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The Effect of Financial Performance Indicators on Stock Prices of Energy Companies Listed on the Indonesia Stock Exchange

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Abstract

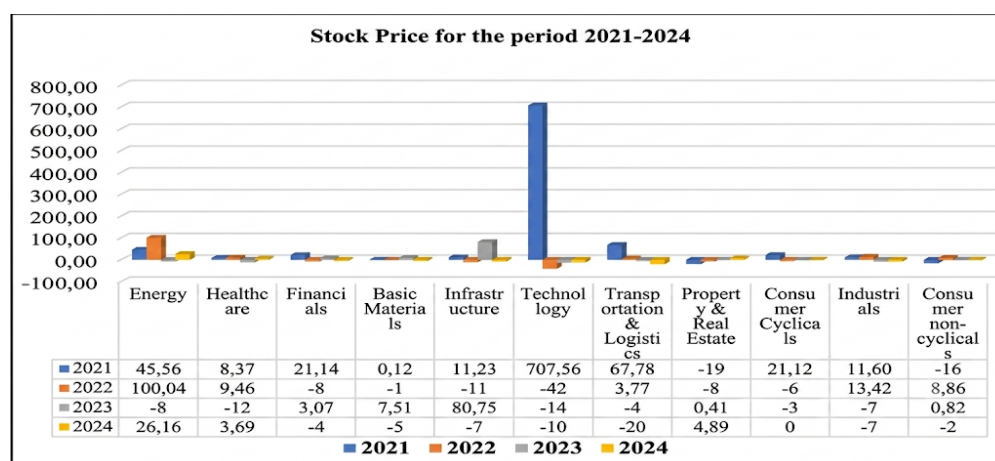
Stock prices serve as an important indicator of corporate performance and investor confidence in the capital market. However, stock price movements in Indonesia's energy sector during the 2021–2024 period exhibited considerable volatility, suggesting that variations in companies' financial performance may influence investor valuation and market prices. This study analyzes the effect of return on assets, return on equity, net profit margin, and debt-to-equity ratio on stock prices of energy sector companies listed on the Indonesia Stock Exchange during 2021–2024. A quantitative explanatory approach was employed using secondary data from 30 purposively selected companies, yielding 120 observations. Panel data regression was conducted using EViews 14. The findings reveal that return on assets, return on equity, net profit margin, and debt-to-equity ratio do not individually have a significant effect on stock prices. However, these variables jointly exert a significant influence. The coefficient of determination (10.54%) indicates that financial performance explains a limited proportion of stock price variation, while 89.46% is attributable to factors outside the model. These findings suggest that stock prices in the energy sector are shaped not only by financial performance but also by external factors, including macroeconomic conditions, commodity price fluctuations, and market sentiment.

Keywords

Debt-to-Equity Ratio, Net Profit Margin, Return on Assets, Return on Equity, Stock Price.

1. Introduction

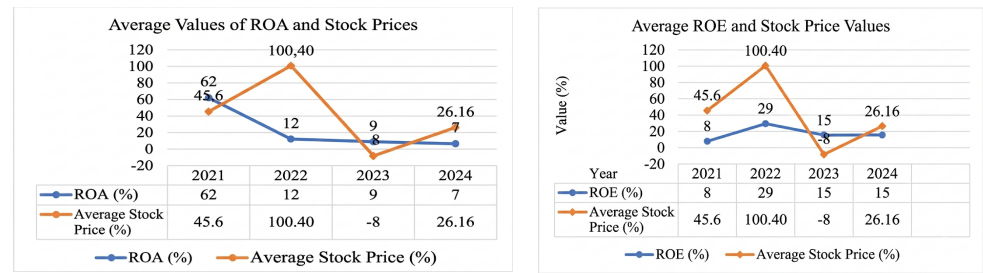
The capital market plays a crucial role in corporate financing by enabling companies to raise external funds for business expansion while providing investors with opportunities to earn returns through stock investments (Baker, 2009; Didier et al., 2021). As one of the most actively traded financial instruments, stocks represent company ownership and serve as an important indicator of corporate value, reflecting investors' perceptions of financial performance, growth prospects, and future profitability. Since stock prices are influenced by both internal corporate performance and external market conditions, understanding their determinants is essential for investors, managers, and policymakers. In Indonesia, the Indonesia Stock Exchange (IDX) implemented the Indonesia Stock Exchange Industrial Classification (IDX-IC) on January 25, 2021, replacing the JASICA system to provide a more comprehensive classification of listed companies across 12 sectors.



