

1. PROJECT OBJECTIVES AND OVERALL RESEARCH APPROACH

1.1 Reasons for Selecting the Organization and Research Topic

The energy sector is crucial for Indonesia's economic development and societal progress. Coal is the primary energy source for electricity and is essential for everyday needs like cooking, lighting, and heating. PT. Bayan Resources Tbk (BYAN) is a coal producer in East and South Kalimantan, Indonesia. They extract various types of coal, including semi-soft coking coal and eco-friendly, low-sulphur sub-bituminous coal, with support from related subsidiary companies in the coal industry (IDN Financials, 2023).

The Indonesian economy in 2022, calculated based on the Gross Domestic Product (GDP) at current prices, reached Rp19,588.4 trillion, with a per capita GDP of Rp71 million or US\$4,783.9 (Badan Pusat Statistik, 2023). Based on trading economics, GDP from the mining sector in Indonesia has an average of Rp197,326.12 billion from 2010 to 2023 (Trading Economics, 2023). BYAN, which has 44.58 billion of market capitalization in 2022 which increased 607.69% from previous year and made this company become a major key player in this industry that supports the economic growth in Indonesia (Companies Market Cap, 2023). With the successful performance of BYAN and also the mission to promote Corporate Social Responsibility where people know that energy generation and utilisation is the primary driver of global warming, the author was decided to choose this company and discuss Topic 5: "Analysis of the business and financial performance of BYAN over a three-year period with the reasons of its success".

The author's objective is to analyse and gain a deeper understanding of how BYAN strives to maintain their performance in the energy-coal mining sector industry while also taking care of the environment and global warming. BYAN even amidst intense market competition with other supplier energy companies and striving in the constantly shifting environment (during pandemic). By thoroughly examining the company's business performance, it becomes possible to illustrate the factors contributing to BYAN's strong financial achievements and the reciprocal influence between performance and success. The author's involvement in the Research and Analysis Project not only contributed to her comprehensive understanding of accounting and business but also represented the culmination of her university education journey, significantly enhancing her research and analytical, information technology, writing and communication skills. Moreover, with the lesson learned from BYAN's success, the author can apply these

strategies to her current role, building a plan to promote a more sustainable business environment.

In this research, the author also includes the comparison to one of the leading Indonesian coal mining companies which is PT. Indo Tambangraya Megah Tbk (ITMG). ITMG is a well-known Indonesian coal supplier to the world energy market. ITMG's scope of business includes coal mining operations, processing and logistics in Indonesia which produces coal with calorific values ranging from 4,300 to 6,300 cal/g (arb). This company also owns majority shares in 14 subsidiaries and operates seven mining facilities on the island of Kalimantan, including East, Central and South Kalimantan (PT Indo Tambangraya Megah Tbk, 2023).

The author's selection of ITMG as a comparative entity comes from their shared presence in the coal supply industry, both being prominent and well-established firms with BYAN founded in 1973 (PT Bayan Resources, Tbk., 2023) and ITMG in 1987 (PT Indo Tambangraya Megah Tbk, 2023). Furthermore, they are both publicly traded companies. In the forthcoming research, the author will examine the fundamental factors contributing to BYAN's successes and challenges and conduct a comprehensive performance evaluation of BYAN and compare it to ITMG for the years 2020 to 2022. This assessment will encompass a detailed analysis employing Porter's Five Forces framework, SWOT analysis, and financial ratio assessment. Ultimately, the research will conclude with a set of recommendations aimed at enhancing BYAN's performance and competitiveness within the industry.

1.2 Research Objectives

1. To acquire deeper understanding regarding the Indonesian coal mining industry where BYAN conducts a business.
2. To analyse external and internal factors using framework that affecting BYAN's business performance.
3. To assess BYAN's success and compare it with ITMG, importantly based on financial performance over the last three years.
4. To provide opinions and recommendations on areas of improvement for BYAN based on analysis conducted.

1.3 Research Questions

1. How is the energy-coal mining industry in Indonesia where BYAN conducts a business and how competitive is it for BYAN using the Porter's Five Forces framework?

2. What are the external and internal factors affecting BYAN's business performance using the SWOT framework?
3. How is the business and financial performance of BYAN over the last three years using the ratio analysis and the comparison between ITMG?
4. What improvement area that BYAN should undertake to improve its business and financial performance?

1.4 Research Approach

The research started by doing an observation and collecting information regarding the energy sector in Indonesia from secondary sources. Information is obtained mainly from the annual reports, company's website, published journal and articles. After getting an overall picture of the general industries, the author focuses on the specific company which is BYAN and ITMG. Information regarding BYAN's and ITMG's business and financial performance from the last three years are being collected and analysed in depth using well-known business frameworks such as Porter's Five Forces and SWOT framework.

Porter's Five Forces framework is used to provide an in-depth analysis of the competitive environment of the industry which BYAN operates in. After understanding the competitiveness of the energy-coal mining industry for BYAN using Porter framework, continued with a SWOT analysis framework to identify the internal and external factors that affect BYAN's business performance. By having this approach, it will make the author aware about BYAN current position, resources, and challenges inside and outside that contribute to BYAN's success.

Lastly, a financial performance comparison of BYAN with ITMG is being made for a three-year period (1 January 2020 – 31 December 2022) using financial ratio analysis. The financial ratio analysis evaluates four major areas which are profitability, liquidity, efficiency, and solvency. The comparison with ITMG is used to assess the position, superiority, and successful performance of BYANs company in the market since BYAN was established earlier and proven to be a successful company over the years.