Evaluation of Stock Through Fundamental Analysis With The Dividend Discount Model (DDM) Approach

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ABSTRACT

The goal of this research is to determine the fairness of stock prices by looking at the intrinsic value of shares in the healthcare industry from 2017 to 2021. Investors use this assessment of the fairness of the share price to choose whether to sell, hold, or purchase shares. The Dividend Discounted Model (DDM) with a Constant Growth Model was used for the analysis. The Dividend Discounted Model (DDM) is used to compare the stock's intrinsic value to its market value to determine the intrinsic value of shares. This value is calculated by anticipating future dividend payments. The Healthcare Sector Company on the Indonesia Stock Exchange is the subject of this kind of descriptive research. Nine companies were chosen as samples using the purposive sampling strategy. Shares of DVLA, KLBF, MERK, MIKA, PEHA, PRDA, SIDO, and TSPC were found to be undervalued in the outcomes. On the other hand, HEAL shares was found overvalued. For potential investors in DVLA, KLBF, MERK, MIKA, PEHA, PRDA, SIDO, and TSPC shares, the best investment decision is to buy shares in these companies before the market price of these shares rises. Meanwhile, investors who already own shares in these companies should hold the company's shares and increase their share ownership with the assumption that the share price will rise in the future. Furthermore, potential investors should not buy HEAL company shares and investors who already own the company shares should immediately sell the company shares in order to get capital gains.

INTRODUCTION

Currently, people are increasingly interested in stock investment. This stock investment has a lot of potential benefits, ranging from *capital gains*, and dividends, to the sale of rights or warrants. In addition to the advantages of investing in these stocks, you must also pay attention to the potential losses. Considering that stocks are a high-risk *high-return* investment instrument. One of the things that investors should consider is stock valuation, where investors estimate the intrinsic value of shares (Iskamto 2015; Iskamto, Puspa Liza Ghazali, et al. 2020; Iskamto 2022; Jatmiko 2022; Sukmadewi et al. 2021). The intrinsic value of a stock reflects the performance of the stock. The intrinsic value of the stock will be compared with the stock market price so that investors can decide on a sell or buy position of the stock (Tandelilin, 2017).

The intrinsic value of stocks can be obtained through fundamental analysis. Fundamental analysis is an assessment of the fair price of shares using the information on the company's internal conditions contained in the company's financial statements. TN Pangestika and A Chritiati (2021) compare the accuracy of absolute methods (including the Dividend Discounted Model, Discounted Cash Flow, and Free Cash Flow to Equity) with relative methods (including Price Earning Ratio, Price to Book Value,

and Price to Sales). The results showed that the Dividend Discounted Model approach is the most accurate compared to other approaches. Thus, the authors are interested in using the DDM method in this study.

Research on stock valuations has been conducted before, including by Affandy, C. (2019); Dewi, R. C. (2014); Hutomo, A. A., Topowijono, T., & Nuzula, N. F. (2016); Pengestika, T. N., & Christianti, A. (2021); Setia, V. V. (2018); Syari, A. S. (2018); and Yuliah, Y., Triana, L., & Lesmana, I. S. (2019). The results obtained for each study are different. The results show suggestions for each of the stocks under study whether to sell, hold, or buy them. Through this, investors can perspective profitable stocks in the future.

The health sector has become one of the sectors that have attracted the most investors since the Covid-19 pandemic. Based on data from the Indonesia Stock Exchange (IDX), the healthcare sector index rose by 7.15% to 1,404 *years to date* (YTD) until October 29, 2021 (Kosasih, D.T, 2021). This makes the author interested in conducting stock valuation research in the healthcare sector for the period 2017 to 2021.

LITERATURE REVIEW

Capital Market

Tandelilin (2017) says that a capital market is a place where parties with a lot of money and people who need money meet by trading securities. The capital market also has the potential to serve as an intermediary institution. Because the capital market is able to connect parties in need of funds with parties in possession of excess funds, this function demonstrates the significant role that the capital market plays in sustaining the economy(Iskamto, Ghazali, and Afthanorhan 2020; Kamaruddin, Wahyudi, and Gani 2022; Liyas and Adrianto 2022; Rudianto et al. 2022; Sunaryo 2022; Ulfa and Salim 2022). Additionally, parties who are overfunded (investors) have access to the capital market, which enables them to select investment alternatives that offer the highest possible returns. As a result, the capital market can encourage the creation of efficient allocations of funds. The market's most productive sectors are assumed to be investments with relatively high returns. As a result, these businesses can make good use of the money they get from investors.

