Telecommunication Company Share Valuation Using Discounted Cash Flow and Relative Valuation Method Listed in Indonesia Stock Exchange for Forecast

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Abstract: *This research aimed to take an equitable valuation in estimating the stock price at the telecommunication companies recorded in the Indonesia Stock Exchange. It used DCF method within the FCFF approach and relative valuation methods including PER, PBV and enterprise multiple approaches. Three scenarios involved in this research; Pessimistic scenario (the condition of industries in average), moderate scenario (the most potential condition) and optimistic scenario (the condition above industry growth). The research data were derived from historical data 2006 - 2016 which considered as the reference for the projection years; 2017-2020. Results of this research presented that, in optimistic scenario of DCF, the intrinsic value of TLKM is undervalued, ISAT is overvalued; EXCL is undervalued. In moderate scenario, the intrinsic value of TLKM is undervalued; ISAT is overvalued; EXCL is overvalued. In pessimistic scenario, the intrinsic value of TLKM is overvalued; ISAT is overvalued; EXCL is overvalued. Furthermore, in Relative Valuation method within PER approach, the intrinsic value of TLKM is undervalued; ISAT is overvalued and EXCL is undervalued. In PBV approach, the intrinsic value of TLKM is overvalued; ISAT is undervalued and EXCL is undervalued. In multiple EBITDA, the intrinsic value of TLKM is overvalued, ISAT is undervalued and EXCL is undervalued.*

Keywords: Discounted Cash Flow; Intrinsic Values; Relative Valuation; Telecommunication Sector; Valuation

1. Introduction

The Composite Stock Price Index in telecommunication industries tends to have fluctuating movement. This condition is sometimes used by the investors to seek the low-priced stocks. When the investors focus on the price, such situation could lead to bad decisions, selling due to cut loss. Most investors simply focus on how much the stock price drops in the short term, whereas in the long term, the investors could carry out price analysis in accordance with the equitable value of his company [1].

The stock price is an important consideration for anyone in investing stocks, but it is merely one of the two important factors in the evaluation. Another important factor is the value of the company [1]. Most investors tend to buy stocks when the index is in low position and sell stocks when the index is at a high position, whereas this kind of movements can not simply be predicted. Any information spreadout in the market may affect the stock price hastily. Thus, Husnan[2] stated one condition called mispriced stocks (false price; overpriced; underpriced).

Furthermore, Gumanti [19] claimed that every investor has different terms in stock valuation which cause the stock price changes. The difference refers to some conditions named optimistic, moderate and pessimistic. Optimistic condition is a condition in which investors can sell stocks at the highest potential price. Moderate condition is a condition in which the desire of investors to sell stocks in accordance with the wishes of other investors (buyers). While pessimistic condition is a condition in which investors can buy stocks at the least price as possible.

While performing the stock valuation, the resulting price target will not reflects the exact or the absolute number, and thus require a scenario condition or boundary conditions as the price range for buying and selling stocks. In addition, such conditions will also be an alternative decision for making approximate estimations or projections. When the investors consider that the stock price is undervalued (Po <PV),they would buy the stocks. Yet, when the investors got the overvalued price (Po> PV), they would sell the stocks to avoid any potential losses.

Tandelilin [3] in further stated that in the analysis of stock valuation, the investors may come up with a fundamental analysis. The fundamental analysis uses fundamental data which derived from financial data of the company [4]. The intrinsic value or theoretical value is the actual value of the stocks. In order to make precise investment decisions and to make the expected profit, the investors need to do a stock valuation in advance.

One of the precise and reliable models used in the stocks valuation is the discounted cash flow model. The stock value is calculated by the DCF model which may represent the potential market price set on fundamental aspects [6]. The stock valuation models based on DCF principle may determine a condition of the stock; overpriced or underpriced. Another reliable method is relative valuation method. The concept of relative valuation is based on making comparisons to demonstrate the company's intrinsic value. The comparison is set by calculating the ratio and making comparisons to some benchmarks, such as the market, industry, or the stock price over the period.

