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Financial Results Of Companies Listed On Bei In The Oil And Gas Subsector

Ramadani Jafarian[a], Feni Marnilin[b], Ahmad Zaid Mahfudi[c],*

[a,b,c]*Universitas Nusa Bangsa Bogor, Indonesia*

* *raihanmubarok650@gmail.com*

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A B S T R A C T

The purpose of this study is to ascertain the corporations' subsector oil and gas development's financial performance. The companies in the sample are Radiant Utama Interinsco, Apexindo Pratama Duta, Elnusa, Energi Mega Persada, Mitra Investindo, and Perdana Karya Perkasa. Purposive sampling was used to gather the data, and financial ratio analysis was used for analysis. According to the research's findings, while looking at the liquidity ratio, only the Apexindo Pratama Duta and Perdana Karya Perkasa enterprises had poor financial performance. The company with the best financial performance is Perdana Karya Perkasa companies. When the leverage ratio and profitability ratios of these six companies are examined, their financial performance is not typical.

1. INTRODUCTION

A company's financial element can reveal information about its progress. Financial statements are the type of information that companies provide the most often. Based on financial information in the form of income statements and balance sheets, financial ratios are evaluated in businesses as one of the instruments to gauge the efficacy and efficiency of management over the organization's financial performance. Financial statements serve as a tool for calculating each company's financial ratio, which displays financial data that illustrates the performance of the business over a specific time period.

Financial performance analysis measures how well a company has adhered to the rules regarding the proper and appropriate use of funds, such as by producing reports that comply with GAAP (General Accepted Accounting Principle) or SAK (Financial Accounting Standards), among other requirements (Fahmi, 2017).

Companies need to be able to compete with one another in order to sustain their performance, particularly in light of the COVID-19 epidemic that is currently affecting the entire world. Nevertheless, some businesses continue to exist even in the midst of a pandemic, such as mining firms, particularly in the oil and gas subsector. In the oil and gas subsector, fierce rivalry drives enterprises to optimize their resources for maximum profitability and optimal operation. The business must be able to guarantee that there is enough equity available to fund its operational needs in order for it to run as efficiently as possible. After subtracting all of an entity's liabilities, equity is the remaining claim to its assets (Agustina, 2019). It is crucial for a business to have enough equity since this allows it to function as profitably as possible and eliminates any risks or challenges brought on by a crisis or other financial unrest. Although a corporation should ideally have positive equity, negative equity values can also be the cause of this financial instability. Numerous enterprises in the oil and gas subsector, including PT. Apexindo Pratama Duta, PT. Energi Mega Persada, and PT. Investindo Partners, are affected by this.

Losses and negative equity were encountered by PT. Apexindo Pratama Duta, PT. Energi Mega Persada, and PT. Mitra Investindo. Should the company's stock value be negative, the company's financial performance will be called into doubt. The company's profit must be taken into account in addition to equity. A company's capacity to turn a profit indicates its level of financial performance, and a loss indicates low or subpar financial performance. The fact that this corporation has more debt than assets is one of the losses it has incurred. Together with the other three businesses, PT Perdana Karya Perkasa likewise experienced losses for four years in a row.

A negative equity value does not always translate into a negative profit or loss, and vice versa. As a result, the purpose of this study was to determine the company's financial performance, how it has changed over the years, and which of the six companies included in the sample had the best financial performance. This study is titled "Financial Results Of Companies Listed On Bei In The Oil And Gas Subsector" in accordance with the background information that has been provided.

2. RESEARCH METHODS

The financial ratio, as defined by Kasmir (2019), was employed as the data analysis method to address the study's aim. It is expressed using the following formula:

Table 1. Financial Ratio Formula

Name	Formula	Ratio
Liquidity Ratio		
Current Ratio *(Current Ratio)*	$\frac{Current\ Assets}{Current\ Debt} \times 100\%$	Percentage
Cash Ratio *(Cash Ratio)*	$\frac{Cash}{Current\ Debt} \times 100\%$	Percentage

Solvency Ratio		
Debt to Asset Ratio (DAR)	$\frac{Amount\ of\ Debt}{Assets\ Amount} \times 100\%$	Percentage
Debt to Equity Ratio (DER)	$\frac{Amount\ of\ Debt}{\text{Equity}} \times 100\%$	Percentage
Profitability Ratio		
Return on Equity (ROE)	$\frac{\text{EAIT}}{\text{Equity}} \times 100\%$	Percentage
Return on Investment (ROI)	$\frac{\text{EAIT}}{Assets\ Amount} \times 100\%$	Percentage

Using the following kinds of ratios' industrial measuring standards (Kasmir, 2019):

a. Liquidity Ratio

1) Current Ratio (CR)

The company's state can be considered fairly good if its current ratio is two times, or 200%, higher than the industry average, and very good if it is higher than that average. It implies that the business can still use its existing assets to cover its short-term liabilities. If, however, the ratio is lower than the industry average, the company's situation is not good.

