### **CHAPTER 5**

### CONCLUSION AND RECOMMENDATION

## 5.1 Conclusion

Both valuations using Discounted Cash Flow and Price Earnings Multiple Model, prior to IPO day dated July 16, 2008, shows that the PT Adaro Energy Tbk's Initial Public Offering share price is undervalued. For Discounted Cash Flow method, the Company is undervalued as high as 41.0 percent. While for the Price Earnings Multiple Model, the share price is undervalued as high as 68.0 percent.

When first open on July 16, 2008, PT Adaro Energy Tbk's share price skyrocketed to IDR1,690 per share or up around 53.6 percent compared to its Initial Public Offering price of IDR1,100 per share. PT Adaro Energy Tbk's share price had its peak for that day at IDR1,760. The stock ended the session on Wednesday, July 16, 2008 at IDR1,730 per share or up 57.3 percent compared to its Initial Public Offering price of IDR1,100 per share. The closing PER for that day, ranging between 19.25 to 61.69, is also higher by 57.3 percent compared to the calculations made using trailing, annualized and forward PER.

While based on current economic downturn, PT Adaro Energy Tbk has decreased its value as high as 50.0 percent based on analyst review and 32.3 percent based on Indonesia Stock Exchange (IDX) data retrieved on March 10, 2009.

# 5.2 Recommendation

This thesis uses several assumptions and variables based on the Company's past performance, current economic condition and also the expected future growth. Any changes on those assumptions and variables will definitely change the valuation results.

The Discounted Cash Flow valuation model provided by Aswath Damodaran is a basic valuation model. Aswath Damodaran itself urges analysts to build better valuation model, quantify the valuation range by building several scenarios and take account on probabilistic statements (March 14, 2009.

http://pages.stern.nyu.edu/~adamodar/New\_Home\_Page/background/valintro.htm
). Aswath Damodaran also warned about the biases for the information we collect from the news media. He added that valuation is not an objective exercise and any preconceptions and biases that an analyst brings to the process will find their way into the value.

Under current economic condition it is advisable for investors and companies to remains calm and study the financial market situation thoroughly. For investors, this could be the right moment to invest considering lower PER. Almost every analyst agrees that in the short run, there could be huge potential losses for investors due to uncertainty and lack of confident in the financial market. However, in the long run, investors could get quite a bargain now due to lower PER which decreased companies values. The latest investment news from well known investor, Warren Buffet, show that he just raised USD4.3 billion, the second deep commitment within a year, to boost his equity portion in Swiss Reinsurance company on February 4, 2009 (March 14, 2009. <a href="http://warren-buffett-portfolio.com/swissre-020409.htm">http://warren-buffett-portfolio.com/swissre-020409.htm</a>).

As for companies who are in need of emergency funds, still could consider on going public. PT Sumber Alfaria Trijaya Tbk, a retail company, was listed at the Indonesia Stock Exchange (IDX) on January 15, 2009 to become the first listed company in 2009 amid current economic condition (March 14, 2009. <a href="http://www.idx.co.id/NewsAnnouncements/Headline/tabid/155/articleType/ArticleView/articleId/380/Default.aspx">http://www.idx.co.id/NewsAnnouncements/Headline/tabid/155/articleType/ArticleView/articleId/380/Default.aspx</a>).

For PT Adaro Energy Tbk, it is advisable to fully utilize the function of its Corporate Secretary, a new management role within public listed company, to minimize the negative information in the financial market. In this time of uncertainty, investors do not want surprises over bad news. Therefore, a Corporate Secretary is needed to ensure good communication between the Company and its investors. Fail to do that, the result could bring the Company's share price down. That is the last thing the Company wants because currently investors are more worried about their losses in share price fluctuations over dividends. Although further study must be performed to fully understand the current financial crisis impact companies PT Adaro Tbk. to investors. and Energy

Appendix 1. PT Adaro Energy Tbk's Balance Sheets



# ASOF DECEMBER 31, 2007, 2006 AND 2005 (Amounts are expressed in IDR million)

DESCRIPTION	2007	2006	2005
ASSETS			
Current Assets			
Cash and cash equivalents	896,435	1,512,621	1,969,106
Marketable securities	1,734,330	-	491,500
Accounts receivable - net	1,610,870	1,362,989	1,180,866
Inventories	238,148	204,353	144,537
Prepaid taxes	364,168	323,454	239,744
Other current assets	153,721	253,324	517,135
Total Current Assets	4,997,672	3,656,741	4,542,888
Non Current Assets			
Deferred expenditures	86,828	193,391	196,122
Investments	4,868	667,674	76,322
Fixed Assets - net	3,677,060	2,448,567	1,997,428
Goodwill	1,225,532	15,508	19,383
Due from related parties	4,524,144	6,178,151	6,479,387
Other assets	172,579	183,361	541,714
Total Non Current Assets	9,691,011	9,686,652	9,310,356
TOTAL ASSETS	14,688,683	13,343,393	13,853,244
LIABILITIES			
Current Liabilities			
Bank Ioan	1,194,937	858,957	829,844
Trade payables	1,688,173	1,389,589	1,273,968
Taxes payables	138,819	86,209	236,039
Accrued expenses	306,127	85,652	285,482
Royalty payables	583,452	614,554	550,720
Other current liabilities	325,236	535,218	368,263
Total Current Liabilities	4,236,744	3,570,179	3,544,316
Non Current Liabilities			
Lease payable	243,036	151,025	62,114
Bank Ioan	5,535,428	4,365,722	1,844,088
Notes payable		3,579,733	3,893,370
Deferred tax liabilities	496,681	521,593	479,361
Due to related parties	10,945	28,675	2,969,878
Minority interests	1,075,906	584,036	438,354
Other non current liabilities	598,425	155,409	315,926
Total Non Current Liabilities	7,960,421	9,386,193	10,003,091
TOTALUABILITIES	12,197,165	12,956,372	13,547,407
IOIALIANI III	12,137,103	12,330,312	10,547,407
EQUITY			
Share capital	2,062,478	143,628	143,628
Foreign exchange on financial disclosure	21,172	(22,596)	10,898
Difference arising from restructuring	382,513	310,314	246,770
Difference arising from changes in equity	1,115	-	-
Retained earnings / (Accumulated losses)	24,240	(44,325)	(95,459)
TOTALEQUITY	2,491,518	387,021	305,837
TOTAL LIABILITIES AND EQUITY	14,688,683	13,343,393	13,853,244
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Appendix 2. PT Adaro Energy Tbk's Statements of Income

# FOR THE YEARS ENDEND DECEMBER 31, 2007, 2006 AND 2005 (Amounts are expressed in IDR million)

DESCRIPTION	2007	2006	2005
SALES	11,592,640	9,748,068	7,174,651
COST OF GOODS SOLD	(9,121,200)	(7,787,558)	(5,836,588)
GROSS PROFIT	2,471,440	1,960,510	1,338,063
Operating Expenses			
Selling	(173,173)	(130,217)	(111,593)
General and administrative	(77,775)	(89,079)	(51,969)
Total Operating Expenses	(250,948)	(219,296)	(163,562)
INCOME FROM OPERATIONS	2,220,492	1,741,214	1,174,501
Other Income/ (Expenses)			
Gain/ (loss) on foreign exchange	(167,799)	181,090	(27,615)
Gain/(loss) on sale of fixed assets	(1,489)	78,598	(9,280)
Interest income	610,722	512,282	150,935
Equity in net earnings/ (losses) of associates	(20,541)		26,527
Interest and other financial charges	(1,725,928)	(1,620,887)	(703,287)
Others	31,568	(41,018)	(10,086)
Total Other Income/ (Expenses)	(1,273,467)	(889,935)	(572,806)
INCOME BEFORE TAX	947,025	851,279	601,695
Tax expense	(567,529)	(527,972)	(353,378)
INCOME FROM NORMALACTIVITIES	379,496	323,307	248,317
Income before pre-acquisition	(38,048)	(17)	3,546
INCOME BEFORE MINORITY INTEREST	341,448	323,290	251,863
Minority interest	(208,595)	(182,157)	(185,971)
NETINCOME	132,853	141,133	65,892
BASIC EARNINGS PER SHARE (in full IDR)	92	98	136

