Assessment of The Feasibility of Investment in PT Cikarang Listrindo Tbk (POWR) Shares in The Indonesian Sharia Stock Index (ISSI) for Investment Decisions

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Abstract

This study assesses the investment feasibility of PT Cikarang Listrindo Tbk (POWR) shares, listed on the Indonesian Sharia Stock Index (ISSI). Using a combination of fundamental and technical analysis, the results suggest that POWR shares are suitable for long-term investment. In terms of valuation, the company is considered undervalued by its Price to Earnings Ratio (PER) and fairly valued by its Price to Book Value (PBV). Its Earnings Per Share (EPS) and Book Value Per Share (BVPS) ratios are above the sub-sector average. The company's solvency ratios are healthy, and its liquidity ratios are extreme, though cash management needs to be optimized. Despite a drop in profitability due to rising fuel costs, the company maintains healthy profit margins. POWR is also committed to sustainable growth, expanding into renewable energy through a new subsidiary and planning a new data center business. However, a high dividend payout ratio (up to 96%) risks depleting cash flow and hindering business expansion, as reflected by negative net cash changes in 2023 and 2024.

Keywords: *Investment, Sharia Stocks, POWR, Fundamental Analysis, Financial Ratios.*
JEL Codes : M41, M15

INTRODUCTION

Investing in the capital market is crucial for economic growth and development. The capital market plays an important role in mobilizing savings into productive and long-term assets, which in turn supports a country's socioeconomic development (Meng & Chen, 2018). Capital markets serve as a medium for transforming economies into more efficient and competitive markets, diversifying risk, enhancing the quality of information, and promoting stronger corporate governance norms (Bajwa, 2016). Investment in capital markets ensures an increase in capital stock, improves technical and economic efficiency, and creates new jobs, all of which are important for sustainable economic growth. Additionally, capital formation through investment is a key determinant of economic activity levels and is crucial for enhancing overall production and improving living standards (Sinclair, 2025).

In recent years, there has been a growing interest in Islamic investment in Indonesia. This trend has been driven by growing demand for ethical and faith-based investment opportunities among Muslim investors (Osmadi et al., 2015). The Indonesian Sharia Stock Index (ISSI) has been established to meet this demand, providing a platform for Sharia-compliant investment. Studies have shown that inclusion in the ISSI has a positive impact on financial performance, indicating that ethical investments can generate superior returns compared to unscreened benchmarks (Lusyana & Sherif, 2017). The Indonesian government has also been proactive in strengthening regulations to promote sharia investment, which further supports the growth of the sharia finance sector (Israhadi, 2020).
PT Cikarang Listrindo Tbk (POWR) is an issuer listed on the Indonesian Sharia Stock Index (ISSI). As a company that complies with Sharia principles, POWR adheres to Islamic principles in its operations and financial practices. POWR's inclusion in the ISSI reflects its commitment to ethical and sustainable business practices, aligning with the growing trend of Sharia investment in Indonesia. Companies that comply with Sharia principles, such as POWR, often outperform non-Sharia companies, further highlighting the benefits of ethical investment (Lubis & Paramaanindya, 2020).

The concept of sharia investment through ISSI not only improves financial and business ethics performance but also aligns with the Sustainable Development Goals (SDGs), particularly SDG 7

(Affordable and Clean Energy) and SDG 13 (Climate Action). Studies show that the implementation of ESG and carbon emissions accounting is a strategic tool for utility companies to pursue net-zero emissions, as demonstrated by PT Cikarang Listrindo Tbk (POWR) through the measurement, reporting, and management of carbon emissions to identify opportunities for energy efficiency and reducing environmental impact. POWR has also successfully reduced its emission intensity from a baseline of 0.71 GRK/MWh (2019) to 0.64 GRK/MWh in 2023, and sold renewable energy certificates (I REC) of up to 4,791.5 MWh as of June 2024, an increase of 123% compared to the previous year.

The company aims to increase its rooftop solar power plant capacity to 30 MWp by the end of 2023, up from 15.4 MWp as of August 2023, and to utilize the potential of biomass co-firing as part of its renewable energy diversification strategy. POWR has also adopted TCFD, SASB, and GRI reporting standards as part of its transparency and good governance practices, thereby improving its ESG risk scores from Sustainalytics and MSCI, and becoming part of the Kehati ESG Quality and Kehati ESG Stock Leaders indices. In June 2025, POWR established PT Energi Baik Alami (EBA), with 99.998% ownership by POWR, as a holding company specifically to manage and develop investments in the renewable energy sector. This strategic step strengthens the company's contribution to energy transition and long-term business sustainability.

In short, investing in the capital market is crucial for economic growth, and the growing interest in sharia-compliant investments in Indonesia, particularly through ISSI, demonstrates the potential for ethical investments to generate positive financial returns. PT Cikarang Listrindo Tbk (POWR) is a notable example of an issuer that adheres to sharia principles and contributes to the growing market. Conducting a stock investment feasibility analysis is essential for making rational and informed investment decisions. This analysis typically involves fundamental and technical analysis, which together provide a comprehensive picture of a stock's potential performance. Fundamental Analysis: This approach evaluates a company's financial health and performance by examining its financial statements, key ratios, and other indicators, such as cash flow growth, capital expenditure growth rate, and payout ratio. It helps investors understand the intrinsic value of a stock and make decisions based on long-term potential, rather than short-term market movements (Bajwa, 2016). Technical Analysis: This method involves analyzing statistical trends derived from trading activity, including price movements and volume. This helps in predicting future price movements based on historical data and market patterns (Gebhardt & Strecker, 2017).

