ANALYSIS OF THE IMPACT OF FINANCIAL PERFORMANCE AND MARKET CONDITIONS ON STOCK PRICES: A CASE STUDY OF PT ADARO ENERGY INDONESIA (AEI)

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ABSTRACT

This study aims to analyze the relationship between financial ratios such as Current Ratio (CR), Debt To Equity Ratio (DER), Return on Assets (ROA), Earning Per Share (EPS) and Composite Stock Price Index (JCI) to the share price of PT Adaro Energy Indonesia using the multiple regression analysis method in Microsoft Excel. Based on the results of the analysis, using a sig standard of 0.05 or 5%, it was found that CR, DER and EPS had an effect on the share price of PT Adaro Energy Indonesia with a sig value of -0.027198877, 0.0249920592, -0.087545323 while ROA and JCI did not have a significant influence on the share price of PT Adaro Energy Indonesia with a sig value of 0.663431533 and 0.215886536, respectively.

| KEYWORDS | financial ratio, stock price index (jci), stock price |

INTRODUCTION

In today's era of globalization, the business of companies not only aims to generate the maximum profit but also aims to maximize the profits of shareholders (Shareholders) (Crane et al., 2019). This is because with maximum profits it can attract investors to invest and increase the company's working capital to finance all operational activities and maintain business sustainability (Susanti & Wirakusuma, 2022). Stock transactions between business actors and investors can be carried out through the stock market (Purnama & Purbawangsa, 2017). The stock market or capital market is a meeting place between companies that need funds and investors who channel funds through the purchase of company shares (Gultom, 2024). This is evidenced by the increase in the number of companies listed on the Indonesia Stock Exchange (IDX) (Muktiadji & Pamungkas, 2022). The stock market can provide benefits for investors to obtain profits through stock returns and dividend distribution, while for business actors to obtain working capital (Gulo et al., 2025). The higher the stock price, the more impact on the increase in the value or volume of the company's shares A high share price describes a good company prospect,

ranging from good financial management to a good corporate image in the eyes of investors (Al Mamoori et al., 2025). Many factors can affect stock prices such as net income, earnings, financial performance, interest rates, market sentiment and other geopolitical issues (Setiyono & Amanah, 2016).

In addition, according to Sartono (2012), fluctuations in the company's stock price are greatly influenced by factors from inside and outside the company, such as fundamental factors and technical factors (Saputra et al., n.d.). Considering this, this study aims to analyze the influence of financial performance using financial ratios such as Current Ratio (CR), Debt To Equity Ratio (DER), Return on Assets (ROA), Earning Per Share (EPS) and Market by considering the Composite Stock Price Index (JCI) against the share price of PT Adaro Energy Indonesia (AEI) (Rudiawarni et al., 2024).

PT Adaro Energy Indonesia (AEI) as a company engaged in coal mining. PT AEI conducts coal exploration and mining in South Kalimantan, Central Kalimantan and also Australia (Nurbaeti et al., 2025). With its flagship product, Envirocoal, which is claimed to have a low level of pollutants (Njoku & Lee, 2025). The company, which was established on August 26, 2004, registered on the Indonesia Stock Exchange (IDX) and conducted an Intial Public Offering (IPO) on July 16, 2008 (Balogun & Fatogun, 2024). Through the stock market, PT AEI managed to obtain an investment value of $ 44.7 USD or a value of Rp. 639 in 2022 (Akindele et al., 2024). Engaged in coal mining, PT AEI is very vulnerable because it is very dependent on production and consumption levels, market conditions and exchange rates to get profits (returns) in its business. (PT Adaro Energy Indonesia Tbk, 2023)

RESEARCH METHOD

Type of Research

The research method carried out in this research is using quantitative research methods, Quantitative research methods are carried out using numerical data and statistical data to identify correlations or relationships between variables. In this study, the quantitative research method is used to analyze the relationship between stock prices as a dependent variable and financial performance by considering financial and market ratios (JCI) which are independent variables

Sampling Techniques

The sampling technique or data collection in this research is carried out using the purposive sampling technique, which is a method of sampling data specifically in accordance with the data criteria required for the purpose of this research. Namely to analyze the influence of financial and market performance on stock prices. The data required are (1) Financial performance data obtained from the company's annual report (2) Stock Price Index (JCI) data

Data Collection Techniques

The data collection technique carried out in this study is by using secondary data. The data was obtained through the websites of the Indonesia Stock Exchange (IDX) and Yahoo Finance.