2) Cash Ratio (CR)

The company is doing better than other companies if the industry average for Cash Ratio is 50%. However, the fact that the cash ratio is excessively large also indicates that some funds are inert or have not been utilized to their full potential. However, if the cash ratio is below the industry norm, the situation is not ideal because selling some of the other current assets will still need time in order to meet the obligations.

b. Solvency Ratio

1) Debt to Total Asset Ratio (DAR)

It is advised that the company's debt to total asset ratio should not exceed 35% as this will make it more difficult for the business to get a loan. On the other hand, if the Debt to Total Asset Ratio is negative relative to the industry average and the negative number corresponds to the asset value, then it can also be considered unfavorable since the debt is worth more than the company's total asset value. This circumstance further demonstrates that about half of the debt is financed by the corporation. The corporation must first expand its equity if it plans to increase its debt. In theory, even in the event of a liquidation, the company's assets should be sufficient to pay off its debts.

2) Debt to Total Equity Ratio (DER)

A corporation is deemed less good if its Debt to Total Equity Ratio (DER) number is higher than the industry average of 80%. The value of the debt is greater than the total equity (company capital) that the company owns, so it can also be said to be bad if the debt to total equity ratio is below the industry average and has a negative value, which represents the value of the equity. Because of this, the entire loan must still be paid in order to cover the equity.

c. Profitability Ratio

1) Return On Equity (ROE)

A ratio used to calculate net profit using one's own capital is called return on equity (ROE), or the profitability of one's own capital. 40% is the industry norm for return on equity. The company is in very good shape if the ratio is higher than 40% since the rate of return on equity, or corporate capital, is higher than the industry average.

2) Return On Investment (ROI)

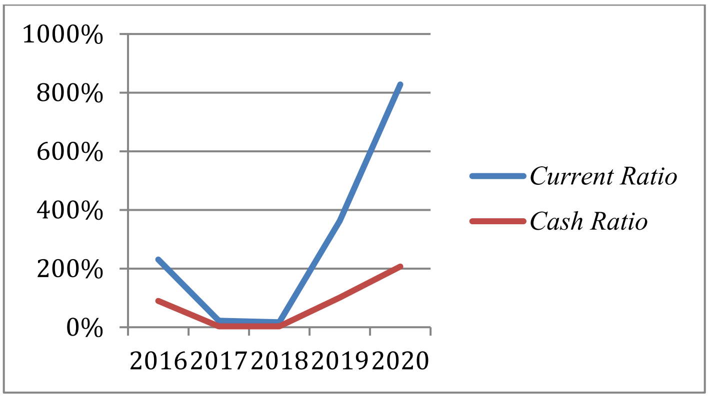
A ratio called return on investment displays the return on the total quantity of assets used by the business. 30% is the industry norm for return on investment. A corporation is considered to be in very good condition if its Return On Investment (ROI) value is greater than 30%. This indicates that the company's investment return rate has reached the profit value.

3. RESULTS & DISCUSSION

The financial performance of PT. Apexindo Pratama Duta, PT. Elnusa Tbk, PT. Energi Mega Persada, PT. Mitra Investindo, PT. Perdana Karya Perkasa Tbk, and PT. Radiant Utama Interisco Tbk were discussed in light of the research's findings:

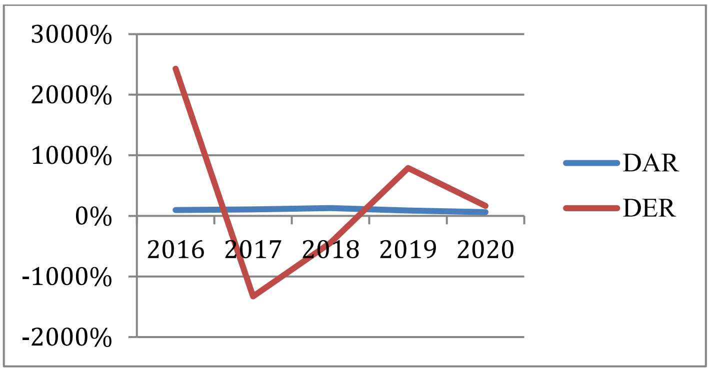
3.1. PT Apexindo Pratama Duta Tbk

a. Liquidity Ratio



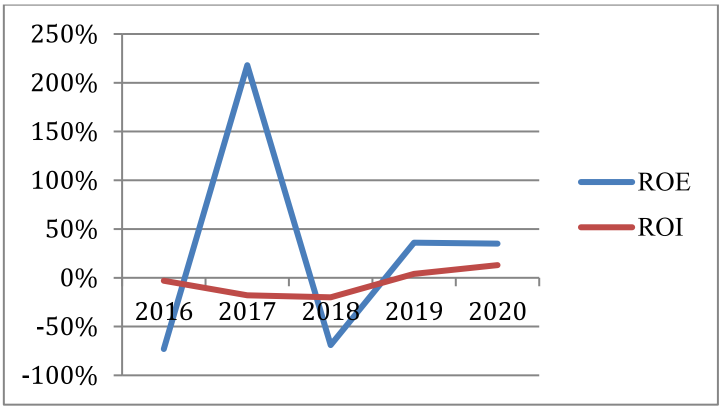
Considering that the Apexindo Pratama Duta firm's results for the cash and current ratios are three (three) years above the industry average (2016, 2019 and 2020), it can be concluded that the company has had a reasonably strong financial performance based on the results of its liquidity ratio.

b. Solvency Ratio



Based on the results of its solvency ratio, it can be concluded that Apexindo Pratama Duta has had a poor financial performance. This is because the company's debt to equity ratio for 2016–2019 and 2020 is not less than or equal to 80%, and its debt to asset ratio for 2016–2020 is not less than or equal to 35%. But in 2017 and 2018, the DER result was negative because of positive debt and a negative equity value, even though the DER value was less than 80% and negative.Because there is more debt than equity—especially given the negative equity value. This is viewed as less favorable. Furthermore, organizations with negative equity are not worth purchasing or investing in over the long run, according to fundamental research.

c. Profitability Ratio



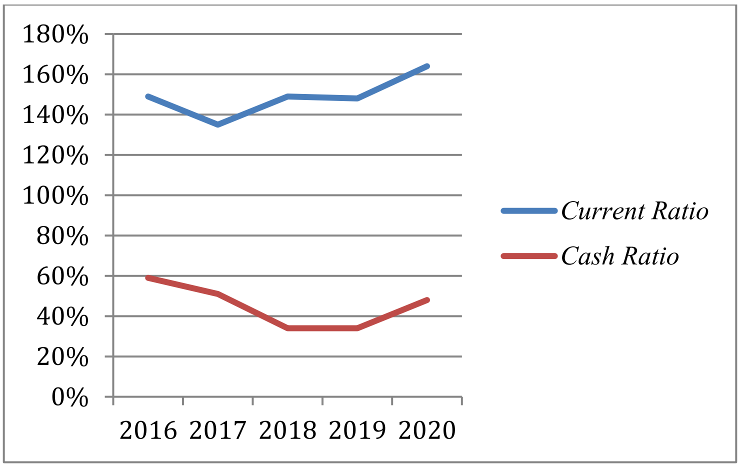
Based on the profitability ratio results, it can be concluded that Apexindo Pratama Duta has not performed well financially. Specifically, the return on equity has only been above industry average in one year, and the return on investment from 2016 to 2020 has not exceeded industry average (nor met financial performance standards).

d. Financial Performance

From the discussion of the results of the liquidity, solvency and profitability ratios, it can be stated that the Apexindo Pratama Duta company has a good financial performance when reviewed from the results of its liquidity ratio because of the 5 (five) periods, namely in 2016-2020, there are 3 (three) years whose liquidity ratio results have met financial performance standards. However, when viewed from the solvency ratio and profitability of the company, Apexindo Pratama Duta has poor financial performance because it does not meet financial performance standards.