Dividend Discounted Model

The DDM (Dividend Discounted Model) method is a fundamental analysis or company analysis technique in which the expected cash flow from dividends paid by the company on the shares owned is linked. This DDM (*Dividend Discounted Model*) approach is divided into three types, namely (Tandelilin, 2017):

1. DDM With Zero Growth

   This model is used assuming the company is expected to pay dividends that are always the same or stable and will not experience changes in growth rates over an indefinite period in the future. The formula used to assess stocks with this model is as follows:

$$P_0 = \frac{D}{k}$$

   Information:
   P_0 : the intrinsic value of shares
   D : dividend per share
   k : expected rate of return

2. DDM Constant Growth

   This model is used on the assumption that the company's future dividends have stable growth. The formula used to assess stocks with this model is as follows:

$$P_0 = \frac{D}{k-g}$$

Information:
P_0 : the intrinsic value of shares
D : dividend per share
k : expected rate of return
g : dividend growth rate

3. DDM Grows Indirectly (Non-Constant Growth)
   This model is used on the assumption that a company's ordinary stock dividends are not constant but change with the company's life cycle. The formula used to assess stocks with this model is as follows:

$$P_0 = \sum_{t=1}^{n} \frac{D_0(1+g_t)^t}{(1+k)^t} + \frac{D_n(1+g_c)}{(k-g_c)}\left\{\frac{1}{(1+k)^n}\right\}$$

Information:
P_0 : the intrinsic value of shares
D_0 : current dividend
g_t : growth above normal
g_c : below-normal growth
n : Dividend growth period is above normal
D_n: normal growth dividend

Fundamental Analysis

According to Tandelilin (2017), fundamental analysis is an assessment of company stocks based on company financial data, such as revenue, sales, risk, and others. It is in the interest of investors to know book value, intrinsic value, and market value as important information in making investment decisions. In buying and selling shares, investors will compare the intrinsic value with the market value of the stock in question. If the market value of a stock is higher than its intrinsic value, it means that the stock is classified as overvalued. In such a situation, investors should decide to sell the shares. Conversely, if the market value of a stock is lower than its intrinsic value, it means that the stock is classified as undervalued. In such situations, investors should decide to buy the shares.

Previous Research

Dewi, R. C. (2014) conducted a fundamental analysis of cement sub-sector companies in the period 2009-2013. The outcomes indicated that share PT. Indocement Tunggal Prakasa Tbk (INTP) is undervalued, so potential investors should buy these shares and hold on to them for those who already own them. Meanwhile, share PT. Semen Indonesia (Persero) Tbk (SMGR) is overvalued, the best course of action for prospective investors is to avoid purchasing shares and instead sell them to existing shareholders.

Fundamental analysis of companies included in the LQ-45 index from 2012 to 2014 was carried out by Topowijono, T., & Nuzula, N. F. (2016). The outcomes indicated that PT. Astra Agro Lestari,Tbk

(AALI), PT. Bank Rakyat Indonesia, Tbk (BBRI), PT. Gudang Garam, Tbk (GGRM), PT. Indocement Tunggal Prakarsa,Tbk (INTP), PT. PP London Sumatra Indonesia (LSIP), PT.Tambang Batubara Bukit Asam,Tbk (PTBA), PT. Semen Gresik Tbk (SMGR) investors should buy shares before the stock market price rises because the shares are undervalued. However, investors whom already own shares should not sell them and increase their ownership in the event that the stock price rises in the future. Additionally, for AKR Corporindo, Tbk (AKRA),PT. Astra Agro Lestari,Tbk (ASII), PT. Bank Central Asia,Tbk (BBCA), PT. Bank Negara Indonesia (BBNI), PT. Bank Mandiri (BMRI), PT. Charoen Pokhpand,Tbk (CPIN), PT. Indofood Sukses Makmur (INDF), PT. Indo Tambangraya Megah, Tbk (ITMG), PT. Kalbe Farma,Tbk (KLBF), PT. United Tracktor,Tbk (UNTR), PT. Unilever Indonesia,Tbk (UNVR) because the shares are undervalued so investors should avoid purchasing shares of due to their excessive valuation. If investors who own shares wish to receive capital gains, the decision to sell the shares should be made immediately.

