

## Financial Performance And Stock Valuation: An Analysis Of PT FKS Food Sejahtera Tbk Post-Acquisition

### Kinerja Keuangan & Valuasi Saham: Analisis PT FKS Food Sejahtera Tbk Pasca Akuisisi

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#### ABSTRACT

*This study explores the financial performance and market valuation of PT FKS Food Sejahtera Tbk (FFS, IDX: AISA), formerly PT Tiga Pilar Sejahtera Food Tbk, following its acquisition by FKS Group. The research is motivated by the gap between the company's improving fundamental performance and declining market price, which raises questions about valuation efficiency, information asymmetry, and optimal capital allocation. The study uses a qualitative methodology consisting of Discounted Cash Flow (DCF) model based on Free Cash Flow to the Firm (FCFF), relative valuation using Price to Earnings and Price to Book multiples benchmarked against average food manufacturing peers, and sensitivity analysis across WACC and plausible terminal growth assumptions. The fundamental analysis indicates consistent operational improvement period 2021–2025, along with consistent revenue growth. Despite these improvements, DCF and relative valuation confirm significant market gap. The DCF model yields an intrinsic value of IDR 234 per share against a prevailing market price of IDR 134 representing a discount of approximately 43% to intrinsic value with a margin of safety validated across all sensitivity scenarios. To address this gap, the study develops three share buyback scenarios using a fixed-price tender offer mechanism. The study concludes that FFS exhibits the characteristics of a value recovery situation requiring both a credible shareholder return mechanism and sustained investor relations initiatives to reduce the persistent market discount.*

**Keywords:** Stock valuation, discounted cash flow, share buyback, signalling theory

#### ABSTRAK

Studi ini mengeksplorasi kinerja keuangan dan valuasi pasar PT FKS Food Sejahtera Tbk (FFS, IDX: AISA), sebelumnya PT Tiga Pilar Sejahtera Food Tbk, setelah diakuisisi oleh FKS Group. Penelitian ini dimotivasi oleh kesenjangan antara peningkatan kinerja fundamental perusahaan dan penurunan harga pasar, yang menimbulkan pertanyaan tentang efisiensi valuasi, asimetri informasi, dan alokasi modal yang optimal. Studi ini menggunakan metodologi kualitatif yang terdiri dari model Discounted Cash Flow (DCF) berdasarkan Free Cash Flow to the Firm (FCFF), valuasi relatif menggunakan rasio Harga terhadap Laba dan Harga terhadap Nilai Buku yang dibandingkan dengan rata-rata perusahaan manufaktur makanan sejenis, dan analisis sensitivitas di seluruh WACC dan asumsi pertumbuhan terminal yang masuk akal. Analisis fundamental menunjukkan peningkatan operasional yang konsisten pada periode 2021–2025, bersamaan dengan pertumbuhan pendapatan yang konsisten. Terlepas dari peningkatan ini, DCF dan valuasi relatif mengkonfirmasi kesenjangan pasar yang signifikan. Model DCF menghasilkan nilai intrinsik sebesar Rp 234 per saham dibandingkan dengan harga pasar yang berlaku sebesar Rp 134, yang mewakili diskon sekitar 43% terhadap nilai intrinsik dengan margin keamanan yang divalidasi di semua skenario sensitivitas. Untuk mengatasi kesenjangan ini, studi ini mengembangkan tiga skenario pembelian kembali saham menggunakan mekanisme penawaran tender harga tetap. Studi ini menyimpulkan bahwa FFS menunjukkan karakteristik situasi pemulihan nilai yang membutuhkan mekanisme pengembalian pemegang saham yang kredibel dan inisiatif hubungan investor yang berkelanjutan untuk mengurangi diskon pasar yang terus-menerus.

**Kata kunci:** Penilaian saham, arus kas terdiskonto, pembelian kembali saham, teori sinyal

## 1. Introduction

Indonesia's food and beverage (F&B) industry continues to serve as a key pillar of the national economy, supported by strong domestic demand, urbanization, and a growing middle class. This sector remains the largest contributor within the non-oil and gas manufacturing industry, contributing for approximately 38–41% of manufacturing GDP in 2024–2025, supporting its strategic importance to industrial output and employment (Kementerian Perindustrian, 2024, 2025). In terms of overall economic contribution, the F&B industry represented around 7.2% of national GDP in early 2025, highlighting its significant role in Indonesia's economic structure (VOI, 2025).