3.2. PT Elnusa Tbk

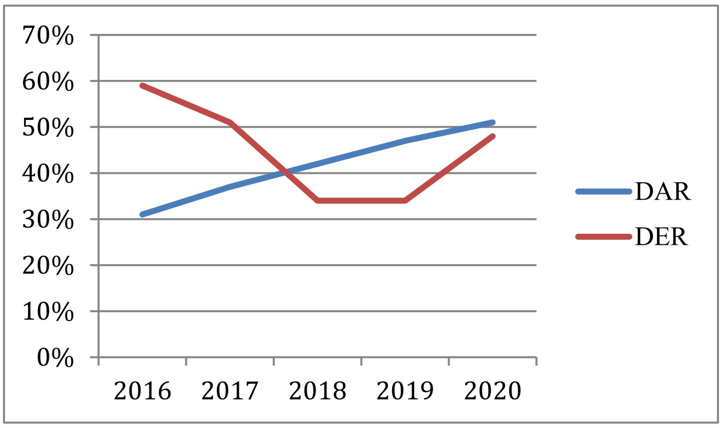
a. Liquidity Ratio



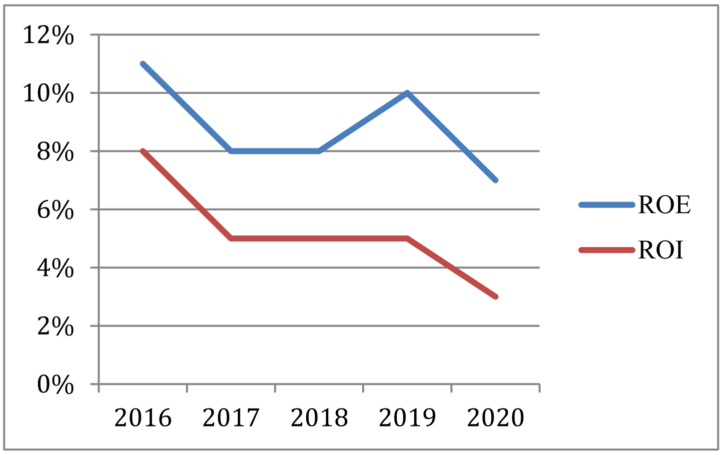
From the liquidity ratio results, it can be concluded that Elnusa's firm has performed poorly financially. This is because the company's current ratio and cash ratio results are only two (two) years above the industry average, namely in the cash ratio (cash ratio) for the years 2016 and 2017.

b. Solvency Ratio

When considering the results of Elnusa's solvency ratio, it can be concluded that the company has performed poorly financially because, although the Debt to Equity Ratio in 2016–2018 was below 80%, it was still above the industry average in the following two years. The Debt to Asset Ratio from 2016–2020 was only below 35% in 2016.



c. Profitability Ratio



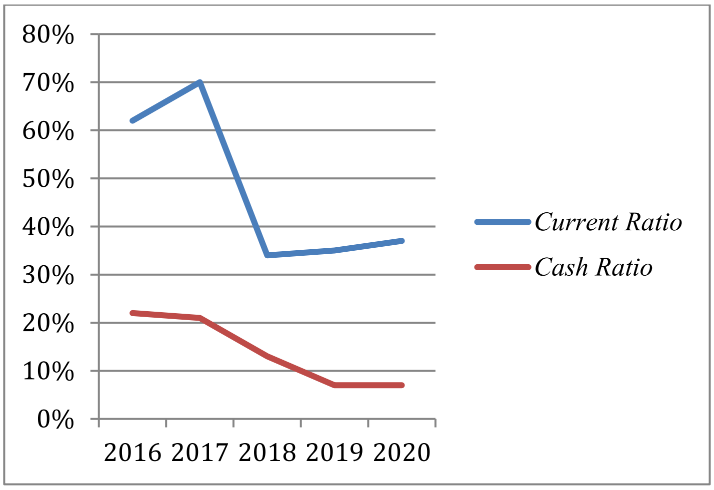
Based on the profitability ratio results, Elnusa's corporate company can be considered to have poor financial performance because the industry average for Return On Equity and Return On Investment between 2016 and 2020 has not been reached (financial performance standards have not yet been met).

d. Financial Performance

It is clear from the discussion of the liquidity, solvency, and profitability ratio statistics that Elnusa's business has subpar financial performance overall. However, if the liquidity ratio results from 2016 to 2017 are examined, the Cash Ratio results have met financial performance standards. Similarly, the solvency results from the Debt to Equity Ratio in 2016 and the Debt to Asset Ratio in 2016 to 2017 have met financial performance standards. Elnusa does not meet financial performance standards, which results in poor financial performance when examined from the profitability ratio

