

FUNDAMENTAL ANALYSIS AND STOCK MARKET VALUATION OF PT ABM INVESTAMA TBK AMID ENERGY COMMODITY TURMOIL

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Abstract

This study aims to analyze the resilience of the fundamental performance and stock market valuation of PT ABM Investama Tbk (ABMM) in the midst of energy commodity price volatility for the 2015-2024 period. The method used is quantitative descriptive with fundamental analysis techniques, which process secondary data from the company's annual financial statements and stock prices. The results revealed that ABMM's fundamental performance, as measured through profitability ratios (GPM, OPM, NPM, ROA, ROE, EPS), is highly volatile and strongly correlates with the coal price cycle. On the other hand, stock market valuations, as measured by the ratio of PER and MBR, show a significant discount despite high profitability. At the peak of 2021-2023 performance, the PER ratio was at a very low level (1.56-2.44 times) and the MBR was consistently below 1. These findings indicate that the market does not view the company's profit performance as sustainable, but rather provides a valuation discount due to the perception of risk to the company's dependence on cyclical coal commodities, aggressive dividend policies, and pressures from the global energy transition. The study concludes that in valuing commodity sector stocks, sustainability expectations and long-term prospects play a more crucial role than historical earnings performance alone.

Keywords: Fundamental Analysis, Stock Valuation, Energy Commodities, PT ABM Investama Tbk

Introduction:

The energy sector plays a crucial role as the main driver of the economy in the global and domestic spheres. Its capital-intensive nature and highly dependent on external factors, such as global commodity prices, geopolitical policies, and environmental regulations, makes it a highly volatile sector in the stock market. Fluctuations in the price of energy commodities, especially coal, have proven to have a significant influence on the performance of stocks in this sector. For example, Indonesia's benchmark coal price (HBA) has experienced quite sharp volatility, for example,

recorded at USD 137.90 per ton in March 2024, then corrected, and is projected to remain dynamic in line with increasing demand from Asian countries and geopolitical tensions (Ministry of Energy and Mineral Resources, 2024). This price volatility creates uncertainty as well as investment opportunities, where positive signals can drive stock price increases, while negative signals can trigger sell-offs. Therefore, the ability of energy companies to adapt and maintain fundamental resilience amid price volatility is a key indicator for investors.

PT ABM Investama Tbk (ABMM) occupies a position as an integrated strategic investment company in the fields of energy resources, energy services, and energy infrastructure. As the holding company of the Tiara Marga Trakindo Group, ABMM operates along the energy value chain, ranging from coal mining, mining contractor services, logistics services, to power plants (ABM Investama, 2023). This integrated business portfolio allows ABMM not only to actively participate in domestic energy supply and exports, but also to take a role in the energy transition, among other things through the development of Solar Power Plants (PLTS) and a commitment to sustainable mining practices. This unique position as an established coal player that is also moving towards green energy makes ABMM an interesting research subject to understand the resilience of energy companies in Indonesia.

ABMM's performance in the 2015-2024 period shows volatility that reflects the coal commodity cycle. The company managed to reverse losses, as happened in 2015 (Profit/Loss for the Current Year USD -45,332,940) and 2020 (USD -37,740,064), into a very positive performance (ABM Investama, 2024). Operating revenue jumped dramatically and reached its peak in 2023 of USD 1,492,998,856, with the highest Profit for the Year in 2022 of USD 341,903,507. However, behind this strong fundamental performance, there is an anomaly in market valuations. ABMM's Price-to-Earnings Ratio (PER) was recorded very low, namely 0.43 times in 2022 and 0.46 times in 2023 (Market Data, 2024). Similarly, the Market-to-Book Ratio (MBR) ratio of only 0.17 times in 2024 indicates that the stock market price is well below the book value of its assets (Market Data, 2024). This condition raises a research question: How is the resilience of PT ABM Investama Tbk's fundamental performance in the midst of coal price volatility, and why is there a significant market valuation discount despite its high profitability performance?

