



ABSTRACT

Established in 2021, PT. Santas is a subsidiary company in the construction industry. Based in Bandar Lampung, Lampung, the company mainly focuses on the southern part of Sumatra Island. Recently, the company has acquired 11 heavy machineries in the form of excavators. The company is immediately looking to refill their coffer by seeking potential projects based on Sumatra Island. There are 2 opportunities that presented themselves to PT. Santas' front door. The first opportunity is to work on a land clearing for Sinarmas. While PT. Santas already has permission from Sinarmas to work on the land, the company has the option to pause their work for Sinarmas. The second opportunity is to work for a private venture, clearing their land. Fortunately, both projects are located close to each other in Jambi. However, both projects have different payment terms. In determining which project to take, management has to figure out which project will be more profitable in the future. This research uses quantitative methods through observation, secondary data calculation, and record analysis. The author went to PT. Santas' main office in Bandar Lampung to observe the daily operations. The author also went to Jambi in order to see the scale of the operations. A quantitative analysis was done of the company's monthly expenditures, initial investment in heavy machinery, as well as cashflows. After calculating these, financial metrics such as return on investment (ROI), profitability index (PI), net present value (NPV), internal rate of return (IRR), and payback periods of both projects were calculated. For Sinarmas project, there are three situations in which PT. Santas can receive their cashflows: financed, non-financed, and financing Year 1. After applying these conditions to the cashflow and looking at the financial metrics, the private venture project should be taken by PT. Santas.

Keywords: Cash flow, return on investment, profitability index, internal rate of return, payback periods, net present value, finance, payment terms, land clearing, construction, net profit.