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## CHAPTER 4 – RESULTS AND DISCUSSIONS

As a continuation of the previous chapters, chapter 4 will discuss in detail all data used in making an analysis of the importance of support infrastructure development as part of the after-sales service facility at the Company site Sangata.

### 4.1 Production

As part of an effort to increase value of the results of the coal mining process, mining concession owners make and determine production targets, both overburden stripping and coal production as the main result of mining. Production targets are set in annual terms and are subject to change. Changes in production targets depend on mining conditions, commodity prices, readiness of heavy equipment, global needs, and government policies.

The coal production target that has been set by the mining owner will impact to determine the direction of the Company's policy in requirement of heavy equipment, spare part and repair services. The policy to be taken by management depends on the amount of production targets set by mining owner and contractors. In the other hand while production target increases, the level of adequacy of fulfillment of unit and spare parts needs will increase also including the need for heavy equipment repair services owned by customers.

In addition, several large companies implement a strategy to focus on stripping the overburden when coal commodity prices increase, this is intended to strike a balance between production costs. Profit from coal sales When the price is high, it will be used to balance the cost of stripping the overburden of coal, so when the price of coal falls, the cost of stripping the overburden becomes smaller, and company's profitability can be managed well within an acceptable range.

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## 4.2 Production of Over Burden

To carry out the overburden stripping process, PT XYZ doing the work independently also has several mining sub-contractors. The sub-contractor was appointed to carry out overburden stripping work with a predetermined target. They were given a separate mining location in accordance with the agreed contract. The subcontractor appointment process is carried out with a tender mechanism in accordance with applicable regulations and production targets set by PT XYZ.

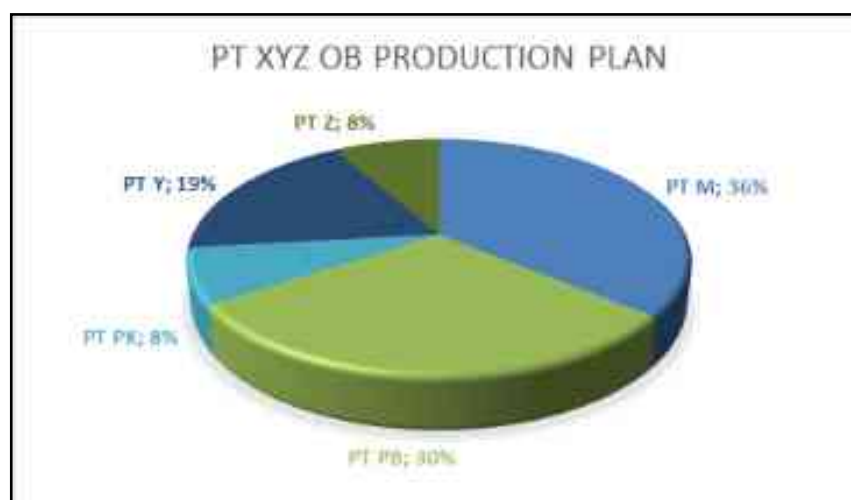


Figure 4. 1 OB Production Plan

Figure 4.1 provides an explanation of the overburden production plan that will be carried out by PT XYZ within 1 year. The production plan is divided into several sub-contractors which working in PT XYZ's mining concession. PT M gets the largest portion of production followed by PT PB and in third position is done by PT Y and finally PT Z and PT PK get the same portion in the range of 8%.

## 4.3 Coal Production

Coal is the main result of the entire series of mining processes, to meet the production targets that have been set, all sub-contractors are given targets in accordance with the agreement stated in the contract. The coal production target will determine how much

transportation equipment is needed and how much carrying capacity of heavy equipment is needed. The distance from the temporary storage location to the coal shipping port will also determine the amount of coal conveyance.

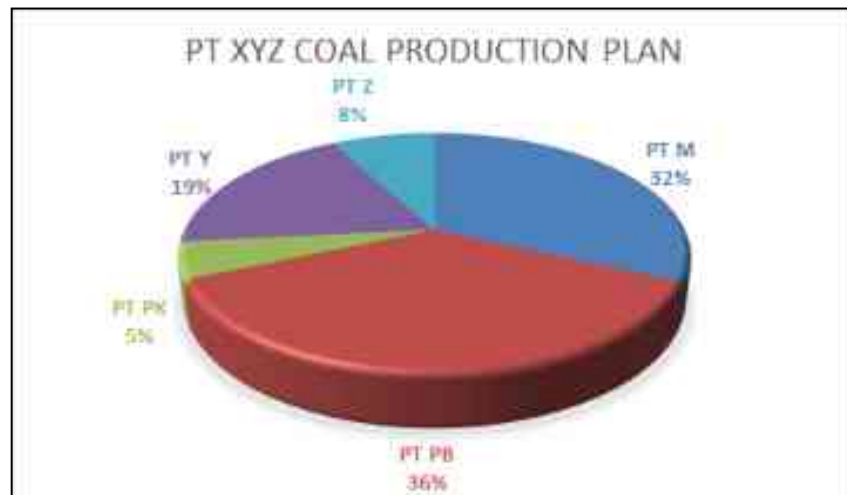


Figure 4. 2 Coal Production Plan

Figure 4.2 shows the portion of the planned coal production in one year divided into several contractors including the mine owners themselves. The diagram shows that the largest portion of the coal production plan is carried out by PT PB as the mining subcontractor and PT M as the mining concession owner.

#### 4.4 Unit Population

Requirement of heavy equipment to support PT XYZ's operations is determined according to the size of the production target in each sub-contractor. The units to support these operations vary from small to large sizes. Since the majority of contractors work on overburden stripping projects, the large size of heavy equipment will dominate the population in each contractor.

#### 4.5 Unit Population for Production

In the coal mining industry, production equipment is needed to support the work process, especially stripping overburden. Size and quantity of heavy equipment separately into medium to large sizes according to the conditions and topography of the area to be mined. The number of heavy equipment is calculated according to production targets that have been set.

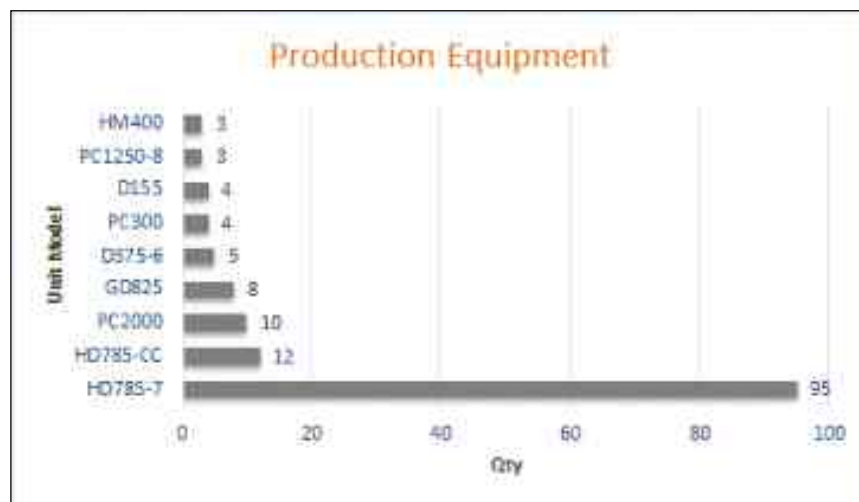


Figure 4. 3 Production Equipment

Figure 4.3 is a list of heavy equipment requirements to support production where unit requirements vary considerably.

#### 4.6 Unit Population for Supporting

In carrying out work in coal mining other than production equipment, production support equipment are needed. From the aspect of size, it is different from the main production equipment where these supporting equipment have certain sizes and specifications or these equipment are designed as needed such as lifting equipment, lubricant transportation equipment, water transportation equipment, fuel transportation equipment and other necessary supporting equipment.



Figure 4. 4 Supporting Equipment

Figure 4.4 is a list of coal mine operational support equipment requirements. Requirement of the equipment vary according to the needs in the operation.

#### 4.7 List Populasi Unit untuk Sub Contractors

To support the production process, small equipment in the middle class are also needed. These equipment are used for land clearing, maintenance and construction of mining roads, as well as supporting equipment in the Coal terminal area. Requirement of the equipment is handed over to sub-contractor in order to provide opportunities for small contractors to be able to contribute and empower the community around the mine site.



Figure 4. 5 Sub-Contractors Equipment List

Figure 4.5 is the equipment sub-contractor supply plan. The equipment is dominated by medium class and varies in each model.

#### 4.8 Design of Infrastructure – Office & Warehouse

The infrastructure to be built consists of offices and warehouses. The facility will be built in a location close to the location of PT PK making it easier to provide services both for spare parts needs and heavy equipment repair services. We designed the office and spare parts storage warehouse with a temporary scheme due to this project is a newly opened project and the permanent location is still in the preparation stage.

The concept of the building to be made also considers the ease of the process of moving to a new location in this case is a permanent location which is currently being prepared in parallel by the PT PK. Therefore, most of our buildings use containers and steel and aluminum structures. The land given for after-sales service operations to United Tractors is 400 M<sup>2</sup>. The land will be used as a place for support infrastructure development.



Figure 4. 6 3D view infra support proposal

Figure 4.7 shows a visualization of the infrastructure to be built at the Sangata site to support customer operations. The building plan covers operational needs which include buildings and rooms for parts department and service department including all necessary facility support.

## 4.9 Capital Expenditure

In preparing normal depreciation of new investment, PT United Tractors uses a maximum calculation of 5 years. In calculating depreciation, it takes reference from the total cost of capital to be invested in this project. In addition, it also considers the residual value and estimated benefits of the project. Capex to be invested includes land and building as well as tools and equipment support.