Source: Jakarta Composite Index and Sectoral Indices Movement, processed in 2026

Figure 1. Stock prices for the period 2021-2024

Based on Figure 1, sectoral stock return data for the 2021–2024 period reveal considerable variation in performance across sectors, reflecting differences in firms' fundamental conditions, sensitivity to macroeconomic factors, and market responses to corporate financial performance. The energy sector demonstrates the most volatile and abnormal stock return movements, indicating greater exposure to both internal financial conditions and external market dynamics (Xiao et al., 2024). Given these characteristics, this study focuses on four key financial ratios commonly used in fundamental analysis: Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), And Debt-To-Equity Ratio (DER). These variables represent two major categories of financial performance, namely profitability ratios (ROA, ROE, and NPM), which assess a firm's ability to generate earnings, and the leverage ratio (DER), which reflects capital structure and financial risk.



(a) Average ROA and Stock Price

(b) Average ROE and Stock Price

Figure 2. ROA, ROE, and Stock Price (2021-2024)

ROA and ROE are widely recognized profitability indicators that reflect how efficiently energy companies utilize their assets and shareholders' equity to generate earnings. This is particularly relevant for the energy sector, where firms typically operate with substantial investments in fixed assets, such as mining facilities, heavy equipment, transportation infrastructure, and production plants, resulting in considerable differences in asset ownership and capital structures (Wieczorek-Kosmala et al., 2021). As presented in Figure 2(a) and 2(b), both ratios exhibited fluctuating patterns during 2021–2024 alongside stock price movements. In 2021, ROA reached 62%, accompanied by a 45.6% increase in average stock prices. However, despite ROA declining sharply to 12% in 2022, stock prices surged by 100.40%, suggesting that external market conditions outweighed internal profitability. Similarly, ROE increased from 8% in 2021 to 29% in 2022 before falling to 15% in 2023, while stock prices experienced a strong rally followed by a correction. These findings indicate that profitability remains important but is insufficient alone to explain stock price movements in the energy sector.



(a) Average NPM and Stock Price

(b) Average DER and Stock Price

Figure 3. NPM, DER, and Stock Price (2021-2024)

NPM and DER captured profitability quality and financial risk, two fundamental aspects of corporate financial performance in the energy sector. These differences highlight variations in cost efficiency and financing strategies across firms. As presented in Figure 3, NPM increased markedly from 6% in 2021 to 19% in 2022 before gradually declining to 18% in 2023 and 15% in 2024, reflecting the normalization of profit margins following the commodity price boom. In contrast, DER remained relatively stable, decreasing from 1.43 in 2021 to 1.35 in 2022 when stock prices reached their peak, increasing to 1.45 in 2023 alongside a stock price correction, and subsequently declining to 1.29 in 2024 as stock prices recovered. These patterns suggest that while profitability and leverage remain important financial indicators, stock price movements in the energy sector are also influenced by broader market dynamics and investor sentiment (Oktaviana & Utama, 2025).

For example, energy sector stock prices surged in 2022 following the sharp increase in coal prices triggered by the Russia–Ukraine conflict and the global energy crisis. However, in 2023, many energy stocks experienced market corrections

despite several companies maintaining relatively strong profitability. This indicates that stock price movements do not always correspond to changes in financial performance, as they are also shaped by external factors such as commodity price fluctuations and market sentiment. Consistent with this phenomenon, prior studies have reported mixed findings regarding the relationship between financial performance and stock prices. Fathimah and Susyani (2024) found that ROA positively affects stock prices, whereas Pertiwi and Nurdiniah (2025) reported no significant effect. Similar inconsistencies have been documented for ROE, NPM, and DER, highlighting the need for further investigation, particularly within the highly volatile energy sector.

In addition to these inconsistent findings, most previous studies have focused on manufacturing, property, food and beverage, banking, or the broader mining sector. Empirical studies that simultaneously examine the effects of ROA, ROE, NPM, and DER on stock prices in energy sector companies following the implementation of the IDX-IC during the 2021–2024 period remain limited. Therefore, this study seeks to address this research gap by examining the influence of ROA, ROE, NPM, and DER on stock prices in energy sector companies listed on the IDX during the 2021–2024 period.