The stock valuation will generate information of intrinsic value which then be compared with the market price to determine the position of the purchase or sale of a stock [3]. Hence, before making an investment, an investor needs to do a fundamental analysis using financial data or to do a valuation of the intrinsic value of the stock.

2. Review of Related Literatures

2.1 Summary of Related Literatures

1) Stock Valuation Approach
Stock valuation is the process of determining the equitable price for stocks. The valuation would generate the information of intrinsic value then be compared with stocks market prices to determine the bargaining position for a stock of one company [16].In general, there are several approaches used in the valuation, they are: (1) relative valuations; (2) The rule of thumbs valuations; (3) the residual income approach; (4) Asset-based valuations; (5) Discounted cash flow valuation[17].

2) Discounted Cash Flow
According to Wira[10], discounted cash flow is a method of stock valuation by the concept of time value of money. The underlying theory of this method is the entire money which flows in the company in the future (future value) is discounted and then represented the equitable value of the stocks (present value). The DCF is derived from the revenue of the company, means the DCF valuation focuses on the cash flow generated by the business section; operational activities. By the principle, the free cash flow start from the assumption that the company's revenue minus all costs which considered as the extra cash (free cash flow). The extra cash would be the privileges of all parties who provide financial and funding matters to the company; the creditors (lenders or bondholders) and the shareholders.

The measurement process of a company with the DCF method consists of different stages. The first scenario predicts the free cash flow (FCF) for 5-10 years onwards. Then, determining the appropriate discount rate, for example, to the firm approach provide the average cost of capital (WACC) to discount all future FCF to calculate the present value. The next step, determining the terminal value (TV), which is considered as the present value of all future cash flows gained after a certain projection period. Finally, the present value of cash flows summed with terminal value [18].

The eqution is presented as follow [11]:

$$Value = \sum_{n=1}^{t} \frac{CF_n}{(1+i)^n} + \frac{TV_t}{(1+i)^t}$$

DCF valuation method has three different terms of calculations used to perform the analysis of stock valuation in accordance with the needs of each analysis, they are: (1) the dividend discounted models; (2) free cash flow to equity, and (3) free cash flow to the firm [12].

3) Free Cash Flow To Firm
Wira[10] defined FCFF as the available cash to the lenders (stockholders and bondholders) following the company's investment activities. Furthermore,Nel[17] stated that FCFF measures the value of a free-debt company (all expenses; operating costs and taxes already incurred and discounted using the cost of capital (WACC)). The equation is presented as follow [13]:

$$FCFF = EBIT\,(1-T) + DA - CAPEX \pm \Delta WC \quad (2.2)$$

The discount rate used to markdown the FCF weighted average cost of capital (WACC). WACC is used to markdown FCFF value and further draws the value of the company. The equation is presented as follow [14]. :

$$Value\ of\ the\ firm = \sum_{t=1}^{t=n} \frac{FCFF_t}{(1+WACC)^t} + \frac{TV}{(1+WACC)^n} \quad (2.3)$$

Terminal value is the present value of all future cash flows gained after a specific period of time by the scenario analysis. The equation is presented as follows [18]:

$$TV = \sum_{n=1}^{\infty} \frac{FCF_{TV}*(1+g)^n}{(1+WACC)^n} = \frac{FCF_{TV}\,(1+g)}{WACC-g} \quad (2.4)$$

It is difficult to estimate the exact number that shows how a company will sustainably grow in the future. Terminal value is based on the expected average growth, which is easier to predict. It is assumed that a constant growth rate for the period after the analyzed time period, whereby a perpetual growth rate of growth is symbolized by g, then WACC is symbolized by r as the discount rate used. In most cases, the rate of growth over the long term assumed to be in between 0% to 5%, with the notion that the economy continuously grow in the long term.

