ABSTRACT

Gas Project Capital Structure Optimization at PT XYZ By WACC And EPS Approaching

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Capital Structure is the mix of long term debt and equity maintained by the firm (project). It is one of the most complex areas of financial decision making because of its interrelationship with other financial decision variables. Poor capital structure decisions can result in a high cost of capital. The Change Order is additional scope of work which is not stated in the contract. The change order will impact with capital structure component. Effective capital structure decisions can lower cost of capital and thereby increasing the value of firm. Weighted Average Cost Of Capital (WACC) and Earning Per Share are two approach method to analyze the optimal capital structure. The Optimal capital structure is acceptable when the WACC is minimized, thereby maximizing the firm’s value (EPS). The purpose of this study is to analyze Gas Project Capital Structure Optimization at PT XYZ by approaching WACC and EPS from 2009 – 2033. The result of this study is for WACC method has been resulted the optimal capital structure on 40% debt and 60% capital cost for each year and for EPS method has been resulted the optimal capital cost will be achieved depend on Interest rate on debt for each year. If Change Order happened, the study resulted the similar result with the previous one. The gas management of gas project have to consider the optimal capital structure of the project by decreasing the cost of capital and increasing the value of the project (firm).

Keywords : Optimal Capital Cost, WACC, EPS, Change Order.