



FUNDAMENTAL FINANCIAL PERFORMANCE AND FIRM VALUE: EVIDENCE FROM PT GUDANG GARAM TBK 2014–2024

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ABSTRACT. This study examines the effects of Quick Ratio (QR), Debt to Equity Ratio (DER), Total Asset Turnover (TATO), and Return on Assets (ROA) on Price to Book Value (PBV), both individually and simultaneously, at PT Gudang Garam Tbk during 2014–2024. A quantitative explanatory approach was employed using secondary data from annual financial reports and market information, comprising 11 annual observations. Multiple linear regression was performed using IBM SPSS Statistics. The results show that QR has a negative and insignificant effect on PBV ($\beta = -0.309$; $p = 0.486$), while DER also has a negative and insignificant effect ($\beta = -0.021$; $p = 0.960$). TATO exhibits a negative and insignificant effect on PBV ($\beta = -0.209$; $p = 0.465$). In contrast, ROA has a positive and significant effect on PBV ($\beta = 0.778$; $p = 0.017$). Simultaneously, the four financial indicators significantly affect PBV ($F = 5.876$; $p = 0.029$), with an R^2 of 0.797. These findings indicate that profitability is the strongest individual financial indicator associated with market valuation, while the combined financial profile provides significant explanatory value.

Keywords: Quick Ratio; Debt to Equity Ratio; Total Asset Turnover; Return on Assets; Price to Book Value; Firm Value

Introduction

The cigarette industry remains an important part of Indonesia's manufacturing sector, contributing to government revenue through tobacco excise while providing substantial employment. Nevertheless, between 2014 and 2024, the industry faced increasing pressure from higher excise rates, changes in consumer purchasing power and consumption patterns, rising production costs, social and health concerns, and intensifying competition. The emergence of electronic cigarettes and other nicotine products has further reshaped consumer preferences and challenged conventional cigarette manufacturers to maintain their market position and financial performance. PT Gudang Garam Tbk is one of the companies experiencing these pressures. Rising excise rates, raw material and labor costs, changing consumption patterns, and stronger competition have affected its financial performance. Although the company has pursued operational efficiency, financial transparency, and dividend policies to maintain investor confidence, its share value has tended to decline, particularly since 2018. This development highlights the importance of examining the financial fundamentals associated with corporate value.

Effective financial management is essential for maintaining corporate performance and creating long term value. Management involves planning, organizing, directing, coordinating, and controlling organizational resources to achieve objectives effectively and efficiently.¹ Within this broader function, financial management concerns the planning, acquisition, allocation, control, and utilization of financial resources.² Fahmi emphasizes that the ultimate objective of financial management is to maximize firm value and shareholder wealth while maintaining financial stability and managing risk.³ Financial statements consequently provide an important basis for assessing a company's financial position, profitability, asset utilization, and ability to meet its obligations.⁴ Financial ratio analysis allows these aspects to be evaluated through measurable indicators that provide information about the company's financial condition and prospects.

Firm value reflects the market's assessment of a company's performance and future prospects. In this study, firm value is measured using Price to Book Value (PBV), a ratio that compares market price per share with book value per share.⁵ A higher PBV indicates that investors value the company above its accounting book value, reflecting stronger expectations regarding its future ability to generate economic benefits. Conversely, a lower PBV may indicate weaker market expectations. PBV is therefore relevant for examining how financial fundamentals are translated into market valuation.

Previous studies indicate that financial performance is associated with firm value and stock market valuation. Mardiyati et al. find that profitability, leverage, and dividend policy are relevant to firm value,⁶ while Dewi et al. and Sudaryo et al. demonstrate the relevance of liquidity, leverage, asset turnover, profitability, and sales growth to PBV.⁷ Evidence from stock price studies further indicates that ROA, ROE, EPS, NPM, and DER are among the financial indicators associated with investors' valuation decisions.⁸ These findings suggest that market valuation is influenced not merely by a company's established market position, but also by its ability to demonstrate profitability, financial efficiency, and a sound financial structure.

However, the relationship between financial fundamentals and firm value may differ across industries and individual companies, particularly when firms operate under substantial regulatory, cost, and consumer pressures. The experience of PT Gudang Garam Tbk during 2014 to 2024 therefore provides an important setting for examining this relationship. Its

¹ Malayu S P Hasibuan, "Manajemen Sumber Daya Manusia, Edisi Revisi," 2010.

² Asri Jaya et al., "Manajemen Keuangan" (PT. Global Eksekutif Teknologi, 2023).

³ Irham Fahmi et al., "Alfianti, Dinda Dan Sonja Andarini.(2017). Pengaruh Profitabilitas Terhadap Harga Saham Pada Perusahaan Makanan Dan Minuman Yang Terdaftar Di Bursa Efek Indonesia. Jurnal Bisnis Indonesia Vol. 8 No. 1.," *Jurnal Akuntansi Universitas Udayana* 10, no. 3 (n.d.): 618–31.

⁴ Fahmi et al.

⁵ Umi Mardiyati, Gatot Nazir Ahmad, and Ria Putri, "Pengaruh Kebijakan Dividen, Kebijakan Hutang Dan Profitabilitas Terhadap Nilai Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia (BEI) Periode 2005-2010," *JRMSI-Jurnal Riset Manajemen Sains Indonesia* 3, no. 1 (2012): 1–17.