Syari, A. S. (2018) conducted a fundamental analysis of pulp and paper sub-sector companies in the period 2011-2015. The results showed that PT Fajar Surya Wisesa Tbk has the highest intrinsic value and PT Pabrik Kertas Tjiwi Kimia Tbk has the lowest intrinsic value. In addition, the company's shares of PT Kedawung Setia Industrial Tbk (KDSI) were undervalued, while the shares of PT Alkindo Naratama Tbk (ALDO), PT Fajar Surya Wisesa Tbk (FASW), PT Indah Kiat Pulp&Paper Tbk (INKP), PT Suparma Tbk (SPMA), and PT Pabrik Kertas Tjiwi Kimia Tbk (TKIM) were *overvalued*.

Fundamental analysis of companies included in the LQ-45 index from 2013 to 2015 was carried out by Setia, V. V. (2018). In 2015, eleven company stocks were found, one of which was PT. Adaro Energy Tbk (ADRO), PT. AKR Corporindo Tbk (AKRA), PT. Astra International Tbk (ASII), PT. Bank Central Asia Tbk (BBCA), PT. Bank Negara Indonesia Tbk (BBNI), PT. Bank Rakyat Indonesia (Persero) Tbk (BBRI), PT. Bank Mandiri (Persero) Tbk (BMRI), PT. Charoen Pokphand Indonesia Tbk (CPIN), PT. Gudang Garam Tbk (GGRM), PT. United Tractors Tbk (UNTR), PT. Unilever Indonesia Tbk (UNVR), which falls into the overvalued category. In contrast, only PT. Astra International Tbk (ASII) was included in the undervalued category in 2013 and 2014.

Affandy, C. (2019) conducted a fundamental analysis of the Regional Development Bank that has been listed on the Indonesia Stock Exchange for the 2017 period. The results show that Bank Pembangunan Daerah Jawa Timur (BJTM) and Bank Pembangunan Daerah Jawa Barat dan Banten Tbk (BJBR) are in an undervalued position, for potential investors the investment decision is to buy these shares and hold for those who already own the shares.

Yuliah, Y., Triana, L., & Lesmana, I. S. (2019) conducted a fundamental analysis of Textile and Garment's companies listed on the IDX for the 2018 period. The results showed that the intrinsic value of PT. Trisula Textile Industries, Tbk (BELL) and PT. Ricky Putra Globalindo, Tbk (RICY) is lower than the market value, meaning that the company is overvalued, while the intrinsic value of PT. Pan Brothers Tbk (PBRX), PT. Sri Rejeki Isman Tbk (SRIL) and PT. Trisusla Internassional Tbk (TRIS) is higher than market value, meaning that these companies are undervalued.

The accuracy of absolute methods (such as the Dividend Discounted Model, Discounted Cash Flow, and Free Cash Flow to Equity) and relative methods (such as the Price Earning Ratio, Price to Book Value, and Price to Sales) is compared by Pengestika, T. N., & Christianti, A. (2021). The findings demonstrated that, in comparison to other approaches, the Dividend Discounted Model strategy is the most accurate. Additionally, the company's stock, investors were advised to sell their shares of PT. Indocement Tunggal Prakasa Tbk (INTP), while the shares of the company PT. Semen Baturaja (Persero) Tbk (SMBR), PT. Semen Indonesia (Persero) Tbk (SMGR), and PT. Wijaya Karya Beton Tbk (WTON) were recommended to be sold. Since was undervalued, these stocks were recommended to investors.