2. Literature Review and Hypothesis Development

2.1. Return on Assets, Return on Equity, and Stock Prices

Return on Assets (ROA) is a key profitability ratio that reflects a firm's ability to generate earnings from its total assets, indicating how efficiently management utilizes available resources (Hou et al., 2025). A higher ROA signals stronger operational performance and more effective asset utilization, which enhances investor confidence and supports increases in share prices (Fathimah & Susyani, 2024). From the perspective of signaling theory, strong profitability serves as a positive signal to the market, suggesting favorable prospects and encouraging investors to purchase the company's shares. As demand for the stock increases, the firm's market value is expected to rise. Conversely, a low ROA indicates inefficient asset utilization and weaker profit-generating capability, which may reduce investor confidence and exert downward pressure on share prices. Consistent with this view, Sukesti et al. (2021) and Aminah (2021) found that higher profitability increases firm value by attracting investors seeking greater expected returns.

Return on Equity (ROE) is a profitability ratio that measures a company's ability to generate profits from shareholders' equity, reflecting how efficiently management utilizes invested capital. A higher ROE indicates stronger financial performance and greater returns for shareholders, making the company more attractive to investors and supporting increases in stock prices (Indradewa & Damayanti, 2025). From the perspective of signaling theory, a high ROE serves as a favorable signal of managerial effectiveness and the firm's capacity to maximize shareholder wealth, thereby encouraging investment and enhancing market valuation. Conversely, a low ROE may indicate inefficient capital utilization, reducing investor confidence and weakening stock price performance (Arhinful et al., 2025). Supporting this view, Marnilin (2023) argued that a high ROE reflects strong corporate performance, reinforces shareholders' position, and demonstrates management's ability to utilize equity efficiently, ultimately contributing to higher stock values.

H1: Return on assets has a positive effect on stock prices

H2: Return on equity has a positive effect on stock prices.

2.2. Net Profit Margin, Debt-To-Equity Ratio, and Stock Prices

Net Profit Margin (NPM) is a profitability ratio that measures a company's ability to generate net income from its sales, thereby reflecting the efficiency of its operational and financial management. According to Supriono (2022), a higher NPM indicates that a company is more effective in controlling costs and converting revenue into profit, making it an important indicator of financial performance. Based on Signaling Theory, strong profitability reduces information asymmetry and enhances investor confidence in the firm's prospects. Hidayati and Desmiza (2024) argued that companies with higher profitability are perceived as having better growth potential and lower financial risk, making them more attractive to investors. As a result, increased investor demand for these companies' shares is expected to drive stock prices upward. This argument is further supported by Puspitasari et al. (2025), who found that firms with consistently high profit margins are generally viewed as having stronger financial stability and greater long-term value creation potential.

The Debt-to-Equity Ratio (DER) is a leverage ratio that reflects the extent to which a company finances its operations through debt relative to shareholders' equity (Juniansah & Abdurrohman, 2026). According to the trade-off theory, although debt may provide tax advantages, excessive reliance on debt increases financial risk and the likelihood of financial distress, which can ultimately reduce firm value. A high DER indicates greater dependence on external financing, exposing companies to higher bankruptcy risk, particularly in the energy sector, where earnings are highly sensitive to commodity price volatility and interest rate fluctuations. Consequently, investors tend to perceive firms with high DER as riskier, leading to lower demand for their shares and declining stock prices. In contrast, a lower DER generally signals a healthier capital structure and is associated with higher stock prices (Fathimah & Susyani, 2024; Nurdyane et al., 2026).

H3: Net profit margin has a positive effect on stock prices.

H4: Debt-to-equity ratio has a negative effect on stock prices

2.3. Simultaneous Effect on Stock Prices

Financial performance represents a comprehensive reflection of a company's operational efficiency, profitability, and financial stability, all of which are important considerations in investors' decision-making. Rather than relying on a single financial ratio, investors generally evaluate multiple indicators simultaneously to obtain a more complete assessment of a firm's overall condition and prospects. According to Supriono (2022), financial performance should be assessed using multiple financial indicators that collectively reflect a firm's profitability, efficiency, and financial stability. In this study, financial performance is represented by ROA, ROE, NPM, and DER, which collectively capture a firm's efficiency in utilizing assets, generating returns for shareholders, converting sales into profit, and managing its capital structure. Fathimah and Susyani (2024) further emphasized that these indicators provide complementary information, enabling investors to evaluate both a company's profit-generating capability and its financial risk.

