

FINANCIAL PERFORMANCE ANALYSIS BEFORE AND AFTER THE SEA TOLL PROGRAMME CASE STUDY OF PT PELINDO I, PT PELINDO II, PT PELINDO III, AND PT PELINDO IV FOR THE PERIOD OF 2012-2019

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ABSTRACT

President Joko Widodo launched the Sea Toll program on 4 November 2015, as a concept to strengthen shipping lanes aimed at equitable growth in eastern Indonesia. They were reducing logistics costs and ensuring the availability of strategic principal in all regions of Indonesia with relatively equal prices to more evenly distribute people's welfare. To expand and improve connectivity between regions, the Government has appointed 4 (four) Business Entities State-Owned Enterprise (SOE) in port services. With the tending of capital expenditure value to increase to support the sea toll program, SOEs port services change the capital structure by increasing the value of debts/liabilities. This study aims to measure and analyze the impact of the changes in capital structure on SOEs financial performance and health conditions use Financial Ratio Analysis based on a Decree of the Ministry of State-Owned Enterprises KEP-100/MBU/2002 for the 2012-209 period. The financial analysis uses eight ratios, the return on equity, the return on investment, the cash ratio, the current ratio, the collection period, the inventory turnover, the total asset turnover, and the total equity to total assets are then validated using a Ministerial Decree. The results of the financial health condition of the Company for the period 2012-2019 are PT Pelindo I (AA, AA, AA, AA, AA, AA, AA, and BBB), PT Pelindo II (AA, AA, AA, A, A, A, AA, and AA), PT Pelindo III (AA, AA, AA, AA, AA, AA, AA, and AA), and PT Pelindo IV (AA, AA, AA, A, BBB, A, BBB, and A) respectively. In conclusion, less prudent the change in capital structure leads to a negative impact on the SOE financial performance, reflecting from their decreasing performance in the period 2016-2019. Therefore, SOEs' port services should implement adaptation, collaboration, and innovation to improve their financial health and performance.

Keywords: financial ratio, financial health assessment, stated-owned enterprise, port service.

INTRODUCTION

As one of President Jokowi's main programs, he launched the Sea Toll on 4 November 2015. The Sea Toll Program is one of the pillars to support Indonesia to become the world's maritime axis in realizing the vision of Great Indonesia, as well as to assert that the country is truly present to all regions via ships scheduled to sail regularly.

The Government designed Sea Toll to strengthen shipping lanes aimed at equitable growth in eastern Indonesia. The people welfare distributed by reduce logistics costs and ensure the availability of strategic principal in all regions of Indonesia with relatively equal prices.

Among these three objectives, reducing logistical costs with a comprehensive overhaul of the National Logistics System (Sislognas), especially in sea transportation, seems challenging. Compared to other countries, our sea transportation costs are 2-3 times more expensive.

In the regional scope, this condition will impact the low competitiveness of Sislognas. Based on the World Bank survey, Indonesia's Logistic Performance Index (LPI) score in 2018 was 3.15, with a rating of 46. Among ASEAN countries, the score and Indonesia's ranking was lower than Singapore, Thailand, Vietnam, and Malaysia.

Table 1 Logistic Performance Index (LPI)

ASEAN Region	2018		2016		2014		2012	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Singapore	7	4,00	5	4,14	5	4,00	1	4,13
Thailand	32	3,41	45	3,26	35	3,43	38	3,18
Vietnam	39	3,27	64	2,98	48	3,15	53	3,00
Malaysia	41	3,22	32	3,43	25	3,59	29	3,49
Indonesia	46	3,15	63	2,98	53	3,08	59	2,94
Philippines	60	2,90	71	2,86	57	3,00	52	3,02

Source: World Bank survey, 2012 to 2018

The Logistics Performance Index (LPI) is a simple logistical performance benchmark, with this LPI reflects a global perspective on whether a country is globally connected. LPI is measured based on six indicators:

- 1) The efficiency of customs and border management clearance.
- 2) The quality of trade- and transport-related infrastructure.
- 3) The ease of arranging competitively priced international shipments.
- 4) The competence and quality of logistics services.
- 5) The ability to track and trace consignments.
- 6) The frequency with which shipments reach consignees within the scheduled or expected delivery time

High logistics costs, especially in sea transportation modes, seem to be severe problems for this nation, especially with the geographical conditions as an island nation. Optimizing sea transportation to be the right choice, with the presence of sea tolls and overall connectivity improvement, the Government hopes that the national logistics system gets better and reduced logistics costs significantly.

The Government designed the sea toll program not only to build connectivity between Western Indonesia and Eastern Indonesia to smooth the flow of goods and logistics and reduce logistics costs. However, the sea toll has developed into a kind of locomotive for development in Indonesia, especially growth in Eastern Indonesia.

The port usually provides ship services (anchoring, pilot, ship holding, and mooring), loading and unloading handling services (containers, liquid bulk, dry bulk, general cargo, RORO), embarkation services, and passenger debarkation. Besides, stacking services (general cargo, containers, tanks, silos), bunkering services (filling supplies such as ship water, fuel), equipment, and industrial land rental services.

Furthermore, to expand and improve connectivity between regions, the Government's planning until 2019 will build and develop 32 ports, so overall, at least 3,000 ports spread throughout Indonesia. For large-scale public ports, the Government has appointed 4 (four) Business Entities State-Owned Enterprise (BUMN) in seaport services. Consisting of PT Pelabuhan Indonesia I currently manages 17 ports, PT Pelabuhan Indonesia II manages 16 ports, PT Pelabuhan Indonesia III manages 17 ports, and PT Pelabuhan Indonesia IV manages 25 ports.

With the tending of capital expenditure value to increase to support the sea toll program, SOEs that manage the port services above change the capital structure by increasing the amount of debt/liabilities, as shown in Figure 1 below.

Therefore, the author wants to conduct a comparative study and investigate the impact of the sea toll program with SOEs' financial performance, health condition based on the decree of the Ministry of SOEs KEP100/MBU/2002 and the impact on their solvency and debt performance before (2012 to 2015) and after (2016 to 2019) Mr. Joko Widodo launched the sea toll program.

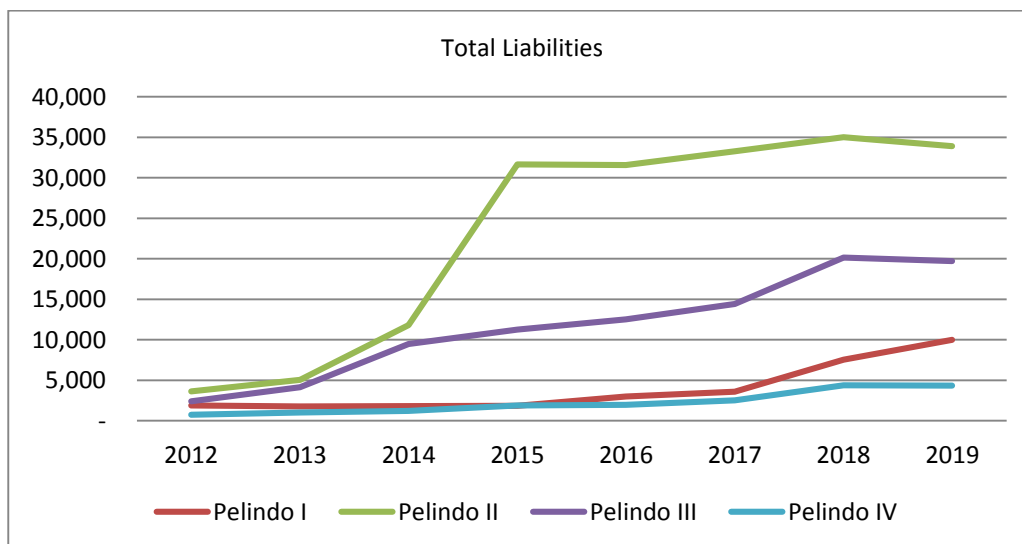


Figure 1 Liabilities of SOEs Port Services (in IDR billions) 2012-2019

Source: Annual Report SOEs Port Services, 2012 to 2019

As the problems outlined above, it needs to study further related to the financial performance of each company, as follows:

- (1) Level and rank of the companies health condition of selected Indonesia's SOEs in port services industry before (2012 to 2015) and after (2016 to 2019) Mr. Joko Widodo launched the sea toll program compare their health condition based on the decree of Ministry of SOEs KEP-100/MBU/2002.

- (2) Financial performance of selected Indonesia's SOEs in the port services industry before (2012 to 2015) and after (2016 to 2019) Mr. Joko Widodo launched the sea toll program compare their financial performance based on the decree of Ministry of SOEs KEP-100/MBU/2002.

The research formulated the objectives as follows:

- (1) To determine the health condition rating (healthy, less healthy, and unhealthy) of PT Pelabuhan Indonesia I, PT Pelabuhan Indonesia II, PT Pelabuhan Indonesia III, and PT Pelabuhan Indonesia IV using Financial Ratio Analysis (FRA) and validate based on the decree of Ministry of SOEs KEP-100/MBU/2002 before (2012 to 2015) and after (2016 to 2019) Mr. Joko Widodo launched the sea toll program.
- (2) To measure the financial performance of PT Pelabuhan Indonesia I, PT Pelabuhan Indonesia II, PT Pelabuhan Indonesia III, and PT Pelabuhan Indonesia IV using Financial Ratio Analysis (FRA) and validate the measurement based on the decree of Ministry of SOEs KEP-100/MBU/2002 before (2012 to 2015) and after (2016 to 2019) Mr. Joko Widodo launched the sea toll program launched.

METHODOLOGY

This study is focusing on measuring and assessing the sample companies' financial health condition based on The Decree of Minister of Stated-Owned Enterprise KEP100/MBU/2002 and then analyze and compare their health condition before (2012 to 2015) and after (2016 to 2019) Mr. Joko Widodo launched the sea toll program.

This study used quantitative analysis with secondary data. Secondary data is in the form of financial reports taken from the official website of the sample companies. After all the required data has been collected, the data will be processed, calculated, and analyzed into financial ratios. The financial ratios measure the health condition of the Company based on the measurement guidelines for the Decree of the Minister of BUMN KEP-100 / MBU / 2002. After obtaining the results, the company's performance will be compared during the selected period.

Following the Decree of Ministerial State-Owned Enterprise KEP-100/MBU/2002 related to financial health assessments, the business growth must be supported by adequate infrastructure and evaluation systems to measure efficiency and level of competition among SOEs.

This financial evaluation applies to all state-owned enterprises in the financial and non-financial industries. The non-financial sector divides the companies into:

- a. Infrastructure with total weight score 50
- b. Non-infrastructure with total weight score 70

The evaluation method consists of three aspects, which are financial, operational, and administration.

Table 2 Total Financial Aspect Score

Ratio	No	Indicator	Weight	
			Infrastructure	Non Infrastructure
Profitability	1	Return on Equity (ROE)	15	20
	2	Return on Investment (ROI)	10	15
Liquidity	3	Cash Ratio	3	5
	4	Current Ratio	4	5
Activity	5	Collection Period	4	5
	6	Inventory Turnover	4	5
	7	Total Asset Turnover	4	5
Solvency	8	Total Equity to Total Asset	6	10
Total Weight			50	70

Source: The Decree of Ministry of SOEs KEP 100/MBU/2002

Three categories level of financial assessment is: very healthy, healthy, and unhealthy.

Financial ratio analysis is an analysis tool used to assess financial performance based on financial comparison data for a period. The financial data used includes three financial statements of the company: the income statement, cash flow statement, and the balance sheet. These financial statements are used to provide information about the company's financial position and performance to make decisions.

Table 3 Company Health Rating

Category	Rating	Total Score
Healthy	AAA	TS > 95
Healthy	AA	80 < TS ≤ 95
Healthy	A	65 < TS ≤ 80
Less Healthy	BBB	50 < TS ≤ 65
Less Healthy	BB	40 < TS ≤ 50
Less Healthy	B	30 < TS ≤ 40
Unhealthy	CCC	20 < TS ≤ 30
Unhealthy	CC	10 < TS ≤ 20
Unhealthy	C	TS ≤ 10

Source: The Decree of Ministry of SOEs KEP 100/MBU/2002

Financial ratio analysis can be done using a variety of existing analytical methods or techniques. Based on its purpose, financial ratios are divided into four methods:

(1) Profitability Performance

The return on equity (ROE) a ratio calculation that shows a company's ability to generate net income using its capital and generate net income available to owners or investors.

The return on investment (ROI) shows the company's ability to measure the income generated on an investment relative to the amount of money invested (Anthony et al., 2011).

$$\text{Return on Equity (ROE)} = (\text{Net Income} / \text{Shareholder's Equity}) \times 100 \%$$

$$\text{Return on Investment} = \frac{\text{EBIT} + \text{depreciation}}{\text{Capital Employed}} \times 100\%$$

Table 4 List of ROE and ROI Assessment Score

ROE (%)	Score	ROI (%)	Score
15 < ROE	20	18 < ROI	15
13 < ROE ≤ 15	18	15 < ROI ≤ 18	13,5
11 < ROE ≤ 13	16	13 < ROI ≤ 15	12
9,0 < ROE ≤ 11	14	12 < ROI ≤ 13	10,5
7,9 < ROE ≤ 9	12	10,5 < ROI ≤ 12	9
6,6 < ROE ≤ 7,9	10	9 < ROI ≤ 10,5	7,5
5,3 < ROE ≤ 6,6	8,5	7 < ROI ≤ 9	6
4,0 < ROE ≤ 5,3	7	5 < ROI ≤ 7	5
2,5 < ROE ≤ 4	5,5	3 < ROI ≤ 5	4
1,0 < ROE ≤ 2,5	4	1 < ROI ≤ 3	3
0 < ROE ≤ 1	2	0 < ROI ≤ 1	2
ROE < 0	0	ROI < 0	1

Source: The Decree of Ministry of SOEs No. KEP 100/MBU/2002

(2) Liquidity Performance

a. Cash Ratio

The cash ratio is the ratio used to compare the company's total cash and cash equivalents with its current liabilities.

$$\text{Cash Ratio} = (\text{Cash} + \text{Cash Equivalents} / \text{Current Liabilities}) \times 100 \%$$

b. Current Ratio

The current ratio measures the company's ability to repay its current liability with the current asset.

$$\text{Current Ratio} = (\text{Current Asset} / \text{Current Liabilities}) \times 100 \%$$