Theoretical Framework

An analysis technique that analyzes a company's financial statements is also called fundamental analysis (Widoatmojo, 2009). Fundamental analysis is stock analysis that prioritizes an intrinsic value approach based on qualitative and quantitative economic and financial factors. The essence of fundamental analysis is to find out whether the current stock price is too expensive (overvalued) or cheap enough (undervalued) which ultimately becomes the basis for investment decisions to sell

or buy shares (Jefferson & Sudjatmoko, 2013).

In the context of this research, fundamental analysis is operationalized through the assessment of the profitability ratio, which measures the company's ability to generate profits from its various operational activities. The types of profitability ratios used are

Gross Profit Margin (GPM), Operating Profit Margin (OPM), Net Profit Margin (NPM), Return on Investment or Assets (ROI/ROA), Return on Equity (ROE), Earnings Per Share (EPS) and Dividend Per Share (DPS). And then the market ratio is used to assess whether a stock is in a reasonable, cheap, or expensive condition in the capital market. The types of market ratios applied in this study include *Price to Earnings Ratio (PER), Dividend Yield, Dividend Pay-out Ratio (DPR) and Market to Book Ratio (MBR)*.

The special characteristics of commodity sector companies such as PT ABM Investama Tbk create a unique dynamic in the relationship between fundamental performance and market valuation. Fluctuations in the price of energy commodities, which are the core business of the company, cause high volatility in profitability performance. However, the market's response to these fluctuations is often non-linear, where an increase in the profitability ratio is not always followed by a proportional improvement in the market ratio (Sari & Wijaya, 2020). This condition reflects the presence of risk perception factors and growth expectations that affect investors' assessment of commodity sector companies. This study integrates the analysis of eleven financial ratios divided into two main groups to provide a comprehensive evaluation of the relationship between the operational performance and market valuation of PT ABM Investama Tbk in the period of energy commodity fluctuations. This theoretical framework is the basis for identifying the influence of commodity price fluctuations on changes in financial ratios and stock market valuation of PT ABM Investama Tbk.

Method

This research is quantitative descriptive, using data and figures obtained and then explaining the results of data processing which aims to analyze the relationship between fundamental performance and stock market valuation of PT ABM Investama Tbk during the period 2015–2024. The study population is all energy sector companies listed on the Indonesia Stock Exchange, with the sample determined by purposive sampling based on the criteria for the availability of financial statements and stock price data for the last ten years. The type of data used is secondary data obtained from the annual financial statements of PT ABM Investama Tbk on the official website of the Indonesia Stock Exchange (www.idx.co.id) and stock price data from investing.com. The data collection technique was carried out through a research instrument in the form of a

Microsoft Excel-based financial analysis worksheet, which contained the calculation of various financial ratios. The data used in the calculation of the ratio was obtained from the annual report of PT ABM Investama Tbk for the period 2015–2024, which was downloaded through the Company's official website. The data is used to calculate financial ratios which include profitability ratios and market ratios according to research needs.

The data analysis method used in this study is fundamental analysis, which is carried out by calculating and analyzing financial ratios as follows:

Profitability Ratio:

1. Gross Profit Margin (GPM) = Gross Profit / Sales
2. Operating Profit Margin (OPM) = Operating Profit / Sales
3. Net Profit Margin (NPM) = EAT / Sales
4. Return on Assets (ROA) = EAT / Total Aktiva
5. Return on Equity (ROE) = EAT / Total Own Capital
6. Earnings per Share (EPS) = Total EAT / Number of Shares Outstanding
7. Dividend per Share (DPS) = Dividend / Number of Outstanding Shares

Pass Ratio:

1. Price Earnings Ratio (PER) = Stock Market Price / EPS
2. Dividend Yield (DY) = DPS / Stock Market Price
3. Dividend Payout Ratio (DPR) = DPS / EPS
4. Market to Book Ratio (MBR) = Stock Market Price / Book Value per Sheet

Stock valuation analysis is carried out by calculating the fair value of shares using historical averages of PER and PBV, with the following formula:

Fair Value of Stock (PER) = Historical Average PER x EPS

Fair Value of Shares (PBV) = Average Historical PBV x Book Value per Share

The results of the calculation are then used to determine whether PT ABM Investama Tbk's shares are undervalued, fair value, or overvalued during periods of fluctuations in energy commodity prices. The results of the analysis are presented in the form of tables and graphs to provide a comprehensive picture of the relationship between the fundamental performance and the market valuation of the company's stocks.

