The Effect of Price to Book Value, Cash Ratio, and Net Profit Margin on Stock Return in Coal Sub Sector Companies on the Indonesia Stock Exchange for the 2017-2021 Period

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ABSTRACT

Between 2016 and 2020, the stock price development of the coal subsector was abnormal. When benchmark coal prices declined, coal stock prices climbed. This study seeks to determine, in part and concurrently, the influence of net profit margin, cash ratio, and price to book value on stock return in businesses listed on the Indonesia Stock Exchange in the coal subsector between 2017 and 2021. This study, which employs a quantitative technique, picked a sample of 19 coal subsector businesses listed on the Indonesia Stock Exchange between 2017 and 2021. SPSS was utilized for multiple linear regression analysis in this study. According to the t-statistic test results, there is no evident negative relationship between price-to-book value (PBV), cash ratio (CR), and stock return (SR). Net profit margin (NPM) has a significant positive impact on stock return (SR). According to the F-statistic test results, price-to-book value (PBV), cash ratio (CR), and net profit margin (NPM) all have a significant positive effect on stock return (SR).

Keywords: *Cash Ratio, Net Profit Margin, Price to Book Value, Stock Return*

1. INTRODUCTION

Companies must maintain and consistently improve their performance to remain competitive at the global market level [1]. A critical factor in maintaining company sustainability is the availability of financial resources [2]. The capital market plays a vital role as a venue for investors to make investments and as a source of funding for businesses and governments [3]. The progress and development of the capital market also contribute to Indonesia's economic growth [4]. In the capital market, various instruments such as bonds, warrants, pre-emptive rights (rights), mutual funds, derivatives, and stocks can be traded [5].

The Indonesia Stock Exchange is where financial items such as stocks are traded on the capital market in Indonesia. The Indonesia Stock Exchange offers a diverse range of stock investment options., including shares from coal businesses [6]. In Indonesia, coal has a significant role because it provides essential contributions and benefits to industry and people's lives [7].

Coal output in Indonesia has steadily increased over time. In 2019, Indonesia had the most rapid increase in coal output in the recent decade. In terms of worldwide coal output, Indonesia ranks fourth as one of the world's major coal producers in 2019, after China, India, and the United States. The contribution of Indonesian coal output to world supply has also increased in tandem with the development in coal production in Indonesia, with an average annual production growth rate of 8.8%. Aside from Indonesia, nations like India and China had good increase in coal output, with yearly growth rates of 4% and 2.4%, respectively. Meanwhile, average coal output growth in some other nations has stalled or even declined [8].

Indonesia now has 38.84 billion tons of coal reserves, according to Ridwan Djamaluddin, Director General of Mineral and Coal at the Ministry of Energy and Mineral Resources [7]. Consider the annual average coal output of around 600 million tons. Unless new sources are discovered, present coal reserves are expected to last for another 65 years. In addition, 143.7 billion tons of coal were identified as being accessible [9].

In 2021, the coal production target is set at 625 million tons. Of this amount, it is estimated that around 137.50 million tons of coal will be used to meet domestic needs or domestic market obligations [9]. In 2020, Indonesia's coal production was realized at 565.69 million tons. Around 131.89 million tons of coal are used to meet domestic needs or domestic market obligations [10].

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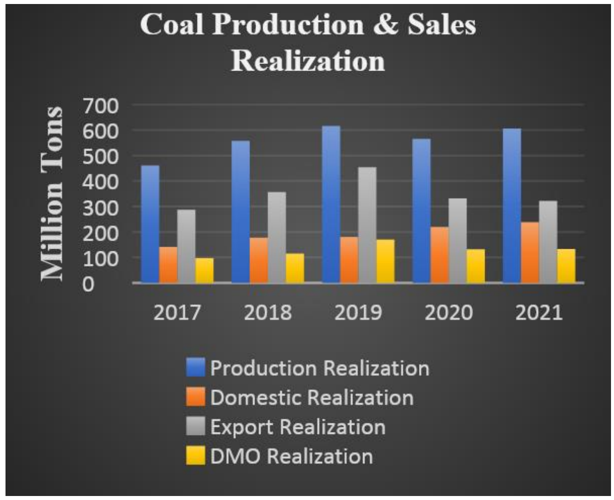

Figure 1 Coal Production and Sales Realization.