Table 5 Cash Ratio and Current Ratio Assessment Score

Cash Ratio (%)	Infra	Non Infra	Current Ratio (%)	Infra	Non Infra
Cash Ratio ≥ 35	3	5	Current Ratio ≥ 125	3	5
25 ≤ Cash Ratio < 35	2,5	4	110 ≤ Current Ratio < 125	2,5	4
15 ≤ Cash Ratio < 25	2	3	100 ≤ Current Ratio < 110	2	3
10 ≤ Cash Ratio < 15	1,5	2	95 ≤ Current Ratio < 100	1,5	2
5 ≤ Cash Ratio < 10	1	1	90 ≤ Current Ratio < 95	1	1
0 ≤ Cash Ratio < 5	0	0	Current Ratio < 90	0	0

Source: The Decree of Ministry of SOEs No. KEP 100/MBU/2002

(3) Activity Performance

a. Collection Period

The average collection period is the amount of time needed for businesses to receive payment from their invoice.

$$\text{Collection Period} = (\text{Average Accounts Receivables/Sales Revenue}) \times 365 \text{ days}$$

b. Inventory Turn Over

The inventory turnover shows how many days a company has sold and replaced inventory during a period.

$$\text{Inventory Turnover} = \text{Cost of goods sold} / \text{Average Inventory}$$

c. Total Assets Turn Over (TATO)

The total asset turnover ratio shows how many assets are used to generate sales, it means how efficient they are managed to generate income.

$$\text{Total Asset Turn Over (TATO)} = (\text{Revenue/Capital Employed}) \times 100 \%$$

Table 6 List of Collection Period & Inventory Turnover Assessment Score

Collection Period (CP in days)	Adjustment (days)	Score	Inventory Turnover (IT in days)	Adjustment (days)	Score
CP ≤ 60	CP > 35	5	IT ≤ 60	IT > 35	5
60 < CP ≤ 90	30 < CP ≤ 35	4,5	60 < IT ≤ 90	30 < IT ≤ 35	4,5
90 < CP ≤ 120	25 < CP ≤ 30	4	90 < IT ≤ 120	25 < IT ≤ 30	4
120 < CP ≤ 150	20 < CP ≤ 25	3,5	120 < IT ≤ 150	20 < IT ≤ 25	3,5
150 < CP ≤ 180	15 < CP ≤ 20	3	150 < IT ≤ 180	15 < IT ≤ 20	3
180 < CP ≤ 210	10 < CP ≤ 15	2,4	180 < IT ≤ 210	10 < IT ≤ 15	2,4
210 < CP ≤ 240	6 < CP ≤ 10	1,8	210 < IT ≤ 240	6 < IT ≤ 10	1,8
	3 < IT ≤ 6	1,2	240 < IT ≤ 270	3 < IT ≤ 6	1,2
			270 < IT ≤ 300	1 < IT ≤ 3	0,6

Source: The Decree of Ministry of SOEs KEP 100/MBU/2002

Table 7 List of Total Asset Turn-over Assessment Score

TATO (%)	Adjustment (days)	Score
TATO > 120	TATO > 20	5
105 < TATO ≤ 120	15 < TATO ≤ 20	4,5
90 < TATO ≤ 105	10 < TATO ≤ 15	4
75 < TATO ≤ 90	5 < TATO ≤ 10	3,5
60 < TATO ≤ 75	0 < TATO ≤ 5	3
40 < TATO ≤ 60	TATO ≤ 10	2,5
20 < TATO ≤ 40		2
TATO ≤ 20		1,2

Source: The Decree of Ministry of SOEs No. KEP 100/MBU/2002

(4) Solvency Performance

The solvency ratio is used to measure a company's ability to meet its debt obligations. It indicates whether the company's cash flow is sufficient to meet its short-term and long-term obligations. The lower a company's solvency ratio, the higher the probability that it will default on its debt obligations.

The total equity to total assets (TETA) ratio shows the proportion of owner's equity used to fund all company assets.

$$\text{Total Equity to Total Asset} = (\text{Total Equity/Total Asset}) \times 100 \%$$

Table 8 List of Total Asset Turn-over Assessment Score

Total Equity to Total Asset (%)	Score
TETA < 0	0
0 ≤ TETA < 10	4
10 ≤ TETA < 20	6
20 ≤ TETA < 30	7,25
30 ≤ TETA < 40	10
40 ≤ TETA < 50	9
50 ≤ TETA < 60	8,5
60 ≤ TETA < 70	8
70 ≤ TETA < 80	7,5
80 ≤ TETA < 90	7
90 ≤ TETA < 100	6,5

Source: The Decree of Ministry of SOEs KEP 100/MBU/2002

RESULT AND DISCUSSION

Table 9 Result of Ratio Measurement

RATIO INDICATOR	SOEs	2012	2013	2014	2015	2016	2017	2018	2019
Return on Equity	PT Pelindo I	25%	29%	23%	27%	27%	29%	16%	7%
	PT Pelindo II	37%	47%	21%	15%	16%	20%	17%	18%
	PT Pelindo III	37%	33%	22%	18%	18%	24%	23%	23%
	PT Pelindo IV	15%	15%	16%	7%	6%	7%	5%	7%
Return on Investment	PT Pelindo I	18%	22%	20%	23%	19%	20%	23%	7%
	PT Pelindo II	25%	23%	12%	8%	9%	10%	10%	11%
	PT Pelindo III	31%	26%	16%	14%	14%	16%	14%	16%
	PT Pelindo IV	25%	24%	27%	13%	11%	16%	11%	14%
Cash Ratio	PT Pelindo I	175%	179%	175%	133%	146%	103%	130%	91%
	PT Pelindo II	48%	36%	117%	562%	551%	418%	397%	340%
	PT Pelindo III	142%	72%	196%	83%	60%	83%	131%	112%
	PT Pelindo IV	156%	150%	131%	223%	223%	165%	163%	44%
Current Ratio	PT Pelindo I	208%	208%	203%	159%	164%	121%	170%	134%
	PT Pelindo II	108%	74%	157%	621%	595%	469%	447%	393%
	PT Pelindo III	201%	142%	300%	143%	94%	127%	181%	166%
	PT Pelindo IV	183%	173%	164%	249%	260%	253%	211%	101%
Collection Period (days)	PT Pelindo I	16	17	15	24	19	27	12	10
	PT Pelindo II	27	33	19	19	17	23	24	24
	PT Pelindo III	26	27	24	20	18	25	29	28
	PT Pelindo IV	13	13	19	22	27	44	24	24
Inventory Turn Over (days)	PT Pelindo I	2,1	2,3	3,0	3,3	3,0	3,1	3,0	2,2
	PT Pelindo II	2,4	2,7	1,6	1,9	1,7	1,8	1,8	2,4
	PT Pelindo III	0,5	0,6	1,0	1,1	1,0	1,0	1,8	2,9
	PT Pelindo IV	1,5	1,4	1,7	1,8	2,2	2,1	3,1	1,5
Total Assets Turn Over	PT Pelindo I	42%	46%	45%	46%	37%	38%	45%	20%
	PT Pelindo II	52%	49%	44%	25%	24%	24%	24%	25%
	PT Pelindo III	67%	53%	38%	47%	41%	38%	37%	37%
	PT Pelindo IV	68%	71%	79%	43%	39%	50%	40%	48%
Total Equity to Total Assets	PT Pelindo I	55%	59%	62%	66%	59%	58%	46%	39%
	PT Pelindo II	70%	60%	45%	26%	27%	30%	32%	35%
	PT Pelindo III	68%	60%	43%	41%	38%	36%	34%	36%
	PT Pelindo IV	75%	72%	70%	74%	74%	70%	58%	59%