Result

1. Profitability Ratio
 - a) Gross Profit Margin (GPM)

Table 1. Gross Profit Margin

Gross Profit Margin (GPM) Calculation Results for the 2015-2024 Period

Year	Gross Profit (USD)	Sales (USD)	GPM (%)
2015	127.162.871	654.585.884	19,43%
2016	127.910.259	590.695.975	21,65%

Year	Gross Profit (USD)	Sales (USD)	GPM (%)
2017	151.395.028	690.732.993	21,92%
2018	174.214.132	773.057.131	22,54%
2019	107.830.761	592.394.952	18,20%
2020	101.515.013	606.407.376	16,74%
2021	366.356.778	1.021.865.474	35,85%
2022	521.904.271	1.445.527.371	36,10%
2023	392.046.029	1.492.998.856	26,26%
2024	131.191.618	1.200.132.454	10,93%
Average			22,96%

Based on the table above, the calculation of the Gross Profit Margin (GPM) of PT ABM Investama Tbk for the 2015–2024 period has fluctuated from year to year. The highest GPM value occurred in 2022 at 36.10%, while the lowest value was recorded in 2024 at 10.93%, with an average during the research period of 22.96%. This change shows that the company's gross profit is greatly influenced by the condition of coal prices, which is ABM's main business. The increase in GPM in 2021–2022 is in line with the increase in the price of benchmark coal (HBA) in the global market, which has also made the company's gross profit rise. However, in 2024 GPM will fall quite sharply due to the decline in coal prices and increasing company operating costs. From these results, it can be concluded that PT ABM Investama Tbk's financial performance is highly dependent on the rise and fall of energy commodity prices, so that the company's ability to maintain gross profit is still influenced by the conditions of the world coal market.

b) Operating Profit Margin (OPM)

**Table 2. Operating Profit Margin
 Results of Operating Profit Margin (OPM) Calculation for the 2015-2024
 Period**

Year	Operating Profit (USD)	Sales (USD)	OPM (%)
2015	4.905.766	654.585.884	0,75%
2016	42.325.246	590.695.975	7,17%
2017	54.939.204	690.732.993	7,95%
2018	136.778.003	773.057.131	17,69%
2019	53.547.587	592.394.952	9,04%
2020	16.302.104	606.407.376	2,69%
2021	303.502.176	1.021.865.474	29,70%
2022	395.731.649	1.445.527.371	27,38%
2023	305.627.113	1.492.998.856	20,47%
2024	107.859.508	1.200.132.454	8,99%
Average			13,18%

Based on the calculation table, PT ABM Investama Tbk's Operating Profit Margin (OPM) for the 2015-2024 period shows high volatility with an average

of 13.18%. The highest OPM value occurred in 2021 at 29.70%, followed by 2022 at 27.38%. This increase is in line with the peak in coal prices, which not only increases gross profit (GPM) but also the company's operating profit. In contrast, the lowest OPM occurred in 2015 at 0.75% and in 2020 at 2.69%, reflecting heavy pressure on operational efficiency at a time when commodity prices are low. The downward trend of OPM from its peak in 2021 to 8.99% in 2024 indicates that the company's operational efficiency is greatly affected by the correction in coal prices. This strengthens the evidence that PT ABM's operational performance is highly dependent on the commodity cycle and is not sufficiently resilient to external turmoil.

c) Net Profit Margin or Profit Margin (NPM or PM)

**Table 3. Net Profit Margin
 Results of Net Profit Margin (NPM) Calculation for the 2015-2024 Period**

Year	EAT (USD)	Sales (USD)	NPM (%)
2015	-45.332.940	654.585.884	-6,93%
2016	6.902.121	590.695.975	1,17%
2017	3.798.762	690.732.993	0,55%
2018	67.227.658	773.057.131	8,70%
2019	3.893.964	592.394.952	0,66%
2020	-37.740.064	606.407.376	-6,22%
2021	186.183.903	1.021.865.474	18,22%
2022	341.903.507	1.445.527.371	23,65%
2023	315.623.893	1.492.998.856	21,14%
2024	139.341.849	1.200.132.454	11,61%
Average			7,25%