⁶ Mardiyati, Ahmad, and Putri.

⁷ Yoyo Sudaryo, "Pengaruh CR, DER, TATO, Dan ROA Terhadap PBV Pada PT Indomobil Sukses Internasional Tbk," *Journal of Business, Finance, and Economics (JBFE)*, 2022.

⁸ Asep Alipudin, "Pengaruh Eps, Roe, Roa Dan Der Terhadap Harga Saham Pada Perusahaan Sub Sektor Semen Yang Terdaftar Di Bei," *JIAFE (Jurnal Ilmiah Akuntansi Fakultas Ekonomi)* 2, no. 1 (2016): 1–22; Viky Rahmat Prayuda and Aniek Wahyuati, "Pengaruh Eps, Roe Dan Der Terhadap Harga Saham," *Jurnal Ilmu Dan Riset Manajemen (JIRM)* 8, no. 5 (2019); Audrey Hervita Nenobais, Simon Sia Niha, and Henny A Manafe, "Pengaruh Return on Asset (ROA), Return on Equity (ROE), Net Profit Margin (NPM) Dan Earning Per Share (EPS) Terhadap Harga Saham (Suatu Kajian Studi Literatur Manajemen Keuangan Perusahaan)," *Jurnal Ekonomi Manajemen Sistem Informasi* 4, no. 1 (2022): 10–22; Sri Devi Andriani, Ratih Kusumastuti, and Riski Hernando, "Pengaruh Return on Equity (ROE), Earning per Share (EPS) Dan Debt to Equity Ratio (DER) Terhadap Harga Saham (Studi Empiris Pada Perusahaan Industri Makanan Olahan Yang Terdaftar Di Bursa Efek Indonesia Tahun 2018–2020)," *Owner: Riset Dan Jurnal Akuntansi* 7, no. 1 (2023): 333–45.

declining share value amid significant changes in the tobacco industry raises the question of whether changes in financial performance are reflected in market valuation. Accordingly, this study examines the relationship between selected financial performance indicators and firm value, measured by PBV, in PT Gudang Garam Tbk. The study is expected to provide further insight into how financial fundamentals shape investor perceptions of corporate value in an industry undergoing substantial transformation.

Literature Review

Price to Book Value

Price to Book Value (PBV) is a market-based measure of firm value that compares the market price per share with the book value per share. PBV reflects how investors value a company relative to the accounting value of its net assets. A higher PBV indicates stronger market valuation and greater investor expectations of future value creation, whereas a lower PBV may signal weaker market perceptions of the company's prospects.⁹

Quick Ratio and Price to Book Value

Quick Ratio (QR) measures the company's ability to meet short term obligations using liquid current assets without relying on inventory. A stronger liquidity position may reduce financial risk and support investor confidence, thereby creating the potential for higher firm value. However, empirical findings remain inconclusive. Damayanti found that QR significantly affected PBV, whereas Ningrum, Winarko, and Linawati found that QR did not have a significant partial effect on PBV.¹⁰ Habi, Monoarfa, and Hinelos similarly found that QR did not significantly affect firm value individually.¹¹ These differences suggest that liquidity does not automatically translate into higher market valuation, but adequate liquidity may still strengthen investors' assessment of financial flexibility and short term resilience.

H1. Quick Ratio has an effect on Price to Book Value.

Debt to Equity Ratio and Price to Book Value

Debt to Equity Ratio (DER) reflects the proportion of debt financing relative to shareholders' equity and indicates the degree of financial leverage undertaken by a company. Higher leverage may increase financial risk because greater financial obligations can reduce the company's flexibility in managing its resources. Empirical evidence shows different results across studies. Sudaryo et al. found that DER had a positive but insignificant effect on PBV.¹² Ningrum, Winarko, and Linawati also found that DER significantly affected PBV.¹³ The negative relationship is theoretically expected when investors perceive greater reliance on debt as an increase in financial risk and a potential constraint on future value creation.

⁹ Yoyo Sudaryo et al., "Pengaruh Sales Growth (SG), Current Ratio (CR), Debt To Equity Ratio (DER), Total Assets Turn Over (TATO), Return On Assets (ROA) Terhadap Price To Book Value (PBV)(Studi Pada PT Indofarma Tbk. Yang Terdaftar Di BEI Periode 2012-2019)," *EKONAM: Jurnal Ekonomi, Akuntansi Dan Manajemen* 2, no. 1 (2020): 19–31.

¹⁰ Bela Kusuma Ningrum, Sigit Puji Winarko, and Linawati Linawati, "PENGARUH NPM, QR, DER DAN LN ASET TERHADAP PBV PADA PERUSAHAAN YANG TERDAFTAR IDX30 DI BEI," *Jurnal Riset Akuntansi & Keuangan*, 2025, 242–54; Esti Damayanti, "ANALISIS FAKTOR-FAKTOR FUNDAMENTAL DAN DAMPAKNYA TERHADAP NILAI PERUSAHAAN PADA PERUSAHAAN TRANSPORTASI YANG TERDAFTAR DI BURSA EFEK INDONESIA," *Jurnal Akuntansi Dan Bisnis Krisnadwipayana* 9, no. 3 (2022): 830–37.

