

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 remain 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 confidence 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. <http://warren-buffett-portfolio.com/swissre-020409.htm>).

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. <http://www.idx.co.id/NewsAnnouncements/Headline/tabid/155/articleType/ArticleView/articleId/380/Default.aspx>).

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 to investors, companies and PT Adaro Energy Tbk.

Appendix 1. PT Adaro Energy Tbk's Balance Sheets



AS OF 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 loan	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 loan	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
TOTAL LIABILITIES	12,197,165	12,956,372	13,547,407
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)
TOTAL EQUITY	2,491,518	387,021	305,837
TOTAL LIABILITIES AND EQUITY	14,688,683	13,343,393	13,853,244

Appendix 2. PT Adaro Energy Tbk's Statements of Income

FOR THE YEARS ENDED 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 NORMAL ACTIVITIES	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)
NET INCOME	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 ENDING DECEMBER 31, 2007, 2006 AND 2005
(Amounts are expressed in IDR million)

	Share Capital	Difference in Foreign Currency 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	-	-	-	-	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	-	(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	-	-	-	-	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 ENDED 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
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

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	37.28	33.42	68.70	23.45%	3.03%	1.56
Canadian Energy	13	19.21	20.16	18.73	17.48	7.88%	12.88%	0.80
Chemical (Basic)	19	24.90	35.85	25.05	30.52	13.94%	22.99%	1.52
Chemical (Diversified)	37	20.82	79.01	23.43	23.26	11.52%	17.70%	1.16
Chemical (Specialty)	90	22.27	27.95	39.24	18.76	12.75%	18.40%	1.06
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%	1.56
Computers/Peripherals	144	29.07	32.48	29.79	44.92	19.53%	7.27%	1.86
Diversified Co.	107	22.78	25.06	29.28	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
Entainment 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	14.30	19.52	23.74	18.77	13.72%	16.41%	1.10
Grocery	15	20.84	21.05	18.46	203.48	13.14%	11.65%	0.99
Healthcare Information	38	38.56	83.73	33.32	114.76	19.38%	4.08%	0.91
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	15.39%	14.45%	1.05
Natural Gas (Div.)	31	18.14	26.03	24.32	25.26	10.19%	12.38%	0.93
Natural Gas Utility	26	17.91	20.79	16.96	18.40	5.46%	30.29%	0.78
Newspaper	18	12.46	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%	1.12
Paper/Forest Products	39	19.37	29.05	15.75	20.79	9.77%	25.39%	0.93
Petroleum (Integrated)	26	12.23	18.24	13.97	13.72	7.49%	12.53%	1.02
Petroleum (Producing)	186	14.87	45.05	64.27	39.42	12.82%	4.09%	1.00

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

Industry Name	Number of Firms	Aggregate Market Cap/ Aggregate Net Income	Price/ Current EPS	Price/ Trailing EPS	Price/ Forward PE	Expected Growth	Payout	Beta
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



Appendix 7. Country's Risk Premium

<i>Country</i>	<i>Long-Term Rating</i>	<i>Adj. Default Spread</i>	<i>Total Risk Premium</i>	<i>Country Risk Premium</i>
Albania	B1	350	10.04%	5.25%
Alderney (Channel Islands)	Aaa	0	4.79%	0.00%
Andorra	Aaa	0	4.79%	0.00%
Argentina	B3	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 & Herzegovina	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	B2	400	10.79%	6.00%
Canada	Aaa	0	4.79%	0.00%
Cayman Islands	Aa1	35	5.32%	0.53%
Cayman Islands	Aaa	0	4.79%	0.00%
Chile	A1	70	5.84%	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	B3	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	A1	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	A2	80	5.99%	1.20%
Iceland	Aaa	0	4.79%	0.00%
India	Ba2	250	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%
Korea	A2	80	5.99%	1.20%

Appendix 7. Country's Risk Premium (continued)

