

ABSTRACT
**BUSINESS ANALYSYS AND VALUATION OF
VESTAS WIND SYSTEMS (VWS)**

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The purpose of this paper is to provide the estimation of the target price of Vestas at the end of year 2022 by employing the discounted cash flow (DCF) valuation model and recommend an investment decision on whether to buy, hold, or sell shares by comparing the market value of Vestas to the estimated target price. In order to perform valuation, data from the last decade of financial reports are retrieved and a set of assumptions is used to calculate the free cash flow to the firm (FCFF). According to the DCF model, the sum of the future cash flow stream and the terminal value are discounted back to the present value with a perpetuity growth rate of 3.3% and the weighted average cost of capital of 9.97% as discount rate result in an enterprise value of €30,726 million and an equity value of €32,569 million. At the end of year 2022, the value per share is estimated at €32,25. Compared to the observed market value on 30 July 2022, which was closed at €25,25, the target price has a potential upside of 26,34% meaning that the target price is undervalued by the market. A sensitivity analysis is performed to assess how sensitive the model is against the changes in the underlying assumptions. In addition to that, to support the recommendation, the relative valuation approach is provided by comparing Vestas' finansial performance to its peers by multiples.

Keyword : Vestas, Free Cash Flow to the Firm, Discounted Cash Flow, Sensitivity Analysis, Relative Valuation

ABSTRAK
**BISNIS ANALISIS DAN VALUASI VESTAS
WIND SYSTEMS (VWS)**

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Tujuan dari penelitian ini adalah untuk memberikan estimasi target harga saham Vestas pada akhir tahun 2022 dengan menggunakan model *Discounted Cash Flow* (DCF) dan memberikan rekomendasi keputusan investasi apakah akan membeli, menahan, atau menjual saham dengan membandingkan nilai pasar Vestas dengan nilai estimasi target. Untuk melakukan valuasi, data satu dekade terakhir laporan keuangan dan serangkaian asumsi digunakan untuk menghitung *free cash flow to the firm* (FCFF). Menurut model DCF, jumlah FCFF dan *terminal value* diskontokan kembali ke nilai sekarang dengan tingkat pertumbuhan perpetuitas 3,3% dan biaya modal rata-rata tertimbang 9,97% sebagai tingkat diskonto menghasilkan nilai perusahaan sebesar €30.726 juta dan nilai ekuitas €32.569 juta. Pada akhir tahun 2022, nilai per lembar saham diperkirakan sebesar €32,25. Dibandingkan dengan nilai pasar pada 30 Juli 2022 yang ditutup pada harga €25,52, harga target memiliki potensi kenaikan sebesar 26,26%, yang berarti harga target *undervalued* oleh pasar. *Sensitivity analysis* dilakukan untuk menilai seberapa sensitif model terhadap perubahan asumsi yang mendasarinya. Selain itu, untuk mendukung rekomendasi, dilakukan *Relative Valuation* dengan membandingkan kinerja keuangan Vestas terhadap kompetitornya menggunakan *multiples*.

Kata kunci: Vestas, *Free Cash Flow to the Firm*, *Discounted Cash Flow*, *Sensitivity Analysis*, *Relative Valuation*