¹¹ P D Habi, M A S Monoarfa, and R Hinelos, "Likuiditas, Profitabilitas, Dan Leverage: Faktor Penentu Nilai Perusahaan," *Journal of Artificial Intelligence and Digital Business (RIGGS)* 4, no. 2 (2025): 1508–15.

¹² Sudaryo et al., "Pengaruh Sales Growth (SG), Current Ratio (CR), Debt To Equity Ratio (DER), Total Assets Turn Over (TATO), Return On Assets (ROA) Terhadap Price To Book Value (PBV)(Studi Pada PT Indofarma Tbk. Yang Terdaftar Di BEI Periode 2012-2019)."

¹³ Ningrum, Winarko, and Linawati, "PENGARUH NPM, QR, DER DAN LN ASET TERHADAP PBV PADA PERUSAHAAN YANG TERDAFTAR IDX30 DI BEI."

H2. Debt to Equity Ratio has an effect on Price to Book Value.

Total Asset Turnover and Price to Book Value

Total Asset Turnover (TATO) measures the effectiveness of a company in utilizing its total assets to generate sales. Higher TATO indicates more intensive use of assets in generating revenue and may signal stronger operational efficiency. Nevertheless, empirical findings are not consistent. Sudaryo et al. found a significant negative effect of TATO on PBV, whereas Sudaryo reported a significant positive effect.¹⁴ Damayanti also found that TATO significantly affected PBV.¹⁵ These contrasting findings indicate that the market does not necessarily value asset utilization in the same way across firms and industries. Nevertheless, efficient asset utilization is expected to support revenue generation and strengthen investors' expectations of future performance.

H3. Total Asset Turnover has an effect on Price to Book Value.

Return on Assets and Price to Book Value

Return on Assets (ROA) measures the company's ability to generate profit from its total assets and reflects the effectiveness of management in utilizing company resources. Higher ROA indicates stronger profitability and may increase investor confidence because the company is able to generate greater earnings from its asset base. Previous findings, however, remain mixed. Sudaryo et al. found that ROA had a positive but insignificant effect on PBV, whereas Sudaryo et al. found a significant positive effect.¹⁶ Habi, Monoarfa, and Hinelos likewise reported that ROA did not significantly affect firm value individually.¹⁷ Recent evidence also confirms that ROA reflects financial performance and asset utilization, although its effect may differ across outcomes. Baltasar et al. found that ROA significantly affected operational efficiency among Indonesian Regional Development Banks.¹⁸ These differences indicate that profitability may not always be immediately reflected in market valuation, particularly when investors consider other financial and industry factors. Nevertheless, stronger profitability provides a fundamental basis for higher investor valuation because it indicates greater efficiency in generating earnings from the company's assets.

H4. Return on Assets has an effect on Price to Book Value.

Quick Ratio, Debt to Equity Ratio, Total Asset Turnover, Return on Assets, and Price to Book Value

Firm value is shaped by the interaction of several financial dimensions rather than by a single financial ratio. Liquidity reflects the company's capacity to meet short term obligations, leverage represents financial risk, asset turnover reflects resource utilization, and profitability indicates the ability of assets to generate earnings. Taken together, these dimensions provide a comprehensive representation of financial condition and may jointly influence investors' assessment of firm value. Empirical evidence supports their simultaneous examination. Sudaryo found that CR, DER, TATO, and ROA simultaneously had a significant effect on PBV,

¹⁴ Sudaryo, "Pengaruh CR, DER, TATO, Dan ROA Terhadap PBV Pada PT Indomobil Sukses Internasional Tbk."

¹⁵ Damayanti, "ANALISIS FAKTOR-FAKTOR FUNDAMENTAL DAN DAMPAKNYA TERHADAP NILAI PERUSAHAAN PADA PERUSAHAAN TRANSPORTASI YANG TERDAFTAR DI BURSA EFEK INDONESIA."

¹⁶ Sudaryo et al., "Pengaruh Sales Growth (SG), Current Ratio (CR), Debt To Equity Ratio (DER), Total Assets Turn Over (TATO), Return On Assets (ROA) Terhadap Price To Book Value (PBV)(Studi Pada PT Indofarma Tbk. Yang Terdaftar Di BEI Periode 2012-2019)."

¹⁷ Habi, Monoarfa, and Hinelos, "Likuiditas, Profitabilitas, Dan Leverage: Faktor Penentu Nilai Perusahaan."

¹⁸ Sora Baltasar et al., "Interest Rate in the Relationship Between Fundamental Factors and Efficiency of Indonesian Regional Development Banks (2020–2024)," *International Journal Of Humanities Education and Social Sciences (IJHES)* 5, no. 6 SE-Social Science (June 7, 2026), <https://doi.org/10.55227/ijhess.v5i6.2316>.

whereas Sudaryo et al. reported an insignificant combined effect.¹⁹ These contrasting findings indicate that the relationship between financial fundamentals and market valuation may depend on firm and industry characteristics. Recent studies likewise emphasize the importance of financial fundamentals and multidimensional performance, with Baltasar et al. linking ROA to operational efficiency and Budiandri et al. demonstrating the relevance of profitability indicators in explaining efficiency.²⁰ This issue is particularly relevant for PT Gudang Garam Tbk, where changes in liquidity, leverage, asset utilization, and profitability occur alongside structural pressures within the cigarette industry. Therefore, examining these four financial indicators simultaneously provides a more integrated assessment of their relationship with firm value.