Table 4. 1 Capital Expenditure

| No.                | Description                                                | Qty | Size | Amount in IDR<br>Price | Amount               |
|--------------------|------------------------------------------------------------|-----|------|------------------------|----------------------|
| <b>1</b>           | <b>LAND AND BUILDING</b>                                   |     |      |                        | <b>2.048.973.531</b> |
|                    | PRELIMENARIES                                              | 1   |      |                        | 234.378.400          |
|                    | WAREHOUSE                                                  | 1   | 120  |                        | 474.700.000          |
|                    | OFFICE                                                     | 1   | 78   |                        | 1.104.172.513        |
|                    | OTHERS                                                     | 1   |      |                        | 235.722.619          |
|                    | CONTINGENCY COST                                           | 1   |      |                        | 90.662.546           |
|                    | CONTRACTOR MANAGEMENT FEE                                  | 1   |      |                        | 145.060.073          |
| <b>2</b>           | <b>TOOLS AND EQUIPMENT</b>                                 |     |      |                        | <b>718.549.400</b>   |
|                    | Office                                                     |     |      |                        | 215.200.000          |
|                    | Warehouse                                                  |     |      |                        | 195.709.400          |
|                    | Racking System                                             | 1   |      | 153.209.400            | 153.209.400          |
|                    | Penarik Plate/Tension. SIGNODE. USA. TH                    | 1   |      | 13.500.000             | 13.500.000           |
|                    | Penjepit Plate/Sealer. SIGNODE. USA. RC                    | 1   |      | 13.500.000             | 13.500.000           |
|                    | VACUUM CLEANER ATTIX 50-01PC. Nilfisk                      | 1   |      | 8.000.000              | 8.000.000            |
|                    | Hight Lift 1Mtr 1Ton                                       | 1   |      | 7.500.000              | 7.500.000            |
|                    | <b>IT &amp; Network Communication Additional (Phase 2)</b> |     |      |                        | <b>307.640.000</b>   |
|                    | Notebook (PDH, SDH, PSC, Instruktur)                       | 4   |      | 12.540.000             | 50.160.000           |
|                    | PC                                                         |     |      |                        | -                    |
|                    | COP                                                        | 2   |      | 12.320.000             | 24.640.000           |
|                    | PDC + WHS Crew                                             | 4   |      | 12.320.000             | 49.280.000           |
|                    | SPV                                                        | 2   |      | 12.320.000             | 24.640.000           |
|                    | Safety Office                                              | 1   |      | 12.320.000             | 12.320.000           |
|                    | ADM Parts dan Service                                      | 2   |      | 12.320.000             | 24.640.000           |
|                    | P2U                                                        | 1   |      | 12.320.000             | 12.320.000           |
|                    | PST Officer                                                | 1   |      | 12.320.000             | 12.320.000           |
|                    | Tools Keeper                                               | 1   |      | 12.320.000             | 12.320.000           |
|                    | Gun Barcode                                                | 5   |      | 9.000.000              | 45.000.000           |
|                    | Printer                                                    |     |      |                        | -                    |
|                    | Dot Matrix                                                 | 1   |      | 10.000.000             | 10.000.000           |
|                    | Radio                                                      |     |      |                        | -                    |
|                    | Server                                                     | 1   |      | 30.000.000             | 30.000.000           |
| <b>GRAND TOTAL</b> |                                                            |     |      |                        | <b>2.767.522.931</b> |

Table 4.1 provides an explanation of the budget needs for infrastructure support development consisting of land and building and tools and equipment support. The budget includes land and building of 2.1 billion rupiah and tools and equipment support of 719 million rupiah, so that the total capex for the development of infrastructure support is 2.8 billion rupiah.

#### 4.10 Depreciation

In the preparation of normal depreciation, the Company uses a maximum calculation of 5 (five) years for new support points. To calculate depreciation this takes a reference from the total cost of capital (capital expenditure) to be invested in this project. Another thing to consider in this research is the residual value of the infrastructure to be built and the estimated benefits of the project.

Table 4. 2 Depreciation Scheme of New Project

|  <b>DEPRECIATION SCHEME OF NEW PROJECT</b> |   |                      |                    |                    |                    |                    |
|-----------------------------------------------------------------------------------------------------------------------------|---|----------------------|--------------------|--------------------|--------------------|--------------------|
| INVESTMENT                                                                                                                  |   |                      |                    |                    |                    |                    |
| <b>LAND AND BUILDING</b>                                                                                                    |   | <b>2.048.973.531</b> |                    |                    |                    |                    |
| Preliminary                                                                                                                 |   | 234.378.400          |                    |                    |                    |                    |
| OPEN STORAGE (WHS sudah dibangun KPP))                                                                                      |   | 474.700.000          |                    |                    |                    |                    |
| Others                                                                                                                      |   | 235.722.619          |                    |                    |                    |                    |
| Office                                                                                                                      |   | 1.104.172.513        |                    |                    |                    |                    |
| <b>TOOLS AND EQUIPMENT</b>                                                                                                  |   | <b>718.549.400</b>   |                    |                    |                    |                    |
| Office                                                                                                                      |   | 215.200.000          |                    |                    |                    |                    |
| IT                                                                                                                          |   | 307.640.000          |                    |                    |                    |                    |
| Warehouse                                                                                                                   |   | 195.709.400          |                    |                    |                    |                    |
| DEPRECIATION                                                                                                                |   | 2023                 | 2024               | 2025               | 2026               | 2027               |
| <b>LAND AND BUILDING</b>                                                                                                    |   |                      |                    |                    |                    |                    |
| Preliminary                                                                                                                 | 5 | 46.875.680           | 46.875.680         | 46.875.680         | 46.875.680         | 46.875.680         |
| Warehouse                                                                                                                   | 5 | 94.940.000           | 94.940.000         | 94.940.000         | 94.940.000         | 94.940.000         |
| Others                                                                                                                      | 5 | 47.144.524           | 47.144.524         | 47.144.524         | 47.144.524         | 47.144.524         |
| Office                                                                                                                      | 5 | 220.834.503          | 220.834.503        | 220.834.503        | 220.834.503        | 220.834.503        |
| <b>TOOLS AND EQUIPMENT</b>                                                                                                  |   |                      |                    |                    |                    |                    |
| Office                                                                                                                      | 5 | 43.040.000           | 43.040.000         | 43.040.000         | 43.040.000         | 43.040.000         |
| IT                                                                                                                          | 5 | 61.528.000           | 61.528.000         | 61.528.000         | 61.528.000         | 61.528.000         |
| Warehouse                                                                                                                   | 5 | 39.141.880           | 39.141.880         | 39.141.880         | 39.141.880         | 39.141.880         |
| <b>TOTAL</b>                                                                                                                |   | <b>553.504.586</b>   | <b>553.504.586</b> | <b>553.504.586</b> | <b>553.504.586</b> | <b>553.504.586</b> |

Table 4.2 provides an explanation of the depreciation scheme on capital costs to build new point support at the Sangata site. The total capital cost of this project is around 2.7 billion rupiah. The capital costs are divided into costs for land maturity and support infrastructure development as well as capital costs for the procurement of support tools and equipment.

#### 4.11 Operating Expense

The costs to be incurred for operational needs are divided into two categories of costs, namely selling expenses which are calculated on costs for warehousing, shipping costs and other costs that will arise related to operations to support sales. Based on statistical that costs for warehouse shipping in annual basis range from 1% to 2% of the total targeted revenue.

In addition, there are other costs that need to be taken into account, namely operating expenses which include employee salaries, vehicle rental, sub-contractors, fuel, representation, repair and maintenance, electricity needs, water needs, communication facilities, insurance and other costs that will arise as part of operational costs.

