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Company Value Disclosure Based on Fundamental Analysis of Energy Companies in Indonesia

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ABSTRACT

Firm value is needed for companies going public as an effort to obtain investment/funding in business development. The good value of the company indicates a strong market perception, not only among investors, but also the public. Thus, from a business perspective, good corporate value describes two business dimensions, namely good investment funding and profitable business. This study aims to see the role of the company's fundamental financial factors on business quality, so that it has implications for increasing company value. To answer these objectives, a quantitative approach is used based on financial report data. In the test used the method of statistical analysis of linear regression. The object of this research is energy companies in Indonesia which are registered as go public companies. Sources of research data are financial reports taken by purposive sampling technique. A total of 19 companies were used as research samples and more than 75 financial statements were used as research data. The results show that there is a significant difference in the two tests, where in the simultaneous model all financial fundamental factors have a large contribution to firm value. Meanwhile, the partial model test shows smaller/less linear results. In simultaneous testing, one conclusion was found, that the company's value will strengthen if all the main financial instruments in the company are fulfilled. In other words, the company's business must show good sales and profit growth, so that this has an impact on improving the quality of other business instruments, which in turn has implications for market assessment/public perception.

Keywords: Fundamental Analysis, Go Public, Company Value, Business Growth, Energy Company

INTRODUCTION

Institutions that are used as a gathering place for individuals to do work to achieve certain goals are called companies (Hartono & Rahadi, 2021). The establishment of the company aims to improve the welfare of external parties (shareholder) and internal company. Then measuring the level of welfareshareholder through analysis of company value. It is expected that the company value will continue to increase every year to attract investors to invest in shares. The investor evaluates the value of the company through the

movement of stock prices every year which are traded on the stock exchange, this is specifically for the companygo public (Komalasari & Yulazri, 2023).

Current period profit or net profit earned by PT. Adaro Energy Indonesia is IDR 6.01 trillion or 420.9 million dollars, and this profit is distributed to the owners of the parent entity (Kompas.com, 2021). In 2020, PT. AKR Corporindo earned a profit of up to IDR 924.91 billion, while in 2021 it will increase by 20.2% YoY (year of year) to IDR 1.11 trillion, so that it can be distributed to owners of the parent entity (CNB Indonesia.com, 2021). Furthermore PT. Bukit Asam earned a net profit of IDR 1.7 trillion in 2020 and experienced a significant increase in the following year, up to 176% to IDR 4.8 trillion (Bumn.go.id, 2021).

According to the research results of Ndruru, et al. (2020) that company value is positively influenced by liquidity. Meanwhile, other research regarding solvency has an effect on firm value (Indrayani, et al., 2021). Furthermore, company value is positively influenced by company size (Sari & Wahidahwati, 2021). Meanwhile, according to Martha, et al. (2018) stated that company value is significantly influenced by profitability. Then what distinguishes previous research from research conducted is that this research uses a sample of companies engaged in the energy sector for the 2018-2021 period and uses a new variable, namely company size.

The motivation that prompted this research to be conducted is that company value is very important for companies going public because company value reflects the company's performance and potential in the future. The company value is also a reference for investors and financial analysts in assessing the feasibility of investing in the company. In the context of a company going public, company value is also an important factor in determining the company's share price in the capital market. The higher the company value, the higher the company's share price in the capital market.

In addition, the company's value is also a reference in making strategic company decisions, such as developing new products, business expansion, and acquisitions of other companies. By knowing the value of the company, the company can determine the resources needed to achieve its business goals.

In this case, companies going public must ensure that the value of their company is always maintained and increases from time to time. This can be done by improving the

company's operational performance, optimizing the use of company assets, and strengthening the company's brand image in the eyes of consumers and investors.

THEORETICAL BASIS

Liquidity

The liquidity ratio represents the company's ability to complete its obligations to external and internal parties in accordance with a predetermined deadline (Husain & Dewi, 2020). A company will experience delays in paying debts if the company's financial performance is not good. The decrease in liquidity was due to the lower value of current assets compared to current liabilities. The liquidity ratio represents the extent to which current liabilities are met with current assets (Setiawan, et al., 2022).

Liquidity ratio measurement uses the CR (Current Ratio) method, where the calculation technique is by comparing liquidity with the company's financial performance. The variable that represents the company's ability to settle short-term obligations is the current ratio (Mark & Kristanto, 2020). Then the value of a small CR ratio indicates the company's inability to settle its short-term obligations because the availability of current assets is limited.