Source: Author, 2020

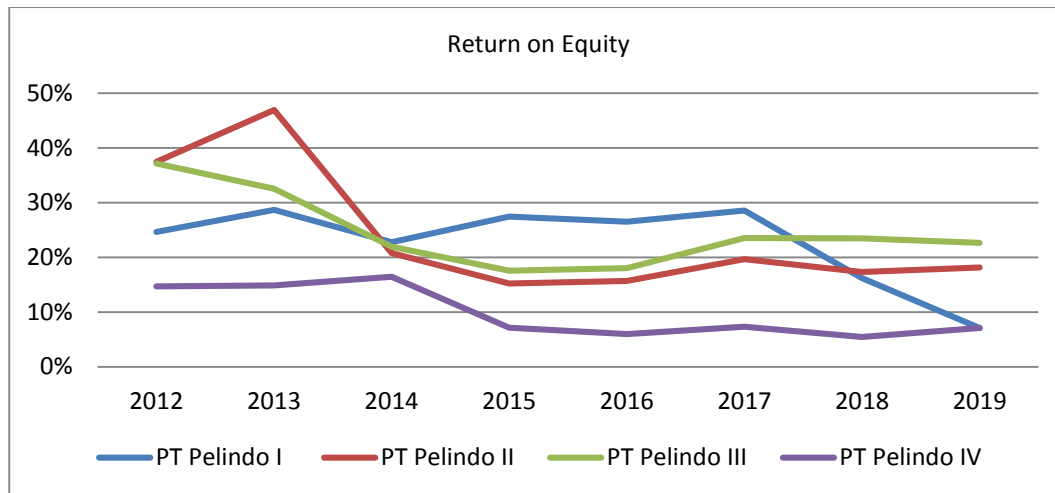


Figure 2 ROE of SOEs Port Services in the Period 2012-2019

Source: Author, 2020

Figure 2 shows the ROE of SOEs Port Services from the period 2012-2019. PT Pelindo I's ROE has an average higher and stable percentage in the period 2012 to 2017 but has declined by 22% from 29% in 2017 to 7% in 2019. PT Pelindo II's ROE has a peaked 47% in the period 2012-2013 but has dropped in the period 2013-2015 by 32% to 15% in 2015, then stable with a bit increasing till 2019. PT Pelindo III's ROE has decreased by 19% in the period 2012-2015, in the period 2016-2019 has a bit rising to 23%. PT Pelindo IV's ROE has the lowest and a bit decreasing by 8% from 15% in 2012 to 7% in 2019.

Overall the ROE of SOEs Port Services in 2012-2015 was better than the period 2016-2019. In 2012-2015, they generate more net profit from each rupiah of equity.

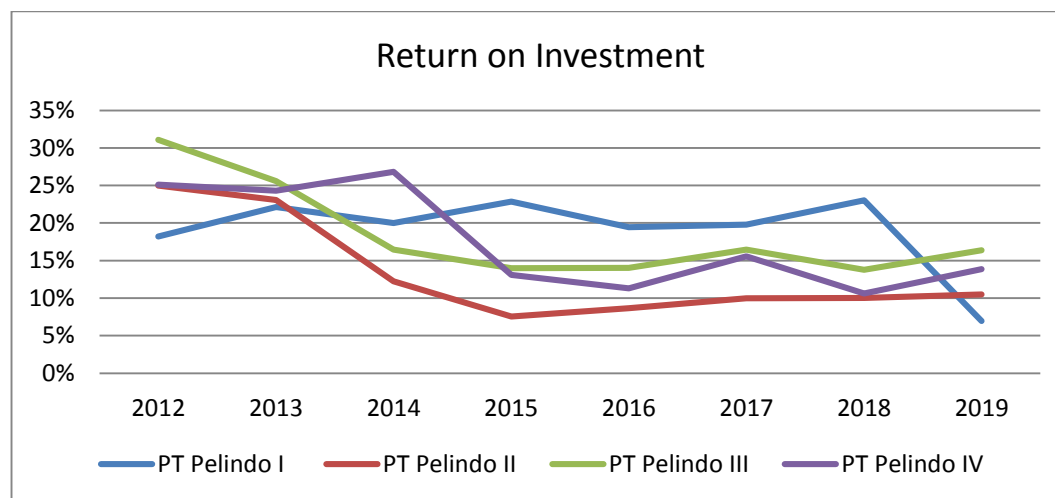


Figure 3 ROI of SOEs Port Services in the Period 2012-2019

Source: Author, 2020

Figure 3 shows the ROI of SOEs Port Services from the period 2012-2019. PT Pelindo I's ROI has an average higher and stable percentage in the period 2012 to 2017 but has declined by 13% from 20% in 2017 to 7% in 2019. PT Pelindo II's ROI had a decreasing trend by 14% from 25% in 2012 to 11% in 2019. PT Pelindo III's ROI has decreased by 17% in the period 2012-2015, in the period 2016-2019 has a volatile an average of 15%. PT Pelindo IV's ROI had reduced by 11% from 25% in 2012 to 14% in 2019.

Overall the ROI of SOEs Port Services in 2012-2015 is better than the period 2016-2019. In 2012-2015, they generate more return of every rupiah of its capital employed.