Recent data indicate that the industry has maintained moderate but resilient growth. In 2025, the Indonesian economy grew by 5.11%, while the food and beverage (F&B) sector grew at a comparable or slightly higher rate, with growth ranging between 5.0% and 6.5%, depending on the period and subsector performance (Badan Pusat Statistik, 2026). The industry is entering more mature and competitive phase compared to the period before 2019, when growth consistently reached 7–9% annually. Furthermore, shifts in consumer purchasing power and preferences, particularly toward essential and value-based products have begun to moderate growth momentum, especially in non-essential segments (CRIF Asia, 2025).

PT Tiga Pilar Sejahtera Food Tbk (AISA) was once known as one of Indonesia's leading major domestic food manufacturers with business lines in noodles, snacks, and particularly rice. During early 2010s, the company expanded aggressively supported by high leverage. However, operational inefficiencies, rising debt, and governance issues especially allegations of irregularities in the rice business weakened the company's financial condition and reputation (Otoritas Jasa Keuangan, 2019). These challenges eventually led to liquidity pressures and bankruptcy proceedings in 2019, disrupting operations and reducing investor confidence (IDX, 2019).

The post-acquisition financial trends show improvement in the company's fundamental performance. Revenue increased from approximately Rp 1.52 trillion in 2021 to Rp 1.96 trillion in 2025 (PT FKS Food Sejahtera Tbk, 2025), show growth of around 28.8%. These highlights improved cost efficiency, supply chain integration, and stable commodity access within the FKS Group's network. Although the company's financial performance has improved, market valuation shows only limited recovery and remains below historical price. After reaching IDR 390 at the end of 2020, the share price declined to IDR 134 by the end of 2025. In early 2026, the stock continued to trade within the range of IDR 120–130 (Investing.com, 2026). This condition suggests that investor sentiment has not fully reflected the company's operational and financial improvements, resulting in valuation gap.



**Figure I.1 FFS Revenue and Market Price Trend**

Source: Author's analysis based on PT FKS Food Sejahtera Tbk financial statements.

This gap between operational recovery and share price decline raises questions regarding market perception, investor skepticism, thin trading volume, and market mispricing. Therefore, understanding FFS's intrinsic value is crucial for investors, analysts, and management, particularly in assessing whether the current share price undervalues the company's actual performance and potential. This study aims to bridge the gap between post-acquisition performance improvements and market valuation trends, offering evidence-based insights for stakeholders in Indonesia's consumer goods and agrifood sectors.

## **2. Literature Review**

### **Financial Ratio Analysis**

Financial ratio analysis is fundamental tools in managerial finance for evaluating a company's overall financial health. According to Gitman and Zutter (2020), financial ratios provide a systematic way to interpret accounting data by translating financial numbers into actionable performance indicators. Time series analysis examines a company's performance over multiple periods to identify patterns, trends, and anomalies, allowing analysts to detect improvements or deterioration relative to prior years and industry averages (Sari et al., 2025). Financial ratios are categorized into four primary groups: profitability ratios, which assess earnings relative to sales, assets, and equity; liquidity ratios, which measure the capacity to meet short-term obligations; efficiency (activity) ratios, which evaluate how effectively the company utilizes its assets; and solvency ratios, which assess long-term financial stability and leverage (Gitman & Zutter, 2020; Brigham & Houston, 2019).

### **Activity Ratio**

Activity Ratios measure how a company is utilizing its assets and managing its operational resources to generate revenue (Brigham & Houston, 2019). These ratios are important for assessing management's performance in controlling working capital and utilize long-term assets, providing insight how efficiently various accounts are converted into sales or cash. Efficient asset and resource management directly influences a company's profitability and overall return on investment (Gitman & Zutter, 2020).

### **Solvency Ratios**

This ratio which is crucial for evaluating a company's ability to meet its long-term debt obligations and its overall capital structure (Titman et al., 2017). These ratios are of primary importance to long-term creditors, as they indicate the extent to which a firm relies on debt financing versus equity financing, thereby providing insight into the level of financial risk faced by the company (Brigham & Houston, 2019). High leverage can amplify returns in good times but significantly increase the risk of default during downturns.

### **Profitability Ratios**

This ratio measures a company's ability to generate earnings relative to its revenues, assets, or shareholders' equity (Gitman & Zutter, 2020). These ratio shows how effectively a firm is managing its costs, pricing its products, and utilize its resources to create value, offering insight into the company's earning power and operational efficiency (Titman et al., 2017). Profitability analysis is crucial for investors, management, and creditors, as sustained profitability is the foundation for long-term business growth.