<i>Country</i>	<i>Long-Term Rating</i>	<i>Adj. Default Spread</i>	<i>Total Risk Premium</i>	<i>Country Risk Premium</i>
Kuwait	Aa2	50	5.54%	0.75%
Latvia	A2	80	5.99%	1.20%
Lebanon	B3	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	Caa1	600	13.79%	9.00%
Monaco	Aaa	0	4.79%	0.00%
Mongolia	B1	350	10.04%	5.25%
Morocco	Ba1	200	7.79%	3.00%
Netherlands	Aaa	0	4.79%	0.00%
New Zealand	Aaa	0	4.79%	0.00%
Nicaragua	B3	450	11.54%	6.75%
Norway	Aaa	0	4.79%	0.00%
Oman	A2	80	5.99%	1.20%
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	Caa1	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 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 choosing the right model to use for any occasion.
(amounts are expressed in IDR million)

Level of Earnings		Inputs to the model
Are your earnings positive ?	<input type="text" value="Yes"/>	(in currency) (Yes or No)
<i>If the earnings are positive and normal, please enter the following:</i>		
What is the expected inflation rate in the economy?	<input type="text" value="10.00%"/>	(in percent)
What is the expected real growth rate in the economy?	<input type="text" value="6.00%"/>	(in percent)
What is the expected growth rate in earnings (revenues) for this firm in the near future?	<input type="text" value="14.40%"/>	(in percent)
Does this firm have a significant and sustainable advantage over competitors?	<input type="text" value="Yes"/>	(Yes or No)

Differential Advantages: High growth comes from a firm earning excess returns on its projects, which in turn comes from some differential advantage possessed by the firm over its competitors. This differential advantage can be legal (as is the 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 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 ?	<input type="text"/>	(Yes or No)
Are the earnings negative because of a one-time or temporary occurrence?	<input type="text"/>	(Yes or No)
Are the earnings negative because the firm has too much debt?	<input type="text"/>	(Yes or No)
If yes, is there a strong likelihood of bankruptcy?	<input type="text"/>	(Yes or No)
Are the earnings negative because the firm is just starting up?	<input type="text"/>	(Yes or No)

Financial Leverage

What is the current debt ratio (in market value terms) ?	<input type="text" value="83.04%"/>	(in percent)
Is this debt ratio expected to change significantly ?	<input type="text" value="Yes"/>	(Yes or No)

Dividend Policy

What did the firm pay out as dividends in the current year?	<input type="text"/>	(in currency)
Can you estimate capital expenditures and working capital requirements?	<input type="text" value="Yes"/>	(Yes or No)

Enter the following inputs (from the current year) for computing FCFE

Net Income (NI)	<input type="text" value="132,853"/>	
Depreciation and Amortization	<input type="text" value="300,615"/>	
Capital Spending (Including acquisitions)	<input type="text" value="1,444,919"/>	
Δ Non-cash Working Capital (ΔWC)	<input type="text" value="(674,900)"/>	

FCFE = NI - (Capital Spending - Depreciation) * (1 - Debt Ratio) - Δ WC (1-Debt Ratio) =

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, FCF):	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 choosing the right model to use for any occasion.
(amounts are expressed in IDR million)

Level of Earnings		Inputs to the model
Are your earnings positive ?	<input type="text" value="Yes"/>	(in currency) (Yes or No)
<i>If the earnings are positive and normal, please enter the following:</i>		
What is the expected inflation rate in the economy?	<input type="text" value="10.00%"/>	(in percent)
What is the expected real growth rate in the economy?	<input type="text" value="6.00%"/>	(in percent)
What is the expected growth rate in earnings (revenues) for this firm in the near future?	<input type="text" value="14.40%"/>	(in percent)
Does this firm have a significant and sustainable advantage over competitors?	<input type="text" value="Yes"/>	(Yes or No)

