# ANALYSIS OF FINANCIAL PERFORMANCE USING FINANCIAL RATIO ACCORDING TO THE DECREE OF THE MINISTER OF BUMN NUMBER KEP-100/MBU/2002

**Jufri Sani Akbar[1], Muhammad Ikhsan[2]**
Faculty of Economics and Business, Pertiba Pangkalpinang University
*Email : jufrisaniakbar@gmail.com, ikhsanikhsan1981@gmail.com*

*Abstract :* *This research aims to determine the level of financial performance of State-Owned Enterprises using financial ratios according to the Decree of the Minister of BUMN No: KEP-100/MBU/2002. The BUMN that is the object of research is PT. Timah Tbk. The data source used is secondary data contained in the Indonesian Stock Exchange by taking data samples using purposive sampling taking into account the data which is still updated and published on the Indonesian Stock Exchange. while the data analysis technique uses quantitative analysis with a financial ratio approach contained in the Decree of the Minister of BUMN No: KEP-100/MBU/2002. The results of this research show that the company's financial performance in 2019 received the predicate B which means unhealthy, in 2020 the company's financial performance received the predicate BB which means unhealthy, in 2021 the company's financial performance received the predicate AA which means healthy, in 2022 the company's financial performance received the predicate AA means healthy, while in 2023 the company's performance will receive the title BB, which means unhealthy.*

*Keywords: Financial Performance and Financial Ratios*

## 1. INTRODUCTION
### 1.1. Background of the problem

Developments in the business world have a big influence on the continuity of the company. The ability to maintain company continuity is greatly influenced by the company's financial condition. Guaranteed continuity in a company can be seen from achieving the goals set by the company. To achieve the desired goals, good management is needed. In this case, the role of financial management is very necessary to plan finances appropriately and according to targets. To see the development of a company, financial analysis and reports are needed so that it can be seen whether the company's performance is good or bad.

As the largest tin mining company in Indonesia PT. Timah is carrying out activities to improve Tbk's tin reserves balance and is carrying out innovations in perfecting technology to increase recovery, so that it becomes optimal, effective and efficient.

Financial data in the form of profit for the current year for 5 years shows the following data: In 2019 there was a loss of IDR 611,284 million, in 2020 we experienced a loss of IDR 340,602 million, in 2021 the company made a profit of IDR 1,302,843 million. In 2022 the company will make a profit of IDR 1,041,563 million, while in 2023 it will experience a loss of IDR 449,672 million.

As for the production performance of PT. Timah Tbk has been recorded as weakening in

the last five years. Based on the company's official statement, in 2019 they were able to produce 82,460 tons of tin ore and 76,839 metric tons of tin metal. However, in the following years their production volume increasingly shrank, until it reached a new record low in 2023. Throughout 2023 they were only recorded as producing 14,855 tons of tin ore and 15,340 metric tons of tin metal, around 5 times less than in 2019. This issuer is coded TINS. have not explained in detail what factors cause their production capacity to continue to decrease. However, they stated that the decline in TINS' performance in 2023 was also influenced by global conditions and illegal mining practices. "Global and domestic economic conditions that have not improved, as well as weak global demand for tin metal amidst unlicensed mining activities will have an impact on the company's performance in 2023," said Fina Eliani, Director of Finance and Risk Management at PT. Timah Tbk in a press release, Thursday (28/3/2024). He also stated that TINS will improve production performance in 2024 through additional mining equipment, opening new locations and sustainable efficiency programs. (https://databoks.katadata.co.id/datapublish/2024/04/03/produksi-timah-tins    menyusut-rekor-terendah-pada-2023)

Judging from the description above, the decline in tin ore products will cause a decline in production and sales and will affect the company's income. This will also have an impact on share prices and a decline in the company's financial performance, because the high or low assessment of the company's financial performance is a measure of the company's success. Facing these conditions, the company set a strategy to reduce costs as much as possible to achieve the predetermined targets. So, companies really need financial performance to achieve targets in developing the company by evaluating financial performance so that the company can run smoothly.

Based on the background description above, the author is interested in researching the financial performance of PT. Tin. Tbk. With the title "Financial Performance Analysis Using Financial Ratios According to the Decree of the Minister of BUMN No: KEP-100/MBU/2002.

## 1.2. Formulation of the problem

Based on the background of the problem described above, the problem formulation in this research is "How is the financial performance of PT. Timah Tbk using financial ratios based on the Decree of the Minister of BUMN No: KEP-100/MBU/2002?"

