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THE COMPARATIVE ANALYSIS OF THE FINANCIAL PERFORMANCE OF PT PERTAMINA GEOTHERMAL ENERGY TBK BEFORE AND AFTER INITIAL PUBLIC OFFERING

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Abstract. This study aims to compare PT Pertamina Geothermal Energy Tbk (PGEO) financial performance in conditions before and after the Initial Public Offering (IPO). The method used in this study is a descriptive research method with a quantitative approach, using secondary data, namely the Corporate Financial Report 2020-2023. Measuring a company's financial performance uses the liquidity ratio, activity ratio, solvency ratio, and profitability ratio. The results of the study indicate that the company's performance tends to be better after the IPO compared to the performance before the IPO, both in terms of liquidity, activity, solvency, and profitability.

Keywords: Initial Public Offering (IPO), Liquidity Ratio, Activity Ratio, Solvency Ratio, Profitability Ratio

Abstrak. Studi ini bertujuan untuk membandingkan kinerja keuangan PT Pertamina Geothermal Energy Tbk (PGEO) pada kondisi sebelum dan setelah Initial Public Offering (IPO). Metode yang digunakan dalam studi ini adalah metode penelitian deskriptif dengan pendekatan kuantitatif, menggunakan data sekunder yaitu Laporan Keuangan perusahaan tahun 2020-2023. Pengukuran kinerja keuangan perusahaan digunakan rasio likuiditas, rasio aktivitas, rasio solvabilitas, dan rasio profitabilitas. Hasil studi menujukkan bahwa kinerja perusahaan cenderung lebih baik setelah IPO, dibandingkan dengan kinerja sebelum IPO, baik dari sisi likuiditas, aktivitas, solvabilitas dan profitabilitas.

Kata Kunci: Initial Public Offering (IPO), Rasio Likuiditas, Rasio Aktivitas, Rasio Solvabilitas, Rasio Profitabilitas

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INTRODUCTION

One of the goals of the company is to maximize the wealth of shareholders as a result of investment decisions. Measuring the financial performance of a company is essential to determining success in achieving the company's goals. The financial performance of a company can be determined by conducting an analysis of the company's financial statements and its financial ratio (Permana, 2023).

One of the companies that has bid a portion of the company's shares to the public, commonly called an initial public offering (IPO), is PT Pertamina Geothermal Energy Tbk, which is one of the subsidiaries of PT Pertamina Power Indonesia that is synergistic under the

PT Pertamina (Persero) and is engaged in the field of exploration, exploitation, and production of geothermal. By 2023, the company has undertaken a corporate action of a public offer of prime shares or an initial public offering to the community of 10.350.000.000 common shares, on behalf of which 25% of the capital placed and deposited by the company, with a bid price of Rp875 per share sheet. The total IPO fund reached Rp9,06 trillion.

The evaluation of the performance of a company after becoming a public company is important, because if the company's performance after becoming a public corporation is poor, then it will affect the price of the shares circulating on the secondary market or the stock exchange. Public companies are required to always improve their performance continuously so that investors or shareholders are active in trading their shares in the capital market, and eventually the prices of the stock of the company concerned can compete competitively so that those shares can be categorized as blue-chip shares (Yuliarni et al., 2016). A comparison of financial performance before and after the IPO can be found by looking at the financial ratio of the company. Financial ratios that can be used include liquidity ratio, activity ratio, solvency ratio, and profitability ratio.

METHOD

The method of research used is a method of descriptive research with a quantitative approach. Descriptive studies are studies conducted to find the value of independent variables, either one or more variables (independent), without making comparisons or linking with other variables (Sugiyono, 2021). A quantitative approach is an approach using numbers, starting with the collection of data, the interpretation of the data, and the appearance of the result (Arikunto, 2013). Through a quantitative approach, information on the part of the company can be measured using certain formulas used in assessing the financial performance of PT Pertamina Geothermal Energy Tbk.

In this study, the data source used is secondary data, i.e., data obtained from various sources already existing, generally evidence, records, or reports. The primary data source for this study is the financial statements of companies that have been published and listed on the Indonesian Stock Exchange. The data in the financial statement used is for the years 2020-2023. The financial report for the years 2020-2022 is used as a basis for the analysis of the financial performance of companies before the Initial Public Offering, and the financial report for the year 2023 is used as the basis for the financial performance analysis of companies after the Initial Public Offering.