Table 4. 3 Operating Expense

| OPERATING EXPENSE                            | 2023                 | 2024                 | 2025                 | 2026                 | 2027                  |
|----------------------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| <b>Selling Expenses</b>                      | <b>2.295.834.487</b> | <b>2.418.643.922</b> | <b>2.466.522.340</b> | <b>2.578.536.641</b> | <b>2.695.733.120</b>  |
| Warehouse Shipping                           | 1.447.966.098        | 1.520.364.403        | 1.596.382.624        | 1.676.201.755        | 1.760.011.842         |
| Biaya Pengiriman Angkutan Reguler            | 80.000.000           | 102.000.000          | 102.000.000          | 105.774.000          | 109.687.638           |
| Warehouse Handling                           | 764.268.388          | 792.546.319          | 764.268.388          | 792.546.319          | 821.870.533           |
| Jamuan                                       | 3.600.000            | 3.733.200            | 3.871.328            | 4.014.568            | 4.163.107             |
| <b>General Expenses</b>                      | <b>5.628.360.782</b> | <b>5.734.314.206</b> | <b>6.981.962.180</b> | <b>7.219.815.111</b> | <b>7.466.468.600</b>  |
| Penghasilan Karyawan                         | 2.091.892.516        | 2.091.892.516        | 2.910.157.228        | 3.017.833.046        | 3.129.492.868         |
| Welfare:OR,Rekreasi,Perayaan Ktr,Kateri      | 1.000.000            | 1.200.000            | 1.200.000            | 1.244.400            | 1.290.443             |
| Welfare:JAMSOSTEK & YDPA                     | 41.771.286           | 55.695.048           | 421.225.800          | 436.811.155          | 452.973.167           |
| Welfare:Keselamatan & Kesehatan Kerja        | 8.500.000            | 8.814.500            | 8.500.000            | 8.814.500            | 9.140.637             |
| Welfare:Pengobatan & Tunjangan Sosial        | 61.000.000           | 63.257.000           | 61.000.000           | 63.257.000           | 65.597.509            |
| Welfare:Katering                             | 219.168.000          | 289.536.000          | 292.224.000          | 303.036.288          | 314.248.631           |
| Welfare:Katering (Park Doc)                  | 18.000.000           | 18.666.000           | 18.000.000           | 18.666.000           | 19.356.642            |
| B. Sumbangan/Donation Exp                    | 12.000.000           | 12.444.000           | 12.000.000           | 12.444.000           | 12.904.428            |
| B. Representasi / Representation Exp.        | 9.600.000            | 9.955.200            | 9.600.000            | 9.955.200            | 10.323.542            |
| B. Jamuan Kepada Pelanggan/ Entertainme      | 15.000.000           | 15.555.000           | 15.000.000           | 15.555.000           | 16.130.535            |
| B. Kendaraan & Peralatannya/Vehicle and      | 52.110.000           | 70.440.000           | 73.046.280           | 75.748.992           | 78.551.705            |
| RM Exp. - Bangunan                           | 61.650.000           | 82.200.000           | 85.241.400           | 88.395.332           | 91.665.959            |
| RM Exp. - Equipment and Others               | 49.500.000           | 66.000.000           | 68.442.000           | 70.974.354           | 73.600.405            |
| Utility Expense - Listrik                    | 36.900.000           | 49.200.000           | 51.020.400           | 52.908.155           | 54.865.757            |
| Utility Expense - AIR                        | 14.580.000           | 19.440.000           | 20.159.280           | 20.905.173           | 21.678.665            |
| Utility Expense - Kebersihan                 | 69.700.000           | 124.390.000          | 128.992.430          | 133.765.150          | 138.714.460           |
| Utility Expense - Keperluan Mess & Dapu      | 13.000.000           | 20.400.000           | 21.154.800           | 21.937.528           | 22.749.216            |
| B. Pos&Telekomunikasi/Post&Telecom. Exp      | 24.500.000           | 29.400.000           | 30.487.800           | 31.615.849           | 32.785.635            |
| B. Pos&Telekomunikasi/Post&Telecom. Exp      | 198.000.000          | 198.000.000          | 198.000.000          | 205.326.000          | 212.923.062           |
| B. Perjalanan Dinas/ Travel Expense          | 31.950.000           | 33.132.150           | 31.950.000           | 33.132.150           | 34.358.040            |
| B. Perjalanan Dinas/ Travel Expense - Ticket | 104.500.000          | 108.366.500          | 104.500.000          | 108.366.500          | 112.376.061           |
| Office Exp. F/C, Cetakan & Buku              | 29.500.000           | 45.000.000           | 46.665.000           | 48.391.605           | 50.182.094            |
| Office Exp. Office & Comp Supplies           | 33.100.000           | 46.200.000           | 47.909.400           | 49.682.048           | 51.520.284            |
| Office Exp. LVA                              | 322.500.000          |                      |                      |                      |                       |
| B. pengiriman                                | 2.500.000            | 3.000.000            | 3.111.000            | 3.226.107            | 3.345.473             |
| B. Subkontraktor dan Keamanan/Subcon&Se      | 218.692.197          | 290.462.428          | 301.209.538          | 312.354.290          | 323.911.399           |
| B Subcontractors: Yayasan                    | 218.692.197          | 290.462.428          | 301.209.538          | 312.354.290          | 323.911.399           |
| B. Sewa - Bangunan/ Building Rent Expen      | 173.000.000          | 179.401.000          | 173.000.000          | 179.401.000          | 186.038.837           |
| B. Sewa Kendaraan /Car Rental Expense        | 882.000.000          | 882.000.000          | 914.634.000          | 948.475.458          | 983.569.050           |
| B. Sewa Lainnya/ Others Rent Expense         | 21.000.000           | 42.000.000           | 43.554.000           | 45.165.498           | 46.836.621            |
| B. Pertemuan/Meeting Exp                     | 3.000.000            | 3.111.000            | 3.000.000            | 3.111.000            | 3.226.107             |
| B. Asuransi/Insurance Exp.                   | 1.050.000            | 1.088.850            | 1.050.000            | 1.088.850            | 1.129.137             |
| B. Peny Aktiva tetap/Dep Fixed Asset Ex      | 553.504.586          | 553.504.586          | 553.504.586          | 553.504.586          | 553.504.586           |
| B. Perijinan & Pajak/ Tax & License Exp (GA) | 35.500.000           | 30.100.000           | 31.213.700           | 32.368.607           | 33.566.245            |
| <b>Total</b>                                 | <b>7.924.195.268</b> | <b>8.152.958.128</b> | <b>9.448.484.520</b> | <b>9.798.351.752</b> | <b>10.162.201.720</b> |

Table 4.3 provides an explanation projection of the operational cost requirements to run this project which include operating expenses and general expenses.

#### 4.12 Manpower Requirement

Manpower is very important for a project because the existence and adequacy of manpower is the key to the success and sustainability of the project both in the short-term, medium-term and long-term as well as the sustainability of the Company's business. The labor recruitment process including the level of education, social status, location of origin workers, skills, and attitudes of prospective workers must be strictly selected to match the expectations or specifications needed by the company.

The new project will consider empowering the surrounding community so that there is equity as well as part of the company's program in the corporate responsibility scheme where the development program and community empowerment around the project location are a concern. The involvement of the surrounding community will have a positive impact on business continuity and provide benefits for the company, especially the level of life of the surrounding community.

Especially for this project, the additional needs of our workforce will focus on the part and service department and the administrative department. Meanwhile, Site Manager is still held by the current leader. This is a consideration because the location is still very possible to be managed from the existing point support

Table 4. 4 Manpower Requirement Service Dept

| Man Power Service Dept | existing SGT | Support PK |
|------------------------|--------------|------------|
| Service Dept Head      | 1            | 1          |
| Supervisor             | 7            | 3          |
| Production Planning C  | 1            | 1          |
| Mechanic               | 31           | 11         |
| Mechanic Partner       | 49           | 35         |
| QA                     | 1            | 0          |
| Scheduler              | 1            | 0          |
| ADM Service            | 3            | 1          |
| SOO                    | 3            | 1          |
| STE                    | 1            | 0          |
| Facility Officer       | 2            | 0          |
| Radio Man              | 0            | 0          |
| Tools Keeper           | 3            | 2          |
| Driver                 | 4            | 2          |
| Instructure            | 2            | 1          |
|                        | 109          | 58         |

Table 4.4 provides an explanation of the needs of the manpower service department consisting of SDH and all its organizational operations. Total additional manpower of 58 people.

Table 4. 5 Manpower requirement part department

| Man Power Parts Dept | existing SGT | Support PK |
|----------------------|--------------|------------|
| Parts Dept Head      | 1            | 1          |
| PSC                  | 1            | 1          |
| WHS Leader           | 1            | 1          |
| PTO                  | 1            | 0          |
| COP                  | 5            | 3          |
| P2U                  | 2            | 1          |
| Adm Parts            | 1            | 1          |
| WHS Crew             | 21           | 8          |
| Driver               | 3            | 3          |
|                      | 36           | 19         |

Table 4.5 provides an explanation of the needs of the manpower part department consisting of Parts Department Head and all its organizational operations. A total of additional manpower of 19 people.

Table 4. 6 Manpower requirement administration dept

| Man Power Administration Dept | existing SGT | Support PK |
|-------------------------------|--------------|------------|
| Admin Dept Head               | 1            | 0          |
| Chasier                       | 1            | 0          |
| Adm Staff                     | 1            | 0          |
| GA Officer                    | 1            | 0          |
| Sekretaris                    | 1            | 0          |
| AR AP Officer                 | 1            | 0          |
| PST Officer                   | 2            | 1          |
| IT Officer                    | 1            | 0          |
| Security                      | 22           | 0          |
| Office Boy                    | 3            | 1          |
| Driver                        | 1            | 0          |
|                               | 35           | 2          |

Table 4.6 provides an explanation of the needs of the manpower administration department consisting of Administration Department Head and all its organizational operations with a total additional manpower requirement of 2 people.

#### 4.13 Part Revenue

Based on data on the population of units that will operate in the customer area and routine maintenance program, it can be calculated how much sales volume we can plan in a certain period of time. In this case we will calculate the projected revenue per year according to each model unit and the number of population in each model unit.

Each model unit has periodic repair deadlines within the same time span but there is different in the parts that will be used in the maintenance program in each maintenance period. The difference in parts item will affect the amount of revenue to be obtained because each part item has different price.

In addition parts that will be needed in each routine repair period, there are other parts such as under carriage, ground engaged tools, minor components, belts, bulbs, which will be calculated as routine costs and will generate revenue.

To determine the service life of the undercarriage, an undercarriage inspection program is carried out by experts who have special specifications. The data from the results of the inspection will be processed into a plan to replace undercarriage parts.

The next potential revenue is from midlife programs which are usually carried out in the range of 10,000 hrs to 12,000 hours. In this program, critical spare parts will be replaced in the engine, cylinder, and several minor repairs in the chassis area. The cost to conduct this program will be calculated in the projected revenue.

When the age of the unit reaches 15,000 hours to 20,000 hours, a major repair program or general overhaul will be carried out. In this program, all components will be replaced using the exchange component scheme or using replacement components that have been prepared in advance and have previously been tested on the test bench. This testing process is important so that the components to be installed are really ready for use and safe to operate. Quality assurance will certainly be the key to the success of this program because customers will really hope that after major repairs are made, the unit can be operated in good performance like when the unit was new. All costs for major repairs will be calculated as potential revenue that has a very large value when compared to all maintenance programs run.

Table 4. 7 Projection Part Revenue

| PLANNING PARTS REVENUE (In IDR) |                       |                       |                       |                       |                       |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| PARTS SALES                     | 2023                  | 2024                  | 2025                  | 2026                  | 2027                  |
| <b>Customer PK</b>              |                       |                       |                       |                       |                       |
| Commodity                       | 62.060.256.921        | 65.163.269.768        | 68.421.433.256        | 71.842.504.919        | 75.434.630.165        |
| KRA                             | 10.338.048.000        | 10.854.950.400        | 11.397.697.920        | 11.967.582.816        | 12.565.961.957        |
| <b>Total</b>                    | <b>72.398.304.921</b> | <b>76.018.220.168</b> | <b>79.819.131.176</b> | <b>83.810.087.735</b> | <b>88.000.592.121</b> |
| Incremental Unit Delivery       | 72.398.304.921        | 76.018.220.168        | 79.819.131.176        | 83.810.087.735        | 88.000.592.121        |

Hardyana

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Table 4.7 provides an explanation of the projected part revenue in the next 5 years. The revenue projection is based on maintenance planning and assumptions of increased production so that it has an impact on increasing revenue. Revenue part is projected to experience growth from year to year where in 2023 revenue part is projected to reach 62 billion rupiah and continue to increase to 108 billion rupiah in 2027.