### **Relative Valuation**

Relative valuation estimates a company's value by comparing it to similar listed peers using standard multiples, primarily the Price-to-Earnings Ratio (PER) and Price-to-Book Value (PBV). This approach is grounded in the Law of One Price, which states that similar assets

should trade at similar prices in efficient markets (Gitman & Zutter, 2020). By applying the industry average or median multiple to a firm's earnings per share (EPS) or book value, analysts can estimate implied market value based on how investors currently price comparable companies. While faster and more practically accessible than a full DCF analysis, relative valuation assumes that the peer group is correctly priced on average, an assumption that may not hold during periods of market irrationality or sector-wide mispricing (Block et al., 2011; Brigham & Houston, 2019).

### **Discounted Cash Flow (DCF) Valuation**

The Discounted Cash Flow model is widely recognized as the most theoretically rigorous approach to estimating intrinsic value, as it projects a company's future free cash flows and discounts them to present value using an appropriate discount rate (Damodaran, 2012). The Free Cash Flow to the Firm (FCFF) variant discounts cash flows available to all capital providers both debt and equity holders using the Weighted Average Cost of Capital (WACC). Terminal value is typically estimated using the Gordon Growth Model, which assumes a perpetual growth rate beyond the explicit forecast period. The WACC is computed as a weighted blend of the after-tax cost of debt and the cost of equity derived from the Capital Asset Pricing Model (CAPM) (Brigham & Houston, 2019). A key advantage of DCF is its grounding in fundamental business economics; its limitation lies in sensitivity to input assumptions, particularly the terminal growth rate and discount rate.

### **Signalling Theory: Share Buyback**

When a company's market price persistently trades below intrinsic value, share buybacks particularly through fixed-price tender offers represent an effective capital allocation mechanism for returning value to shareholders (Berk & DeMarzo, 2017). Buybacks reduce shares outstanding, thereby increasing earnings per share and book value per share for remaining shareholders, while simultaneously signaling management confidence in the company's true value. In the context of post-acquisition recovery companies exhibiting thin trading volumes and information asymmetry, buybacks combined with sustained investor relations efforts can be instrumental in narrowing the market discount (Damodaran, 2012).

## **3. Research Methods**

The literature review adopts a narrative approach, which helps highlight key theories, research studies, and conceptual frameworks that form the basic of the research (Creswell, 2015). A narrative literature review collects and combines information to provide a comprehensive understanding of the research topic. This method allows the researcher to examine, summarize, and categorize existing literature while identifying gaps and areas requiring further investigation (Arshed & Danson, 2015). The case of FFS represents post-acquisition recovery companies operating in Indonesia's competitive food manufacturing sector. The analytical framework integrates financial ratio analysis with absolute and relative valuation modeling, aligning with established methodologies for corporate financial research (Damodaran, 2012; Gitman & Zutter, 2020).

The study relies entirely on secondary data, which Saunders et al. (2016) define as data collected by others for purposes other than the immediate research question but which can be repurposed to answer it. Secondary data collection is efficient, cost-effective, and appropriate for historical financial analysis. Primary data sources include: (1) audited financial statements of PT FKS Food Sejahtera Tbk (FY2021–2025); (2) macroeconomic data from Badan Pusat Statistik (BPS) and Bank Indonesia (BI); (3) capital market data from the Indonesia Stock Exchange (IDX) and Yahoo Finance; (4) industry reports from CRIF Asia and Euromonitor; and (5) academic textbooks and peer-reviewed journals for theoretical grounding.

The analytical sequence proceeds as follows. First, financial ratio analysis is conducted across four dimensions: activity ratios (inventory turnover, receivables turnover), liquidity ratios (current ratio, quick ratio), solvency ratios (debt-to-equity ratio, interest coverage), and profitability ratios (gross profit margin, net profit margin, return on assets, return on equity). Second, DCF valuation is performed using FCFE, with WACC derived from CAPM for cost of equity and the company's average borrowing rate for cost of debt. Third, relative valuation compares FFS against food manufacturing peers using PER and PBV multiples. Fourth, scenario and sensitivity analysis tests valuation outputs across optimistic, base-case, and pessimistic assumptions. Finally, three share buyback scenarios are modeled to assess the impact of capital return mechanisms on closing the valuation gap.