Solvability

When a company liquidation occurs, the ratio that represents the company's ability to settle long-term obligations is the solvency ratio (Lumantow, et al., 2022). Calculating the value of solvency through a comparison of operating capital, profit with the efficiency level of capital utilization (Tolong & Rahayu, 2020). There are two types of methods used, namely the Debt to Asset Ratio, which is a comparison between debt and total assets, and the Debt to Equity Ratio, which is a comparison between equity and debt. Then in the research carried out the method used is DER (Debt to Equity Ratio) by comparing the company's total liabilities to shareholder equity. Through this method you can determine the solvency level of the company (Purba & Mahendra, 2022). A condition where the value of the company's liabilities is lower than the company's capital equals to a small solvency ratio, which means that the company's condition is good.

According to Permana & Rahyuda (2019) states that the Solvency ratio is a ratio that describes a company's ability to pay its long-term obligations if the company is liquidated. The solvency ratio is used to measure the efficiency of using a company's

capital by comparing profits and capital in operations (Rininda, et al., 2021). The solvency ratio can be measured by the ratio of debt to equity and the ratio of debt to total assets. In this study, the solvency ratio is measured using the debt to equity ratio. Where the debt ratio compares the company's total liabilities with shareholder equity and can be used to evaluate how much solvency the company uses. The smaller the solvency ratio, the better because the capital is higher than the company's liabilities (Batubara & Putri, 2021).

Company Size

Parendra, et al. (2020), explained that the total company assets represent the size of the company. A company that has good prospects and cash flow means that it has a large number of assets. Then the more proficient the company is in managing assets and economic resources, the company will get a large profit so that it has an impact on increasing the value of the company. Company size can be shown in terms of total assets, sales and market capitalization.

Profitability

This variable represents the company's ability to manage company assets to gain profits and increase shareholder trust. In addition, this variable indicates the power of the company to generate revenue against expenses over a certain period. The Return On Assets method is implemented as a measurement of the profitability ratio which shows the amount of profit a company earns by managing company assets (Irfani, 2020). Profitability can provide an overview of how management performs in managing the company (Irfani, 2020). The net profit value represents the amount of profit obtained after tax from managing assets and this net profit value also indicates the level of ability of the company's management. This means that the higher the value of net income, the lower the level of problems faced by the company and the greater the level of profit earned.

Company Value

Company value can be understood as the nominal amount received for the sale of a company purchased by an investor based on the movement of stock prices from the company's performance (Irfani, 2020). There are three types of methods used to measure company value, namely Tobin's Q, Price Earning Ratio and Price To Book Value. Then in this research the method used is Tobin's Q, where this method uses the company's fundamental factors and utilizes the investor's perspective on the company. The Tobin's Q method makes it easier for investors to take investment policies because this method

shows the company's ups and downs. In the Tobin's Q method, the value obtained indicates the skill level of company managers in managing company assets and shows stock price movements that represent company performance.

METHOD

Research design implements causality, namely the design model applied to analyze the relationship between variables in research and understand the extent to which variables influence each other. Then this data is of quantitative type, where the data presented and analyzed is in the form of numeric data or*numeric*. This research uses secondary data sources in the form of annual financial report data. Furthermore, the method applied as a variable measurement includes the method used to measure firm value, namely Tobin's Q, while the method used to measure*independent variable* including methods*Return On Assets* to measure profitability, the total sales method to measure company size,*Debt to Equity Ratio* to measure solvency and CR (*Current Ratio*) to measure liquidity.

Overall in Indonesia there are 76 companies engaged in the energy sector. However, in this study only 19 companies were used as research samples with the number of financial reports used as data sources as many as 75. Determination of the number of companies and the number of financial statements used as research samples was determined based on criteria/purposive sampling. Furthermore, this research data is analyzed using the linear regression method which includes testing the classical assumptions, partial, simultaneous and determination.

RESULT

Descriptive Statistics

The results of the descriptive statistical test after being carried out*outlier* data and obtained the following results:

1. Based on the liquidity variable in 2021 the maximum value obtained by PT. Samindo Resources is 6.72 and in 2018 the minimum value obtained by PT. Sillo Maritime Perdana worth 0.35. Then, from a sample of 75 data, the standard deviation value is equal to1,21640 while value*mean* his ie1,8287.

