ABSTRACT

The growing interest in sharia-compliant investments reflects a rising awareness of the need for financial tingkat pengembalians aligned with Islamic ethical principles. Despite challenges in the domestic capital market due to the COVID-19 pandemic, geopolitical tensions, and political instability, several sharia-compliant stocks have maintained strong financial performance.

This study aims to evaluate the intrinsic value of two leading sharia-compliant stocks listed in the IDXHIDIV20 index using a fundamental valuation approach.

The methodology employed is the Discounted Cash Flow (DCF) method with a Free Cash Flow to Firm (FCFF) approach, complemented by a Relative Valuation technique using Price to Earnings Ratio (PER) and Price to Book Value (PBV) multiples. Valuation is conducted under three scenarios—pessimistic, moderate, and optimistic—based on financial statements from 2019 to 2023 to project FCFF for 2024, and then compared to market prices as of December 2023.

The findings reveal that INDF shares are undervalued across all scenarios and valuation approaches, making them a strong candidate for investment. In contrast, ICBP shares tend to be overvalued under the optimistic scenario, indicating high sensitivity to market expectations.

This study is limited by its reliance on five years of historical financial data and projection assumptions that may shift due to market dynamics.

The originality of this research lies in the application of the DCF-FCFF and Relative Valuation methods to high-dividend sharia-compliant stocks in Indonesia—an area that remains underexplored in academic literature.

Keywords: sharia investment, IDXHIDIV20, discounted cash flow, free cash flow to firm, relative valuation.