## **4. Results and Discussions**

### **Financial Ratio Analysis**

FFS's financial performance from FY2021 to FY2025 demonstrates a consistent recovery across all ratio categories, reflecting the gradual stabilization of the business post-acquisition.

### **Liquidity Ratios**

The liquidity performance of PT FKS Food Sejahtera Tbk demonstrates a gradual improvement throughout the period, with a significant increase in 2024 before normalization in 2025. During 2021–2023, all liquidity ratios remained below 1, indicating that the company still operating with relatively tight short-term liquidity. The Current Ratio increased from 0.60 in 2021 to 0.75 in 2023, while the Quick Ratio improved from 0.46 to 0.61 over the same period. Meanwhile, the Cash Ratio remained relatively low, fluctuating between 0.08 and 0.11.

Improvement was observed in 2024, when all liquidity indicators increased substantially. The Current Ratio increase to 1.06, exceeding the 1 benchmark for the first time, while the Quick Ratio and Cash Ratio increased to 0.90 and 0.38, respectively. This improvement was supported by strong operating cash flow, which increased cash balances from IDR 62.5 billion in 2023 to IDR 222.8 billion in 2024 approximately around 256%. In addition, improved working capital management, stronger receivable collection, and a reduction in short-term liabilities contributed to the strengthening liquidity position.

In 2025, all liquidity ratios experienced a moderate decline, with the Current Ratio decreasing to 0.81, the Quick Ratio to 0.65, and the Cash Ratio to 0.19. This resulted from the utilization of accumulated cash reserves for the repayment of approximately IDR 200 billion of the Sindikasi 1 loan facility (PT FKS Food Sejahtera Tbk, 2025). Despite the decrease in 2025, all ratios remained above 2021 ratio, indicating that the company maintained a stronger liquidity position. Overall, the trend indicates that PT FKS Food Sejahtera Tbk has improved its liquidity through stronger operating cash flow generation, enhanced working capital management, and more disciplined financial management.

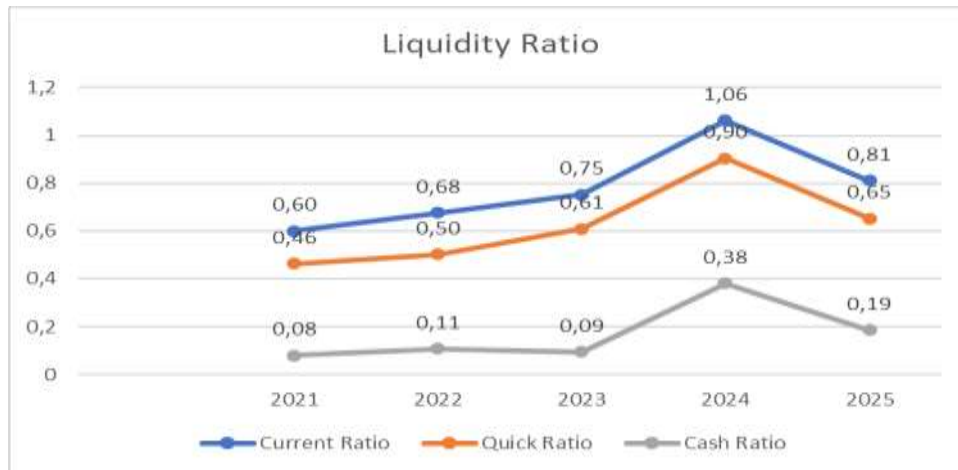


Figure 1. Liquidity Ratios

**Activity Ratios**

The activity ratios of PT FKS Food Sejahtera Tbk indicate improvement in working capital efficiency and cash flow management throughout 2021–2025. The Average Collection Period remained relatively stable within the range of 54.1 to 64.6 days, reflecting a generally consistent receivables collection cycle. The increase to 64 days in 2023 was influenced by decline in revenue during the year, while receivable balances remained relatively stable. This condition does not indicate weaker collection, but rather demonstrates the sensitivity of the ratio to changes in sales levels. In 2024 and 2025, the Average Collection Period improved at approximately around 56 days, indicating that the company were able to effectively managed and converted receivable into cash.

The Average Payment Period experienced a significant decline over the same period, decreasing from 103 days in 2021 to 55.0 days in 2025. The long payment period in the earlier years reflects the company’s dependent on extended supplier credit, where delaying payments was necessary to preserve liquidity. However, as the company’s financial condition improved, the payment cycle gradually improved, reaching 51 days in 2024 before stabilizing at 55 days in 2025. This trend reflects the company’s transition toward a more normal and financially stable, where obligations to suppliers can be paid in timely manner.

