Benjamin Graham's Stock Valuation Formula
(Case study of PT. Wintermar Offshore Marine)

Before making investment decision in stock or company, Investors must do the deep analyze to find the company with durable competitive advantage, but after they have found it, usually question is “how much is it worth? Is it undervalue? Benjamin Graham is Father of value investing, and He is the mentor of the best investor in the world is Warren Buffet. Benjamin Graham creates a simple formula to find under value company. In this paper, we will value PT. Wintermar Offshore Marine Tbk and PT. Trada Maritime Tbk use Benjamin Graham’s formula adjusted with Indonesia condition, both companies specialized in marine industry that have the same focusing on serving the offshore marine industry.

Keywords: Value, Investing, Benjamin Graham’s Formula

1. Research Background

The best investor is investor could find company with durable competitive advantage and buy it in or under fair price, therefore investor must have at least two questions are: first, how to find company with durable competitive advantage? Second, how much to spend money to invest in that company? This study will focus in second question that will be answered by valuation of the company. “Accounting is the language of business. Those who wish to value companies and invest successfully in the long term have to be able to understand and interpret financial statements” (Schmidlin, 2014, p. 159), Warren Buffet says that “Financial statements are where Warren mines for companies with the golden durable competitive advantage” (Buffet & Clark, 2008, p. 18). In this study will use earning per share to value companies, the method that will use to value is formula that created by Benjamin Graham, He is one of the great investors and He is lecturer of the legendary investor is Warren Buffet. Case for valuation will use companies in the marine industry is PT. Wintermar Offshore Marine Tbk and PT. Trada Maritime Tbk.

2. Valuation & Benjamin Graham Stock’s Valuation formula

In this study will focus on valuation therefore we have to know about valuation, “Company valuation is concerned with deriving the fair value of company”, the value of companies could determine by different ways. In this study will use Benjamin Graham’s stock