvement of Pupuk Sriwijaya Palembang.

## **Data Analysis**

### *Combined Analysis*

#### *Current Ratio*

Pupuk Sriwijaya's current ratio contain some fluctuations but looks good in overall, because Pupuk Sriwijaya's current ratio always has higher value than industry average. In 2009 Pupuk Sriwijaya's current ratio is 1.98 point and fill the second position after Pupuk Petrokimia Gresik's current ratio which have value 2.04 point. Then, in 2010 Pupuk Sriwijaya's current ratio is increasing, but still fill the second position after Pupuk Petrokimia Gresik's current ratio, which 2.29 point for Pupuk Sriwijaya's current ratio and 2.51 point for Pupuk Petrokimia Gresik's current ratio. Later, in 2011 Pupuk Sriwijaya's current ratio increase significantly to 5.84, but still fill the second position after Dawood Hercules Fertilizer's current ratio that also increase drastically from 2.45 point to 6.74 point. And then in 2012 Pupuk Sriwijaya's current ratio is increasing into 6.34 point and filling the highest position of current ratio value among the others companies; also in this year Pupuk Sriwijaya achieve the highest value of current ratio in 5 year period from 2009 to 2013. Then, in 2013 period all current of sample companies are decreasing, especially Pupuk Sriwijaya's current ratio that have value 3.08. Even though Pupuk Sriwijaya current ratio decreasing significantly, but Pupuk Sriwijaya's current ratio still fill the first position.

#### *Quick Ratio*

Pupuk Sriwijaya's quick ratio are contain some fluctuations but looks good in overall, because Pupuk Sriwijaya's quick ratio always have higher value than industry average. In 2009 Pupuk Sriwijaya's quick ratio fill the third position with 1.46 point, after Dawood Hercules Fertilizer's quick ratio with 1.98 point and Pupuk Petrokimia Gresik's quick ratio with 1.47 point. In the 2010 period, Pupuk Sriwijaya's quick ratio increasing into 1.59 point and fill the second position after Dawood Hercules's quick ratio with 2.36 point. Then, in 2011 Pupuk Sriwijaya's quick ratio together with Dawood Hercules Fertilizer's quick ratio increasing drastically to 4.93 point and 6.52 point. And in 2012 period Pupuk Sriwijaya quick ratio are still increasing even its not much, the value of Pupuk Sriwijaya's quick ratio in this period are 5.21 point and fill the first position. And then in 2013 Pupuk Sriwijaya's quick ratio are decreasing drastically into 2.54 point, but still fill the first position among other companies.

#### *Cash Ratio*

Pupuk Sriwijaya's cash ratio are contain some fluctuations. In 2009 Pupuk Sriwijaya's cash ratio are 48% and fill the fifth position after Dawood Hercules Fertilizer's cash ratio with 123%, Fauji Bin Qasim Fertilizer's cash ratio with 85%, Fauji Fertilizer's cash ratio with 59%, and Pupuk Kalimantan Timur's cash ratio with 54%. Then, in 2010 Pupuk Sriwijaya's cash ratio are increasing but still fill the third position after Dawood Hercules Fertilizer's cash ratio with 159%, and Fauji Bin Qasim Fertilizer's cash ratio with 91%. Later, in 2011 Pupuk Sriwijaya's cash ratio increase significantly to 420%, but still fill the second position after Dawood Hercules Fertilizer's cash ratio which increase drastically too, from 159% to 542%. And then in 2012 Pupuk Sriwijaya's cash ratio are decreasing to 378% and fill the highest position of cash ratio value among the others companies. Then, in 2013 Pupuk Sriwijaya's cash ratio decreasing significantly into 117%, but still fill the first position.