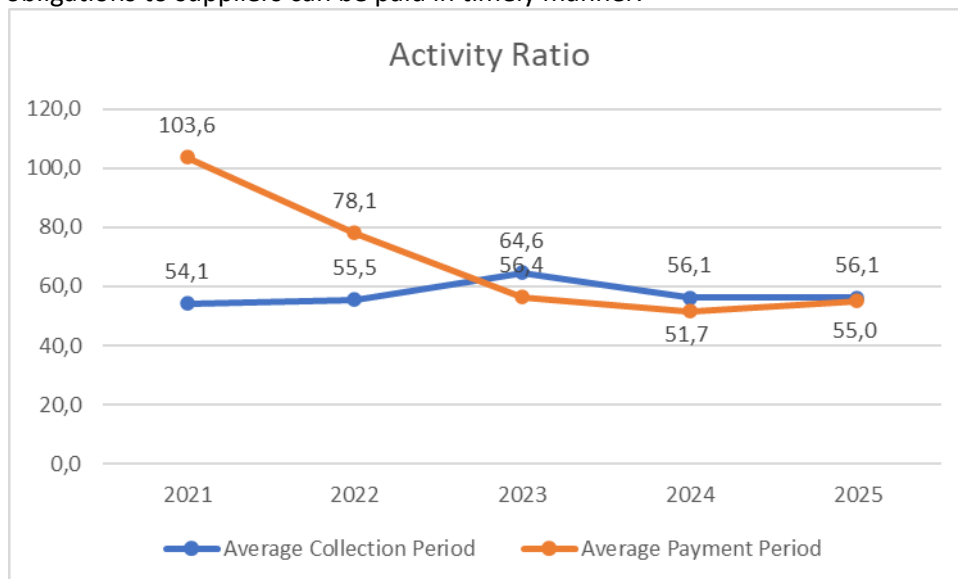


Figure 2. Activity Ratios

### Solvency Ratios

The solvency performance of PT FKS Food Sejahtera Tbk shows improvement between five-year period. The Debt to Asset Ratio initially increased from 0.535 in 2021 to 0.574 in 2022 due to the net loss recorded in 2022 and the expansion of liabilities relative to total assets. However, the ratio declined steadily afterward to 0.477 in 2023, 0.467 in 2024, and 0.453 in 2025. This improvement was supported by higher trade receivables and cash balances also reduction in current liabilities through repayment of trade credit and short-term obligations. The decline of the ratio below 0.50 from 2023 onwards indicates improvement in capital structure with lower dependence on debt financing.

A similar trend happens in the Debt-to-Equity Ratio, which increased from 1.15 in 2021 to 1.34 in 2022 as the company's equity base weakened following the net loss of IDR 62.4 billion. The ratio then improved significantly to 0.91 in 2023 and continued decrease to 0.87 in 2024 and 0.82 in 2025. The consistent decline in both solvency ratios demonstrates that PT FKS Food Sejahtera Tbk has progressively strengthened its financial stability and reduced leverage risk over time through improving profitability, asset expansion, and disciplined liability management.