Combining these two approaches allows investors to make more informed decisions, balancing insights from the company's financial health with market trends and behavior. This dual approach is highly effective in identifying better stocks and making superior trading decisions, resulting in a portfolio that can outperform the market index. For Muslim investors, adhering to Sharia principles is very important. Sharia-compliant investments must avoid activities prohibited by Islamic law, such as those involving interest (riba), gambling (maysir), and uncertainty (gharar). This compliance ensures that investments are ethical and aligned with religious values, which are fundamental requirements for many investors (Lusyana & Sherif, 2017). Behavioral Factors: Muslim investors' decisions are influenced by their adherence to Sharia principles, which affect their risk preferences and investment behavior. Studies have shown that Islamic investors prioritize fundamental knowledge over technical aspects when making investment decisions (Sinclair, 2025). Market Dynamics: Shariah-compliant stocks often exhibit different performance characteristics compared to conventional stocks. For example, Islamic indices tend to focus on growth, while conventional indices focus on value. 7 These differences highlight the need for investment strategies that are tailored and aligned with Shariah principles.

Although interest in Sharia-compliant investments is growing, a significant gap remains in research that assesses explicitly the investment suitability of POWR stocks within a Sharia-compliant context. Existing studies mainly focus on broader market indices or specific sectors, such as property or banking. However, comprehensive analysis that integrates fundamental and technical aspects for individual stocks, such as POWR, is still limited. Lack of Specific Studies: There is a scarcity of research that combines detailed financial analysis with Sharia compliance for individual stocks. Most studies focus on general market trends or specific sectors, rather than the performance of individual stocks (Israhadi, 2020). The Need for Comprehensive Models: Developing investment models that combine fundamental and technical analysis

while adhering to Shariah principles can provide a more reliable tool for investors. Such models can assist in making sound, financially sound, and ethical decisions (Meng & Chen, 2018).

In conclusion, conducting a thorough analysis of stock investment feasibility is crucial for making informed investment decisions that align with Sharia principles. Although there is substantial research on general market trends and the performance of specific sectors, a significant gap exists in studies that comprehensively assess individual stocks, such as POWR, within a framework that adheres to Sharia principles. Addressing this gap can improve the tools available to investors, ensuring that their decisions are financially sound and ethical.

Research Objectives to analyze the investment feasibility of PT Cikarang Listrindo Tbk (POWR) shares from both fundamental and technical perspectives; to evaluate the suitability of POWR shares with Sharia investment principles based on their inclusion in the ISSI; to provide investment recommendations based on the analysis results to prospective sharia investors. Theoretical Benefits: Contributing to the literature on Sharia stock investment analysis and investment feasibility assessment. Practical Benefits for investors: as a reference in making sharia-based investment decisions; for issuers: input on the perception of stock feasibility from the perspective of Sharia investors; for academics: adding to research references in the field of Sharia finance and capital markets.

LITERATURE REVIEW

Valuation Ratios

Valuation ratios are used to assess whether the price of a stock reflects its fundamental value. Investors often use these ratios to assess the fairness of a stock price in relation to a company's financial performance. According to White et al. (2002), valuation ratios help estimate market value relative to earnings, book value, or other financial performance indicators. The following are four key valuation ratios:

a. Earnings Per Share (EPS)

EPS measures the net income available for each common share. This ratio indicates the company's profitability in generating earnings per share and is a key indicator in investment decision-making. A high EPS generally indicates good company performance. However, EPS should be compared with similar companies in the same industry (White et al., 2002).

b. Book Value Per Share (BVPS)

BVPS indicates the value of a company's equity available to common shareholders per share. This value reflects the company's net assets after deducting all liabilities and preferences. BVPS is used to assess whether the market price of a stock is higher or lower than its book value, and is used in the PBV ratio (Penman, 2012).

c. Price to Earnings Ratio (PER or P/E Ratio)

PER is a ratio that shows how much investors are willing to pay for each unit of profit generated by the company. PER is used to assess market expectations of the company's profit growth. A high PER may indicate high growth expectations in the future, but it may also be a sign that the stock is overvalued (Damodaran, 2012).

d. Price to Book Value Ratio (PBV or P/B Ratio)

PBV shows the comparison between the market price of a stock and its book value. This ratio is often used to assess whether a stock is undervalued or overvalued compared to the company's net asset value. PBV < 1 may indicate that the stock is trading below its book value, but it may also reflect problems in the company's profitability (Palepu et al., 2022). The four valuation ratios above are widely used by financial analysts and investors to assess the feasibility of stock investments. In the context of sharia, these ratios are also used to ensure that stock prices are not subject to excessive speculation and reflect their intrinsic value, in accordance with the principle of fairness in Islamic economics.