METHOD

Quantitative descriptive research is the focus of this study. A healthcare company that will be listed on the Indonesia Stock Exchange (IDX) between 2017 and 2021 serves as the sample. The purposive sample criteria were used to select the sample. There are 24 companies belonging to the

healthcare sector that are listed on the Indonesia Stock Exchange in 2017-2021. Less 6 companies that do not have complete financial reports from 2017-2021 and 9 companies that do not distribute dividends regularly during 2017-2021. Based on these criteria, the sample in this study consisted of 9 companies, which are as follows PT. Darya-Varia Laboratoria Tbk (DVLA), PT.Medikaloka Hermina Tbk (HEAL), PT.Kalbe Farma Tbk (KLBF), PT.Merck Tbk (MERK), PT.Mitra Keluarga Karyasehat Tbk (MIKA), PT.Phapros Tbk (PEHA), PT.Prodia Widyahusada Tbk (PRDA), PT.Industri Jamu dan Farmasi Sido Tbk (SIDO), and PT.Tempo Scan Pacific Tbk (TSPC).

Furthermore, several stages of analysis are carried out as follows:
1.   Analysis of the financial performance of the company measured using financial ratios. The financial ratios used are as follows:
   a. *Return on Equity* (ROE)
      ROE measures the return on shareholder investment. ROE is formulated as follows (Hanafi,2018):

$$ROE = \frac{Net\ Profit}{Share\ capital} \times 100\%$$

   b. *Earnings per Share* (EPS)
      Earning per share (EPS) denotes the profit generated by each share of common stock. EPS is formulated as follows (Brigham and Ehrhardt in Affandy, C.,2019):

$$EPS = \frac{Net\ Profit}{Number\ of\ shares\ outstanding}$$

   c. *Dividend per Share* (DPS)
      A dividend per share is a share of the profits given to shareholders whose amount is proportional to the number of shares they own. DPS is formulated as follows (Brigham and Ehrhardt in Affandy, C.,2019):

$$DPS = \frac{The\ amount\ of\ dividend\ distributed}{Number\ of\ shares\ outstanding}$$

   d. *Dividend Payout Ratio* (DPR)
      Dividend Payout Ratio (DPR) is the ratio of the share of profits given to shareholders as dividend. DPR is formulated as follows (Brigham and Ehnrhardt in Affandy,C., 2019) :

$$DPR = \frac{DPS}{EPS} \times 100\%$$

2.   Analysis of stock prices
      The following uses of DDM with a constant growth model approach can be known through the following steps (Tandelilin, 2017):
   a.   Dividend Growth Rate

One of the important parts, when an investor does stock valuation, is determining the growth rate of dividends. This growth estimate is used to keep the received dividend growth in line with expectations. The dividend growth rate is formulated as follows:

$$g = ROE(1 - DPR)$$

Information:

g : dividend growth rate
ROE : return on equity
DPR : dividend payout ratio

b. Estimated Expected Dividend
    The expected dividend rate is formulated as follows:

$$D_t = D_0(1 + g)$$

Information:

D_t : estimated dividend
D_0 : actual dividend
g : dividend growth rate

3. Required Rate of Return
    The expected rate of return is the level of return required by the investor as a consequence of investing in the company's stock. The expected rate of return is sought using the dividend yield approach plus the discounted cash flow growth rate in the context or called the discounted cash flow (DCF) method with the following formula:

$$k = \frac{D_0}{P} + g$$

Information:

k : expected rate of return
D_0 : actual dividend
P : stock market price
g : dividend growth rate

4. Intrinsic Value of Stocks
    The intrinsic value of the stock is formulated as follows:

$$P_0 = \frac{D_t}{(k - g)}$$

Information:

P_0 : the intrinsic value of shares
D_t : estimated dividend
k : expected rate of return
g : dividend growth rate

Annual dividends, dividend growth, and the required rate of return are the three main factors that are assumed to have an impact on stock prices in this strategy. The results of the intrinsic value of shares can later be compared with the market value of shares so that stock valuations can be carried out and used as a basis for making investment decisions by potential investors and those who have become investors in the shares of the company under study.

