

ABSTRACT

The objective of this research is to forecast the fairness of stock price of cement companies listed in Indonesian Stock Exchange. This research used Discounted Cash Flow (DCF) method with Free Cash Flow to Firm approach and Relative Valuation method with Price to Book Value and Price to Earning Ratio approach. This research uses three scenarios, namely pessimistic (average industry condition), moderate (most likely condition) and optimistic (above industrial growth condition). For the needs of the next five years projections, from 2018 to 2022, data processed from historical financial performance data from the period 2013 to 2017 is used.

The results showed that using DCF method in the pessimistic scenario of INTIP, SMCB and SMBR stock prices in overvalued conditions, using DCF in the moderate scenario INTIP and SMBR stock price in overvalued conditions, SMCB share price was undervalued, in optimistic scenario of INTIP's stock price in overvalued conditions, the stock price of SMCB and SMBR were undervalued. Furthermore, in pesimistic scenario using the Relative Valuation method with PER, INTIP was 9.58 times, SMCB was 7.60 times, and SMBR was 35.09 times, in the moderate scenario PER of INTIP was 11.03 times, SMCB was 10.33 and SMBR was 70.19, In the optimistic scenario PER of INTIP was 18.88 times, SMCB was 20.65 times, and SMBR was 140.89 times. Using Relative Valuation method with PBV approach, in the pessimistic scenario, INTIP was 1.02 times, SMCB was 0.63 times, and SMBR was 2.68 times. In the moderate scenario PBV of INTIP was 1.23 times, SMCB was 0.88 times, and SMBR was 5.49 times, in the optimistic scenario of Price Book Value (PBV), INTIP was 2.27 times, SMCB was 1.82 times, and SMBR was 11.16 times.

Keywords : *Valuation; Discounted Cash Flow; Intrinsic Value; Relative Valuation; Cement Sector*