#### *Debt Ratio*

Pupuk Sriwijaya's debt ratio contain some fluctuations. In 2009 Pupuk Sriwijaya's debt ratio fill the second position with 58%, after Pupuk Petrokimia Gresik's debt ratio with 70%. Later in 2010 period, the liabilities proportion of Pupuk Sriwijaya's debt ratio and Pupuk Petrokimia Gresik's debt ratio are together decreasing into 53% and 60%. And in 2011 the degree of indebtedness of Pupuk Sriwijaya are lower, because the decreasing movement of Pupuk Sriwijaya's debt ratio to 22%, and fill the third position after Pupuk Petrokimia Gresik' debt ratio and Pupuk Kalimantan Timur's debt ratio with 61% and 42%. Then in 2012 Pupuk Sriwijaya's debt ratio are increasing into 24%, and fill the third position after Petrokimia Gresik's debt ratio and Pupuk Kalimantan Timur's debt ratio that have value 73% and 40%. And then in 2013 Pupuk Sriwijaya's debt ratio are still increasing into 39%, which means the total liabilities proportion to total assets of Pupuk Sriwijaya are increasing too. In this year Pupuk Sriwijaya's debt ratio fill the third position again after Pupuk Petrokimia Gresik's debt ratio and Pupuk Kalimantan Timur's debt ratio that have value 71% and 59%.

#### *Equity Ratio*

Pupuk Sriwijaya's equity ratio contain some fluctuations. In 2009 Pupuk Sriwijaya's equity ratio fill the third position with 41%, after Dawood Hercules Fertilizer's equity ratio with 65% and Pupuk Kalimantan Timur's equity ratio with 52%. Later in 2010 period, Pupuk Sriwijaya's equity ratio are increasing into 47% and fill the fourth position after Dawood Hercules Fertilizer's equity ratio with 72%, Fauji Bin Qasim Fertilizer's equity ratio with 67% and Pupuk Kalimantan Timur's equity ratio with 56%. And in 2011 the degree of share holders equity of Pupuk Sriwijaya are still higher, because the increasing movement of Pupuk Sriwijaya's equity ratio to 78%, and fill the second position after Dawood Hercules Fertilizer's equity ratio with 80%. Then in 2012 Pupuk Sriwijaya's equity ratio are decreasing into 76%, and fill the first position. And then in 2013 Pupuk Sriwijaya's equity ratio are still decreasing into 61% and fill the first position.

#### *Inventory Turnover*

Fauji Fertilizer's inventory turnover are over performed compare with other companies. And for Pupuk Sriwijaya's inventory turnover are steady, and always fill the third position after 3 Pakistan fertilizer company, and always have higher point compare with Indonesia fertilizer company. The minimum and maximum point of Pupuk Sriwijaya's inventory turnover are 3.81 and 6.44.

#### *Total Asset Turnover*

Dawood Hercules Fertilizer's total asset turnover are underperformed. And for Pupuk Sriwijaya's total asset turnover are contain some fluctuations and get the anti-climax in the 2012 and 2013 period. In 2009 Pupuk Sriwijaya's total asset turnover are 0.99 point, and fill the third position after Pupuk Petrokimia Gresik's total asset turnover with 1.36 and Fauji Bin Qasim Fertilizer's total asset turnover with 1.01 point. Then in 2010 Pupuk Sriwijaya's total asset turnover are decreasing into 0.97 point and fill the fourth position after Pupuk Petrokimia Gresik's total asset turnover with 1.33 point, Fauji Bin Qasim Fertilizer's total assets turnover with 1.22 point and Fauji Fertilizer's total asset turnover with 1.04 point. And then in 2011 Pupuk Sriwijaya's total asset turnover are increasing into 1.14 point or the maximum point of Pupuk Sriwijaya's total asset turnover in 5 year period from 2009-2013. In this year Pupuk Sriwijaya's total asset turnover get the third position after Pupuk Petrokimia Gresik's total asset turnover with 1.43 point and Fauji Bin Qasim Fertilizer's total asset turnover with 1.39 point. Later, in 2012 Pupuk Sriwijaya's total asset turnover are decreasing into 0.85 point, and fill the fifth position after Fauji Fertilizer's total asset turnover with 1.23 point, Fauji Bin Qasim's total asset turnover with 1.18 point, Pupuk Petrokimia Gresik's total asset turnover with 1.13 point, and Pupuk Kalimantan Timur's total asset turnover with 1.11 point. And then in 2013 Pupuk Sriwijaya's total asset turnover are decreasing again into 0.79 point, and fill the fourth position after Fauji Bin Qasim's total asset turnover with 1.5 point, Pupuk Petrokima Gresik's total asset turnover with 1.13 point, and Fauji Fertilizer's total asset turnover with 1.1 point.