## 1.3. Research purposes

Based on the problem formulation above, the aim of this research is to determine the level of financial performance at PT. Tin. Tbk using financial ratios according to the Decree of the Minister of BUMN No: KEP-100/MBU/2002 seen from the financial aspect which includes Returns to shareholders (ROE), Returns on investment (ROI), Cash ratio, Current ratio. ), inventory turnover, collection periods, total asset turnover, and total own capital to total assets.

## 2. LITERATURE REVIEW
## 2.1. Theoretical basis
### 2.1.1. Definition of Financial Management

According to Fahmi (2018) financial management is a combination of science and art which discusses, examines and analyzes how a financial manager uses all company resources to seek funds, manage funds, and distribute funds with the aim of being able to provide profit or prosperity for shareholders. shares and sustainability (business sustainability for the company).

According to Anwar (2019) Financial Management is a scientific discipline about managing company finances both in terms of finding sources of funds, allocating funds, and distributing profits.

### 2.1.2. Scope of Financial Management

In the field of financial management, the scope of financial management according to Fahmi (2018) has 3 scopes that must be seen by financial managers, including:
1. How to find funds
2. How to manage funds
3. How to divide funds

### 2.1.3. Financial Management Function

According to Sutrisno (2012) the financial management function consists of three main decisions that must be made by the company, namely:
1. Investment Decisions
2. Funding Decisions
3. Dividend Decision

### 2.1.4. Financial Management Objectives

According to Fahmi (2018), there are several objectives of financial management, namely maximizing company value, maintaining financial stability in a state that is always under control, minimizing company risks in the present and future. Understanding maximizing company value is how company management is able to provide maximum value when the company enters the market. The aim of financial management according to Sujarweni (2018) is as an activity to obtain funds and manage these funds effectively with the aim of maximizing shareholder prosperity as measured by the company's share price as a measurement level.

### 2.1.5. Definition of Financial Ratios

According to Hery (2017) financial ratios are calculations using financial reports which function as a measuring tool for the financial condition and performance of a company. Ratio Analysis is analysis by connecting various estimates in financial reports in the form of financial ratios. According to Fahmi (2018) financial ratios are a study that looks at the comparison between the amounts contained in the financial statements using formulas that are considered representative for application.

### 2.1.6. Various Financial Ratios

Basically, ratios are classified into 2, namely based on the source of the financial data and based on the purpose of the analysis. The various ratios are as follows:
  1. Ratio based on data source
  According to Sujarweni (2018), the ratio based on data source is as follows:
  a.  Balance sheet ratios are ratios that come from balance sheet accounts
  b.  The income statement ratio is a ratio that comes from the income statement
  c.  Inter-report ratios are ratios that originate from either profit or loss or the balance sheet.
  2. Ratios based on the purpose of the analysis
  a.  Liquidity Ratio.
      According to Hantono (2018), the liquidity ratio is a ratio that shows the company's ability to fulfill short-term obligations or debts. The types of liquidity ratios are: a)

Current ratio, b). Cash ratio, c). Quick ratio

b.  Solvency Ratio

According to Kasmir (2015), the solvency ratio is a ratio used to measure the extent to which a company's assets are financed with debt. This means how much debt the company carries compared to its assets. In a broad sense, it is said that the solvency ratio is used to measure a company's ability to pay all its obligations, both short and long term, if the company is liquidated (dissolved). The various solvency ratios are: a). Debt to Equity, b). Debt to Asset ratio, c). Long debt to equity ratio.

c.  Activity Ratio

According to Hantono (2018) the activity ratio is a ratio that shows the effectiveness of company management in managing its business. Types of activity ratios include: a). Receivable turnover, b). Inventory turnover, c). Total asset turnover, d). Fixed asset turnover.

d.  Profitability Ratio

According to Kasmir (2015) The profitability ratio is a ratio to assess a company's ability to make a profit. This ratio also provides a measure of the level of effectiveness of a company's management. Profitability ratios that are often used in analyzing include: a). Net profit margin, b). Gross profit margin, c). ROE, d). ROI, f). ROA.

### 2.1.7. Financial performance

According to Fahmi (2018) Financial Performance is an analysis carried out to see the extent to which a company has implemented financial implementation rules properly and correctly.

