

# Company Valuation for Initial Public Offering of PT Petronesia Benimel

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## ABSTRACT

In the Long-Term Plan of PT Petronesia Benimel, the set sales growth per year from 2021 to 2025 is 30% per year. This is very possible to be realized, because in the next five years the company is still working on the Trans Sumatra Toll Road infrastructure project which is an assignment from the government to PT Hutama Karya (Persero), working on oil and gas projects, entering the mining business, and other infrastructure projects. To carry out these projects requires additional investment for working capital and capex spending. The company has determined that the source of funding for this will be obtained through an IPO. In order for the purpose of the IPO to get new funding can be carried out properly, then the value of the company at the time of the IPO must be worth offering. To find out this, the study conducted a valuation to provide an idea of the intrinsic value of the company that will be offered at the time of the IPO. Valuation is done by discounted valuation method for 2021 to 2030. The growth rate used is from 2021 to 2025 at 30% per year and since 2026 using declining growth with a decrease of 5% per year and will be stable at the level of 5%. The discount rate used is 16.42%. The calculation results obtained the intrinsic value of the company Rp 1,091,909,679,734. The company's equity book value amounted to Rp 537,376,950,787. The conclusion of this study is that the intrinsic value of the company is 2.03 times the book value of equity so that feasible to conduct IPO.

**Keywords:** Book Value, Discounted Valuation, Intrinsic Value, Value of Firm.

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## I. INTRODUCTION

PT Petronesia Benimel (PB) is a mechanical and infrastructure contracting company. The company was founded in 2005. The company's business is growing into a mechanical contractor company, electrical, instrumentation, facility management, and equipment rental services. In addition, the company also carries out civil works in the form of earthwork projects, toll road construction, building construction, and other civil work contract services.

In the field of toll road construction projects, since 2017 the company began working on the Trans Sumatra Toll Road project as a vendor of PT Hutama Karya Infrastruktur (HKI). The quality of work produced by the company is good and the completion of work is on time, so in 2020 the company was acquired by PT Hutama Karya Infrastruktur into a subsidiary. This makes the company's capital structure stronger and the company's business development is also becoming more rapid because PT Hutama Karya Infrastruktur is a subsidiary of PT Hutama Karya (Persero) and the company joins the State Owned Enterprise group (Hutama Karya Group).

Based on the company's business development plan that targets growth of 30% per year, the need for funding for capital expenditure is also increasing. To meet this, the company set an IPO strategy in 2022.

Before executing of IPO, it is necessary to do a valuation

to know how much the value of the company will be displayed at the time of the IPO. This value will be used to give an idea to prospective investors that the value of the company is good so that it can provide a sufficient level of confidence to attract potential investors to participate in capital participation into the company.

The scope of this research is to conduct a valuation so that it can provide an idea of the value of the company at the time of the IPO. The objective of this research is to determine the intrinsic value of the company.

There have been many studies that have carried out valuation including Steiger (2010), Attamimi *et al.* (2012), Lesmana and Sun (2013), Hutapea *et al.* (2013), Leote (2014), Hansen and Lüthgens (2016), Calvalho (2016), Surasits (2016), Khoirudin (2017), Meng (2017), Jardim (2017), Brejo (2018), Garcia (2018), Atasukwatana (2018), Chittapraphai (2018), Phatisaran (2018), Prayitno and Damayanti (2019), Maria (2019), Morsiani (2020) Aljundi (2021), Noveriyanto and Yorinda (2021), and Buslot (2021).

The grand theory used in this research is the valuation by Damodaran (2002). Valuation in this research using Discounted Cash Flow Valuation with FCF (Free Cash Flow) Method with the results the intrinsic value of the company. If the intrinsic value is higher than book value of the company, it will be feasible to conduct IPO.

II. LITERATURE REVIEW

A. IPO (Initial Public Offering)

IPO is the process of offering private company shares to the public by issuing shares. In this way, the company will gain additional capital from public investors. The basis of IPO in Indonesia is the Law of the Republic of Indonesia Number 8 of 1995 concerning capital markets. According to Article 1 number 15 of the law:

*"Public Offering is the activity of offering Securities undertaken by the Issuer to sell securities to the public under the ordinances set out in this Act and its implementation regulations."*

According to Brigham and Ehrhardt (2008), there is no rule on when companies should go public because this is the decision of the company and its own shareholders. If a company decides to go public, the main problem is to set the share price to be offered to the public.