Based on the calculation table, PT ABM Investama Tbk's Net Profit Margin (NPM) for the 2015-2024 period shows extreme volatility with an average of 7.25%. The highest NPM value was achieved in 2022 at 23.65%, driven by a surge in coal prices that significantly increased profitability. On the other hand, the company suffered losses (negative NPM) in 2015 of -6.93% and in 2020 of -6.22%, indicating a high vulnerability to declining commodity prices. Although it had shown strong performance in the 2021-2023 period, NPM fell again to 11.61% in 2024. This decline is consistent with another downward trend in the profitability ratio, which further confirms that the company's net profit is heavily influenced by coal price fluctuations and has not shown good stability.

d) Return On Investment or Asset (ROI or ROA)

Table 4. Return on Assets

Results of Return On Asset (ROA) Calculation for the 2015-2024 Period

Year	EAT (USD)	Total Assets (USD)	ROA (%)
2015	-45.332.940	1.189.807.687	-3,81%
2016	6.902.121	1.073.182.119	0,64%

Year	EAT (USD)	Total Assets (USD)	ROA (%)
2017	3.798.762	1.042.673.806	0,36%
2018	67.227.658	851.949.796	7,89%
2019	3.893.964	854.228.765	0,46%
2020	-37.740.064	827.237.179	-4,56%
2021	186.183.903	1.036.704.159	17,96%
2022	341.903.507	1.982.578.564	17,25%
2023	315.623.893	2.156.687.895	14,63%
2024	139.341.849	2.095.451.602	6,65%
Average			5,75%

Based on the calculation table, the Return on Assets (ROA) OF PT ABM Investama Tbk for the 2015-2024 period showed a fluctuating performance of 5.75% on average. The highest ROA value was achieved in 2021 at 17.96%, followed in 2022 by 17.25%. This shows that during periods of high coal prices, the company is able to generate optimal profits from the total assets it owns. On the other hand, the lowest ROA occurred in 2015 of -3.81% and in 2020 of -4.56% where the company suffered losses. The downward trend of ROA to 6.65% in 2024 indicates a decline in the efficiency of the company's asset use in line with the normalization of coal prices. These fluctuations in ROA reinforce previous findings that a company's effectiveness in managing its assets is highly dependent on the commodity price cycle.

e) Return On Invesment or Equity (ROE)

Table 5. Return on Invesment

Return Or Equity (ROE) Calculation Results for the 2015-2024 Period

Year	EAT (USD)	Total Equity (USD)	ROE (%)
2015	-45.332.940	173.556.212	-26,12%
2016	6.902.121	159.213.924	4,34%
2017	3.798.762	162.323.025	2,34%
2018	67.227.658	247.828.437	27,13%
2019	3.893.964	245.193.711	1,59%
2020	-37.740.064	161.749.144	-23,33%
2021	186.183.903	356.889.117	52,17%
2022	341.903.507	617.521.275	55,37%
2023	315.623.893	758.926.967	41,59%
2024	139.341.849	847.254.896	16,45%
Average			15,15%

Based on the calculation table, PT ABM Investama Tbk's Return on Equity (ROE) for the 2015-2024 period shows very high volatility with an average of 15.15%. The ROE value reached its peak in 2022 of 55.37% and in 2021 of 52.17%, showing its excellent ability to generate returns for shareholders when coal prices are high. However, the company also experienced a

negative ROE in 2015 of -26.12% and in 2020 of -23.33% which reflects the inability to generate profits for shareholders at a time when commodity prices are low. The decline in ROE to 16.45% in 2024 shows that the high returns achieved previously are not sustainable. These extreme fluctuations confirm that the company's performance in providing returns to shareholders is highly dependent on the coal price cycle and is temporary.

f) Earning Per Share (EPS)