After determining the present value of cash flows derived from the time period and certain scenarios (FCFF) and also from the terminal value, discounted to present value, furthermore, both the current value is then added together to give the value of the company or the equity value [18].

3. Cost of Capital

According to Cristiana and Rakhman[15],the cost of capital is considered as the opportunity cost of the use of funds which expected to provide a higher rate of return than the cost of capital as well as increase the value of stocks and ultimately increases the wealth of investors.

WACC is one of the most important input factors in the DCF model. Minor changes in WACC would cause major changes in the value of the company. WACC is calculated by weighting the capital resources in accordance with the company's financial structure and then multiplying them with their costs. The equationof WACC is presented as follow [18]:

$$WACC = \frac{Equity}{Debt+Equity} x\ Coe + \frac{Debt}{Debt+Equity} x\ Cod \quad (2.5)$$

In WACC, there are several components used;cost of debt and cost of equity. The cost on the equity is the rate of return preferred by shareholders (equity) in its investment in a company. The cost of equity (Coe) is calculated with the aid, one of which uses the approach of the capital asset pricing model (CAPM). According to the method, the expected return by investors is determined by the risk free rate, risk

premium and beta of the analyzed asset. The Beta measures the change in the stocks price in accordance to the overall stock market. This reflects the market risk [15]. Debt expense according to Steiger[18] is the interest rate to be paid by the company on its external debt or capital. The most influential factors on Cod is the company's credit rating.

4. Theoretical Frameworks

The framework of this research is presented as follow:
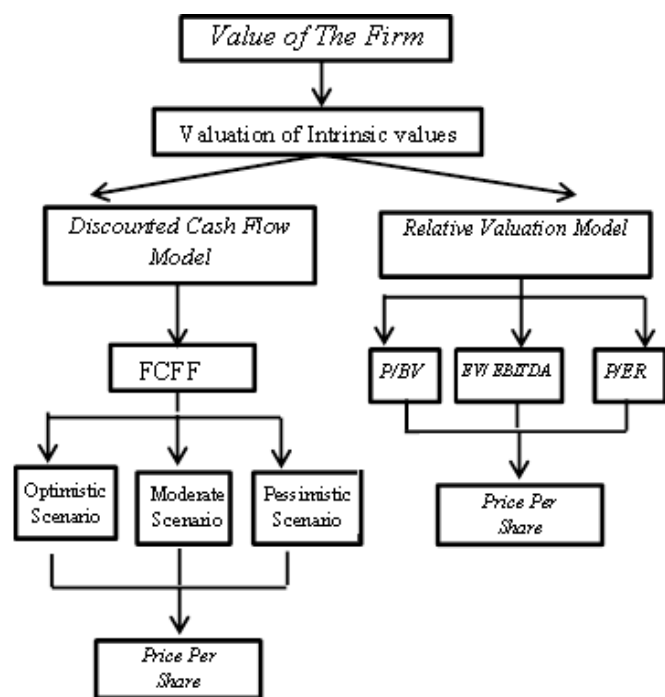
Figure 1: Frameworks
Source: Processed Data

The stock prices in the stock market are always fluctuating. The price of stocks in the stock exchange is determined by supply and demand. The more stocks are sold (supply) then the stocks price will be more expensive, on the contrary, more stocks purchased (demand), and then the price-would increased. Moreover, the information and sentiment in the market can very quickly affect the stock price. The stock price is also an important consideration in investing stocks. Many factors causing the movement of fluctuating stocks prices and trend movements can not easily be predicted as well. In addition, there are also market conditions one condition so-called misspriced stocks (false price; overpriced; underpriced).

One of the best techniques to anticipate the fluctuating movement of the stock price is by conducting fundamental analysis. Fundamental analysis by any means assessing the intrinsic value of the stock. Fundamental analysis would draw a long-term projection for the investors regarding the actual stock value as well as a fundamental value of the company.