From the perspective of Signaling Theory, financial statements communicate signals regarding a firm's performance and prospects to the capital market. Higher profitability, reflected by ROA, ROE, and NPM, signals efficient management, stronger earnings potential, and greater long-term value creation, thereby enhancing investor confidence and increasing demand for the company's shares (Sukesti et al., 2021; Hidayati & Desmiza, 2024; Indradewa & Damayanti, 2025). In contrast, an excessively high DER signals greater financial risk and dependence on external financing, which may weaken investor confidence and negatively affect stock prices (Fathimah & Susyani, 2024; Nurdyane et al., 2026). Therefore, although

each financial ratio provides distinct information, their combined evaluation offers a more comprehensive explanation of stock price movements than any single indicator alone.

H5: Return on assets, return on equity, net profit margin, and debt-to-equity ratio have a simultaneous effect on stock prices.

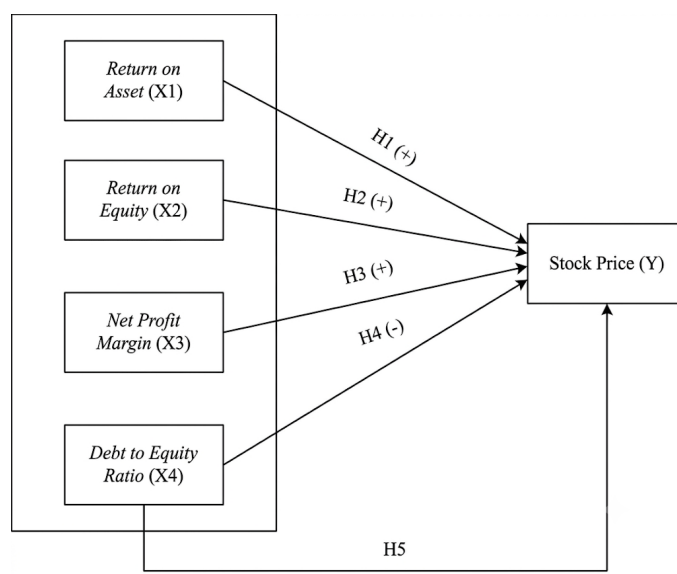


Figure 4. Conceptual Framework

Based on Figure 4, stock price (Y) serves as the dependent variable influenced by four financial performance indicators: return on assets (X1), return on equity (X2), net profit margin (X3), and debt-to-equity ratio (X4). Hypotheses H1–H4 represent the partial effects of each financial ratio on stock prices, while H5 examines their simultaneous effect. The framework assumes positive relationships for ROA, ROE, and NPM with stock prices, whereas DER is hypothesized to have a negative relationship. The model provides the theoretical basis for assessing how profitability and leverage jointly influence the stock prices of energy sector companies listed on the Indonesia Stock Exchange during the 2021–2024 period.

3. Methods

This study employed a descriptive quantitative and explanatory (associative) quantitative research design. The explanatory quantitative approach was used to explain the phenomenon by examining the relationships among the variables under investigation. The population comprised all companies classified within the energy sector and listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. Based on the IDX industrial classification, a total of 100 companies were included in the energy sector.

The sampling technique employed in this study was non-probability sampling using the purposive sampling method. Purposive sampling was selected because not all energy sector companies listed on the Indonesia Stock Exchange met the study's inclusion criteria. Specifically, the study required companies that consistently published complete annual financial statements throughout the 2021–2024 period and provided sufficient data to calculate the variables of Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), Debt-to-Equity Ratio (DER), and stock price. Therefore, purposive sampling was considered the most appropriate approach, as it enabled the selection of companies that met the research objectives,

thereby ensuring the validity of the analysis and facilitating consistent comparisons across the observation period.

The data used in this study consisted of panel data (pooled data), combining time-series and cross-sectional data. The time-series data included ROA, ROE, NPM, DER, and stock prices covering the 2021–2024 period, while the cross-sectional data comprised 30 energy sector companies listed on the IDX. The study relied on secondary data obtained from the official website of the Indonesia Stock Exchange, as well as data previously published by relevant institutions and organizations.

