



## ABSTRACT

PT Excelcomindo Pratama Tbk is a one cellular telecommunication companies that growing fast in Indonesia. Now, it's including in the big three in the cellular telecommunication industry performer. Increase in telecommunication technology, especially in cellular telecommunication endorses PT Excelcomindo to invest in hardware and software to accommodate new technology in telecommunication.

Related investment in hardware, Excelcomindo need more equity, whiches from own equity or debt from third parties. To search out fresh fund, management must concern to equity composition to ensure minimal cost of capital and provide maksimum firm value. With MM Preposition II for make projection based on financial report on year 2006, then optimum equity composition find proportion at 20% debt and 80% own equity. With this composition, firm value in the Indonesian investment market gets higher value. High increasing in the revenue is force the company to make more investment to maintain market share on Indonesia selular market.

Based on that analysis, PT Excelcomindo has flexibility to increase debt portion until equal to that composition whilst still concern on cost of capital to maintain weighted average cost of capital in minimal value.

**Keywords** : Excelcomindo, telecommunication technology, investement, MM Preposition II, optimal equity, company maximum value, weighted average cost of capital.