

ABSTRACT

The objective of this research is to estimate the fairness of stock price of telecommunication companies listed in Indonesian Stock Exchange. This research uses Discounted Cash Flow (DCF) method with Free Cash Flow to Firm approach and Relative Valuation method with Price to Book Value and Price to Earning Ratio approach. This study uses three scenarios, namely pessimistic scenario (average industry condition), moderate scenario (most likely condition) and optimistic scenario (above industrial growth condition). Furthermore, the data is processed using historical data from 2008 to 2017. Historical data is used as the projection base year 2018 – 2022.

The results show that by using DCF method in pessimistic scenario that intrinsic value of TLKM was overvalued, intrinsic value of ISAT was overvalued, and intrinsic value of EXCL was overvalued. In moderat scenario, intrinsic value of TLKM was overvalued, intrinsic value of ISAT was overvalued, and intrinsic value of EXCL was overvalued. In optimistic scenario, intrinsic value of TLKM was overvalued, intrinsic valued of ISAT was overvalued, and intrinsic value of EXCL was overvalued. Using the Relative Valuation Method with Price to Earning Ratio (PER) approach, in pessimistic scenario, intrinsic value of TLKM was 8,12 times, intrinsic value of ISAT was 4,70 times, and intrinsic value of EXCL was 9,55 times. In moderat scenario, intrinsic value of TLKM was 9,11 times , intrinsic value of ISAT was 5,46 times, and intrinsic value of EXCL was 9,92 times. In optimistic scenario, intrinsic value of TLKM was 10,37 times, intrinsic value of ISAT was 6,51 times, and intrinsic value of EXCL was 10,31 times. Using the Relative Valuation Method with Price Book Value (PBV) approach, in pessimistic scenario, intrinsic value of TLKM was 2,44 times , intrinsic value of ISAT was 0,98 times, and intrinsic value of EXCL was 1,12 times. In moderat scenario, intrinsic value of TLKM was 2,74 times, intrinsic value of ISAT was 1,15 times, and intrinsic value of EXCL was 1,17 times. In optimistic scenario, intrinsic value of TLKM was 3,11 times, intrinsic value of ISAT was 1,37 times, and intrinsic value of EXCL was 1,21 times.

Keywords : Valuation; Discounted Cash Flow; Intrinsic Value; Relative Valuation; Telecommunication Sector.