Profitability Ratios

Profitability ratios are used to measure a company's ability to generate profits from its operational activities. According to Penman (2012), profitability ratios are key indicators for evaluating operational efficiency and the effectiveness of a company's resource utilization in generating profits. These ratios are important for investors because they show the rate of return on investment and the managerial efficiency of the company. The following are the five main profitability ratios:

a. Gross Profit Margin (GPM)

The Gross Profit Margin indicates the percentage of gross profit generated from net sales. GPM reflects a company's efficiency in managing direct production costs. The higher the GPM, the greater the company's ability to generate gross profit from each unit of sales (Palepu et al., 2020).

b. Operating Profit Margin (OPM)

Operating Profit Margin measures a company's operational efficiency, namely how much operating profit is generated from sales after deducting all operating costs (including sales, general, and administrative expenses). This ratio illustrates the effectiveness of management in controlling operating costs and provides a more in-depth picture than GPM (White et al., 2002).

c. Net Profit Margin (NPM)

The Net Profit Margin indicates the percentage of net profit to total sales. It is the ultimate measure of profitability that includes all income and expenses, including taxes and interest. Net profit margin reflects the overall financial efficiency of the company. This ratio is important for evaluating competitiveness and the ability to maintain net profits (Brigham & Daves, 2014).

d. Return on Equity (ROE)

Return on Equity measures the return on net profit to shareholders' equity. It demonstrates how effectively management utilizes its own capital to generate profits. A high ROE indicates effective management in creating value for shareholders (Damodaran, 2012).

e. Return on Assets (ROA)

Return on Assets measures the efficiency with which a company utilizes all its assets to generate profits. This ratio is beneficial for comparing the profitability of companies with different asset scales. ROA provides an overview of asset management efficiency, without considering how those assets are financed (Penman, 2012). Profitability ratios offer a comprehensive overview of a company's financial performance, encompassing profit, efficiency, and return on investment. In the context of Islamic investment, these ratios are also important to ensure that companies earn profits in a lawful, fair manner that is in accordance with the principles of Islamic muamalah.

Solvency Ratios

Solvency ratios are used to measure a company's ability to meet its long-term obligations. These ratios indicate the extent to which a company's funding structure is supported by debt and its ability to meet interest expense and other fixed obligations. According to Brigham & Daves (2014), solvency ratios help investors and creditors assess a company's long-term financial risk. The three main ratios used in solvency analysis are as follows:

a. Debt to Assets Ratio (DAR)

The Debt to Assets Ratio measures the proportion of a company's total assets that are financed by debt. This ratio indicates the extent to which the company relies on external financing. The higher this ratio is, the greater the financial risk, as the company relies more heavily on debt to finance its assets (Penman, 2012).

b. Debt to Equity Ratio (DER)

The Debt to Equity Ratio compares a company's total liabilities to its total shareholders' equity. This ratio indicates the capital structure and the proportion of financing provided by creditors compared to owners. A high DER can indicate a high level of leverage, which can increase the risk of bankruptcy, but it can also increase returns if managed properly (White et al., 2002).

c. Interest Coverage Ratio (ICR)

The Interest Coverage Ratio measures a company's ability to pay interest expenses from its operating income. It is a crucial indicator for assessing the security of creditors. The higher this ratio, the greater the company's margin of safety in meeting its interest obligations. Conversely, a low ratio indicates a high risk of default (Penman, 2012).

Solvency ratios are important in evaluating a company's long-term financial risk. In the context of Islamic investment, these ratios are also used to ensure that the company's funding structure does not rely excessively on interest-based debt, thereby maintaining compliance with Islamic financial principles that reject riba (interest).

Liquidity Ratios

Liquidity ratios are used to measure a company's ability to meet its short-term obligations using current assets. According to Palepu et al. (2020), these ratios are important for assessing a company's short-term financial risk and operational continuity. The commonly used liquidity ratios are as follows:

a. Current Ratio

The current ratio indicates a company's ability to settle its current liabilities using all of its current assets. This ratio provides an overview of short-term liquidity and the margin of safety against short-term creditors. A current ratio higher than 1 indicates that the company has sufficient current assets to cover its current liabilities. However, a ratio that is too high can also indicate low asset utilization efficiency (White et al., 2002).

b. Quick Ratio (Acid-Test Ratio)

The quick ratio is a more conservative measure than the current ratio because it only considers the most liquid current assets (excluding inventory). This ratio shows how quickly a company can meet its short-term obligations without selling inventory. This ratio is significant in industries where inventory is less liquid or prone to depreciation (Brigham & Daves, 2014).

c. Cash Ratio

The Cash Ratio measures a company's ability to pay off short-term liabilities using only cash and cash equivalents. It is the most conservative liquidity ratio because it does not include accounts receivable or inventory. This ratio is used by very conservative investors or in highly uncertain market conditions, where only cash is considered immediately available (Penman, 2012). Liquidity ratios help investors assess a company's short-term ability to meet its obligations. In Islamic finance, liquidity ratios are also important to ensure that companies adhere to the principles of fairness and prudence in their financial management and do not rely on speculative short-term financing.