The research employed descriptive statistics as the initial analytical tool, followed by classical assumption tests, including the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. The main analysis was conducted using panel data regression to examine the effects of the independent variables on the dependent variable. Three alternative estimation approaches were considered: the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). Model selection was performed using the Chow Test, Lagrange Multiplier (LM) Test, and Hausman Test to determine the most appropriate estimation model. Hypothesis testing was carried out using the t-test for partial effects, the F-test for simultaneous effects, and the coefficient of determination (R^2) to assess the explanatory power of the independent variables on the dependent variable. All statistical analyses were performed using EViews 14 to ensure accurate data processing and estimation.

4. Results

This study was conducted to determine whether return on assets, return on equity, net profit margin, and debt-to-equity ratio affect stock prices in the energy sector listed on the IDX for the 2021–2024 period, namely 30 companies.

Table 1. Descriptive Statistics

Statistics	ROA	ROE	NPM	DER	Stock Price
Mean	4.796417	7.901000	-13.12108	-0.058167	41.04000
Median	0.180000	0.370000	0.340000	1.150000	35.88000
Maximum	53.09000	97.77000	75.73000	12.22000	100.4000
Minimum	-24.83000	-46.89000	-2282.280	-184.9400	-8.000000
Std. Dev.	10.98613	18.78586	209.6949	17.17463	39.44171
Observations	120	120	120	120	120

Based on Table 1, the ROA variable has a minimum value of -24.83000 originating from PT Alfa Energi Investama Tbk in 2023 and a maximum value of 53.09000 originating from PT Bayan Resources Tbk in 2023, with an average value of 4.796417 and a standard deviation of 10.98613. The ROE variable has a minimum value of -46.89000 originating from PT Alfa Energi Investama Tbk in 2023 and a maximum value of 97.77000 originating from PT Golden Energy Mines Tbk in 2023, with a mean of 7.901000 and a standard deviation of 18.78586.

The NPM variable has a minimum value of -2282.280 originating from PT Ratu Prabu Energi Tbk in 2021 and a maximum value of 75.73000 originating from PT Pelayaran Nasional Bina Buana Raya Tbk in 2024, with a mean of -13.12108 and a standard deviation of 209.6949. The DER variable has a minimum value of -184.9400 originating from PT Dwi Guna Laksana Tbk in 2021 and a maximum value of 12.22000 originating from PT Bumi Resources Tbk in 2021, with a mean of -0.058167 and a standard deviation of 17.17463. The stock price variable has a minimum value of -8.000000 from all energy sector companies in 2023 and a maximum value of 100.4000 from all energy sector companies in 2022, with a mean of 41.04000 and a standard deviation of 39.44171.

Table 2. Chow Test and Lagrange Multiplier Test

Test	Effects Test	Statistic	d.f.	Prob.
Chow Test	Cross-section F	0.292169	(29,86)	0.9998
	Cross-section Chi-square	11.275871	29	0.9987
Lagrange Multiplier Test	Breusch-Pagan	11.93731		
	Probability	(0.0006)		

Based on the Chow Test results presented in Table 2, the cross-section F and Chi-square tests produced probability values of 0.9998 and 0.9987, respectively, both exceeding the 0.05 significance level. Therefore, the null hypothesis cannot be rejected, indicating that the CEM is preferred over the FEM. Since the Common Effect Model was selected, the LM Test was subsequently conducted to determine whether the Common Effect Model or the REM was more appropriate. The Breusch-Pagan LM test yielded a probability value of 0.0006, which is below 0.05, indicating that the null hypothesis is rejected. Accordingly, the REM was selected as the most appropriate model for the panel data analysis.

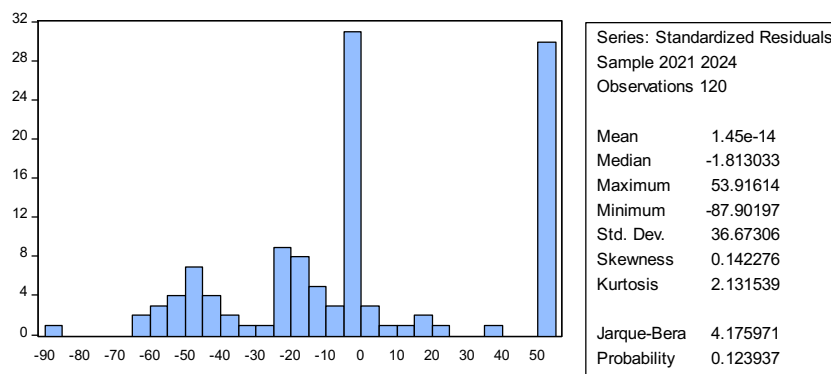
**Figure 5.** Normality Test

Figure 5 illustrates the normality test results of the regression residuals. The probability value of 0.123937 is greater than the significance level of 0.05, indicating that the residuals are normally distributed. This finding suggests that the residuals do not deviate significantly from a normal distribution, thereby satisfying the normality assumption. Consequently, the regression model is considered appropriate for further analysis, and the estimated coefficients can be interpreted with greater statistical reliability.

