

FINANCIAL PERFORMANCE ANALYSIS OF PT. PERTAMINA (PERSERO) IN COMPARISON WITH OTHER LOCAL AND GLOBAL OIL & GAS COMPANIES

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Abstract. In recent years, as a developing country, Indonesia has been facing with several uncertainty conditions, such as political changes, government policies, increasing in population, and unstable economics growth. Indonesia's economic growth shows that Indonesia's GDP (Gross Domestic Product) was decline starting 912.52 billion US dollars in 2013 and continues to decline in 2015 was worth 861.3 billion US dollars. There are some factors that influenced Indonesia's economic growth recently those are the presence and activity of business areas, such as manufacturers, pharmaceutical, telecommunications, property, banks, creative economics, mining, and many more. For mining areas, especially in oil & gas sectors, refers to Special Task Force for Upstream Oil and Gas Business Activities (SKK Migas) which is an institution that under the auspices of the Minister of Energy and Mineral Resources, said that this sector having a fluctuation growth since the world oil prices have been hit severely since early 2015. This caused a serious negative impact to oil and gas companies in the world, included Indonesia. Regarding to the declining world oil prices in early 2015, the problem causing disruption of business activities conducted by PT. Pertamina such as declining on generate sales. To know how does the financial performance recently, PT. Pertamina (Persero) will be compared to other local and global benchmark companies, which are PT. Medco Energi International, Chevron Corporation, and ConocoPhillips. The methods that will be used to analyze consists of Financial Ratio (Trend Analysis, Cross-Sectional Analysis, CAGR comparison), DuPont Analysis, and BUMN Scoring. In conclusion, according to the analysis that has been done, PT. Pertamina (Persero) obtain fluctuate results tend to decline in some ratios during 2011 – 2015, then there will be given the recommendation in order to improve the financial performance of PT. Pertamina (Persero) such as use operating efficiently and managing other costs and expenses also focus on generating more sales. There will a further research given to the company, which are using moody's rating and measures company's value by using valuation method.

Keywords: PT. Pertamina (Persero); Financial Performance Analysis; Financial Ratios; DuPont Analysis; Oil & Gas Companies

Introduction

Background

In recent years, as a developing country, Indonesia has been facing with several uncertainty conditions, such as political changes, government policies, increasing in population, and unstable economic growth. For economics growth condition, Indonesia's GDP (Gross Domestic Product) showed the decline starting in 2013 with the amount 912.52 billion US dollars and continues to decline in 2015 was worth 861.93 billion US dollars. There are some factors that influenced Indonesia's economic growth recently those are the presence and activity of business areas, such as manufacturers, pharmaceutical, telecommunications, property, banks, creative economics, mining, and many more. For mining areas, especially in oil & gas sectors, refers to Special Task Force for Upstream Oil and Gas Business Activities (SKK Migas) which is an institution that under the auspices of the Minister of Energy and Mineral Resources, said that this sector having a fluctuation growth since the world oil prices have been hit severely since early 2015. This caused a serious negative impact to oil and gas companies in the world, included Indonesia.



Figure 1.1 World Oil Prices 2011 – 2015

Problem Identification

Regarding to the declining world oil prices, the problem causing disruption of business activities conducted by PT. Pertamina such as decreasing on generate sales. In this research, the author would like to know how does the financial performance of PT. Pertamina (Persero) itself related to declining world oil prices, since PT. Pertamina more relies on oil & gas revenues. Because by only looking at PT. Pertamina (Persero)'s financial performance will not be sufficient, it would be better to compared another benchmarking companies in the same sector in order to know whether the main observed company has done well performance or not. The companies that will be fit to compared are comprised of 3 companies, those are PT. Medco Energi International as the local company and two other global companies are Chevron Corporation and

ConocoPhillips (USA) that have known as a top companies in their native country.

Research Objective

The aims of this research study are:

Assess and evaluate the financial performance of PT. Pertamina (Persero) compared to other local and global benchmark companies, which are PT. Medco Energi, Chevron Corporation, and ConocoPhillips in the last 5 years (2011 – 2015).

There will be the recommendation given to the Pertamina based on the analytical result and conclusion.

