



ABSTRACT

Financial Feasibility for Developing A Palm Oil Plantation through Revitalization Program and The Palm Oil Mill for PT. AUS
(Case Study: Credit Propose to Bank X)

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The objective of this research are to (1) Analyze the feasibility of "Inti and Plasma" project of palm oil plantations and palm oil processing plant proposed by PT.AUS especially in the financial aspect; (2) Determine the optimal capital structure (composition, duration and pattern of repayment credit) the optimal credit providing the required return and safety, both for the Bank X as a creditor and PT.AUS as a debtor.

The research method conducted is a case study of feasibility projects financial methods focusing on credit provisions by the Bank X, Bank Indonesia and related government agencies / departments' rules and regulation. The main data sources is the financing proposals for palm oil development project and the palm oil processing plant and the results of direct observation in the location of palm oil development projects and oil palm processing plant proposed by PT.AUS.

The results found that under the scenario as if PT.AUS's Project financed by their own funds at the required rate of return of 23%, obtained a NPV value IDR (9.717.004.000.)The IRR of the project tis 17,05%. Since the value of the IRR is less than the required rate of return, then the project development scenarios using their own funds is not feasible. In addition, the effects of this scenario is the existence of Scale Down Scope of Economy, where the PT. AUS will only get a supply of fresh fruit bunch only from their own plantation area of 3250 ha, and the appropriate Palm oil mill built only for 15 tons capacity FFB per hour. Under the scenario as if the project is financed by the Bank X, based on the highest possible composition according to the rules the Bank X, 70% bank loan and 30% of self financing, giving the results that the Weighted Average Cost of Capital (WACC) down to 13.45%. Thus, the IRR value 17,05% of any project of this PT.AUS be worthy to be implemented. The test results of the implementation of credit cash flow results during the project ROE reach 22.51% and NPV value will be Rp.308.273.211.243,-.

The Sensitivity analysis shows that from the four variables tested (Price, Production, Cost and Bank rate), the Price variable is the most sensitive that influencing the project. As the CPO price more than 36,55% drops or the production falls more than 19,34% from its 80% of PPKS yield standard, also 87,85% of fresh fuit bunch price drops that influencing the plasma project feasibility. DOL analysis gives the value 1.26, DFL value is 1,76 and DCL value as 2,21 that shows us that this project has a low value of fix cost then its high variable cost, and give the chance to lift up the risk of financial leverage to gain more profit in DFL.

Suggestion for further research needs to be done in the aspect that is not analyzed deeper in this paper as the technical aspects, market aspects, managerial aspects, and environmental aspect, so that the whole risks of the palm oil investment will be revealed.

Keywords: palm oil, IRR, NPV, DOL, DFL, DCL, WACC, sensitivity analysis, bank credit.

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