

**Financial Performance and Valuation Analysis of Diversification
Company in Indonesia Case Study: PT. Harum Energy Tbk (HRUM)**

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ABSTRACT

The planned termination of coal-fired power plants (PLTU) and the ongoing energy transition are set to significantly reshape Indonesia's energy sector. This shift is expected to lead to a marked decrease in coal demand. In response to these changes, several coal companies in Indonesia are diversifying their operations into green energy enterprises. The Indonesian government has introduced various incentive packages designed to promote the construction of nickel smelters and processing facilities. PT Harum Energy, a company that focused on coal but has significantly expanded its operations by acquiring nickel mines and smelters. Despite the promising prospects of nickel, HRUM faced a dramatic 99% decline this year. Apart from that, HRUM's share price has exhibited considerable volatility since the diversification began. The objective of this study is analyzing financial performance during diversification and evaluate the intrinsic value of HRUM to give recommendation to the investors in making decisions in the current market. The methods utilized are secondary data by looking at historical data for the last 5 years through the 2019-2023. The author applies the DCF-FCFF method to determine the intrinsic value, which is calculated at IDR 570. With the current market price of IDR 1,130, the stock is perceived to be overvalued as its market price exceeds its intrinsic value. Further analysis is also carried out using relative valuation, which the P/E ratio, P/B ratio, and EV/EBITDA ratio is overvalued compared to the industry average. Therefore, the author does not recommend prospective investors to buy shares at this time.

Keywords: Business Diversification, Stock Valuation, Absolute Valuation, Relative Valuation.

ABSTRAK

Rencana penghentian pembangkit listrik tenaga batu bara (PLTU) dan transisi energi yang sedang berlangsung akan secara signifikan membentuk kembali sektor energi Indonesia. Pergeseran ini diperkirakan akan menyebabkan penurunan permintaan batu bara yang nyata. Menanggapi perubahan tersebut, beberapa perusahaan batu bara di Indonesia melakukan diversifikasi operasionalnya menjadi perusahaan energi hijau. Pemerintah Indonesia telah memperkenalkan berbagai paket insentif yang dirancang untuk mempromosikan pembangunan smelter nikel dan fasilitas pengolahan. PT Harum Energy, perusahaan yang berfokus pada batu bara tetapi telah memperluas operasinya secara signifikan dengan mengakuisisi tambang nikel dan smelter. Terlepas dari prospek nikel yang menjanjikan, HRUM menghadapi penurunan dramatis 99% tahun ini. Selain itu, harga saham HRUM telah menunjukkan volatilitas yang cukup besar sejak diversifikasi dimulai. Tujuan dari penelitian ini adalah menganalisis kinerja keuangan selama diversifikasi dan mengevaluasi nilai intrinsik HRUM untuk memberikan rekomendasi kepada investor dalam mengambil keputusan di pasar saat ini. Metode yang digunakan adalah data sekunder dengan melihat data historis selama 5 tahun terakhir hingga 2019-2023. Penulis menerapkan metode DCF-FCFF untuk menentukan nilai intrinsik, yang dihitung sebesar Rp 570. Dengan harga pasar saat ini sebesar Rp 1.130, saham ini dianggap *overvalued* karena harga pasarnya melebihi nilai intrinsiknya.

Analisis lebih lanjut juga dilakukan dengan menggunakan penilaian relatif, di mana rasio P/E, rasio P/B, dan rasio EV/EBITDA dinilai terlalu tinggi dibandingkan dengan rata-rata industri. Oleh karena itu, penulis tidak merekomendasikan calon investor untuk membeli saham saat ini.

Kata kunci: Diversifikasi Bisnis, Valuasi Saham, Penilaian Absolut, Penilaian Relatif.

INTRODUCTION

The electrification of global economy will increase from 20% today to 70% by 2050 as the world transitions from fossil fuels to renewables and cleaner energy sources (Energy Transitions Commission (ETC), 2021). Nickel could play a key part in this shift with ability to withstand high temperatures and resist corrosion makes it indispensable in many low-carbon technologies. Nickel’s most important role, however, is expected to be in battery production. In addition, according to the International Energy Agency, sales of electric cars will approach 14 million by 2023, with 95% of those in China, Europe and the US. Battery demand for electric vehicles will increase about tenfold in ten years on a net-zero path. With global demand reaching 9.1 TWh/year. As more electric vehicles enter new markets, battery demand outside the current major markets will also increase.