**Table 6. Earning per Share
 Earnings Per Share (EPS) Calculation Results for the 2015-2024 Period**

Year	Parent Entity Owner's Profit (USD)	Number of Outstanding Shares	EPS
2015	-38.052.166	2.753.165.000	-0,01382
2016	12.638.184	2.753.165.000	0,00459
2017	5.571.770	2.753.165.000	0,00202
2018	65.492.582	2.753.165.000	0,02379
2019	7.556.445	2.753.165.000	0,00274
2020	-35.659.427	2.753.165.000	-0,01295
2021	148.003.867	2.753.165.000	0,05376
2022	269.909.926	2.753.165.000	0,09804
2023	289.000.557	2.753.165.000	0,10497
2024	139.368.513	2.753.165.000	0,05062
Average			0,03128

Based on the calculation table, PT ABM Investama Tbk's Earnings Per Share (EPS) for the 2015-2024 period shows a highly volatile trend with an average of USD 0.03128. The highest EPS value was achieved in 2023 of USD 0.10497, followed in 2022 by USD 0.09804. This increase is in line with the company's improved performance in the period of high coal prices. In contrast, the lowest EPS occurred in 2015 of USD -0.01382 and in 2020 of USD -0.01295, where the company suffered losses.

The decline in EPS to USD 0.05062 in 2024 shows that the company's earnings per share are starting to decline in line with the normalization of coal prices. These EPS fluctuations further reinforce that the company's ability to generate earnings per share is highly dependent on commodity price cycles and has not been stable.

2. Market Ratio

a) Price Earning Ratio (PER)

**Table 7. Price Earning Ratio
 Results of Price Earning Ratio (PER) Calculation for the 2015-2024 Period**

Year	Stock Market Price per Share (IDR)	Stock Market Price per share (USD)	EPS (USD)	PER
2015	2.900	0.2148	-0,0138	Negative
2016	2.030	0.1515	0,0046	32,93

Year	Stock Market Price per Share (IDR)	Stock Market Price per share (USD)	EPS (USD)	PER
2017	2.300	0.1719	0,0020	85,95
2018	3.190	0.1542	0,0238	6,48
2019	2.040	0.1442	0,0027	53,41
2020	760	0.0521	-0,0130	Negative
2021	1.200	0.0839	0,0538	1,56
2022	2.750	0.1833	0,0980	1,87
2023	3.940	0.2558	0,1050	2,44
2024	3.540	0.2255	0,0506	4,46
Average				23,64

Based on the calculation table, the Price Earning Ratio (PER) PT ABM Investama Tbk for the 2015-2024 period shows a very unusual pattern with an average of 23.64 times. The highest PER value occurred in 2017 at 85.95 times and in 2019 at 53.41 times, which was caused by very low EPS even though the share price was not high. The most striking is the very low PER in the company's best performance period, namely in 2021 at 1.56 times, 2022 at 1.87 times, and 2023 at 2.44 times. This very low PER ratio indicates that the market does not provide a reasonable valuation of the profits that the company generates. Although ABM scored the highest profit in its history, investors were only willing to pay 1-2 times its EPS value, indicating market skepticism towards the sustainability of the company's future performance.

b) Dividend Yield

**Table 8. Dividend Yield
 Dividend Yield Calculation Results for the 2015-2024 Period**

Year	Total Divide (USD)	DPS (USD)	Stock Market Price per share (USD)	Dividend Yield
2015	-51.207.016	-0,0186	0.2148	Negative
2016	7.144.886	0,0026	0.1515	1,27%
2017	2.945.255	0,0011	0.1719	0,64%
2018	68.252.897	0,0248	0.1542	16,08%
2019	4.852.704	0,0018	0.1442	1,25%
2020	-58.459.398	-0,0212	0.0521	Negative
2021	190.560.693	0,0692	0.0839	82,48%
2022	327.136.782	0,1188	0.1833	64,82%
2023	310.281.613	0,1127	0.2558	44,05%
2024	132.355.909	0,0481	0.2255	21,33%
Average				29,05%

Based on the calculation table, PT ABM Investama Tbk's Dividend Yield for the 2015-2024 period shows very high volatility with an average of 29.05%.