### 2.2. Previous Research

In connection with the theoretical study carried out by the author in this research, the author used previous research as a comparison. The following is a table of previous research:

1. Fakhirah Husain (Makassar State University Economic Journal, 2020). Research Title: Analysis of health levels at PT Garuda Indonesia (Persero) Tbk. Financial Aspect Research Variables (ROE, ROI, cash ratio, current ratio, collection periods, inventory turnover ratio, asset turnover ratio/TOTA, and ratio of own capital to total assets), Administrative aspects (annual calculation report, draft RKAP, periodic reports, PUKK performance), Operational Aspects (commitment to the implementation of overall governance, capital shareholders, board of commissioners, directors).

2. Nurul Azizah, Zaidatun Ekastuti (Gunadarma University Economic Journal, 2020), Research Title: Analysis of the health level assessment of state-owned companies in the electricity, gas, steam/hot water and cold air procurement sector for the period 2014-2018 Research variables ROE, ROI, cash ratio, current ratio, collection periods, inventory turnover ratio, asset turnover ratio/ TOTA, and the ratio of own capital to total assets.

3. Nauru N. Munda, Ventje Illat, Treesje Runtu (EMBA Journal, 2019) Research Title: Analysis of Financial Performance in State-Owned Companies in the Cement Subsector Listed on the Indonesian Stock Exchange for the Period 2017 – 2019 research variables ROE, ROI, cash ratio, current ratio , collection periods, inventory turnover ratio, asset turnover ratio/ TOTA, and the ratio of own capital to total assets.

### 2.3. Research Thinking Framework

Based on the description above, it can be described in the form of a framework for this
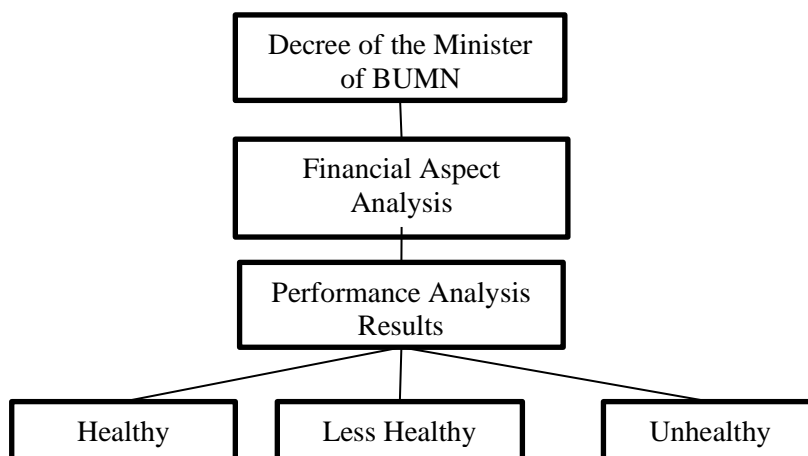
research as follows:



Figure 1 : Research Thinking Framework

## 3. RESEARCH METHODS

### 3.1. The scope of research

The scope of this research focuses on financial performance assessment, and to make this research more focused, in this research the author limits the scope of the research to 5 years of data from 2019–2023.

### 3.2. Research Population and Sample

Population is a generalized area consisting of objects and subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn (Sugiyono, 2018). In connection with research in the financial sector that uses secondary data in the form of financial reports, the population is financial reports published since the company was founded until the year this research was prepared, namely 1976 to 2023.

According to Sugiyono (2018) The sample is part of the number of characteristics possessed by the population. Sample measurement is a step to determine the size of the research estimate. This sampling was carried out because the existence of the population from the time it was founded until this research was not fully available, so the sample data was taken using the purposive sampling method. The purposive sampling method is a technique for determining samples with certain considerations. The consideration taken in this research is the financial data of PT. Timah Tbk is still being updated on the Indonesian stock exchange for the last 5 years, namely 2019 to 2023.

### 3.3. Data Types and Sources

The type of data used in this research is based on its nature, namely quantitative data. The quantitative data in this research is in the form of financial reports available on the Indonesia Stock Exchange from 2019 to 2023.

In this research, the data used is secondary data. The data in this research is in the form of financial reports that have been published by the company and published on the Indonesian Stock Exchange (BEI). Meanwhile, the data that will be processed in this research comes from

www.idx.co.id which is the official website of the Indonesian Stock Exchange.