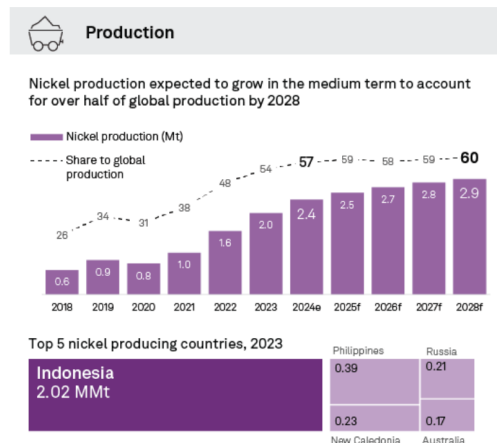


Figure 1. Nickel Production Growth

Source: S&P Global

According to S&P Global, on Figure I.1 illustrates that Indonesia will retain its position as the largest nickel mining country in 2023, accounting for 54% of global production, with output of 2.02Mt. By 2028, Indonesia is expected to account for 60% of global mined nickel supply, with production of 2.9Mt. Based on available data, Indonesia is set to become a major player in the global nickel supply with a huge market share. In line with the above phenomenon, the Minister of Energy and Mineral Resources in Indonesia also implemented regulation no.11 of 2019, which accelerated the ban on nickel ore exports. The objective of this regulation is to ensure the domestic processing of Indonesia's abundant nickel resources, thereby creating more jobs and boosting the industrial sector. The country's commitment to downstream

industrialization is strengthened by the implementation of Law No. 3 of 2020 on Mineral and Coal Mining (Minerba). Furthermore, there is little doubt that the energy transition and the policy of PLTU's termination will have an effect on Indonesia's energy sector in the long run. This further demonstrates Indonesia's commitment to attaining the Sustainable Development Goals (SDGs), especially SDG no. 7, which focuses on modern and sustainable energy. As a result of the coal plant closure, demand for coal will decrease. Conversely, there are chances to grow companies in the field of renewable energy to take the position of the decommissioned power plants. A few coal businesses in Indonesia have also begun to diversify into green energy enterprises in an attempt to operate more sustainably.

In response to this challenge, coal issuer companies in Indonesia have initiated a diversification strategy into the nickel sector. PT Harum Energy (HRUM) is one of the companies with a core business in coal that has significantly diversified its operations by acquiring nickel mines and smelters, thereby entering the nickel business. Furthermore, PT Harum Energy has six competitive advantages, two of which relate to diversification. These are: (i) an established market position with a diversified portfolio of commodities; and (ii) the ongoing development of business diversification into an integrated nickel industry's contribution to the national GDP.

However, this transition is inseparable from regulatory challenges and commodity price volatility. aggressive growth through a series of acquisitions is not without risks. Volatile coal and nickel prices greatly affect HRUM's stock price and financial performance. In the first quarter of 2024, PT Harum Energy Tbk's net profit fell sharply to only USD987 thousand or 99% from USD103 million in the same period the previous year. HRUM's share price movement is highly volatile when compared to peers that have entered into the non-coal market as stated on the figure 2, with share increases of up to 319%. In comparison while firms like UNTR (+37.04%) and INDY (+21.21%) have more stable price changes.



Figure 2. Growth of Stock Price of HRUM, UNTR, and INDY

Source: stockbit.com

Faced with this problem, researchers propose to analyze HRUM's financial performance and stock price fair valuation in order to make recommendations to

investors. This analysis is intended to provide intrinsic value for HRUM's stability in the face of fluctuating commodity prices and stringent nickel industry rules.

METHODOLOGY RESEARCH

The research design is a framework that gives a rationale and structure for the research process, including how methods and outcomes are organized at each stage. The fair value of PT Harum Energy, Tbk's shares will be determined using a quantitative research design. The purpose of this research is to assess the extent to which HRUM's business diversification will impact the company's financial performance and valuation as it moves from coal mining to nickel mining and related downstream operations. Data is gathered by the author from secondary sources. The following sources are detailed in the data collecting procedure to guarantee the use of credible and reliable information:

- a. Annual report of HRUM
- b. Journal and article related to the research
- c. Textbook related to the research

This study takes a thorough analysis method, including both external and internal perspectives. This research utilizes a comprehensive framework, incorporating PESTLE analysis to evaluate external macro-environmental factors and financial ratio analysis, relative valuation, and absolute valuation to examine internal performance. Intrinsic valuation is conducted through the FCFE-based DCF model, while relative valuation applies industry multiples such as EV/EBITDA, P/BV, and P/E. The integration of these analyses offers valuable insights and recommendations for investors and stakeholders to guide strategic decision-making and drive sustainable growth.

