

ABSTRACT

The banking industry is one of the industries whose shares are in great demand by the people who will invest in the capital market. Not only interested by local investors and even banking industry stocks are also in great demand from foreign investors. The purpose of this research is to know the fair price of shares in banking companies in 2017 by using the method of Free Cash Flow to Equity on the growth scenario in pessimistic, moderate and optimistic conditions and To know the fair price of shares in banking companies, in 2017 by using Dividend Discount Model method. The sampling technique used purposive sampling and chose 4 Banking Companies which entered into book 4 category as research sample.

Steps in valuation start from the understanding of the past, the analysis of financial statements, projected financial statements and stock valuation calculations. Based on the results of research using FCFE calculation method that BBNI, BMRI and BBCA show undervalued that stock market price is lower than fair value of company stock, while BBRI show overvalued and by using DDM calculation method all emiten show undervalued. If it is known whether the stock is undervalued, fairvalued, or overvalued, then the investor can be more confident to determine his investment decision. Whether the stock wants to be bought, retained or sold

Keywords: Valuation, Fair Value, Free Cash Flow to Equity (FCFE), Dividen Discount Model (DDM)