ABSTRACT

Over the past five years, the development of technology in Indonesia has experienced significant growth, particularly since the COVID-19 pandemic accelerated the digitalization process across various sectors. Nevertheless, despite the positive growth of technology and the digital economy, the stock performance of Indonesian technology companies, as reflected in IDXTECHNO, has shown a significant decline since 2022.

This study aims to analyze the valuation comparison using the discounted cash flow (DCF) and relative valuation methods for companies in the technology sector in Indonesia, particularly in the software and IT services subsectors listed on the IDX. The study will examine the intrinsic value of these companies to ascertain the market's assessment of their shares. Additionally, it will propose a more precise valuation method to determine the fair value of shares, with a specific emphasis on the technology sector.

The research method used is a quantitative method using historical data from the company's financial statements from 2019 to 2023 for projections from 2024 to 2028. The determination of the sample of companies was conducted using a purposive sampling method of 35 companies resulting 5 samples of technology companies. This study employed three scenarios, namely pessimistic, moderate, and optimistic.

The results showed that most of the valuation results using the Discounted Cash Flow (DCF) and Relative Valuation methods were undervalued. Based on DCF-FCFF, EMTK and MLPT shares in the pessimistic scenario were overvalued, while in the moderate and optimistic scenarios were undervalued; and the shares of NFCX, DMMX, and ATIC were undervalued in all scenarios. Based on RV-PER, MLPT's PER value in all scenarios was overvalued; EMTK's PER value was overvalued in the pessimistic scenario, while the moderate and optimistic scenarios were undervalued; NFCX, ATIC, &; DMMX's PER values in all scenarios were undervalued compared to the industry average. Based on RV-PBV, EMTK's PBV values in all scenarios are overvalued; the PBV ratios of NFCX, DMMX, MLPT, and ATIC in all scenarios were undervalued compared to the industry average of the technology sector software and IT services subsector. The research also shows that the most accurate valuation method for Relative Valuation with smaller RMSE values.

***Keywords**: technology companies, valuation, intrinsic value, Discounted Cash Flow, Relative Valuation.*