#### **4.14 Service Revenue**

During routine maintenance work, in addition to spare parts that can be recorded as revenue for maintenance, we also can define projection service revenue as additional revenue. Services revenue was calculated based on the number of man-hours required to perform periodic maintenance work multiplied by the number of mechanics who perform the work.

Midlife jobs are also projected as revenue service and are usually bundled with spare parts requirements for midlife jobs. Midlife work is usually done in the range of 10,000 hours to 12,000 hours.

The next source of service revenue is implementation of the general overhaul program (major repair) where service work usually make a bundling package with major component replacement and fabrication repairs. General overhaul work usually takes up to 30 days so the scheduling of this program must be well arranged so as not to interfere with the production process.

Outside of routine maintenance, customers also make a backup budget when unscheduled damage occurs. This usually happens due to several factors both from the aspect of operation and maintenance. The operation aspect is usually caused by the ability of the operator and accident. The maintenance aspect is usually caused by the process of implementing a unit maintenance program that is not carried out according to standard operating procedure, component damage that occurs prematurely, quality of part that is not in accordance with factory standards, and mechanics or technicians who are not competent in carrying out the unit maintenance process.

Table 4. 8 Projection of Service Revenue

| PLANNING SERVICES REVENUE (In IDR) |                       |                       |                       |                       |                       |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| SERVICE SALES                      | 2023                  | 2024                  | 2025                  | 2026                  | 2027                  |
| <b>Customer PK</b>                 |                       |                       |                       |                       |                       |
| - Reman (UTR) -                    | 11.666.261.845        | 12.016.249.700        | 12.376.737.191        | 12.748.039.307        | 13.130.480.486        |
| - Maintenance Contract -           | -                     | -                     | -                     | -                     | -                     |
| - Field -                          | 1.749.939.221         | 1.802.437.398         | 1.856.510.520         | 1.912.205.836         | 1.969.572.011         |
| - Workshop -                       | -                     | -                     | -                     | -                     | -                     |
| - PAP -                            | -                     | -                     | -                     | -                     | -                     |
| - Rental -                         | -                     | -                     | -                     | -                     | -                     |
| <b>Total</b>                       | <b>13.416.201.066</b> | <b>13.818.687.098</b> | <b>14.233.247.711</b> | <b>14.660.245.143</b> | <b>15.100.052.497</b> |
|                                    |                       | 3%                    | 3%                    | 3%                    | 3%                    |
| Incremental                        | 13.416.201.066        | 13.818.687.098        | 14.233.247.711        | 14.660.245.143        | 15.100.052.497        |

Table 4.8 provides an explanation of service revenue projections for the next 5 years which include routine repair services and unscheduled maintenance. Service revenue growth is projected to continue to increase from year to year where in 2023 service revenue is in the range of 13 billion rupiah and continues to increase to 21 billion rupiah in 2027.

#### 4.15 Assumption

In conducting research related to the feasibility study of a project, several supporting data and assumptions are needed that strengthen the completeness of the research. These data based on current conditions and current market developments. The assumption data has been verified by the relevant team in the operations division and received approval from other divisions, especially the accounting & finance division. These assumption data will be used in the feasibility study calculation process.

##### 4.15.1 Project Period

This research will use a project period of 5 years with the consideration that the level of risk can still be managed properly within in that period and in addition to the consideration of the global market tends to fluctuate and tends to change in a span of 5 years. In addition, the customer itself is preparing a more adequate infrastructure

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and in the future the Company will get infrastructure support in the form of a warehouse that is larger in term of size.

#### **4.15.2 Inflation rate**

The inflation data that we use refers to the official statement from the government in this case will use data from Bank Indonesia and the Central Bureau of Statistics. This inflation data is important in the preparation of feasibility studies because the data provides indicators of the increase or fall in the price of goods in a certain period of time so that it greatly affects the cost of capital that we will invest in this project. For this project we use the assumption of inflation of 3.7% per year.

#### **4.15.3 Exchange Rate**

Changes in currency values greatly affect the ups and downs of commodity prices and important materials in making after-sales service infrastructure. For this reason, it is important to assume this value as supporting data where for this project we use the assumption of an exchange rate in the range of Rp.15,500 per US dollar.

#### **4.15.4 Gross Profits Margin**

In the calculation of this feasibility study, it is necessary to make assumptions related to gross profit margin which will later be included in the calculation. This gross profit margin data must refer to the gross profit margin realization data that is currently valid together with the customer. This is important because these numbers will be used as a reference so that calculations approach more realistic assumptions. When implementing this project really use assumptions that can be accounted for and the facts that will be obtained really as planned at this time.

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#### **4.15.5 Operating Cycle**

Operating cycle shows the company's ability to manage working capital from purchasing goods to making payments to vendors. This time period is important to include in this calculation assumption scheme because it concerns the interests of all parties and guarantees the continuity of the business to be run. The better we manage the operating cycle, the better our business performance will be and the potential for default will be minimized as much as possible.

#### **4.15.6 Unit, Part and Service Sales Increase**

In according to feasibility study calculations, the ups and downs of sales will be an important factor. For this reason, analysis of macro and micro conditions is important to do so that the assumption of projected sales increases in both units, parts and services can be closer to what was expected. Commodity price movements, especially coal as the core product of the mining process, will greatly affect the production target of mine owners and will also affect the sales growth rate, especially units, parts and services.

#### **4.15.7 Operation of Unit**

Estimated operating hours of units are used in the preparation of a master budget for maintenance planning of each model unit. In the mining industry operating hours are in the range of 400 hrs to 450 hrs per month. This figure is obtained from the average operating hours per unit per day multiplied by the total days in each month.

#### **4.15.8 Opex to Sales**

Operating expense to sales is used as a parameter whether the business being run can provide optimal returns. The calculation is obtained from the assumption of the amount of operational costs that will be used to support this project against the amount of revenue. The smaller the ratio value, the better the Company's performance.

Table 4. 9 Assumption

| ASSUMPTIONS                            |                               |                      |                                  |          |
|----------------------------------------|-------------------------------|----------------------|----------------------------------|----------|
| <b>PROJECT NAME</b>                    | <b>POINT SUPPORT SSANGATA</b> |                      | <b>OPERATING CYCLE (in days)</b> |          |
| Year                                   | 2023                          |                      | AR: Unit                         | 30 days  |
| Period of project                      | 5                             | year(s)              | Part                             | 30 days  |
| Unit Sales Increase                    |                               | p.a.                 | Service                          | 30 days  |
| Parts Sales Increase                   | 5%                            | p.a.                 | Inventory: Unit                  | 30 days  |
| Service Sales Increase                 | 3%                            | p.a.                 | Part                             | 50 days  |
| Inflation Rate                         | 3,7%                          | p.a.                 | AP: Unit                         | 75 days  |
| Interest Rate                          | 8%                            | p.a.                 | Part                             | 75 days  |
| Exchange Rate US\$ 1.00                | 15,500                        | Rupiah               | Service                          | 75 days  |
| Income Tax                             | 19%                           |                      |                                  |          |
| Months of Salary                       | 13                            | months (include THR) | Opex to Sales %                  | 2022 10% |
| Operation unit                         | 480                           | hours/month          |                                  | 2023 11% |
|                                        |                               |                      |                                  | 2024 11% |
|                                        |                               |                      |                                  | 2025 8%  |
|                                        |                               |                      |                                  | 2026 9%  |
| <b>GROSS PROFIT MARGIN (ESTIMATED)</b> |                               |                      |                                  |          |
| Unit                                   | 0%                            |                      |                                  |          |
| Part                                   | 11%                           |                      |                                  |          |
| Service                                | 12%                           |                      |                                  |          |

Table 4.9 provides an explanation of some of the assumptions used to conduct a feasibility study in the preparation of this project. These assumptions include project, gross profit margin and operating cycle.

#### 4.16 Income Statement

The data that has been collected will be included in the calculation of the income statement. These data include projections revenue, cost, gross profits, operating expense, operating income dan net income.

Table 4. 10 Income Statement

| <b>INCOME STATEMENT</b><br>In Million IDR, Year Ended 31 December |               |               |               |               |                |
|-------------------------------------------------------------------|---------------|---------------|---------------|---------------|----------------|
|                                                                   | 2023          | 2024          | 2025          | 2026          | 2027           |
| <b>Revenue</b>                                                    | <b>85.815</b> | <b>89.837</b> | <b>94.052</b> | <b>98.470</b> | <b>103.101</b> |
| Unit                                                              | 0             | 0             | 0             | 0             | 0              |
| Parts                                                             | 72.398        | 76.018        | 79.819        | 83.810        | 88.001         |
| Service                                                           | 13.416        | 13.819        | 14.233        | 14.660        | 15.100         |
| <b>Cost of</b>                                                    | <b>76.241</b> | <b>79.817</b> | <b>83.564</b> | <b>87.492</b> | <b>91.609</b>  |
| Unit                                                              | 0             | 0             | 0             | 0             | 0              |
| Parts                                                             | 64.434        | 67.656        | 71.039        | 74.591        | 78.321         |
| Service                                                           | 11.806        | 12.160        | 12.525        | 12.901        | 13.288         |
| <b>Gross Profit</b>                                               | <b>9.574</b>  | <b>10.020</b> | <b>10.488</b> | <b>10.978</b> | <b>11.492</b>  |
| Unit                                                              | 0             | 0             | 0             | 0             | 0              |
| Parts                                                             | 7.964         | 8.362         | 8.780         | 9.219         | 9.680          |
| Service                                                           | 1.610         | 1.658         | 1.708         | 1.759         | 1.812          |
| Gross Profit Margin                                               | 11,16%        | 11,15%        | 11,15%        | 11,15%        | 11,15%         |
| <b>Operational Expense</b>                                        | <b>7.924</b>  | <b>8.153</b>  | <b>9.448</b>  | <b>9.798</b>  | <b>10.162</b>  |
| OPEX to Revenue                                                   | 9,23%         | 9,08%         | 10,05%        | 9,95%         | 9,86%          |
| <b>Other Income</b>                                               | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>       |
| <b>Operating Income</b>                                           | <b>1.650</b>  | <b>1.867</b>  | <b>1.040</b>  | <b>1.180</b>  | <b>1.330</b>   |
| Operating Income Margin                                           | 1,92%         | 2,08%         | 1,11%         | 1,20%         | 1,29%          |
| <b>Income Tax</b>                                                 | <b>313</b>    | <b>355</b>    | <b>198</b>    | <b>224</b>    | <b>253</b>     |
| <b>Net Income</b>                                                 | <b>1.336</b>  | <b>1.513</b>  | <b>842</b>    | <b>956</b>    | <b>1.077</b>   |
| Profit Margin                                                     | 1,56%         | 1,68%         | 0,90%         | 0,97%         | 1,04%          |
| <b>Absorption Rate</b>                                            | <b>121%</b>   | <b>123%</b>   | <b>111%</b>   | <b>112%</b>   | <b>113%</b>    |