The realization of Indonesia's coal exports by 2020 reached 331.94 million tons, equivalent to 84.03% of the initial export target of 395 million tons that has been set [8]. Based on non-oil and gas natural resources PNBP data from the mineral and coal sector for January 2021, non-tax state revenues are the only ones that experience favourable growth. According to Finance Minister Sri Mulyani, this growth was driven by an increase in export volume, benchmark coal prices, and export demand to China [11].

In the future, the coal industry will face several complex challenges. Currently, coal is facing significant pressures, especially regarding its negative impact on the environment and difficulties obtaining funding for its projects. This main challenge has impacted the decline of Indonesia's coal market, which is still heavily dependent on export sales [8].

The government is encouraging coal development and utilization policies to increase the added value of coal in the country [8]. Through the downstream coal process, advantages are expected to be created both in comparison and in the competition of coal and its derivative products. These derivative products from coal are expected to have economic competitiveness that can compete with oil and gas, thus becoming an import alternative that can save the country's foreign exchange and increase the ability of the domestic industry in the coal sector [8].

During the 2016-2020 period, there was an unusual situation in developing company share prices in the coal subsector. When the benchmark coal price decreased, on the contrary, the stock price of coal companies increased, which contrasts with investor expectations, who usually expect a decrease in investment when the benchmark coal price falls. Usually, when the benchmark coal price is low, the company will achieve low profits. Hence, investor interest in investing in coal subsector companies decreases, which should decrease the share price of coal subsector companies [12].

When investing, investors evaluate both the reward and the risk. Investors can obtain a return on their shares in the form of dividends or the difference between the selling and purchasing prices [3]. Measurement tools are needed that can be used to monitor stock price movements that continue to fluctuate to understand the company's performance. One of the tools used is financial ratios, which serve as a measurement tool to describe financial performance. Financial ratios help identify relationships between different amounts of money [4].

The basic worth of a corporation is calculated using valuation ratios [13]. The price-to-book value (PBV) ratio is one sort of valuation ratio [14]. Price to Book Value (PBV) influences Stock Return (SR) [15] [16]. The Price to Book Value (PBV) ratio has an impact on stock prices [17] [18] [19]. Meanwhile, there is no influence of Price to Book Value (PBV) on Stock Return (SR) [20] [21]. Stock prices are unaffected by Price to Book Value (PBV) [22] [23].

Liquidity ratios demonstrate a company's ability to repay short-term debt that is about to mature. Liquidity ratios are used to assess financial risk or creditworthiness [13]. The Cash Ratio (CR) is one sort of liquidity ratio [14]. The Cash Ratio (CR) influences stock price [24]. Meanwhile, the Cash Ratio (CR) has no effect on the stock price [25] [26] [27] [28].

Ratios that measure profitability are used to show how profitable a company can make money. These measures include performance ratios for operational activities and return on investment [13]. One type of profitability ratio is the Net Profit Margin (NPM) [14]. Net Profit Margin (NPM) has an impact on Stock Return (SR) [29] [30]. The stock price is affected by Net Profit Margin (NPM) [31] [32]. In the meantime, Net Profit Margin (NPM) has no effect on Stock Return (SR) [33]. The stock price is unaffected by Net Profit Margin (NPM) [34] [35] [36] [37].

Given the aforementioned incidence, problems, and research gap, this study will examine the influence of price-to-book value (PBV), Cash Ratio (CR), and Net Profit Margin (NPM) on the Stock Return (SR) of coal mining enterprises listed on the stock market from 2017 to 2021.

2. LITERATURE REVIEW

2.1. Price to Book Value Affects Stock Return

A stock's market price is compared to its book value per share using a statistic known as price-to-book value, or PBV. The goal of this ratio is to identify whether a stock is overvalued or undervalued. Long-term investors prefer stocks with low PBVs because they are perceived to be cheap. Nonetheless, an abnormally low PBV may indicate a decline in the quality and efficacy of the company issuing the shares. As a result, PBV must be compared to the PBV of comparable enterprises in the same industry. If the discrepancy is large, more research is required before making investment decisions [38].

Price to Book Value (PBV) influences Stock Return (SR) [15] [16]. Price to Book Value (PBV) influences stock price [17] [18] [19]. Thus, we may develop the first hypothesis for the period 2017-2021 that Price to Book Value (PBV) has a significant positive effect on Stock Return (SR) in coal subsector enterprises listed on the Indonesia Stock Exchange.

H1: For the period 2017-2021, Price to Book Value (PBV) has a substantial impact on Stock Return (SR) in coal subsector businesses listed on the Indonesia Stock Exchange.