Appendix 3. PT Adaro Energy Tbk's Statements of Changes in Equity

# FOR THE YEARS ENDEND DECEMBER 31, 2007, 2006 AND 2005 (Amounts are expressed in IDR million)

	Share Capital	Difference in Foreign Qurrency Translation	Difference Arising from Restructuring Transactions of Entities Under Common Control	Difference Arising from Changes in Associates' Equity	Retained Earnings	Total Equity
Balance as of January 1, 2005	1,250		(9,086)		(2,106)	(9,942)
Difference arising from restructuring transactions of entities under common control	-	-	255,856	-	-	255,856
Additional Paid-in Capital	142,378	-	=	-	-	142,378
Net income for the period	=	-	=	-	65,892	65,892
Difference in foreign currency translation of an associates' financial statements	-	10,898	-	-	-	10,898
Difference arising from changes in equity of associates	-	-		-	(159,245)	(159,245)
Balance as of December 31, 2005	143,628	10,898	246,770	-	(95,459)	305,837
Net income for the period		4			141,133	141,133
Difference in foreign currency translation of an associates' financial statements		(33,494)			-	(33,494)
Difference arising from restructuring transactions of entities under common control			63,544	<i></i>	(89,999)	(26,455)
Balance as of December 31, 2006	143,628	(22,596)	310,314		(44,325)	387,021
Net income for the period			V 48	1,111	132,853	132,853
Difference in foreign currency translation of an associates' financial statements		43,768				43,768
Difference arising from restructuring transactions of entities under common control	-		72,199		(64,288)	7,911
Additional Paid-in Capital	1,918,850					1,918,850
Difference arising from changes in equity of associates	-	/ /		1,115		1,115
Balance as of December 31, 2007	2,062,478	21,172	382,513	1,115	24,240	2,491,518

Appendix 4. PT Adaro Energy Tbk's Statements of Cash Flows

# FOR THE YEARS ENDEND DECEMBER 31, 2007, 2006 AND 2005 (Amounts are expressed in IDR million)

DESCRIPTION	2007	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	11,523,125	9,463,111	6,925,570
Cash paid to suppliers	(6,766,613)	(6,938,471)	(6,241,263)
Cash receipts from interest	684,316	480,460	39,864
Payments of interest	(908,094)	(1,282,530)	(255,072)
Payments of corporate income taxes	(671,208)	(625,638)	(233,901)
Payments of royalty	(564,864)	(439,328)	(293,665)
Payments of other operating expenses	(305,958)	(193,511)	(142,537)
Net Cash Provided by (Used In) Operating Activities	2,990,704	464,093	(201,004)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of fixed assets	(650,770)	(662,613)	(787,402)
Proceeds from sale of fixed assets	12.743	173.649	52,618
Net decrease (increase) in short-term investments	(1,728,106)	443,902	(491,500)
Additional investments in shares of an associate	(585,318)	(590,726)	(245,290)
Net decrease (increase) in related parties transactions	1,506,532	(1,494,028)	(6,466,095)
Net Cash Provided by (Used In) Investing Activities	(1,444,919)	(2,129,816)	(7,937,669)
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional due to related parties	27,000	1,584,836	4,638,740
Payments of due to related parties	(60,219)	(2,847,652)	(1,784,910)
Additional due to third parties	301,068	134,981	543,932
Payments of due to third parties	(499,182)	(36,454)	(255,281)
Additional bank loans	6,299,800	5,240,944	2,724,251
Payments of bank loans	(5,056,064)	(2,461,884)	(412,442)
Payments of cash dividends	-	-	(74,780)
Net increase (decrease) in notes	(3,654,400)		3,845,750
Payments of lease payable	(122,365)	(108,036)	(56,470)
Cash receipts from issuance of new shares	1,920,050	792	407,931
Payments of other financial charges	(656,689)	(251,140)	(762,059)
Net Cash Provided by (Used In) Financing Activities	(1,501,001)	1,256,387	8,814,662
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	44,784	(409,336)	675,989
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CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	758,453	1,191,019	3,943
FOREIGN CURRENCY TRANSLATION AND OTHER ADJUSTMENTS	28,603	(23,230)	511,087
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	831,840	758,453	1,191,019

