

ABSTRACT

As an open economy, Indonesia requires an efficient financial market that consists of sub system of money market, obligation market, stocks market and sub system of mortgage market. The parameter of efficiency financial market is market transparency – it means all information to determine the company performance available to everyone especially investor. The writer would like to discuss one sector of industry in Indonesia Stock Exchange and pick up one company from the industry to be analyzed further. The writer chooses retail industry as the observed industry and would like to pick PT Matahari Putra Prima, Tbk (MPPA) as the observed company. Analysts use financial ratios because numbers in isolation typically convey little meaning. Thus, ratios are intended to provide meaningful relationship between individual values in the financial statement. Because the major financial statement report numerous individual items, it is possible to produce a vast number of potential ratios, many which will have little value. The writer conducts analysis and stock valuation using Discounted Cash Flow model to determine the company intrinsic value. The result is then will compare with stock market price at the end of 2008 and it is found out that the intrinsic value higher than the stock market price. It means the stock market price was under value and did not describe real company fundamental at that time.

Keyword: retail industry, industry analysis, company analysis, Discounted Cash Flow, intrinsic value