Table 3. Multicollinearity Test

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
Constant	17.01141	1.205001	NA
Return on Assets	1.691914	17.10149	14.34435
Return on Equity	0.576898	16.85225	14.30125
Net Profit Margin	0.000329	1.019002	1.014994
Debt-to-Equity Ratio	0.048316	1.001120	1.001108

Based on Table 3, the multicollinearity test indicates that return on assets and return on equity have uncentered VIF values greater than 10, whereas net profit margin and debt-to-equity ratio have uncentered VIF values below 10. These results suggest that multicollinearity is primarily associated with return on assets and return on equity, while net profit margin and debt-to-equity ratio do not exhibit multicollinearity and can therefore be retained for further analysis.

Table 4. Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	31.09936	2.241528	13.87418	0.0000
Return on Assets	-0.438633	0.706908	-0.620495	0.5362
Return on Equity	-0.033831	0.412785	-0.081959	0.9348
Net Profit Margin	0.012529	0.009852	1.271730	0.2060
Debt-to-Equity Ratio	0.141443	0.119459	1.184025	0.2388

Table 4 presents the results of the heteroscedasticity test. The probability values for ROA, ROE, NPM, and DER are 0.5362, 0.9348, 0.2060, and 0.2388, respectively, all of which exceed the 0.05 significance level. These results suggest that the regression model is free from heteroscedasticity, implying that changes do not systematically influence the error terms in the independent variables.

Table 5. Random Effect Table

Variable	Coefficient	Std. Error	t-statistic	Prob.
Constant	47.41289	4.124489	11.49546	0.0000
Return on Assets	-1.394952	1.300736	-1.072433	0.2858
Return on Equity	0.042841	0.759538	0.056404	0.9551
Net Profit Margin	0.001559	0.018127	0.085984	0.9316
Debt-to-Equity Ratio	0.002687	0.219810	0.012224	0.9903

The random effects model estimation results presented in Table 5 indicate that none of the independent variables has a statistically significant effect on the stock prices of energy sector companies during the 2021–2024 period. The estimated p-values for ROA, ROE, NPM, and DER are 0.2858, 0.9551, 0.9316, and 0.9903, respectively, all of which are greater than the 0.05 significance level. Accordingly, H1, H2, H3, and H4 are rejected, indicating that these financial performance indicators do not individually influence stock prices.

Table 6. Model Summary

Statistics	Value
R-squared	0.135464
Adjusted R-squared	0.105394
S.E. of regression	37.30540
F-statistic	4.504850
Prob(F-statistic)	0.002037
Mean dependent var	41.04000
S.D. dependent var	39.44171
Sum squared resid	160044.7
Durbin-Watson stat	3.366610

The results in Table 6 show that the simultaneous test (F-test) and Prob (F-statistic) value of 0.002037, which is less than 0.05. These results indicate that ROA, ROE, NPM, and DER collectively have a significant effect on stock prices. Therefore, H5 is accepted, meaning the combination of all financial performance variables can explain changes in stock prices of energy sector companies during the study period. The adjusted R-squared value of 0.1054 indicates that the model's ability to explain stock price variations is 10.54%, while the remaining 89.46% is explained by factors outside the research model, such as macroeconomic conditions, energy commodity prices, government policies, interest rates, exchange rates, and investor sentiment.

5. Discussion

Return on assets was found to have no significant effect on stock prices. This finding can be explained by the capital-intensive nature of the energy industry, where companies own substantial fixed assets, such as mining sites, refineries, heavy equipment, transportation vessels, and distribution infrastructure. As a result, changes in ROA are not necessarily interpreted by investors as the primary indicator of a company's prospects. Furthermore, during the 2021–2024 period, stock price movements in the energy sector were driven more by fluctuations in global coal, crude oil, and natural gas prices than by the efficiency with which companies utilized their assets. Consequently, changes in ROA were not directly reflected in stock price movements. This finding is consistent with previous studies by Sudrajat et al. (2023), Affan et al. (2024), Syafar et al. (2025), Ginting et al. (2025), and Yunanto and Putra (2025), all of which reported that return on assets has no significant effect on stock prices.

