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ABSTRACT

There are many options for a company to do financing in order to support its business operation. Some financing options that commonly known such as bond issuance, bank loan, strategic sale, spinoffs, go public etc. Successes of these financing strategies are depend on economic condition and motives behind financing purposes. PT Indofood Sukses Makmur Tbk (INDF) as one of leading company in consumer goods industry has considered to do financing strategy in order to fulfill company's fund requirement. For this reason INDF has decided to spinoffs one of its subsidiary namely PT Indofood CBP (ICBP) to be separated business entity in 2009 and launched for initial public offering in September 2010. As mentioned in ICBP prospectus the purpose of this spinoffs strategy to repay loan obligation to INDF as parent company and the rest of fund raised would be used to support company working capital. Based on INDF spinoffs strategy, writer tried to analyze either this strategy delivered benefit to INDF and ICBP by conducting stock valuation using Discounted Cash Flow (DCF) model to get both company stock fair value compared with their actual stock market value for year 2010. Writer would also analyze spinoffs impact to each company weighted cost of capital (WACC). From the stock valuation resulted INDF fair value was Rp.5.018, highest market price in 2010 was Rp.5,750 and ICBP fair value was Rp.2,704, highest market price was Rp.5,950. Comparison between INDF and ICBP fair value with market value indicated for both stock values were overvalued.

Keywords :

Spinoffs, Valuation, Discounted Cash Flow, Weighted Average Cost of Capital, Fair Value, Market Value.

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