

CHAPTER I

INTRODUCTION

1.1 Background

Indonesia is a country which has many natural resources. One of them is coal and the role of coal mining can not be doubted for the country's foreign exchange. Central Bureau Statistics (BPS) shows that there are five industry sectors that has the largest contributions to Indonesian economic's growth, which are palm oil export, tourism services, textile export, oil and gas export, and coal export.

Indonesia is one of the biggest coal manufacturers and exportir in the world. Indonesia get the 5th places for the biggest coal manufacturers in the world after China, USA, Australia and India. Since 2005, when surpassed Australian production, Indonesia becomes leading thermal coal exportir. Based on information from Indonesian's Ministry of Energy and Mineral Resource, Indonesia's coal reserves estimated timed out approximately in the next 83 years if the current production rate continues. Indonesia coal export range between 70 to 80 percents from total coal's productions, the rest is sold on domestic market. Related to the global coal reserves, Indonesia's currently 9th ranked around 2.2% from total of global coal reserves proven based on Central Bureau of Statistical Review of World Energy (2017).

The other role of coal mining company is become one of the biggest taxpayers for Indonesia already stated in their financial report based on profit. As the financial statement reported for coal mining company is as result :

Table 1.1**Amount Profit Company**

Company	Profit			
	2015	2016	2017	2018
Adaro Energy Tbk	719,737	543,300	685,276	1,141,502
Atlas Resources Tbk	(9,069)	(7,741)	(9,313)	(369)
Barajaya International Tbk	11,453	(5,618)	(8,624)	(6,793)
Borneo Lumbung Energy and Metal Tbk	(286,852)	(201,931)	89,807	90,674
Baramulti Saksessarana Tbk	47,195	88,458	77,187	171,120
Bumi Resources Tbk	56,212	40,506	23,372	17,366
Bayan Resources Tbk	97,025	122,773	210,408	553,579
Dharma Henwa Tbk	12,821	23,901	15,864	34,383
Delta Dunia Makmur Tbk	122,667	125,835	163,875	225,143
Alfa Energy Investama Tbk			2,042	2,094
Golden Energy Mines Tbk	146,783	110,247	138,201	314,478

Garda Tujuh Buana Tbk	(3,254)	(2,115)	(109)	976
Harum Energy Tbk	86,896	45,840	67,988	111,886
Indotambang Raya Megah Tbk	408,921	350,231	330,699	505,448
Resources Alam Indonesia Tbk	22,296	26,472	23,859	26,390
Mitrabara Adiperdana Tbk	25,799	76,779	67,962	115,202
Samindo Resources Tbk	37,869	42,270	35,940	27,397
Perdana Karya Perkasa Tbk	(373)	(2,617)	(206)	(64)
Tambang Batubara Bukit Asam Tbk	280,081	295,610	314,300	607,434
Petrosea Tbk	66,676	29,143	34,869	40,925
Golden Eagle Energy Tbk	267	15	291	1,073
Toba Bara Sejahtera Tbk	86,201	70,523	53,287	94,108

(Source : Financial report of each company expressed in thousands of US dollars)

Based on table above, they get a big profit. The bigger they get, the bigger they will pay tax. It approved from the table below :

Table 1.2**Amount Tax Company**

Company	Amount Tax			
	2015	2016	2017	2018
Adaro Energy Tbk	138,395	128,970	205,834	393,093
Atlas Resources Tbk	(5,418)	(581)	(6,104)	(9,581)
Barajaya International Tbk	1,595	(152)	(310)	(135)
Borneo Lumbung Energy and Metal Tbk	91,170	74,379	25,126	19,268
Baramulti Saksessarana Tbk	2,661	10,106	8,170	28,871
Bumi Resources Tbk	(85,032)	(144,915)	129,639	(66,978)
Bayan Resources Tbk	11,336	(13,615)	11,487	82,065
Dharma Henwa Tbk	5,961	4,967	2,214	8,058
Delta Dunia Makmur Tbk	11,912	(2,517)	23,620	39,955
Alfa Energy Investama Tbk			178	43
Golden Energy Mines Tbk	4,376	416	13,928	47,201

Garda Tujuh Buana Tbk	453	(4,010)	(1,559)	8
Harum Energy Tbk	4,454	1,306	11,411	17,282
Indotambang Raya Megah Tbk	61,886	76,339	61,282	109,352
Resources Alam Indonesia Tbk	4,795	3,412	5,217	6,197
Mitrabara Adiperdana Tbk	3,623	12,719	9,059	20,087
Samindo Resources Tbk	7,799	8,755	8,194	4,710
Perdana Karya Perkasa Tbk	(633)	(229)	(598)	(648)
Tambang Batubara Bukit Asam Tbk	39,286	44,750	46,547	114,134
Petrosea Tbk	18,673	3,110	972	2,483
Golden Eagle Energy Tbk				
Toba Bara Sejahtera Tbk	18,015	13,390	11,397	18,825

(Source : Financial report of each company expressed in thousands of US dollars)

On this case, the way of the company to pay the bigger tax, they will increase their sales in order to get fund through production.

