

EXECUTIVE SUMMARY

Indonesian wheat consumption per capita increased significantly around 21,2 kgs/year in 2010. This fact indicates a vast market of wheat in Indonesia. However, as Indonesia can not produce wheat, this country depends on the imported wheat to support its consumption. The fluctuation of wheat supply, demand and inflation accelerate the raise of wheat price each year. In other word, wheat flour price should be adjusted.

PT Mocaf Nusantara identifies this condition as an opportunity to lessen the wheat flour dependency by optimizing the use of cassava as a flour-based food products. The company changes the structure of cassava starch through fermentation process resulting the elimination of cassava scent, and at the end it is able to produce a similar level of medium-protein wheat flour. This fermented cassava flour is known as mocaf (modified cassava flour).

The company offers Roda Emas mocaf as an alternative replacement of wheat flour for food products such as cakes, snacks, and biscuits. Roda Emas comes with high quality yet affordable price, which is obtained from the automation of production process. These facts provide competitive advantages for its customers.

PT Mocaf Nusantara will distribute its products both to the traditional and modern markets (mini-markets and local supermarkets). The main target of this flour is the SMEs wheat flour-based food product manufacturers. In the first three years, the target market will be focused on Java. Then, Roda Emas will spread its markets to Lampung, Palembang, Padang, and Medan. This strategy will be used to support the vision of the company to become a leading mocaf company in Indonesia.

PT Mocaf Nusantara will establish partnerships with distributors for its product distribution and sales. Every sales representative of the company and the distributor must have consultative selling skills in order to have a comprehensive product knowledge. This

preparation would also help them to assist customers with simple technical skill in product implementation.

The company will build Mocaf Baking Center (MBC) to further assist SMEs in applying Roda Emas in their fine products. MBC will send experts to help SMEs to improve their production kitchen if necessary.

PT Mocaf Nusantara will also cooperate in synergy with cassava farmers through Masyarakat Singkong Indonesia. This collaboration is meant to ensure the availability of high-quality cassava with competitive price. In return, the farmers will have certainty on their crops sells. In the long term, this cooperation is expected to lessen the country's dependency on wheat.

From financial perspective, the business aims to increase shareholder's value. PT Mocaf Nusantara will have an initial investment of 35 billion rupiah and 20,4% cost of capital rate at the time of company establishment in early 2014, and amounted to 19,5% in early 2019. The company projects profitable return for its shareholders is as short as possible, ie 4,79 years (discounted payback period). The NPV of FCFE is around to 13,16 billion rupiah, 26% IRR for founding shareholder and 30% IRR for angel investor. In short, it can be concluded that this business is worth proceeding since it creates high shareholders' values.