RESULT AND DISCUSSION

In this final project, HRUM's business environment was analyzed using external and internal approaches to gain a comprehensive understanding. To deepen the analysis, the author integrates the results of external and internal analysis with absolute valuation and relative valuation methods to obtain a more holistic picture of HRUM's position and potential in the market, as well as provide relevant business insights to investors and internal companies.

A. PESTLE Analysis

- Political Factor

Indonesia has banned nickel exports to boost domestic industry and control natural resources, aiming to lead the electric vehicle battery supply chain by processing materials locally. While supported by Regulation No. 11/2019, the policy faces challenges, including political ties to mining companies and a WTO dispute with the EU, which claims the restrictions

violate trade rules. Indonesia defends the policy as essential for long-term stability, but the outcome may affect its industrialization goals.

- Economic Factor

Indonesia's economic diversification into the nickel sector has significantly boosted its GDP, with the mining sector's contribution rising from 7.18% in 2016 to over 12% in 2022. As the world's leading nickel producer, Indonesia has shifted from exporting raw materials to processed products, increasing the value of nickel exports from US\$3.3 billion in 2017 to US\$12 billion in 2021, and projected to reach US\$38 billion. This growth is fueled by the construction of 43 nickel processing facilities, primarily funded by foreign investors, and a surge in global demand driven by the electric vehicle industry.

- Social Factor

Indonesia's nickel policy has led to economic gains, including a 30% increase in employment and a 25% rise in local business revenues, but these benefits have not been evenly distributed, with 40% of local communities still lacking access to the rewards of nickel refining. The dominance of foreign investors, controlling 60% of processing capacity, has introduced external cultural and economic influences, reshaping local norms and power dynamics, potentially undermining community agency. While many Indonesians view the policy as enhancing national sovereignty, inequality and foreign control raise concerns about the long-term social benefits, highlighting the need for transparent governance, inclusive policies, and equitable benefit-sharing to ensure sustainable and culturally respectful growth.

- Technological Factor

Technology plays a crucial role in the coal and nickel mining industry, both in the production process and supply chain management. In the nickel sector, one of the latest technologies is High Pressure Acid Leach (HPAL). China and Indonesia are examples of countries that have successfully utilized RKEF, where its implementation has encouraged an increase in nickel downstream capacity, created additional jobs, and added value to commodities. In addition to processing technology, developments in predictive analytics and big data also facilitate decision-making in the supply chain. Companies can predict market needs more accurately, balance production and demand, and reduce the risk of over- or under-supply.

- Legal Factor

Nickel down streaming in Indonesia is an integral part of the mineral resource management policy aimed at increasing added value and maintaining the wealth of natural resources. This policy is based on Law Number 3 of 2020 concerning Mineral and Coal Mining and Ministerial

Regulation Number 17 of 2020, which mandates that raw minerals, including nickel, must be processed domestically before being exported. However, this nickel down streaming policy is facing legal challenges at the international level, especially from the European Union which claims that the nickel export ban violates GATT provisions, especially Article XI which prohibits quantitative measures against exports (WTO, 2021). In facing these challenges, Indonesia defends the policy by referring to Article XX(g) of GATT, which allows trade for the conservation of exhaustible resources. This shows Indonesia's efforts to maintain the extinction of its natural resources while adhering to the principles of international law (Halim, 2023).

B. Financial Ratio Analysis

○ Liquidity Ratio

HRUM's current ratio shows a very strong liquidity position during the 2019 to 2020 period with a ratio above 8. However, since 2021, HRUM's current ratio has decreased by more than 50%, with a ratio of 3, can decreasing continually until 2023, Which is largely due to the massive investment to acquire mining companies and nickel smelters through its subsidiaries.

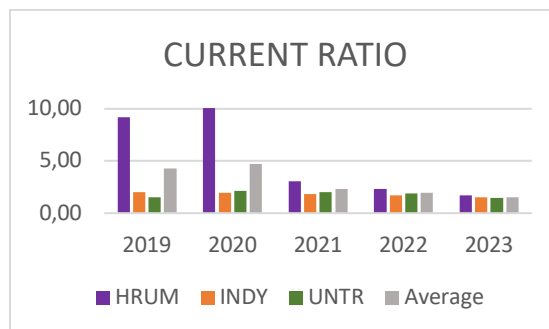


Figure 3. Quick Ratio of of HRUM, INDY, UNTR and Average From 2019 – 2023

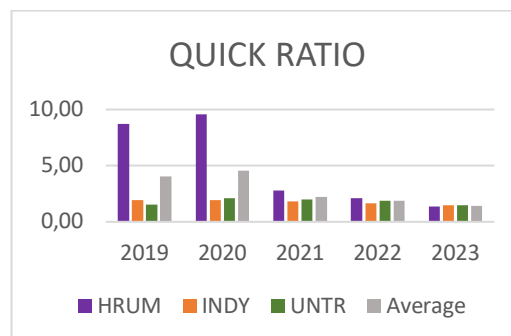


Figure 4. Quick Ratio of of HRUM, INDY, UNTR and Average From 2019 – 2023

In 2019 to 2020, HRUM recorded a very high quick ratio, reflecting the dominance of cash and cash equivalents in its current asset structure. However, a downward trend began to be seen in 2021, when the company started allocating its cash to support its diversification strategy. Compared to INDY and UNTR, HRUM still excels in liquidity despite the downturn.