Return on equity was found to have no significant effect on stock prices, indicating that investors in the energy sector do not rely solely on the rate of return on shareholders' equity when making investment decisions. During the observation period, increases in net income were largely driven by surging energy commodity prices resulting from the global energy crisis rather than by improvements in the efficiency of equity utilization. Consequently, investors placed greater emphasis on commodity price prospects, the sustainability of energy demand, and government policies than on firms' ROE. This finding is consistent with the studies of Sudrajat et al. (2023), Affan et al. (2024), Sunarsih et al. (2025), and Yunanto and Putra (2025), all of which reported that ROE has no significant effect on stock prices.

Net profit margin was also found to have no significant effect on stock prices, suggesting that profit margins are not the sole determinant of investment decisions in the energy sector. The profitability of energy companies is highly influenced by fluctuations in international commodity prices, production costs, exploration expenses, and changes in energy selling prices (Herman et al., 2023). Consequently, even when companies maintain relatively high profit margins, investors continue to consider external risks that may rapidly affect future profitability. This finding is supported by previous studies conducted by Yusnelly et al. (2022), Hidayati and Desmiza (2024), Sabrina and Fauzan (2024), and Yudianto et al. (2025), which likewise found that net profit margin has no significant effect on stock prices.

Debt-to-equity ratio was likewise found to have no significant effect on stock prices, indicating that a high level of debt is not necessarily perceived negatively by investors in the energy sector. The energy industry is capital-intensive and requires substantial long-term investment, making the use of debt a common financing strategy. As a result, investors tend to focus more on a company's ability to generate sufficient cash flows to meet its financial obligations rather than solely on the magnitude of its DER. This finding is consistent with those reported by Yunanto and Putra (2025), Sunarsih et al. (2025), Syafar et al. (2025), Indradewa and Damayanti (2025), and Ginting et al. (2025), all of whom concluded that the Debt-to-Equity Ratio has no significant effect on stock prices.

Although ROA, ROE, NPM, and DER were individually found to have no significant effect on stock prices, the simultaneous test revealed that the combined influence of these four financial indicators significantly explains variations in the stock prices of energy sector companies. This finding suggests that investors do not evaluate individual financial ratios in isolation but instead consider a firm's overall financial condition when making investment decisions. In the energy sector, investment decisions are also strongly influenced by external factors, including fluctuations in coal, crude oil, and natural gas prices, exchange rate movements, interest rates, energy transition policies, and global geopolitical developments (Chen et al., 2024; Zhu et al., 2025). Therefore, stock prices in the energy sector are

determined by the combined effects of internal financial fundamentals and external market conditions. This result is consistent with the findings of Silvia and Eprianti (2021), Sudrajat et al. (2023), and Sabrina and Fauzan (2024).

6. Conclusion

Based on the research results, energy sector companies exhibited diverse financial performance characteristics during the 2021–2024 period, reflected in the wide variation in ROA, ROE, NPM, and DER values. The test results indicate that, partially, return on assets, return on equity, net profit margin, and debt-to-equity ratio do not significantly influence stock prices. However, simultaneously, all four variables significantly influence stock prices. The Adjusted R^2 value of 10.54% indicates that the model's ability to explain stock price variations is still relatively low, with most variation influenced by factors outside the study. This research indicates that investment decisions in the energy sector are not solely based on a single financial performance indicator but are also influenced by other fundamental factors and external conditions, such as commodity prices, macroeconomic conditions, and market sentiment.

From a practical perspective, the findings suggest that managers should improve overall financial performance rather than focusing on a single financial ratio, as the combined effect of multiple financial indicators influences stock prices. Likewise, investors should adopt a more comprehensive evaluation by integrating financial performance with external factors, such as commodity price fluctuations, macroeconomic conditions, and market sentiment, to make more informed investment decisions in the energy sector. Limitations of this study lie in the use of four financial ratios, the four-year observation period, and the focus on the energy sector. Therefore, further research is recommended to add fundamental and macroeconomic variables and expand the research period and scope to produce more comprehensive findings.

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