Table 1. Summary of financial statements of research objects 2020-2023 (in thousands of United States Dollars)

Balance Sheet Statement	31/12/2020	31/12/2021	31/122022	31/122023
Inventory	14.571	16.463	20.082	22.644
Account Receivable	138.448	124.583	123.223	136.291
Total Current Assets	319.744	279.786	433.307	863.278
Total Assets	2.551.366	2.397.481	2.475.138	2.964.141
Total Current Liabilities	674.544	199.867	857.782	244.104
Total Liabilities	**1.528.548**	**1.168.428**	**1.219.597**	**992.885**
Total Equity	1.022.818	1.229.053	1.255.541	1.971.256
Total Liabilities and Equity	**2.551.366**	**2.397.481**	**2.475.138**	**2.964.141**

Income Statement	2020	2021	2022	2023
Revenue	353.961	368.824	386.086	406.288
Cost of Goods Sold	164.194	182.327	173.208	178.977
Gross Profit	189.767	186.497	212.878	227.311
(Loss)/ Profit for the Year	72.832	85.042	127.319	163.570

Source: Pertamina (2023)

Liquidity Ratio

Liquidity Ratios determine how quickly a company can convert its assets and use them to pay short-term liabilities. The higher the ratio, the easier it is to clear the debts and avoid defaulting on payments (Wei, 2023). The Liquidity Ratio also shows or measures the ability of a company to meet its liabilities, both to parties outside the company and within the company (Baraja & Yosya, 2018). There are two liquidity ratios used in the research: Net Working Capital and Current Ratio.

- Net working capital: this type of ratio is used to determine the company's ability to pay current liabilities. The net working capital ratio is calculated by deducting the current asset from the current liability (Wei, 2023).
- Current ratio: the ratio is used to measure an enterprise's ability to pay off current liabilities by cashing in working capital, reflecting the enterprise's solvency in the short term (Dong, 2022).

Activity Ratio

The activity ratio describes the activities carried out by a company in carrying out sales, purchases, and other activities (Idi et al., 2021). The activity ratio measures the effectiveness of asset management in a company. If the company has too many assets, the capital costs will be too high, and the profits will be depressed. On the other hand, if the asset is too low, they will lose profitable sales (Prabowo & Korsakul, 2020). There are two activity ratios used in the research: the Inventory Turnover Ratio and the Account Receivable Turnover Ratio.

- Inventory turnover ratio: this ratio is used to measure the number of times the funds invested in inventory revolve in one period. The Inventory Turnover Ratio is calculated by dividing the Cost of Goods Sold by Inventory (Prabowo & Korsakul, 2020).
- Account receivable turnover ratio: this ratio is used to measure the number of times a company's accounts receivable are generated and collected during the year. The accounts receivable turnover ratio is usually computed by dividing net credit sales by the average accounts receivable outstanding (Gorczyńska, 2011).

Solvency Ratio

The Solvency Ratio is used to measure the extent to which a company's assets are funded using debt. That is, how much debt or liability the company bears compared to its assets (Permana, 2023). The higher debt rates will have a negative impact if there is a sustained rise that will affect corporate bankruptcy it can affect the corporate bond ratings (Purnama et al., 2021). There are two solvency ratios used in the research: the Debt to Assets Ratio and the Debt-to-Equity zRatio.

- Debt to assets ratio: this ratio is used to assess the ability of a company to cover its entire debt or liability with an asset it owns. The Debt to Assets Ratio above 100% indicates that the company's debt is greater than its total assets. So, when the company goes bankrupt and liquidated, then the entire assets of the company cannot cover the entire liability (Permana, 2023).
- Debt to equity ratio; this ratio is used to assess the ability of a company to cover its entire debt or liability with equity. A ratio measures a company's ability to cover its entire debt or liability with its equity. This ratio can be calculated by comparing the entire company's debt to its own. Debt to Equity Ratio above 100% indicates that the corporate debt is greater than the capital or equity of the enterprise. So, when a company goes bankrupt and is liquidated, then the entire capital of the company cannot cover the entire liability it holds (Permana, 2023).

