ACKNOWLEDGEMENT

I would like to thank you to Jesus Christ for His blessings in my life that finally I can finish this thesis. I also would like to give highly appreciation to special following people, without all your support and companion I might not be able to finish my study :

1. My beloved parents, thank you for all your endless support, love and affection into my life.
2. Mr. Danny Eugene MM as my thesis advisor who always open for knowledge sharing, giving guidance through whole thesis process. Many thanks for your support sir.
3. Ms. Hany Gungoro, I really thank you for all your support and kindness to me. Without your help and trust I might not make it come true.
4. Dr. Stephanus Remond Waworuntu, MBA., Dian Triasurya, MBA, Raymundus Parulian Sihotang, Phd and all lecturers who have shared their knowledge during my study at Binus Business School. Thank you for your openness for discussion, and direction.
5. All Binus staffs who always open for anything, especially to Irene, Irwan, Denny, Imam, Dudu, Oki, Yenny thank you for all your support.
6. To all my classmates : Bob, Luky, Meirin, Bayu, Sekar, David, Irvin, Mike, Hendry, Aris, Dennis, Yulius and Peter, you are the best class mates guys. We have spent many good and bad times together, have sweet memories and I wish this friendship is endless.
7. Mr Robertus Eko & family, Ari & family, Winda, Heny, Melania, Lucia thank you for your prayer and I highly appreciate for your support to me.
8. All my friends and everyone that could not mentioned one by one, I highly appreciate for your help and I wish you all success in life.

Finally, I humbly hope that this thesis can be useful for everyone that read it.

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.

TABLE OF CONTENT

FORMULA LIST

TABLE LIST

FIGURE LIST