RESULTS AND DISCUSSION

Stock valuation using the Dividend Discount Model (DDM) method requires data on the company's financial performance, namely the value of ROE, DPR, and DPS. The financial data from the research sample are as follows:

Table 1. Financial Ratio Analysis in the *Healthcare* Sector in 2017-2021

No	Company Code	Year	ROE	DPS		EPS		DPR
1	DVLA	2017	13,29%	Rp	99,64	Rp	132,42	75,24%
		2018	16,94%	Rp	106,61	Rp	181,54	58,73%
		2019	16,78%	Rp	106,80	Rp	195,71	54,57%
		2020	10,40%	Rp	107,00	Rp	123,13	86,90%
		2021	12,45%	Rp	112,00	Rp	153,54	72,95%
2	HEAL	2017	18,19%	Rp	34,88	Rp	58,53	59,60%
		2018	6,89%	Rp	10,58	Rp	54,91	19,27%
		2019	11,99%	Rp	24,39	Rp	111,49	21,88%
		2020	4,98%	Rp	25,21	Rp	56,62	44,52%
		2021	4,71%	Rp	41,40	Rp	100,70	41,12%
3	KLBF	2017	17,58%	Rp	22,00	Rp	52,12	42,21%
		2018	16,69%	Rp	25,00	Rp	54,46	45,91%
		2019	15,04%	Rp	26,00	Rp	53,62	48,49%
		2020	15,68%	Rp	26,72	Rp	61,14	43,69%
		2021	15,09%	Rp	29,29	Rp	68,45	42,78%
4	MERK	2017	25,34%	Rp	275,00	Rp	348,14	78,99%
		2018	225,45%	Rp	2.565,00	Rp	2.608,13	98,35%
		2019	12,75%	Rp	2,27	Rp	169,04	1,34%
		2020	12,55%	Rp	130,00	Rp	171,68	75,72%
		2021	18,42%	Rp	122,00	Rp	281,29	43,37%
5	MIKA	2017	17,29%	Rp	34,73	Rp	48,92	70,98%
		2018	16,91%	Rp	0,04	Rp	52,82	0,08%
		2019	15,88%	Rp	18,07	Rp	53,43	33,82%
		2020	18,58%	Rp	21,17	Rp	71,97	29,42%
		2021	23,50%	Rp	36,55	Rp	97,75	37,40%
6	PEHA	2017	17,45%	Rp	51,79	Rp	145,72	35,54%
		2018	19,73%	Rp	104,39	Rp	185,53	56,26%
		2019	15,16%	Rp	110,26	Rp	148,25	74,37%
		2020	6,94%	Rp	85,03	Rp	61,21	138,91%
		2021	2,60%	Rp	23,09	Rp	22,97	100,50%
7	PRDA	2017	8,12%	Rp	28,20	Rp	118,07	23,89%
		2018	16,30%	Rp	64,34	Rp	271,64	23,69%
		2019	11,10%	Rp	93,57	Rp	196,49	47,62%
		2020	13,10%	Rp	112,14	Rp	249,92	44,87%
		2021	27,76%	Rp	172,00	Rp	666,92	25,79%
8	SIDO	2017	18,05%	Rp	25,80	Rp	34,85	74,03%

No	Company Code	Year	ROE	DPS		EPS		DPR
		2018	22,76%	Rp	43,66	Rp	44,04	99,12%
		2019	26,17%	Rp	35,72	Rp	53,47	66,80%
		2020	28,86%	Rp	25,80	Rp	30,99	83,25%
		2021	36,54%	Rp	33,94	Rp	42,28	80,28%
9	TSPC	2017	9,08%	Rp	50,00	Rp	102,60	48,73%
		2018	10,18%	Rp	40,00	Rp	122,90	32,55%
		2019	9,82%	Rp	40,00	Rp	126,33	31,66%
		2020	13,23%	Rp	49,89	Rp	187,12	26,66%
		2021	12,72%	Rp	80,04	Rp	194,38	41,18%

Source: data processing (2022)

After knowing the financial data to calculate stock valuations using the *Dividend Discount Model* (DDM) method, an analysis of intrinsic stock prices is then carried out. The intrinsic value of the shares that have been obtained will be used to compare with the stock market value whose data is taken from the closing price of each company. Here are the stages of calculation:

Table 2. Results of Stock Valuation Calculation Using the DDM Method in the *Healthcare* Sector in 2017-2021