2.2 Cash Ratio Affects Stock Return

The most liquid asset of a business is cash. The cash ratio assesses a company's ability to satisfy short-term obligations through the use of cash and equivalent assets. A high ratio shows that the company's financial position is stable. Because cash is a non-profitable asset for the firm, a large ratio may suggest inefficiency [14].

The Cash Ratio (CR) has an impact on stock price [24]. Cash influences business performance [39]. Financial Performance is influenced by the Cash Conversion Cycle [40]. Thus, we can establish the second hypothesis that cash ratio (CR) has a significant positive effect on stock return (SR) in coal subsector enterprises listed on the Indonesia Stock Exchange from 2017 to 2021.

H2: For the years 2017-2021, Cash Ratio (CR) considerably boosts Stock Return (SR) for businesses listed on the Indonesia Stock Exchange in the coal subsector.

2.3 Net Profit Margin Affects Stock Return

The phrase "net profit margin" refers to a ratio that compares a company's real net profit over a certain time period to the total income earned from product sales and other sources. It is calculated by dividing the sales proceeds (including the cost of products sold, operational expenditures, interest, and taxes) by the total income (from product sales and other revenue) after deducting all operating expenses. This ratio measures how well a firm produces profits by taking into account net profit after sales and income taxes [41].

Stock Return (SR) is affected by Net Profit Margin (NPM) [29] [30]. Net Profit Margin (NPM) has an impact on stock price [31] [32]. Thus, we can develop the third hypothesis for the period 2017-2021: Net Profit Margin (NPM) has a significant positive effect on Stock Return (SR) in coal subsector enterprises listed on the Indonesia Stock Exchange.

H3: From 2017 to 2021, net profit margin (NPM) has a strong positive influence on stock return (SR) in businesses listed on the Indonesia Stock Exchange in the coal subsector.

2.4 Price to Book Value, Cash Ratio, and Net Profit Margin Affect Stock Return

Investors strive to maximize their earnings while taking into consideration the risks inherent in their investments. Investment returns provide an incentive and a compensation to investors for taking on investment risks. The two primary components of investment returns are yield and capital gain (loss). The term yield refers to the regular cash flow or income generated by an investment, such as stock dividends or bond interest. As an investor, you may earn or lose money if the price of securities such as stocks or long-term bonds rises or falls [42].

Stock Return (SR) is affected by price-to-book value (PBV) [15] [16]. The Cash Ratio affects the stock price [22]. Stock Return (SR) is affected by Net Profit Margin (NPM) [29] [30]. As a consequence, the fourth hypothesis can be established, which indicates that from 2017 to 2021, price-to-book value, cash ratio, and net profit margin have a large positive effect on stock return in coal subsector enterprises listed on the Indonesia Stock Exchange.

H4: In the coal subsector companies listed on the Indonesia Stock Exchange, Price to Book Value (PBV), Cash Ratio (CR), and Net Profit Margin (NPM) have a noteworthy positive impact on stock return (SR) between 2017 and 2021.

3 RESEARCH METHOD

The employment of a quantitative technique in this study reveals that positivism is the research methodology's foundation. This approach is used to explore a specific population or sample, gather data with research tools, and quantitatively or statistically analyze data to define and evaluate previously stated hypotheses [43]. Between 2017 and 2021, 19 coal subsector firms were listed on the Indonesia Stock Exchange.

Multiple linear regression analysis is used in this work. Researchers use multiple regression analysis to estimate how the dependent variable will change when two or more independent variables, known as predictor factors, change. As a result, when there are less than two independent variables, multiple regression analysis is performed [41].

3.1 RESULT AND DISCUSSION

3.2 RESULT

Normality Check

The residuals are subjected to a normality test to check that they follow a normal distribution [44].

The non-parametric Kolmogorov-Smirnov (K-S) statistical test can be used to evaluate if the residuals are normally distributed.

The residuals are regularly distributed if Asymp. Sig. (2-tailed) > 0.05. The residuals are not normally distributed if Asymp. Sig. (2-tailed) 0.05.

Table 1. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		40
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.05435935
Most Extreme Differences	Absolute	.107
	Positive	.078
	Negative	-.107
Test Statistic		.107
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

The normalcy test findings are as follows, based on the table above:

A significance value of 0.200 > 0.05 is indicated by Asymp. Sig. (2-tailed). It is possible to conclude that the residuals in this investigation are normally distributed.