Stock valuation that provides information of the intrinsic value will then be compared with stock market prices to determine the dealsposition of a company's stocks. The

stock's valuation of intrinsic value is based on the assumption and the determination of the projections by thefundamental value of the company.

The valuation of the intrinsic value will be calculated using DCF method within FCFF approach and relative valuation; PBV and EBITDA Multiple. The valuation is based on assumptions and projected condition of the company. This researchused historical data from 2006-2016 as the reference for the projections. The projection performed to determine the cash flow and present value in the future.

Three scenarios involved in this research; Pessimistic scenario (the condition of industries in average), moderate scenario (the most potential condition) and optimistic scenario (the condition above industry growth). Each scenario is determined based on the actual information of facts and data. Optimistic condition is regarded as the highest growth of the company's condition viewed from the difference between industrial growth and the company's managementtarget. Moderate conditionis the most likely seen from the fundamental conditionof the company. While the pessimistic condition taken as the worst condition under the growth of the industry. The final process of valuation is gaining the equity value or the company's intrinsic value which then gained for the intrinsic value per stock in each scenario conditions.

3. Problem Definition

Based on the introduction above, the problem definition of this research are:
1) To identify the intrinsic value of stocks in telecommunications company in Indonesia Stock Exchange using *Discounted Cash Flow* method under optimistic scenario in 2017.
2) To identify the intrinsic value of stocks in telecommunications company in Indonesia Stock Exchange using *Discounted Cash Flow* method under moderate scenario in 2017.
3) To identify the intrinsic value of stocks in telecommunications company in Indonesia Stock Exchange using *Discounted Cash Flow* method under pessimistic scenario in 2017.
4) To identify the intrinsic value of stocks in telecommunications company in Indonesia Stock Exchange using *Relative Valuation* method in 2017

4. Methodology / Approach

The research was designed to be a quantitative research. Darmawan[5] explained that the quantitative research is a process of finding data in form of knowledge which uses numbers as a means of finding information about anything to be identified. By definition, this quantitative research uses data and information from the financial reports and figures to determine specific results.

This research used survey method within survey techniques for data collection by secondary data survey. Sugiyono[7] stated that the variable is basically everything defined by the

researcher to be studied in order to obtain information about it, and then be interpreted and drawn conclusions. This research's variable is the intrinsic value of stocks based on the fundamental value of the company (enterprise value). The variables were calculated using discounted cash flow method within free cash flowto the firm approach and the relative valuation within price-to-earnings ratio, price-to-book value ratio and enterprise multiple approaches. Afterward, the sampling technique is divided into; nonprobability and probability [7]. Nonprobability sampling technique is used due to purposive sampling technique which is suitable with the research's objectives.

5. Result & Discussion

A. The Intrinsic Value by Discounted Cash Flow

The historical data were derived from the company's financial reports from 2006 - 2016 and in further taken as the reference for the *free cash flow* calculation. The projection of *free cash flow to the firm* is based on the average of the historical data in 2006 - 2016 or based on final data taken as the hint for the projections of 2017-2020.

The revenue's growth in optimistic scenario is gained by summing up the average of historical data of the company and the difference between the average of the company's historical data and the average of industrial growth. The historical average of TLKM is at14%, the industry average is at 4% then the difference is 10%, means the optimistic growth of TLKM at 24%. The projected growth in the following years runs along the economic growth, as well as the revenue growth of *ISAT* and *EXCL*.

The revenue's growth in moderate scenario is calculated by the average of historical data of the company. TLKM has a historical average at 14% which reflect so the growth in the moderate scenario TLKM at 14%. Its growth forecast for next year to follow economic growth. Similarly, the moderate growth forecast at 9% ISAT. Whilethe average of EXCL (15%) taken from the average of the company. Nonetheless, as it is based on last year revenue growth of EXCL was declined, so that in the next year the EXCLsmust grow by 15% and work hard to pass the historical growth in 2016.

