

The Fundamental Impact On Mining Share Price On Indonesia Stock Exchange

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Abstract: This research was conducted to determine the effect of the Debt to Equity Ratio, Return on Equity, Net Profit Margin and Earning per Share to the share price of the subsector companies listed coal mining. The sample is 41 companies registered in the coal mining sub-sector in 2017-2019. In this research the variables studied consisted of Debt to Equity Ratio, Return on Equity, Net Profit Margin and Earning per Share as variables independent and share price as the dependent variable. Methods of analysis are used is multiple linear regression analysis. This research uses SPSS software. The results showed that partially variables DER, ROE, NPM and EPS, have an effect on stock prices. All variables simultaneously affect the stock price.

1. Introduction

Indonesia is a country which supplies industrial raw materials to developed countries, with decreasing levels of production Coal company for example, this company before potential in exporting materials industrial standards to developed countries. However, the decline in demand caused coal companies to experience a decline in profits which has an impact on the company's stock price which then has an impact on the stock returns of investors who invest in this coal mining company. The mining sector index (mining) has become one of the obstacles to steps taken by the Jakarta Composite Index (IHSG) throughout 2019. The mining sector index grew negatively by 12.83%. The drop in the performance of the mining sector index cannot be separated from the decline in coal prices throughout 2019. The mining sector's performance will depend on the trade agreement between the United States and China. If the phase I trade agreement goes well, it will lead to a reduction in trade war tension. The mining sector is a company that can contribute to changes in the composite index because mining sector is wrong one of 9 sectors.

Mining sector has very large influence the Indonesian economy. especially Indonesia is a country that produces natural resources potential so that it can be used to increase income national. The mining sector is considered to have high growth potential due to the increasing demand for mining commodities such as nickel and tin sharply, due to high levels of economic growth, besides from the energy sector, increasing energy demand such as petroleum, natural gas, and coal, has resulted in a high amount of demand as well. Besides high growth, mining companies also have a level of risk which is high anyway. The risk that a mining company faces is risk fluctuations in commodity prices of mining goods in commodity markets. (Tyaramitha, 2017). In an effort to get optimal profit, investors invest in shares faced with two choices, namely between choose a large return by rate a big risk or minimize risk at various levels of return. For more optimize these returns for investors do a series of analysis one of its fundamentals.

Fundamental analysis is an analysis that tries to predict future stock prices in a way estimate the value of a fundamental factor affect the price. Fundamental analysis also called company analysis because use company financial data in calculating the intrinsic value of shares. Technique analysis that investors often use to analyze financial reports namely by using fundamental analysis which is focused on financial ratio analysis company. The share price is an indicator of company and rational investors.

2. Literature

Fundamental analysis

Fundamental analysis is an analytical tool that is closely related to the company's financial condition. According to Kasmir in Maulana (2018) Analysis Fundamental is actually a method of doing stock analysis assessment of financial statements. Fundamental analysis also called company analysis because use company financial data in calculating the intrinsic value of shares. Technique analysis that investors often use to analyze financial reports namely by using fundamental analysis which is focused on financial ratio analysis company. Meanwhile, according to (Darmadji in maulana,2018; David & Grobler, 2019) "Fundamental analysis is one way of making an assessment shares by studying or observing various indicators related to conditions macroeconomic

and industrial conditions of a company". Thus the analysis Fundamental is an analysis based on real data to evaluate or project the value of a share. Some data or indicators commonly used in fundamental analysis are: revenue, profit, sales growth, yield or return equity, profit margin, and other financial data as a means of valuing company performance and the potential for future growth of the company.

Signalling Theory

The relationship between signaling theory and fundamental factors and stock prices is Fundamental factors are signal for investors because of company fundamentals reflects the condition of the company. Changes in company fundamentals can resulting in changes in investors' reactions in making decisions. the investment. Hence the changes in the company's fundamentals are positive can have psitif effect and change negative company fundamentals can have a negative impact for the company.

Financial statements

Financial reports are basically the result of many reflections transactions that occur in a company and have many benefits for the parties with an interest in the financial data of the company concerned such as company owners, creditors, investors, government agencies and other general public (Prasetyo, 2012). Through financial reports will be able assessed the capital structure, distribution of assets, effective use of assets, yields business or income that has been achieved, fixed expenses that must be paid, as well the book values of each company share. Financial ratios are broadly in dividen, namely liquid, profitability, activity & market valuation. Ratios finance can be used to find out to what extent the investment will be in invested by investors in a company that is able to provide an appropriate return with the level desired by the investor. In this study, several were taken Representative financial ratios for analysis.

1. Debt to Equity

According to Horne and Wachoviz in Maulana (2018) "Debt to equity is computed by simply dividing the total debt of the firm (including current liabilities) by its shareholders equity". According to Harahap (2016) Debt is a ratio that is describes the extent to which owner's capital can cover debts to outsiders. The smaller this ratio, the better. This ratio too is called the leverage ratio for outsider safety the best ratio if the amount of capital greater than the amount owed or at least the same. But for shareholders or management leverage ratio should be large.