B. Valuation

The valuation of a company for IPO purposes is important because at the time of IPO the investing public will assess the feasibility of investing in the company. According to Koller et.al (2020), *"a company creates value for its owners by investing cash now to make more money in the future"*.

According to Damodaran (2002), there are three basic approaches to valuation, namely discounted cash flow valuation, relative valuation, and contingent claim valuation. In this study, valuation will be done with discounted cash flow valuation.

Discounted Cash Flow valuation is also called intrinsic valuation. In addition, Discounted Cash Flow valuation is better known as FCF (Free Cash Flow) Method. This is because in calculating FCF, cash flow is discounted to get the present value of the expected future cash flow of the asset (Damodaran, 2002). The study will use the Free Cash Flow to the Firm Method.

1) Firm Valuation

The equations that will be used to calculate a company's value is:

$$Value\ of\ firm = \sum_{t=1}^{t=n} \frac{FCFF_t}{(1+WACC)^t} \tag{1}$$

where:

n = Life of the asset;

FCFF<sub>t</sub> = Free Cash Flow to Firm in year t;

WACC = Weight Average of Cost Capital.

According to Damodaran (2002), *"cash flow cannot be estimated forever, so it usually imposes closure in discounted cash flow valuation by stopping the estimate of future cash flows and then calculating the terminal value that reflects the value of the company at the time. This method of calculation is known as Terminal Value."* Based on this, a company's value is formulated as:

$$Value\ of\ Firm = \sum_{t=1}^{t=n} \frac{FCFF_t}{(1+WACC)^t} + \frac{Terminal\ Value_n}{(1+WACC)^n} \tag{2}$$

2) FCFF (Free Cash Flow to the Firm)

The formula for FCFF is:

$$FCFF = EBIT (1 - Tax) + Depreciation - Capital\ Expenditure - Change\ in\ Working\ Capital \tag{3}$$

Growth rate for EBIT for base year is based on growth for sales in RJPP Petronesia for the years 2021-2025 is then used as a benchmark to determine the growth rate of the company's EBIT. Based on the potential of TSTR projects as well as other non-TSTR projects, it is designated that the company's sales growth averages 30% per year. This growth rate 2021 to 2025. Starting in 2026, the growth rate is calculated by the declining growth method. The stable growth rate is assumed to be 5%.

$$Declining\ growth = g_{n-1} - \frac{(g_{2025} - g_{stable})}{n_{dg}} \tag{4}$$

3) Weighted Average Cost of Capital

WACC is the rate that will be used as FCFF discount rate in calculating the present value. To calculate WACC used the formula:

$$WACC = Cost\ of\ Debt \times \left( \frac{Debt}{Debt + Equity} \right) \times (1 - T) + Cost\ of\ Equity \times \left( \frac{Equity}{Debt + Equity} \right) \tag{5}$$

Cost of debt is a formula. The formula is:

$$Cost\ of\ Debt = Risk\ Free\ Rate + \frac{Estimated\ Company\ Default}{Estimated\ Country\ Default\ Spread} \tag{6}$$

Cost of equity is a formula too. The formula is:

$$CE = R_f + \beta \times ERP \tag{7}$$

where

CE = Cost of Equity;

R<sub>f</sub> = Risk Free Rate;

β = Sensitivity of investments to market risk;

ERP = Equity Risk Premium.

Beta is calculated in 2 steps, namely:

1. Unlevered Beta of Competitors Stock:

$$\beta_u = \frac{\beta_{LC}}{[1 + (1 - T)Average\ DER_c]} \tag{8}$$

where:

β<sub>u</sub> = Unlevered Beta of Competitors' Stock;

β<sub>LC</sub> = Levered Beta of Competitors' Stocks;

T = Tax Rate;

Average DER<sub>c</sub> = Average Debt to Equity Ratio of Competitors.