Table 4.10 provides an explanation of income statement which includes revenue then minus costs and expenses so as to produce operating income. These data will be used to calculate cash flow analysis.

#### 4.17 Cash Flow Analysis

After all the parameters and data needed to perform the analysis are complete, the next process is detailed data analysis to obtain the value of Net Present Value (NPV), Internal Rate of Return (IRR) and Profitability Index. The method to be used to calculate NPV and IRR is interpolation method.

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#### 4.17.1 NPV Analysis using discount rate 15%

Based on cash flow data, it is known:

1. Adjusted free cash flow 1<sup>st</sup> year = 2300 million
2. Adjusted free cash flow 2<sup>nd</sup> year = 2738 million
3. Adjusted free cash flow 3<sup>rd</sup> year = 1750 million
4. Adjusted free cash flow 4<sup>th</sup> year = 1914 million
5. Adjusted free cash flow 5<sup>th</sup> year = 2090 million

The present value of the first year is as follows:

$$\begin{aligned} &= \left( \frac{1}{(1+r)^n} \right) \times \text{Net Cash Flow}_n \\ &= (1 / (1+15\%)^1 \times 2300 \\ &= 2000 \text{ million} \end{aligned}$$

The present value of the second year is as follows:

$$\begin{aligned} &= \left( \frac{1}{(1+r)^n} \right) \times \text{Net Cash Flow}_n \\ &= (1 / (1+15\%)^2 \times 2738 \\ &= 2070 \text{ million} \end{aligned}$$

The present value of the third year is as follows:

$$\begin{aligned} &= \left( \frac{1}{(1+r)^n} \right) \times \text{Net Cash Flow}_n \\ &= (1 / (1+15\%)^3 \times 1750 \end{aligned}$$

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$$= 1750 \text{ million}$$

The present value of the fourth year is as follows:

$$= \left( \frac{1}{(1+r)^n} \right) \times \text{Net Cash Flow}_n$$

$$= (1 / (1+15\%)^4) \times 1914$$

$$= 1914 \text{ million}$$

The present value of the fifth year is as follows:

$$= \left( \frac{1}{(1+r)^n} \right) \times \text{Net Cash Flow}_n$$

$$= (1 / (1+15\%)^5) \times 2090$$

$$= 2090 \text{ million}$$

Net Present Value

$$NPV = -C_0 + \sum_{i=1}^n \frac{CF_i}{(1+r)^i}$$

$$NPV = -2768 + 2000 + 2070 + 1750 + 1914 + 2090$$

$$NPV = 7057 \text{ million}$$

Table 4. 11 NPV using interpolation method with discount rate 15%

| CASH FLOW REPORT                       |        |       |       |       |       |                 |       |       |       |       |       |
|----------------------------------------|--------|-------|-------|-------|-------|-----------------|-------|-------|-------|-------|-------|
| In Million IDR, Year Ended 31 December |        |       |       |       |       |                 |       |       |       |       |       |
| Subject Analysis                       | Year   |       |       |       |       | Discounted Rate |       |       |       |       |       |
|                                        | 2023   | 2024  | 2025  | 2026  | 2027  | 15%             |       |       |       |       |       |
|                                        |        |       |       |       |       | 1               | 2     | 3     | 4     | 5     |       |
| Operating Income                       | 1.650  | 1.867 | 1.040 | 1.180 | 1.330 |                 |       |       |       |       |       |
| Add back : Depreciation                | 554    | 554   | 554   | 554   | 554   |                 |       |       |       |       |       |
| EBITDA                                 | 2.203  | 2.421 | 1.593 | 1.733 | 1.883 |                 |       |       |       |       |       |
| Income Tax                             | 313    | 355   | 198   | 224   | 253   |                 |       |       |       |       |       |
| Working Capital                        | -217   | -38   | -40   | -43   | -46   |                 |       |       |       |       |       |
| Capex                                  | -2.768 |       |       |       |       |                 |       |       |       |       |       |
| Resale Value                           | 0      | 0     | 0     | 0     | 0     |                 |       |       |       |       |       |
| Free Cash Flow                         | -2.768 | 2.300 | 2.738 | 1.750 | 1.914 | 2.090           |       |       |       |       |       |
| Adjusted free cash flow                | -2.768 | 2.300 | 2.738 | 1.750 | 1.914 | 2.090           | 2.300 | 2.738 | 1.750 | 1.914 | 2.090 |
| Factor                                 |        |       |       |       |       |                 | 0,87  | 0,76  | 1,00  | 1,00  | 1,00  |
| PV                                     |        |       |       |       |       |                 | 2.000 | 2.070 | 1.750 | 1.914 | 2.090 |
| NPV                                    |        |       |       |       |       |                 |       |       |       |       | 7.057 |

Table 4.11 provides an explanation regarding the calculation of Net Present Value with an interpolation discount rate of 15% on the investment to be carried out. The result of this calculation is minus 7057 million rupiah was generated.

#### 4.17.2 NPV Analysis using discount rate 78%

Based on cash flow data, it is known:

1. Adjusted free cash flow 1<sup>st</sup> year = 2300 million
2. Adjusted free cash flow 2<sup>nd</sup> year = 2738 million
3. Adjusted free cash flow 3<sup>rd</sup> year = 1750 million
4. Adjusted free cash flow 4<sup>th</sup> year = 1914 million
5. Adjusted free cash flow 5<sup>th</sup> year = 2090 million

The present value of the first year is as follows:

$$= \left( \frac{1}{(1+r)^n} \right) \times \text{Net Cash Flow}_n$$

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$$= (1 / (1+78\%) ^1 \times 2300$$

$$= 1290 \text{ million}$$

The present value of the second year is as follows:

$$= \left( \frac{1}{(1+r)^n} \right) \times \text{Net Cash Flow}_n$$

$$= (1 / (1+78\%) ^2 \times 2738$$

$$= 862 \text{ million}$$

The present value of the third year is as follows:

$$= \left( \frac{1}{(1+r)^n} \right) \times \text{Net Cash Flow}_n$$

$$= (1 / (1+78\%) ^3 \times 1750$$

$$= 309 \text{ million}$$

The present value of the fourth year is as follows:

$$= \left( \frac{1}{(1+r)^n} \right) \times \text{Net Cash Flow}_n$$

$$= (1 / (1+78\%) ^4 \times 1914$$

$$= 190 \text{ million}$$

The present value of the fifth year is as follows:

$$= \left( \frac{1}{(1+r)^n} \right) \times \text{Net Cash Flow}_n$$

$$= (1 / (1+78\%)^5) \times 2909$$

$$= 116 \text{ million}$$

$$\text{NPV} = -2768 + 1290 + 862 + 309 + 190 + 116$$

$$\text{NPV} = 0 \text{ million}$$

Table 4. 12 NPV using interpolation method with discount rate 78%

| CASH FLOW REPORT                       |        |       |       |       |       |               |       |       |       |       |
|----------------------------------------|--------|-------|-------|-------|-------|---------------|-------|-------|-------|-------|
| In Million IDR, Year Ended 31 December |        |       |       |       |       |               |       |       |       |       |
| Subject Analysis                       | Year   |       |       |       |       | Discount Rate |       |       |       |       |
|                                        | 2023   | 2024  | 2025  | 2026  | 2027  | 78%           |       |       |       |       |
|                                        |        |       |       |       |       | 1             | 2     | 3     | 4     | 5     |
| Operating Income                       | 1.650  | 1.867 | 1.040 | 1.180 | 1.330 |               |       |       |       |       |
| Add back : Depreciation                | 554    | 554   | 554   | 554   | 554   |               |       |       |       |       |
| EBITDA                                 | 2.203  | 2.421 | 1.593 | 1.733 | 1.883 |               |       |       |       |       |
| Income Tax                             | 313    | 355   | 198   | 224   | 253   |               |       |       |       |       |
| Working Capital                        | -217   | -38   | -40   | -43   | -46   |               |       |       |       |       |
| Capex                                  | -2.768 |       |       |       |       |               |       |       |       |       |
| Resale Value                           | 0      | 0     | 0     | 0     | 0     |               |       |       |       |       |
| Free Cash Flow                         | -2.768 | 2.300 | 2.738 | 1.750 | 1.914 | 2.090         |       |       |       |       |
| Adjusted free cash flow                | -2.768 | 2.300 | 2.738 | 1.750 | 1.914 | 2.090         | 2.300 | 2.738 | 1.750 | 1.914 |
| Factor                                 |        |       |       |       |       |               | 0,56  | 0,31  | 0,18  | 0,10  |
| PV                                     |        |       |       |       |       |               | 1.290 | 862   | 309   | 190   |
| NPV                                    |        |       |       |       |       |               |       |       |       | 0     |

Table 4.12 provides an explanation regarding the calculation of Net Present Value with an interpolation discount rate of 78% on the investment to be carried out. The result of this calculation is minus 0 million rupiah was generated.