○ Solvency Ratio

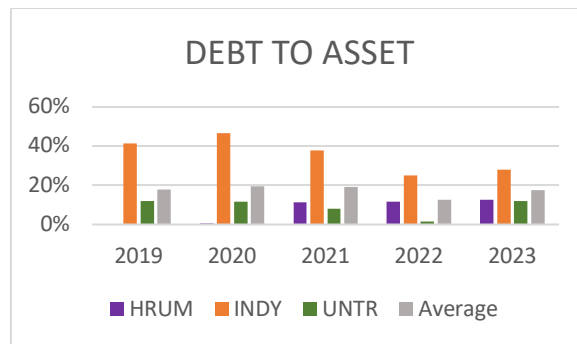


Figure 5. Debt to Asset of HRUM, INDY, UNTR and Average From 2019 – 2023

Based on the Debt to Asset Ratio chart, PT Harum Energy Tbk (HRUM) has a very low ratio throughout the 2019-2023 period. This shows that HRUM has very minimal dependence on debt to fund its assets, reflecting a conservative financial structure. Despite the increase in DAR, this ratio is still relatively low, indicating that HRUM still has a healthy funding structure.

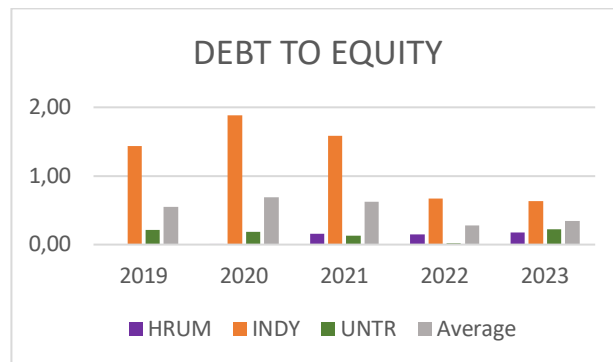


Figure 6. Debt to Equity of HRUM, INDY, UNTR and Average From 2019 – 2023

Based on the Debt to Equity Ratio (DER) chart, HRUM shows a very low DER ratio over the 2019-2023 period, with the ratio close to zero in 2019 and 2020. This reflects an equity-dominated financial structure than debt, which is an indication of the company's financial strength. In 2021-2023, HRUM's DER increased slightly to 0.34 in 2021, 0.29 in 2022, and 0.39 in 2023.

○ Profitability

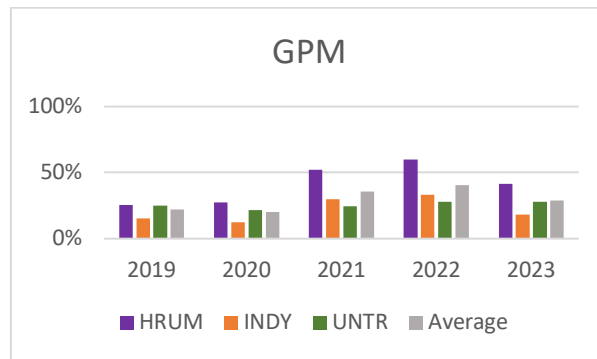


Figure 7. GPM of HRUM, INDY, UNTR and Average From 2019 – 2023

GPM is a financial ratio that measures the company's efficiency in generating profits from sales after deducting direct production costs (COGS). HRUM's GPM has been quite stable as evidenced by the increase since 2019 - 2022 with an increase of 5-10% each year. However, in 2023 it experienced a significant decline, lower than in 2021. This was caused by an increase in total revenue of only about 2% from 2022 but the cost of revenue and direct expenses increased by 65%.