2. Relevered Beta of The Company:

$$\beta_L = \beta_u \times (1 + (1 - T) \times DER) \tag{9}$$

where

$\beta_L$  = Relevered Beta Of The Non-Listing Company;

$\beta_U$  = Unlevered Beta of Competitors' Stock;

$T$  = Tax Rate = 25%;

$DER$  = Debt to Equity Ratio of Non-Listing Company.

#### 4) Terminal Value

The company's stable growth rate in calculating the growth rate in 2030 is assumed to be 5% and this value is used as the growth rate at the time of the terminal year. To calculate the terminal value in this study used the formula:

$$\text{Terminal Value} = \frac{FCFF_{\text{Terminal Year}}}{WACC - g_{\text{stable}}} \quad (10)$$

#### 5) Intrinsic Value of the Firm

Intrinsic value is the value of the company that will be offered to investors. Intrinsic value indicates the value of the company's equity because the calculation is in the form of the value of the company after deducting debt. The formula for calculating the intrinsic value of the firm is:

$$\text{Intrinsic value of The Firm} = \frac{\text{Sum of Present value of FCFF}}{\text{FCFF}} + \text{Cash and Cash Equivalent} - \text{Interest Bearing Debt} \quad (11)$$

### III. METHODOLOGY

The research method used is qualitative. Analysis of description and interpretation is carried out in a narrative manner.

### IV. LIMITATION AND FUTURE RESEARCH

The limitation of this research is that it only displays the value of the company, while the other thing that will be displayed at the time of the IPO is how many shares will be offered and how much the price per share is not done in this study because it is the next steps when the company conducts its IPO. Further researchers should make a valuation using several valuation models and calculate the estimated stock price that will be displayed at the time of the IPO so that it can be seen how much funds will be obtained by the company from the IPO.

### V. RESULT

The intrinsic value of the firm is the equity value of the company because the intrinsic value is calculated from the amount of the present value of the FCFF minus the debt. The valuation stages carried out in this study are:

- A. Make FCFF projections per year
- B. Determine the discount rate
- C. Calculate terminal values
- D. Calculate the FCFF present value
- E. Calculate the intrinsic value of the company

The study used 2018 to 2020 financial statements as a base year. As for calculating the intrinsic value of the company using financial projections for the next ten years from 2021 to 2030 as well as the terminal year.

#### A. Make FCFF Projections Per Year

The first step in making annual projections is making a growth rate projection. Growth rate for EBIT for the base year is based on growth for sales in RJPP Petronesia for the years 2021-2025 is then used as a benchmark to determine the growth rate of the company's EBIT. Based on the potential of TSTR projects as well as other non-TSTR projects, it is designated that the company's sales growth averages 30% per year. This growth rate 2021 to 2025. Starting in 2026, the growth rate is calculated by the declining growth method using (4). The stable growth rate is assumed to be 5%.

#### B. Determine the Discount Rate

Discount rate is calculated using (5). Calculations are performed at the following stages:

##### Step 1: Cost of Debt

Firstly, calculate the Cost of Debt using (6).

The assumptions used are:

##### 1) Risk Free Rate

This study uses The Indonesia 30 Years Government Bond yield as Risk Free Rate. The yield used is a yield of December 17, 2020, of 6.97%.

##### 2) Estimated Company Default Spread

Estimated Company Default Spread is processed from the calculation of the Company's Interest Coverage Ratio (ICR) which is then converted into Estimated Bond Rating and then converted into Estimated Company Default Spread. The company's ICR calculations for 2020 are as shown below:

$$ICR = \frac{EBIT}{\text{Long Term Interest Expense}} = 9.43$$

For classification into Company Spread, the types of companies are classified into 2 based on market capitalization measures and risks, namely:

- 1 = Market Capitalization > 5 billion USD and safe
- 2 = Market Capitalization < 5 billion USD or risky

The company's capitalization value is Rp 745,415,734,981. If this value is converted into USD based on BI exchange rate on October 1, 2021 Rp 14,421 is USD 52 million. Thus, the company falls into category 2 smaller or risky firms.

Based on the conversion value from ICR to spread according to WACC calculation spreadsheet from Damodaran online in Table I obtained the company Spread value of 0.90%.

