

## **EXECUTIVE SUMMARY**

### **Introduction**

PT. Aerofarm Indonesia is an agriculture company which focuses on producing fresh hydroponic vegetables for consumers. Hydroponic vegetables have seen an increased demand in recent years especially in urban communities. This increase in demand is contributed by the increasing awareness of urban communities about the adoption of a healthy lifestyle. However, the high price of some healthy food alternative makes some people still reluctant to change their diet.

### **Market Potentials**

PT. Aerofarm Indonesia will chose Jakarta as its main market. The reason is because the supply of hydroponic vegetables in this city is still far below its demand. It is estimated that the demand for hydroponic vegetables in Jakarta is around 4.32 ton / day in 2018 and the suppliers can only supply 50% of its daily demand. On average, the growth for this industry is 20% annually, which will increase its daily demand into 8.96 ton / day in 2022. Knowing about this business opportunity, PT. Aerofarm Indonesia was established to be a solution in fulfilling high market demand towards hydroponic vegetables in Jakarta.

### **Competitive Advantage**

Distribution costs are one of the main contributors to the high prices of hydroponic vegetables in Jakarta. This high distribution costs are incurred because many vegetables producers are located away from Jakarta in highland. PT. Aerofarm Indonesia with focus cost as its main strategy wish to eliminate this high cost by focusing our production near their end customers which is in Jakarta. This strategy can be achieved by combining vertical hydroponic gardening method with containers. The production yield that can be achieved by combining this two thing is far more efficient by its land and water usage. Fresher vegetables can be produced as well

because vegetables that have been harvested can be directly brought to retailers quickly. Thus container farming allows us to sell its vegetables below the price of competitors.

### **Management Team**

PT. Aerofarm Indonesia has a vision to produce the best quality of hydroponic vegetables with affordable price. Company activities will be held by using focus cost strategy due to specific hydroponic vegetables production and cost saving procedures. The target of company will be achieved with support from excellent team from management, operation, and sales & marketing division who share the same value of Reliability, Innovative, Professional, and Sustainability. PT. Aerofarm Indonesia is located in South Jakarta and West Jakarta due to close proximity to its channel for cost efficiency.

### **Financial Projections**

PT. Aerofarm Indonesia needs initial investment to finance working capital and capital expenditure, which are amounting to IDR 10.6 billion. This capital injections will be financed solely by its founders. PT. Aerofarm Indonesia forecasts to generate revenue on sales of IDR 2.6 billion on the first year, and expected to increase with CAGR of 75.82% in 5 years of operations. The net profit margin is expected to be 24.66% from revenue on the second year.

At cost of equity 15.44%, this business has an expected NPV of IDR 3.882.820.098, IRR of 21.90%, and discounted payback period of 4 years and 9,14 month in the most likely scenario. These financial projection and analysis show that this business is feasible and PT. Aerofarm Indonesia will be able to manage fund and maintain business sustainability for the stakeholders.