2. Based on the solvency variable in 2020 the maximum value obtained by PT. Astrindo Nusantara Infrastructure is 2.48 and in 2021 the minimum value obtained by PT. Samindo Resources worth 0.17. Then from a sample of 75 data obtained a standard deviation value of 0.54400 while value*mean* that is 0,9575.
3. Based on the company size variable in 2021 the maximum value obtained by PT. Bayan Resources is 45.15 and in 2018 the minimum value obtained by PT. Elnusa is worth 29.52. Then, from a sample of 75 data, the standard deviation value is equal to4,07364 while value*mean* which is 40.4706.
4. Based on the profitability variable in 2021 the maximum value obtained by PT. Bayan Resources is 0.52 and in 2020 the minimum value obtained by PT. Indo Straits worth 0.00011. Then, from a sample of 75 data, the standard deviation value is 0,11649 while value*mean* which is 0.52.
5. Based on the company value variable in 2018 the maximum value obtained by PT. Bukit Asam is 2.20 and in 2019 the minimum value obtained by PT. Golden Energy Mines worth 0.05. Then from a sample of 75 data obtained a standard deviation value of 0.31833 while the value*mean* which is 0.5312.

Partial Analysis

The Effect of Liquidity on Firm Value

Based on the multiple linear regression test, it is found that liquidity has a significant and positive effect on firm value with a probability value of 0.002 and a regression value of 0.256. This explains that the level of smoothness of a business is a factor that influences the strengthening of company stock prices (Siagian, et al., 2022). This happens because there is a positive perception or the market responds to this information positively, so that many investors flock to invest (Damayanti & Darmayanti, 2022). This ratio gives a sense of confidence in the company's ability to settle its business debts, so it is indicated that it has a good profit level.

The Effect of solvency on Firm Value

The partial test results obtained a significance value of 0.007 which is smaller than 0.05 and an estimated regression value of 0.208. This means that the solvency ratio has a significant effect on firm value. These findings confirm that companies in the energy sector in Indonesia have good prospects for investment, especially since Indonesia has a

large and potential market structure. So this can encourage a healthy business movement and provide big profits in the long term.

The Effect of Firm Size on Company Value

In the partial test, company size is a factor that influences firm value with a probability value of 0.000, less than 0.05. This finding explains that the amount of sales data used to explain company size is not good at explaining the positive trend of stock prices in energy sector companies. Because, currently the energy sector companies are in a growth position, so the sales level has not shown high significance.

The Effect of Profitability on Firm Value

In testing the partial hypothesis, it shows that the company's wealth structure is very good in terms of net income. This is in line with Indonesian market conditions, which are currently showing a positive trend towards widespread energy use in various sectors, particularly in vehicles and lighting. The existence of positive trends from these activities can trigger profit linearity, so that it has a positive impact on firm value.

Simultaneous Test

The results of the Anova test show that all variables have a good influence, even the correlation and contribution values are quite high, exceeding 50%. That is, the four factors in this study have a major role in strengthening company prices. In other words, the company's value will increase in the eyes of the public, because it is seen as having reliable business capabilities and credibility, both in terms of operations and income. In addition, strengthening the company's value in the long term can establish the company's credibility in the eyes of the public, so that the rate of business growth continues to increase.

CONCLUSION

The results of the study suggest that all variables in the simultaneous regression model show a significant effect. This explains that company value is an important phenomenon for the company's existence in the long term. High company value indicates that the company has good performance and bright prospects in the future. Following are some of the influences of company value on the company's business:

1. Ability to raise capital. Companies with high value tend to find it easier to get capital from investors or financial institutions. This is because investors or financial institutions tend to trust companies that have high value.
2. Ability to make acquisitions. Companies with high value also have the ability to make acquisitions of other companies. This is because companies with high value have sufficient capital to make acquisitions and also have a good reputation in the market.
3. Ability to attract quality employees. Companies with high value also have the ability to attract quality employees. This is because employees tend to be more interested in working for companies that have a good reputation in the market.
4. The ability to increase the selling price of products or services. Companies with high value also have the ability to increase the selling price of products or services. This is because companies with high scores tend to be considered to have quality products or services and have a good reputation in the market.
5. Ability to expand market. Companies with high value also have the ability to expand the market. This is because companies with high scores tend to have a good reputation in the market and can attract new customers easily.

Thus, the value of the company has a significant influence on the company's business. Companies that have a high value tend to have a better ability to raise capital, make acquisitions, attract quality employees, increase the selling price of products or services, and expand markets.

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