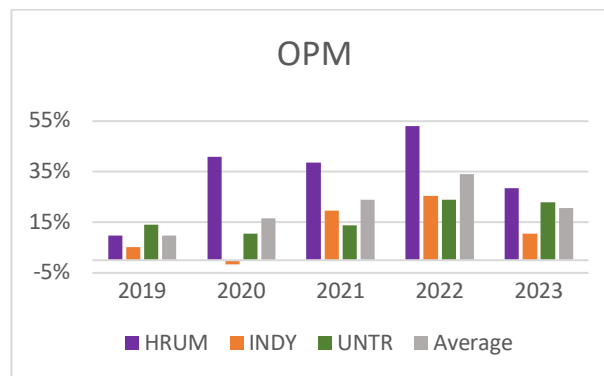


Figure 8. OPM of HRUM, INDY, UNTR and Average From 2019 – 2023

OPM measures the efficiency of a mining company in generating profits from its core operations before accounting for interest and taxes (EBIT). In 2020, HRUM achieved an OPM of 40%, which is one of the highest ratios among all companies, despite the global market facing pressure due to the COVID-19 pandemic. This demonstrated HRUM's operational efficiency in managing its production and operational costs. However, in 2023, HRUM's OPM also decreased compared to 2020-2022, an increase in other general and administrative expenses of around 32% and other expenses which increased sharply by 95% contributed to the decrease in operating profit margin in 2023.

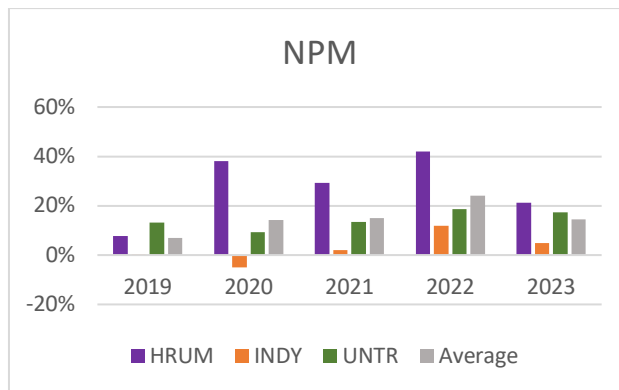


Figure 9. NPM of HRUM, INDY, UNTR and Average From 2019 – 2023

NPM is crucial for assessing the profitability of mining companies, which often face high operational costs and fluctuating commodity prices. Based on the table, HRUM shows an unstable ratio as evidenced by the fact that in 2020 it experienced an increase of 200%, from the previous <10% and in 2020 to 38%, although there was a decline again in 2021. Then in 2023 HRUM experienced another decline that was even lower than 2020 and 2021, with a ratio of 21%.

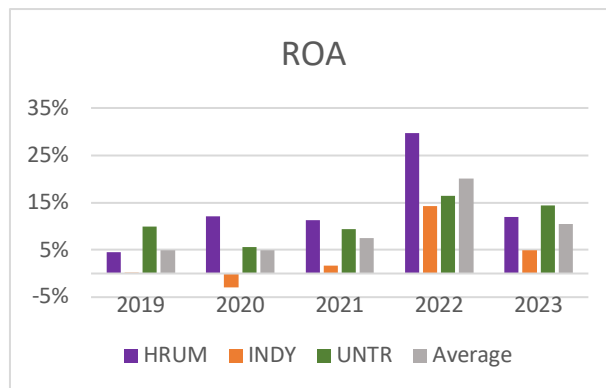


Figure 10. Return on Asset of HRUM, INDY, UNTR and Average From 2019 – 2023

HRUM shows consistent superior ROA performance compared to INDY, UNTR, and the industry average, with a significant turn in 2022 of 30%. However, in 2023, HRUM's ROA dropped drastically to the range of 10%-15%. This decline in ROA shows that although profits remain positive, the company's asset utilization efficiency has decreased significantly compared to the previous year.

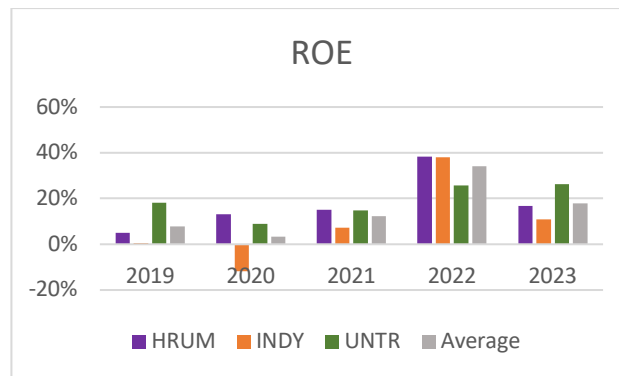


Figure 11. Return of Equity of HRUM, INDY, UNTR and Average From 2019 – 2023

Based on the graph presented, HRUM's Return on Equity (ROE) experienced significant fluctuations from 2019 to 2023. In 2019, HRUM's ROE was recorded at around 5%, increasing sharply to around 20% in 2020. In 2021, HRUM's ROE decreased slightly to around 15%, but again experienced a significant spike in 2022, reaching around 45%. The year 2023 showed another decline with HRUM's ROE at around 25%.