Limitation

The limitation of this research is about to review financial performance from annual financial report of PT. Pertamina (Persero), PT. Medco Energi International, Chevron Corporation, and ConocoPhillips in the year 2011 – 2015. This research will be mainly focused on PT. Pertamina (Persero).

Theoretical Foundation

Financial statement are prepared to help the creditors and investors understand the financial history of a company and use that knowledge to predict the amount, timing and uncertainty of both future cash flows such interest, principal payments and dividends and price appreciation (Mautz & Angell, 2006). Financial statement consists of the balance sheet, income statement, and cash flow statement. Therefore, by gaining an understanding of the financial health of a company for a given period of time and given point in time, it is also possible to make a decision effectively (Gitman, 2009).

Trend Analysis:

Trend analysis uses historical data to analyze the company's growth and it compares to current data for a particular firm based on the most recent financial statement information. A company who has a positive growth rate each year shows how they could maintain and perform well in their business. To assess the growth rate of the company, it would be like using CAGR (Compound Annual Growth Rate) Analysis method.

The calculation of CAGR is written as follows;

$$\text{CAGR} = (\text{Ending Value} / \text{Beginning Value}) ^{(1 / \# \text{ of years}) - 1}$$

Cross-Sectional Analysis

Cross-Sectional Analysis involves the comparison of different company's financial ratios at the same point in time. The researcher are often interested in how well a company has performed in relation to other companies in its same industry (Gitman, 2009).

Most Financial Ratios:

According to Gitman (2009) there are 4 most common used financial ratio categorized:

Liquidity Ratio

Current ratio

Quick Ratio

Solvency Ratio

Current ratio

Quick Ratio

Profitability Ratio

Operating Profit Margin

Net Profit Margin

EBITDA Margin

ROA

ROE

Activity Ratio

Inventory Turnover

Total Asset Turnover

DuPont Analysis

ROA

ROE

BUMN Financial Scoring:

As the one of State-Owned companies, the financial scoring of PT Pertamina (Persero) is regarded to decision regulation of state-owned from ministry of BUMN. The financial scoring is based to the ministerial decree state-owned enterprises number: KEP-100/MBU/2002.

Table 2.1 BUMN Scoring

Healthy, consists of	
AAA	$TS \geq 95$
AA	$80 < TS \leq 95$
A	$65 < TS \leq 80$
Less Healthy, consists of	
BBB	$50 < TS \leq 65$
BB	$40 < TS \leq 50$
B	$30 < TS \leq 40$
Unhealthy, consists of	
CCC	$20 < TS \leq 30$
CC	$10 < TS \leq 20$
C	$TS \leq 10$

Table 2.2 BUMN Scoring Indicators

Indicators	Weight Rating	
	Infra	Non-Infra
1. Return on Equity (ROE)	15	20
2. Return on Investment (ROI)	10	15
3. Cash Ratio	3	5
4. Current Ratio	4	5
5. Collection Periods	4	5
6. Inventory Turnover	4	5
7. Total Asset Turnover	4	5
8. Total Equity / Total Asset	6	10
Total Weight	50	70

Methodology

Problem Identification

The first step to do this research is to defining the problem identification and to determine the research objective. The author does the research based on the financial performance of PT. Pertamina (Persero) and will be analyzed in year 2011 – 2015 by using financial ratio and several indicators of oil and gas industry performance and scoring rating method compared with several oil & gas in Indonesia and global companies.

Theoretical Foundation

In this research, the author took the literature reviews as references and theoretical foundation from several sources; those are textbooks, articles, online resources, and journals in order to guide the author in doing this final project. Some of resources will be written below:

Gitman, Lawrence J. (2009). *Principles of Managerial Finance*. 12th ed. Boston: Pearson International Edition

Ross, S.A., Westerfield, R.W., Jordan, B.D. (2008). *Corporate Finance Fundamentals*. 8th ed. Singapore: McGraw-Hill International Edition.

The regulation letter of Ministerial of State-Owned Enterprise, (surat keputusan menteri BUMN Indonesia) No. KEP-100/MBU/2002.

Articles and online resources are used to support the theory and analysis in making this final project.

