

Abstract

PT Phapros Tbk plans to conduct a rights issue when the stock market prices of PT Phapros Tbk and IHSG are declining. To avoid failure in the implementation of the rights issue, it is necessary to do an assessment of the fairness of the shares value of PT Phapros Tbk. This study estimates the fair value of PT Phapros Tbk shares in the context of a rights issue in 2020. The fair value of PT Phapros shares is estimated using the income approach (free cash flow to the firm model and economic value added models) and market approaches (relative valuation with multiple P / E ratio, PBV ratio, and P / S ratio). The estimated fair value of shares uses the financial statement data for 2020 (audited) as a basis for estimating the income approach and using market data as a comparison for the market approach.

The reconciliation results of the fair value of shares through the income approach and market approach obtained the fair value per share of PT Phapros Tbk in the amount of IDR1,102.69 to Rp1,180.08. This value is higher than the stock market price of IDR1,075.00 per share. Thus it was concluded that PT Phapros Tbk's share price was undervalued and still had the potential to increase in the future.

Keyword: Business valuation