

ABSTRACT

Stocks investment can not be separated from the characteristics of the correlation between return and risk. One of the risks that often occurs among investors is misprice or incorrect price. To minimize these risks the investor is expected to perform fundamental analysis and technical analysis. One of the important fundamental analysis carried out by the investor is a stock valuation. Stock valuation is an analysis of the actual stock value. Therefore, by analyzing the valuation of shares, investors are expected to know what the true value of a stock, so as to avoid the risk of mispricing.

The purpose of this research to estimate the intrinsic value of the stock for decision making buy, hold, sell using the Dividend Discount Model (DDM) constant growth and Price Earning Ratio (PER). This research is classified as descriptive and sampling technique used in this research is purposive sampling.

The result of this research with Dividend Discount Mode (DDM) method showed that AALI, ITMG, PGAS stocks at undervalue condition and ADHI, ASII, BBRI, BMTR, CPIN, GGRM, INDF, INTP, ITMG, PGAS, UNTR stocks at overvalue. While based using Price Earning Ratio (PER) method showed that AALI, ADHI, ASII, BBRI, GGRM, INDF, INTP, ITMG, PGAS, UNTR stocks at undervalue and BMTR, CPIN, JSMR, KLBF, MNCN, LPKR, UNVR stocks at overvalue.

Based on this result of research there is a difference between the DDM method and PER method. However, both methods are complementary, so it can't be compared which one is better. So as to determinethe intrinsic value, the author commit next stage, that is finding the average intrinsic value of the DDM constant growth method and PER method. Based on the results of the average intrinsic value that undervalue catagory is AALI, ITMG, PGAS, UNTR and decisions should be taken by the investor is buying the share.

Keyword : Stock Valuation, Dividend Discount Model (DDM), Price Earning Ratio (PER)