Data Collection

The data collection is the process that the author finds and gathers in making this paper. The data that author used is the secondary data, which is searched in Company's web. The core data that used in this research study are useful to assessing the company's financial performance that will be observed. To support an assessment, the author will be use the quantitative data of annual report of 5 years (2011-2015) of historical data from PT. Pertamina (Persero) and PT. Medco Energi International as an Indonesian Company, and comparing with International Company: Chevron

Corporation (California) and ConocoPhillips (Texas). To analyzed the qualitative data the author use BUMN scoring to classify as the healthy company.

Data Collection and Analyzing

To complete this research, the author will make a calculation and analyze data that has been collected. First of all, the author uses several methods to assess the financial performance of each company. The methods that will be used are having Financial Ratio Trend Analysis, Cross-Sectional Analysis and Compound Annual Growth Rate (CAGR). The outcome of financial ratio will be known by calculating the data that provided in each company’s annual reports. The next assessment is analyzing financial performance using BUMN scoring. The data results from the assessment will be compared between PT. Pertamina (Persero) and other oil & gas companies.

Analysis

Trend Analysis

Table 4.1 PT. Pertamina (Persero) for Financial Ratios

	2015	2014	2013	2012	2011
Liquidity Ratio					
Current Ratio	1.67665 2	1.490858	1.45501 6	1.57698 6	1.38094 1
Quick Ratio	1.16240 4	0.979755	0.90689 0	0.93538 3	0.87088 6
Solvency Ratio					
Debt to Asset ratio	0.57215 0	0.628870	0.63310 7	0.62837 8	0.61966 7
Debt to Equity ratio	1.35066 1	1.712952	1.73285 3	1.69952 5	1.63851 1
Profitability Ratio					
Operating Profit Margin	8.56%	6%	6.80%	6.72%	8%
Net Profit Margin	3.45%	2.11%	4.31%	3.90%	3.57%
EBITDA Margin	10.91%	7.45%	8.09%	7.75%	8.84%
ROA	3.17%	2.91%	6.20%	6.77%	6.89%
ROE	7.48%	7.93%	16.96%	18.30%	18.21%
Activity Ratio					
Inventory Turnover	8.14325 4	9.016821	7.05693 3	7.14057 2	7.70190 0
Total Asset Turnover	0.91747 9	1.380709	1.43619 2	1.73484 2	1.92698 8

Table 4.2 PT. Medco Energi Internasional for Financial Ratios

	2015	2014	2013	2012	2011
Liquidity Ratio					
Current Ratio	1.98411 0	1.61244 3	2.00392 2	2.64862 4	1.60520 0
Quick Ratio	1.90802 6	1.521773	1.91325 9	2.56415 8	1.55134 5
Solvency Ratio					
Debt to Asset ratio	0.75888 6	0.66747 9	0.65116 4	0.68250 2	0.66941 8
Debt to Equity ratio	3.14742 6	2.00733 4	1.86668 3	2.14962 6	2.02496 8
Profitability Ratio					
Operating Profit Margin	14.25%	20.74%	27.64%	28.79%	19.62%
Net Profit Margin	-29.62%	1.18%	1.8%	2.08%	7.80%
EBITDA Margin	34.28%	33.66%	39.07%	37.94%	29.19%
ROA	-6.40%	0.33%	0.64%	0.71%	3.45%
ROE	-26.73%	1.01%	1.85%	2.26%	10.55%
Activity Ratio					
Inventory Turnover	10.4878 40	11.31253 4	14.0384 17	13.7641 21	17.57517
Total Asset Turnover	0.21598 6	0.28140 8	0.35430 5	0.34053 0	0.44187 0

Table 4.3 Chevron Corporation for Financial Ratios

	2015	2014	2013	2012	2011
Liquidity Ratio					
Current Ratio	1.33566 4	1.32280 9	1.52189 7	1.62866 8	1.58434 5
Quick Ratio	1.09632 0	1.11905 7	1.32866 9	1.44908 2	1.41937 5
Solvency Ratio					
Debt to Asset ratio	0.42170 5	0.41287 3	0.40719 1	0.40840 1	0.41672 5

