

ABSTRACT

During the government period of 2014 until now, infrastructure development has become the government's main program or known as the National Strategic Project (PSN). This is a potential revenue for building construction companies. By looking at these socio-political trends, and seeing fluctuating trends in stock prices and company returns in these fields, investors should know the fair value of the shares of these companies to avoid investment risks.

Based on the background, this study aims to estimate the fair value or intrinsic value of company shares in the construction sector, especially state-owned construction companies listed on the Indonesia Stock Exchange (IDX) in 2022 namely PT Adhi Karya (Persero) Tbk (ADHI), PT Wijaya Karya (Persero) Tbk (WIKA), and PT PP (Persero) Tbk (PTPP).

The method used is Discounted Cash Flow (DCF) with the Free Cash Flow to Firm (FCFF) approach and the Relative Valuation (RV) method using the Price to Earning Ratio (PER) and Price to Book Value (PBV) approaches. This study uses three scenarios, namely the pessimistic scenario (average industry condition), the moderate scenario (the most potential condition), and the optimistic scenario (the condition above industry growth) for the projected needs of the 2022 period. The data used in the research is data that has been processed from historical financial report data from the 2017 to 2021.

Based on the results from DCF analysis, the following results are obtained: ADHI is undervalued in all scenarios, WIKA is overvalued in optimistic scenarios but undervalued in moderate and optimistic scenarios, and PTPP is overvalued in all scenarios. Correction upon results of PTPP's intrinsic value is required since the results from RV indicates that the results of the DCF analysis of the company are partially invalid. The investment recommendation for ADHI is to buy these shares while the recommendation for WIKA and PTPP is to sell these shares.

This study's findings have implications for policymakers, market participants, and investors by providing valuable insights into the valuation of state-owned construction companies and the impact of the pandemic on their financial performance

Keywords: valuation, intrinsic value, Discounted Cash Flow, Relative Valuation, construction company