Growth Ratios

Growth ratios are used to assess a company's ability to improve its financial performance over time. According to Penman (2012), sustained growth in sales, profits, and assets is a key indicator of prospects, reflecting a company's competitiveness and managerial efficiency. Growth ratios are particularly relevant for investors who are oriented towards long-term value growth (growth investing). Here are five key growth ratios:

a. Growth in Sales

Growth in sales indicates year-over-year revenue growth and serves as an early indicator of business expansion. Consistent sales growth demonstrates a company's competitiveness in the market. This growth reflects the effectiveness of marketing strategies, product quality, and market demand (Palepu et al., 2020).

b. Growth in Gross Profit

Growth in Gross Profit measures the increase in the difference between revenue and cost of goods sold (COGS). It indicates production efficiency and direct cost control. This growth is important to show the company's ability to maintain profit margins amid fluctuations in raw material prices or labor costs (White et al., 2002).

c. Growth in Net Profit

Growth in net profit indicates an increase in a company's ability to generate net profit after all costs and expenses are deducted. This is the ultimate measure of profitability. Consistent net profit growth is an indicator of financial health and management accountability (Brigham & Daves, 2014).

d. Growth in Operating Profit (EBIT)

Growth in Operating Profit (EBIT) measures the increase in profit before interest and taxes. This ratio reflects pure operational efficiency, unaffected by capital structure or tax policy. EBIT growth is often used to assess a company's core operational performance (Penman, 2012).

e. Growth in Total Assets

Asset growth reflects the expansion of a company's scale of operations through investment in fixed and current assets. This is a key indicator of a company's willingness to increase its production capacity. However, asset growth must be balanced with an increase in profit to avoid overinvestment (Damodaran, 2012). Growth ratios are crucial for evaluating a company's financial growth dynamics over time. In the context of Sharia investment, healthy and non-speculative growth aligns with Sharia principles that emphasize real business progress and economic sustainability.

Dividends

Dividends are a portion of a company's profits distributed to shareholders as a return on their investment in the company. Dividend payments are an important financial indicator because they reflect a company's profitability, financial stability, and profit distribution policy. According to Brealey et al. (2018), dividend policy is a crucial element in financial decisions, as it impacts capital structure, company value, and investor perception. The three leading indicators in dividend analysis are as follows:

a. Dividend Per Share (DPS)

Dividend per Share (DPS) measures the amount of dividends paid by a company to common shareholders for each share owned. DPS is a direct indicator of cash profit distribution to shareholders. A stable or increasing DPS over time usually reflects a company's sound financial performance and consistent profit distribution policy (Brealey et al., 2018).

b. Dividend Yield

The dividend yield indicates the annual dividend return as a percentage of the stock's market price. Investors use this ratio to assess the attractiveness of a stock's dividend yield compared to other investments, such as bonds or deposits. A high yield can attract income-focused investors, but it can also indicate a decline in stock prices that is not offset by profit growth (Damodaran, 2012).

c. Dividend Payout Ratio

The Dividend Payout Ratio measures the proportion of a company's net profit that is distributed to shareholders as dividends. This ratio reflects the company's policy in distributing profits between distribution to owners and accumulation for reinvestment. This ratio helps assess whether the company prefers a growth strategy through profit reinvestment or providing direct returns to shareholders (Ross et al., 2024). These three dividend indicators DPS, dividend yield, and payout ratio provide important insights for investors regarding the company's income prospects, profit stability, and financial policy direction. In the context of Sharia investment, dividends are considered a lawful form of return that aligns with the principles of muamalah, unlike interest (riba), which is prohibited.

RESEARCH METHODS

The stock investment analysis method determining the suitability of a stock to be selected as an investment instrument is by assessing the financial performance of a company or stock issuer based on five financial performance measures, namely (i) valuation ratio (ii) profitability ratio, (iii) solvency ratio, (iv) liquidity ratio, (v) growth, and (vi) dividends. The criteria used to assess whether an issuer's stock is worthy of being selected as an investment instrument, based on the five financial performance measures, are outlined in the following table.