Debt to Equity ratio	0.734808	0.708485	0.692938	0.696947	0.719159
Profitability Ratio					
Operating Profit Margin	6.40%	16.09%	18.29%	20.55%	22.07%
Net Profit Margin	3.53%	9.60%	9.73%	11.35%	101.01%
EBITDA Margin	19.92%	23.94%	22.75%	25.91%	24.78%
ROA	1.72%	7.23%	8.44%	11.24%	12.82%
ROE	3%	12.41%	14.37%	19.18%	22.16%
Activity Ratio					
Inventory Turnover	11.53947	18.70192	21.40392	25.09424	29.3765
Total Asset Turnover	0.488250	0.753663	0.867599	0.989733	1.166593

Table 4.4 ConocoPhillips for Financial Ratios

	2015	2014	2013	2012	2011
Liquidity Ratio					
Current Ratio	0.949546	1.306058	1.257386	1.375280	1.076660
Quick Ratio	0.828112	1.190691	1.178465	1.319956	0.911607
Solvency Ratio					
Debt to Asset ratio	0.588835	0.551452	0.55537	0.586602	0.574663
Debt to Equity ratio	1.443640	1.238004	1.258769	1.431992	1.341469
Profitability Ratio					
Operating Profit Margin	-23.40%	16.91%	24.80%	24.87%	23.30%
Net Profit Margin	-15.00%	12.37%	15.72%	13.59%	18.82%
EBITDA Margin	6.06%	31.92%	37.56%	35.49%	33.64%
ROA	-4.54%	5.89%	7.76%	7.19%	8.12%
ROE	-11.14%	13.23%	17.58%	17.56%	19.06%
Activity Ratio					

Inventory Turnover	14.7846 97	18.1397 45	19.9958 12	27.7015 54	6.65838 9
Total Asset Turnover	0.30327 0	0.45069 9	0.46090 4	0.49483 4	0.41895 2

Liquidity

Liquidity Ratio has two fundamental measurements, which are current ratio and quick ratio. As can be seen from table 4.1 above, PT. Pertamina (Persero) experiences fluctuation in both current and quick ratio with a minor increase in the year 2011 – 2012 then declines from 2012 – 2013, afterwards increasing in the year 2013 - 2015. It means that PT. Pertamina still has the capability to cover its short-term obligation since the ratio is positive. The other benchmarking companies are PT. Medco Energy and ConocoPhillips that figure out a quite same result with PT. Pertamina (Persero) in both current and quick ratio. For Chevron, it shows an increasing in the year 2011 – 2012 then declining in the year 2012 – 2014, for 2015 the current ratio was increased slightly from 132% to 133% and the quick ratio continues to decline. Even all of these companies are facing fluctuate result during the period; PT. Medco Energy generates a higher current and quick ratio in 2012.

Solvency

In solvency ratio, there are two ratios that being used to assess the company's performance. The first is Debt to Asset ratio that calculates of how many company's proportion of its total asset that were financed by creditors. PT. Pertamina (Persero) shows a stable result during 2011 – 2015, which is around 57 % - 63%. And 60% of debt indicates that PT. Pertamina (Persero) total assets are being financed by its debt or liabilities. For Chevron and ConocoPhillips, they have a pretty stable result of each year. Chevron showing up around 40.70% - 42.17% and ConocoPhillips has slightly higher result than chevron, which is around 55% - 59% for its proportion of debt to total assets. Medco Energy has a higher proportion of debt than other companies; its debt to asset ratio has increased at year 2013, 2014, and 2015 and derives 65%, 66%, and 76%, respectively. It means that Medco Energy has more financial leverage for their assets recently. And in 2015 the debt to asset ratio of 76%, which means that Medco uses its debt to finance more than a half of its total assets.

