SUMMARY

E. BATARA MANURUNG. The Effect of Capital Structure, Economic Value Added and Coal Reserves towards Tobin’s Q of Coal Mining Companies listed on the Indonesia Stock Exchange. Supervised by HERMANTO SIREGAR and IMAM TEGUH SAPTONO.

From 2009 to 2014, there were significant fluctuations in the prices of coal in the global market due to the imbalance of its demand and supply, in addition to the declining prices of fuel, which are both energy sources for generating electricity to fulfill the increasing needs for electricity in line with global economic growth. The coal price changes has impacted the performance of coal companies, including coal mining production companies. Market capitalisation of the companies in this sector that are listed on the Indonesia Stock Exchange has dramatically decreased during that period and affected the value of those companies.

The value of the company reflects the performance of its management and the perception of stakeholders about the company. In the business of coal mining production, the availability of coal reserves and financial performance have an impact to the company's value as reflected in its share price. In this study, from a total population of 23 coal mining production companies listed on the Indonesia Stock Exchange (IDX), 16 coal mining production companies have been selected to examine the effect of capital structure (debt to assets ratio and debt to equity ratio), economic value added (EVA) and coal reserves to Tobin’s Q, as a proxy of companies’ value using purposive sampling method, and also to examine the contribution of Tobin's Q against sectoral stock price index of coal production companies. The profitability of these companies is treated as a dummy variable. The data used is collected from the companies audited financial statements and annual reports on IDX’s website from 2009 to 2014. Panel Least Squares has been chosen as a regression analysis model for data panel.

The results of multiple linear regression analysis indicated that capital structure, EVA, coal reserves and profitability dummy simultaneously have significant impact towards Tobin’s Q; and EVA, coal reserves and profitability dummy partially have significant impact to Tobin’s Q. Furthermore, the results of linear regression analysis show that there is significant impact for Tobin’s Q towards sectoral stock index price of coal production companies. Based on the results of this study, the financial decision makers in coal production companies are advised to use EVA, availability of coal reserves and profitability in assessing a company’s value as reflected in its share price.

Keywords: capital structure, coal reserves, economic value added, Tobin’s Q