H5. Quick Ratio, Debt to Equity Ratio, Total Asset Turnover, and Return on Assets simultaneously have an effect on Price to Book Value.

Research methods

This study employs a quantitative explanatory approach to examine the effects of Quick Ratio (QR), Debt to Equity Ratio (DER), Total Asset Turnover (TATO), and Return on Assets (ROA) on Price to Book Value (PBV). The study focuses on PT Gudang Garam Tbk using secondary data from annual financial reports and market information for 2014 to 2024. The eleven annual observations were obtained from the company and the Indonesia Stock Exchange.

QR, DER, TATO, and ROA are measured using established financial ratio formulations, while PBV represents the market valuation of the company relative to its book value.²¹ The operationalization of these variables follows previous empirical studies examining financial ratios and PBV, including studies by Sudaryo et al., and Ningrum et al.²²

Multiple linear regression was employed to test the proposed relationships using IBM SPSS Statistics. The regression model was specified as $PBV = \alpha + \beta_1 QR + \beta_2 DER + \beta_3 TATO + \beta_4 ROA + \varepsilon$. Descriptive statistics and classical assumption tests were conducted prior to hypothesis testing. The t test was used to assess the partial effects of each independent variable, while the F test was used to examine their simultaneous effect on PBV. The coefficient of determination (R^2) was used to assess the explanatory power of the regression model. Statistical significance was evaluated at the 5 percent level.²³

¹⁹ Sudaryo et al., “Pengaruh Sales Growth (SG), Current Ratio (CR), Debt To Equity Ratio (DER), Total Assets Turn Over (TATO), Return On Assets (ROA) Terhadap Price To Book Value (PBV)(Studi Pada PT Indofarma Tbk. Yang Terdaftar Di BEI Periode 2012-2019).”

²⁰ Baltasar et al., “Interest Rate in the Relationship Between Fundamental Factors and Efficiency of Indonesian Regional Development Banks (2020–2024)”; Eka Budiandri et al., “Digital and Legacy Telecommunications Efficiency in Indonesia: Evidence from a Two-Stage DEA,” *Greenation International Journal of Economics and Accounting* 4, no. 1 (2026): 72–87.

²¹ Sudaryo, “Pengaruh CR, DER, TATO, Dan ROA Terhadap PBV Pada PT Indomobil Sukses Internasional Tbk.”

²² Ningrum, Winarko, and Linawati, “PENGARUH NPM, QR, DER DAN LN ASET TERHADAP PBV PADA PERUSAHAAN YANG TERDAFTAR IDX30 DI BEI”; Sudaryo et al., “Pengaruh Sales Growth (SG), Current Ratio (CR), Debt To Equity Ratio (DER), Total Assets Turn Over (TATO), Return On Assets (ROA) Terhadap Price To Book Value (PBV)(Studi Pada PT Indofarma Tbk. Yang Terdaftar Di BEI Periode 2012-2019).”

²³ Sudaryo et al., “Pengaruh Sales Growth (SG), Current Ratio (CR), Debt To Equity Ratio (DER), Total Assets Turn Over (TATO), Return On Assets (ROA) Terhadap Price To Book Value (PBV)(Studi Pada PT Indofarma Tbk. Yang Terdaftar Di BEI Periode 2012-2019)”; Imam Ghozali, “Aplikasi Analisis Multivariatel Dengan Program IBM SPSS 26 (10th Eld.),” *Badan Pelnelrbit Univelrsitas Diponelgoro*, 2021.

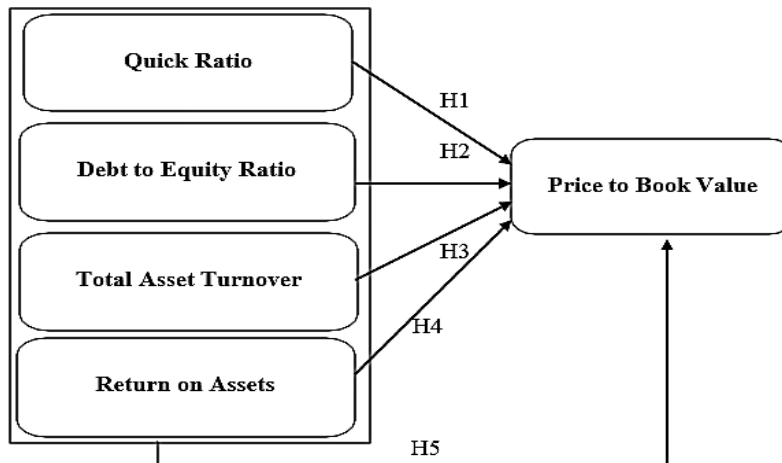


Figure 1. Conceptual Research Framework

The conceptual research framework presents the proposed relationships between Quick Ratio, Debt to Equity Ratio, Total Asset Turnover, and Return on Assets and Price to Book Value. Hypotheses H1–H4 represent the proposed individual effects of each financial ratio, while H5 examines their simultaneous effect on Price to Book Value.