Differential Advantages: High growth comes from a firm earning excess returns on its projects, which in turn comes from some differential advantage possessed by the firm over its competitors. This differential advantage can be legal (as is the 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 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 ?	<input type="text"/>	(Yes or No)
Are the earnings negative because of a one-time or temporary occurrence?	<input type="text"/>	(Yes or No)
Are the earnings negative because the firm has too much debt?	<input type="text"/>	(Yes or No)
If yes, is there a strong likelihood of bankruptcy?	<input type="text"/>	(Yes or No)
Are the earnings negative because the firm is just starting up?	<input type="text"/>	(Yes or No)

Financial Leverage

What is the current debt ratio (in market value terms) ?	<input type="text" value="55.42%"/>	(in percent)
Is this debt ratio expected to change significantly ?	<input type="text" value="Yes"/>	(Yes or No)

Dividend Policy

What did the firm pay out as dividends in the current year?	<input type="text"/>	(in currency)
Can you estimate capital expenditures and working capital requirements?	<input type="text" value="Yes"/>	(Yes or No)

Enter the following inputs (from the current year) for computing FCFE

Net Income (NI)	<input type="text" value="132,853"/>	
Depreciation and Amortization	<input type="text" value="300,615"/>	
Capital Spending (Including acquisitions)	<input type="text" value="1,444,919"/>	
Δ Non-cash Working Capital (ΔWC)	<input type="text" value="(7,199,493)"/>	

FCFE = NI - (Capital Spending - Depreciation) * (1 - Debt Ratio) - Δ WC (1-Debt Ratio) =

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, FCF):	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:

1. 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 = 2,672,953 (in currency)
 Current tax rate = 30%

Capital Expenditures = 1,444,919 (in currency)
 Depreciation = 300,615 (in currency)
 Change in Working Capital = 0 (in currency) *If negative, enter zero.*
 Do you want to change the capital expenditure/depreciation ratio? No (Yes or No)
 If so, enter capital expenditures as a percent of depreciation 0%

Debt ratio = 83.04% (in percent)

Are you directly entering the cost of equity? (Yes or No) No
 If yes, enter cost of equity = 0.00% (in percent)
If no, enter the inputs for the CAPM
 Beta of the stock = 1.71
 Riskfree rate = 9.50% (in percent)
 Risk Premium = 9.29% (in percent)

Enter the cost of debt = 13.33% *This is a pre-tax cost of borrowing.*
 Expected Growth Rate = 8.50% (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

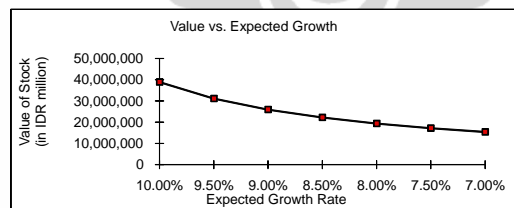
Firm Details: from inputs on prior page

EBIT (1- tax rate) =	1,871,067
- (Capital Spending - Depreciation)	-1,144,304
- Change in Working Capital	0
Free Cashflow to Firm =	726,763

Cost of Equity =	25.39%
Cost of Debt =	9.33%
Cost of Capital =	12.06%
Expected Growth rate =	8.50%

Value of Firm 22,177,356

Growth rate	Value
10.00%	38,890,814
9.50%	31,139,683
9.00%	25,925,249
8.50%	22,177,356
8.00%	19,353,591
7.50%	17,149,671
7.00%	15,381,687



Number of shares outstanding	20,847
(in million shares)	
Price per share (in full IDR)	
- growth rate 10.00%	1,866
- growth rate 9.50%	1,494
- growth rate 9.00%	1,244
- growth rate 8.50%	1,064
- growth rate 8.00%	928
- growth rate 7.50%	823
- growth rate 7.00%	738

Appendix 12. FCFF Stable Growth Model – Alt 1 Bumi

Assumptions in the model:

1. 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	2,672,953	(in currency)
Current tax rate =	30%	
Capital Expenditures	1,444,919	(in currency)
Depreciation =	300,615	(in currency)
Change in Working Capital =	0	(in currency) <i>If negative, enter zero.</i>
Do you want to change the capital expenditure/depreciation ratio?	No	(Yes or No)
If so, enter capital expenditures as a percent of depreciation	0%	
Debt ratio =	83.04%	(in percent)
Are you directly entering the cost of equity? (Yes or No)	No	
If yes, enter cost of equity =	0.00%	(in percent)
<i>If no, enter the inputs for the CAPM</i>		
Beta of the stock =	2.26	
Riskfree rate =	9.50%	(in percent)
Risk Premium=	9.29%	(in percent)
Enter the cost of debt =	13.33%	<i>This is a pre-tax cost of borrowing.</i>
Expected Growth Rate =	9.50%	<i>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.</i>

Warnings:

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

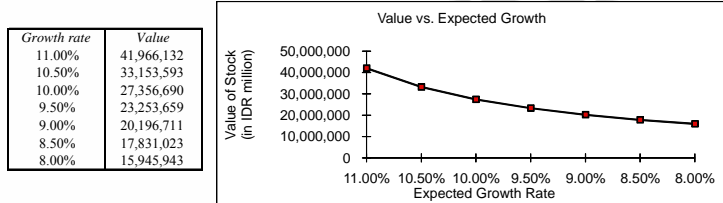
This is the output from the Model

Firm Details: from inputs on prior page

EBIT (1 - tax rate) =	1,871,067
- (Capital Spending - Depreciation)	1,144,304
- Change in Working Capital	0
Free Cashflow to Firm =	726,763

Cost of Equity =	30.50%
Cost of Debt =	9.33%
Cost of Capital =	12.92%
Expected Growth rate =	9.50%

Value of Firm 23,253,659



Number of shares outstanding (in million shares)	20,847
Price per share (in full IDR)	
- growth rate 11.00%	2,013
- growth rate 10.50%	1,590
- growth rate 10.00%	1,312
- growth rate 9.50%	1,115
- growth rate 9.00%	969
- growth rate 8.50%	855
- growth rate 8.00%	765

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

Assumptions in the model:

1. 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 = (in currency)
 Current tax rate =
 Capital Expenditures = (in currency)
 Depreciation = (in currency)
 Change in Working Capital = (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
 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 = (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*

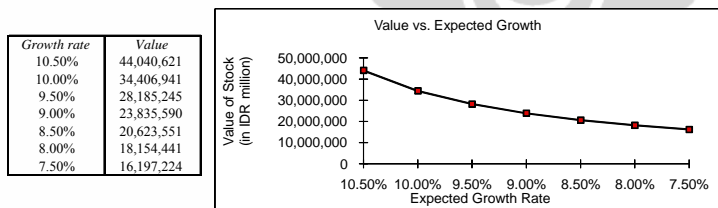
This is the output from the Model

Firm Details: from inputs on prior page

EBIT (1 - tax rate) =	1,871,067
- (Capital Spending - Depreciation)	1,144,304
- Change in Working Capital	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



Number of shares outstanding (in million shares)	20,847
Price per share (in full IDR)	
- growth rate 10.50%	2,113
- growth rate 10.00%	1,650
- growth rate 9.50%	1,352
- growth rate 9.00%	1,143
- growth rate 8.50%	989
- growth rate 8.00%	871
- growth rate 7.50%	777

Appendix 14. FCFF Stable Growth Model – Alt 2 USA

Assumptions in the model:

1. 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 = (in currency)

Current tax rate =

Capital Expenditures = (in currency)

Depreciation = (in currency)

Change in Working Capital = (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

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 = (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 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

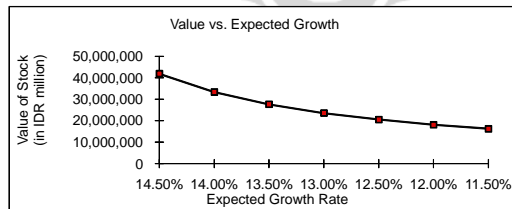
EBIT (1- tax rate) =	1,871,067
- (Capital Spending - Depreciation)	1,144,304
- Change in Working Capital	0
Free Cashflow to Firm =	726,763