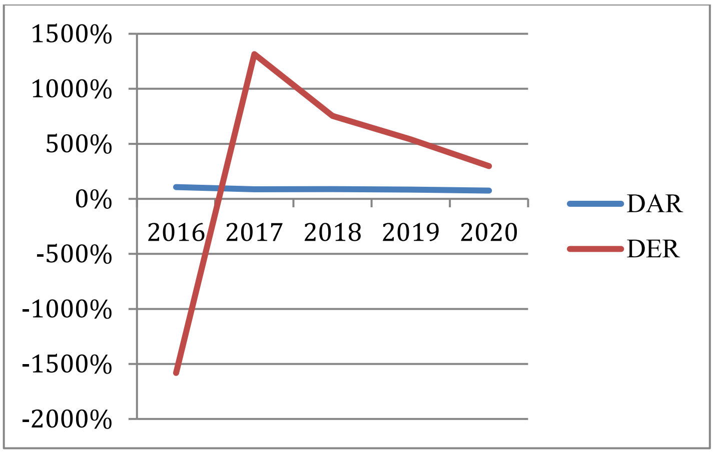
3.3. PT Energi Mega Persada Tbk

a. Liquidity Ratio



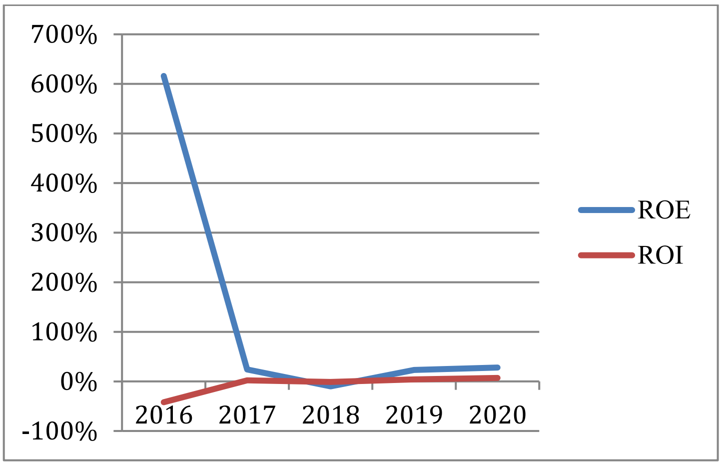
Given that the Energi Mega Persada company's liquidity ratio results show that its current ratio and cash ratio for the five (five) years from 2016 to 2020 are still below the industry average and have not yet reached it, it can be concluded that the company has performed poorly financially.

b. Solvency Ratio



Based on the solvency ratio results, it can be concluded that Energi Mega Persada has not performed well financially. The debt to equity ratio for 2017–2018 is not less than or equal to 80%, and the debt to asset ratio for 2016–2020 is not less than or equal to 35%. The negative DER result in 2016 was caused by the positive debt and the negative equity value, despite the fact that the DER value was less than 80% and negative. Because there is more debt than equity—especially given the negative equity value—this is viewed as less favorable. Furthermore, organizations with negative equity are not worth purchasing or investing in over the long run, according to fundamental research.

c. Profitability Ratio



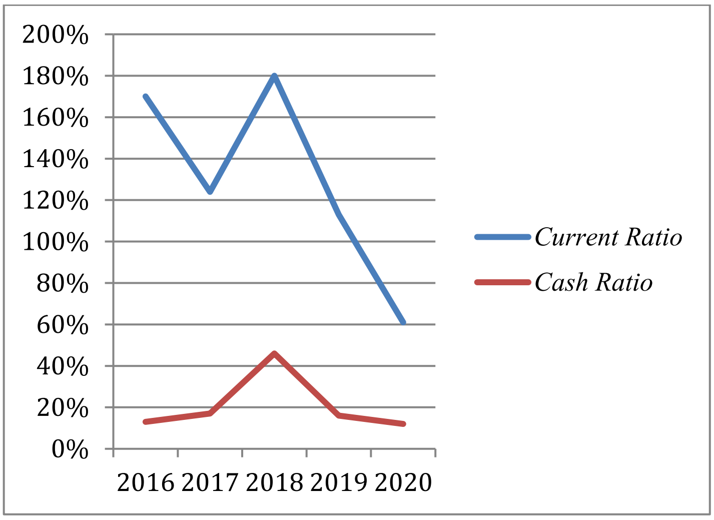
According to the profitability ratio results, the Energi Mega Persada company has performed poorly financially. The Return On Equity results show that the company only reached the industry average in one year, and the Return On Investment results show that the company did not meet financial performance standards and did not reach the industry average from 2016 to 2020.

d. Financial Ratio

Based on the analysis of the liquidity, solvency, and profitability ratios, it can be concluded that Energi Mega Persada's financial performance is subpar since it failed to meet financial performance standards for five (five) consecutive years, from 2016 to 2020.