TABLE I: ESTIMATED COMPANY SPREAD

For smaller and riskier firms		Rating is	Spread is
If interest coverage ratio is greater than	≤ to		
-100000	0.499999	D2/D	12.00%
0.5	0.799999	Caa/CCC	10.00%
0.8	1.249999	Ca2/CC	8.00%
1.25	1.499999	C2/C	7.00%
1.5	1.999999	B3/B-	6.00%
2	2.499999	B2/B	5.00%
2.5	2.999999	B1/B+	4.00%
3	3.499999	Ba2/BB	3.25%
3.5	3.999999	Ba1/BB+	2.75%
4	4.499999	Baa2/BBB	1.75%
4.5	5.999999	A3/A-	1.20%
6	7.499999	A2/A	1.00%
7.5	9.499999	A1/A+	0.90%
9.5	12.499999	Aa2/AA	0.70%
12.5	100000	Aaa/AAA	0.40%

Source: [http://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/spreadsh.htm](http://pages.stern.nyu.edu/~adamodar/New_Home_Page/spreadsh.htm).

### 3) Estimated Country Default Spread

Estimated Country Default Spread limit value list is also available in the WACC calculation spreadsheet of Damodaran Online. In the list obtained the value of Indonesia's spread of 2.20%.

Based on these three assumptions, the company's cost of debt using calculated using (6) is 10.07%. The tax that will be imposed on the cost of debt is 25%. This is based on the applicable income tax rate and is used as a basis for tax calculations to calculate WACC from Damodaran Online.

#### Step 2: Cost of Equity

The assumptions used to calculate Cost of equity are:

#### 4) Risk Free Rate

The Risk Free Rate value used to calculate the Cost of Equity is the same as the Risk Free Rate used to calculate the Cost of Debt. This Risk Free Rate is 6.97%.

#### 5) Beta

The beta used is calculated in 2 steps, namely:

##### Step 1: Unlever the beta using the competitor's DER

Levered beta of competitors' stock is presented in Table II.

TABLE II: BETA COMPETITORS

Ticker	Company	Beta
PTPP	PP (Persero) Tbk.	2.674
WIKA	Wijaya Karya (Persero) Tbk.	2.194
	Average	2.434

Source: Pefindo.

Average DER of competitors is shown on Table III.

TABLE III: AVERAGE DER COMPETITORS

Ticker	Company	DER
PTPP	PP (Persero) Tbk.	155.62%
WIKA	Wijaya Karya (Persero) Tbk.	166.37%
	Average	161.00%

Source: Processed from financial report.

Based on the beta value of competitor stocks, tax rates, and average DER of competitors, the Unlevered Beta of Competitors' Stock is calculated using (8) as below:

$$\beta_u = \frac{2.434}{[1 + (1 - 25\%) \times 161\%]} = 1.103$$

#### Step 2: Relever the Beta Using the Privately-Held Company's DER

Below is a calculation for DER of PB:

$$\begin{aligned} DER &= \frac{Debt}{Equity} \\ &= 1.103 \times (1 + (1 - 25\%) \times 38.71\%) \\ &= 1.423 \end{aligned}$$

#### 6) Equity Risk Premium

According to Damodaran, Indonesia's ERP value is 9.05%. This research will use that value as an ERP value.

WACC is calculated using (5) and obtained WACC value that will be used as a discount rate of 16.42%. The summary of all WACC components and obtained WACC values are presented in Table IV.

TABLE IV: WEIGHTED AVERAGE COST OF CAPITAL

Weighted Average Cost of Capital	
Book Value of Equity	Rp 537,376,950,787
Book Value of Debt	Rp 208,038,784,194
Capital = Equity + Debt	Rp 745,415,734,981
Weight of Equity	72.09%
Weight of Debt	27.91%
WACC	16.42%
Cost of Equity	19.85%
Risk Free Rate	6.97%
Beta	1.423
ERP	9.05%
Cost of Debt After Tax	7.55%
Cost of Debt Before Tax	10.07%
Tax Rate	25%

### C. Calculate Terminal Values

To calculate the terminal value, the formula (10) was used. Firstly is calculated FCFF at the terminal year.

Calculating the FCFF at the terminal year is the same way as calculating the FCFF projection from 2021 to 2030, as presented in Table V below.