#### 4.17.3 NPV Analysis using discount rate 85%

Based on cash flow data, it is known:

1. Adjusted free cash flow 1<sup>st</sup> year = 2300 million

- 
2. Adjusted free cash flow 2<sup>nd</sup> year = 2738 million
  3. Adjusted free cash flow 3<sup>rd</sup> year = 1750 million
  4. Adjusted free cash flow 4<sup>th</sup> year = 1914 million
  5. Adjusted free cash flow 5<sup>th</sup> year = 2090 million

The present value of the first year is as follows:

$$= \left( \frac{1}{(1+r)^n} \right) \times \text{Net Cash Flow}_n$$

$$= (1 / (1+78,3\%)^1) \times 2300$$

$$= 1290 \text{ million}$$

The present value of the second year is as follows:

$$= \left( \frac{1}{(1+r)^n} \right) \times \text{Net Cash Flow}_n$$

$$= (1 / (1+78,3\%)^2) \times 2738$$

$$= 861 \text{ million}$$

The present value of the third year is as follows:

$$= \left( \frac{1}{(1+r)^n} \right) \times \text{Net Cash Flow}_n$$

$$= (1 / (1+78,3\%)^3) \times 1750$$

$$= 309 \text{ million}$$

The present value of the fourth year is as follows:

$$= \left( \frac{1}{(1+r)^n} \right) \times \text{Net Cash Flow}_n$$

$$= (1 / (1+78,3\%)^4) \times 1914$$

$$= 189 \text{ million}$$

The present value of the fifth year is as follows:

$$= \left( \frac{1}{(1+r)^n} \right) \times \text{Net Cash Flow}_n$$

$$= (1 / (1+78,3\%)^5) \times 2090$$

$$= 116 \text{ million}$$

$$\text{NPV} = -2768 + 1290 + 861 + 309 + 189 + 116$$

$$\text{NPV} = -2 \text{ million}$$

Table 4. 13 NPV using interpolation method with discount rate 78,3%

| CASH FLOW REPORT                       |        |       |       |       |       |               |       |       |       |       |
|----------------------------------------|--------|-------|-------|-------|-------|---------------|-------|-------|-------|-------|
| In Million IDR, Year Ended 31 December |        |       |       |       |       |               |       |       |       |       |
| Subject Analysis                       | Year   |       |       |       |       | Discount Rate |       |       |       |       |
|                                        | 2023   | 2024  | 2025  | 2026  | 2027  | 78,3%         |       |       |       |       |
|                                        |        |       |       |       |       | 1             | 2     | 3     | 4     | 5     |
| Operating Income                       | 1.650  | 1.867 | 1.040 | 1.180 | 1.330 |               |       |       |       |       |
| Add back : Depreciation                | 554    | 554   | 554   | 554   | 554   |               |       |       |       |       |
| EBITDA                                 | 2.203  | 2.421 | 1.593 | 1.733 | 1.883 |               |       |       |       |       |
| Income Tax                             | 313    | 355   | 198   | 224   | 253   |               |       |       |       |       |
| Working Capital                        | -217   | -38   | -40   | -43   | -46   |               |       |       |       |       |
| Capex                                  | -2.768 |       |       |       |       |               |       |       |       |       |
| Resale Value                           | 0      | 0     | 0     | 0     | 0     |               |       |       |       |       |
| Free Cash Flow                         | -2.768 | 2.300 | 2.738 | 1.750 | 1.914 | 2.090         |       |       |       |       |
| Adjusted free cash flow                | -2.768 | 2.300 | 2.738 | 1.750 | 1.914 | 2.090         | 2.300 | 2.738 | 1.750 | 1.914 |
| Factor                                 |        |       |       |       |       |               | 0,56  | 0,31  | 0,18  | 0,10  |
| PV                                     |        |       |       |       |       |               | 1.290 | 861   | 309   | 189   |
| NPV                                    |        |       |       |       |       |               |       |       |       | -2    |

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Table 4.13 provides an explanation regarding the calculation of Net Present Value with an interpolation discount rate of 78,3% on the investment to be carried out. The result of this calculation is minus 2 million rupiah was generated.

#### 4.18 Internal Rate of Return (IRR)

After calculating and simulating the net present value using the discount rate interpolation method, then the calculation results will be used to calculate the internal rate of return with the following formula:

$$IRR = i1 + \frac{NPV1}{NPV1 - NPV2} \times (i2 - i1)$$

$i1$  = Interest rate to obtain positive NPV = 15%

$i2$  = Interest rate to get negative NPV = 78,3%

NPV1 = Net Present Value with positive value = 7057 million rupiah

NPV2 = Net Present Value with negative value = - 2 million rupiah

So that the value of Internal Rate of Return is as follows:

$$IRR = 15\% + \frac{7057}{7057 - (-2)} \times (78,3\% - 15\%)$$

$$IRR = 15\% + 0,999 \times 63,3\%$$

$$IRR = 15\% + 0,632$$

$$IRR = 0,782$$

IRR = 78,2%

From this calculation, the internal rate of return is 78.2%. Thus, this project is feasible to run because it has exceeded the target expected by the Company or the minimum expected of the IRR is 18%. In addition, when compared with calculations using excel format, it does not experience too much difference.

Table 4. 14 IRR Calculation using Excel formula

| CASH FLOW REPORT                       |        |          |       |                          |       |       |
|----------------------------------------|--------|----------|-------|--------------------------|-------|-------|
| In Million IDR, Year Ended 31 December |        |          |       |                          |       |       |
|                                        |        | 2023     | 2024  | 2025                     | 2026  | 2027  |
| Operating Profit (Income)              |        | 1.650    | 1.867 | 1.040                    | 1.180 | 1.330 |
| Add back : Depreciation                |        | 554      | 554   | 554                      | 554   | 554   |
| EBITDA                                 |        | 2.203    | 2.421 | 1.593                    | 1.733 | 1.883 |
| Income Tax                             |        | 313      | 355   | 198                      | 224   | 253   |
| Working Capital                        |        | -217     | -38   | -40                      | -43   | -46   |
| Capex                                  | -2.768 |          |       |                          |       |       |
| Free Cash Flow                         | -2.768 | 2.300    | 2.738 | 1.750                    | 1.914 | 2.090 |
| Terminal value                         |        |          |       |                          |       |       |
| Adjusted free cash flow                | -2.768 | 2.300    | 2.738 | 1.750                    | 1.914 | 2.090 |
|                                        |        |          |       |                          |       |       |
| WACC                                   | 18,0%  |          |       |                          |       |       |
| Period                                 | 0      | 1        | 2     | 3                        | 4     | 5     |
| Factor                                 | 1,00   | 0,85     | 0,72  | 0,61                     | 0,52  | 0,44  |
| PV                                     | -2.768 | 1.949    | 1.966 | 1.065                    | 987   | 913   |
|                                        |        |          |       |                          |       |       |
| NPV: Rp                                |        | 4.113,76 |       | THIS PROJECT IS FEASIBLE |       |       |
| IRR:                                   |        | 78,2%    |       |                          |       |       |

Table 4.14 provides an explanation of the calculation of internal rate of return using excel format. The results of these calculations do not differ much from using mathematical calculations of discount rate interpolation.

#### 4.19 Pay Back Period

This parameter is used to measure how quickly the investment to be invested can be returned by using the following formula:

$$\text{Pay Back Period} = \frac{\text{initial Cost}}{\text{Cash Flow}}$$

Initial Cost = 2768 million

Table 4. 15 Pay Back Period

| CASH FLOW REPORT<br>In Million IDR, Year Ended 31 December |                      |       |       |       |       |
|------------------------------------------------------------|----------------------|-------|-------|-------|-------|
| Subject Analysis                                           | Year                 |       |       |       |       |
|                                                            | 2023                 | 2024  | 2025  | 2026  | 2027  |
| Operating Income                                           | 1.650                | 1.867 | 1.040 | 1.180 | 1.330 |
| Add back : Depreciation                                    | 554                  | 554   | 554   | 554   | 554   |
| EBITDA                                                     | 2.203                | 2.421 | 1.593 | 1.733 | 1.883 |
| Income Tax                                                 | 313                  | 355   | 198   | 224   | 253   |
| Working Capital                                            | -217                 | -38   | -40   | -43   | -46   |
| Capex                                                      | -2.768               |       |       |       |       |
| Resale Value                                               | 0                    | 0     | 0     | 0     | 0     |
| Free Cash Flow                                             | -2.768               | 2.300 | 2.738 | 1.750 | 1.914 |
| Adjusted free cash flow                                    | -2.768               | 2.300 | 2.738 | 1.750 | 1.914 |
| Commulative cash Flow                                      | -468                 | 2.270 |       |       |       |
| Cash Flow per month in second yr                           |                      | 228   |       |       |       |
| Pay Back Period                                            | : 1 year and 3 month |       |       |       |       |

Table 4.15 provides an explanation of the payback period calculation for the investment of 2768 million occurred in 1 year and 3 months. So this project is feasible to run.