Test for Multicollinearity

A multicollinearity test is performed to check that there is no connection between independent variables. Examining the tolerance and variance inflation factor values [44]. is one technique to discover the presence of multicollinearity.

If the Tolerance value > 0.10, there is no multicollinearity. However, if the Tolerance value ≤ 0.10, there is multicollinearity. If the VIF value < 10, there is no multicollinearity. On the other hand, if the VIF value ≥ 10, there is multicollinearity [44].

Table 2. Multicollinearity Test

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	LNPBV	.946	1.058
	LNCR	.807	1.239
	LNNPM	.840	1.190
a. Dependent Variable: LNRS			

Based on the table above, the results of the multicollinearity test are as follows:

According to the price-to-book value, the Tolerance value is 0.946 > 0.10. According to the Cash Ratio, the Tolerance value is 0.807 > 0.10. Tolerance value for Net Profit Margin is 0.840 > 0.10. In addition, the price-to-book value has a VIF of 1.058 10. The VIF value of the Cash Ratio is 1.239 10. The VIF value of the Net Profit Margin is 1.190 10. It is possible to infer that the study data does not exhibit multicollinearity.

Test for Heteroskedasticity

The heteroskedasticity test ensures that the variance of residuals from one observation to the next remains constant [44].

The Glejser test can be used to determine the existence of heteroskedasticity.

There is no heteroskedasticity if the significance value is greater than 0.05. There is heteroskedasticity if the significance value is less than 0.05.

Table 3. Heteroskedasticity Test

Coefficients[a]			
Model			
		t	Sig.
1	(Constant)	2.307	.027
	LNPBV	1.004	.322
	LNCR	.001	.999
	LNNPM	-.984	.332
a. Dependent Variable: RES2			

Based on the table above, the following are the heteroskedasticity test results:

According to the price-to-book ratio, the significance threshold is 0.322 > 0.05. The Cash Ratio indicates that the significance value is 0.999 > 0.05. When 0.332 > 0.05, the Net Profit Margin is substantial. The research data may be deduced to be homoskedastic.

Analysis of Autocorrelation

The autocorrelation test is used to ensure that there is no relationship between disturbance errors in the current and previous periods of the study [44].

The Durbin-Watson test can be used to detect whether or not autocorrelation exists.

There is no autocorrelation, positive or negative, if du d 4-du. There is no positive autocorrelation if d dl = 0. There is no negative association, dl d du. There is no negative association if 4 - dl d 4. There is no negative association if 4 - du d 4 - dl.

Table 4. Autocorrelation Test

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.618[a]	.382	.227	1.16763	1.815
a. Predictors: (Constant), LAG_LNNPM, LNPBV, LNCR, LNNPM					
b. Dependent Variable: LNRS					

Based on the table above, the results of the autocorrelation test are as follows:

The Durbin-Watson statistic indicates a value of 1.815. With k equal to 3 and n equal to 21, the du value is 1.6694, and the value of 4 – du is 2.3306. Therefore, 1.6694 < 1.815 < 2.3306. It can be concluded that there is no autocorrelation in the research data.

Multiple Linear Regression Analysis

Multiple linear regression analysis aims to understand the impact on the dependent variable when the values of more than two independent variables are increased or decreased [43].

Table 5. Multiple Linear Regression Test

Coefficients[a]			
Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	.095	.370
	LNPBV	-.136	.249
	LNCR	-.112	.230
	LNNPM	.593	.177
a. Dependent Variable: LNRS			

Based on the table above, the findings of the multiple linear regression test are as follows:

The constant value is 0.095. If the price-to-book value, Cash Ratio, and Net Profit Margin are left same, the Stock Return is 0.095.

The regression coefficient for price-to-book value is -0.136. It can be calculated that raising the Price to Book Value by one unit decreases the Stock Return value by -0.136.

The regression coefficient for the Cash Ratio variable is -0.112. It can be deduced that raising the Cash Ratio by one unit decreases the stock return value by -0.112.

The Net Profit Margin regression coefficient is 0.593. It can be inferred that increasing the Net Profit Margin by one unit increases the value of the Stock Return by 0.593.

t-Test for Individual Parameter Significance

The t-statistic test is used to calculate the partial effect of independent factors on the dependent variable [42].

It is deemed significant if the significance value is 0.05. If the significance value is more than 0.05, it is not significant. It has an effect if the computed t-value is greater than the t-value. If, on the other hand, the determined t-value t-value, it has no effect.