Appendix 5. Indonesia Stock Exchange (IDX) Monthly Statistics

					Operating	Net	Paid-Up	Ann.						Annua	lized	
	Assets (IDR Bill)	Liabilities (IDR Bill)	Equity (IDR Bill)	Sales (IDR Bill)	Profit (IDR Bill)	Income (IDR Bill)	Capital (Mill Sh)	EPS (IDR)	BV (IDR)	PER (X)	PBV (X)	DER (X)	ROA (X)	ROE (X)	NPM (X)	OPM (X)
MINING - DECEMBER 2003 COALMINING 1 Tambang Batubara Bukit Asam Tbk	<b>1,941</b> 1,941	<b>513</b> 513	<b>1,422</b> 1,422	<b>1,651</b> 1,651	<b>198</b> 198	<b>157</b> 157	<b>2,132</b> 2,132	383 98 98	3,957 667 667	31.15 8.93 8.93	2.25 1.31 1.31	0.75	3.0 11.0	9.0 15.0	(19.0) 13.0	5.0 16.0
MINING - DECEMBER 2004  COALMINING  1 Tambang Batubara Bukit Asam Tbk	<b>2,263</b> 2,263	<b>601</b> 601	<b>1,653</b> 1,653	<b>1,894</b> 1,894	<b>392</b> 392	<b>268</b> 268	<b>2,133</b> 2,133	364 167 167	1,695 775 775	<b>25.61 9.11</b> 9.11	2.51 1.97 1.97	0.36	<b>7.0</b> 16.0	13.0 22.0	<b>11.0</b> 19.0	<b>27.0</b> 28.0
MINING - DECEMBER 2005 COALMINING 1 Burni Resources Tbk 2 Tambang Batubara Bukit Asam Tbk	18,565 15,915 2,650	14,372 13,651 721	<b>4,170</b> 2,249 1,921	13,762 11,583 2,179	3,833 3,428 405	1,876 1,511 365	21,708 19,404 2,304	432 158 104 211	2,117 475 116 834	7.92 7.32 8.52	2.94 4.36 6.56 2.16	2.87 6.07 0.38	7.0 13.0 18.0	90.0 25.0	12.0 17.0 22.0	32.0 39.0 25.0
MINING - DECEMBER 2006  COALMINING  1 Burni Resources Tbk  2 Tambang Batubara Bukit Asam Tbk	23,920 20,837 3,083	<b>18,272</b> 17,383 889	5,510 3,326 2,184	15,023 12,405 2,618	2,789 2,320 469	1,787 1,413 374	21,708 19,404 2,304	446 157 97 216	2,195 560 171 948	13.07 12.78 9.27 16.28	2.88 4.49 5.25 3.72	2.81 5.23 0.41	9.0 16.0	<b>17.0</b> 57.0 23.0	19.0 15.0 19.0	27.0 25.0 24.0
MINING - DECEMBER 2007  COALMINING  1 ATTEK Resources Thk	31,863 223	17,660 11	12,167 212	21,061	3,670 (19)	8,050 (18)	24,259 821	1,240 240 (30)	2,291 608 258	9.98 15.16 (41.27)	4.91 10.49 4.76	(1.42)	18.0	36.0	(216.0)	(215.0)
AIH-Nessources tok     Bumi Resources Tok     Indo Tambangraya Megah Tok     Perdana Karya Perkasa Tok     Tambang Batubara Bukit Asam Tok	23,329 4,402 307 3,602	13,185 3,310 127 1,027	8,137 1,072 180 2,566	15,034 2,858 156 3,012	2,576 418 33 662	7,310 205 26 527	19,404 1,130 600 2,304	502 364 58 305	258 419 948 300 1,114	11.95 51.99 13.79 39.33	14.31 19.93 2.67 10.77	1.62 3.09 0.71 0.40	42.0 9.0 11.0 20.0	120.0 38.0 19.0 27.0	(3,388.0) 65.0 14.0 22.0 23.0	23.0 29.0 28.0 29.0 29.0
MINING - JANUARY 2008 COAL MINING 1 ATRY Resources Tbk 2 Burni Resources Tbk 3 Indo Tambang mya Megah Tbk 4 Perdana Karya Perkasa Tbk 5 Tambang Batubara Bukit Asam Tbk	31,863 223 23,329 4,402 307 3,602	17,660 11 13,185 3,310 127 1,027	12,167 212 8,137 1,072 180 2,566	21,061 1 15,034 2,858 156 3,012	3,670 (19) 2,576 418 33 662	8,050 (18) 7,310 205 26 527	24,262 824 19,404 1,130 600 2,304	240 (30) 502 364 58 305	1,020 608 258 419 948 300 1,114	24.93 21.37 (33.66) 12.74 77.85 12.58 37.36	5.51 12.33 3.88 15.26 29.84 2.44 10.24	0.05 1.62 3.09 0.71 0.40	(11.0) 41.8 9.3 11.3 19.5	36.0 (11.5) 119.8 38.3 19.4 27.4	(3,388.0) 64.8 14.4 22.3 23.3	(3,527.0) 22.8 29.3 27.9 29.3
MINING - FESUARY 2008 COAL MINING 1 A TIFK Resources Tbk 2 Burni Pesources Tbk 3 Indo Tamberg rays Megah Tbk 4 Perdana Kerya Perkasa Tbk 5 Tambang Batubara Bukit Asam Tbk	34,875 223 23,329 7,414 307 3,602	17,358 11 13,185 3,008 127 1,027	15,501 212 8,137 4,406 180 2,566	25,473 1 15,034 7,270 156 3,012	4,401 (19) 2,576 1,149 33 662	8,380 (18) 7,310 535 26 527	24,263 825 19,404 1,130 600 2,304	449 262 (30) 502 473 58 305	1,157 1,198 257 419 3,899 300 1,114	24.82 18.79 (30.34) 15.33 58.32 13.10 37.52	4.13 8.35 3.50 18.36 7.08 2.54 10.28	0.05 1.62 0.68 0.71 0.40	15.5 (11.0) 41.8 7.2 11.3 19.5	32.5 (11.5) 119.8 12.1 19.4 27.4	(203.2) (3,388.0) 64.8 7.4 22.3 23.3	(3,527.0) 22.8 15.8 27.9 29.3
MINING - MARCH 2008 COAL MINING 1 ATRK-Resources Tbk 2 Burni Resources Tbk 3 Indo Tambang raya Megah Tbk 4 Perdana Karya Perkasa Tbk 5 Tambang Batubara Bukit Asam Tbk	38,428 223 26,556 7,414 307 3,928	17,616 11 13,353 3,008 127 1,117	18,165 212 10,568 4,406 180 2,799	32,889 1 21,338 7,270 156 4,124	5,936 (19) 3,827 1,149 33 946	8,735 (18) 7,432 535 26 760	24,264 826 19,404 1,130 600 2,304	437 243 (30) 383 473 58 330	1,139 1,243 257 545 3,899 300 1,215	22.07 14.30 (30.37) 16.19 43.32 11.89 30.46	4.28 6.14 3.50 11.38 5.26 2.30 8.27	0.05 1.26 0.68 0.71 0.40	(11.0) 28.0 7.2 11.3 19.4	25.2 (11.5) 70.3 12.1 19.4 27.2	(3,388.0) 34.8 7.4 22.3 18.4	(3,527.0) 17.9 15.8 27.9 22.9
MINING APRIL 2008  COAL MINING  1 ATRY Resources Tbk  2 Burni Resources Tbk  3 Indo Tambang raya Megah Tbk  4 Perdana Karya Perkasa Tbk  5 Tambang Batubara Bukit Asam Tbk	38,449 223 26,556 7,414 328 3,928	17,642 11 13,353 3,008 153 1,117	18,159 212 10,568 4,406 174 2,799	32,979 1 21,338 7,270 246 4,124	5,946 (19) 3,827 1,149 43 946	8,732 (18) 7,432 535 23 760	24,267 829 19,404 1,130 600 2,304	239 (30) 383 473 38 330	1,210 1,241 256 545 3,899 291 1,215	21.36 16.92 (31.50) 17.36 49.03 17.58 32.13	4.31 6.57 3.63 12.21 5.95 2.31 8.73	0.05 1.26 0.68 0.88 0.40	14.0 (11.0) 28.0 7.2 7.0 19.4	22.9 (11.5) 70.3 12.1 13.1 27.2	(211.7) (3,388.0) 34.8 7.4 9.3 18.4	(3,527.0) 17.9 15.8 17.4 22.9
MINING - MAY 2008 COAL MINING 1 ATRY Resources Tbk 2 Burni Resources Tbk 3 Indo Tambargraya Megah Tbk 4 Perdana Karya Perkasa Tbk 5 Tambang Batubara Bukit Asam Tbk	38,449 223 26,556 7,414 328 3,928	17,642 11 13,353 3,008 153 1,117	18,159 212 10,568 4,406 174 2,799	32,979 1 21,338 7,270 246 4,124	5,946 (19) 3,827 1,149 43 946	8,732 (18) 7,432 535 23 760	24,268 830 19,404 1,130 600 2,304	239 (29) 383 473 38 330	1,210 1,241 256 545 3,899 291 1,215	25.68 25.20 (31.87) 21.02 73.96 18.63 44.25	5.06 8.38 3.68 14.78 8.98 2.44 12.02	0.05 1.26 0.68 0.88 0.40	(11.0) 28.0 7.2 7.0 19.4	22.9 (11.5) 70.3 12.1 13.1 27.2	(3,388.0) 34.8 7.4 9.3 18.4	(3,527.0) 17.9 15.8 17.4 22.9
MINING - JUNE 2008  COAL MINING  1 AFT Resources Tbk  2 Burni Resources Tbk  3 Indo Tambang raya Megah Tbk  4 Perdana Karya Perkasa Tbk  5 Tambang Batubara Bukit Asam Tbk	38,525 209 26,556 7,242 328 4,190	17,481 20 13,353 2,863 153 1,092	18,395 188 10,568 4,379 174 3,086	24,838 3 21,338 2,017 246 1,234	4,525 (25) 3,827 286 43 394	7,622 (45) 7,432 (74) 23 286	24,269 831 19,404 1,130 600 2,304	1,104 120 (54) 383 (263) 38 497	1,223 1,255 226 545 3,875 291 1,339	10.02 (13.38) (12.09) 21.41 (127.82) 18.63 32.99	4.88 8.26 2.87 15.06 8.68 2.44 12.25	0.11 1.26 0.65 0.88 0.35	(21.4) 28.0 (4.1) 7.0 27.3	(23.7) 70.3 (6.8) 13.1 37.1	(66.7) (1,584.7) 34.8 (14.7) 9.3 92.8	(893.5) 17.9 56.7 17.4 127.6
MINING- JUY2003  COAL MINING  1 Adaro Energy Tbk  2 ATTK-Resources Tbk  3 Burn Resources Tbk  4 Indo Tarnberg raya Megah Tbk  5 Perdona Raya Refrasa Tbk  6 Petrosea Tbk  7 Resources Aram Indonesia Tbk  8 Tarnberg Batubara Bukit Asam Tbk	57,457 16,298 209 27,384 7,242 328 1,400 185 4,411	30,930 12,764 20 13,082 2,863 153 680 89 1,279	22,906 2,440 188 11,785 4,379 174 720 96 3,124	13,630 1,115 3 6,116 2,017 246 1,186 58 2,889	3,079 205 (25) 1,483 286 43 119 9	1,953 58 (45) 952 175 23 67 13 710	56,608 31,986 831 19,404 1,130 600 103 250 2,304	382 286 22 (54) 196 618 38 652 200 617	1,353 1,729 76 226 607 3,875 291 7,015 383 1,356	18.36 26.27 77.52 (8.46) 34.40 47.39 17.06 9.59 10.49 22.14	4.94 7.69 22.15 2.01 11.11 7.56 2.24 0.89 5.48 10.07	1.36 5.23 0.11 1.11 0.65 0.88 0.95 0.93 0.41	13.0 4.3 (21.4) 13.9 9.6 7.0 4.8 27.0 32.2	30.7 28.6 (23.7) 32.3 16.0 13.1 9.3 52.2 45.5	62.5 (1,584.7) 62.2 34.6 9.3 5.6 86.7 49.2	220.2 (893.5) 97.0 56.7 17.4 10.0 61.8 66.4
MINING- AUGIST 2008 COMMINING 1 Adaro Energy Tib. 2 ATRK-Resources Tib. 3 Bayen Resources Tib. 4 Burn Resources Tib. 5 Indo Tambergraya Megah Tib. 6 Perdrash Raya Perksas Tib. 7 Petrosea Tib. 8 Resource Alam Indonesia Tib. 9 Tambang Bistubara Bukit Asam Tib.	66,025 16,298 230 3,039 32,092 7,837 337 1,585 196 4,411	37,205 12,764 20 2,868 16,033 3,165 156 828 92 1,279	24,435 2,440 210 166 12,781 4,673 181 756 104 3,124	24,453 1,115 - 772 13,778 4,763 81 928 127 2,889	6,045 205 (6) 4 3,906 884 12 67 14 959	4,283 58 (1) 16 2,784 640 7 49 20 710	59,941 31,986 831 3,333 19,404 1,130 600 103 250 2,304	251 361 22 (3) 20 287 1,133 46 962 163 617	1,011 1,624 76 253 50 659 4,135 302 7,373 415 1,356	29.46 23.44 70.64 (189.59) 232.51 19.17 24.32 11.57 5.92 12.90 23.52	8.61 16.41 20.19 1.95 92.30 8.35 6.66 1.75 0.77 5.06 10.69	2.14 5.23 0.10 17.27 1.25 0.68 0.86 1.09 0.89 0.41	14.2 4.3 (0.9) 2.2 17.4 16.3 8.2 6.2 20.8 32.2	28.6 (1.0) 39.7 43.6 27.4 15.2 13.1 39.3 45.5	18.2 62.5 (508.0) 8.5 40.4 26.9 34.1 10.6 32.2 49.2	220.2 (5,320.8) 2.3 56.7 37.1 61.7 14.3 22.8 66.4
MININGS EXPEDITIONS OAL MINE OAL MINE A STATE OF THE STATE A STATE OF THE STATE Bayen Resources Tak Bayen Resources Tak Bayen Resources Tak I ben'd State of The State Find Terabarg rays Megah Tak Findo Terabarg rays Megah Tak Findo Terabarg rays Megah Tak Findo Terabarg State Findo Terabarg Findo Te	66,006 16,298 193 3,039 32,092 7,837 355 1,585 196 4,411	37,230 12,764 26 2,868 16,033 3,165 175 828 92 1,279	24,402 2,440 178 166 12,781 4,673 180 756 104 3,124	24,544 1,115 1 772 13,778 4,763 171 928 127 2,889	6,053 205 (13) 4 3,906 884 27 67 14 959	4,278 58 (12) 16 2,784 640 13 49 20 710	59,941 31,986 831 3,333 19,404 1,130 600 103 250 2,304	256 358 22 (28) 20 287 1,133 43 962 163 617	1,004 1,620 76 215 50 659 4,135 301 7,373 415 1,356	24.53 25.31 64.22 (12.34) 101.09 11.15 19.42 10.65 6.13 12.28 15.16	5.32 9.37 18.35 1.63 40.13 4.86 5.32 1.53 0.80 4.82 6.90	5.23 0.09 17.27 1.25 0.68 0.97 1.09 0.89 0.41	12.2 4.3 (12.2) 2.2 17.4 16.3 7.3 6.2 20.8 32.2	28.9 28.6 (13.2) 39.7 43.6 27.4 14.4 13.1 39.3 45.5	(87.1) 62.5 (2,422.3) 8.5 40.4 26.9 15.2 10.6 32.2 49.2	(79.4) 220.2 (2,706.4) 2.3 56.7 37.1 31.4 14.3 22.8 66.4

