An Analysis on Stock Intrinsic Value with Free Cash Flow to Firm, Relative Valuation, and Abnormal Earning Methods in Plantation Issuer (A Case Study at PT. Austindo Nusantara Jaya, Tbk and PT. Dharma Satya Nusantara, Tbk)

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Abstract: *Valuation is done to calculate firm value. The result of accurate valuation ca be used to make decision. The objective of this research was to estimate the stock intrinsic value at PT. Austindo Nusantara Jaya, Tbk and PT. Dharma Satya Nusantara, Tbk by using valuation method which included free cash flow to firm, relative valuation, and abnormal earning. The result of the research showed per December 31, 2015 the ANJT intrinsic value was Rp. 1,545.88, undervalued toward market value of Rp. 1,610 and DSNG extrinsic value per December 31, 2015 was Rp. 575.62, undervalued toward market value of Rp. 600. The implication of this research was that investors have to consider their decision to invest on ANJT and DSNG stocks because, according to the result of the research on December 31, 2015, ANJT and DSNG underwent undervalued.*
Keywords: *Intrinsic Value, Market Value, Free Cash Flow to Firm, Relative Valuation, Abnormal Earning*

I. Introduction

Minister of Energy and Mineral Resources of the Republic of Indonesia number 12 of 2015 concerning Third Amendment to the Regulation of the Minister of Energy and Mineral Resources number 32 of 2008 concerning the supply, utilization and trading of biofuels as other fuels is very helpful for moving companies in the agri field (Fernandez, 2007).

Biofuel or biofuel is any fuel either solid, liquid or gas produced from organic materials. To produce biofuels can be done with two strategies, namely planting plants containing sugar (sugar cane), containing starch (corn) and then fermenting with alcohol to produce ethyl alcohol. The second strategy is to plant crops that have high levels of vegetable oils such as oil palm, algae and soybeans and then heated to produce diesel engines (Fernandez, 2007).

This has become a trigger for companies engaged in agri to increase the quantity and quality of products produced. The increase in consumers of these products becomes a necessity in life that must be fulfilled by the government in this case the agri company.

The need for capital markets is a market instrument that is very attractive for investors to invest, both investors individually and corporately. One of the lucrative investment instruments is stocks. The development of people's lives has begun to shift from investments invested in gold, property and other types of investments. Stocks are one of the investment choices that people start to glance at.

Stock is an alternative investment medium that has a greater potential profit and loss than other investment media in the long run. The most dominant reason for investing in stocks is to get dividends and capital gains (Jones, 2004). Dividend is the company's profit that is distributed to investors while the capital gain is the positive difference between the purchase price and the selling price of the stock. An investor will get capital loss if the negative difference between the purchase price and the selling price of the stock. Stocks can be sold, bought or saved if the movement of shares can be calculated or through an investor's feelings about the value of the stock.

Company value is very important because it will affect investors' perceptions of the company. In stock valuation there are 3 types of values, namely book value, market value, and intrinsic value. Book value is the value of shares which according to the issuer's bookkeeping, Market value is the bookkeeping of the value of shares in the stock market while intrinsic value is the actual value of shares (Kusumajaya, 2011).

The purpose of stock analysis is to estimate the intrinsic value of a stock and then compare it with the stock market price. If the intrinsic value is greater than the market price, the stock is undervalued or too low so that it

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is worth buying or holding if the shares have been held. Conversely, if the intrinsic value is smaller than the current stock price, then the stock is considered reasonable and is in a balanced condition (Ruky, 1999).

Of the 16 agri sector issuers that there are companies that have stock values up and down. In 2013 there were two issuers included in the stock market, namely PT. Austindo Nusantara Jaya, Tbk (PT. ANJT, Tbk) and PT. Dharma Satya Nusantara (PT. DSNG, Tbk). Based on the movement of the shares, these two stocks were seen to increase from the beginning of the stock opening until the fourth quarter of 2015. The 2015 JCI beta showed that the market experienced a declining beta and ANJT had a beta of -0.218 while DSNG had beta 1.127. This means that if the beta of a positive company is one then the company's stock price will be positive to increase by one but not with ANJT having negative beta which is contrary to market conditions but has a stock price that continues to improve. The composite share price index from the beginning of 2015 declined until the end of 2015.

Based on the background of the problem above, the authors conducted a study entitled "Analysis of Stock Intrinsic Value with Free Cash Flow to Firm Method, Relative Valuation and Abnormal Earning (Case study: PT. Austindo Nusantara Jaya, Tbk and PT. Dharma Satya Nusantara, Tbk) "

II. Theoretical Review

2.1 Fundamental Analysis

In selling or buying shares, a comparison of intrinsic value and market value is needed. With a comparison of these values, the decision of an investor in selling or buying these shares. In an assessment, before assessing the intrinsic nature of a company, a fundamental analysis is needed. This study uses fundamental analysis with a top-down analysis approach

In this case the Top-down analysis will begin analysis with macroeconomics then continue the development of the industry in question and the development of company information and assessment with the company's financial statements.

As explained above, this top down approach will analyze the approach of macroeconomic conditions to internal company information and company financial performance reports. This analysis is important because it relates to macro and internal conditions of the company.

2.2 Macroeconomic Analysis

In macroeconomic analysis, there are several variables that need to be considered, namely: gross domestic product, inflation rate, interest rate, and rupiah exchange rate (Pratt, 2008).

2.3 Industry Analysis

Industrial analysis is one of a series of fundamental analyzes where industry analysis will show the state of economic development that will be faced by companies in the aspects of the industry in which the company operates. Competition that occurs between industries both directly and indirectly in seizing available market share. Industry analysis will show how the development of industries in the country and abroad, especially the plantation industry and will know how the future prospects of the company's industry.