### 3.4. Method of collecting data

In obtaining data in this research, a documentation method was used in the form of financial report data for 2019-2023 which was published on the Indonesia Stock Exchange on the website www.idx.co.id.

### 3.5.    Data analysis technique

The data analysis technique used in this research is a quantitative analysis technique using financial ratio analysis over a period of five years (2019-2023). This research method is based on the Decree of the Minister of State-Owned Enterprises No: KEP-100/MBU/2002 concerning assessing the health level of State-Owned Enterprises, so the ratio used is the ratio contained in the decree.

## 4. RESEARCH RESULTS AND DISCUSSION

### 4.1.    Data analysis

Overall financial performance is measured based on eight financial ratio indicators. The results of the financial performance analysis according to the Decree of the Minister of BUMN No: KEP-100/MBU/2002 are as follows:

**Table 1 : Results of Financial Ratio Analysis**

| Indicator | Year | | | | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| ROE | -12% | -7% | 21% | 15% | -7% |
| ROI | -4% | -2% | 12% | 11% | -3% |
| Cash Ratio | 13% | 14% | 32% | 50% | 38% |
| Current Ratio | 103% | 112% | 131% | 221% | 139% |
| *Collection Periods* | 31 Hari | 29 Hari | 47 Hari | 29 Hari | 35 Hari |
| Inventory Turnover | 123 Hari | 69 Hari | 78 Hari | 85 Hari | 110 Hari |
| Total Asset Turnover | 95% | 105% | 99% | 96% | 65% |
| Ratio of Own Capital to Total Assets | 26% | 34% | 43% | 54% | 49% |

Source: Data Processed by Author 2024

Furthermore, the results of the financial ratio analysis are converted into score weights according to the Decree of the Minister of BUMN No: KEP-100/MBU/2002, as follows:

**Table 2 : Conversion of Financial Ratio Results with**
**Financial Performance Assessment Score**

| Indicator | Standard Weight | Year | | | | |
|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| ROE | 20 | 0 | 0 | 20 | 18 | 0 |
| ROI | 15 | 1 | 1 | 9 | 9 | 1 |
| Cash Ratio | 5 | 2 | 2 | 4 | 5 | 5 |
| Current Ratio | 5 | 3 | 4 | 5 | 5 | 5 |
| *Collection Periods* | 5 | 4,5 | 4 | 5 | 4 | 4,5 |
| Inventory Turnover | 5 | 3,5 | 4,5 | 4,5 | 4,5 | 4 |
| Total Asset Turnover | 5 | 4 | 4 | 4 | 4 | 3 |
| Ratio of Own Capital to Total Assets | 10 | 7,25 | 10 | 9 | 8,5 | 9 |
| Total Score Weight | 70 | | | | | |
| Accumulated weight Indicator | | 25,25 | 29,5 | 60,5 | 58 | 31,5 |
| Total Score | | 36 | 42 | 86 | 83 | 45 |

Source: Author's Processed Data 2024

Calculation of the total score using the following formula:

$$\text{Total Score} = \frac{\text{Accumulated Indicator Weights}}{\text{Total Standard Weight}} \times 100\%$$

Next, determine financial performance using the following criteria:
  a.  HEALTHY, which consists of:
      AAA if Total Score (TS) > 95
      AA if 80 < TS <= 95
      A if 65 < TS <= 80
  b.  LESS HEALTHY, which consists of:
      BBB if 50 < TS <= 65
      BB if 40 < TS <= 50
      B if 30 < TS <= 40
  c.  UNHEALTHY, which consists of:
      CCC if 20 < TS <= 30
      CC if 10 < TS <= 20
      C if TS <= 10

The results of the calculation of the eight indicators after being converted into scores can be

compared with the assessment criteria, as follows:

**Table 3 : Financial Performance Level Assessment**

| Year | Total Score | Performance Scale | Predicate | Information |
|------|-------------|-------------------|-----------|-------------|
| 2019 | 36 | 30 < TS <= 40 | B | Less Healthy |
| 2020 | 42 | 40 < TS <= 50 | BB | Less Healthy |
| 2021 | 86 | 80 < TS <= 95 | AA | Healthy |
| 2022 | 83 | 80 < TS <= 95 | AA | Healthy |
| 2023 | 45 | 40 < TS <= 50 | BB | Less Healthy |

Source: Author's Processed Data 2024

### 4.2. Discussion

In assessing the level of financial performance of PT. Timah Tbk every year there are differences. For 2019, it resulted in a weight assessment of 36% with a B predicate. Based on this assessment, financial performance was categorized as Unhealthy. This is because the 2019 performance did not reach the maximum score of the performance assessment weight indicators according to BUMN Ministerial Decree No: KEP-100/MBU/2002. From the table above, financial performance is based on assessment scores, that the Return on Equity and Return on Investment scores are low and far from the standard score weights. This means that the company's financial performance is unhealthy because the company does not have the ability to gain profits from both capital and investment returns.