Appendix 6. Price Earnings Ratio and Beta by Sectors

In Justini Mana	N	A Ml-+ C/	Di/	D /	D /	F	D	D -4 -
Industry Name	Number of Firms	Aggregate Market Cap/ Aggregate Net Income	Price/ Current EPS	Price/ Trailing EPS	Price/ Forward PE	Expected Growth	Payout	Beta
Advertising	40	29.79	108.17	70.33	33.01	17.72%	10.28%	1.60
Aerospace/Defense	69	23.54	39.56	28.34	28.58	19.86%	14.17%	1.19
Air Transport	49	16.51	64.18	21.10	20.18	20.83%	10.48%	1.40
Apparel	57	16.55	17.39	20.12	38.98	14.12%	9.15%	0.87
Auto & Truck	28	17.58	16.51	16.97	17.61	13.40%	11.49%	1.54
Auto Parts	56	NA	46.91	20.44	19.89	20.09%	NA	1.45
Bank	504	22.64	14.96	14.72	21.84	9.72%	48.34%	0.63
Bank (Canadian)	8	25.63	13.33	12.27	10.87	8.75%	51.49%	0.67
Bank (Midwest)	38	21.44	16.48	13.23	13.93	6.87%	55.69%	0.85
Beverage	44	28.80	33.57	22.54	23.78	13.27%	26.24%	0.89
Biotechnology	103	39.97	93.44	33.96	82.52	26.77%	0.00%	1.51
Building Materials	49	11.02	17.62	27.51	20.33	11.85%	10.39%	1.07
Cable TV	23	37.52 19.21	37.28 20.16	33.42 18.73	68.70	23.45% 7.88%	3.03% 12.88%	1.56 0.80
Chamical (Basis)	19	24.90	35.85	25.05	17.48 30.52	13.94%	22.99%	1.52
Chemical (Basic)	37	24.90	79.01	23.43	23.26	11.52%	17.70%	1.16
Chemical (Diversified) Chemical (Specialty)	90	22.27	27.95	39.24	18.76	12.75%	18.40%	1.16
Coal Coal	18	27.34	38.27	254.34	25.28	23.10%	15.07%	1.71
Computer Software/Svcs	376	29.85	58.80	46.70	36.94	20.64%	11.00%	1.71
Computers/Peripherals	144	29.07	32.48	29.79	44.92	19.53%	7.27%	1.86
Diversified Co.	107	22.78	25.06	29.79	18.25	14.78%	11.32%	1.03
Drug	368	22.10	54.24	45.29	87.07	20.42%	26.34%	1.78
E-Commerce	56	96.05	776.41	320.58	96.34	24.78%	1.53%	2.08
Educational Services	39	37.97	53.18	58.17	45.68	14.66%	2.19%	1.27
Electric Util. (Central)	25	18.97	18.48	72.96	20.49	5.95%	32.61%	0.93
Electric Utility (East)	27	23.01	23.42	19.34	18.87	8.73%	32.15%	0.84
Electric Utility (West)	17	15.67	16.83	17.24	15.99	5.73%	22.84%	0.88
Electrical Equipment	86	20.24	26.11	19.82	21.61	15.98%	26.92%	1.35
Electronics	179	31.64	31.09	49.07	21.42	19.42%	4.43%	1.32
Entertainment	93	21.39	82.28	33.46	49.67	11.50%	12.07%	1.53
Entertainment Tech	38	NA	64.03	49.44	30.99	19.29%	NA	2.06
Environmental	89	27.64	50.07	37.62	45.00	20.14%	18.93%	1.00
Financial Svcs. (Div.)	294	11.85	56.17	34.04	19.42	13.13%	25.82%	1.14
Food Processing	123	24.52	32.57	28.83	28.01	12.68%	24.79%	0.77
Food Wholesalers	19	29.27	32.26	24.72	24.43	11.07%	26.52%	0.79
Foreign Electronics	10	29.69	31.63	39.90	20.74	16.43%	18.02%	1.08
Furn/Home Furnishings	39 15	14.30	19.52	23.74	18.77	13.72%	16.41%	0.99
Grocery Healthcare Information	38	20.84 38.56	21.05 83.73	18.46 33.32	203.48 114.76	13.14%	11.65% 4.08%	0.99
Heavy Construction	12	45.19	43.16	31.13	25.35	20.50%	4.84%	1.25
Home Appliance	11	17.36	14.83	14.19	10.69	9.83%	12.00%	0.95
Homebuilding	36	6.10	30.50	23.35	25.23	-2.00%	5.64%	1.64
Hotel/Gaming	75	36.45	34.02	42.01	99.53	20.49%	14.63%	1.25
Household Products	28	22.72	16.62	16.52	20.99	11.50%	22.64%	0.89
Human Resources	35	21.04	20.58	16.39	13.76	17.47%	8.90%	1.38
Industrial Services	196	34.07	29.71	28.56	26.29	18.11%	8.44%	1.22
Information Services	38	26.46	35.59	29.44	27.16	14.84%	15.61%	1.05
Insurance (Life)	40	27.63	16.49	13.64	25.39	11.40%	29.95%	0.94
Insurance (Prop/Cas.)	87	105.63	12.45	10.20	11.10	10.82%	15.69%	0.89
Internet	266	62.53	76.74	52.86	63.72	22.91%	0.52%	1.97
Investment Co.	18	NA	NA	NA	NA	NA	NA	NA
Investment Co.(Foreign)	15	54.73	27.37	26.85	NA	0.00%	0.00%	1.31
Machinery	126	20.55	27.72	23.12	17.62	17.53%	11.09%	1.19
Manuf. Housing/RV	18	36.13	50.72	36.39	19.05	12.60%	16.26%	1.92
Maritime	52	15.40	29.89	18.60	23.68	12.13%	18.33%	0.87
Medical Services	178	21.54	33.86	25.58	37.79	18.22%	1.32%	1.10
Medical Supplies	274	24.76	88.88	46.15	40.14	19.42%	16.28%	1.43
Metal Fabricating	37	14.27	16.65	16.01	28.12	16.60%	10.28%	1.19
Metals & Mining (Div.)	78	24.42	19.77	14.76	19.07 25.26	15.39%	14.45%	1.05
Natural Gas (Div.) Natural Gas Utility	31 26	18.14 17.91	26.03 20.79	24.32 16.96	25.26 18.40	10.19% 5.46%	12.38% 30.29%	0.93
Newspaper	18	17.91	11.95	13.32	16.51	1.00%	18.24%	1.21
Office Equip/Supplies	25	14.03	25.78	42.65	13.02	14.42%	8.68%	1.13
Oil/Gas Distribution	15	25.99	20.40	18.33	80.24	10.78%	43.13%	0.72
Oilfield Svcs/Equip.	113	22.26	34.46	23.03	22.82	18.90%	5.16%	1.10
Packaging & Container	35	24.46	25.16	16.18	15.95	15.29%	16.30%	1.10
	39	19.37	29.05	15.75	20.79	9.77%	25.39%	0.93
Paper/Forest Products								
Paper/Forest Products Petroleum (Integrated)	26	12.23	18.24	13.97	13.72	7.49%	12.53%	1.02