2.4 Analysis of the Company

The purpose of the company's analysis is to find out how the internal conditions in a company (Tandelilin, 2001). The thing to note is the company's ability to generate cash flow for a certain period of time. The company's ability to influence the most is the growth and yield of investments obtained by the company. An investor must analyze the financial variables first so that they know the intrinsic value of the shares of the company. For this reason, financial statement analysis, discount measurements, financial projections and valuation models are needed.

2.5 Analysis of Company Financial Ratios

To find out an overview of the financial development of a company, it is necessary to analyze the company's financial data. In general, the measure used in financial analysis is the ratio.

Financial ratios are useful in analyzing the financial condition of a company where they are compared equally or benchmarked. Ratio analysis is an analysis that aims to determine the strengths and weaknesses of the company (Brigham, 2004).

2.6 Projection Analysis of Financial Statements

The collected financial data is the basis for conducting future projections about company performance contained in the projections of the company's financial statements for a certain period (10 years) which are assumed to represent the performance of the company (Hartono, 2012). In this case, the financial statement projections on the investor's side form the basis for determining the value of the company.

III. Materials and Method

3.1 Place and Time of Research
This research was conducted for 3 months from January 2016 to March 2016 with data retrieval through internet media. All data on the share price of the agri sector have been listed on the Indonesia Stock Exchange (IDX). This study selected listed issuers in 2015.

3.2 Types of Research
The type of research conducted is qualitative research. In conducting this research, fundamental analysis using a top-down approach is used. This approach is a series of processes from general things that affect the company to the internal conditions of the company. This approach begins with an analysis of macroeconomic environmental conditions then analyzes the industrial sector in which the company operates and evaluates the company based on financial projections for the past two years so that it will obtain the intrinsic value of the company. With this value, it can be compared whether the value of the shares of the issuers under study is undervalued or overvalued.

3.3 Data Collection Techniques
In this study, the data collection techniques carried out were from books, the internet, journals and other publications. The data used is secondary data consisting of:
a. Company financial statements from 2013 to 2015.
b. Historical stock price data from 2013 to 2015.
c. Information about magazine, newspaper, internet and other publications.
d. Macroeconomic variable data such as gross domestic product growth rate, inflation, interest rates, and the rupiah exchange rate.

3.4 Data Processing Techniques
The data processing technique used is Microsoft Excel. The steps taken in processing the data are as follows:
1. Flow to Firm (FCFF) Free Cash Method
2. Relative Valuation Method
3. Abnormal Earning Method

IV. Research Results and Discussion
Based on Top down anaysis analysis shows that the assumption of economic growth ranges from 5% - 6.5% in 2016. This economic growth will be positive if there are no national or international conditions that will affect the Indonesian economy. Analysis of the plantation industry in 2016 will improve and Palepu's analysis can support that palm oil products are very prospects to be developed, especially the world's needs for palm oil.
In calculations with three methods show that PT. ANJT is still undervalued with the market price as of December 31, 2015 amounting to Rp 1,610 while the intrinsic value is three methods at Rp 1,507.17, Rp 1,571.89 and Rp 1,506.58. For PT. The DSNG market price per December 31 2015 was Rp. 600 while the Free Cash Flow to Firm and Relative Valuation methods showed that the DSNG was undervalued at Rp. 416.83 and Rp. 466.20 while the Abnormal Earning method was overvalued with an intrinsic value of Rp. 665 , - The results of the reconciliation of values obtained ANJT value of Rp 1,545.88 and for DSNG of Rp 575.62, -.

V. Conclusion and Suggestion
Conclusion
Based on calculations using the valuation method in the previous chapter, it can be concluded as follows:
a. The intrinsic value of ANJT and DSNG shares using the three methods as of December 31, 2015 are:

Table 5.1 Intrinsic Value of ANJT and DSNG

The Valuation Method	Intrinsic Value of ANJT	Intrinsic Value of DSNG
Free Cash Flow To Firm	Rp 1.507,17	Rp 416,83
Relative Valuation	Rp 1.571,89	Rp 466,20
Abnormal Earning	Rp 1.506,58	Rp 665,03

b. Based on the method used, the fair value of the shares of PT. ANJT, Tbk and PT. DSNG, Tbk as of December 31, 2015 are:

Table 5.2 Intrinsic Value Method of ANJT and DSNG

Company Stock	Date Price 31 Desember 2015	Intrinsic Value Method		
		Free Cash Flow To Firm	*Relative Valuation*	*Abnormal Earning*
ANJT	1.610	1.507,17	1.571,89	1.506,58
		Undervalued	Undervalued	Undervalued
DSNG	600	416,83	466,20	665,03
		Undervalued	Undervalued	Overvalued

Suggestion

Suggestions that can be given based on the analysis carried out are as follows:

a. Based on the calculation above, the stock price of PT. ANJT, Tbk has cheaper intrinsic value compared to its market price with a difference between Rp. 30 to Rp. 102 points. The expansion carried out by ANJT must be published to convince investors to invest in ANJT shares.

b. For companies PT. DSNG, Tbk should be more intense to increase sales so that cash continues to roll. From the financial statements show that sales every year are not so significant that inventory increases which results in the company's profits not increasing optimally.

c. For appraisal practitioners, they must pay attention to the macroeconomic aspects of determining the intrinsic value of shares, especially company beta, not only taking from internet data, but must be regressed to be more accurate.

d. Investors should consider considering investing in ANJT and DSNG because on December 31, 2015 the value of the two companies has been undervalued.

e. For academics and subsequent researchers, they discuss stock valuations with other methods such as free cash flow to equity.

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