

ABSTRACT

The objective of this paper was to estimation the fairness stock prices in subsector telecommunications company that listed in Indonesian Stock Exchange.

This study conduct discounted cash flow method with free cash flow to the firm approach and using relative valuation method with price to earning ratio, price to book value ratio and EBITDA multiple approach. This study involves three condition namely optimistic, moderate and pessimistic to estimate future condition. Furthermore, data were collected from 2006 – 2016 as a historical data for basic projected data in 2017 – 2020.

The result showed with discounted cash flow in optimistic condition that intrinsic value of TLKM was undervalued, intrinsic value of ISAT was overvalued and intrinsic value of EXCL was undervalued. In moderate condition, intrinsic value of TLKM was undervalued, intrinsic value of ISAT was overvalued and intrinsic value of EXCL was overvalued. In pessimistic condition, intrinsic value of TLKM was overvalued, ISAT was overvalued and EXCL was overvalued. The intrinsic value using relative valuation method with PER approach TLKM was undervalued, ISAT was overvalued and EXCL was undervalued. In PBV approach, TLKM was overvalued, ISAT was overvalued and EXCL was undervalued. In EBITDA multiple, intrinsic value of TLKM was overvalued, ISAT was undervalued and EXCL was undervalued.

Keywords: *Discounted Cash Flow, Intrinsic Value, Relative Valuation, Telecommunication Sector, Valuation*