Appendix 6. Price Earnings Ratio and Beta by Sectors (continued)

Industry Name	Number of Firms	Aggregate Market Cap/	Price/	Price/	Price/	Expected	Payout	Beta
		Aggregate Net Income	Current EPS	Trailing EPS	Forward PE	Growth		i
Pharmacy Services	19	31.29	31.30	22.80	36.24	18.13%	5.78%	1.07
Power	58	222.77	370.21	95.69	54.19	28.37%	1.24%	1.87
Precious Metals	84	53.08	41.48	50.42	54.34	23.52%	13.08%	1.11
Precision Instrument	103	34.32	29.58	28.26	25.32	15.76%	6.86%	1.66
Property Management	12	20.49	104.61	42.87	35.39	24.46%	12.98%	0.91
Publishing	40	17.24	25.45	17.02	18.29	16.09%	13.81%	1.35
R.E.I.T.	147	56.64	36.15	2.12	18.30	7.39%	86.18%	0.90
Railroad	16	16.64	20.72	14.72	12.69	16.12%	13.03%	1.23
Recreation	73	16.95	27.23	27.34	13.32	15.38%	22.24%	1.54
Reinsurance	11	19.32	29.46	8.05	9.60	17.31%	12.64%	1.01
Restaurant	75	23.36	21.28	23.49	21.95	14.94%	19.79%	0.93
Retail (Special Lines)	164	18.03	24.05	23.55	23.84	14.51%	8.79%	1.26
Retail Automotive	16	14.81	15.59	18.98	18.10	12.97%	2.72%	1.58
Retail Building Supply	9	9.43	13.00	92.17	12.88	9.92%	12.84%	1.23
Retail Store	42	18.57	17.75	23.30	14.96	13.67%	11.51%	1.11
Securities Brokerage	31	22.83	42.15	48.52	17.62	16.87%	12.82%	1.66
Semiconductor	138	24.70	64.51	40.50	45.73	20.29%	19.60%	2.59
Semiconductor Equip	16	14.82	17.26	18.32	12.79	18.69%	5.29%	2.51
Shoe	20	20.57	15.51	19.11	15.94	12.24%	11.98%	1.47
Steel (General)	26	11.67	26.23	19.28	21.32	11.00%	7.60%	1.71
Steel (Integrated)	14	16.05	15.67	12.40	10.90	9.52%	7.61%	1.97
Telecom. Equipment	124	27.18	102.34	29.44	66.48	18.81%	11.47%	1.98
Telecom. Services	152	41.57	95.67	32.58	39.65	15.27%	55.16%	1.34
Thrift	234	23.54	21.51	26.18	37.23	9.94%	58.41%	0.59
Tobacco	11	32.69	18.20	28.72	15.37	8.08%	67.86%	0.70
Toiletries/Cosmetics	21	30.04	41.47	61.10	18.14	11.35%	22.22%	0.85
Trucking	32	11.74	11.90	33.28	16.95	9.67%	6.14%	1.04
Utility (Foreign)	6	106.56	53.28	42.51	30.06	17.50%	0.00%	1.01
Water Utility	16	25.99	40.45	29.73	23.20	10.03%	22.25%	0.78
Wireless Networking	74	353.39	104.60	70.70	71.74	20.28%	10.55%	2.20
Market	7364	23.25	45.02	32.44	32.21	15.30%	18.73%	1.24

Last Updated by Aswath Damodaran: January 2008



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Country	Long-Term Rating	Adj. Default Spread	Total Risk Premium	Country Risk Premium
Albania	B1	350	10.04%	5.25%
Alderney (Channel Islands)	Aaa	0	4.79%	0.00%
Andorra	Aaa	0	4.79%	0.00%
Argentina	В3	450	11.54%	6.75%
Armenia	Ba2	250	8.54%	3.75%
Australia	Aaa	0	4.79%	0.00%
Austria	Aaa	0	4.79%	0.00%
Azerbaijan	Ba1	200	7.79%	3.00%
Bahamas	A1	70	5.84%	1.05%
Bahamas-Offshore	Aaa	0	4.79%	0.00%
Bahrain	A2	80	5.99%	1.20%
Bahrain-Offshore	Aa3	60	5.69%	0.90%
Barbados	A3	85	6.07%	1.28%
Belarus	B1	350	10.04%	5.25%
Belgium	Aa1	35	5.32%	0.53%
Belize	Caa1	600	13.79%	9.00%
Bermuda	Aaa	0	4.79%	0.00%
Bolivia	B3	450	11.54%	6.75%
Bosnia & Herzogovina	B2	400	10.79%	6.00%
Botswana	A1	70	5.84%	1.05%
Brazil	Ba1	200	7.79%	3.00%
Bulgaria	Baa3	135	6.82%	2.03%
Cambodia	Baa3 B2	400	10.79%	6.00%
Canada	Aaa	0	4.79%	0.00%
Cayman Islands	Aaa Aa1	35	5.32%	0.53%
		0	4.79%	0.00%
Cayman Islands	Aaa	70	5.84%	
Chile	A1			1.05%
China	A1	70	5.84%	1.05%
Colombia	Baa3	135	6.82%	2.03%
Costa Rica	Ba1	200	7.79%	3.00%
Croatia	Baa1	100	6.29%	1.50%
Cuba	Caa1	600	13.79%	9.00%
Cyprus	A1	70	5.84%	1.05%
Czech Republic	A1	70	5.84%	1.05%
Denmark	Aaa	0	4.79%	0.00%
Dominican Republic	B2	400	10.79%	6.00%
Ecuador	В3	450	11.54%	6.75%
Egypt	Baa3	135	6.82%	2.03%
El Salvador	Baa2	115	6.52%	1.73%
Estonia	A1	70	5.84%	1.05%
Eurozone	Aaa	0	4.79%	0.00%
Fiji Islands	Ba2	250	8.54%	3.75%
Finland	Aaa	0	4.79%	0.00%
France	Aaa	0	4.79%	0.00%
Germany	Aaa	0	4.79%	0.00%
Greece	Al	70	5.84%	1.05%
Guatemala	Ba1	200	7.79%	3.00%
Guernsey (Channel Islands)	Aaa	0	4.79%	0.00%
Honduras	B2	400	10.79%	6.00%
Hong Kong	Aa2	50	5.54%	0.75%
Hungary	Aaz A2	80	5.99%	1.20%
Iceland	A2 Aaa	0	5.99% 4.79%	0.00%
		250		
India	Ba2		8.54%	3.75%
Indonesia	Ba3	300	9.29%	4.50%
Ireland	Aaa	0	4.79%	0.00%
Isle of Man	Aaa	0	4.79%	0.00%
Israel	A2	80	5.99%	1.20%
Italy	Aa2	50	5.54%	0.75%
Jamaica	Ba2	250	8.54%	3.75%
Japan	A1	70	5.84%	1.05%
Jersey (Channel Island)	Aaa	0	4.79%	0.00%
Jordan	Baa3	135	6.82%	2.03%
Kazakhstan	Baa1	100	6.29%	1.50%
	A2	80	5.99%	1.20%