#### *Collection Period*

Fauji Bin Qasim Fertilizer's collection period are underperformed compared with other companies and Dawood Hercules Fertilizer's collection period are overperformed than other companies. For Pupuk Sriwijaya's collection period, there are contain some fluctuations. In 2009 Pupuk Sriwijaya's collection period are 24 days and fill the fourth position after Dawood Hercules Fertilizer's collection period with 1 day, Fauji Fertilizer's collection period with 4 days, and Pupuk Petrokimia Gresik's collection period with 19 days. Then in 2010 Pupuk Sriwijaya's collection period are decreasing into 21 days and fill the third position after Dawood Hercules Fertilizer's collection period with 1 day, and Fauji Fertilizer's collection period with 3 days. And then in 2011 Pupuk Sriwijaya's collection period are decreasing significantly to 2 days, and fill the second position after Dawood Hercules Fertilizer and Fauji Fertilizer's that have same collection period, there are 1 day. Later, in 2012 Pupuk Sriwijaya's collection period are increasing into 8 days, and get the second position after Dawood Hercules Fertilizer's collection period with 1 day. And then in 2013 Pupuk Sriwijaya's collection period are still increasing into 12 days, and fill the third position after Dawood Hercules Fertilizer's collection period with 2 days and Fauji Fertilizer's collection period with 11 days.

#### *Gross Profit Margin*

Pupuk Sriwijaya's gross profit margin are contain some fluctuations. In 2009 Pupuk Sriwijaya's gross profit margin are 22.80% and fill the fifth position after Fauji Fertilizer's gross profit margin with 43.27%, Dawood Hercules Fertilizer's gross profit margin with 35.87%, Pupuk Kalimantan Timur's gross profit margin with 31.81% and Fauji Bin Qasim Fertilizer's gross profit margin with 26.32%. Then in 2010 Pupuk Sriwijaya's gross profit margin are increasing into 26.63% and still fill the fifth position after Fauji Fertilizer's gross profit margin with 43.60%, Dawood Hercules Fertilizer's gross profit margin with 40.17%, Pupuk Kalimantan Timur's gross profit margin with 36.20% and Fauji Bin Qasim Fertilizer's gross profit margin with 31.12%. And then in 2011 Pupuk Sriwijaya's gross profit margin are increasing into 28.27% and still fill the fifth position after Fauji Fertilizer's gross profit margin with 62.60%, Pupuk Kalimantan Timur's gross profit margin with 36.39%, Fauji Bin Qasim Fertilizer's gross profit margin with 36.00% and Dawood Hercules Fertilizer's gross profit margin with 35.91%. Later in 2012 Pupuk Sriwijaya's gross profit margin are keep increasing to 34.69% and fill the third position after Fauji Fertilizer's gross profit margin with 48.47% and Pupuk Kalimantan Timur's gross profit margin with 35.81%. And then in 2013 Pupuk Sriwijaya's gross profit margin are decreasing and fill the last position among other companies.

#### *Operating Profit Margin*

Fauji Fertilizer's operating profit margin are over performed and Pupuk Sriwijaya's operating profit margin contain some fluctuations. In 2009 Pupuk Sriwijaya's operating profit margin are 10.83% and fill the fourth position after Fauji Fertilizer's operating profit margin with 41.68%, Pupuk Petrokima Gresik's operating profit margin with 13.12% and Pupuk Kalimantan Timur's operating profit margin with 12.63%. Then in 2010 Pupuk Sriwijaya's operating profit margin are decreasing into 9.48% and fill the last position among other companies. And then in 2011 Pupuk Sriwijaya's operating profit margin are increasing into 18.14% and fill the fifth position after Fauji Fertilizer's operating profit margin with 63.64%, Dawood Hercules Fertilizer's operating profit margin with 23.17%, Pupuk Kalimantan Timur's operating profit margin with 20.00%, and Fauji Bin Qasim Fertilizer with 19.27%. Later, in 2012 Pupuk Sriwijaya's operating profit margin's operating profit margin are increasing into 23.78%, and get the second position after Fauji Fertilizer's operating profit margin with 44.99%. And in 2013 Pupuk Sriwijaya's operating profit margin are decreasing to 12.23% and fill the third position after Fauji Fertilizer's operating profit margin with 42.74% and Petrokimia Gresik's operating profit margin with 15.50%.