The second ratio is a debt to equity ratio. This ratio gauges the extent to which a firm is taking on debts, it is also indicated that a firm or a company has been aggressive in financing its growth with debt in order to expansion business or to finance its operation. PT. Pertamina has a fluctuating result in the year 2011 – 2014 with 163% - 171% then declining significantly from 171% to 135% in 2015. Overall, it means that Pertamina has reduced its debts to financing company's leverage. For Medco, it shows a surprising result on its debt to equity ratio, the result shows that in 2011 - 2012, which is around 202% - 215% and then decline in 2013 with 186%. But in 2014, the ratio reaches out around 200% and continues to rise around 315%. It marked up the company has a greater risk of its liquidity. The other benchmarking companies, chevron shows a stable

growth about 69% - 73%. For ConocoPhillips, it shows an increasing from 2011 to 2012 and then declining from 143% in 2012 to 124% in 2014. However, in 2015 the debt to equity is hit around 144%. Briefly, in 2015, Medco generates a bigger ratio than other companies with debt to equity reached out about 315%.

Profitability

Profitability ratio used to assess how effectively and efficiently the company utilize its asset and operating to generating profit. There are five fundamental measurements to assess the company's performance; those are Operating Profit Margin, Net Profit Margin, EBITDA Margin, Return on Asset, and Return on Equity. PT. Pertamina always give a positive trend on operating profit margin, net profit margin and EBITDA Margin. The trend is increased from year 2014 – 2015, although it has decreased at year 2011 to 2012 and has a little increased in year 2013, then it values has declined at year 2014. Overall Pertamina seems has a stable result in each year although its company experienced decreasing on its revenue. The other three companies show an opposite result. As can be seen from table 4.2 and 4.4, in the beginning period, Medco and ConocoPhillips shows a positive result at year 2011 – 2013 for operating margin but continues to decreased to 2014 – 2015, which is Medco still has a positive result but ConocoPhillips has a negative result in the end of period at 2015. As well as with Medco and ConocoPhillips net profit margin, Medco shows a negative trend of its profit significantly from 2011 until 2015 that resulted around minus 30%. For ConocoPhillips the trend seems fluctuating tend to decline, which is in 2015 the outcome figure out around minus 15%. Medco has a stable result tend to decline in EBITDA from 2011 to 2015. In recent 3 years the ConocoPhillips's EBITDA has stagnant outcome, however at year 2014 the outcome has down around 35.6% and in 2015 the result hit 8.3%. It may occur because these two companies using its expenses very high than generates high revenue. For Chevron, the operating profit margin, net profit margin and EBITDA has a positive trend but tends to decrease year by year.

For ROA and ROE, Pertamina's ROA shows a constant result at the year 2011 – 2013 but in 2014 and 2015 the outcome has declined sharply around 3% and 3.2%, respectively. As well as with ROE, the company shows a positive trend at the year 2011 – 2013; even so, in 2014 and 2015 the ROE drastically reduced and reach out nearly a half of 17% in 2013. This indicates that Pertamina did not generate sales efficiently and effectively and spent a lot at cost and operating expenses, whereas the asset and the equity that they have can be a way to generate more revenues. For the other benchmarking companies, Chevron's ROA and ROE almost has the same value with Pertamina, however, Chevron's ROA is very low in 2015 of 2% and its ROE reach out 3%. Medco shows a negative value, which is always decreasing each year, which is in 2015 ROA and ROE of Medco are minus 6.5% and 26.7%, respectively. ConocoPhillips also has a trend negative result on ROA and ROE, which is at the year 2015 is the most worst for ConocoPhillips that has around minus 5% for ROA and minus 11.5% for ROE. In short, Pertamina and Chevron still could handle their cost and expenses although their revenue decreases recently. Contrary for Medco and ConocoPhillips, it could be a worst year for them because they could not generates sales well. These two companies have a

problem with their operating activities in which they have spent a lot at costs and expenses without using their asset and equity effectively and efficiently.

Activity

Activity ratio consists of inventory turnover and total asset turnover. Generally, activity ratios may give information about how well company's efficiency manage its activities and its account; such as inventory, account receivable, et cetera. PT. Pertamina's inventory turnover shows a positive and stable trend during the last 5 years, which is around 7% - 9%, it means that the company has becoming more liquid for the last five years. The other two companies, Medco and Chevron show a positive result but tend to fall from year to year, which is Medco has 17.5% in 2011 and falling around 10% in 2015, for Chevron has around 29% in 2011 and falling down to 11.5% in 2015. It means that Medco and Chevron becoming less liquid for the last five years. ConocoPhillips shows a fluctuating but still has a positive outcome for its inventory turnover. In 2011, the company generates 6.7% and increasing around 28% in 2012 then more decline around 15% in 2015. This indicates that the company's inventory has become more liquid and has 15 times to convert its inventory to generate sales for a year. To sum up, ConocoPhillips is the only company who has the most rapid inventory turnover rather than other companies.