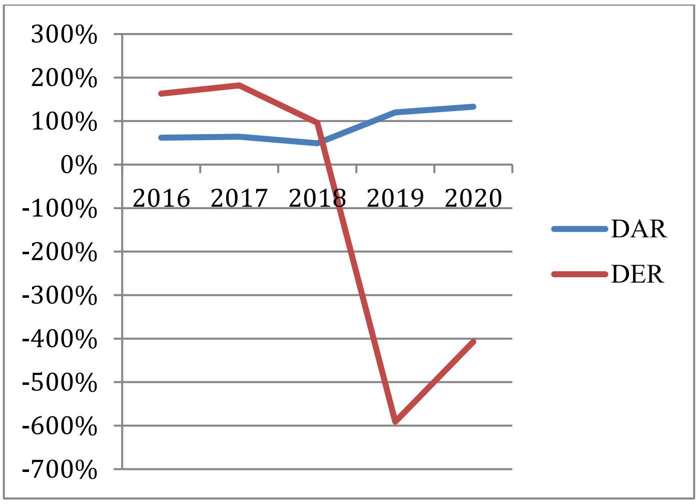
3.4. PT Mitra Investindo Tbk

a. Liquidity Ratio



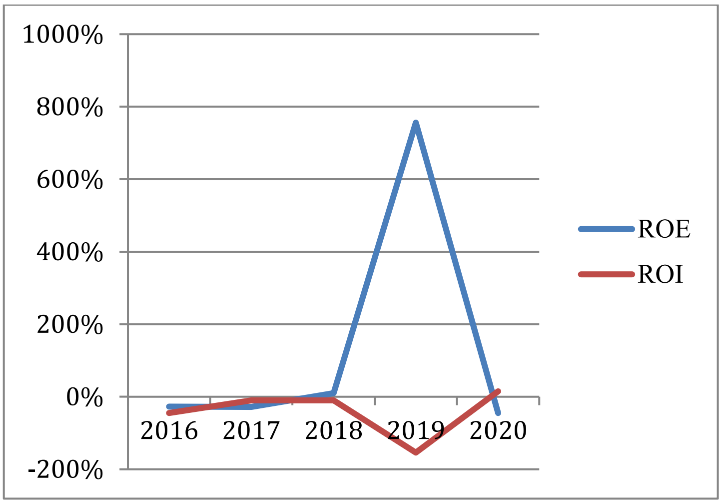
Given that Mitra Investindo's firm's liquidity ratio statistics show that its current ratio and cash ratio for the years 2016 through 2020 do not meet financial performance requirements, it can be concluded that the company has poor financial performance.

b. Solvency Ratio



Given that the results of the solvency ratio for Mitra Investindo's company are not less than or equal to 35% for the Debt to Asset Ratio in 2016–2020 and 80% for the Debt to Equity Ratio in 2016–2018, it can be concluded that the company has not performed well financially. Though the DER value was less than 80% and negative in 2019 and 2020, the negative DER outcome was caused by positive debt and a negative equity value. Because there is more debt than equity—especially given the negative equity value—this is viewed as less favorable. Furthermore, organizations with negative equity are not worth purchasing or investing in over the long run, according to fundamental research.

c. Profitability Ratio



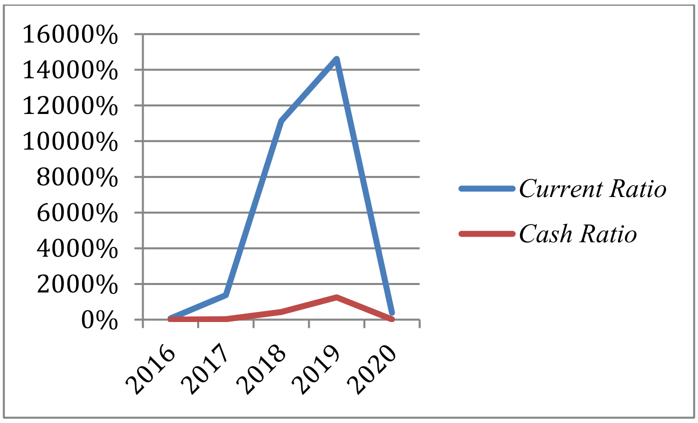
The fact that the ROE and ROI figures for Mitra Investindo's company between 2016 and 2020 do not match financial performance requirements can be considered evidence of the company's poor financial performance.

d. Financial Performance

It is clear from the discussion of the liquidity, solvency, and profitability ratio statistics that Mitra Investindo has subpar financial performance since it has not fulfilled financial performance standards for five (five) consecutive periods, from 2016 to 2020.

