

ABSTRACT

Besides as food, palm oil can also be used as biodiesel alternative energy raw material. Therefore, the opening of palm plantation and construction of palm oil factory/mill is still a great opportunity to grow and evolve to meet the needs of domestic and also exported abroad.

Before investing, a feasibility study is required to determine the amount of capital / funds that has to be prepared, determine the investment period, the processing of step with certain size of the land and capacity of the factory/mill to achieve a feasible investment to be implemented.

This thesis discusses the investment feasibility studies of palm plantation and palm oil factory/mill. The collection of data required in order to make of a feasibility study done by interviews, discussions, and retrieval of data from plantation owners and existing plants.

The obtained data, with some assumptions on the parameters, is processed into a financial model to determine the feasibility of investment plantation and factory/mill. After getting a pretty good financial model, then the sensitivity analysis is performed. The sensitivity analysis performed on several factors, including interest rates, exchange rate of USD against the rupiah, the percentage increase in wages per year, the average yield percentage of CPO, selling price of CPO's, and production cost of CPO.

The feasibility of the investment will be seen on several factors such as IRR (internal rate of return), NPV (net present value) and payback period. The results of the analysis using initial assumption are 16.33% for IRR, 183,347.43 million rupiah for NPV, and the payback period is 9.1 years. That makes this investment feasible. Through sensitivity analysis, known that factors greatly affecting the feasibility of this investment is the percentage yield of CPO, exchange rate of USD against the rupiah, and the selling price of CPO's. The sensitivity analysis shows that the investment is feasible because it must takes a big change in one factor to make the investment is not feasible.

Keywords: *Palm Oil, Investment, Feasibility Study, Financial Analysis, Sensitivity.*