○ Activity Ratio

HRUM is in second place with a stable ratio of around 10 times per year from 2019 to 2023. However, this ratio is still below the industry average and far behind INDY, indicating that HRUM is slower in managing and replacing its inventory.

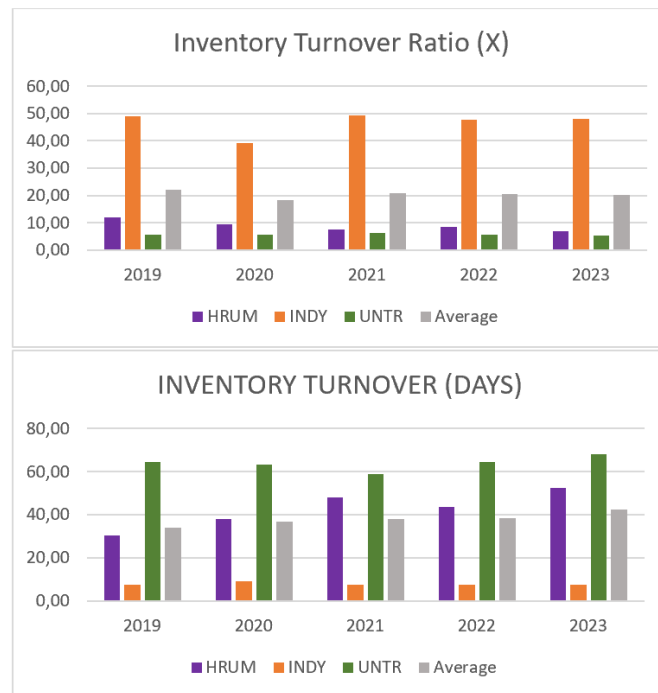


Figure 12. Inventory Ratio of HRUM, INDY, UNTR and Average From 2019 – 2023

C. Absolute Valuation

Discount Rate – Weighted Average Cost of Capital (WACC)

Aswath Damodaran, defines the Weighted Average Cost of Capital (WACC) in line with standard financial theory. The WACC represents the overall required return on the firm’s existing assets, taking into account the proportionate costs of equity and debt financing.

Table 1. Data for the Weighted Average Cost of Capital Calculation

No	Variable	Value	Remark
1	Beta Stock (β)	1,77	Pefindo Beta Stock Report - 7 December 2023
2	Government Bond Rate	7%	Indonesian Government Securities Yield - 10 Year Tenure
3	Risk Premium	9,05%	Damodaran Spread's and Risk Premium
4	Country's Default Spread	2,20%	Damodaran Country Risk and Taxes
5	Marginal Tax Rate	22%	Damodaran Corporate Tax Rate

○ Cost of Equity

Calculation of Cost of Equity is using Capital Asset Pricing Model (CAPM) to capture the risk of equity.

Table 2. Cost of Equity Calculation

Cost of Equity	
Risk Free Rate	7,002%
Beta (β)	1,77
Equity Risk Premium	7,38%
$E(R) = R_f + \beta \times ERP$	23,03%

○ Cost of debt

To estimate the Cost of Debt After Tax, the author must first determine the Cost of Debt Before Tax. The Damodaran Synthetic Rating is used by the author to calculate loan cost before tax.

Table 3. Cost of Debt Calculation

Cost of Debt After Tax	
Cost of Debt Before Tax	7,002%
Tax Rate	22%
$R_d = \text{Pre tax Cost of Debt} \times (1 - \text{Tax Rate})$	7,49%

○ WACC

According to the calculation process and inputs provided, HRUM's after-tax cost of debt is 7.49%. After determining the cost of equity and the after-tax cost of debt, calculate the Weighted Average Cost of Capital (WACC).

Table 4. WACC Calculation

WACC	
Market Value of Equity	\$1.169.497.142
Book Value of Debt	\$208.243.797
Capital = MVE + BE	\$1.377.740.939
Weigh of Equity	84,89%
Weight of Debt	15,11%
Cost of Equity	20,07%
Cost of Debt (after tax)	7,49%
WACC	18,17%

Free Cash Flow to the Firm (FCFF)

After author obtain the WACC result, the intrinsic valuation analysis need to calculated as HRUM uses the Free Cash Flow to the Firm (FCFF). This technique evaluates the company's fundamental value by looking at how well it can generate cash flows, regardless of how it is financed. The text then indicates it will list the key variables needed to calculate FCFF.