Cost of Equity =	25.39%
Cost of Debt =	9.33%
Cost of Capital =	16.49%
Expected Growth rate =	13.00%

This is high for an infinite growth rate. Check it

Value of Firm 23,542,082

Growth rate	Value
14.50%	41,849,890
14.00%	33,294,868
13.50%	27,602,589
13.00%	23,542,082
12.50%	20,499,654
12.00%	18,135,069
11.50%	16,244,500



Number of shares outstanding (in million shares)	20,847
Price per share (in full IDR)	
- growth rate 14.50%	2,008
- growth rate 14.00%	1,597
- growth rate 13.50%	1,324
- growth rate 13.00%	1,129
- growth rate 12.50%	983
- growth rate 12.00%	870
- growth rate 11.50%	779

Appendix 15. FCFF Stable Growth Model – Alt 2 Bumi

Assumptions in the model:

1. 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 = 2,672,953 (in currency)

Current tax rate = 30%

Capital Expenditures = 1,444,919 (in currency)

Depreciation = 300,615 (in currency)

Change in Working Capital = 0 (in currency) *If negative, enter zero.*

Do you want to change the capital expenditure/depreciation ratio? No (Yes or No)

If so, enter capital expenditures as a percent of depreciation 0%

Debt ratio = 55.42% (in percent)

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

If yes, enter cost of equity = 0.00% (in percent)

If no, enter the inputs for the CAPM

Beta of the stock = 2.26

Riskfree rate = 9.50% (in percent)

Risk Premium = 9.29% (in percent)

Enter the cost of debt = 13.33% *This is a pre-tax cost of borrowing.*

Expected Growth Rate = 15.00% (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 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

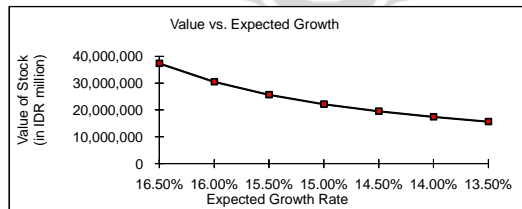
EBIT (1- tax rate) =	1,871,067
- (Capital Spending - Depreciation)	1,144,304
- Change in Working Capital	0
Free Cashflow to Firm =	726,763

Cost of Equity =	30.50%
Cost of Debt =	9.33%
Cost of Capital =	18.77%
Expected Growth rate =	15.00%

This is high for an infinite growth rate. Check it

Value of Firm 22,192,879

Growth rate	Value
16.50%	37,364,940
16.00%	30,479,168
15.50%	25,701,734
15.00%	22,192,879
14.50%	19,506,546
14.00%	17,383,861
13.50%	15,664,271



Number of shares outstanding (in million shares)	20,847
Price per share (in full IDR)	
- growth rate 16.50%	1,792
- growth rate 16.00%	1,462
- growth rate 15.50%	1,233
- growth rate 15.00%	1,065
- growth rate 14.50%	936
- growth rate 14.00%	834
- growth rate 13.50%	751

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

Assumptions in the model:

1. 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 = (in currency)

Current tax rate =

Capital Expenditures = (in currency)

Depreciation = (in currency)

Change in Working Capital = (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

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 = (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 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

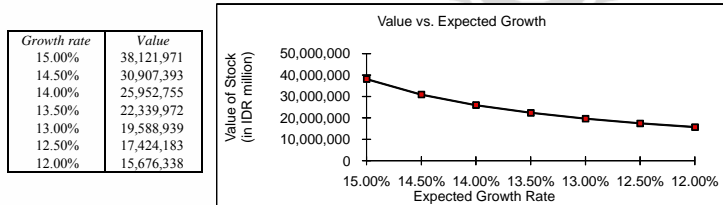
Firm Details: from inputs on prior page

EBIT (1 - tax rate) =	1,871,067
- (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 =	17.19%
Expected Growth rate =	13.50%

This is high for an infinite growth rate. Check it

Value of Firm 22,339,972



Number of shares outstanding (in million shares)	20,847
Price per share (in full 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