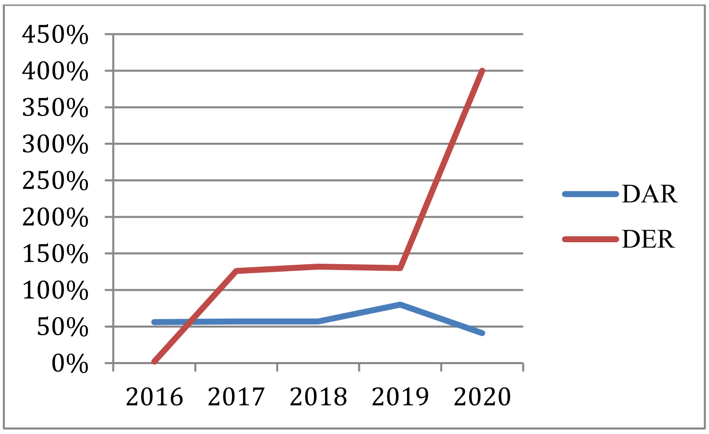
3.5. PT Perdana Karya Perkasa Tbk

a. Liquidity Ratio



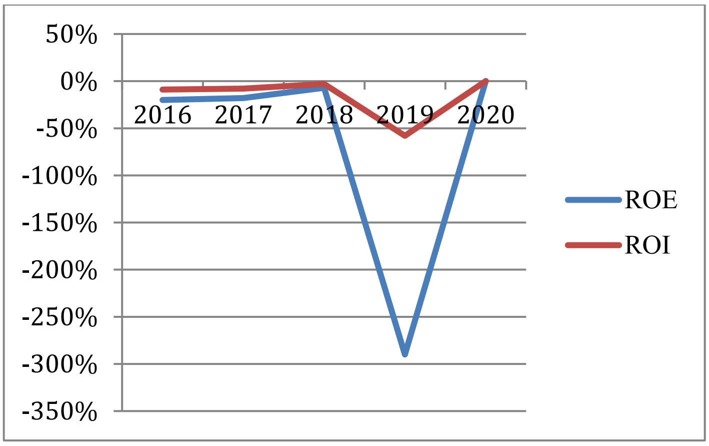
Given that the company's cash ratio is 3 (three) years below industry average and its current ratio is 4 (four) years above industry average (not yet meeting financial performance standards), it can be concluded that the company is performing well financially based on the results of its liquidity ratio.

b. Solvency Ratio



When considering the company's solvency ratio, it can be concluded that its financial performance is subpar because its debt-to-asset ratio and debt-to-equity ratio are still higher than the industry average and do not yet meet financial performance criteria.

c. Profitability Ratio



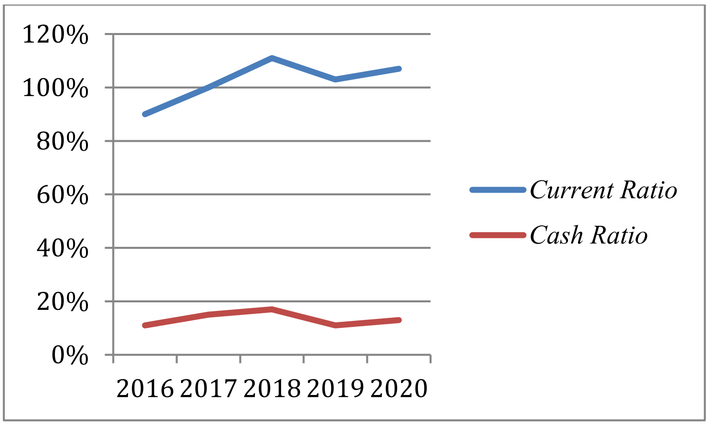
When considering the company's profitability ratio, it can be concluded that its financial performance is subpar. Specifically, the return on equity results show that the company has only had one year where it has surpassed the industry average, and the return on investment results show that the company has not met financial performance standards between 2016 and 2020.

d. Financial Performance

Based on the discussion, it can be concluded that Perdana Karya Perkasa's financial performance is only good when examined through the lens of its liquidity ratio. This is because the company's current ratio has four (four) years that meet the standard, while its cash ratio has three (three) years that meet the standard of financial performance. However, because it hasn't fulfilled financial performance requirements, the organization has low financial performance when evaluated from solvency and profitability results.