Results And Discussion

Descriptive Statistics

Table 1 summarizes the characteristics of the variables based on 11 annual observations. PBV records a mean value of 2.0719 with a standard deviation of 1.3272, indicating relatively substantial variation in the company's market valuation during the observation period. Among the explanatory variables, DER has the highest mean at 54.0912 percent, while ROA records a mean of 8.4384 percent. The mean values of QR and TATO are 0.3062 and 1.2896, respectively.

Table 1. Descriptive Statistics

Variable	N	Mean	Std. Deviation
PBV	11	2.0719	1.3272
QR	11	0.3062	0.1144
DER	11	54.0912	11.7858
TATO	11	1.2896	0.1276
ROA	11	8.4384	3.8808

Source: Authors' calculations using SPSS based on annual financial data.

Classical Assumption Tests

Table 2 indicates that the regression model does not show critical violations of the classical assumptions. The Kolmogorov Smirnov significance value of 0.200 indicates normally distributed residuals. VIF values range from 1.657 to 5.132, suggesting that multicollinearity is not a critical concern. The residual scatterplot shows no systematic pattern, while the Durbin Watson value of 2.425 provides no apparent evidence of autocorrelation.

Table 2. Classical Assumption Test Results

Test	Indicator	Result	Interpretation
Normality	Kolmogorov Smirnov Sig.	0.200	Normal
Multicollinearity	QR VIF	5.132	No critical multicollinearity
	DER VIF	4.909	No critical multicollinearity

	TATO VIF	2.123	No critical multicollinearity
	ROA VIF	1.657	No critical multicollinearity
Heteroscedasticity	Residual scatterplot	Random	No heteroscedasticity
Autocorrelation	Durbin Watson	2.425	No apparent autocorrelation

Source: Authors' calculations using SPSS

Multiple Linear Regression Results

Table 3 reports the estimated coefficients for the relationship between the four financial indicators and PBV. The regression equation is expressed as:

$$\text{PBV} = 3.863 - 3.589\text{QR} - 0.002\text{DER} - 2.177\text{TATO} + 0.266\text{ROA}.$$

The constant of 3.863 represents the estimated PBV when all explanatory variables are held at zero. The coefficient of QR is -3.589 , indicating a negative estimated relationship with PBV, although the effect is statistically insignificant ($p = 0.486$). DER also shows a negative coefficient of -0.002 but has no statistically significant effect ($p = 0.960$). TATO records a negative coefficient of -2.177 and is likewise statistically insignificant ($p = 0.465$). In contrast, ROA has a positive coefficient of 0.266 and is statistically significant ($p = 0.017$), indicating that higher asset profitability is associated with higher PBV. The standardized coefficient further shows that ROA has the strongest relative contribution among the explanatory variables ($\beta = 0.778$).

Table 3. Multiple Linear Regression Results

Variable	B	Std. Error	Beta	t	p value
Constant	3.863	4.472		0.864	0.421
QR	-3.589	4.837	-0.309	-0.742	0.486
DER	-0.002	0.046	-0.021	-0.052	0.960
TATO	-2.177	2.790	-0.209	-0.780	0.465
ROA	0.266	0.081	0.778	3.283	0.017

Note: Dependent variable = PBV; N = 11.

Source: Authors' calculations using SPSS.

The coefficient estimates provide an important distinction between direction and statistical significance. Although QR, DER, and TATO have negative coefficients, their p values exceed 0.05, meaning that the observed negative associations do not provide sufficient statistical evidence of partial effects on PBV. ROA is different, as its positive coefficient is accompanied by statistical significance. Thus, among the four individual financial indicators, profitability is the only variable that demonstrates a statistically supported relationship with firm value.

Model Fit and Simultaneous Effect

Table 4 shows an R^2 of 0.797, indicating that QR, DER, TATO, and ROA jointly explain 79.7 percent of the variation in PBV, while the remaining 20.3 percent is associated with factors outside the model. The adjusted R^2 of 0.661 provides a more conservative assessment after accounting for the number of predictors and observations. The F statistic of 5.876 with a significance value of 0.029 confirms that the regression model is statistically significant when the four explanatory variables are considered simultaneously.

Table 4. Model Fit and Simultaneous Test

R	R ²	Adjusted R ²	F	df	p value	N
0.893	0.797	0.661	5.876	4, 6	0.029	11

Source: Authors' calculations using SPSS based on annual financial data.

The simultaneous significance of the model, despite the absence of significant effects for QR, DER, and TATO individually, indicates that the explanatory variables should not be interpreted solely in isolation. Their combined financial information provides statistically significant explanatory power for PBV. This finding supports H5, while the partial results support only H4.

Hypothesis Testing

Table 5. Hypothesis Testing Results

Hypothesis	Relationship	Result	p value	Decision
H1	QR → PBV	$\beta = -0.309$	0.486	Not supported
H2	DER → PBV	$\beta = -0.021$	0.960	Not supported
H3	TATO → PBV	$\beta = -0.209$	0.465	Not supported
H4	ROA → PBV	$\beta = 0.778$	0.017	Supported
H5	QR, DER, TATO, ROA → PBV	$F = 5.876$	0.029	Supported

Source: Authors' calculations using SPSS

The hypothesis testing results demonstrate that ROA is the only financial indicator with a significant partial effect on PBV, whereas QR, DER, and TATO do not show statistically significant individual effects. Nevertheless, the joint significance of the regression model confirms that the four indicators collectively contribute to explaining variations in PBV.