The highest value was achieved in 2021 at 82.48% and in 2022 at 64.82%, which shows that the company distributes very large dividends compared to its share price. However, this very high yield actually reflects the low stock price in the market. The consistently high dividend yield in the 2021-2024 period (averaging above 20%) indicates that the company is trying to compensate investors through a large dividend distribution, but the market still gives a low valuation to its shares. This reinforces previous findings that investors view a company's positive performance as unsustainable.

c) Dividend Payout Ratio (DPR)

**Table 9. Dividend Payout Ratio
Results of Calculation of Dividend Payout Ratio (DPR) for the 2015-2024
Period**

Year	DPS (USD)	EPS (USD)	DPR
2015	-0,0186	-0,0138	134,78%
2016	0,0026	0,0046	56,52%
2017	0,0011	0,0020	55,00%
2018	0,0248	0,0238	104,20%
2019	0,0018	0,0027	66,67%
2020	-0,0212	-0,0130	163,08%
2021	0,0692	0,0538	128,62%
2022	0,1188	0,0980	121,22%
2023	0,1127	0,1050	107,33%
2024	0,0481	0,0506	95,06%
Average			103,25%

Based on the calculation table, the Dividend Payout Ratio (DPR) of PT ABM Investama Tbk for the 2015-2024 period shows a very high average of 103.25%. The value of the House of Representatives exceeded 100% in several years, such as 2015 (134.78%), 2020 (163.08%), and 2021 (128.62%). This shows that the company distributes dividends in excess of the profits generated in those years. The high DPR indicates that the company's dividend policy is very aggressive, where companies tend to distribute most of their profits to shareholders. While this is attractive to investors looking for dividend income, it can also reduce the ability of companies to hold back profits to fund future growth, especially in the face of energy commodity turmoil.

d) Market To Book Ratio (MBR)

**Table 10. Market to Book Ratio
Results of Market To Book Ratio (MBR) Calculation for the 2015-2024 Period**

Year	Total Equity (USD)	BV per Share (USD)	Stock Market Price per share (USD)	MBR
2015	173.556.212	0,0630	0,2148	3,41

Year	Total Equity (USD)	BV per Share (USD)	Stock Market Price per share (USD)	MBR
2016	159.213.924	0,0578	0.1515	2,62
2017	162.323.025	0,0590	0.1719	2,91
2018	247.828.437	0,0900	0.1542	1,71
2019	245.193.711	0,0891	0.1442	1,62
2020	161.749.144	0,0588	0.0521	0,89
2021	356.889.117	0,1296	0.0839	0,65
2022	617.521.275	0,2243	0.1833	0,82
2023	758.926.967	0,2757	0.2558	0,93
2024	847.254.896	0,3078	0.2255	0,73
Average				1,63

Based on the calculation table, the Market to Book Ratio (MBR) OF PT ABM Investama Tbk for the 2015-2024 period shows a significant downward trend with an average of 1.63 times. The highest MBR value occurred in 2015 at

3.41 times, but then continued to decline and was below 1 time since 2021. In the 2021-2024 period, the MBR was recorded very low, ranging from 0.65-0.93 times. This consistent MBR below 1 indicates that the market value of the company's shares is lower than its book value. In other words, investors are only willing to pay ABMM shares below the value of their company's net assets. This condition further strengthens the finding that the stock market provides a significant valuation discount to PT ABM Investama Tbk, even though the company has strong asset fundamentals.

Discussion

This discussion section interprets the study's main findings: the sharp disparity between strong fundamental performance and low market valuation in PT ABM Investama Tbk (ABMM) shares. These findings are consistent with the theoretical framework that states that the market's response to commodity sector companies is often non-linear to increased profitability (Sari & Wijaya, 2020).