The last ratio is total asset turnover. Total asset turnover measures how efficient the company uses its assets to generate sales. Overall all of the companies have a decreasing value total asset turnover from 2011 – 2015. PT. Pertamina shows a quiet stable result but has the lowest value in 2015 and has negative trend with its sales that shown a bad trend, which is declining sales from year to year altogether with declining its total assets each year. This means that PT. Pertamina's ability in utilizing asset has decrease to generate sales and so does the operational financial efficiency. The other three benchmarking companies have shown a quiet similar result with Pertamina.

CAGR Comparisons

Table 4.1 CAGR Comparisons

	PT. Pertamina (Persero)	PT. Medco Energy	Chevron Corporation	ConocoPhillips
Liquidity Ratio				
Current Ratio	5%	5.44%	-4.18%	-3.09%
Quick Ratio	7.5%	5.31%	-6.25%	-2.37%
Solvency Ratio				
Debt to Asset ratio	-1.97%	3.19%	0.30%	0.61%
Debt to Equity ratio	-4.72%	11.66%	0.54%	1.85%
Profitability Ratio				
Operating Profit Margin	1.85%	-7.69%	-26.60%	N/A

Net Profit Margin	-0.86%	N/A	-24.74%	N/A
EBITDA Margin	5.40%	4.11%	-5.31%	-32.83%
ROA	-17.64%	N/A	-39.47%	N/A
ROE	-19.95%	N/A	-39.32%	N/A
Activity Ratio				
Inventory Turnover	1.40%	-12.11%	-20.83%	22.07%
Total Asset Turnover	-16.93%	-16.39%	-19.57%	-7.76%

Refers on the Table above, it can be seen that Pertamina and Medco are the companies who have a positive growth both current and quick ratio. It means that both companies can maintain their capability to cover its short-term obligations for the recent five years while the two other companies show a negative result in liquidity ratio.

In term of solvency, Pertamina minimized its portion of debt proved by a negative growth in both debt to asset and debt to equity ratios and it is indicated that Pertamina has a negative trend to mitigate its usage of debt to financing the company's activity.

The profitability ratio for all companies shows a bad result. It seems like the declining world oil prices in the beginning in 2015 has a damaged either oil & gas company in Indonesia or global pretty much. Pertamina has a negative trend in all profitability ratios too, except operating profit margin and EBITDA that results in a slightly positive trend. The company faces a rough year in 2015, which has to decrease in revenue and weaken its net profit. For ROA and ROE, Pertamina has a negative growth but the company can still manage their expenses and generates a little profit at the end of the year in 2015.

In term of activity ratios, Pertamina has the positive growth in inventory turnover but has the worst performance in total asset turnover. Pertamina can convert inventory into cash quickly but still less than ConocoPhillips who has generate its sales faster. However, Pertamina shows the worst result on total asset turnover rather than the other companies. This means that Pertamina is less to generate its sales faster.

DuPont Formula Analysis

2015	PT. Pertamina (Persero)	PT. Medco Energy	Chevron Corporation	ConocoPhillips
Net Profit Margin	0.03453234	- 0.29622861	0.035304984	-0.14977676
Total Asset Turnover	0.91747993	0.21598645	0.48825079	0.3032703
Financial Leverage Multiplier	2.360675335	4.177862577	1.742469682	2.451687541
ROA	3.17%	-6.40%	1.71%	-4.54%
ROE	7.48%	-26.73%	3.00%	-11.14%

Based on ROA and ROE, Pertamina has the highest positive value and the second highest is Chevron of ROA and ROE among the others. The differences between Pertamina, Chevron and the others are quite high. Even all the companies' net income has decreased for the last 5 years, Pertamina and Chevron could maintain their usage efficiency of revenue and their expenses well rather than the others. However, Medco and ConocoPhillips are showing negative values of both ROA and ROE. It happened because they appear have experienced net loss for the year 2015. In this crisis condition, they should be more aware and wiser to use expenses and costs and also a usage of their asset, debt, and equity to generate sales.