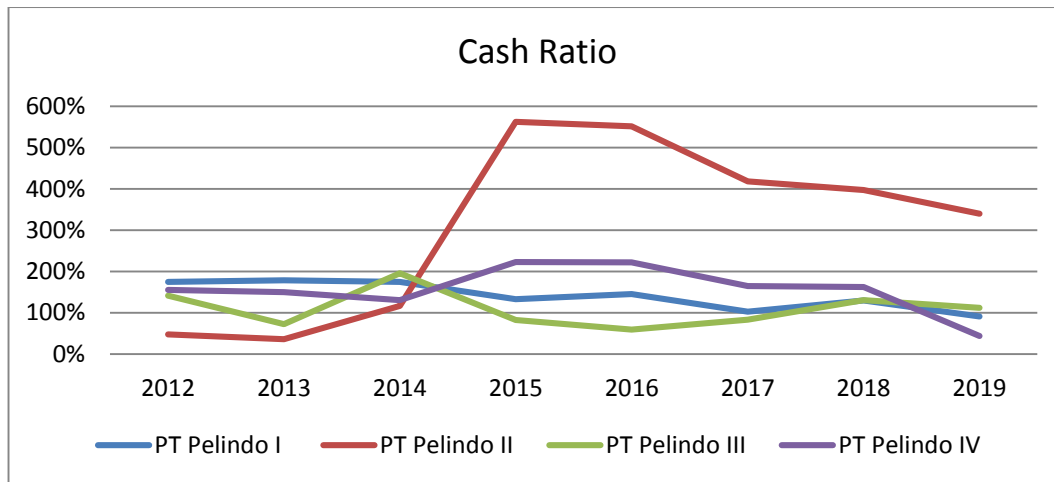


Figure 4 Cash Ratio of SOEs Port Services in the Period 2012-2019

Source: Author, 2020

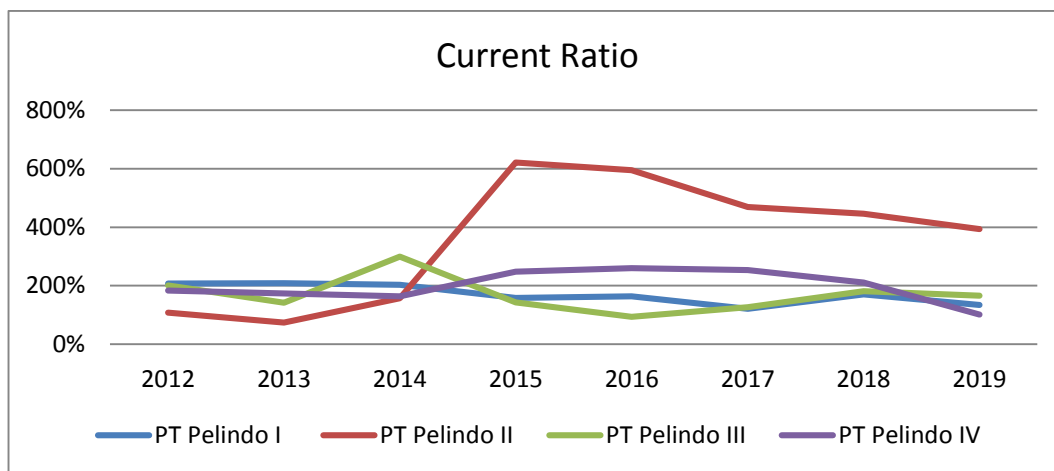


Figure 5 Current Ratio of SOEs Port Services in the Period 2012-2019

Source: Author, 2020

Figures 4 and 5 show the cash ratio and current ratio of SOEs Port Services from 2012-2019. PT Pelindo I's cash ratio and current ratio have an average of a stable average percentage in the period 2012 to 2018 but have decreased in 2019. PT Pelindo II's cash ratio and current ratio have a significant increase in the period 2012-2015 but have a decreasing trend in the period 2016-2019. PT Pelindo III's cash ratio and current ratio have a fluctuating pattern in the period, and 2012-2019 with the highest in 2014. PT Pelindo IV's cash ratio and current ratio have a volatile trend in 2012-2018 but have decreased in 2019.

Overall the cash ratio and the current ratio of SOEs Port Services from 2012-2018 show a stable in good average percentage but have decreased in 2019.

PT Pelindo II cash ratio has the highest cash ratio due to the increase in cash and cash equivalents obtained from bank loans in 2014 and bond issuance in 2015 that have not been absorbed in capital expenditures.

In conclusion, the cash ratio and the current ratio in the period 2016-2019 have higher liquidity because its ability to fulfill its short term liabilities with its cash & current assets is high, showing a decreasing trend each year.

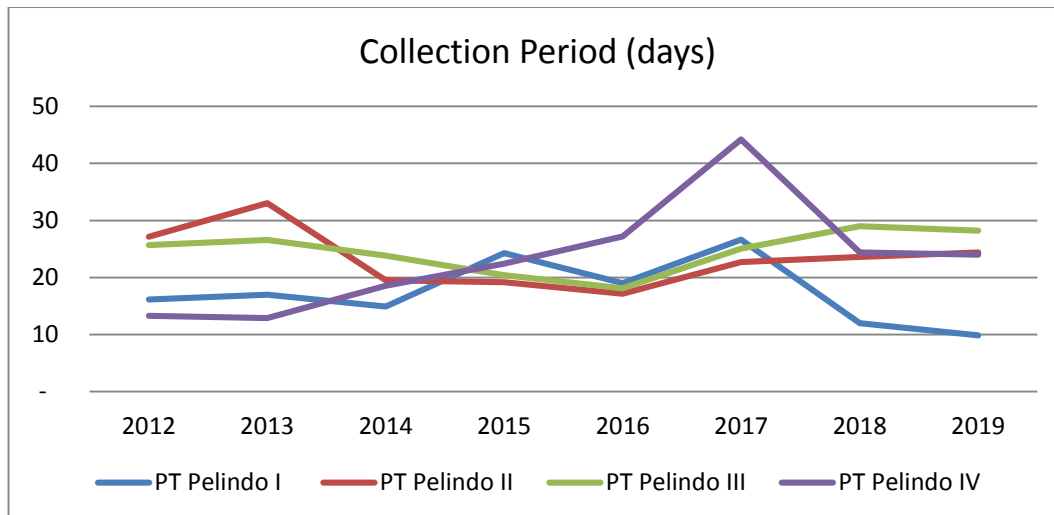


Figure 6 Collection Period of SOEs Port Services in the Period 2012-2019

Source: Author, 2020

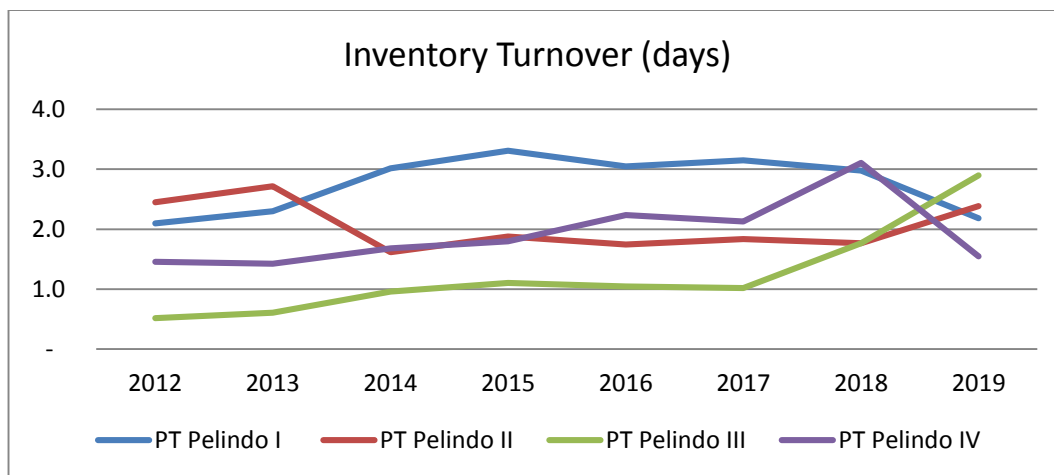


Figure 7 Inventory Turnover of SOEs Port Services in the Period 2012-2019

Source: Author, 2020

Figures 6 and 7 show the collection period and inventory turnover of SOEs Port Services from 2012-2019. PT Pelindo I's collection period and inventory turnover have a bit volatile trend but stable on average in the period 2012-2019. PT Pelindo II's collection period and inventory turnover had remained stable an average in 2012-2019. PT Pelindo III's collection period and inventory turnover have a bit increasing trend in the period 2012-2019. Especially for PT Pelindo IV's collection period and inventory turnover have increased with the highest collection period of 44 days in 2017.

In conclusion, In 2016-2019, the collection period and inventory turnover are quite lower than the period 2012-2015. It means the ability to convert its account receivables and inventory into cash in 2016-2019 is a bit better than the period 2012-2015.