Table 6. Individual Parameter Significance Test (t-Test)

Coefficients[a]			
Model			
		t	Sig.
1	(Constant)	.257	.799
	LNPBV	-.545	.589
	LNCR	-.487	.629
	LNNPM	3.348	.002
a. Dependent Variable: LNRS			

The results of the individual parameter significance test are as follows, based on the table above:

The price-to-book value is significant at 0.589, and the computed t-value is -0.545. The crucial t-value is 1.98638 when k equals 3 and n equals 95. As a result, 0.589 > 0.05 and -0.545 1.98638. It is possible to infer that H1 is rejected, indicating that the price-to-book value has no meaningful positive influence on the Stock Return.

The Cash Ratio has a significance level of 0.629 and a t-value of -0.487. When k = 3 and n = 95, the critical t-value is 1.98638. As a consequence, 0.629 > 0.05 and -0.487 1.98638 are obtained. H2 may be rejected, showing that the Cash Ratio has no significant influence on the Stock Return.

Net Profit Margin has a significance value of 0.002 and a calculated t-value of 3.348. When k = 3 and n = 95, the critical t-value is 1.98638. As a consequence, 0.002 0.05 and 3.348 are more than 1.98638. H3 is accepted, indicating that Net Profit Margin has a significant positive effect on Stock Return.

Analysis of Variance Significance Test (F-Test)

The F-statistic test aims to determine the linear relationship of Y with X1, X2, and X3 [44].

If the significance value is < 0.05, it is considered significant. However, if the significance value is > 0.05, it is not significant. If the calculated F-value > F-value, it has an influence. On the other hand, if the calculated F-value < F-value, it does not have an influence.

Table 7. Analysis of Variance Significance Test (F-Test)

ANOVA[a]				
Model		Sum of Squares	F	Sig.
1	Regression	14.660	4.058	.014[b]
	Residual	43.355		
	Total	58.015		
a. Dependent Variable: LNRS				
b. Predictors (Constant), LNNPM, LNPBV, LNCR				

Based on the table above, the results of the analysis of variance significance test are as follows:

The Regression value indicates a significance value of 0.014 and a calculated F-value of 4.058. With k equal to 3 and n equal to 95, the critical F-value is 2.70. Therefore, 0.014 < 0.05, and 4.058 > 2.70. H4 is accepted, meaning that the price-to-book value, Cash Ratio, and Net Profit Margins significantly positively affect the Stock Return.

Coefficient of Determination Test (R^2)

The coefficient of determination assesses the regression model's ability to explain the variation in the dependent variable [44].

Table 8. Coefficient of Determination Test (R2)

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.503[a]	.253	.190	1.09741
a. Predictors: (Constant), LNNPM, LNPBV, LNCR				

Based on the table above, the results of the coefficient of determination test are as follows:

The Adjusted R Square value is 0.190. It can be concluded that the Price to Book Value, Cash Ratio, and Net Profit Margin collectively affect the Stock Return by 19%. The Stock Return is influenced by other variables by 81%.

4. DISCUSSION

For the link of Price to Book Value on Stock Return, the SPSS test results reveal a significance value of 0.589, a t-value of -0.545, and a critical t-value of 1.98638. As a consequence, H1 is rejected with 0.589 > 0.05 and -0.545 1.98638, showing that the Price to Book Value has no positive and significant effect on the Stock Return. As a result, Price to Book Value has no negative and significant effect on Stock Return in Coal Subsector Companies on the Indonesia Stock Exchange from 2017 to 2021.

The Price to Book Value (PBV) ratio compares a stock's market price to its book value. A corporation's book value reflects its net equity per outstanding share. The PBV ratio evaluates whether the stock price is considered cheap or expensive based on the corporation's net equity [45].

These findings are consistent with those of [20] [21] [46] studies, which found that Price to Book Value had no influence on Stock Return. This is also similar with the findings of [22] [23], who discovered that Price to Book Value had no influence on stock price.

The SPSS test findings reveal a significance value of 0.629, a t-value of -0.487, and a critical t-value of 1.98638 for the influence of Cash Ratio on Stock Return. As a consequence, H2 is rejected with 0.629 > 0.05 and -0.487 1.98638, showing that the Cash Ratio has no positive and significant effect on the Stock Return. As a consequence, from 2017 to 2021, the Cash Ratio has no negative and significant effect on the Stock Return in Coal Subsector Companies on the Indonesia Stock Exchange.