Table 1. Financial Ratio Formula

No.	Jenis Rasio	Nama Rasio	Rumus	Referensi
1	Rasio Valuasi	EPS	$\text{EPS} = \frac{\text{Net Income} - \text{Preferred Dividends}}{\text{Weighted Average Outstanding Shares}}$	White, Sondhi, & Fried (2003)
		BVPS	$\text{BVPS} = \frac{\text{Total Shareholders' Equity} - \text{Preferred Equity}}{\text{Total Outstanding Common Shares}}$	Penman (2012)
		PER	$\text{PER} = \frac{\text{Market Price per Share}}{\text{Earnings per Share (EPS)}}$	Damodaran (2012)
		PBV	$\text{PBV} = \frac{\text{Market Price per Share}}{\text{Book Value per Share (BVPS)}}$	Palepu, Healy, & Peek (2013)
2	Rasio Profitabilitas	GPM	$\text{GPM} = \frac{\text{Revenue} - \text{Cost of Goods Sold (COGS)}}{\text{Revenue}}$ x 100%	Palepu, Healy, & Peek (2013)
		OPM	$\text{OPM} = \frac{\text{Operating Income}}{\text{Revenue}}$ x 100%	White, Sondhi, & Fried (2003)
		NPM	$\text{NPM} = \frac{\text{Net Income}}{\text{Revenue}}$ x 100%	Brigham & Daves (2013)
		ROE	$\text{ROE} = \frac{\text{Net Income}}{\text{Shareholders' Equity}}$ x 100%	Damodaran (2012)
		ROA	$\text{ROA} = \frac{\text{Net Income}}{\text{Total Asstes}}$ x 100%	Penman (2012)
3	Rasio Solvabilitas	DAR	$\text{DAR} = \frac{\text{Total Liabilites}}{\text{Total Asstes}}$ x 100%	Brigham & Houston (2016)
		DER	$\text{DER} = \frac{\text{Total Liabilites}}{\text{Shareholders' Equity}}$ x 100%	White, Sondhi, & Fried (2003)
		ICR	$\text{ICR} = \frac{\text{Earnings Before Interest and Taxes (EBIT)}}{\text{Interest Expense}}$	Penman (2012)
4	Rasio Likuiditas	CR	$\text{CR} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$	White, Sondhi, & Fried (2003)
		QR	$\text{QR} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}}$	Brigham & Houston (2016)
		Cash	$\text{Cash} = \frac{\text{Cash and Cash Equivalents}}{\text{Current Liabilities}}$	Penman (2012)
5	Rasio Pertumbuhan	Sales	$\text{Sales} = \frac{\text{Sales}_t - \text{Sales}_{t-1}}{\text{Sales}_{t-1}}$ x 100%	Palepu et al. (2013) [4]
		GP	$\text{GP} = \frac{\text{Gross Profit}_t - \text{Gross Profit}_{t-1}}{\text{Gross Profit}_{t-1}}$ x 100%	White et al. (2003) [1]
		NP	$\text{NP} = \frac{\text{Net Income}_t - \text{Net Income}_{t-1}}{\text{Gross Profit}_{t-1}}$ x 100%	Brigham & Daves (2013) [2]
		EBIT	$\text{EBIT} = \frac{\text{EBIT}_t - \text{EBIT}_{t-1}}{\text{EBIT}_{t-1}}$ x 100%	Penman (2012) [2]
6	Dividen	DPS	$\text{DPS} = \frac{\text{Net Income}}{\textit{Share Outstanding}}$ x 100%	Brealey, Myers, & Allen (2017)
		DY	$\text{DY} = \frac{\textit{Dividend Per Share}}{\text{Market Price}}$ x 100%	Damodaran (2012)
		DPR	$\text{DPR} = \frac{\text{Dividend Per Share}}{\textit{Earning Per Share}}$ x 100%	Ross, Westerfield, & Jordan (2016)

RESULTS AND DISCUSSION

Valuation

Table 2. Average Comparative Valuation of Sub-Sectors

Valuation		2020	2021		2022		2023		2024		2025
		Q4	Q2	Q4	Q2	Q4	Q2	Q4	Q2	Q4	Q2
EPS	Sector	4,2	3,75	17,39	19,99	51	27,94	56,91	54,38	53,68	18,37
	POWR	60,1	71,1	79,3	83,7	77	80	88,84	60,32	68,27	75,27
BVPS	Sector	427	150,5	397,5	410	664	418	704,79	743,25	691,22	443,94
	POWR	614	625	620	643	671	683	704,79	711,83	691,22	746,44
PER	Sector	12	-3,90	15	17	8,6	10,54	11,05	12,48	10,18	17,00
	POWR	12	9,07	7,75	8,13	8,6	8,82	7,99	10,61	10,18	9,10
PBV	Sector	0,83	0,81	0,71	0,72	0,98	1,02	0,98	0,87	1,01	1,12
	POWR	1,16	1,03	0,99	1,06	0,98	1,04	1,01	0,90	1,01	0,92

The valuation of POWR's own stock can be considered for investment in portfolio shares, given its higher EPS and BVPS values, as well as its average sub-sector position in utilities. However, it was below average in Q2-2024. In terms of PER and PBV, they can be different. Suppose you examine the company's P/E ratio. In that case, it is always below the average value of its sub-sector, and the company's PBV holds a value of around 1, indicating that the company is priced cheaply by PER and is assessed as reasonably priced on a PBV basis.

Ratio Solvency

Table 3. POWR Solvency Ratio Table

	2021	2022	2023	2024
DAR	48,60	48,61	46,83	47,03
DER	94,56	94,58	88,07	88,79
ICR	4,37	4,05	4,31	4,14

Continued on the ratio solvency for the company's debt-to-assets ratio and debt-to-equity ratio shows. During the 2022-2023 period, the DAR and DER remained stable at 48.60% and 94.50%, respectively, and decreased to 46.83% and 88.07% in 2023. In the 2025 period, the possibility of experience increase as well as return is expected to be around 47.5%-48% for the company's DAR and 89.5%-90% for the company's DER. Although there is a possibility of an increase in overall company success, maintaining a DAR ratio below 50% and a DER below 100 indicates adequate capital structure health and risk finance control. The company's interest coverage ratio has previously declined, from 5.25 to 4.43, suggesting that it is capable of covering its interest expense using its operational profit, which is four times higher than the burden of the flowers. Although showing a trend decline, the company is capable of maintaining an ICR above 4 times from 2021 to 2024. This figure is considered Healthy Because the company's own profit is adequate to cover interest expenses, so the risk of failing to pay the relatively low interest is low.