The Effect of Quick Ratio on Price to Book Value

Quick Ratio (QR) has a negative and statistically insignificant effect on Price to Book Value (PBV), as indicated by $\beta = -0.309$ and $p = 0.486$. Thus, H1 is not supported. The finding indicates that changes in the company's ability to meet short term obligations using its most liquid assets were not sufficiently associated with changes in market valuation during 2014–2024. The negative direction also suggests that higher liquidity did not automatically correspond to a higher PBV. This is important because liquidity represents financial capacity in the short term, whereas PBV reflects how the market values the company relative to its book equity. Consequently, an improvement in liquidity may have limited implications for market valuation when it is not accompanied by improvements in profitability or the productive use of assets.

This finding is consistent with Ningrum, Winarko, and Linawati, who found that QR did not significantly affect PBV among IDX30 companies.²⁴ A similar insignificant relationship was reported by Habi, Monoarfa, and Hinelio in their study of firm value.²⁵ However, these findings should not be interpreted as evidence that liquidity is unimportant. Rather, they indicate that liquidity alone may not provide sufficient information to explain market valuation. For PT Gudang Garam Tbk, this interpretation is particularly relevant because QR fluctuated during the observation period and declined to 0.3441 in 2024, while PBV also fell substantially to 0.4125. The simultaneous movement of these indicators does not establish a direct causal relationship, but it illustrates that maintaining short term liquidity was not accompanied by stronger market valuation. The result therefore suggests that the market value of the company was more closely related to the capacity of its financial resources to generate economic returns than to liquidity conditions alone.

²⁴ Ningrum, Winarko, and Linawati, "PENGARUH NPM, QR, DER DAN LN ASET TERHADAP PBV PADA PERUSAHAAN YANG TERDAFTAR IDX30 DI BEI."

²⁵ Habi, Monoarfa, and Hinelio, "Likuiditas, Profitabilitas, Dan Leverage: Faktor Penentu Nilai Perusahaan."

The Effect of Debt-to-Equity Ratio on Price to Book Value

Debt to Equity Ratio (DER) has a negative but statistically insignificant effect on PBV, with $\beta = -0.021$ and $p = 0.960$. H2 is therefore not supported. Although the direction of the coefficient is consistent with the proposed negative relationship, the statistical evidence indicates that changes in the relative proportion of debt and equity did not independently explain changes in PBV during the observation period. The finding is particularly notable because DER declined from 75.5367 percent in 2014 to 37.1834 percent in 2024, yet this substantial change in capital structure was not accompanied by a statistically significant effect on market valuation.

The result is consistent with Sudaryo et al., who found that DER did not significantly affect PBV, and with Habi, Monoarfa, and Hinelo, who reported an insignificant effect of DER on firm value.²⁶ In contrast, Dewi et al. found that DER had a significant negative effect on PBV.²³ The differences indicate that the market implications of leverage may depend on how debt is incorporated into the company's operating and value creation processes. A lower DER can reduce financial risk, but its effect on market valuation may remain limited if the reduction in leverage is not accompanied by stronger profitability or improved asset productivity. In the case of PT Gudang Garam Tbk, the declining DER therefore reflects a more conservative capital structure, but the regression result suggests that this structural change alone was insufficient to explain movements in PBV. The finding reinforces the need to interpret leverage together with the company's ability to generate returns from its assets.

The Effect of Total Asset Turnover on Price to Book Value

Total Asset Turnover (TATO) has a negative and statistically insignificant effect on PBV, with $\beta = -0.209$ and $p = 0.465$. H3 is consequently not supported. The result indicates that the efficiency of total assets in generating sales did not independently explain market valuation during the observation period. More importantly, the negative coefficient suggests that higher sales generated relative to assets did not necessarily translate into higher PBV. This distinction is important because TATO captures the efficiency of asset utilization in generating revenue, but it does not indicate whether that revenue produces sufficient profit after operating and production costs.

The finding differs from Dewi et al., who reported a significant positive effect of TATO on PBV, and from Damayanti, who also found that TATO significantly affected PBV.²⁷ Conversely, Sudaryo et al. reported a significant negative relationship between TATO and PBV, indicating that the direction of the relationship is not uniform across studies.²⁸ These differences may reflect variations in industry characteristics and the economic conditions faced by individual firms. For PT Gudang Garam Tbk, TATO declined from 1.4641 in 2020 to 1.1615 in 2024, indicating weaker asset utilization in the later observation period. At the same time, ROA also declined substantially. This pattern suggests that the central issue was not merely the ability of assets to generate sales, but the extent to which those sales could be converted into profitable returns. The insignificant effect of TATO therefore indicates that asset turnover without corresponding improvements in profitability was insufficient to generate a measurable change in PBV.