The revenue growth in pessimistic scenario was calculated using historical average growth of the telecommunications industry at 4%. The revenue growth in the follwing years is inpessimistic scenario, a situation whereby the company's revenue grows below the average of the industry. In this case, the three companies are given the same minimum threshold. The pessimistic scenario is created as the possibility of uncertain conditions in the future, especially when the company grew under the strategic planning and its own industry.

Through data analysis of the overall stock valuation by DCF method, the equitable values for each company are presented in details as follow:

Table 3.1: TheValuation Results by DCF

	Method	Scenarios	Po	*Target Price*	*Assesment*
TLKM	DCF	OPT	3.920	5.820	*undervalued*
		MOD		4.630	*undervalued*
		PES		2.870	*overvalued*
ISAT	DCF	OPT	6.450	6.220	*overvalued*
		MOD		4.610	*overvalued*
		PES		3.730	*overvalued*
EXCL	DCF	OPT	2.310	3.210	*undervalued*
		MOD		2.090	*overvalued*
		PES		1.470	*overvalued*

Source: Author's own computations

As seen in Table 3.1, the equitable value of TLKM, ISAT and EXCL is calculated using the DCF method, then compared to the market stock price on January 1st, 2017 in order to evaluate the condition of the stock in the market.

The equitable value of stock which calculated using the DCF method will provide a more precise target price. The resulting price target will be adjacent to the market price of stock in accordance with the fundamental aspects of the company. This is because the DCF method has the advantage that projects a focus on the company's performance in revenues and the company's operating activities within detailed historical data and fundamental data. In addition, the DCF method also has the advantage of giving the results of equitable value in form of a price range according to the scenarios; optimistic, moderate and pessimistic as an alternative investment decision. The investors can use the price target range as a reference or when they are in a position as a seller or as a buyer.

The Investors in selling position can spot the highest price target in the optimistic scenario, while the investors in buying position spot the position of the least target price in pessimistic scenario. Based on the supply and demand action between buyers and sellers in the stock market, the stock price will be edging to the price at moderate scenario.

The stock price of TLKM on January 1st, 2017 is Rp 3,920.In other words, being compared to the equitable price using the DCF on optimistic growth is undervalued (24%), on a moderate growth is undervalued (14%) and on pessimistic growth is overvalued (4%). By DCF method, TLKM has a price range atRp 5,820 - Rp 2,870. Likewise, for the selling investors can start selling stocks of TLKM at the optimistic scenario with a target price atRp 5,820. However, thebuying investors may bid the stock price on pessimistic scenario at Rp 2,870. The moderate scenario is set for negotiations (price Intersection) between the investors who want to sell the stocks at the highest price with investors who want to buy at the lowest price. Hence, the market price should be close to or not too far by the range price at a moderate scenario, because it is the most potential scenario.

On the other hand, the stock price of ISAT on January 1, 2017 is Rp 6.450.In other words, being compared to the equitable price using the DCF on optimistic growth is overvalued (14%), on a moderate growth isovervalued (9%) and on pessimistic growth is overvalued (4%). By DCF

method, ISAT has a price range atRp 6,220 - Rp 3,730. The selling investors can start selling stocks of ISAT at the optimistic scenario with a target price at Rp6.220. Coversely, thebuying investors may bid the stock price on pessimistic scenario at Rp3.730. In addition, the moderate scenario is set for negotiations (price Intersection) between the investors who want to sell the stocks at the highest price with investors who want to buy at the lowest price. Hence, the market price should be close to the range price at a moderate scenario, since it is the most potential scenario. However, in this moderate scenario the stock price of ISAT is overvalued, meaning that the equitable price is ISAT <ISAT stock prices in the market indicating; *expensive* category.