The results of the profitability ratio calculation consistently prove that ABMM's performance is highly dependent on the global coal price cycle. The dramatic surge in profitability in the 2021-2023 period was a direct response to the increase in benchmark coal prices (HBA), while weak and negative performance occurred when commodity prices were under pressure. This pattern confirms the inherent characteristics of commodity companies, where their fundamental performance is cyclical and non-sustainable. For investors, this creates high uncertainty regarding

the company's future earnings prospects, despite its historical performance in recent years being very positive. The most crucial finding in this study is the low ABMM market ratio just when its fundamental performance is breaking records. The very low Price to Earnings Ratio (PER), which ranges from 1.56 to 2.44 times in the 2021-2023 period, sends a clear signal that the capital market does not believe in the sustainability of these profits. Investors are only willing to pay very low of a company's earnings per share (EPS), a level generally experienced by companies that are considered high-risk. The same signal of skepticism is reflected in the Market to Book Ratio (MBR) which has been consistently below 1 since 2021. This condition is often interpreted as a lack of market confidence in management's ability to generate adequate returns from its assets, or concerns that the value of these coal-related assets could shrink in the future in the era of global energy transition.

The high Dividend Yield and Dividend Payout Ratio (DPR) which often exceeds 100% shows the company's strategy to give back abundant cash to shareholders. While this policy is attractive to income-seeking investors, it can actually reinforce negative market perceptions. The act of distributing almost all or even exceeding the current year's profit can be interpreted as a lack of attractive future investment opportunities to invest in, so the company chooses to return the money to shareholders. This policy, while good in the short term, has the potential to reduce companies' ability to invest in business diversification or energy transition, which is precisely needed to reduce dependence on coal.

ABMM's unique position in trying to transition to green energy has not been strong enough to change market perception. Global investors are increasingly aware of ESG risks as well as regulatory pressures on the fossil fuel sector. Although ABMM has embarked on green initiatives, its core business and the majority of its revenue are still heavily reliant on coal. Therefore, the stock market is likely still categorized ABMM as a "coal company" and provides a valuation discount attached to that category.

Thus, the significant valuation discount on ABMM shares is not an anomaly, but rather a rational response of the capital market that considers factors beyond historical profit performance. The market assesses ABMM based on: (1) the unsustainability of profits generated from the commodity cycle, (2) the risk of an energy transition that could erode the company's core business in the long term, and (3) the lack of visibility of growth beyond the coal cycle, which is reflected in the aggressive dividend policy. These findings confirm that in assessing commodity sector companies, investors place sustainability expectations and long-term prospects as more important factors than momentary profitability performance.

Conclusion

This study analyzes the fundamental resilience and market valuation of PT ABM

Investama Tbk (ABMM) amid energy commodity price volatility for the 2015- 2024 period. The findings of the study reveal two opposite realities. On the one hand, the Company's fundamental performance as measured through profitability ratios such as GPM, NPM, ROA, ROE, and EPS proved to be very strong during the coal price period (2021-2023). But on the other hand, this brilliant performance is not accompanied by a proportionate appreciation of market valuation. On the other hand, ABMM shares have experienced a significant valuation discount, which is reflected in its very low Price to Earnings Ratio (PER) ratio (below 2.5x) and consistent Market-to-Book Ratio (MBR) below 1.

This gap concludes that the capital market does not view ABMM's high profit performance as sustainable. The valuation discount is a reflection of investor skepticism about the company's long-term resilience, which lies at the root of the problem: (1) extreme reliance on volatile coal commodity cycles, (2) global energy transition risks that threaten core businesses, and (3) aggressive dividend policies, which can be interpreted as a lack of promising future growth investment opportunities.

In practical terms, this study provides an important lesson for investors. When assessing commodity sector companies, the analysis should not stop at historical profit performance alone. Market perception, revenue sustainability, and long-term strategic outlook play a crucial role in determining valuation. For ABMM management, these findings underscore the urgency to more aggressively communicate and demonstrate its energy transition strategy to build investor confidence and close the resulting valuation discounts.

This research is limited to a quantitative analysis of one company. These limitations open up opportunities for further research. Future studies may enrich the findings by conducting a comparative analysis of several energy sector companies, or integrating qualitative approaches, such as interviews with market analysts and company management, to dig deeper into the root causes of valuation discounts from the perspective of market participants.

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