In 2020 the assessment results were 42% with the BB predicate, this shows that the company's financial performance is categorized as Unhealthy. This is because in 2020 there was poor financial performance, namely the performance of the return on equity and return on investment ratios, so that it was converted into a score from the performance assessment weight indicator according to BUMN Ministerial Decree No: KEP-100/MBU/2002 with a score that not optimal. From the table above, financial performance is based on assessment scores, that the Return on Equity and Return on Investment scores are low and far from the standard score weights. This means that the company does not have the ability to gain profits either from capital or from investment returns.

In 2021, it experienced an increase and resulted in a weight rating of 86%, receiving the AA predicate, namely Healthy. This is because all the financial performance of the 8 indicators in 2021 is close to the performance assessment weight standards according to the Decree of the Minister of BUMN No: KEP-100/MBU/2002, there are even performance scores that are the same as the maximum performance weight standards. From the table above, financial performance is healthy, because the score value of the 8 assessment indicators is close to the maximum score weight value.

In 2022 it will produce a weight assessment of 83%, getting the Healthy predicate. This is because the financial performance in 2022 for the 8 indicators has good performance, namely the score from the conversion results shows a number that is close to or the same number as the performance assessment weight standard according to BUMN Ministerial Decree No: KEP-100/MBU/2002., especially performance finances from the return on equity ratio, return on investment, cash ratio, current ratio, collection periods, inventory turnover, total asset turnover

and the ratio of own capital to total assets. Financial performance in 2022 based on the total score is still better than financial performance in 2021. From the table above, financial performance is healthy, because the score values of the 8 assessment indicators are close to the maximum score weight value.

In 2023, it will produce a weight assessment of 45%, and receive the title of Unhealthy BB. The financial performance in 2023 is not healthy, because there are several assessment indicators in the condition of poor performance, including financial performance from the return on equity ratio which has a conversion score of 0, the return on investment ratio with a conversion score of 1. When compared to the financial performance in 2023, it is compared with financial performance in 2019 and 2020, then the financial performance in 2023 will still be better than the performance in 2019 and 2020. The following is a comparison table of standard weights with assessment scores for 8 financial performance indicators in 2023: From the table above, the cause of unhealthy financial performance is the score value Return on Equity and Return on Investment are very low and far from the standard score weights. This means that the company does not have the ability to gain profits either from capital or from investment returns.

## 5. CLOSING
### 5.1. Conclusion

Based on the results of data analysis and discussion referring to the Decree of the Minister of State-Owned Enterprises No: KEP-100/MBU/2002 which was explained in the previous chapter, the conclusion of this research is that based on the assessment of the company's financial performance, it shows that in 2019 the company received category B with an unhealthy predicate, in 2020 the company's financial performance received the BB category with an unhealthy predicate. Then the financial performance assessment in 2020 and 2021 experienced an increase in the company's standard weight so that it received the AA category with a healthy predicate. In 2023, the company's financial performance assessment will experience a decrease in score weight, resulting in the BB category with an unhealthy predicate.

### 5.2. Suggestion
The suggestions for this research are:
a. The financial performance assessment in 2019 and 2020 received the title of "lesshealthy" performance level, so the company was advised to increase profits with its own capital and assets. (ROE and ROI).
b. The financial performance assessment in 2021 and 2022 received the title of "healthy" performance level, it is recommended that companies must maintain the condition of the 8 assessment indicators so that the company always performs healthily.
c. The financial performance assessment in 2023 received the title of "lesshealthy" performance level, so companies are advised to better control the profits generated, capital and assets used (ROE and ROI).
d. It is hoped that the results of this research can provide policy contributions to companies, investors and the government in supporting state-owned companies and better implementing the rules set by state-owned companies to better support the development of more synergistic and optimal management of infrastructure and non-infrastructure state-owned companies.

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