Variables and Operational Definitions of Variables

In this study, the variables used are grouped into 2, namely the dependent variable consisting of stock return and the independent variable consisting of financial ratios such as Current ratio (CR), Debt to equity ratio (DER), Return on assets (ROA) and earnings per share (EPS) and Composite Stock Price Index (JCI) data. Variable – such variables can be defined as follows:

The Current Ratio (CR) is obtained from calculating the comparison between lancer assets and liabilities or liabilities. The larger the CR signifies that the company is able to pay off all of its short-term debts.

$$\text{Current Ratio (CR)} = \frac{\text{Aset Lancar}}{\text{Liabilitas Lancar}}$$

The debt to equity ratio (DER) is obtained by calculating the ratio between total liabilities and total shareholder equity. This ratio shows every equity or stock that is used as debt.

$$\text{Debt to Equity(DER)} = \frac{\text{Total Liabilitas}}{\text{Total Ekuitas Pemegang Saham}}$$

Return on assets (ROA) is obtained by calculating the ratio between the current year's profit and the company's total assets, where the higher the ROA, the better the condition of a company.

$$\text{Return on Asset (ROA)} = \frac{\text{Laba Tahun Berjalan}}{\text{Total Aset}}$$

Earnings per share (EPS) measures the amount of net profit for the current year against the number of shares outstanding. EPS is an important indicator for inverters, because the larger the EPS, the better the profit or profit.

$$Earning\ per\ Share\ (EPS) = \frac{Laba\ Tahun\ Berjalan}{Jumlah\ saham\ yang\ beredar}$$

Data Analysis Techniques
Multiple Linear Regression Analysis

The multiple linear regression analysis method is a statistical method used to understand the relationship or influence between one dependent variable and independent variables. The multiple regression linear model is based on the model in figure 1. Above can be written as follows,

$$Y(x) = f(\alpha + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 X_3 + \alpha_4 X_4 + \alpha_5 X_5)$$

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Model Feasibility Test (Goodness of Fit)

The model feasibility test is used to assess the accuracy of the research model made, namely to see the influence between financial performance and the market on the stock returns obtained. The feasibility test of this model can be carried out using the SPSS application by assessing the data on the ANOVA table. If the p-value and level of significance are 5% or 0.05, this indicates that the change in the independent variable affects the dependent variable.

Uji Hipotesis (uji t)

This hypothesis test aims to analyze the hypothesis that has been made, namely to assess the influence between independent variables on dependent variables. Hypothesis tests can be carried out using the t-test. If sig $\alpha = 5\%$ and $t < \alpha$, it can be concluded that the independent variable has an effect on the dependent variable

Coefficient of Determination (R2)

The determination coefficient (R2) is used to measure the ability of the model to explain the dependent variables. R2 has a scale between $0 – 1$, where the larger R2 indicates the greater the influence of the independent variable on the dependent variable.

RESULT AND DISCUSSION

Model Feasibility Test (Goodness of Fit)

The feasibility test of the model or goodness of fit aims to test the significance of the model made, namely to assess the influence of independent variables, namely the Current ratio (CR), Debt to equity ratio (DER), Return on assets (ROA) and Earning Per Share as well as the Composite Stock Price Index (JCI) on PT Adaro's share price during a 10-year period starting from 2014 to 2023 through the ANOVA test. The results of the ANOVA test on this model can be seen in figure 2. Below. The results of the study show that the F value > 0.05 indicates that changes from CR, DER, ROA, EPS and JCI affect the share price of PT Adaro Energy Indonesia during the 10-year period from 2014 to 2023.

ANOVA

	df	SS	MS	F	Significance F
Regression	5	6,71708E+18	1,34342E+18	6,696032	0,044620406
Residual	4	8,02514E+17	2,00629E+17		
Total	9	7,51959E+18			

Fig 1. ANOVA Test Results

Uji Hipotesis (Uji t)

Analysis The t-test serves to test the difference or relationship or influence of two or more independent variables on one independent variable. In the study, there are five independent variables, namely CR, DER, ROA, EPS and JCI and one dependent variable, namely the share price of PT Adaro Energy Indonesia. The results of the analysis can be seen in table 2. The following.

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95,0%	Upper 95,0%
Intercept	396575540	2463918772	0,160953171	0,879932	-6444359673	7237510753	-6444359673	7237510753
Current Ratio (CR)	-14,13791262	519,7976581	-0,027198877	0,979604	-1457,327576	1429,051751	-1457,327576	1429,051751
Debt to Equity Ratio (DER)	-316,8677372	1267,873665	-0,249920592	0,814959	-3837,049369	3203,313895	-3837,049369	3203,313895
Return on Asset (ROA)	120,2724009	181,2883395	0,663431533	0,543336	-383,0647219	623,6095237	-383,0647219	623,6095237
Earning Per Share (EPS)	-4571,974983	52224,09159	-0,087545323	0,934446	-149569,2985	140425,3485	-149569,2985	140425,3485
IHSG	0,080672812	0,373681533	0,215886536	0,839638	-0,956833453	1,118179076	-0,956833453	1,118179076