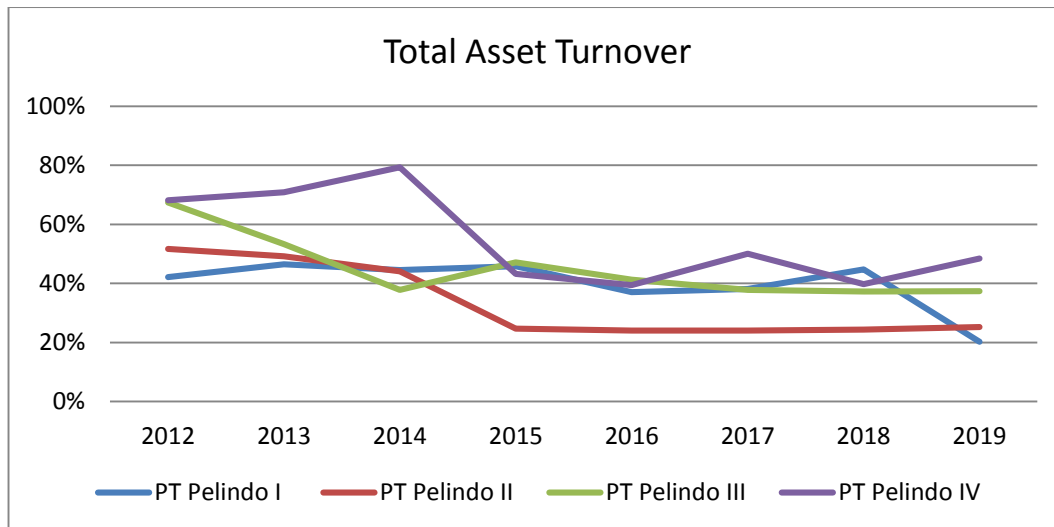


Figure 8 Total Asset Turnover of SOEs Port Services in the Period 2012-2019

Source: Author, 2020

Figure 8 shows the Total Asset Turnover (TATO) of SOEs Port Services from 2012-2019. PT Pelindo I TATO has a bit volatile in 2012-2018 with an average of 43% and has decreased by 25% to 20% in 2019. PT Pelindo II TATO has a decreasing trend with decreasing value of 27% in the period 2012-2015, in the period 2016-2019 has almost a flat of 24%. PT Pelindo III has reduced by 29% in the period 2012-2014, then stable on average of 40% in the period 2015-2019. PT Pelindo IV TATO has decreased by 25% to 43% in the period 2012-2015, in the period 2016-2019 has a volatile trend to 48% in 2019.

In conclusion, in 2012-2015, TATO is higher than the period 2016-2019, which means the SOEs port services' ability to convert its asset into revenue in the period 2012-2015 is better than the period 2016-2019.

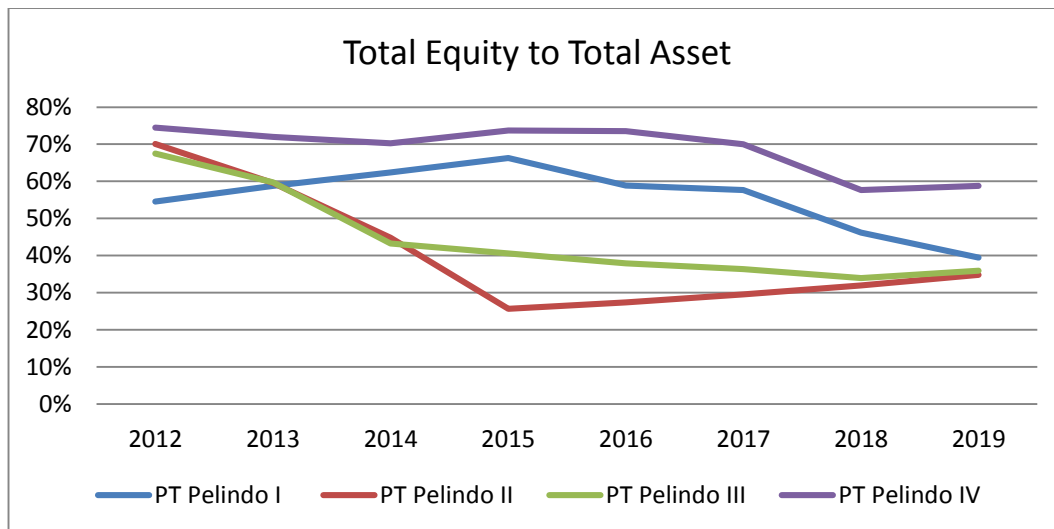


Figure 9 Total Equity to Total Asset of SOEs Port Services in the Period 2012-2019

Source: Author, 2020

Figure 9 shows the total equity to total assets (TETA) of SOEs Port Services from 2012-2019. In 2012-2015, PT Pelindo I TETA had increased by 11% from 55% in 2012 to 66% in 2015, then has decreased by 27% in 2016-2019. In 2012-2015, PT Pelindo II TETA has dropped from 70% to 26% (the lowest TETA), then a bit increasing to 35% in 2019. In the period 2012-2019, PT Pelindo III TETA has a decreasing trend from 68% in 2012 to 36% in 2019. In 2012-2017, PT Pelindo IV TETA has a bit volatile with an average percentage of 72%, then decreasing to 59% in 2019.

In conclusion, in 2016-2019, the SOEs Port Services' TETA is lower than the period 2012-2015, which means a total asset that is owned by its equity is smaller than the period 2012-2015. The lower the ratio result, the more debt a company has used to pay for its assets.

1. Validation Testing

Validation test uses the decree of the Ministry of SOE NKEP-100/MBU/2002 as a guideline to examine the level of the financial health of SOEs Port Services in 2012 – 2019.

Table 10 Health Assessment of PT Pelindo I 2012 – 2019

Financial Key	2012		2013		2014		2015	
	Result	Score	Result	Score	Result	Score	Result	Score
Return on Equity (ROE)	24,6%	15,00	28,7%	15,00	22,8%	15,00	27,4%	15,00
Return on Investment (ROI)	18,2%	10,00	22,1%	10,00	20,0%	10,00	22,9%	10,00
Cash Ratio	175,1%	3,00	179,2%	3,00	175,0%	3,00	132,7%	3,00
Current Ratio	207,7%	3,00	208,2%	3,00	203,3%	3,00	158,5%	3,00
Collection Period (days)	16	4,00	17	4,00	15	4,00	24	4,00
Inventory Turnover (days)	2,1	4,00	2,3	4,00	3,0	4,00	3,3	4,00
Total Assets Turnover (TATO)	42,1%	1,50	46,4%	1,50	44,5%	1,50	45,9%	1,50
Total Equity to Total Asset (TETA)	54,5%	5,00	58,8%	5,00	62,4%	4,50	66,3%	4,50
Total Score		45,50		45,50		45,00		45,00
Infrastructure Weight		50%		50%		50%		50%
Total Weighted Score		91,00		91,00		90,00		90,00
Healthy level		AA		AA		AA		AA
Status		Healthy		Healthy		Healthy		Healthy