The stock price of EXCL on January 1, 2017 is Rp2.310. In other words, being compared to the equitable price using the DCF on optimistic growth is undervalued (26%), on a moderate growth isovervalued (15%) and on pessimistic growth is overvalued (4%). By DCF method, EXCL has a price range at Rp3.210 - Rp1.470. The selling investors can start selling stocks of EXCL at the optimistic scenario with a target price at Rp3.210. Coversely, the buying investors may bid the stock price on pessimistic scenario at Rp1.470. In addition, the moderate scenario is set for negotiations (price Intersection) between the investors who want to sell the stocks at the highest price with investors who want to buy at the lowest price. Hence, the market price should be close to the range price at a moderate scenario, since it is the most potential scenario.However, in this moderate scenario the share price of ISAT is overvalued, meaning that the equitable price is EXCL< EXCL stock prices in the market indicating; *expensive* category.

B. The Intrinsic Value of The Stock by Relative Valuation

Through data analysis results of overall stock valuation using relative valuation method, the equitable value of stock for each company is presented in the following table.

Table 3.2: The Result of *Relative Valuation*

	Methods	Approaches	Po	Target Price	Assessment
TLKM	*Relative*	PER	**3.920**	3.979	*undervalued*
		PBV		3.445	*overvalued*
		EV/EBITDA		10,47	*overvalued*
ISAT	*Relative*	PER	**6.450**	6.306	*overvalued*
		PBV		6.927	*undervalued*
		EV/EBITDA		3,85	*undervalued*
EXCL	*Relative*	PER	**2.310**	2.762	*undervalued*
		PBV		2.695	*undervalued*
		EV/EBITDA		4,03	*undervalued*

Source: Author's own computations

As seen in the above table, the equitable value of TLKM, ISAT and EXCL are all being compared to the market stock price on January 1, 2017 in order to evaluate the condition of the stock on the market. Then, the equitable value is calculated using the relative valuation methods with PER, PBV and multiple enterprise approaches to validate the results of the estimated equitable value. This means when the investors are planning to buy or sell stocks in accordance

with the price target range by the DCF calculation, the investors might compare the price target by the results of the relative valuation.

In addition, the stock price of TLKM per January 1st, 2017 which is compared with the equitable price by relative valuation within PER approachis Rp 3.979 (*undervalued)*. Intrinsic value by PER approach then estimated using *earnings per share*, *dividend per share*, net income growth rate, rate of return and the estimated PER ratio.This approach focuses on the growth and the company's capability to make a profit compared to the market price. Estimated equitable value is calculated using PER approach not depend on the company's competitors as the focus is on the company's ability to operate. However, the PER ratio is used to determine the price of stocks in the industry (high-valued or low-valued). The target price formulated by PBV approach (Rp 3.445) being compared to the market price of the stock price of TLKM which is by then considered as *overvalued*.

By means of PBV approach, the equitable value is calculated based on the average PBV ratio of similar companies in similar industries (ISAT, EXCL and FREN). Thus, the target price calculated by PBV would be depended on other competitors (other related companies), and are also be reliant on the condition of industry. Likewise, by *enterprise-multiple* approach, the stock of TLKM is *overvalued*.

This approach focused to determine the condition of the stocks based on the ratio of EV / EBITDA which is calculated for each company. TLKM have the highest *enterprise-multiple* ratio compared to other companies for 10.47 times. Consequently, the stock price of TLKM is quite expensive in the market because of the fundamental conditions and its well-growth. Thus, TLKM's well-maintained performance possibly will raise the stock price because the overall valuation results shown that TLKM is undervalued. It is by then, TLKM's stocks still have potential to rise and reached their equitable value. As an investment decision, the investors may buy the TLKM's in the target price, which has been calculated using both methods.

Meanwhile, the ISAT stock price on January 1, 2017 is compared with an equitable price using relative valuation within PER approaches, then the ISAT stock price is at Rp.6.306 (overvalued). The Intrinsic value by PER approach then estimated using *earnings per share*, *dividend per share*, *net income growth rate*, *rate of return* and the estimated PER ratio.So that in this approach focuses on the growth and the company's capacity to make a profit compared to the market price. This approach focuses on the growth and the company's capability to make a profit compared to the market price. Estimated equitable value is calculated using PER approach not depend on the company's competitors as the focus is on the company's ability to operate. However, the PER ratio is used to determine the price of stocks in the industry (high-valued or low-valued).The target price formulated by PBV approach (Rp6.927) is being compared to the market price of the stock price of ISATwhich is by then considered as *overvalued*.