TABLE V: FCFF TERMINAL YEAR

	Terminal Year
Growth Rate	5%
EBIT	Rp 668,064,936,096
Tax Rate	25%
EBIT(1-Tax Rate)	Rp 501,048,702,072
Depreciation Expense	Rp 563,413,101,548
Capital Expenditure	Rp 448,916,368,740
Change in Working Capital	Rp 288,328,539,814
FCFF	Rp 327,216,895,066

By using the FCFF value in the terminal year, the FCFF Terminal Value is calculated using (10) as follows:

$$\begin{aligned} Terminal Value &= \frac{327,216,895,066}{16.42\% - 5\%} \\ &= 2,866,537,315,495 \end{aligned}$$

Based on the value of the FCFF Terminal value Rp 2,866,537,315,495, the FCFF value in 2030 was added with the FCFF Terminal Value so that it became Rp 3,178,172,453,654. The calculations are as follows:

$$\begin{aligned} FCFF_{2030} &= FCFF_{2030} + FCFF_{TV} \\ &= 311,635,138,158 + 2,866,537,315,495 \\ &= 3,178,172,453,654 \end{aligned}$$

### D. Calculate the FCFF Present Value

The calculation presents the value from 2021 to 2030 as in Table VI. The WACC value used is 16.42%. From the results of calculations obtained present value from FCFF amounting to Rp 1,307,129,479,597.

### E. Calculate the Intrinsic Value of the Company

Based on (11), the intrinsic value of the firm is:

$$Rp1,307,129,479,597 + Rp 41,241,996,130 - Rp 256,461,795,993 = Rp 1,091,909,679,734$$

The five stages of calculation of the intrinsic value of the company are summarized in Table VII. Based on the results of the valuation, the company's intrinsic value is Rp 1,091,909,679,734. This value is 2.03 times the company's

2020 book value of equity, which is Rp 537,376,950,787. This shows that the company has the ability to create profits, so it will attract investors to be offered through the IPO. Thus, the prospect of getting additional capital from the IPO process is very high.

TABLE VI: PRESENT VALUE OF FREE CASH FLOW TO THE FIRM

Year	Calculation	Result
2021	$\frac{54,764,853,143}{(1 + 16.42\%)^1}$	47,042,757,284
2022	$\frac{71,194,309,086}{(1 + 16.42\%)^2}$	52,532,366,138
2023	$\frac{92,552,601,812}{(1 + 16.42\%)^3}$	58,662,579,562
2024	$\frac{120,318,382,355}{(1 + 16.42\%)^4}$	65,508,152,286
2025	$\frac{156,413,897,062}{(1 + 16.42\%)^5}$	73,152,562,468
2026	$\frac{195,517,371,327}{(1 + 16.42\%)^6}$	78,547,143,911
2027	$\frac{234,620,845,593}{(1 + 16.42\%)^7}$	80,965,962,971
2028	$\frac{269,813,972,431}{(1 + 16.42\%)^8}$	79,981,798,811
2029	$\frac{296,795,369,675}{(1 + 16.42\%)^9}$	75,574,397,555
2030	$\frac{3,178,172,453,654}{(1 + 16.42\%)^{10}}$	695,161,758,611
Total		1,307,129,479,597

VI. DISCUSSION

Based on RJPP, from 2021 to 2025, the company's sales growth is 30% per year. To achieve this, the company's marketing strategy to obtain a new contract must dynamically follow the direction of development and the availability of its budget. The company's biggest advantage today is that as a member of the SOE group that gets TSTR development assignments making the company has TSTR market potential, so the assumption of sales growth until 2025 at a rate of 30% per year is very feasible to achieve. In addition, to support the national economic growth program, the volume of infrastructure development and the state budget will also increase and this will be the company's market share. The company's work experience working on projects in mining companies and oil and gas is also the potential market share of the company to get repeat orders and develop contract value to be obtained. Both of these are the company's largest market share potential after the TSTR project program ends. Assuming the potential market share derived from the state budget and private sector, starting in 2026 the growth rate is assumed to decline by 5% per year until 2030 and towards a stable growth rate of 5%.