The Cash Ratio is a metric used to determine if a company has enough cash on hand to fulfill its debts. The amount of cash or cash equivalents kept by the company, including current or savings account balances that may be withdrawn at any time via ATMs, illustrates its cash availability. This ratio reflects the firm's genuine ability to repay its short-term debts [47]. These findings are consistent with those of [25] [26] [27] [28], who discovered that the Cash Ratio had no effect on stock price.

The SPSS test findings reveal a significance value of 0.002, a t-value of 3.348, and a critical t-value of 1.98638 for the influence of Net Profit Margin on Stock Return. As a result, H3 is accepted with 0.002 0.05 and 3.348 > 1.98638, showing that the Net Profit Margin has a significant positive effect on the Stock Return. As a result, H3 is authorized with 0.002 0.05 and 3.348 > 1.98638, showing that the Net Profit Margin has a significant positive influence on the Stock Return. As a consequence, from 2017 to 2021, net profit margin has a large positive influence on stock returns in coal subsector enterprises listed on the Indonesia Stock Exchange.

Net Profit Margin is a ratio that is used to determine a company's profit margin on sales. This ratio is calculated by dividing a company's net profit after taxes by its net sales [47].

These findings are consistent with those of [29] [30] studies, which found that Net Profit Margin had an impact on Stock Return. Furthermore, these findings agree with those of [31] [32], who demonstrated that Net Profit Margin affects stock price.

The SPSS test findings reveal a significance value of 0.014, an F-value of 4.058, and a critical F-value of 2.70 for the influence of price-to-book value, Cash Ratio, and Net Profit Margin on Stock Return. With 0.014 0.05 and 4.058 > 2.70, we may conclude that H4 is acceptable, implying that the price-to-book value, Cash Ratio, and Net Profit Margins all have a significant positive effect on the Stock Return. As a consequence, price-to-book value, Cash Ratio, and Net Profit Margin have a large positive influence on Stock Return in Coal Subsector Companies on the Indonesia Stock Exchange from 2017 to 2021.

The relationship between investment risk and return is intrinsically connected and follows one another. According to the "high risk, high return" hypothesis, any investment with a high profit potential is deemed dangerous. Low-risk investments, on the other hand, have a high return. Risk in an investment denotes the chance of loss; therefore, while making investment decisions, it is vital to consider not only the potential returns but also the level of risk one is willing to tolerate. This applies to both stock market and money market investments [48].

5. CONCLUSION

The following is a summary of the study titled "The Influence of Price to Book Value, Cash Ratio, and Net Profit Margin on Stock Return in Coal Subsector Companies on the Indonesia Stock Exchange for the Period 2017-2021":

1. The price to book value ratio has no negative or substantial impact on stock return. This finding implies that the size of the Price to Book Value, whether high or little, has no effect on Stock Return. As a result, the price-to-book value ratio must be sufficiently relevant to forecast stock returns in coal subsector businesses listed on the Indonesia Stock Exchange between 2017 and 2021.

2. Cash Ratio has no negative or substantial impact on stock return. This finding implies that the magnitude of the Cash Ratio, whether high or little, has no effect on stock returns. As a result, the Cash Ratio must be sufficiently relevant to forecast stock returns in coal subsector businesses listed on the Indonesia Stock Exchange from 2017 to 2021.

3. Net profit margins have a considerable beneficial impact on stock returns. This finding implies that the magnitude of the Net Profit Margin, whether great or tiny, can have an effect on the stock return. As a result, Net Profit Margin is sufficiently relevant to forecast stock returns in coal subsector businesses listed on the Indonesia Stock Exchange from 2017 to 2021.

4. Price-to-book value, cash ratio, and net profit margin all have a significant impact on stock return. This research suggests that the magnitude of the price-to-book value, Cash Ratio, and Net Profit Margin, whether large or little, may influence stock return. As a consequence, price-to-book value, cash ratio, and net profit margin are relevant enough to anticipate stock return in coal subsector enterprises listed on the Indonesia Stock Exchange between 2017 and 2021.

6. RECOMMENDATION

Future researchers are encouraged to include study factors other than Price to Book Value, Cash Ratio, and Net Profit Margin, as the data demonstrate that these three variables affect just 19% of the Stock Return variable. In comparison, additional variables not described in this study affect 81%. firms are advised to enhance their financial performance in order to entice investors to invest in coal subsector firms, resulting in higher stock prices. When making stock investing selections, investors should undertake rigorous fundamental analysis.

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