

ABSTRACT

The rapid growth of contemporary retail business in Indonesia can be attributed to the availability of open market opportunities, the presence of manufacturing businesses that support product supply, and the government's support for economic growth through retail development.

The objective of this study is to determine the intrinsic value of stocks of companies operating in the food and staple retail sub-sector, specifically represented by PT. Sumber Alfaria Trijaya, Tbk. (AMRT), PT. Diamond Food Indonesia, Tbk. (DMND), PT. Midi Utama Indonesia, Tbk. (MIDI), PT. Enseval Putera Megatrading, Tbk. (EPMT), and PT. Millenium Pharmacon International, Tbk. (SDPC) listed on the Indonesia Stock Exchange (BEI). The present study utilizes historical data from the years 2018-2022, which will serve as the foundation for projecting the years 2023-2027.

The research findings indicate that by employing the Discounted Cash Flow (DCF) method, specifically the Free Cash Flow to Firm (FCFF) approach, under an optimistic scenario, the intrinsic values of AMRT, SDPC, and DMND are undervalued. The stocks of EPMT and MIDI are considered to be overvalued. In the moderate scenario, the intrinsic values of AMRT, MIDI, EPMT, and DMND are observed to be overpriced, while SDPC is observed to be undervalued. In the pessimistic scenario, all companies that have been studied are overvalued. In this study, the valuation of stocks was also conducted using the Relative Valuation (RV) method with the Price to Earnings Ratio (PER) and Price to Book Value (PBV) approaches. In an optimistic scenario, the stocks of AMRT, MIDI, and SDPC are considered expensive, while EPMT and DMND are seen cheap. In a moderate scenario, the stocks AMRT, EPMT, and SDPC are considered undervalued, while MIDI and DMND are seen expensive. In a pessimistic scenario, it is observed that AMRT, EPMT, and SDPC are undervalued, whereas MIDI and DMND are considered overvalued.

The aim of this study is to provide an objective assessment of companies, which can be utilized by investors to consider investments and by companies to enhance corporate value.

Keywords: Discounted Cash Flow; Free Cash Flow to Firm; Relative Valuation; Intrinsic Value; overvalued and undervalued.