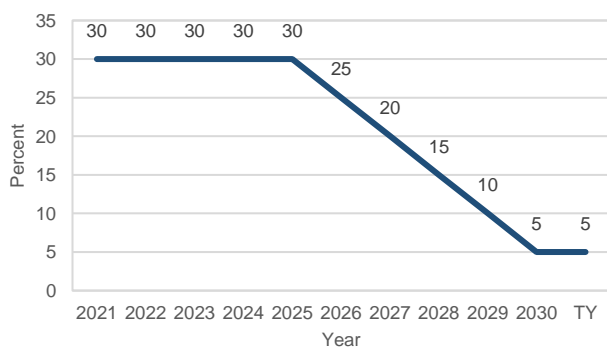


Fig. 1. Growth Rate.

With this projection, the company's sales trend is described in Fig. 2.

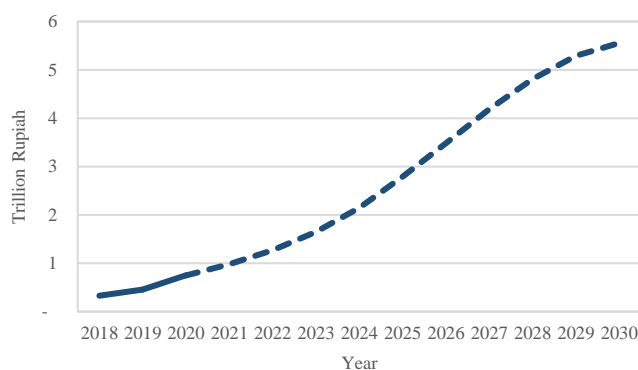


Fig. 2. Sales Historical and Projection.

With this development, the company's EBIT will grow in line with the growth rate, so that FCFE will continue to increase every year. The Present Value of this FCFE is the company's present value on business turnover going forward using a discount rate of 16.42%.

In addition, from 2021 to 2030, the company also has additional assets of Rp 4,063,710,191,985 in the form of new capex acquisition with a value of Rp 2,474,436,922,971 and an increase in Working Capital of Rp 1,589,273,269,013 which is the company's reinvestment. This reinvestment is very necessary because to be able to achieve targeted sales the company must have sufficient working capital and sufficient and healthy equipment so that the project work is smooth so that the project is effective and efficient. Thus, the targeted profit will also be feasible to be achieved. In addition, this reinvestment will also be a good reference for companies to follow the tenders of future projects where the employer will evaluate the adequacy aspects of working capital and equipment of the company.

To get a new source of funding, the company will conduct an IPO in 2022. For a company to be feasible when offered through an IPO, the intrinsic value of the company must be greater than the equity book value. From the valuation obtained the intrinsic value of the company Rp 1,091,909,679,734. This intrinsic value is 2.03 times the equity book value.

This indicates that the company's ability to create future profits is greater than the real value of equity today. This condition will be interesting for investors to make investments in the company because the prospect of the company's value in the future is very high.

VII. CONCLUSION AND RECOMMENDATION

Under the company's business development plan, the company has good prospects for business development but needs new sources of funding to support it. Calculation of the company's intrinsic value is carried out by the Discounted Cash Flow Valuation method against the company's financial projections for 2021 to 2030 using a Discount Rate of 16.42%.