#### *Net Profit Margin*

Pupuk Sriwijaya's net profit margin are steady even though there are still contain a bit fluctuation. In 2009 Pupuk Sriwijaya's net profit margin are 7.52% and fill the fourth position after Fauji Fertilizer's net profit margin with 24.40%, Fauji Bin Qasim Fertilizer's net profit margin with 10.30% and Pupuk Kalimantan Timur's net profit margin with 10.22%. Then in 2010 Pupuk Sriwijaya's net profit margin

are decreasing into 6.50% and fill the last position among the other companies. And then in 2011 Pupuk Sriwijaya's net profit margin are increasing into 16.58% and fill the fourth position after Dawood Hercules Fertilizer's net profit margin with 45.85%, Fauji Fertilizer's net profit margin with 40.73%, and Fauji Bin Qasim Fertilizer's net profit margin with 19.27%. Later in 2012 Pupuk Sriwijaya's net profit margin are still increasing into 21.87% and get the second position after Fauji Fertilizer's net profit margin with 28.07%. And then in 2013 Pupuk Sriwijaya's net profit margin are decreasing into 12.10% and fill the third position after Dawood Hercules Fertilizer's with 71.32% and Fauji Fertilizer's with 27.03%.

#### *Return On Asset*

Pupuk Sriwijaya's return on asset are steady even though there are still contain a bit fluctuation. In 2009 Pupuk Sriwijaya's return on asset are 18.61% and fill the third position after Fauji Bin Qasim Fertilizer's return on asset with 24.53% and Fauji Fertilizer's return on asset with 22.89%. Then in 2010 Pupuk Sriwijaya's return on asset are decreasing into 15.93% and still fill the third position after Fauji Bin Qasim Fertilizer's return on asset with 40.46% and Fauji Fertilizer's return on asset with 25.61%. And then in 2011 Pupuk Sriwijaya's return on asset are increasing into 18.98% and fill the third position after Fauji Bin Qasim Fertilizer's return on asset with 63.80% and Fauji Fertilizer's return on asset with 40.50%. Later in 2012 Pupuk Sriwijaya's return on asset are decreasing into 18.61% and fill the third position after Fauji Fertilizer Comapny's return on asset with 34.38% and Fauji Bin Qasim Fertilizer's return on asset with 31.84%. And then in 2013 Pupuk Sriwijaya return on assets are decreasing into 9.50% and fill the third position after Fauji Bin Qasim Fertilizer's return on asset with 41.38% and Fauji Fertilizer's return on asset with 29.68%

#### *Return On Equity*

Pupuk Sriwijaya's return on equity are steady even though there are still contain a bit fluctuation. In 2009 Pupuk Sriwijaya's return on equity are 24.89% and fill the fourth position after Fauji Fertilizer's return on equity with 67.44%, Fauji Bin Qasim's return on equity with 35.50%, and Petrokimia Gresik's return on equity with 32.05%. Then in 2010 Pupuk Sriwijaya's return on equity are decreasing into 18.88% and fill the fourth position after Fauji Fertilizer's return on equity with 71.40%, Fauji Bin Qasim's return on equity with 53.35%, and Petrokimia Gresik's return on equity with 21.64%. And then in 2011 Pupuk Sriwijaya's return on equity are increasing into 24.20% and fill the third position after Fauji Fertilizer's return on equity with 99.17% and Fauji Bin Qasim Fertilizer's return on equity with 78.96%. Later in 2012 Pupuk Sriwijaya's return on equity are increasing into 24.61% and fill the fifth position after Fauji Fertilizer's return on equity with 80.96%, Fauji Bin Qasim Fertilizer's return on equity with 34.57%, Pupuk Kalimantan Timur's return on equity with 27.00% and Pupuk Petrokimia Gresik return on equity with 26.52%. and then in 2013 Pupuk Sriwijaya's return on equity are decreasing into 15.61% and fill the fourth position after Fauji Fertilizer's return on equity with 80.05%, Fauji Bin Qasim's return on equity with 45.15% and Pupuk Petrokima Gresik's return on equity with 26.88%.

