



ABSTRACT

The objectives of this research are to evaluate financial aptness of project development of Pagardewa Gas in South Sumatra and to analyze variables that give the most sensitive influence in investment decision making. Expectantly the result of this research will give benefit for PT PERTAMINA (PERSERO) in making decision to invest, whether the investment meet the financial aptness or not. Sensitivity analysis in this research can be used by the company to control variables that give the biggest impact on the calculation of Net Present Value (NPV).

The data used in this research is primary data from PT PERTAMINA (PERSERO) which include Plant of Development (POD) of project development of Pagardewa Gas, financial report, and financing procedure. The data have been evaluated, formulated using several formulas and analyzed as a basis of investment decision making. Several formulas used for analyzing the data are net present value (NVP), internal rate of return (IRR), discounted payback period (DPP), and profitability index (PI).

The results of this research are NPV US\$144.414.314, IRR 19,73%, DPP 9,52 years, and PI 1,51. These results show that this project has met the financial aptness.

The sensitivity analysis result of the most influencing variables on projected cash flow calculation e.g. gas production, operational and maintenance cost, and discount rate, shows that the most sensitive variable that gives the biggest impact on the calculation of NPV is gas production.

Key words: *investment, net present value, internal rate of return, discounted payback period, profitability index, sensitivity.*