As for what causes it decrease in the company's DAR and DER between the 2022-2023 period consists of from liabilities term long in the form of liabilities tax deferral amounting to 8.5 million US dollars, a decrease in assets No smooth on the bill tax amounting to 25 million US dollars and the value asset still amounting to 33 million US dollars, while from side liabilities experience decrease in promissory notes payable amounting to 48.5 million US dollars, equity company on issued and paid-up share capital full amounting to 282 million US dollars, the balance profit amounting to 293.3 million US dollars, and additional paid-in capital amounting to 147.6 million US dollars For equity company. Happened decrease in liabilities term long for promissory notes of 48.5 million US dollars and an increase in equity on the balance sheet profit amounting to 1.7 million US dollars, and increasing change mark reasonable asset finance at value reasonable asset through income comprehensive other amounting to 1.5 million US dollars, as well as the value of share capital in form share treasury increase amounting to 1.3 million US dollars. As for what causes the decline from ICR due to a profitable business that fell by $ 10 million each

period, one of the reasons is the significant burden of business, especially on material costs and increased fuel costs in the year.

Ratio Liquidity

Table 4. Ratio POWR Liquidity

	2021	2022	2023	2024
Current	9,28	9,90	9,62	10,68
Quick	8,40	8,74	8,43	9,50
Cash	5,19	5,57	4,23	3,55

Through ratio data liquidity presented show ability company in fulfil obligation term in short especially in the current ratio and quick ratio, the company own ratio very good smooth in the form of a current ratio of more from the same with two and excellent growth Where mark ratio fluent previously by 9.28 to 10.68 which indicates that company own powerful ability For pay off long-term debt short and manageable working capital needs. Then, from the company's quick ratio, eight more significant points emerge. The same applies to 1.5, indicating that the company can meet its long-term debt obligations without resorting to inventory in the short term. A company's cash ratio above 1 indicates that it has extreme liquidity, meaning it holds substantial cash reserves to face unexpected opportunities or economic crises without selling assets or taking out a loan. Although the company has a large cash ratio, if it is not utilized, it can lose its mark optimally due to the opportunity cost of investing in assets, or become more business productive, or remain idle. Funds held in cash can cause a company to miss investment opportunities. Overall, the current ratio and quick ratio are supported by a high cash ratio, which is bolstered by cash and cash equivalents worth US$191.3 million and investments of US$253.5 million. These assets can be utilized directly to settle short-term debt of US$54 million, either with or without the inclusion of inventory.

Profitability Ratio

Table 5. POWR Profitability Ratios

	2021	2022	2023	2024
OPM	28,14	24,27	22,81	20,35
NPM	17,57	13,18	14,10	13,77
ROA	6,66	5,33	5,81	5,64
ROE	12,95	10,37	10,93	10,64

Judging from the data presented, the company's operating profit margin, which is above 15%, demonstrates a healthy margin. This decline also indicates the company's continued ability to generate significant profits from its core operations, even after accounting for operating expenses. A declining OPM value could also indicate increased competitive pressure in the market, forcing the company to lower prices or structural changes in operating costs that are difficult to control. The company's net profit margin, derived from net profit before tax minus total taxes, also fluctuates from period to period. Although it declined from 17% to around 13%-14%, it indicates the company's ability to manage overall costs above 5% and generate net profits in line with shareholder criteria.

Meanwhile, the company's return on assets ratio is known to be able to generate ROA between 6.66% and 5.33%, indicating that the company can generate 6.66% to 5.33% net profit per 100 US dollars of assets. This occurs due to fluctuations in profit and clean earnings, as well as increases in market assets every period, indicating that the company is under pressure to utilize its profits throughout the period 2021-2024. A company capable of producing a 5% return indicates that it is still capable of generating a profit from its invested assets. A decrease in ROA could signify that the company's own assets are not productive enough, or there is an underinvestment in assets to produce the expected profit. The continued decline indicates that the company faces a challenge in generating profits from all sources to meet its power needs. On the company's return on equity alone, it is known that 2022 experienced a decline. However, the period from 2023 to 2024, with a ramping up of the company's performance, is expected to be good, capable of maintaining a consistent company ROA value and keeping the company's ROE above 10%. Decrease. This indicates that the company is not efficient enough in utilizing equity holder shares to produce a clean profit. If the decrease continues, it can reduce the Power Pull Company in the long term.

For the decline in the 2022 period, due to a decrease in profit of 18 million US dollars, as well as an increase in the material burn burden every period. The material load is very significant, burning compared to other assets, which is worth between $250 million and $270 million. Additionally, there is a burden of depreciation worth $ 57 million and expenses for employees amounting to $ 57 million, which stresses the company's income.

