

## SUMMARY

WENNY PUTRI PERMATA. Analyze the Price Hedging Policy of Producer Crude Palm Oil in Indonesia to Financial Performance. Supervised by HERMANTO SIREGAR and TB NUR AHMAD MAULANA.

Indonesia as the world's largest CPO (Crude Palm Oil) producer hasn't been able to managed CPO price applicable either in local market or international market, while CPO price fluctuates following market mechanism and other factors such as fundamental and technical, producer. Price hedging instrument is a solution to mitigate price risks, but not all of CPO producers took hedging policy and prefer to make short-term policies regarding current market conditions.

This study was conducted to research about the hedging policy of Indonesian CPO producers, that ware analyzing about factors influence the producers to make hedging decision and how the financial performance of hedging and non-hedging producers. Technique of processing and data analysis in this research using descriptive analysis of quantitative, with analysis tool using binary logistic regression method with categorical dependent variable that is 0 for non hedging and 1 for hedging and software used is EVIEWS version 9.0. The sample used ware the CPO producers that listed and acted in Indonesia Stock Exchange in the period 2010 to 2016, they are six companies producing CPO with three companies that do hedging policy and the other three didn't do hedging that are insequentially, PT Sampoerna Agro Tbk, PT Sinar Mas Agri Resources and Technology Tbk, PT Bakrie Sumatera Plantation Tbk, PT Astra Agro Lestari Tbk, PT PP London Sumatera Indonesia Tbk and PT Tunas Baru Lampung Tbk.

Based on the results of research and evaluation resulted four factors that had influence the company taken hedging the price are firm size that has a significant positive effect, and then tax avoidance factor, activity ratio and profitability ratio which has a significant negative effect on hedging means that companies have small profits and turnover convert inventory into cash small companies and companies that do not avoid taxes tend to do hedging then companies that have large sizes will tend to try to protect their assets by hedging.

Hedger's financial performance ware in generally better than non-hedger. The analysis uses five financial ratios: liquidity ratio, leverage ratio, activity ratio, profitability ratio and market ratio. The hedger company has better financial planning and has the ability to pay short-term debt and has a larger profit than non-hedger so that third parties such as banks and investors investing in companies because they are confident of returning their investments. But on the other hand hedger companies have a longer time to convert their inventory into cash, so that in the company has difficulty in fulfilling its long-term obligations.

Keywords : crude palm oil price, price hedging, financial performance, financial ratios, logistic regression