

ABSTRACT

BUSINESS ANALYSIS AND VALUATION OF BASF

Adhi Kurniawan

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This paper analyses the target prices for BASF by implementing discounted cash flow model as valuation method. The objective of this paper is to propose an investment recommendation by observing the market price of BASF's stocks and its target price. A 5-year future cash flow is applied by considering the historical growth and performance of the company to obtain the projection of annual free cash flow. Using the weighted average cost of capital, the cash flow is discounted back to 2021 to generate the present value of the company. With the discounted rate of 9.92%, the target price of BASF is estimated at €71.88 which is 10.82% higher than the market price on 19 July 2021. Furthermore, this paper also conducts sensitivity analysis, scenario analysis, relative valuation, and risk assessment to provide comprehensive observation. Based on those consideration, this paper suggests the investors with a buy recommendation.

Keywords: *valuation, discounted cash flow, BASF, target price*