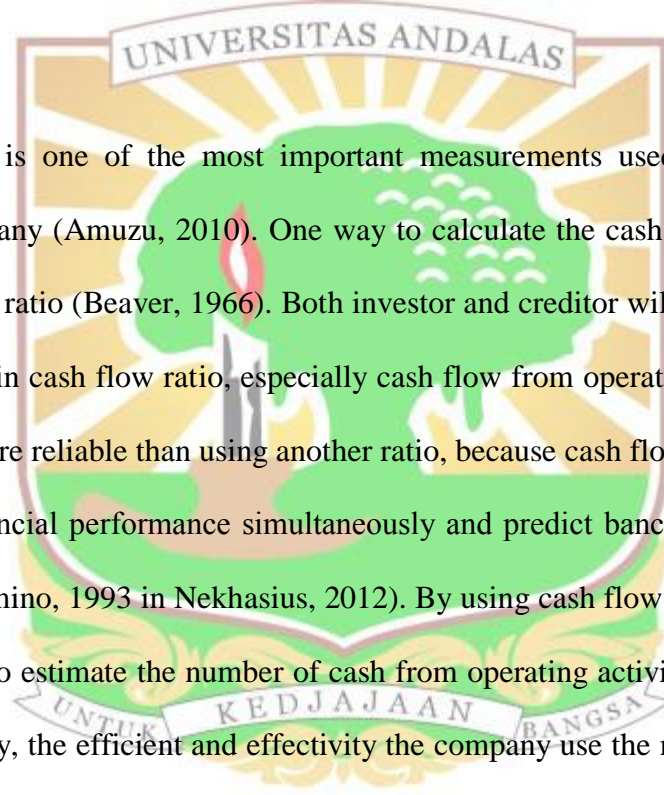
Beside the sales result, company can get the external fund, especially from investor and creditor. Sometimes, the owner funds is limited and can't fulfill the

company operation cost. So, the company will need investment as source of funds. Investor and creditor is needed by the company.

Financial statements is the tools that investor and creditor needs in order to take investment decision. Financial report is a report that show financial condition company in certain time or in certain period (Kasmir, 2008). It also show the company's health and become one of good option that can they use is cash flow statement.

Cash flow is one of the most important measurements used by investors in valuing a company (Amuzu, 2010). One way to calculate the cash flow statement is using cash flow ratio (Beaver, 1966). Both investor and creditor will analyze the cash flow statement in cash flow ratio, especially cash flow from operation (CFFO). Cash flow ratio is more reliable than using another ratio, because cash flow ratios can show company's financial performance simultaneously and predict bankrupt and financial distress (Giacomino, 1993 in Nekhasius, 2012). By using cash flow ratio, the investor will get easier to estimate the number of cash from operating activities from the coal mining company, the efficient and effectivity the company use the money to improve the repayment and to get their future investor's trust.

In way to get cash flow ratio in cash flow statement that has stated in financial statement, investor and creditor can analyze the company that has listed in Indonesian Stock Exchange (IDX), because the company that has already stated in IDX, their financial statement has available for public consumption.



Based on that background, writer has interest to do research about “Analyze The Performance of Coal Mining Company listed in Indonesia Stock Exchange using Cash Flow Ratio Method 2015-2018”.

1.2 Problem Formulations

Based on the background before, the writer formulates the problems that will be discussed in this research as follows:

1. How is the performance of each coal mining company sector that has listed in Indonesian Stock Exchange by using sufficiency method in four period (2015-2018)?
2. How is the performance of each coal mining company sector that also listed in Indonesian Stock Exchange by using efficiency method in four period (2015-2018)?

1.3 Research Purpose

Based on the problem formulated above, the purposes of this research are :

1. To analyze the performance of each coal mining company listed in Indonesia Stock Exchange (IDX) using sufficiency method for year 2015-2018.
2. To analyze performance comparing for each companies listed in Indonesia Stock Exchange (IDX) using efficiency method in four year (2015-2018).



1.4 Research Benefit

The benefits of this research are as follows:

1. For Researcher

This research result has advantages to improve the knowledge about company performance by using cash flow ratio method.