Growth

Table 6. POWR Growth Ratio

	2022	2023	2024
Sales	6,91	-0,79	0,17
Operating	-7,80	-6,76	-10,63
EBIT	-7,82	0,88	-7,46
Net Profit	-19,80	6,12	-2,12

The company's primary source of income originates from the customer industry and PT Perusahaan Listrik Negara (Persero), valued at US$470 million and US$70 million, respectively. The company also experienced a significant increase in 2022 compared to the 2023 and 2024 periods, which did not experience an increase in income. Existence 7% increase in 2022, increasing customer reception, amounting to 51 million US dollars. The increase in 2022 income contributed to the company's success in expanding its electricity sales volume from 203 GWh to 4,413 GWh, a growth that is also in line with the recovery of the Indonesian economy, characterized by a GDP growth rate of 5.3% in 2022. Growth, profit, and business experience decline every year during its most significant period, especially in 2024, due to the burden of sourcing materials, which incurs a cost of around $ 270 million, eroding the business's profit by 50%. The company's fuel sources comprise 64.08% natural gas, 32.42% coal, 2.03% biomass, and 1.47% diesel. Natural gas and coal prices have recently experienced price increases, which have put pressure on the company's profits. However, a few days earlier, it was agreed upon in the negotiations between Indonesia and the United States that Indonesia would purchase key commodities from the United States, including energy and agricultural products. This agreement will reduce the company's fuel burden on its net profit and secure a more stable fuel supply, thereby maintaining its operations. While the company's profit before income tax decreased by 7% in 2022 and 2024 due to interest payments sourced from financing costs, the company at least mitigated the decline in profit before income tax by generating interest income in the form of time deposits and investment purchases, amounting to US$183 million. The company's 2022 net profit experienced a significant decline due to current and deferred taxes of US$38.8 million, as well as a decrease in current and deferred tax assets. In 2023, the company paid current taxes of US$35.3 million, resulting in a US$3.5 million increase in net profit. In 2024, corporate taxes decreased by US$6 million, resulting in a significant reduction in the company's net profit.

Dividends

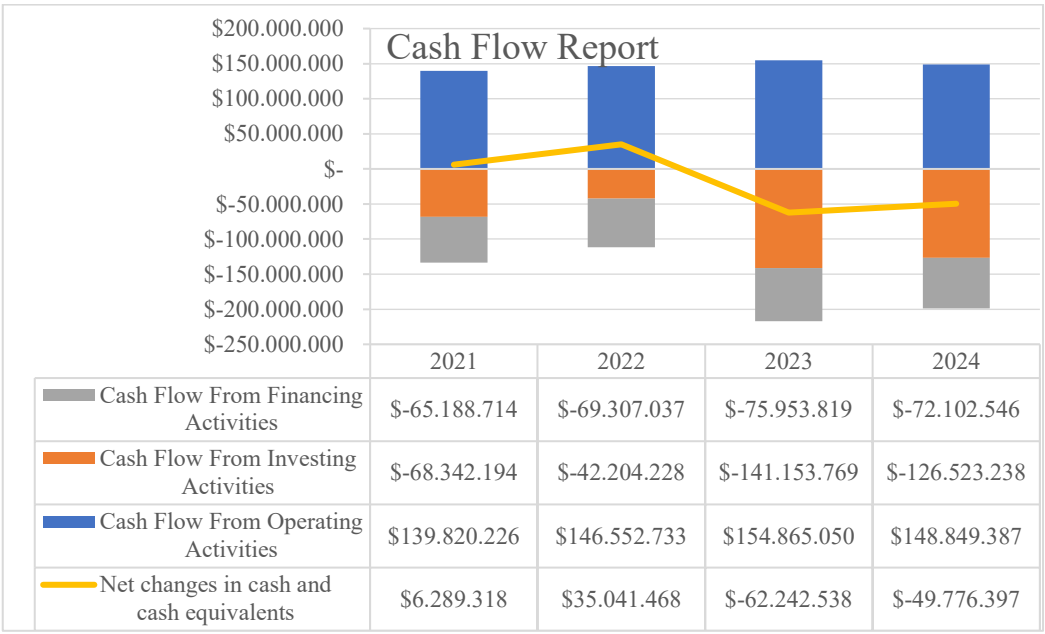
Table 7. POWR Dividends

	2021	2022	2023
DPS	61	66	73
DPR	73	96	96
DY	8,7	9,5	10,5

When considering the dividends distributed by POWR shares, the company's dividend payout ratio and dividend yield are key factors to consider. The company's dividend payout ratio reflects its supportive shareholder policy, with a dividend payout ratio of 73% in 2021, increasing to 96% in 2022 and 2023, thereby distributing a significant portion of its net profit as dividends. A high dividend payout ratio indicates confidence in its cash flow and profitability. A low DPR will hinder the company's growth and expansion, indicating a lack of profitable investment opportunities in the future. The company's dividend yield, which increases annually, makes POWR shares highly attractive to investors seeking to earn returns above fluctuating interest rates and inflation. This increase in the dividend payout ratio is driven by a rise in the company's share price (DPS) and a decline in its closing price, which can be utilized as a passive income option.