Company Code	Year	Dividend Growth Rate	Estimated Expeted Dividend	Required Rate Of Return	Intrinsic Value of Stock	Stock Market Value	Stock Valuation
DVLA	2017	3,29%	Rp 102,91	8,37%	Rp 2.024,47	Rp 1.960	*Undervalued*
	2018	6,99%	Rp 114,07	12,49%	Rp 2.075,64	Rp 1.940	*Undervalued*
	2019	7,62%	Rp 114,95	12,37%	Rp 2.421,55	Rp 2.250	*Undervalued*
	2020	1,36%	Rp 108,46	5,78%	Rp 2.452,96	Rp 2.420	*Undervalued*
	2021	3,37%	Rp 115,77	7,44%	Rp 2.842,66	Rp 2.750	*Undervalued*
HEAL	2017	7,35%	Rp 37,45	14,16%	Rp 549,62	Rp 512	*Overvalued*
	2018	5,56%	Rp 11,17	7,63%	Rp 540,48	Rp 512	*Overvalued*
	2019	9,37%	Rp 26,67	12,77%	Rp 783,07	Rp 716	*Overvalued*
	2020	2,76%	Rp 25,91	6,33%	Rp 725,49	Rp 706	*Overvalued*
	2021	2,77%	Rp 42,55	6,64%	Rp 1.099,68	Rp 1.070	*Overvalued*
KLBF	2017	10,16%	Rp 24,24	11,46%	Rp 1.861,71	Rp 1.690	*Undervalued*
	2018	9,03%	Rp 27,26	10,67%	Rp 1.657,23	Rp 1.520	*Undervalued*
	2019	7,75%	Rp 28,01	9,35%	Rp 1.745,53	Rp 1.620	*Undervalued*
	2020	8,83%	Rp 29,07	10,63%	Rp 1.610,68	Rp 1.480	*Undervalued*
	2021	8,63%	Rp 31,81	10,45%	Rp 1.754,41	Rp 1.615	*Undervalued*
MERK	2017	5,32%	Rp 289,64	8,56%	Rp 8.952,53	Rp 8.500	*Undervalued*
	2018	3,73%	Rp 2.660,63	63,38%	Rp 4.460,32	Rp 4.300	*Overvalued*
	2019	12,58%	Rp 2,55	12,66%	Rp 3.208,47	Rp 2.850	*Undervalued*
	2020	3,05%	Rp 133,96	7,01%	Rp 3.379,96	Rp 3.280	*Undervalued*
	2021	10,43%	Rp 134,73	13,74%	Rp 4.074,95	Rp 3.690	*Undervalued*
MIKA	2017	5,02%	Rp 36,47	6,94%	Rp 1.900,83	Rp 1.810	*Undervalued*
	2018	16,90%	Rp 0,05	16,90%	Rp 1.841,12	Rp 1.575	*Undervalued*
	2019	10,51%	Rp 19,97	11,19%	Rp 2.950,65	Rp 2.670	*Undervalued*