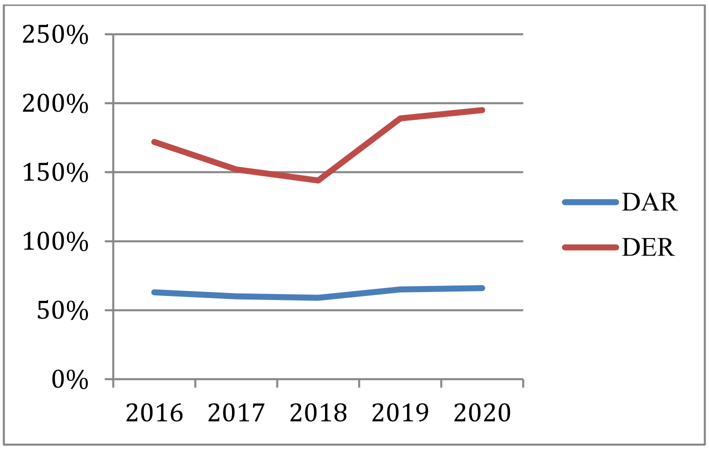
3.6. PT Radiant Utama Interisco

a. Liquidity Ratio



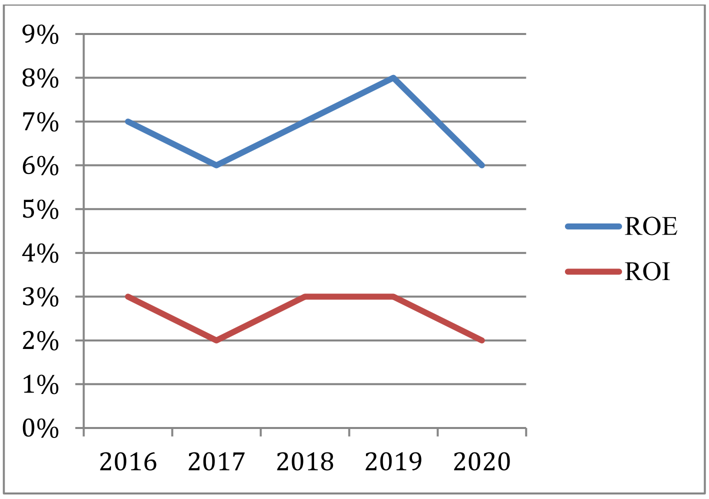
Given that the Radiant Utama Interinsco firm's cash and current ratios do not yet match financial performance standards and the company's liquidity ratio results are below the industry average, it can be concluded that the company is performing poorly financially.

b. Solvency Ratio



Because the Radiant Utama Interinsco company's debt-to-asset ratio and debt-to-equity ratio are still above the industry average and do not yet meet financial performance standards, it can be concluded that the company has poor financial performance based on the results of its solvency ratio.

c. Profitability Ratio



Based on the profitability ratio results, it can be concluded that Radiant Utama Interinsco has not performed well financially because the company's Return On Investment and Return On Equity from 2016 to 2020 fell short of the industry average, which indicates that financial performance standards have not yet been met.

d. Financial Performance

Based on the discussion, it can be concluded that Radiant Utama Interinsco has subpar financial performance because its profitability and solvency do not meet financial performance requirements, as shown by the company's liquidity ratio statistics.

4. CONCLUSION & SUGGESTION

Financial performance standards are not met by PT. Elnusa, PT. Energi Mega Persada Tbk, PT. Mitra Investindo Tbk, or PT. Interisco's Radiant Utama, according to the data obtained. However, the liquidity ratios at PT. Apexindo Pratama Duta Tbk and PT. Perdana Karya Perkasa meet these standards. Financial performance standards have not been reached by the company's overall profitability and solvency ratios.

The six organizations' financial performance is nearly nonexistent as a result of their frequent failure to achieve financial performance benchmarks. But PT has the strongest financial performance when measured by the profitability, solvency, and liquidity measures. However, the liquidity ratio—which indicates that the business can continue to pay down its short-term debt with cash and current assets—tends to meet financial performance benchmarks. These six businesses saw annual variations in their ratio values over the course of their development between, which indicates that they did not always have strong financial results or the opposite.

Since the ratio's value tends to stay below the industry average and the total amount of debt owed by the company exceeds its asset value, it is expected that the company will focus more on the overall value of its assets and liabilities in order to be able to cover losses with its own assets in the future. It is anticipated that other variables beyond the financial ratio would be added by later researchers.

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