Company Cash Flow

Table 8. POWR Cash Flow



	2021	2022	2023	2024
Cash Flow From Financing Activities	$-65.188.714	$-69.307.037	$-75.953.819	$-72.102.546
Cash Flow From Investing Activities	$-68.342.194	$-42.204.228	$-141.153.769	$-126.523.238
Cash Flow From Operating Activities	$139.820.226	$146.552.733	$154.865.050	$148.849.387
Net changes in cash and cash equivalents	$6.289.318	$35.041.468	$-62.242.538	$-49.776.397

The company's cash flow changes showed that in 2021 and 2022, the company successfully recorded a positive net change in cash of US$6.3 million and US$35 million, respectively. This positive condition was driven by strong cash flow from operating activities, which consistently generated cash receipts of over Rp139 million per period. However, this positive trend reversed in 2023 and 2024, when the net change in cash showed negative figures, specifically US$62 million and US$50 million. Although cash flow from operations remained healthy and even peaked in 2023 at US$154.9 million, a significant increase in cash expenditures for investment purchases, particularly time deposits in 2023, reaching US$141 million, was the main factor eroding the operating cash surplus. Furthermore, cash expenditures for funding in the form of cash dividend payments also remained large, exceeding US$65 million each period. The decline in net cash changes likely reflects the company's lack of a clear growth strategy in investing, due to investment purchases and deposit placements that do not provide significant added value to the company's core business, plus significant dividends amounting to 96% of cash drain, indicating the need for an in-depth evaluation of the company's financial and operational strategies by ensuring that every cash expenditure has a purpose that supports sustainability and long-term growth.

Future Business Opportunities

Several online news sites reported that PT. Cikarang Listrindo Tbk will expand its renewable energy business by establishing a new subsidiary called PT. Energi Baik Alami (EBA) (Andi, 2025). The company's business expansion involves developing photovoltaic (PLTS) solar power plants with a total installed capacity of 51.9 Megawatts (MW) as of June 30, 2024. The company is also installing a biomass handling system to gradually increase the co-firing of PLTU, enabling it to convert up to 25% of coal consumption to biomass (Mulyana, 2024). By the end of 2024, the company will have a total installed capacity of 1,179.8 MW, consisting of 755 MW from PLTGU, 109 MW from PLTG, 252 MW from PLTU, 28 MW from PLTU co-firing, and 35.8 MWp from PLTS. The percentage of renewable energy (EBT) capacity from co-firing of PLTU and PLTS in 2024 reached 5.4%, representing a 4.2% increase from 2023.

The company's 2024 sustainability report explains that between 2021 and 2026, the company achieved its target of increasing solar power plant capacity to over 50 MWp and transitioning the Babelan coal-fired power plant to a co-firing power plant by 25%. The company's 2027-2035 target is to establish the Babelan PLTU, transition to 100% co-firing, and increase PLTS capacity by 100 MWp. In fact, during a public presentation by the company in July 2025, it was explained that the company would accept additional income from the data center business, which would require a substantial amount of electricity

to run data servers. The company also estimates that the energy capacity required will grow by 38% from 2019 to 2026.

CONCLUSION AND SUGGESTIONS

The valuation analysis, the solvency ratio, liquidity ratio, profitability ratio, growth, dividend, and cash flow ratios of PT Cikarang Listrindo Tbk (POWR) are considered suitable for long-term investment. POWR's stock valuation indicates that its EPS and BVPS values exceed the average for its sub-sector. The company is considered cheap in terms of PER and is considered fair in terms of PBV. Its solvency ratio is healthy, with DAR below 50% and DER below 100%, indicating a sound capital structure and controlled financial risks. Despite a decrease in operating profit and an increase in fuel costs, the company was able to maintain an interest coverage ratio (ICR) of more than four times. Its liquidity ratio is excellent, with a current ratio above 2, a quick ratio above 8, and a cash ratio above 1, indicating a strong ability to repay short-term debt. Despite having large cash reserves, the company needs to manage these funds optimally to prevent idle funds and miss investment opportunities. In terms of profitability, the company has a healthy profit margin, despite experiencing a decline in OPM, NPM, ROA, and ROE. This decline was due to increased operating costs, particularly significant fuel costs, and pressure to utilize assets to generate profits.

Regarding corporate strategy, POWR demonstrates a commitment to growth and sustainability. The company has successfully increased the capacity of its solar power plants (PLTS) and targets to increase co-firing at the Babelan PLTU to 100% by 2027-2035. Furthermore, the company established a new subsidiary, PT Energi Baik Alami (EBA), to expand into renewable energy. POWR also has the potential to generate additional revenue from its data center business, which requires a stable and ample electricity supply. However, its dividend policy, with a high dividend payout ratio (DPR) (reaching 96% in 2022-2023), risks disrupting cash flow and hampering business expansion. This is reflected in the negative net cash flow change in 2023 and 2024, despite the healthy cash flow from operations. The company needs to evaluate its dividend policy and reduce it below 70% to maintain healthier cash flow and support long-term growth.

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