H1 : there is a significant effect between the variable debt to equity the share price of sub-sector companies coal mining

2. Return On Equity (ROE)

According to Harahap (2016) in his book return on equity (ROE) is which shows ehat percentage of net income is obtained when measured from capital owner. according to in his book return on equity (ROE) is a which shows what percentage of net income obtained when measured capital owner. The bigger it is, the better, then according to Brigham and Houston (2010) rate of retur ordinary equity is measures the return on investment of common stockholders. Way calculating return on equity is by comparing net income with common equity. According to Ratih, et al. (2013) Return on Equity (ROE) is a ratio of profitability used to measure the company's rate of return or effectiveness companies in generating profits that belong to the owner of the capital alone. Therefore the profit after tax figures are used. Own capital figures it is also advisable to use an average. then the hypothesis in this research is formulated as follows:

H2 : there is a significant effect between the variable return on equity to the share price of sub-sector companies coal mining

3. Net Profit Margin (NPM)

According to Harahap (2016), is an ability company makes a profit through all its capabilities, available sources such as sales activities. Net Profit Margin (NPM) shows how much the % net income from each sale This ratio is the better because it is considered the company's ability get a high enough profit. Nurriqli and sofyan (2018) Net Profit Margin (NPM) is the ratio that is

used to show the company's ability to produce net profit after tax. Net Profit Margin (NPM) is one of the profitability ratios used to measure the magnitude profit obtained from each rupiah of sales received as well big costs that have been incurred to get each rupiah results sales. The bigger this ratio the better, because it is considered ability

companies in getting a high enough profit and will affect sale of shares of listed companies in the stock exchange. Net Profit Margin is calculated from net profit after tax against sales.

H3 : there is a significant effect between the variable net profit margin to the share price of sub-sector companies coal mining

4. Eaarning Per Share(EPS)

Earnings pershare is a ratio that is shows company ability increase EPS from last year (Harahap, 2016). Earning per share ratio that shows how much profit (profit) obtained by investors or shareholders per the share sheet. Buying shares means buy the prospect of the company, which is reflected in earnings per share higher earnings per share, the better the company's prospects, meanwhile, if the earnings per share is lower it means that it is not good, and profit

per negative share means it is not good (Nurriqli and Sofyan, 2018).

H4 : there is a significant effect between the variable earning pershare to the share price of sub-sector companies coal mining

Research methods

This researcher uses the quantitative method, which is a method that uses the data from number and analysis uses statistics (Sugiyono, 2011: 7). The samples in this study are several companies in the coal mining sub-sector which is part of the population of emi ten shares collected on the Stock Exchange Indonesia. Determination of the sample in the researcher. This method is purposive sampling method and 41 issuers were sampled in this research. Types of data used in This research is quantitative data. Source the data used in this study in the from website Indonesia stock exchange in the form of financial reports subsector companies coal mining listed on the IDX and the financial statements have been audited in depth

2017-2019 period. The dependent variable (Y) this study is stock price. Independent variable (X), namely debt to equity, return on equity, net profit margin and earning pershare. Debt to Equity/ DER shows how much the company operates financed by debt using the formula:

$$\text{DER} = \frac{\text{Total Liabilities}}{\text{Total Equity}}$$

Return on Equity /ROE purpose level of a company's ability to obtain available profits for shareholders company. calculated as follows:

$$\text{ROE} = \frac{\text{EAT}}{\text{Equity}} \times 100\%$$

Equity

Net Profit Margin/NPM level profitability that is calculated by how to divide the net profit by the total sales :

$$\text{NPM} = \frac{\text{EAT}}{\text{Net Sales}} \times 100\%$$

Earning Per Share EPS, shows the amount of for distributed all shareholders of company. Can be calculated by the formula:

$$\text{EPS} = \frac{\text{Earning After Tax}}{\text{the number of shares outstanding}} \times 100\%$$

Research results and discussion

Normal probability plot where the data is scattered around a diagonal line or is not scattered far from diagonal line then it can be said that normality requirements can be met. the classic assumption test in this study has been fulfilled

Tabel 1. one-Sample Kolmogorov- Smirnov Test

		Unstandardized Residual
N		41
Normal Parameters	Mean	.00000000
	Std. Deviation	.00844789
Most Extreme Differences	Absolute	.45
	Positive	.45
	Negative	-.054
Kolmogorov-Smirnov Z		.443
Asymp. Sig. (2-tailed)		.761

a. Test distribution is Normal
 b. Calculated from data

Based on the normalization test using the Kolmogorov-Smirnov test that has been presented in the table above the results of the normality test of the share price variable with kolmogorov smirnov shows that the Kolmogorov-Smirnov Z value of 0.443 with a significance of 0.761 above 0.05. From these results

It can be seen that the significant level for the stock price variable in the Kormogorov Smirnov test is obtained $0.761 > 0.05$ so that the sample is distributed

Table 2 Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	6.231	.201	-.452	34.109	.000
DER	-.180	.045	-.546	-3.624	.001
ROE	-.015	.005	.236	-2.772	.006
NPM	.018	.000	.540	2.480	.019
EPS	.005	0.57	.516	6.123	.000

Debt to equity has significant effect on stock price.. Variable debt to equity shows significant value 0.001, where $0.001 < 0.05$ this result indicates that the variable Partial. Regression test between DER and stock prices obtained the value of tcount -3,747 and ttable 1,674, because the value ($t\text{-count } -3,747 > t\text{-table } 1,674$) means debt to equity negative effect on the increase in stock prices. Thus then H1 accepted and Ho was rejected.