TABLE VII: INTRINSIC VALUE OF THE FIRM

	YEAR BASE YEAR	2021					2022					2023					2024					2025				
		1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Growth Rate	30%	30%					30%					30%					30%					30%				
EBIT	Rp 86,008,531,737	Rp 111,811,091,258					Rp 145,354,418,635					Rp 188,960,744,225					Rp 245,648,967,493					Rp 319,343,657,741				
Tax Rate	25%	25%					25%					25%					25%					25%				
EBIT(1-Tax Rate)	Rp 64,506,398,803	Rp 83,858,318,443					Rp 109,015,813,976					Rp 141,720,558,169					Rp 184,236,725,620					Rp 239,507,743,306				
Depreciation Expense	Rp 72,535,364,464	Rp 94,295,973,803					Rp 122,584,765,944					Rp 159,360,195,727					Rp 207,168,254,446					Rp 269,318,730,779				
Capital Expenditure	Rp 57,794,737,700	Rp 75,133,159,009					Rp 97,673,106,712					Rp 126,975,038,726					Rp 165,067,550,344					Rp 214,587,815,447				
Change in Working Capital	Rp 37,120,215,457	<u>Rp 48,256,280,094</u>					<u>Rp 62,733,164,122</u>					<u>Rp 81,553,113,359</u>					<u>Rp 106,019,047,367</u>					<u>Rp 137,824,761,577</u>				
FCFF	Rp 42,126,810,110	Rp 54,764,853,143					Rp 71,194,309,086					Rp 92,552,601,812					Rp 120,318,382,355					Rp 156,413,897,062				
Terminal Value		-					-					-					-					-				
FCFF		Rp 54,764,853,143					Rp 71,194,309,086					Rp 92,552,601,812					Rp 120,318,382,355					Rp 156,413,897,062				
Discount Rate	16.42%	16.42%					16.42%					16.42%					16.42%					16.42%				
Present Value of FCFF		Rp 47,042,757,284					Rp 52,532,366,138					Rp 58,662,579,562					Rp 65,508,152,286					Rp 73,152,562,468				
Sum of Present Value of FCFF	Rp 1,307,129,479,597																									
Cash and Cash Equivalents	Rp 41,241,996,130																									
Interest-Bearing Debt	Rp 256,461,795,993																									
Intrinsic Value of The Firm	Rp 1,091,909,679,734																									

TABLE VII: CONT.

	2026	2027	2028	2029	2030	TERMINAL YEAR
Growth Rate	25%	20%	15%	10%	5%	5%
EBIT	Rp 399,179,572,176	Rp 479,015,486,612	Rp 550,867,809,603	Rp 605,954,590,564	Rp 636,252,320,092	Rp 668,064,936,096
Tax Rate	25%	25%	25%	25%	25%	25%
EBIT(1-Tax Rate)	Rp 299,384,679,132	Rp 359,261,614,959	Rp 413,150,857,202	Rp 454,465,942,923	Rp 477,189,240,069	Rp 501,048,702,072
Depreciation Expense	Rp 336,648,413,474	Rp 403,978,096,169	Rp 464,574,810,594	Rp 511,032,291,654	Rp 536,583,906,236	Rp 563,413,101,548
Capital Expenditure	Rp 268,234,769,308	Rp 321,881,723,170	Rp 370,163,981,645	Rp 407,180,379,810	Rp 427,539,398,800	Rp 448,916,368,740
Change in Working Capital	<u>Rp 172,280,951,971</u>	<u>Rp 206,737,142,365</u>	<u>Rp 237,747,713,720</u>	<u>Rp 261,522,485,092</u>	<u>Rp 274,598,609,346</u>	<u>Rp 288,328,539,814</u>
FCFF	Rp 195,517,371,327	Rp 234,620,845,593	Rp 269,813,972,431	Rp 296,795,369,675	Rp 311,635,138,158	Rp 327,216,895,066
Terminal Value	-	-	-	-	<u>Rp 2,866,537,315,495</u>	
FCFF	Rp 195,517,371,327	Rp 234,620,845,593	Rp 269,813,972,431	Rp 296,795,369,675	Rp 3,178,172,453,654	
Discount Rate	16.42%	16.42%	16.42%	16.42%	16.42%	16.42%
Present Value of FCFF	Rp 78,547,143,911	Rp 80,965,962,971	Rp 79,981,798,811	Rp 75,574,397,555	Rp 695,161,758,611	
Sum of Present Value of FCFF						
Cash and Cash Equivalents						
Interest-Bearing Debt						
Intrinsic Value of The Firm						

The conclusions obtained from the results of this valuation are:

1. Valuation results obtained the intrinsic value of the company Rp 1,091,909,679,734.
2. The company's equity book value is Rp 537,376,950,787.

By comparing the intrinsic value and book value of the company, the results of the intrinsic value are 2.03 x of the book value so that feasible to conduct IPO.

Based on the results of the comparison of the intrinsic value of the company with book value, the company will be attractive if offered through an IPO. Potential investors will be interested in the company's ability to create profits. Thus, the prospect of getting additional capital from the IPO process is very high.

### VIII. IMPLEMENTATION PLAN

The process to get to the IPO takes a long time, which is a minimum of 8 months. Based on this process, if the preparation and process towards an IPO will begin in early 2022, it is estimated that the IPO can be done in the fourth quarter of 2022.

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