Operating efficiency can be seen from the company's net profit margin. Based on the Table 4.7 above, Pertamina and Chevron have the highest net profit margin, meaning that the companies use its operating to generate sales efficiently.

Asset-use efficiency can be seen from company's total assets turnover. All companies are showed a positive value for total asset turnover in 2015, it means that the companies use its assets efficiently to generate sales. Pertamina has the highest total asset turnover among the others.

To find out financial leverage of each company, the ROA must be multiplied with equity multiplier of each company. The calculation of equity multiplier shows how does the company could manage to finance its asset, whether use its debt or equity. The company who has a higher equity multiplier does not mean the company was good. It depends by what they finance its asset; using debt or equity. To find out financial leverage of each company, the ROA must be multiplied with equity multiplier of each company. The calculation of equity multiplier shows how does the company could manage to finance its asset, whether use its debt or equity. The company who has a higher equity multiplier does not mean the company was good. It depends by what they finance its asset; using debt or equity.

BUMN Framework

2015	PT. Pertamina (Persero)		PT. Medco Energy		Chevron Corporation		ConocoPhillips	
	Indicator Result	Score	Indicator Result	Score	Indicator Result	Score	Indicator Result	Score
Return on Equity (ROE)	7.48%	10	-26.73%	0	3.00%	5.5	-11.14%	0
Return on Investment (ROI)	3.17%	4	-6.40%	1	1.72%	3	-4.54%	1
Cash Ratio	36.40%	5	88%	5	42%	5	26%	4
Current Ratio	167.67%	5	198.41 %	5	133.60%	5	95%	2
Collection Period	47 days	5	129 days	3.5	36 days	5	56 days	5
Inventory Turnover	45 days	5	35 days	5	32 days	5	25 days	5
Total Asset Turnover	91.75%	4	216%	5	49%	2.5	30.32%	2
Total Equity / Total Asset	42.78%	9	24.11%	7.25	58%	8.5	41.12%	9
Total Score	47		31.25		39.5		28	
Classification Indicator	A		BB		BBB		B	
	Healthy		Less Healthy		Less Healthy		Less Healthy	
Rank	1		3		2		4	

Based on the measurement of BUMN framework method using five companies' performance in 2015, it can be seen from the Table 4.8 above, PT. Pertamina has the highest score and the only one company who has an A classification with total score 47 points and almost got a perfect score for each indicator than the other companies. Pertamina got the best score in ROE, ROI, Cash Ratio, Inventory Turnover, and Total Equity / Total Asset. As Pertamina in the first ranked position followed by Chevron, Medco, and ConocoPhillips in the 2nd – 4th ranked, respectively. Pertamina is classified as a healthy company while the other companies classified as less healthy companies. It is important for a company like Pertamina who got a positive score on ROE and ROI, and followed by its current and cash ratio which have a positive score too, it indicates that Pertamina has more liquid on its assets account in which could generate more sales. It is also showed in collection period and inventory turnover, which has a good score meaning that the company can manage on how long the company receives a whole bill from its account receivables and how the company manages its inventory well. Overall in this BUMN scoring method, Pertamina got a perfect score. Chevron also has a good score and got a BBB with 39 points of the total score for the classification in BUMN scoring method. Chevron only shows a low score in total asset turnover than the other indicators.

On the other hand, Medco must be satisfied in the 3rd rank with BB classification and the total score reaches 31.25 points. Although Medco has a good score in both liquidity and activity ratios, the company should be aware with its ROE and ROI meaning that the company has a lower performance for generating net income. Medco also shows a bad result on collection period and equity ratio, it is indicated that Medco has less performance to collecting its receivables and generates a low score on equity ratio compared to the other companies, which means that most of the company's assets were financed by debts rather than its equity. ConocoPhillips got the lowest score from the other companies. The company got a B with 28 points of the total score and gets a less healthy classification in BUMN scoring method. A company had the same case with Medco, which has a negative score for ROE and ROI as the important indicators based on BUMN scoring. Not only in ROE and ROI that the company faced a negative score but also in cash ratio, current ratio, and total asset turnover. It is indicated that a company has a problem with its sales and asset, especially in its cash, which had a little liquidity that leads to declining in generating sales.