Return on equity has is significant to share price.. Variable Return On Equity (ROE) shows value significance by 0.006, where $0.006 < 0.05$ this result indicates variable.Return on equity partially has a give significant effect. Regression test between ROE and stock prices obtained the value of tcount -2,888 and ttable 1,679, because the value ($t\text{count } -2,438 > t\text{table } 1,674$) means ROE has a negative effect on the increase in stock prices. Thus then H2 accepted and Ho was rejected.

Net profit margin significant effect to the share prices and shows significant 0.019, of which $0.019 < 0.05$. The regression test between the NPM and the stock price obtained the value of t count 2.470 and t table 1.674, because value ($t\text{count } 2.470 > t\text{table } 1.674$) means NPM has a positive effect on the increase in stock prices. Thus, H3 was accepted and Ho was rejected.

Earning Per Share (EPS) has an effect significant to the share price. Variable Earning Per Share (EPS) shows value significance of 0.000, where $0.000 < 0.05$ Test regression between EPS and stock prices obtained tcount 6.321 and ttable 1.674, because value ($t\text{count } 6,321 > t\text{table } 1,674$) means EPS positive effect on the increase in stock price. Thus, H4 was accepted and Ho was rejected

Based on Table 2, the following multiple linear regression equation can be made:

$$Y = 6.231 - 0,180 X_1 - 0,015X_2 + 0.018X_3 + 0,005X_4 + e$$

Where:

- Y = Stock price
- X₁ = Debt to Equity
- X₂ = Return On Equity
- X₃ = Net Profit Margin
- X₄ = Earning Per Share
- e =Error

F-TEST

Tabel 3 ANNOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	59.273	4	15.971	22.012	.000
	Residual	19.231	37	.671		
	Total	82.102	41			

Based on the ANOVA test or F-test shown in table 5, the value is obtained Fcount 22.012 and Ftable 2.43, because of the value Fcount 22.012 > Ftable 2.43 and has a value probability smaller than 0.000 alpha value 0.05, then regression model can be used increase stock price or it can be said that DER, ROE, NPM and EPS together significantly influence the increase share price, especially for companies coal mining registered at Indonesia stock exchange

Tabel 4 Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.498	.326	.092	1.76438	2.021

Based on table 4 R square obtained a value of 0.326, which means 32.6% of the stock price influenced by Debt To Equity Ratio, Return On Equity, Net Profit Margin and Earning Per share, Level. While the rest is influenced by variables others who were not examined in this study (Ghozali, 2013).

3. Discussion

Return on equity effect on mining stock price

For shareholders higher the ROE, the more it will be good because it provides a greater rate of return for the holder shares Nurriqli and Sofyan (2018). The result is consistent with research conducted by indriana (2013) states that return on equity has a significant effect on stock price, but this study does not consistent with the research of Indira and Dwiastutiningsih (2014).

Debt to Equity effect on mining stock prices

High Debt To Equity Rate has a bad impact on company performance because of the level The higher the debt, the bigger the interest expense, which means reduce profits (Chatelia, 2016). The results of this study are consistent with research by Zulkarnaen (2017) and Indriana (2013) which states that the debt to equity, but this study not consistent with the research of Samsuar and Akramunnas (2017) which found the Equity Ratio (DER) to Stock Prices.

Net profit margin effect on mining stock prices

shows how much is the percentage the net income earned from each sale. Effect of net profit margin on stock price. Based on the results of the significance test partial above, it is found that Net Profit Margin (NPM) has a positive effect and significant to the share price. Result this contradicts previous research conducted by Harahap (2013) net profit no significant effect to the stock price

Earning pershare on mining stock price

EPS is a way of measuring results (profits) obtained by each share of the company who go public researched by investors, where the greater the EPS, the after profit the tax generated is also getting better, so that the share price of these companies is getting increasing, and vice versa getting smaller EPS then the profit after tax is

generated also getting smaller, so the stock price the company is getting down. In In this study, EPS has a significant effect and is positive towards share prices and Ha accepted. And this study supportive previous by Harahap (2013), Dwicahyono (2013), Gazali (2013) which states a similar result, namely EPS positive and significant effect

4. Conclusion

From the research that has been done shows the variable debt to equity and return on equity has a negative and significant effect while the variable net profit margin and earnings per share have a positive and significant impact on the share price in 2017 -2019. Based on table 4 R square obtained a value of 0.326, which means 32.6% of the stock price influenced by Debt To Equity Ratio, Return On Equity, Net Profit Margin and Earning Per share, Level

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