Table 5. FCFF Calculation of Harum Energy (in Million USD)

in Million USD												
	2023	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2031F	2032F	TV
	0	1	2	3	4	5	6	7	8	9	10	
EBIT (g)	44,8%	-39,9%	-35,0%	-30,1%	-25,2%	-20,3%	-15,4%	-10,5%	-5,6%	-0,7%	4,2%	4,2%
EBIT	264,20	158,71	103,12	72,05	53,87	42,92	36,29	32,47	30,64	30,41	31,67	
TAX RATE	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%	
NOPAT	206,07	123,80	80,43	56,20	42,02	33,47	28,31	25,32	23,90	23,72	24,70	
NET CAP. SPENDING (-)	4,79	2,88	1,87	1,31	0,98	0,78	0,66	0,59	0,56	0,55	0,57	
NET WC (-)	118,12	70,96	46,10	32,21	24,08	19,19	16,23	14,52	13,70	13,59	14,16	
FCFF	328,98	197,63	128,41	89,72	67,08	53,44	45,19	40,43	38,15	37,86	39,44	293,08
WACC		18,17%	18,17%	18,17%	18,17%	18,17%	18,17%	18,17%	18,17%	18,17%	18,17%	18,17%
PV OF FCFF		\$167,25	\$91,95	\$54,37	\$34,40	\$23,19	\$16,60	\$12,56	\$10,03	\$8,43	\$7,43	\$55,20

After the terminal value (TV) has been determined, the future value is calculated by adding together all projected future cash flows. Once this total future value is obtained, the intrinsic value of the company can be calculated by deducting the net debt and then dividing the resulting figure by the total number of outstanding shares. This process provides a measure of the company's fundamental worth per share.

Table 6. Intrinsic Value Calculation of Harum Energy

Sum Of PV	\$481,40
Less Debt	- 137,86
Add Cash and Cash Equivalents	157,16
Value Of Equity	\$500,70
Number Of Shares Outstanding	13.513
Estimated Intrinsic Value Per Share	0,037
Estimated Intrinsic Value Per Share	IDR 570
Current Share Price	IDR 1130
Percentage Different	234%

Based on the DCF valuation, the intrinsic value per share is IDR 570, while the current market price is IDR 1,130. This indicates that the stock is overvalued, with the market price approximately 234% higher than the calculated intrinsic value.

D. Relative Valuation

HRUM will be compared to other mining businesses using three important measures in the context of relative valuation: the Price to Earnings (P/E) ratio, the Enterprise Value to EBITDA (EV/EBITDA) ratio, and the Price to Book Value (P/BV) ratio. When evaluating HRUM's financial performance and valuation in relation to its industry counterparts, these measures are useful instruments.

○ Price Earnings Ratio

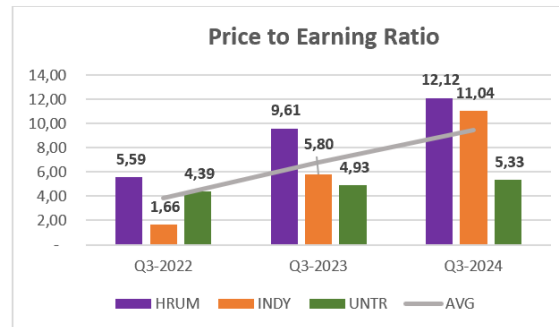


Figure 13. PER of HRUM, INDY, UNTR and Average From 2022 – 2024

HRUM's Price to Earnings (P/E) ratio showed a significant increase from 5.59x in Q3-2022 to 12.12x in Q3-2024, or grew by +116% in three years. This trend indicates that HRUM's share price has increased faster than the growth of earnings per share (EPS). This significant increase in P/E also indicates that HRUM's stock valuation is more expensive compared to competitors.

○ Price to Book Value Ratio

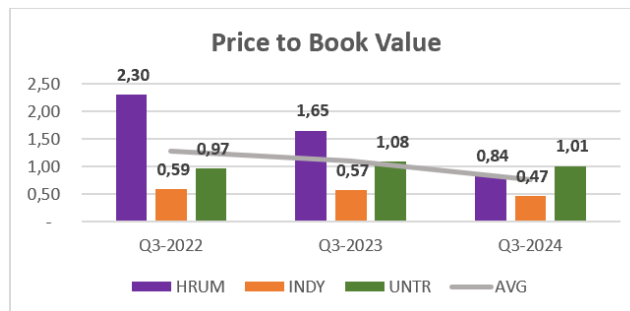


Figure 14. PBV of HRUM, INDY, UNTR and Average From 2022 – 2024

Starting at 2.30x In 2022, the P/B ratio declined to 1.65x, and experienced future declined in 2024 with 0.84x. The decline of HRUM in Q3-2024 under 1, may indicate that the shares outstanding in the market are lower than the Book Value Per Share (BVPS). If we generate the P/B ratio for the last 3 years and at the net profit in Q3-2024, it decreased by 34% compared to Q3-2023. Even at Q3-2024, while HRUM's P/B ratio (0.84) drops below the peer average (1.01), the historical premium over its peers indicate that HRUM was persistently overvalued.

