

ABSTRACT

EDI SUSANTO. The Feasibility Analysis of New Machines Additional Investment to Increase Rollers Production Capacity on PT. Mustika Agung Teknik Tangerang.

Generally, investment require relativity a big fund, quite long payback time which also carrying the risk of loss. This study intend to know the feasibility of an investment planning to add machines for increasing the roller production capacity that will be done by PT. Mustika Agung Teknik by using capital budgeting methods.

All the data those were needed and connected with capital budgeting methods will be analyzed such as the machines purchasing and working capital to determine initial outlay, forecasting the sales, operational costs and depreciation cost to determine the cash flow of the investment, determine the cost of capital that is the expected return of investor. And the last step was to analyze the investment's feasibility by using the capital budgeting methods consist of : Net present value (NPV), Internal rate of return (IRR) and Profitability Index (PI).

The results of the analysis by using the capital budgeting methods were : NPV = - Rp 50.445.620 (smaller than 0), IRR = 16.45% (smaller than ROE = 21, 45%) and PI = 0,7995 (less than 1). From criteria of investment feasibility analyze by using capital budgeting methods could be concluded that the investment wasn't feasible to be implemented.