

ABSTRACT

Banks are one of the industries most interested in shares in the capital market, both domestic and foreign investors. The condition of banking shares on the Indonesia Stock Exchange (IDX) is very dependent on the public's perception, so that valuation is one way to assess the intrinsic value of a share in the capital market.

This study aims to project the intrinsic value of state-owned banks listed on the Indonesia Stock Exchange projection 2021-2025. This study uses the Discounted Cash Flow (DCF) method with the Free Cash Flow to Equity (FCFE) approach and the Relative valuation method with the Price to book value (PBV) and Price to Earning Ratio (PER) approaches. Three scenarios are used, namely the pessimistic scenario (the industry average condition), the moderate scenario (the most likely condition) and the optimistic scenario (the condition above the industrial growth) which aims to project the stock value in the next five years. The data used in this study come from historical data for the 2016-2020 period.

Based on the results of the study that using the FCFE method, the shares of BBNI, BBRI, BMRI, and BBTN showed undervalued conditions for the three scenarios. Meanwhile, with the PER method, the four state-owned banks' shares showed undervalued conditions for all scenarios, and PBV showed overvalued conditions for BBRI in the three scenarios, BMRI and BBTN showed overvalued conditions in the optimistic scenario, while in the moderate and pessimistic scenarios, the undervalued conditions, and BBNI showed undervalued conditions for the three scenarios.

Key words: Bank BUMN, Discounted Cash Flow, Relative valuation, Valuation