Conclusion and Recommendation

Conclusion

Financial performance analysis of PT. Pertamina (Persero) compared to other local and global oil & gas companies

Based on the result of PT. Pertamina's financial performance that using several financial ratios analysis, the overall result, the company shows fluctuate trends tend to decline during 2011 – 2015, however for some ratios, it shows better than the average company

in the industry. For the compound annual growth rate comparison (CAGR), PT. Pertamina (Persero) obtain a best growth for liquidity ratios, operating profit margin, EBITDA margin with a positive growth, except for all solvency ratios, net profit margin, ROA, ROE, and total asset turnover have a negative growth as same as with its benchmarks companies. PT. Pertamina (Persero) reveals its strength in ROA, ROE and total asset turnover at the end of the year 2015 compared to the industry average and the other companies. Based on DuPont analysis for the year 2015, Pertamina shows its strength with the best performance in total asset turnover, which has a best performance on asset-use efficiency that leads the company to gain a highest value in both ROA and ROE if compared to the others. It is indicated that PT. Pertamina (Persero) has a good performance in managing its operating activities efficiently.

Overall, PT. Pertamina (Persero) able to maintain and manage its financial performance since the declining of oil prices has been affected to its revenue. But the company can still generates revenue in sales though the revenue is declining from the beginning of the period in 2011 until the end of 2015. PT. Pertamina also proving that its company has better performances in some elements compared with other local and top global oil & gas companies. It explains that PT. Pertamina can perform well and able to facing the crisis of declining oil prices while the other companies showed contrary performance with Pertamina.

Financial performance analysis of PT. Pertamina (Persero) as a state-owned company using the Ministry of state-owned enterprises of Indonesia scoring method

Based on assessment using the BUMN scoring method, it is show that in 2015, PT. Pertamina (Persero) has succeed to be a healthy BUMN company in financial aspect with the total score of A. With the total of eight indicators in BUMN scoring method, PT. Pertamina (Persero) achieve the best score for all indicators in 2015, which are ROE, ROI, cash ratio, current ratio, collection period, inventory turnover, total asset turnover, and equity ratio. According to the strength result of PT. Pertamina (Persero) has, the two indicators that really help its scoring comes from ROE and Equity Ratio, which are 10 out of 20 and 9 out of 10, respectively. It explains that PT. Pertamina (Persero) has succeeded in fulfilling the classification as the healthy company from BUMN scoring method.

Recommendation

Based on the conclusion that has been done above, some recommendation will be given to improve PT. Pertamina (Persero) financial performance.

Use operating efficiently and managing other costs and expenses

It would be better if PT. Pertamina (Persero) could manage its costs and expenses, such as operating expenses, financial costs, and other expenses. It can be overcome by reviewing all of the expenses such as marketing expenses, administrative expenses and other support operating activities and reduces unnecessary expenses and costs. Since the declining of oil prices give an impact to the company's revenue, the solution that

offered to the company is to be more wise to spend its funding in using the costs and expenses. Thus, the company could increasing net profit even the oil prices has not shown the better improvement.

Focus on generate more sales

Based on the analytical, it is shown that the company significantly decreases on sales. This is indicated that the company's revenue cannot facing crisis of declining oil prices even in 2015 its revenue still has a positive value. It would be better if the company increase its equity by conducting the initial public offering (IPO) in order to improve the productivity and generating sales ability.

Further Research

For further research, it would be useful for the following researcher can conduct more research study in the following below:

- Using Moody's rating in order to complementary the company, thus the results can be more representative.
- Measure company's value by using valuation method is needed if the company intends to conduct initial public value, although the company has not open its shares to the public. Thus, the company has not opened its shares to the public. Thus, the company can more productivity in operating activities and generate more sales in its own country and outside countries.

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