Appendix 7. Country's Risk Premium (continued)

Country	Long-Term Rating	Adj. Default Spread	Total Risk Premium	Country Risk Premium
Kuwait	Aa2	50	5.54%	0.75%
Latvia	A2	80	5.99%	1.20%
Lebanon	В3	450	11.54%	6.75%
Liechtenstein	Aaa	0	4.79%	0.00%
Lithuania	A2	80	5.99%	1.20%
Luxembourg	Aaa	0	4.79%	0.00%
Macao	Aa3	60	5.69%	0.90%
Malaysia	A3	85	6.07%	1.28%
Malta	A2	80	5.99%	1.20%
Mauritius	Baa2	115	6.52%	1.73%
Mexico	Baa1	100	6.29%	1.50%
Moldova	Caal	600	13.79%	9.00%
Monaco	Aaa	0	4.79%	0.00%
Mongolia	B1	350	10.04%	5.25%
Morocco	Bal	200	7.79%	3.00%
Netherlands	Aaa	0	4.79%	0.00%
New Zealand	Aaa	0	4.79%	0.00%
	B3	450	11.54%	6.75%
Nicaragua		450	4.79%	0.00%
Norway	Aaa A2	80	4.79% 5.99%	1.20%
Oman				
Pakistan	B1	350	10.04%	5.25%
Panama	Ba1	200	7.79%	3.00%
Panama-Offshore Banks	Aa2	50	5.54%	0.75%
Papua New Guinea	B1	350	10.04%	5.25%
Paraguay	Caal	600	13.79%	9.00%
Peru	Baa3	135	6.82%	2.03%
Philippines	B1	350	10.04%	5.25%
Poland	A2	80	5.99%	1.20%
Portugal	Aa2	50	5.54%	0.75%
Qatar	Aa2	50	5.54%	0.75%
Romania	Baa3	135	6.82%	2.03%
Russia	Baa2	115	6.52%	1.73%
San Marino	Aaa	0	4.79%	0.00%
Sark (Channel Islands)	Aaa	0	4.79%	0.00%
Saudi Arabia	A1	70	5.84%	1.05%
Singapore	Aaa	0	4.79%	0.00%
Slovakia	A1	70	5.84%	1.05%
Slovenia	Aa2	50	5.54%	0.75%
South Africa	A2	80	5.99%	1.20%
Spain	Aaa	0	4.79%	0.00%
St. Vincent	B1	350	10.04%	5.25%
Suriname	Ba3	300	9.29%	4.50%
Sweden	Aaa	0	4.79%	0.00%
Switzerland	Aaa	0	4.79%	0.00%
Taiwan	Aa3	60	5.69%	0.90%
Thailand	Baa1	100	6.29%	1.50%
Trinidad & Tobago	Baa1	100	6.29%	1.50%
Tunisia	Baa2	115	6.52%	1.73%
Turkey	Ba3	300	9.29%	4.50%
Turkmenistan	B2	400	10.79%	6.00%
Ukraine	B1	350	10.04%	5.25%
United Arab Emirates	Aa2	50	5.54%	0.75%
United Kingdom	Aaa	0	4.79%	0.00%
United States	Aaa	0	4.79%	0.00%
Uruguay	B1	350	10.04%	5.25%
Venezuela	B1	350	10.04%	5.25%
Vietnam	Ba3	300	9.29%	4.50%
Last undated by Aswath Damodaran:		500	7.27/0	

Last updated by Aswath Damodaran: January 2008

Appendix 8. Effective Tax Rate Calculation

# (Amounts are expressed in IDR million)

DESCRIPTION	2007	2006	2005
Tax expense in statements of incomes	(567,529)	(527,972)	(353,378)
Taxable income based on progressive tax rate			
10%	50	50	50
15%	50	50	50
30%	1,891,722	1,759,865	1,177,885
Total taxable income	1,891,822	1,759,965	1,177,985
Effective Tax Rate	30%	30%	30%



Appendix 9. Choosing the Right Valuation Model Alt 1

This program is designed to help in cho	osing the right model to
use for any occassi	ion.
(amounts are expressed in I	DR million)
Inputs to t  Level of Earnings (in currency)	the model
Level of Earnings (in currency)  Are your earnings positive?  Yes (Yes or No)	
Are your earnings positive : 11es (1es of No)	
If the earnings are positive and normal, please enter the following:	
What is the expected inflation rate in the economy? 10.00%	(in percent)
What is the expected real growth rate in the economy?  6.00%	(in percent)
what is the expected real grown rate in the economy.	(in percent)
What is the expected growth rate in earnings (revenues) for this firm in the near future?	14.40% (in percent)
Does this firm have a significant and sustainable advantage over competitors?	Yes (Yes or No)
Differential Advantages: High growth comes from a firm earning excess returns on its	
possessed by the firm over its competitors. This differential advantage can be legal (as is the	he case with legal monopolies like telecom), or technological,
or a strong brand name (as is the case with many consumer product firms) or economies of	f scale. The question that is being asked relates not just to
the existing differential advantage but also to the future.	
If the earnings are negative, please enter the following:	
Are the earnings negative because the firm is in a cyclical business?	(Yes or No)
Are the earnings negative because of a one-time or temporary occurrence?	(Yes or No)
Are the earnings negative because the firm has too much debt?	(Yes or No)
If yes, is there a strong likelihood of bankruptcy?	(Yes or No)
Are the earnings negative because the firm is just starting up?	(Yes or No)
Financial Leverage	
What is the current debt ratio (in market value terms)?	83.04% (in percent)
Is this debt ratio expected to change significantly?	Yes (Yes or No)
Dividend Policy	
What did the firm pay out as dividends in the current year?	(in currency)
Can you estimate capital expenditures and working capital requirements?	Yes (Yes or No)
Enter the following inputs (from the current year) for computing FCFE	
Net Income (NI) 132,853	
Depreciation and Amortization 300,615	
Capital Spending (Including acquisitions) 1,444,919	
Δ Non-cash Working Capital (ΔWC) (674,900)	
FCFE = NI - (Capital Spending - Depreciation) *(1- Debt Ratio) - $\Delta$ WC (1-Debt Ratio) =	53,242
OUTPUT FROM THE MODEL	
Based upon the inputs you have entered, the right valuation model for this firm is:	
Type of Model (DCF Model, Option Pricing Model):	Discounted CF Model
Level of Earnings to use in model (Current, Normalized):	Current Earnings
Cashflows that should be discounted (Dividends, FCFE, FCFF):	FCFF (Value firm)
Length of Growth Period (10 or more, 5 to 10, less than 5)	No high growth period
Appropriate Growth Pattern (Stable, 2 stage, 3 stage):	Stable Growth

