

ABSTRACT

The objective of this research is to estimate the fair value of the company and the intrinsic value of PT Telkomsel's share price in the initial public offering plan, where Telkomsel is one of the market leaders in the Indonesian telecommunications industry, especially in mobile telecommunication sector. This research uses the Free Cash Flow to Firm approach, Dividend Discount Model method and Relative Valuation with the Price to Book Value approach and Price to Earnings Ratio. This research uses three scenarios, namely the pessimistic scenario, the moderate scenario (the most likely condition) and the optimistic scenario. Moreover, data processing uses the company's historical data from 2012 to 2017. Historical data are used as the baseline for projections for 2018 – 2022 condition.

The results of data processing and research show that by using the FCFE method in the pessimistic scenario, for Telkomsel Enterprise Value was Rp. 270.67 trillion, and progressing with the moderate scenario for Telkomsel Enterprise Value was Rp. 294.34 trillion and in the optimistic scenario, the value of Enterprise Value Telkomsel is Rp. 310.46 trillion. The valuation of fair value using the Dividend Discount Model method in the pessimistic scenario gets the value of shares with the difference in stock intrinsic value from the FCFE valuation of the same scenario of 7.6%, meanwhile in the moderate scenario with the difference in stock intrinsic value from the FCFE valuation the same scenario is 8.2 %, and in the optimistic scenario, where calculated difference in stock intrinsic value from the FCFE valuation of the same scenario is 8.5%. The relative valuation method used is the PER and PBV approach, the calculation for Telkomsel PBV is above the market range, while the Telkomsel PER value is still within the range currently in the market show.

Keywords : *Valuation; Telkomsel; Discounted Cash Flow; Free Cash flow to Firm, Dividend Discount Model; Intrinsic Value; Relative valuation; Telecommunication Sector.*