#### 4.20 Profitability Index

Profitability index upon investment cost 2768 million with expected return in 18% will be determined by using this formula:

$$PI = 1 + \frac{NPV}{P}$$

PI = Profitability Index

NPV = Net Present Value

P = Initial Investment Cost

Table 4. 16 Profitability Index

| CASH FLOW REPORT                       |        |       |       |       |       |       |       |       |       |       |
|----------------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| In Million IDR, Year Ended 31 December |        |       |       |       |       |       |       |       |       |       |
| Subject Analysis                       | Year   |       |       |       |       | 18%   |       |       |       |       |
|                                        | 2023   | 2024  | 2025  | 2026  | 2027  | 1     | 2     | 3     | 4     | 5     |
| Operating Income                       | 1.650  | 1.867 | 1.040 | 1.180 | 1.330 |       |       |       |       |       |
| Add back : Depreciation                | 554    | 554   | 554   | 554   | 554   |       |       |       |       |       |
| EBITDA                                 | 2.203  | 2.421 | 1.593 | 1.733 | 1.883 |       |       |       |       |       |
| Income Tax                             | 313    | 355   | 198   | 224   | 253   |       |       |       |       |       |
| Working Capital                        | -217   | -38   | -40   | -43   | -46   |       |       |       |       |       |
| Capex                                  | -2.768 |       |       |       |       |       |       |       |       |       |
| Resale Value                           | 0      | 0     | 0     | 0     | 0     |       |       |       |       |       |
| Free Cash Flow                         | -2.768 | 2.300 | 2.738 | 1.750 | 1.914 | 2.090 |       |       |       |       |
| Adjusted free cash flow                | -2.768 | 2.300 | 2.738 | 1.750 | 1.914 | 2.090 | 2.300 | 2.738 | 1.750 | 1.914 |
| Factor                                 |        |       |       |       |       |       | 0,85  | 0,72  | 0,61  | 0,52  |
| PV                                     |        |       |       |       |       |       | 1.949 | 1.966 | 1.065 | 987   |
| NPV                                    |        |       |       |       |       |       |       |       |       | 913   |
| IRR (excel)                            | 78,2%  |       |       |       |       |       |       |       |       |       |
| PI                                     | 2,49   |       |       |       |       |       |       |       |       |       |
|                                        |        |       |       |       |       |       |       |       |       | 4.114 |

Tabel 4.16 Provide an explanation of the calculation of the profitability index of the investment to be invested and produce 2.49 so that this project is declared feasible to run because it exceeds the limit of the set criteria ( $PI > 1$ ).

#### 4.21 Sensitivity Analysis

Business growth is highly dependent on macro conditions, demand from customers and fluctuations in prices of production supporting materials. Very dynamic changes provide their own challenges for business continuity and project realization. For this reason, it is necessary to do deep analysis related to changes that may occur. In this case, it is necessary to conduct a study with 2 possible changes that will occur, namely steady business conditions and potential decline.

#### 4.21.1 Business in Steady Growth

Analysis related to business conditions that are likely to be stable, in this case it is necessary to simulate if sales growth in the next 5 years is zero or tends to be steady. Here is a business analysis in steady projections.

Table 4. 17 Analysis in Steady Mode

| CASH FLOW REPORT                         |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
|------------------------------------------|--------|-------|-------|------|------|-----------------|------------------------------------------------|-------|------|------|-------|-------|-------|------|------|
| In Million IDR, Year Ended 31 December   |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| Subject Analysis                         | Year   |       |       |      |      | Discounted Rate |                                                |       |      |      |       |       |       |      |      |
|                                          | 2023   | 2024  | 2025  | 2026 | 2027 | 15%             |                                                |       |      |      | 18%   |       |       |      |      |
|                                          |        |       |       |      |      | 1               | 2                                              | 3     | 4    | 5    | 1     | 2     | 3     | 4    | 5    |
| Operating Income                         | 1.650  | 1.493 | 274   | 4    | -276 |                 |                                                |       |      |      |       |       |       |      |      |
| Add back : Depreciation                  | 554    | 554   | 554   | 554  | 554  |                 |                                                |       |      |      |       |       |       |      |      |
| EBITDA                                   | 2.203  | 2.047 | 827   | 557  | 277  |                 |                                                |       |      |      |       |       |       |      |      |
| Income Tax                               | 313    | 284   | 52    | 1    | 0    |                 |                                                |       |      |      |       |       |       |      |      |
| Working Capital                          | -217   | 0     | 0     | 0    | 0    |                 |                                                |       |      |      |       |       |       |      |      |
| Capex                                    | -2.768 | 0     | 0     | 0    | 0    |                 |                                                |       |      |      |       |       |       |      |      |
| Resale Value                             | -2.768 | 2.300 | 2.330 | 879  | 558  | 277             | 2.300                                          | 2.330 | 879  | 558  | 277   | 2.300 | 2.330 | 879  | 558  |
| Free Cash Flow                           | -2.768 | 2.300 | 2.330 | 879  | 558  | 277             | 2.300                                          | 2.330 | 879  | 558  | 277   | 2.300 | 2.330 | 879  | 558  |
| Adjusted free cash flow                  | -2.768 | 2.300 | 2.330 | 879  | 558  | 277             | 2.300                                          | 2.330 | 879  | 558  | 277   | 2.300 | 2.330 | 879  | 558  |
| Factor                                   |        |       |       |      |      |                 | 0,87                                           | 0,76  | 1,00 | 1,00 | 1,00  | 0,85  | 0,72  | 0,61 | 0,52 |
| PV                                       |        |       |       |      |      |                 | 2.000                                          | 1.762 | 879  | 558  | 277   | 1.949 | 1.674 | 535  | 288  |
| NPV                                      |        |       |       |      |      |                 | 2.708                                          |       |      |      | 1.799 |       |       |      | 0    |
| IRR (excel)                              | 56,7%  |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| PI                                       | 1,65   |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| INTERNAL RATE OF RETURN                  |        |       |       |      |      |                 | 56,75%                                         |       |      |      |       |       |       |      |      |
|                                          |        |       |       |      |      |                 | Project is accepted                            |       |      |      |       |       |       |      |      |
|                                          |        |       |       |      |      |                 | (criteria: IRR at United Tractors minimum 18%) |       |      |      |       |       |       |      |      |
| NPV NOI                                  |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| NPV Positif                              |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| NPV Negative                             |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| PAY BACK PERIOD                          |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| COC                                      | -2.768 |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
|                                          |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| PROFITABILITY INDEX                      |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| Exp return 18%                           |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| COC                                      | -2.768 |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
|                                          |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| Yr Cash flow                             |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| 1                                        | 2.300  |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| 2                                        | 2.330  | 468   |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| 3                                        | 879    | 194   |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| 4                                        | 558    | 583   |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| 5                                        | 277    |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| PP                                       |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
|                                          |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| Yr Present Value at 18%                  |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| 1                                        | 1.949  |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| 2                                        | 1.674  |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| 3                                        | 535    |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| 4                                        | 288    |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| 5                                        | 121    |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| TOTAL                                    | 4.566  |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| PI                                       | 1,65   |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
|                                          |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| Project is accepted                      |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |
| (criteria: PI>1 the project is feasible) |        |       |       |      |      |                 |                                                |       |      |      |       |       |       |      |      |

Table 4.17 explains that in business conditions that do not experience an increase or steady mode for the next 5 years, the Internal Rate of Return is in the range of 56.7%, Pay Back Period in between 1 year and 3 months and the Profitability Index is at 1.65 So in that situation this project is still feasible to run.

#### 4.21.2 Business in Decline Growth

In uncertain conditions can have a negative impact on business growth. For this reason, it is necessary to simulate the worst conditions where business growth occurs slowdown or even decline. These conditions are visualized in the study as follows:

Table 4. 18 Business in Decline Growth

CASH FLOW REPORT

In Million IDR, Year Ended 31 December

| Subject Analysis        | Year   |       |       |        |        | Discounted Rate |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|-------------------------|--------|-------|-------|--------|--------|-----------------|--------------------------------------------------------------------|-------|------|------|------|-------|-------|------|------|------|-------|-------|------|------|------|
|                         | 2023   | 2024  | 2025  | 2026   | 2027   | 0%              |                                                                    |       |      |      | 11%  |       |       |      |      | 11%  |       |       |      |      |      |
|                         |        |       |       |        |        | 1               | 2                                                                  | 3     | 4    | 5    | 1    | 2     | 3     | 4    | 5    | 1    | 2     | 3     | 4    | 5    |      |
| Operating Income        | 1.650  | 1.097 | -498  | -1.008 | -1.519 |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
| Add back : Depreciation | 554    | 554   | 554   | 554    | 554    |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
| EBITDA                  | 2.203  | 1.651 | 55    | -454   | -965   |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
| Income Tax              | 313    | 209   | 0     | 0      | 0      |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
| Working Capital         | -217   | 20    | 19    | -10    | -9     |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
| Capex                   | -2.768 |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
| Resale Value            | 0      | 0     | 0     | 0      | 0      |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
| Free Cash Flow          | -2.768 | 2.300 | 1.879 | 74     | -465   | -974            | 2.300                                                              | 1.879 | 74   | -465 | -974 | 2.300 | 1.879 | 74   | -465 | -974 | 2.300 | 1.879 | 74   | -465 | -974 |
| Adjusted free cash flow | -2.768 | 2.300 | 1.879 | 74     | -465   | -974            | 2.300                                                              | 1.879 | 74   | -465 | -974 | 2.300 | 1.879 | 74   | -465 | -974 | 2.300 | 1.879 | 74   | -465 | -974 |
| Factor                  |        |       |       |        |        |                 | 1,00                                                               | 1,00  | 1,00 | 1,00 | 1,00 | 0,90  | 0,81  | 0,73 | 0,66 | 0,60 | 0,90  | 0,81  | 0,73 | 0,66 | 0,60 |
| PV                      |        |       |       |        |        |                 | 2.300                                                              | 1.879 | 74   | -465 | -974 | 2.074 | 1.528 | 54   | -307 | -581 | 2.072 | 1.525 | 54   | -306 | -578 |
| NPV                     |        |       |       |        |        |                 | 46                                                                 |       |      |      |      | 0     |       |      |      |      | -1    |       |      |      |      |
| IRR (excel)             | 10.9%  |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
| PI                      | 0.97   |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
| INTERNAL RATE OF RETURN |        |       |       |        |        | 10.74%          | Project is Rejected (criteria: IRR at United Tractors minimum 18%) |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
| NPV NOL                 |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
| NPV Positif             |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
| NPV Negative            |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
| PAY BACK PERIOD         |        |       |       |        |        | COC             |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        | -2.768          |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |
|                         |        |       |       |        |        |                 |                                                                    |       |      |      |      |       |       |      |      |      |       |       |      |      |      |

Table 4.18 provides an explanation when business conditions decline close to 5% and from the calculation results obtained an IRR of 10.7%, then the pay back period is still in the range of 1 year and 3 months while the profitability index is below 1% or precisely at 0.97%. In such conditions, the project is not feasible to run and is likely to get losses.

