

ABSTRACT

In the 2014-2019 government period, infrastructure development became the government's main program. This is a potential revenue for building construction companies. By looking at these socio-political trends, and seeing fluctuating trends in stock prices and company returns in these fields, investors should know the fair value of the shares of these companies to avoid investment risks.

Based on the background, this study aims to find the intrinsic value of the company's stock price in the construction sector, especially the state-owned construction company listed on the Stock Exchange in 2018, namely PT Waskita Karya (Persero) Tbk (WSKT), PT Adhi Karya (Persero) Tbk (ADHI), PT Wijaya Karya (Persero) Tbk (WIKA), and PT PP (Persero) Tbk (PTPP). The method used is Discounted Cash Flow (DCF) with the Free Cash Flow to Firm (FCFF) approach and the Relative Valuation method with Price to Earning ratio (PER) and Price to Book Value Ratio (PBV) approaches.

Three scenarios involved; pessimistic scenario (average industry condition), moderate scenario (the most potential condition) and optimistic scenario (the condition above industry growth). The research data were derived from historical data 2013 - 2017 which considered as the reference for the projection years; 2018-2022. Results of this research presented that using DCF method, in optimistic, moderate, and pessimistic scenario, the intrinsic value of ADHI is overvalued; WSKT is overvalued; WIKA is undervalued; and PTPP is undervalued. Furthermore, in Relative Valuation method within PER approach, the PER value of ADHI in optimistic, moderate and pessimistic scenario is 4.19, 3.73, and 3.32; WSKT 3.51, 3.13, and 2.38; WIKA 33.8, 33.4, and 26; PTPP 13.7, 13.7, and 13.6. In PBV approach, the PBV value of ADHI in optimistic, moderate and pessimistic scenario is 0.76, 0.64, and 0.54; WSKT 0.64, 0.56, and 0.42; WIKA 4.03, 3.95, and 3.04; PTPP 2.49, 2.49, and 2.47. The conclusion of this research is recommend buying ADHI, WSKT, WIKA and PTPP shares.

Keywords: *intrinsic value, Construction Company, DCF, FCFF, relative valuation, PER, PBV*