Appendix 10. Choosing the Right Valuation Model Alt 2

This program is designed to help in cho	osing the right model to	
use for any occassion	on.	
(amounts are expressed in II	DR million)	
Inputs to t  Level of Earnings (in currency)	the model	
Level of Earnings (in currency)  Are your earnings positive?  Yes (Yes or No)		
Are your earnings positive ?		
If the earnings are positive and normal, please enter the following:		
What is the expected inflation rate in the economy? 10.00%	(in percent)	
What is the expected real growth rate in the economy?  6.00%	(in percent)	
man is the expected real grown rate in the economy.	(in percent)	
What is the expected growth rate in earnings (revenues) for this firm in the near future?	14.40% (in percent)	
Does this firm have a significant and sustainable advantage over competitors?	Yes (Yes or No)	
Differential Advantages: High growth comes from a firm earning excess returns on its		antage
possessed by the firm over its competitors. This differential advantage can be legal (as is the	he case with legal monopolies like telecom), or technological	,
or a strong brand name (as is the case with many consumer product firms) or economies of	f scale. The question that is being asked relates not just to	
the existing differential advantage but also to the future.		
If the earnings are negative, please enter the following:		
Are the earnings negative because the firm is in a cyclical business?	(Yes or No)	
Are the earnings negative because of a one-time or temporary occurrence?	(Yes or No)	
Are the earnings negative because the firm has too much debt?	(Yes or No)	
If yes, is there a strong likelihood of bankruptcy?	(Yes or No)	
Are the earnings negative because the firm is just starting up?	(Yes or No)	
Financial Leverage		
What is the current debt ratio (in market value terms)?	55.42% (in percent)	
Is this debt ratio expected to change significantly?	Yes (Yes or No)	
Dividend Policy		
What did the firm pay out as dividends in the current year?	(in currency)	
Can you estimate capital expenditures and working capital requirements?	Yes (Yes or No)	
Enter the following inputs (from the current year) for computing FCFE		
Net Income (NI) 132,853		
Depreciation and Amortization 300,615		
Capital Spending (Including acquisitions) 1,444,919		
Δ Non-cash Working Capital (ΔWC) (7,199,493)		
FCFE = NI - (Capital Spending - Depreciation) *(1- Debt Ratio) - $\Delta$ WC (1-Debt Ratio) =	2,832,256	
OUTPUT FROM THE MODEL		
Based upon the inputs you have entered, the right valuation model for this firm is:		
Type of Model (DCF Model, Option Pricing Model):	Discounted CF Model	
Level of Earnings to use in model (Current, Normalized):	Current Earnings	
Cashflows that should be discounted (Dividends, FCFE, FCFF):	FCFF (Value firm)	
Length of Growth Period (10 or more, 5 to 10, less than 5)	No high growth period	
Appropriate Growth Pattern (Stable, 2 stage, 3 stage):	Stable Growth	

Appendix 11. FCFF Stable Growth Model – Alt 1 USA

#### Assumptions in the model: The firm is in steady state and will grow at a stable rate forever. The firm's leverage is known and constant. User defined inputs The user has to define the following inputs to the model: 1. Current EBIT and tax rate 2. Capital Spending and Depreciation 3. Change in working capital 4. Debt ratio 5. Cost of Equity or Inputs to the CAPM (Beta, Riskfree rate, Risk Premium) and Cost of Debt 6. Expected Growth Rate in free cashflows to firm forever. Current EBIT (in currency) Current tax rate = Capital Expenditures 1.444.919 (in currency) Depreciation = 300,615 (in currency) Change in Working Capital = Do you want to change the capital expenditure/depreciation ratio If so, enter capital expenditures as a percent of depreciation Debt ratio = ( in percent) Are you directly entering the cost of equity? (Yes or No) If yes, enter cost of equity = 0.00% (in percent) If no, enter the inputs for the CAPM Beta of the stock = Riskfree rate = (in percent) Risk Premium= (in percent) This is a pre-tax cost of borrowing. Expected Growth Rate = (in percent) The expected growth rate for a stable firm cannot be significantly higher than the nominal growth rate in the economy in which the firm operates. It can be lower. Warnings: This Beta is high for a stable firm Capital Spending seems high relative to depreciation This is the output from the Model Firm Details: from inputs on prior page EBIT (1- tax rate) = 1,871,067 - (Capital Spending - Depreciation) 1,144,304 - Change in Working Capital Free Cashflow to Firm = 726,763 Cost of Equity = 25.39% 9.33% Cost of Debt = Cost of Capital = 12.06% Expected Growth rate = 8.50% 22,177,356 Value of Firm Value vs. Expected Growth 50,000,000 Value of Stock (in IDR million) 10.00% 38 890 814 9.50% 31,139,683 40,000,000 9.00% 25 925 249 30,000,000 20,000,000 8 00% 19,353,591 10,000,000 17,149,671 7.00% 15,381,687 8.00% 7.50% 7.00% (in million shares) Price per share (in full IDR) - growth rate 10.0 - growth rate - growth rate 9.50% - growth rate - growth rate 8.00% 7.50% growth rate growth rate

Appendix 12. FCFF Stable Growth Model – Alt 1 Bumi

#### Assumptions in the model: The firm is in steady state and will grow at a stable rate forever The firm's leverage is known and constant. User defined inputs The user has to define the following inputs to the model: 1. Current EBIT and tax rate 2. Capital Spending and Depreciation 3. Change in working capital 4. Debt ratio 5. Cost of Equity or Inputs to the CAPM (Beta, Riskfree rate, Risk Premium) and Cost of Debt 6. Expected Growth Rate in free cashflows to firm forever. Please enter inputs to the model Current EBIT (in currency) Current tax rate = Capital Expenditures (in currency) Depreciation = (in currency) Change in Working Capital = 0 (in currency) If negative, enter zero. Do you want to change the capital expenditure/depreciation ratio (Yes or No) If so, enter capital expenditures as a percent of depreciation Are you directly entering the cost of equity? (Yes or No) If yes, enter cost of equity = (in percent) If no, enter the inputs for the CAPM Beta of the stock = Riskfree rate = (in percent) Risk Premium= (in percent) Enter the cost of debt = This is a pre-tax cost of borrowing. Expected Growth Rate = (in percent) The expected growth rate for a stable firm cannot be significantly higher than the nominal growth rate in the economy in which the firm operates. It can be lower. Warnings: This Beta is high for a stable firm Capital Spending seems high relative to depreciation This is the output from the Model Firm Details: from inputs on prior page EBIT (1- tax rate) = 1,871,067 - (Capital Spending - Depreciation) 1,144,304 - Change in Working Capital Free Cashflow to Firm = Cost of Equity = 30.50% Cost of Debt = 9.33% Cost of Capital = 12.92% Expected Growth rate 9.50% Value of Firm Value vs. Expected Growth Growth rate 50,000,000 11.00% 10.50% 41,966,132 33,153,593 Value of Stock (in IDR million) 40,000,000 10.00% 27.356.690 30,000,000 9.50% 23,253,659 20,000,000 9 00% 20,196,711 10,000,000 17,831,023 8.50% 8.00% 15,945,943 11.00% 10.50% 10.00% 9.50% 9.00% 8.50% 8.00% Expected Growth Rate umber of shares outstanding Price per share (in full IDR) - growth rate - growth rate 11.00% 10.50% 10.00% - growth rate - growth rate 9.50% 9.00% - growth rate - growth rate - growth rate 8.50% 8.00%

Appendix 13. FCFF Stable Growth Model – Alt 1 Bukit Asam

#### Assumptions in the model: . The firm is in steady state and will grow at a stable rate forever. 2. The firm's leverage is known and constant User defined inputs The user has to define the following inputs to the model: 1. Current EBIT and tax rate 2. Capital Spending and Depreciation 3. Change in working capital 4. Debt ratio 5. Cost of Equity or Inputs to the CAPM (Beta, Riskfree rate, Risk Premium) and Cost of Debt 6. Expected Growth Rate in free cashflows to firm forever. Current EBIT (in currency) Current tax rate = 30% Capital Expenditures (in currency) Depreciation = (in currency) Change in Working Capital = 0 Do you want to change the capital expenditure/depreciation ratio (Yes or No) If so, enter capital expenditures as a percent of depreciation Debt ratio = 83.04% ( in percent) Are you directly entering the cost of equity? (Yes or No) If yes, enter cost of equity = (in percent) If no, enter the inputs for the CAPM Beta of the stock = (in percent) Riskfree rate = Risk Premium= (in percent) Enter the cost of debt = This is a pre-tax cost of borrowing. Expected Growth Rate = (in percent) The expected growth rate for a stable firm cannot be significantly higher than the nominal growth rate in the economy in which the firm operates. It can be lower. Warnings: This Beta is high for a stable firm Capital Spending seems high relative to depreciation This is the output from the Model Firm Details: from inputs on prior page 1,871,067 EBIT (1- tax rate) = - (Capital Spending - Depreciation) 1,144,304 - Change in Working Capital 0 Free Cashflow to Firm = 726,763 Cost of Equity = 26.97% Cost of Debt = 9.33% Cost of Capital = 12.32% Expected Growth rate = 9.00% Value of Firm 23,835,590 Value vs. Expected Growth rowth rat 10.50% Value 44,040,621 50,000,000 Value of Stock (in IDR million) 10.00% 9.50% 34,406,941 28,185,245 40,000,000 30,000,000 9.00% 23.835.590 20.000.000 20,623,551 8.50% 10,000,000 8 00% 18 154 441 10.50% 10.00% 9.50% 9.00% Expected Growth Rate 8.50% 8.00% 7.50% umber of shares outstanding (in million shares) 20,847 Price per share (in full IDR) - growth rate - growth rate 2,113 1,650 1,352 10.50% - growth rate - growth rate 9.50% - growth rate - growth rate 8.50% 8.00% 7.50%