2. For Investor and Creditor

The research result can be used as advisement in analyzing the company ability to run their business before making investment and credit decisions.

3. For Companies

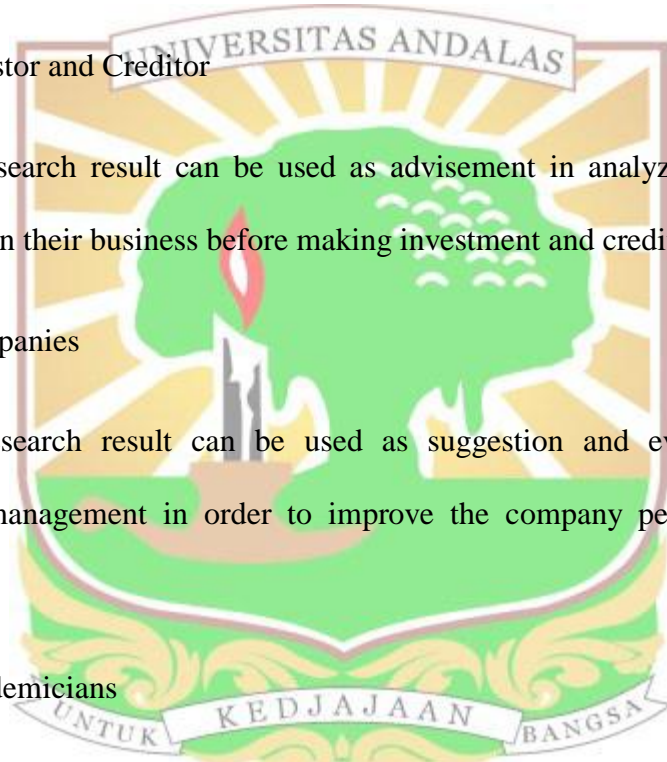
The research result can be used as suggestion and evaluation for the company management in order to improve the company performance in the future.

4. For Academicians

The research result can give benefit to academicians and practitioner, and especially in financial management study.

5. For Further Research

The results of this research can be used as a reference, comparison, judgement, and can develop if doing the similar research.



1.5 The Writing Systematics

This research is consist of five chapters by using systematical writing as follows :

CHAPTER I Introduction

This chapter explain about what needs to do in the research, consist of background, problem formulation, research purpose and benefit, and research writing systematics.

CHAPTER II Literature Review

This chapter explain about the theory that used in this research that has collected from many sources and previous research review.

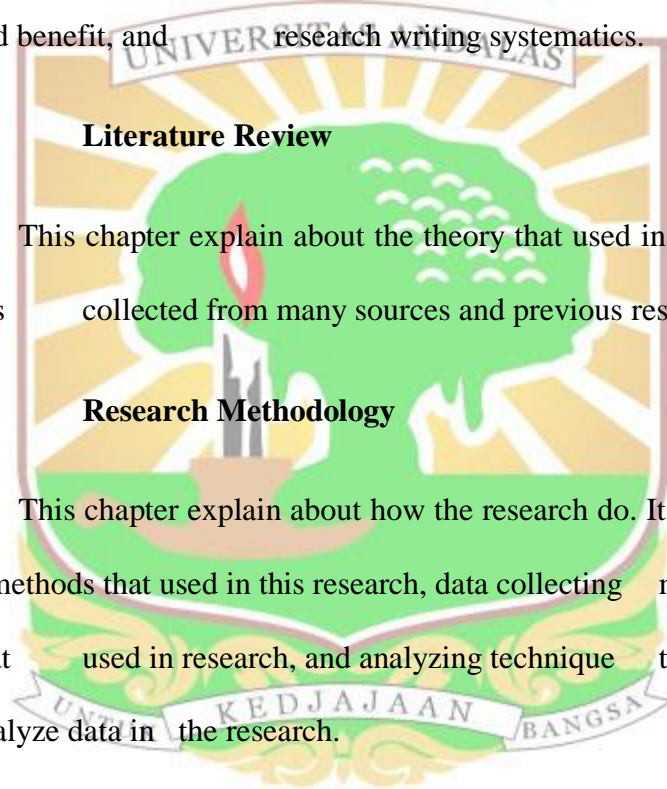
CHAPTER III Research Methodology

This chapter explain about how the research do. It contains research methods that used in this research, data collecting method, variable that used in research, and analyzing technique that is used to analyze data in the research.

CHAPTER IV Result and Discussion

This chapter explain the result of the research based on data and information that has been collected.

CHAPTER V Conclusion



This chapter explain the conclusion of data that has been analyzed before, implication of the research, limitation and suggestion from the writer.