²⁶ Sudaryo et al., "Pengaruh Sales Growth (SG), Current Ratio (CR), Debt To Equity Ratio (DER), Total Assets Turn Over (TATO), Return On Assets (ROA) Terhadap Price To Book Value (PBV)(Studi Pada PT Indofarma Tbk. Yang Terdaftar Di BEI Periode 2012-2019)"; Habi, Monoarfa, and Hinelo, "Likuiditas, Profitabilitas, Dan Leverage: Faktor Penentu Nilai Perusahaan."

²⁷ Damayanti, "ANALISIS FAKTOR-FAKTOR FUNDAMENTAL DAN DAMPAKNYA TERHADAP NILAI PERUSAHAAN PADA PERUSAHAAN TRANSPORTASI YANG TERDAFTAR DI BURSA EFEK INDONESIA."

²⁸ Sudaryo et al., "Pengaruh Sales Growth (SG), Current Ratio (CR), Debt To Equity Ratio (DER), Total Assets Turn Over (TATO), Return On Assets (ROA) Terhadap Price To Book Value (PBV)(Studi Pada PT Indofarma Tbk. Yang Terdaftar Di BEI Periode 2012-2019)."

The Effect of Return on Assets on Price to Book Value

Return on Assets (ROA) has a positive and statistically significant effect on PBV, with $\beta = 0.778$ and $p = 0.017$. H4 is therefore supported. Among the four explanatory variables, ROA is the only variable that demonstrates a statistically significant partial relationship with PBV and also has the largest standardized coefficient. This result indicates that profitability relative to the company's asset base provides the strongest individual financial signal in explaining variations in market valuation within the model. The finding is consistent with Dewi et al., who reported a significant positive effect of ROA on PBV.²⁹ It also corresponds with the positive direction identified by Sudaryo et al., although their relationship was statistically insignificant.³⁰ The stronger result in the present study indicates that the market valuation of PT Gudang Garam Tbk was more closely associated with its capacity to generate earnings from its assets than with liquidity, leverage, or asset turnover when each variable was examined separately. This interpretation is reinforced by the development of the company's financial indicators. ROA declined from 13.8348 percent in 2019 to 1.1547 percent in 2024, while PBV declined from 3.5148 in 2014 to 0.4125 in 2024. The concurrent weakening of profitability and market valuation provides a coherent financial explanation for the significant positive association identified in the regression model. As profitability represents the economic return generated from the resources controlled by the company, deterioration in ROA may reduce the perceived capacity of those resources to generate future economic benefits. In this respect, ROA emerges as the most relevant individual financial indicator for explaining PBV in the present study.

The Simultaneous Effect of Quick Ratio, Debt to Equity Ratio, Total Asset Turnover, and Return on Assets on Price to Book Value

The simultaneous test indicates that QR, DER, TATO, and ROA significantly affect PBV, with $F = 5.876$ and $p = 0.029$. H5 is therefore supported. The model has an R^2 of 0.797, indicating that 79.7 percent of the observed variation in PBV is statistically explained by the four financial indicators included in the model, while the remaining 20.3 percent is associated with factors outside the model. The adjusted R^2 of 0.661 provides a more conservative estimate after accounting for the number of explanatory variables.

The simultaneous significance of the model provides an important interpretation of the individual findings. Although QR, DER, and TATO were not statistically significant when examined separately, their joint presence with ROA significantly explains variation in PBV. This indicates that market valuation cannot be adequately represented by a single financial dimension. Liquidity reflects short term financial capacity, DER represents the capital structure, TATO captures asset utilization, and ROA reflects the ability to generate earnings from assets. These dimensions describe different aspects of the company's financial condition and become more informative when assessed jointly. The finding is consistent with Dewi et al., who found that CR, DER, TATO, and ROA simultaneously had a significant effect on PBV.³¹ However,

²⁹ Natasha Salamona Dewi and Agus Endro Suwarno, "Pengaruh ROA, ROE, EPS Dan DER Terhadap Harga Saham Perusahaan (Studi Empiris Pada Perusahaan LQ45 Yang Terdaftar Di Bursa Efek Indonesia Tahun 2016-2020)," in *Seminar Nasional Pariwisata Dan Kewirausahaan (SNPK)*, vol. 1, 2022, 472–82.

³⁰ Sudaryo et al., "Pengaruh Sales Growth (SG), Current Ratio (CR), Debt To Equity Ratio (DER), Total Assets Turn Over (TATO), Return On Assets (ROA) Terhadap Price To Book Value (PBV)(Studi Pada PT Indofarma Tbk. Yang Terdaftar Di BEI Periode 2012-2019)."