Financial Key	2016		2017		2018		2019	
	Result	Score	Result	Score	Result	Score	Result	Score
Return on Equity (ROE)	26,5%	15,00	28,6%	15,00	16,2%	15,00	7,1%	7,50
Return on Investment (ROI)	19,4%	10,00	19,8%	10,00	23,0%	10,00	7,0%	3,50
Cash Ratio	145,6%	3,00	102,7%	3,00	129,9%	3,00	91,2%	3,00
Current Ratio	164,2%	3,00	121,2%	2,50	170,5%	3,00	134,2%	3,00
Collection Period (days)	19	4,00	27	4,00	12	4,00	10	4,00
Inventory Turnover (days)	3,0	4,00	3,1	4,00	3,0	4,00	2,2	4,00
Total Assets Turnover (TATO)	37,1%	1,00	38,1%	1,00	44,8%	1,50	20,2%	1,00
Total Equity to Total Asset (TETA)	58,9%	5,00	57,6%	5,00	46,2%	5,50	39,5%	6,00
Total Score		45,00		44,50		46,00		32,00
Infrastructure Weight		50%		50%		50%		50%
Total Weighted Score		90,00		89,00		92,00		64,00
Healthy level		AA		AA		AA		BBB
Status		Healthy		Healthy		Healthy		Less Healthy

Source: Author, 2020

Table 11 Health Assessment of PT Pelindo II 2012 – 2019

Financial Key	2012		2013		2014		2015	
	Result	Score	Result	Score	Result	Score	Result	Score
Return on Equity (ROE)	37,5%	15,00	46,9%	15,00	20,8%	15,00	15,3%	15,00
Return on Investment (ROI)	25,0%	10,00	23,1%	10,00	12,2%	7,00	7,6%	4,00
Cash Ratio	47,5%	3,00	36,1%	3,00	116,8%	3,00	562,0%	3,00
Current Ratio	107,9%	2,00	73,8%	-	157,0%	3,00	621,0%	3,00
Collection Period (days)	27	4,00	33	4,00	19	4,00	19	4,00
Inventory Turnover (days)	2,4	4,00	2,7	4,00	1,6	4,00	1,9	4,00
Total Assets Turnover (TATO)	51,7%	1,50	49,1%	1,50	44,1%	1,50	24,7%	1,00
Total Equity to Total Asset (TETA)	70,1%	4,25	59,6%	5,00	44,8%	5,50	25,7%	4,00
Total Score		43,75		42,50		43,00		38,00
Infrastructure Weight		50%		50%		50%		50%
Total Weighted Score		87,50		85,00		86,00		76,00
Healthy level		AA		AA		AA		A
Status		Healthy		Healthy		Healthy		Healthy

Financial Key	2016		2017		2018		2019	
	Result	Score	Result	Score	Result	Score	Result	Score
Return on Equity (ROE)	15,7%	15,00	19,7%	15,00	17,4%	15,00	18,1%	15,00
Return on Investment (ROI)	8,7%	4,00	10,0%	5,00	10,0%	5,00	10,5%	6,00
Cash Ratio	551,3%	3,00	418,0%	3,00	397,5%	3,00	340,0%	3,00
Current Ratio	595,0%	3,00	468,8%	3,00	446,6%	3,00	393,4%	3,00
Collection Period (days)	27	4,00	33	4,00	19	4,00	19	4,00
Inventory Turnover (days)	1,7	4,00	1,8	4,00	1,8	4,00	2,4	4,00
Total Assets Turnover (TATO)	24,1%	1,00	24,1%	1,00	24,4%	1,00	25,3%	1,00
Total Equity to Total Asset (TETA)	27,4%	4,00	29,5%	4,00	32,0%	6,00	34,8%	6,00
Total Score		38,00		39,00		41,00		42,00
Infrastructure Weight		50%		50%		50%		50%
Total Weighted Score		76,00		78,00		82,00		84,00
Healthy level		A		A		AA		AA
Status		Healthy		Healthy		Healthy		Healthy

Source: Author, 2020

Table 12 Health Assessment of PT Pelindo III 2012 - 2019

Financial Key	2012		2013		2014		2015	
	Result	Score	Result	Score	Result	Score	Result	Score
Return on Equity (ROE)	37,2%	15,00	32,6%	15,00	21,9%	15,00	17,6%	15,00
Return on Investment (ROI)	31,1%	10,00	25,6%	10,00	16,4%	10,00	14,0%	8,00
Cash Ratio	141,9%	3,00	72,5%	3,00	195,9%	3,00	82,8%	3,00
Current Ratio	201,0%	3,00	141,9%	3,00	299,6%	3,00	143,0%	3,00
Collection Period (days)	26	4,00	27	4,00	24	4,00	20	4,00
Inventory Turnover (days)	0,5	4,00	0,6	4,00	1,0	4,00	1,1	4,00
Total Assets Turnover (TATO)	67,4%	2,00	53,3%	1,50	37,8%	1,00	47,1%	1,50
Total Equity to Total Asset (TETA)	67,5%	4,50	59,8%	5,00	43,3%	5,50	40,6%	5,50
Total Score		45,50		45,50		45,50		44,00
Infrastructure Weight		50%		50%		50%		50%
Total Weighted Score		91,00		91,00		91,00		88,00
Healthy level		AA		AA		AA		AA
Status		Healthy		Healthy		Healthy		Healthy

Financial Key	2016		2017		2018		2019	
	Result	Score	Result	Score	Result	Score	Result	Score
Return on Equity (ROE)	18,1%	15,00	23,6%	15,00	23,5%	15,00	22,7%	15,00
Return on Investment (ROI)	31,1%	10,00	25,6%	10,00	16,4%	9,00	14,0%	8,00
Cash Ratio	59,8%	3,00	83,5%	3,00	130,7%	3,00	112,5%	3,00
Current Ratio	93,6%	1,00	126,8%	3,00	180,8%	3,00	165,6%	3,00
Collection Period (days)	18	4,00	25	4,00	29	4,00	28	4,00
Inventory Turnover (days)	1,0	4,00	1,0	4,00	1,8	4,00	2,9	4,00
Total Assets Turnover (TATO)	41,3%	1,50	37,8%	1,00	37,2%	1,00	37,4%	1,00
Total Equity to Total Asset (TETA)	37,9%	6,00	36,4%	6,00	33,9%	6,00	35,9%	6,00
Total Score		44,50		46,00		45,00		44,00
Infrastructure Weight		50%		50%		50%		50%
Total Weighted Score		89,00		92,00		90,00		88,00
Healthy level		AA		AA		AA		AA
Status		Healthy		Healthy		Healthy		Healthy

Source: Author, 2020

Table 13 Health Assessment of PT Pelindo IV 2012 - 2019

Financial Key	2012		2013		2014		2015	
	Result	Score	Result	Score	Result	Score	Result	Score
Return on Equity (ROE)	14,7%	13,50	14,9%	13,50	16,5%	15,00	7,1%	7,50
Return on Investment (ROI)	25,1%	10,00	24,3%	10,00	26,8%	10,00	13,1%	8,00
Cash Ratio	155,5%	3,00	149,9%	3,00	131,0%	3,00	222,9%	3,00
Current Ratio	183,1%	3,00	173,4%	3,00	164,2%	3,00	248,6%	3,00
Collection Period (days)	13	4,00	13	4,00	19	4,00	22	4,00
Inventory Turnover (days)	1,5	4,00	1,4	4,00	1,7	4,00	1,8	4,00
Total Assets Turnover (TATO)	68,2%	2,00	70,9%	2,00	79,3%	2,50	43,3%	1,50
Total Equity to Total Asset (TETA)	74,5%	4,25	72,0%	4,25	70,2%	4,25	73,7%	4,25
Total Score		43,75		43,75		45,75		35,25
Infrastructure Weight		50%		50%		50%		50%
Total Weighted Score		87,50		87,50		91,50		70,50
Healthy level		AA		AA		AA		A
Status		Healthy		Healthy		Healthy		Healthy

