

## EXECUTIVE SUMMARY

### Introduction

PT Alpha Prima Alumjaya focuses on ingot aluminum alloy production by reusing aluminum waste. In metal industry, aluminum ranks number two in the consumption volumes and has a lot of unique properties, such as excellent corrosion resistance, low density, and good thermal conductivity. Following by the expansion of scope aluminum application, the rates of aluminum consumption keep increasing over the last decade. This aluminum consumption trend is increasing in domestic industry, however the production rate is not comparable and leads to aluminum deficit.

### Market Potentials

As a developing country, Indonesia grows aggressively and shows remarkable rate of economic development. At the same time, the growth of motor, construction, and other industry will expand and need application of aluminum. On average, the growth of aluminum demand is 13% annually, it will increase until total consumption 1.614.674 ton in 2021. In 2016, total consumption of aluminum alloy ingot in Indonesia was 876.380 ton, meanwhile producers are only able to produce 443,911 ton. Responding to this business opportunity, PT Alpha Prima Alumjaya is established to fulfill high market demand towards aluminum in Indonesia.

### Competitive Advantage

Aluminum is very easy to recycle and its process will save 95% of energy required to produce aluminum from primary sources. In its application, aluminum is preferable to be combined with other metals to increase its strength and made as aluminum alloys. Nonetheless, consumers still need the aluminum to be pure with specific combination of other metal. Therefore, PT Alpha Prima Alumjaya provides the aluminum alloy product with standardized composition to support customer's product quality. Besides that, the offered price is highly competitive compared to others' producers because PT Alpha Prima Alumjaya uses energy saving procedures. This company could also be a one stop solution for manufacturer because PT Alpha Prima Alumjaya does not only provide the raw material but it also serves industrial waste processing.

### Management Team

PT Alpha Prima Alumjaya's vision is to produce the best quality of aluminum alloy ingot in Indonesia by using environmental-friendly technology. Company activities will be held by using focus cost strategy due to specific aluminum alloy ingot 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 eco-friendly, partnership, continuous improvement, and integrity. PT Alpha Prima Alumjaya is located in Curug, Tangerang which is a prime location due to close proximity to highway and cost efficiency.

### **Financial Projections**

PT Alpha Prima Alumjaya needs initial investment to finance working capital and capital expenditure, which are amounting IDR 54,6 billion. This capital injections will be financed by founders and investors, respectively 60% and 40% of total investments. On the first year of business operation, PT Alpha Prima Alumjaya is still working on increases consumer awareness to this company and conduct company's activities in focus cost strategy. Then, the company forecasts to obtain profit since the second-year operation, and it will reach IDR 12,9 billion on the fifth year. Cost of good sold is expected to grow at a slower rate 18.7 percent CAGR in the following five years. Hence, company's gross profit grows at 179.1% CAGR.

With equity around 17.25 percent, this business has an expected NPV of IDR 30,575,651,622 and IRR of 39.26% in the most likely scenario. This business also expects to achieve 17.83% of ROE and 12.69% ROA on the fifth year. These financial projection and analysis show that this business is feasible, PT Alpha Prima Alumjaya will be able to manage fund and maintain business sustainability for it stakeholders.