ABSTRACT

The energy sector plays a strategic role in Indonesia's economic development, contributing significantly through exports and fulfilling domestic energy needs. However, stocks in this sector are highly vulnerable to macroeconomic uncertainties, global oil price volatility, and geopolitical risks, which cause substantial fluctuations in share prices. In such a dynamic context, accurate stock valuation becomes essential to support rational investment decision-making. Although valuation models such as Discounted Cash Flow (DCF) and Relative Valuation (RV) have been widely applied in developed countries, empirical studies on their effectiveness in emerging markets, particularly in the energy sector, remain limited.

This study aims to evaluate the intrinsic value of energy sector companies included in the IDX LQ45 index during the period from 2019 to 2023. The DCF method is employed using the Free Cash Flow to Firm (FCFF) approach to calculate intrinsic value, while validation is carried out through the RV method using Price to Earnings Ratio (PER) and Price to Book Value (PBV) multiples. Projections are made for 2024 under three scenarios—pessimistic, moderate, and optimistic—and the valuation results are compared to market prices as of December 2023.

The findings show that ADRO shares are undervalued under the pessimistic and moderate scenarios; however, under the optimistic scenario, their intrinsic value is close to or slightly exceeds the market price, indicating a condition of being fairly valued or slightly overvalued. Conversely, PTBA and ITMG shares tend to be overvalued, particularly under the optimistic scenario, although under the pessimistic or moderate scenarios, both are closer to their fair value. These findings suggest that an integrated valuation approach can be effectively applied in emerging markets.

Keywords: Stock Valuation; Discounted Cash Flow; Free Cash Flow to Firm; Relative Valuation; Energy Sector; IDX LQ45.