Fig 2. Results of Hypothesis Test (t-Test)

Considering the results of multiple linear regression analysis in table 2. Above the following equation can be formulated,

$$Y(x) = f(396575540-14{,}13791262X1- 316{,}8677372X2 + 120{,}2724009X3 - 4571{,}974983X4 + 0{,}080672812X5)$$

Furthermore, the correlation between dependent variables and independent variables is based on t-Stat data in table 2. Above it can be concluded that,

a. variable CR (X1) has a significant effect on the stock price (Y) because it is - 0.027198877< 0.05,
b. variable DER (X2) has a significant effect on the stock price (Y) because - 0.0249920592 < 0.05,
c. the variable ROA (X3) has no significant effect on the stock price (Y) because 0.663431533 > 0.05,
d. the variable EPS (X4) has no significant effect on the stock price (Y) because - 0.087545323 < 0.05 and
e. the JCI variable (X5) did not have a significant effect on the stock price (Y) because 0.215886536 > 0.05

Coefficient of Determination (R2)

This determination coefficient aims to assess how much the independent variable is dependent on the dependent variable. Based on the results of multiple linear regression analysis as can be seen in table 3. The following is an R2 value of 0.893276874 It can be concluded that the independent variables, namely CR, DER, ROA, EPS and JCI, have an effect of 89% on the share price of PT Adaro Energy Indonesia while as much as 11% are influenced by other factors.

Regression Statistics	
Multiple R	0,945133257
R Square	0,893276874
Adjusted R Square	0,759872967
Standard Error	447915770
Observations	10

Fig 3. Determination Coefficient Test Results (R2)

Discussion
Effect of Current Ratio (CR) on stock price

Based on the multiple linear regression analysis that has been carried out, it can be seen that with a significance standard of 0.05 or 5%, the Current Ratio has a very significant effect on stocks with a significance value of - 0.027198877 which

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is smaller than 0.05. This is because a large current ratio indicates that the company is able to pay off all its short-term debts so that the company is able to operate properly. A good operation indicates good financial performance so that it can increase the stock price. This is in line with the hypothesis made, CR has a positive effect on the stock price.

Effect of Debt to Equity Ratio (DER) on stock price

DER is used to assess how large the proportion of debt that a company uses to finance all its assets. Based on the results of the multiple linear regression analysis that has been carried out, it can be concluded that DER has a significant influence on the stock price, where the SIG value of DER is - 0.0249920592 less than 0.05. This is because the higher the DER value, the more the company is able to pay off all its debts with the assets it owns. This has an impact on the perception of investors or creditors about how the company manages its finances, so that the better the DER, the company's share price will increase. This is in line with the hypothesis made that DER has a positive effect on stock prices.

Effect of Return On Asset (ROA) on Stock Price

Based on the results of the multiple regression analysis that has been carried out, it can be seen that ROA does not have a significant influence on the stock price, this is because the significance value of ROA is 0.663431533 greater than 0.05. This is because although a good ROA shows that the company is able to get profits from all assets owned, in this study it was found that ROA does not have a significant effect on the stock price, stock price fluctuations can be influenced by other factors. This is not in line with the hypothesis made that ROA has no effect on the stock price.

Effect of Earnings Per Share (EPS) on Stock Price

Based on the multiple linear regression analysis carried out, it can be concluded that EPS has a significant effect on the stock price with a sigs value of - 0.087545323 which is less than 0.05. This is because the greater the EPS given by the company, the greater the dividends obtained by investors so that the stock price is higher. This is in line with the hypothesis made, where EPS has a positive influence on stock prices.

The Influence of the Jakarta Composite Stock Price Index (JCI) on stock prices

Although JCI has an impact on the stock price of companies in the stock exchange market, both stocks in general and individually because JCI is influential in building market sentiment, based on the results of this study, it can be seen that JCI does not affect stock prices. This is evidenced by the JCI sig value of 0.215886536 which is greater than 0.05. This is not in line with the hypothesis made, which the JCI has no effect on the stock price.

CONCLUSION

The stock exchange market provides mutual benefits to investors or creditors and business actors. Where investors or creditors can benefit from dividends while business actors can get working capital from the shares sold. Therefore, the company needs to make various efforts to help increase the stock price in order to

obtain large working capital in order to maximize its operations and maintain business sustainability. Considering this, this study aims to analyze the relationship between financial ratios such as CR, DER, ROA, EPS from PT Adaro Energy Indonesia over a 10-year period starting from 2014 to 2023 as well as market sentiment through the Composite Stock Price Index (JCI) on the company's stock price using the multiple regression analysis method on Ms. Excel. Based on the results of the analysis, it was found that CR, DER, EPS had a significant impact on the stock price while ROA and JCI did not have a significant impact on the share price of PT Adaro Energy Indonesia.

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