By means of PBV approach, the equitable value is calculated based on the average PBV ratio of similar companies in similar industries (TLKM, EXCL and FREN) so then the target price calculated by PBV would be depended on other competitors (other related companies), and are also be reliant on the condition of industry. To be said, by *enterprise-multiple* approach, the stock of ISAT is *undervalued*. This approach focused to determine the value point of the stocks based on the ratio of EV / EBITDA which is calculated for each company. The stocks of ISAT have the lowest *enterprise-multiple* ratio compared to other companies for3, 85 times because of the unstable fundamental and operational condition. Subsequently, the stock price of ISAT is relatively cheap in the market as the result of temporary decreasing company's growth. The current overvalued ISAT's stocks in the market and also the critical fundamental conditions obligate the company to develop strategies and new business models in order to compete and improve the company performance. As per an investment decision, ISAT stocks should be sold and is not recommended to buy the high-priced stocks.

Additionally, the stock price of EXCL per January 1st, 2017 which is compared with the equitable price by relative valuation within PER approach is Rp 2.762 (*undervalued)*. The intrinsic value by PER approach then estimated using *earnings per share*, *dividend per share*, net income growth rate, rate of return and the estimated PER ratio. This approach focuses on the growth and the company's capability to make a profit compared to the market price. Estimated equitable value is calculated using PER approach not depend on the company's competitors as the focus is on the company's ability to operate.

Nevertheless, the PER ratio is used to determine the price of stocks in the industry (high-valued or low-valued). The target price formulated by PBV approach (Rp2.695) being compared to the market price of the stock price of EXCL which is by then considered as *undervalued*. By means of PBV approach, the equitable value is calculated based on the average PBV ratio of similar companies in similar industries (TLKM, ISAT and FREN). Therefore, the calculated target price by PBV would be dependedon other competitors (other related companies), and are also be reliant on the condition of industry. Equally, by *enterprise-multiple* approach, the stock of TLKM is*undervalued*. This approach focused to determine the price position of the stocks based on the ratio of EV / EBITDA which is calculated for each company. EXCL have the relatively low *enterprise-multiple* ratio compared to other companies for4.03 times due to operational conditions of EXCL which is more in rent activities rather than capital expenditure (CAPEX) and the fundamental conditions of EXCL's have failed to perform efficiency. The stock price of EXCL is quite low-priced in the market because of the growth of the company which had declined. Thus, the overall EXCL'sstock is undervalued. It is by then, the current price of EXCL's stocks still have potential to go up and grasped their equitable value assuming that the EXCL's get their well performance and fine company fundamental which supported bya significant growth of the company both in terms of revenue and operating profit.

6. Conclusion

This research provided different results of the intrinsic value of the stock by the discounted cash flow and relative valuation as both methods have different approaches. In DCF, the target price for TLKM is in the range of Rp 5,820 - Rp 2,870. Furthermore, the price range by relative valuation is at Rp 3,979 - Rp 3,445, and enterprise-multiple ratio at 10.47 times. Additionally, by DCF, ISAT has a target price range at Rp 6,220 - Rp 3,730. By relative valuation, the prices range at Rp. 6.306 –Rp. 6.927 and enterprise-multiple ratio at 3.85 times. In addition, EXCL have a target price range at Rp 3,210 - Rp 1,470. The price range by relative valuation is Rp 2,762 - Rp 2,695 and by enterprise-multiple ratio at 4.03 times.

7. Future Scope

Future scope of this research is hoped that further research can use other methods that are more comprehensive than the DCF method, and use longer periods.

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