Company Code	Year	Dividend Growth Rate	Estimated Expeted Dividend	Required Rate Of Return	Intrinsic Value of Stock	Stock Market Value	Stock Valuation
	2020	13,12%	Rp 23,95	13,89%	Rp 3.088,10	Rp 2.730	*Undervalued*
	2021	14,71%	Rp 41,93	16,33%	Rp 2.592,54	Rp 2.260	*Undervalued*
PEHA	2017	11,25%	Rp 57,61	16,07%	Rp 1.195,94	Rp 1.075	*Undervalued*
	2018	8,63%	Rp 113,40	18,34%	Rp 1.167,77	Rp 1.075	*Undervalued*
	2019	3,88%	Rp 114,54	14,14%	Rp 1.116,76	Rp 1.075	*Undervalued*
	2020	-2,70%	Rp 82,73	2,32%	Rp 1.649,23	Rp 1.695	*Overvalued*
	2021	-0,01%	Rp 23,09	2,08%	Rp 1.104,86	Rp 1.105	*Fair*
PRDA	2017	6,18%	Rp 29,95	6,94%	Rp 3.928,68	Rp 3.700	*Undervalued*
	2018	12,44%	Rp 72,34	15,26%	Rp 2.563,65	Rp 2.280	*Undervalued*
	2019	5,81%	Rp 99,01	8,40%	Rp 3.830,46	Rp 3.620	*Undervalued*
	2020	7,22%	Rp 120,24	10,67%	Rp 3.484,76	Rp 3.250	*Undervalued*
	2021	20,60%	Rp 207,43	22,47%	Rp 1.095,29	Rp 9.200	*Undervalued*
SIDO	2017	4,69%	Rp 27,01	14,24%	Rp 282,66	Rp 270	*Undervalued*
	2018	0,20%	Rp 43,75	10,67%	Rp 417,83	Rp 417	*Fair*
	2019	8,69%	Rp 38,83	14,33%	Rp 688,00	Rp 633	*Undervalued*
	2020	4,83%	Rp 27,05	8,06%	Rp 837,63	Rp 799	*Undervalued*
	2021	7,21%	Rp 36,38	11,13%	Rp 927,33	Rp 865	*Undervalued*
TSPC	2017	4,66%	Rp 52,33	7,44%	Rp 1.883,84	Rp 1.800	*Undervalued*
	2018	6,87%	Rp 42,75	9,74%	Rp 1.485,44	Rp 1.390	*Undervalued*
	2019	6,71%	Rp 42,68	9,58%	Rp 1.488,59	Rp 1.395	*Undervalued*
	2020	9,70%	Rp 54,73	13,27%	Rp 1.535,87	Rp 1.400	*Undervalued*
	2021	7,48%	Rp 86,03	12,82%	Rp 1.612,25	Rp 1.500	*Undervalued*

Source: data processing (2022)

It is evident from table 3 above that PT. Darya-Varia Laboratoria Tbk (DVLA), PT.Kalbe Farma Tbk (KLBF), PT.Merck Tbk (MERK), PT.Mitra Keluarga Karyasehat Tbk (MIKA), PT.Phapros Tbk (PEHA), PT.Prodia Widyahusada Tbk (PRDA), PT.Industri Jamu dan Farmasi Sido Tbk (SIDO), and PT.Tempo Scan Pacific Tbk (TSPC) experienced an undervalued trend because the stock's intrinsic value was higher than its market value. Buying shares of these companies before the market price of these stocks rises is the investment choice for potential investors. In the meantime, assuming the stock price will rise in the future, investors who already own shares in these companies ought to hold those shares and increase their ownership. In the meantime, PT.Medikaloka Hermina Tbk (HEAL) stock have intrinsic value being lower than the stock market value, the company experienced an overvalued trend. The decision to invest should not be made by potential investors, and investors who already hold

shares of the company should immediately sell them to receive capital gains.

CONCLUSION

Based on the results of the analysis and discussion above, it can be concluded that in the healthcare sector in 2017-2021, the value of undervalued shares occurred in PT. Darya-Varia Laboratoria Tbk (DVLA), PT.Kalbe Farma Tbk (KLBF), PT.Merck Tbk (MERK), PT.Mitra Keluarga Karyasehat Tbk (MIKA), PT.Phapros Tbk (PEHA), PT.Prodia Widyahusada Tbk (PRDA), PT.Industri Jamu dan Farmasi Sido Tbk (SIDO), and PT.Tempo Scan Pacific Tbk (TSPC) whereas, the value of overvalued shares occurred in PT. Medikaloka Hermina Tbk (HEAL). For potential investors in DVLA, KLBF, MERK, MIKA, PEHA, PRDA, SIDO, and TSPC shares, the best investment decision is to buy shares in these companies before the market price of these shares rises. Meanwhile, investors who already own shares in these companies should hold the company's shares and increase their share ownership with the assumption that the share price will rise in the future. Furthermore, potential investors should not buy HEAL company shares and investors who already own the company shares should immediately sell the company shares in order to get capital gains.

The suggestions for further research are extend the research period, so that more analysis results and trends can be concluded so that investment advice for investors is more accurate. Second suggestion can also with conducting research in other sectors, so that more choices of investment proposals are obtained in companies with undervalued stock values. Last suggestion, the Dividend Discount Model (DDM) method can be applied only to companies that distribute dividends constantly annually. Further research is expected to use other methods, such as price earning ratio, price to book value, price to sales, or stock valuation using technical analysis.

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