○ Enterprise Value to EBITDA Ratio

HRUM's EV to EBITDA (EV/EBITDA) ratio showed a significant increase from 3.53x in Q3-2022 to 8.35x in Q3-2024, or grew by +57% in three years. The consistent trend of higher ratios compared to INDY and UNTR indicates potential overvaluation of HRUM's stock.

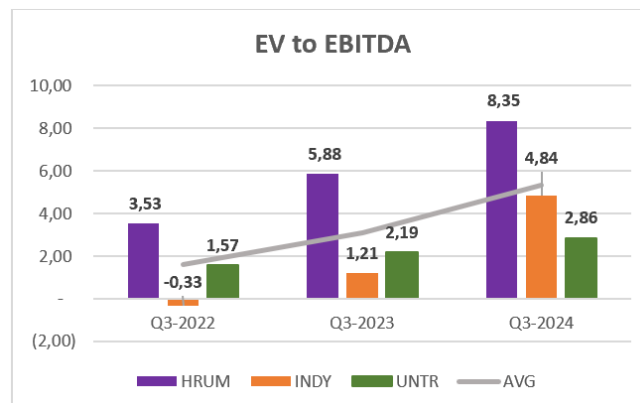


Figure 15. EV to EBITDA of HRUM, INDY, UNTR and Average From 2022 – 2024

CONCLUSION

PT Harum Energy Tbk (HRUM) is a large Indonesian energy and resource firm whose services originated with coal mining. In response to the global energy transition and diminishing coal demand, HRUM has strategically entered the nickel market. HRUM has steadily increased its presence across the nickel value chain through acquisitions in nickel mining, processing, and refining, consolidating itself as one of the key players in the industry.

Based on the financial ratio analysis performed on its annual financial reports, the author would potentially find important trends and insights into PT Harum Energy Tbk's (HRUM) financial performance during its diversification into the non-coal industry. The results can be summarized as follows:

HRUM experienced high liquidity in 2019-2020, with a current ratio greater than 8. However, this figure fell to 3 by 2021, owing to major investments in nickel mine and smelter purchases. The quick ratio followed suit, falling in 2023 due to lower cash and higher notes payable, although HRUM's liquidity still surpassed competitors.

HRUM maintains a prudent financial structure, keeping Debt to Asset Ratio (DAR) below 13% from 2019-2023. The Debt to Equity Ratio (DER) grew slightly from 0.34 in 2021 to 0.39 in 2023, owing to long-term debt for nickel projects, but stayed within acceptable norms, indicating minimal financial risk.

HRUM's GPM remained steady until 2022, then decreased dramatically in 2023 due to increased operational costs from diversification. The Net Profit Margin (NPM) fell from 38% in 2020 to 21% in 2023, indicating issues from stable coal prices and high fixed costs. The Return on Assets (ROA) decreased from 30% in 2022 to 12% in 2023, indicating inefficient asset execution.

HRUM's inventory turnover remained consistent at around 10 times per year, falling behind competitors like INDY, who reached around 50 times. This suggests there is room for improvement in inventory management and asset efficiency.

Based on the DCF-FCFF valuation technique, the intrinsic value of HRUM's stock is estimated to be IDR 570, while the current market price is IDR 1,130. This shows that the stock is considerably overvalued, with the market price being 234% greater than its intrinsic value, implying a probable discrepancy between market perception and the company's fundamental worth.

Based on the relative ratio analysis, HRUM's P/E ratio demonstrated a significant increase from 5.59x to 12.12x in Q3-2024, indicating that its shares may currently be trading at overvalued levels compared to its peers. This is further supported by the EV/EBITDA ratio, which also showed a substantial rise from 3.53x in Q3-2022 to 8.35x in Q3-2024. The consistent trend of higher valuation ratios relative to competitors such as INDY and UNTR highlights a potential overvaluation of HRUM's stock. However, the P/B ratio presented a contrasting trend, declining significantly from 2.30x in 2022 to 1.65x, and further to 0.84x in 2024. While HRUM's P/B ratio in Q3-2024 fell below the peer average, the historical premium it maintained over its peers suggests that HRUM's stock has been persistently overvalued despite the recent decline.

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