ABSTRACT

The pandemic period from 2020 to 2021 caused many industrial sectors to be very strongly affected. The indicators can be seen from the many companies that carry out efficiency policies in the form of reducing costs that are not related to increasing revenues up to termination of employment. Despite being under pressure due to the pandemic, based on data from the Ministry of Industry, several industrial sub-sectors have recorded very high growth in the second quarter of 2021.

This research aims to estimate the fair value of stocks in the Industrial Goods companies that are listed on the Indonesia Stock Exchange. The methods use discounted cash flow (DCF) with free cash flow to the firm approach and relative valuation with the price-to-earnings and price-to-book value ratio. The company's historical financial data between 2017 to 2021 are used for the projection of the revenue and cost behavior over the next five-year under three scenarios: optimistic, moderate, and pessimistic.

The results showed that with the DCF-FCFF method, IMPC, ARNA, and UNTR were undervalued in all scenarios. MARK was overvalued in the pessimistic and moderate scenarios and undervalued in the optimistic scenario. HEXA was overvalued in the pessimistic scenario and undervalued in the moderate and optimistic scenarios. In relative valuation with the PER approach, ARNA and UNTR were overvalued in all scenarios whereas MARK and HEXA were undervalued. IMPC was undervalued in the pessimistic scenario and overvalued in the moderate and optimistic scenarios. In the PBV approach, IMPC, ARNA, MARK, HEXA, and UNTR were overvalued in all scenarios.

Keywords: Discounted Cash Flow, Relative Valuation, Industrial Goods, Valuation