#### *BUMN Financial Scoring*

Based on BUMN financial scoring, Pupuk Sriwijaya's financial performance in the last 5 year are always get a healthy condition. In 2009 Pupuk Sriwijaya's performance get 96% point in BUMN score rating and get an "AAA" predicate in alphabetical scoring. In 2009, Pupuk Sriwijaya's performance are the best compared by 5 other companies. Then in 2010, Pupuk Sriwijaya's performance get 94% in BUMN score rating and get an "AA" predicate in alphabetical rating. In 2010, Pupuk Sriwijaya performance fill the second position after Fauzi Bin Qasim Fertilizer's performance which have 96% in their BUMN score rating. Then in 2011, Pupuk Sriwijaya's performance are increasing and their BUMN score rating back to 96% and get an "AAA" predicate in alphabetical scoring. In 2011, Pupuk Sriwijaya's performance together with Fauji Bin Qasim fertilizer' performance are have same point in their BUMN score rating, and the they are best compared by

other companies. Later, in 2012, Pupuk Sriwijaya's performance are decreasing into 93% for their BUMN score rating and get "AA" predicate in alphabetical scoring. In 2012, Pupuk Sriwijaya performance together with Pupuk Kalimantan Timur's performance are have same point in their BUMN score rating, and get second position after Fauji Bin Qasim Fertilizer's performance with 96%. And then, in 2013 Pupuk Sriwijaya's decreasing quite significant into 84%, but still get an "AA" predicate for their alphabetical scoring. In 2013, Pupuk Sriwijaya's performance are fill the third position after Fauji Bin Qasim's performance which is have 93% and Fauji Fertilizer's performance which have 92%.

## **Conclusion**

### *Conclusion*

Based on the Combined Analysis and BUMN scoring analysis which is used in this research, there are several conclusions which authors get:

1. According to the analysis using combined-analysis, Pupuk Sriwijaya Palembang though have good condition of liquidity because all of liquidity ratio like: current ratio, quick ratio, and cash ratio are above the industry average; but not efficient. Pupuk Sriwijaya Palembang's debt ratio are good because always below the industry average, but the equity ratio of Pupuk Sriwijaya Palembang are above the industry average, it means that Pupuk Sriwijaya should reducing the shareholder equity and increasing debt ratio. And Pupuk Sriwijaya Palembang's activity ratio is good. It means that Pupuk Sriwijaya Palembang is efficient enough to generate their asset and inventory into sales; and the time which Pupuk Sriwijaya needed to collect their account receivables are below the industry average.. Pupuk Sriwijaya Palembang's profitability ratio is good, all of profitability ratio like gross profit margin, operating profit margin, net profit margin, ROA and ROE are above industry average, and it means that Pupuk Sriwijaya are have a good ability to generate profit.
2. Based on the analysis using BUMN financial scoring, Pupuk Sriwijaya Palembang are always have healthy predicate in their BUMN financial assessment. In 2009 Pupuk Sriwijaya's BUMN Scoring rating are 96% and got AAA predicate in alphabetical rating. Then, in 2010 Pupuk Sriwijaya's BUMN scoring rating are decreasing into 94% and got AA predicate in alphabetical rating. Later, in 2011 Pupuk Sriwijaya's BUMN scoring rating are increasing into 96% and got AAA predicate in alphabetical rating. Then, in 2012 Pupuk Sriwijaya's BUMN scoring rating are decreasing into 93% and got AA predicate in alphabetical rating . And then, in 2013 Pupuk Sriwijaya's BUMN scoring rating are decreasing into 84% and got AA predicate in alphabetical rating.
3. From financial performance, it is right decision to choose Pupuk Sriwijaya Palembang as the major supplier of subsidy fertilizer for Indonesia farmers, because Pupuk Sriwijaya are have a good performance in their liquidity ratios, activity ratios and profitability ratios, and only need to increasing their debt and decreasing the amount of shareholders equity to get an good proportion of debt ratio.

### *Recommendation*

From the analysis, the author will give several appropriate recommendation for Pupuk Sriwijaya's managerial. There are:

1. Pupuk Sriwijaya Palembang has to enhance the efficiency and effective of their abundant current asset by investing through real asset such as machinery purchase to generate more revenue.
2. Pupuk Sriwijaya Palembang should increase their amount of debt, so Pupuk Sriwijaya can reduce their shareholder equity that have value 61% point in 2013 into 30-40% which is the most efficient proportion for equity ratio based BUMN financial scoring.