Financial Key	2016		2017		2018		2019	
	Result	Score	Result	Score	Result	Score	Result	Score
Return on Equity (ROE)	6,0%	6,00	7,3%	7,50	5,5%	6,00	7,1%	7,50
Return on Investment (ROI)	11,3%	6,00	15,6%	9,00	10,6%	6,00	13,9%	8,00
Cash Ratio	222,6%	3,00	164,7%	3,00	162,8%	3,00	43,7%	3,00
Current Ratio	260,4%	3,00	253,1%	3,00	211,2%	3,00	101,0%	2,00
Collection Period (days)	27	4,00	44	4,00	24	4,00	24	4,00
Inventory Turnover (days)	2,2	4,00	2,1	4,00	3,1	4,00	1,5	4,00
Total Assets Turnover (TATO)	39,5%	1,00	50,1%	1,50	39,7%	1,00	48,4%	1,50
Total Equity to Total Asset (TETA)	73,5%	4,25	70,0%	4,50	57,7%	5,00	58,8%	5,00
Total Score		31,25		36,50		32,00		35,00
Infrastructure Weight		50%		50%		50%		50%
Total Weighted Score		62,50		73,00		64,00		70,00
Healthy level		BBB		A		BBB		A
Status		Less Healthy		Healthy		Less Healthy		Healthy

Source: Author, 2020

Figure 3.33 below shows the summary of the weighted score result of the level financial health of PT Pelindo I, PT Pelindo II, PT Pelindo III, and PT Pelindo IV from 2012 – 2019.

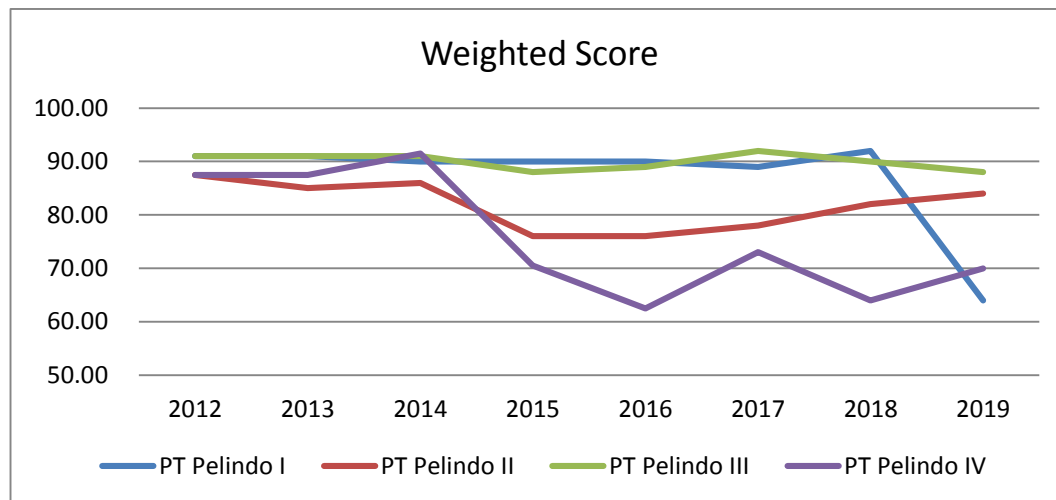


Figure 10 Summary of Weighted Score Result 2012-2019

Source: Author, 2020

LIMITATION

The limitation of this research is only focusing on financial aspects and using the tool that obligated by the Government. Other tools to measure the sample companies' financial performance do not apply in this research. This study only uses four samples of the largest Indonesia state-owned enterprise in the port services industry before (2012 to 2015) and after (2016 to 2019) Mr. Joko Widodo launched the sea toll program.

CONCLUSION AND RECOMMENDATION

Based on the financial analysis, the researcher concluded that:

- a. The rank of health level based on the decree of Indonesian Ministry State-Owned Enterprises KEP-100/MBU/2002 in the period before (2012 to 2015) and after (2016 to 2019) Mr. Joko Widodo launched the sea toll program in the period 2012-2019 are PT Pelabuhan Indonesia I (AA, AA, AA, AA, AA, AA, AA, and BBB), PT Pelabuhan Indonesia II (AA, AA, AA, A, A, A, AA, and AA), PT Pelabuhan Indonesia III (AA, AA, AA, AA, AA, AA, AA, and AA), and PT Pelabuhan Indonesia IV (AA, AA, AA, A, BBB, A, BBB, and A)
- b. Based on the Financial Ratio Analysis and the decree of Indonesian Ministry State-Owned Enterprises KEP-100/MBU/2002, all of the almost respondents companies financial performance and health condition in 2012-2015 was better than the period 2016-2019.
- c. In the period before (2012 to 2015) Mr. Joko Widodo launched the sea toll program, all subjects of this study's financial performance and health conditions are healthy. In the period after the sea toll program launched (2016 to 2019), PT Pelabuhan Indonesia I's financial performance, and health condition in 2019 was less healthy. PT Pelabuhan Indonesia IV's financial performance and health conditions in 2016, and 2019 were less healthy.
- d. Subject of this study show a decreasing performance in profitability ratio, liquidity ratio (except PT Pelindo II), and total asset turnover in 2016-2019 compared to the period 2013-2015, because of:
 - (1) The decreasing performance of the respondent companies' ability to generate profit for each rupiah invested and its equity because of their increasing long-term liabilities and capital employed is not balanced with the growing value of their revenues.
 - (2) The SOEs Port's ability to utilize their assets into revenues decreases and is less efficiently using their assets to generate sales.
 - (3) PT Pelindo II's liquidity ratio shows a significant increase due to the rise in cash and cash equivalents obtained from bank loans in 2014 and bond issuance in 2015 that have not been absorbed in capital expenditures. It indicates that PT Pelindo II has a problem managing their current asset, especially cash and cash equivalent.

RECOMMENDATION

To improve company performance through increased profitability and liquidity, the SOEs Port Services should take the following steps:

- a. To maintain and enhance the implementation of Good Corporate Governance.
- b. PT Pelindo II should improve its debt ratio by considering to reduce the long-term debt that the company is worried about will experience liquidity problems in the future. Besides, due to having to pay a significant interest hit company profits.

- c. The spread of the Covid-19 is still a hot issue in the international world, including in Indonesia. This has an impact on the mobilization and productivity of supply chain activities. SOEs Port Services should implement the strategies and responses undertaken by various global port operators to anticipate the decline in ship traffic are:
- (1) Adaptation
The primary adaptation response is reduced service capacity to the efficiency of capital expenditure and operational expenditure in the form of cost-leadership.
 - (2) Collaboration
Collaborative strategy in the form of asset-sharing by setting tariffs including discounts and additional storage and dwelling times for shipping and other port service users
 - (3) Innovation
Finally, the main innovation business is a service shifting and applies the power of digitalization support such as orders, cargo tracking, ship-tracing, payment patterns, and paperless business processes.

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