Profitability Ratio

The profitability ratio aims to identify the ability of a company to generate profit during a certain period and provides an overview of the level of efficiency of management in conducting its operations (Sanjaya & Rizky, 2018). Efficiency here is seen in the profits generated from the sales and investments of the company. The policies taken by the company in determining profits can be seen from its level of profitability. There are four profitability ratios used in the research: Return on Assets, Return on Equity, Gross Profit Margin, and Net Profit Margin.

- Return on asset: this ratio is used to measure the ability of a company to generate net profits based on the level of a particular asset (Sanjaya & Rizky, 2018). The higher the value of the return on assets, or increases from period to period, indicates that the company's ability to produce profits from the assets it owns is better.
- Return on equity: this ratio is used to measure the ability of a company to generate net profit based on a particular equity or equity capital (Sanjaya & Rizky, 2018). The higher the value of the return on equity, or increases from period to period, indicates that the company's ability to produce profit from the owned capital or equities is better.
- Gross profit margin: this ratio is used to calculate the extent to which a company's ability to generate gross profits at a certain rate of sales or revenue (Sanjaya & Rizky, 2018). The ratio shows how large a gross profit presentation is obtained from each sale. The larger this ratio, the better it is considered to be the ability of the company to obtain a higher gross profit.
- Net profit margin: this ratio is used to calculate the extent to which the company's ability to generate net profit at a certain rate of sales or income (Sanjaya & Rizky, 2018). This ratio shows how large a net profit is obtained from each sale. The larger this ratio, the better the company's ability to generate a high net profit is considered.

RESULTS

The following is the financial ratio of PT Pertamina Geothermal Energy Tbk resulting from the processing of the financial report data for the years 2020-2023:

Table 2. Financial ratio of research objects 2020-2023

Financial Ratio	**2020**	**2021**	**2022**	**2023**
Liquidity				
Net Working Capital (in thousands of USD)	- 354.800	79.919	- 424.475	619.174
Current Ratio (%)	47,40%	139,99%	50,51%	353,65%
Activity Ratio				
Inventory Turnover Ratio (times)	11,27	11,07	8,63	7,90
Account Receivable Turnover Ratio (times)	2,56	2,96	3,13	2,98

Solvency				
Debt to Assets Ratio (%)	59,91%	48,74%	49,27%	33,50%
Debt to Equity Ratio (%)	149,44%	95,07%	97,14%	50,37%
Profitability				
Return on Assets (%)	2,85%	3,55%	5,14%	5,52%
Return on Equity (%)	7,12%	6,92%	10,14%	8,30%
Gross Profit Margin (%)	53,61%	50,57%	55,14%	55,95%
Net Profit Margin (%)	20,58%	23,06%	32,98%	40,26%

DISCUSSION

Based on the calculation of the Liquidity Ratio, the company has improved liquidity after the IPO, as seen by a positive Net Working Capital value of USD 619.174 thousand and a high Current Ratio of 353.65% (above 100%). Based on the calculations of the activity ratio, the inventory and account receivable turnover are slower after the IPO than before the IPO, as seen from the Inventory Turnover Ratio and Account Receivable Turnover Ratio in 2023, which are only 7,90 times and 2,98 times, respectively, compared to 8,63 times and 3,13 times in 2022.

Based on the calculation of the Solvency Ratio, the company appears to be increasingly solvable after the IPO, as seen from the values of the Debt to Asset Ratio, and the Debt to Equity Ratio in 2023 has the lowest percentage values (33.50% and 50.37% compared to before the IPO). These values show that the share of the company's total liability to assets and equities is declining. Based on the results of the calculation of the Profitability Ratio, it appears that the company's ability to generate profit margins, which can be seen from the value of the Gross Profit Margin and Net Profit Margin, improved after the IPO. Furthermore, the rate of Return on Assets that are not invested has increased after the IPO, as shown by the Return on Assets value. However, the return on invested equity has decreased after the IPO, which is seen in a decline in the Return on Equity value to 8.30% (in 2023), which was previously 10.14% (in 2022).

CONCLUSION

Based on the results of the calculations and discussions, the financial performance of PT Pertamina Geothermal Energy Tbk (PGEO) before and after the Initial Public Offering (IPO) can be concluded (1) the company is more liquid and solvable after the IPO compared to before the IPO, (2) the company's effectiveness in making the turnover or conversion of inventories and receivables into cash is better after the IPO than before the IPO, dan (3) overall, the company is more profitable after an IPO compared to before the IPO. However, the company's ability to generate profits from invested equity has declined since the IPO.

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