³¹ Dewi and Suwarno, "Pengaruh ROA, ROE, EPS Dan DER Terhadap Harga Saham Perusahaan (Studi Empiris Pada Perusahaan LQ45 Yang Terdaftar Di Bursa Efek Indonesia Tahun 2016-2020)."

it differs from Sudaryo et al., who found that their combined financial indicators did not significantly affect PBV.³²

The result also provides a more integrated interpretation of the financial development of PT Gudang Garam Tbk. The decline in PBV from 3.5148 in 2014 to 0.4125 in 2024 occurred alongside weakening asset utilization and profitability in the later observation period, while the company also experienced substantial changes in liquidity and capital structure. These movements indicate that market valuation should not be interpreted through isolated financial ratios. Rather, PBV reflects a combination of the company's financial capacity, efficiency in utilizing resources, and ability to generate returns. In this model, ROA provides the strongest individual signal, while the simultaneous significance of the four variables demonstrates that the broader financial profile remains relevant in explaining market valuation.³³

The findings show that profitability occupies a central position in explaining the market valuation of PT Gudang Garam Tbk. Liquidity, leverage, and asset turnover did not demonstrate significant partial relationships with PBV, but their joint consideration with ROA produced a significant model. This distinction is important because it shows that the absence of a significant individual effect should not be interpreted as the absence of financial relevance. Instead, the findings suggest that the market valuation of the company is better understood through the interaction of several financial dimensions, with profitability representing the most prominent individual indicator within the proposed model.

Managerial Implications

Managerial and Investment Implications

From a managerial perspective, the results point to profitability as the principal financial area requiring attention in strengthening PT Gudang Garam Tbk's market valuation. The significant positive association between ROA and PBV indicates that the market places greater value on the company's capacity to generate returns from its asset base than on the individual movement of liquidity, leverage, or asset turnover. Management should therefore prioritize initiatives that improve the productivity of existing assets, strengthen operating margins, and sustain earnings generation. Financial policies should ultimately be assessed according to their ability to support profitable and sustainable value creation.

The findings also suggest that financial decisions should be viewed as interconnected rather than managed through separate ratio targets. The absence of significant partial effects for QR, DER, and TATO does not eliminate their managerial relevance, particularly because the four indicators jointly explain a substantial proportion of PBV variation. Management should consequently balance short term liquidity, capital structure, and asset utilization with profitability objectives. Increasing sales efficiency, maintaining liquidity, or reducing leverage will have limited valuation benefits when these improvements are not translated into stronger economic returns.

In evaluating PT Gudang Garam Tbk's investment prospects, ROA provides the strongest individual financial signal because it is the only variable with a significant partial relationship with PBV. Nevertheless, the other indicators remain useful for understanding the financial conditions underlying the company's valuation. QR can provide insight into short term liquidity, DER into financing risk, and TATO into the efficiency of asset utilization. A sound

³² Sudaryo et al., "Pengaruh Sales Growth (SG), Current Ratio (CR), Debt To Equity Ratio (DER), Total Assets Turn Over (TATO), Return On Assets (ROA) Terhadap Price To Book Value (PBV)(Studi Pada PT Indofarma Tbk. Yang Terdaftar Di BEI Periode 2012-2019)."

³³ Dewi and Suwarno, "Pengaruh ROA, ROE, EPS Dan DER Terhadap Harga Saham Perusahaan (Studi Empiris Pada Perusahaan LQ45 Yang Terdaftar Di Bursa Efek Indonesia Tahun 2016-2020)"; Sudaryo et al., "Pengaruh Sales Growth (SG), Current Ratio (CR), Debt To Equity Ratio (DER), Total Assets Turn Over (TATO), Return On Assets (ROA) Terhadap Price To Book Value (PBV)(Studi Pada PT Indofarma Tbk. Yang Terdaftar Di BEI Periode 2012-2019)."

investment assessment should therefore consider these indicators collectively, while also taking into account broader market conditions, rather than relying on a single financial ratio to assess the company's value and prospects.

Conclusion

This study concludes that the financial indicators of PT Gudang Garam Tbk have different relationships with its market valuation. Quick Ratio, Debt to Equity Ratio, and Total Asset Turnover do not have significant individual effects on Price to Book Value, while Return on Assets has a positive and significant effect, indicating that profitability is the most prominent individual financial indicator associated with the company's market valuation during the observation period.

Simultaneously, Quick Ratio, Debt to Equity Ratio, Total Asset Turnover, and Return on Assets have a significant effect on Price to Book Value. This finding suggests that the company's market valuation is influenced by the integrated condition of liquidity, capital structure, asset utilization, and profitability. The decline in profitability during the later observation period was also accompanied by a weakening of market valuation, highlighting the importance of the company's ability to generate sustainable returns from its asset base.

Suggestions

1. Practical Suggestions. For PT Gudang Garam Tbk, management should place greater emphasis on strengthening profitability and the productive use of assets. The findings indicate that improving liquidity or reducing leverage alone may not be sufficient to enhance market valuation. Financial policies should therefore be directed toward supporting sustainable earnings and value creation. Efforts to improve asset utilization should also be accompanied by cost efficiency and adequate operating margins so that increased sales activity can translate into stronger returns. Liquidity and capital structure should likewise be managed in ways that support productive operations rather than being treated as independent financial objectives.
2. Theoretical Suggestions. Future research should expand the explanatory framework by incorporating other financial and nonfinancial factors that may influence Price to Book Value. Variables such as dividend policy, sales growth, firm size, business risk, and industry conditions may provide additional insight into the determinants of market valuation. Future studies are also encouraged to examine several companies within the cigarette or related consumer goods industries using panel data. A broader sample and longer observation period would provide greater variation in the data and strengthen the robustness and generalizability of the findings. In addition, future research may examine the role of external industry factors, such as excise policy, purchasing power, production costs, and changes in consumer preferences, to provide a more comprehensive explanation of changes in corporate market valuation.

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