Appendix 14. FCFF Stable Growth Model – Alt 2 USA

growth rate

#### Assumptions in the model: The firm is in steady state and will grow at a stable rate forever. The firm's leverage is known and constant. User defined inputs The user has to define the following inputs to the model: 1. Current EBIT and tax rate 2. Capital Spending and Depreciation 3. Change in working capital 4. Debt ratio 5. Cost of Equity or Inputs to the CAPM (Beta, Riskfree rate, Risk Premium) and Cost of Debt 6. Expected Growth Rate in free cashflows to firm forever. Please enter inputs to the model Current EBIT (in currency) Current tax rate = Capital Expenditures Depreciation = (in currency) (in currency) If negative, enter : Change in Working Capital = Do you want to change the capital expenditure/depreciation ratio? (Yes or No) If so, enter capital expenditures as a percent of depreciation Debt ratio = ( in percent) Are you directly entering the cost of equity? (Yes or No) If yes, enter cost of equity = (in percent) If no, enter the inputs for the $CAP\underline{M}$ Beta of the stock = Riskfree rate = (in percent) Risk Premium= (in percent) Enter the cost of debt = This is a pre-tax cost of borrowing. Expected Growth Rate = cannot be significantly higher than the nominal growth rate in the economy in which the firm operates. It can be lower. Warnings: This is high for a stable growth rate This Beta is high for a stable firm Capital Spending seems high relative to depreciation This is the output from the Model Firm Details: from inputs on prior page EBIT (1- tax rate) = 1,871,067 1,144,304 - (Capital Spending - Depreciation) - Change in Working Capital Free Cashflow to Firm = 726 763 Cost of Equity = 25.39% 9.33% Cost of Debt = 16.49% Cost of Capital = This is high for an infinite growth rate. Check it Expected Growth rate = 13.00% 23,542,082 Value of Firm Value vs. Expected Growth 50,000,000 Value of Stock (in IDR million) 41.849.890 14.50% 14.00% 33,294,868 40,000,000 13.50% 27,602,589 30,000,000 13.00% 23,542,082 20,000,000 12.50% 20 499 654 10,000,000 12.00% 18,135,069 11.50% 16.244.500 14.50% 14.00% 13.50% 13.00% 12.50% 12.00% 11.50% Expected Growth Rate mber of shares outstanding Price per share (in full IDR) 14.50% - growth rate - growth rate - growth rate 14.00% 13.50% 13.00% 12.50% - growth rate - growth rate - growth rate

Appendix 15. FCFF Stable Growth Model – Alt 2 Bumi

12.00%

#### Assumptions in the model: The firm is in steady state and will grow at a stable rate forever. The firm's leverage is known and constant. User defined inputs The user has to define the following inputs to the model: 1. Current EBIT and tax rate 2. Capital Spending and Depreciation 3. Change in working capital 4. Debt ratio 5. Cost of Equity or Inputs to the CAPM (Beta, Riskfree rate, Risk Premium) and Cost of Debt 6. Expected Growth Rate in free cashflows to firm forever. Please enter inputs to the model Current EBIT (in currency) Current tax rate = Capital Expenditures Depreciation = (in currency) (in currency) If negative, enter : Change in Working Capital = Do you want to change the capital expenditure/depreciation ratio? (Yes or No) If so, enter capital expenditures as a percent of depreciation Debt ratio = ( in percent) Are you directly entering the cost of equity? (Yes or No) If yes, enter cost of equity = (in percent) If no, enter the inputs for the CAPM Beta of the stock = Riskfree rate = (in percent) Risk Premium= (in percent) Enter the cost of debt = This is a pre-tax cost of borrowing. Expected Growth Rate = cannot be significantly higher than the nominal growth rate in the economy in which the firm operates. It can be lower. Warnings: This is high for a stable growth rate This Beta is high for a stable firm Capital Spending seems high relative to depreciation This is the output from the Model Firm Details: from inputs on prior page EBIT (1- tax rate) = 1,871,067 1,144,304 - (Capital Spending - Depreciation) - Change in Working Capital Free Cashflow to Firm = 726 763 Cost of Equity = 30.50% 9.33% Cost of Debt = 18.77% Cost of Capital = 15.00% This is high for an infinite growth rate. Check it Expected Growth rate = Value of Firm 22.192.879 Value vs. Expected Growth 40,000,000 Value of Stock (in IDR million) 37.364.940 16.50% 16.00% 30,479,168 30,000,000 15.50% 25,701,734 15.00% 22,192,879 20.000.000 14 50% 19 506 546 10,000,000 14.00% 17,383,861 13.50% 15,664,271 16.50% 16.00% 15.50% 15.00% 14.50% 14.00% 13.50% Expected Growth Rate mber of shares outstanding Price per share (in full IDR) 16.50% - growth rate - growth rate - growth rate 15.00% 14.50% - growth rate - growth rate - growth rate

Appendix 16. FCFF Stable Growth Model – Alt 2 Bukit Asam

14.00%

#### Assumptions in the model:

- The firm is in steady state and will grow at a stable rate forever
- 2. The firm's leverage is known and constant.

#### User defined inputs

The user has to define the following inputs to the model:

- 1. Current EBIT and tax rate
- 2. Capital Spending and Depreciation
- 3. Change in working capital
- 4. Debt ratio
- 5. Cost of Equity or Inputs to the CAPM (Beta, Riskfree rate, Risk Premium) and Cost of Debt
- 6. Expected Growth Rate in free cashflows to firm forever.

#### Please enter inputs to the model: Current EBIT

Current tax rate = Capital Expenditures (in currency) Depreciation = (in currency) Change in Working Capital = (in currency) If negative, enter zero. (Yes or No) Do you want to change the capital expenditure/depreciation ratio If so, enter capital expenditures as a percent of depreciation

(in currency)

Are you directly entering the cost of equity? (Yes or No)

If yes, enter cost of equity = (in percent) If no, enter the inputs for the CAPM Beta of the stock = Riskfree rate = (in percent) Risk Premium= (in percent)

Enter the cost of debt = This is a pre-tax cost of borrowing.

growth rate in the economy in which the firm operates. It can be lower.

This is high for a stable growth rate This Beta is high for a stable firm Capital Spending seems high relative to depreciation

### This is the output from the Model

Firm Details: from inputs on prior page EBIT (1- tax rate) =

Expected Growth Rate =

- (Capital Spending Depreciation) - Change in Working Capital

Expected Growth rate

Free Cashflow to Firm =	
Cost of Equity =	26.97%
Cost of Debt =	9.33%
Cost of Capital =	17.19%

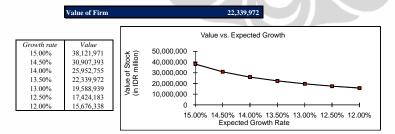
26.97%	
9.33%	
17.19%	
13.50%	This is high for an infinite growth rate. Check it

1 871 067

1 144 304

(in percent) The expected growth rate for a stable firm

cannot be significantly higher than the nominal



Number of shares outstanding		20,847
(in million share	5)	
Price per share (in f	ull IDR)	
- growth rate	15.00%	1,829
- growth rate	14.50%	1,483
- growth rate	14.00%	1,245
- growth rate	13.50%	1,072
- growth rate	13.00%	940
- growth rate	12.50%	836
- growth rate	12.00%	752