## 4.22 Result of this Project

To ensure that this research was successful as planned, here is some information related to the results of the project

#### 4.22.1 OB and Coal Production

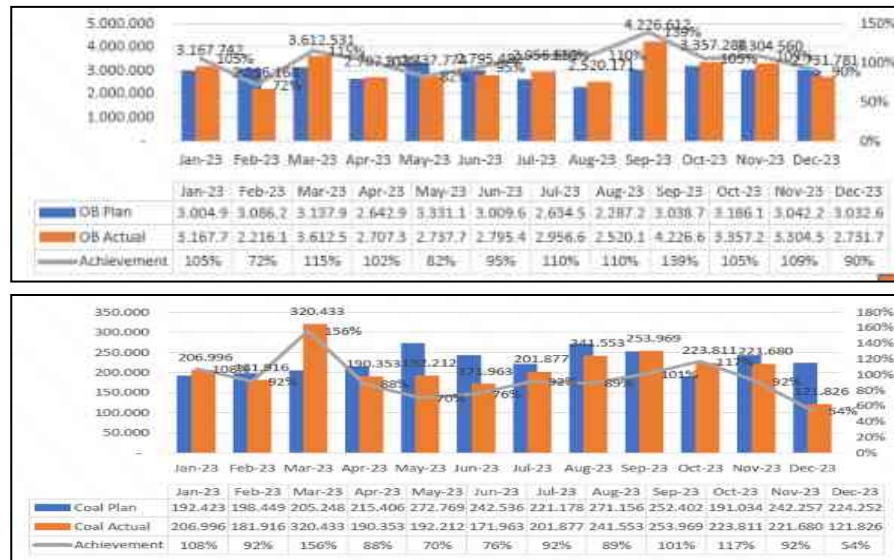


Figure 4. 7 OB and coal Production Result

Source: Data internal

Figure 4.7 provides an explanation of PT PK's production results throughout 2023 where production reached 103% or 36 million Bcm from the plan of 35 million Bcm while coal production reached 93% or 2.5 million tons from the planned 2.7 million tons.

#### 4.22.2 Infrastructure support



Figure 4. 8 Infra Support

Figure 4.8 provides an explanation of the support infrastructure built at the PT PK project where the office and warehouse have been established. Stock spare parts,

especially for routine maintenance needs and fast moving items we dedicate to customers.

With the infrastructure support, all customer support activities began to be carried out at the location both to support spare parts needs and service unit activities. The fulfillment process of both spare parts and other support needs continues to be maximized according to the current conditions. The realization of the costs that have been incurred to build the support infrastructure amounted to 595.5 million rupiah whose work was carried out by sub-contractors.

#### 4.22.3 Manpower

Table 4. 19 Manpower Support

| PRT                 | Plan        |               | Gap        | SVC              | Plan      |           | Gap       |
|---------------------|-------------|---------------|------------|------------------|-----------|-----------|-----------|
|                     | Actual      |               |            |                  | Actual    |           |           |
| PDH                 | 1           | 1             | 0          | SDH              | 1         | 1         | 0         |
| PSC                 | 1           | 1             | 0          | SPV              | 3         | 3         | 0         |
| COP (Kamaju)        | 4           | 4             | 0          | STE              | 1         | 1         | 0         |
| P2U (Kamaju)        | 1           | 1             | 0          | PPC              | 1         | 1         | 0         |
| ADM Parts (Kamaju)  | 1           | 1             | 0          | Mekanik (UT)     | 11        | 9         | 2         |
| WHS Crew (HMU)      | 8           | 8             | 0          | Mekanik Partner  | 35        | 24        | 11        |
| Driver              | 3           | 1             | 2          | QA               | 0         | 0         | 0         |
| <b>Total MP</b>     | <b>19</b>   | <b>17</b>     | <b>2</b>   | Scheduller       | 0         | 0         | 0         |
|                     |             |               |            | ADM Service      | 1         | 1         | 0         |
| <b>ADM, ESR, TC</b> | <b>Plan</b> | <b>Aktual</b> | <b>Gap</b> | SOD              | 1         | 0         | 1         |
| PST Officer         | 1           | 1             | 0          | Facility Officer | 0         | 0         | 0         |
| Office Boy          | 1           | 1             | 0          | Radio Man        | 0         | 1         | -1        |
| Instruktur          | 1           | 1             | 0          | Tool Keeper      | 2         | 1         | 1         |
| ESRO                | 1           | 1             | 0          | Driver           | 2         | 4         | -2        |
| <b>Total MP</b>     | <b>4</b>    | <b>4</b>      | <b>0</b>   | <b>Total MP</b>  | <b>58</b> | <b>46</b> | <b>12</b> |

Table 4.19 provides an explanation of the need for manpower to run the project where for the support part team there is still a shortage of 2 manpower and for the support needs of the service team there is still a shortage of 12 manpower.

#### 4.22.4 Revenue

Table 4. 20 Revenue Product Support

| Area    | Revenue (x 1 mio IDR) |        |        |        |        |        |        |        |        |        |        |        |         |
|---------|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
|         | Jan-23                | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Total   |
| Part    | 10.766                | 18.019 | 16.182 | 21.190 | 26.738 | 14.372 | 18.823 | 17.073 | 15.122 | 12.389 | 16.380 | 12.206 | 199.259 |
| Service | 2.930                 | 3.648  | 6.246  | 4.835  | 4.574  | 4.736  | 5.092  | 5.476  | 5.179  | 5.252  | 4.207  | 5.907  | 58.082  |
| Total   | 71.065                | 72.047 | 75.072 | 65.052 | 70.169 | 69.069 | 61.267 | 62.550 | 59.654 | 59.418 | 60.030 | 62.304 | 787.698 |

Source: Data internal

Table 4.19 provides an explanation of revenue achievements throughout 2023 where parts posted revenue of 199 billion rupiah and services reached 58 billion rupiah. The achievement of revenue is supported by customer production conditions that are still maintained in the expected range as well as the maintenance program work of production units that are running well and the existence of maintenance contracts that run according to predetermined plans and targets.

## 4.22.5 Operating Expense

Table 4. 21 Operating Expense 2023

| OPERATING EXPENSE                            | 2023                 |
|----------------------------------------------|----------------------|
| <b>Selling Expenses</b>                      | <b>2.783.469.867</b> |
| Warehouse Shipping                           | 1.882.886.743        |
| Biaya Pengiriman Angkutan Reguler            | 102.000.000          |
| Warehouse Handling                           | 794.839.124          |
| Jamuan                                       | 3.744.000            |
| <b>Operating Expenses</b>                    | <b>6.568.571.885</b> |
| Penghasilan Karyawan                         | 2.091.892.516        |
| Welfare:OR,Rekreasi,Perayaan Ktr,Kateri      | 1.200.000            |
| Welfare:JAMSOSTEK & YDPA                     | 55.695.048           |
| Welfare:Keselamatan & Kesehatan Kerja        | 8.840.000            |
| Welfare:Pengobatan & Tunjangan Sosial        | 63.440.000           |
| Welfare:Katering                             | 292.224.000          |
| Welfare:Katering (Park Doc)                  | 18.720.000           |
| B. Sumbangan/Donation Exp                    | 12.480.000           |
| B. Representasi / Representation Exp.        | 9.984.000            |
| B. Jamuan Kepada Pelanggan/ Entertainme      | 15.600.000           |
| B. Kendaraan & Peralatannya/Vehicle and      | 70.440.000           |
| RM Exp. - Bangunan                           | 82.200.000           |
| RM Exp. - Kendaraan                          | -                    |
| RM Exp. - Equipment and Others               | 66.000.000           |
| Utility Expense - Listrik                    | 49.200.000           |
| Utility Expense - AIR                        | 19.440.000           |
| Utility Expense - Kebersihan                 | 124.390.000          |
| Utility Expense - Keperluan Mess & Dapu      | 20.400.000           |
| B. Pos&Telekomunikasi/Post&Telecom. Exp      | 29.400.000           |
| B. Pos&Telekomunikasi/Post&Telecom. Exp      | 198.000.000          |
| B. Perjalanan Dinas/ Travel Expense          | 33.228.000           |
| B. Perjalanan Dinas/ Travel Expense - Ticket | 108.680.000          |
| Office Exp. F/C, Cetakan & Buku              | 45.000.000           |
| Office Exp. Office & Comp Supplies           | 46.200.000           |
| Office Exp. LVA                              | -                    |
| B. pengiriman                                | 3.000.000            |
| B. Subkontraktor dan Keamanan/Subcon&Se      | 290.462.428          |
| B Subcontractors: Yayasan                    | 290.462.428          |
| B. Sewa - Bangunan/ Building Rent Expen      | 179.920.000          |
| B. Sewa Kendaraan /Car Rental Expense        | 882.000.000          |
| B. Sewa Lainnya/ Others Rent Expense         | 42.000.000           |
| B. Pertemuan/Meeting Exp                     | 3.120.000            |
| B. Asuransi/Insurance Exp.                   | 1.092.000            |
| B. Peny Aktiva tetap/Dep Fixed Asset Ex      | 1.383.761.466        |
| B. Perijinan & Pajak/ Tax & License Exp (GA) | 30.100.000           |
| <b>Total</b>                                 | <b>9.352.041.752</b> |

Table 4.21 Provides an explanation of the realization of operating expenses throughout 2023 where the expenses incurred are 9.3 billion rupiah which is divided into selling expenses of 2.8 billion rupiah and operating expenses of 6.6 billion rupiah.