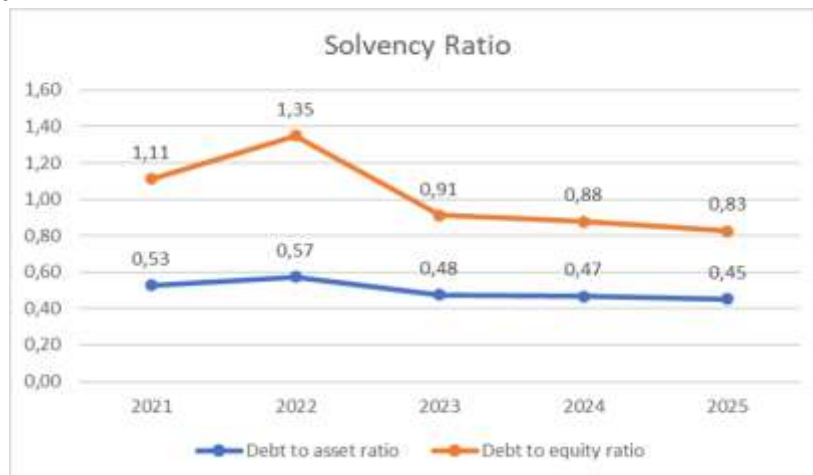


Figure 3. Solvency Ratios

### Profitability Ratios

The Gross Profit Margin increased from 22.4% in 2021 to 39.0% in 2025, indicating improvement in cost efficiency during the period. The Operating Profit Margin experienced volatility, declining from 3.3% in 2021 to negative 1.5% in 2022 due to rising operating expenses and weaker profitability. However, the margin recovered to 4.5% in 2023 and improving to 7.1% in 2025. A similar trend was observed in the Net Profit Margin, which decreased from 0.4% in 2021 to negative 3.4% in 2022 before recovering to 4.6% in 2025. Overall, these profitability margin trends suggest that PT FKS Food Sejahtera Tbk has strengthened its operational efficiency and overall profitability throughout the period.



Figure 4. Profitability Ratios

**Relative Valuation**

The P/E Ratio of FFS fluctuated significantly during the period. In 2021, the ratio reached 310.83x, far above the industry average of 12.98x, mainly due to the company’s very low earnings base rather than exceptionally strong investor optimism (Damodaran, 2012). As profitability improved, the ratio normalized to 21.35x in 2022 and increased to 71.41x in 2023. In 2024 the ratio normalized at 14.61x compared to 14.67x. This convergence indicates that the market valuing FFS more consistently with its peers as earnings recovery became more stable. In 2025, the P/E Ratio increased moderately to 20.48x.

Meanwhile, the P/BV Ratio declined from 2.14x in 2021 to 0.97x in 2024 before recovering to 1.09x in 2025. Even with the improvement, FFS continued to trade below the industry average throughout the period. A P/BV ratio below 1x usually suggests that the market values the company below its net asset value, often reflecting concerns about future growth and return (Brigham & Houston, 2019). Overall, although FFS showed improving profitability and earnings recovery, the market remained cautious in assess the company’s valuation. The continued discount relative to industry peers, particularly the P/BV discount in 2025, supports the need for an absolute valuation approach to estimate the company’s intrinsic value independently from short-term market sentiment (Damodaran, 2012; Koller, Goedhart & Wessels, 2020).

**Table Error! No text of specified style in document..1 Relative Valuation**

Year	Price Earning Ratio		Price to Book Value	
	FFS	Industry	FFS	Industry
2021	310,83	12,98	2,14	2,46
2022	21,35	18,58	1,71	3,61
2023	71,41	14,84	1,38	1,58
2024	14,61	14,67	0,97	1,55
2025	20,48	13,01	1,09	1,7

**Discounted Cash Flow Valuation**

The cost of equity calculated using the Capital Asset Pricing Model (CAPM), adjusted with Country Risk Premium (CRP) to reflect Indonesia’s emerging market conditions. The risk-free rate of 6.17% is based on the 10-year Indonesian Government Bond yield published by PT

Penilai Harga Efek Indonesia (PHEI) as of 31 December 2025. This benchmark is considered appropriate for Rupiah-denominated valuations and aligns with the recommendation to use long-term government bond yields in DCF valuations for going concern (Damodaran, 2024).

Systematic risk is measured using beta, initially estimated at 0.20 through a five-year monthly regression of FFS stock returns against the IDX Composite Index. The relatively low raw beta reflects limited stock liquidity and not capture the company's actual market risk exposure. Therefore, an adjustment is applied to obtain a more forward-looking estimate, resulting in adjusted beta of 0.464.

The Equity Risk Premium (ERP) of 6.69% and Country Risk Premium (CRP) of 2.46% are sourced from Damodaran's January 2026 dataset for Indonesia. The CRP reflects additional risks associated with emerging market including political uncertainty, regulatory changes, and macroeconomic volatility compared to developed markets. Based on these assumptions, the resulting cost of equity is estimated at 11.73%, as presented in Table IV.3.

The pre-tax cost of debt is estimated at 7.26% using FFS's weighted average borrowing rate across short-term bank loans, the Sindikasi 2 long-term syndicated facility, and lease liabilities disclosed in the FY2025 financial statements. After applying Indonesia's statutory corporate income tax rate of 22%, the after-tax cost of debt is reduced to 5.66%, reflecting the tax savings benefit associated with debt financing.

The capital structure is calculated based on market values as of 31 December 2025, consistent with the recommendation to use market-value weights in WACC estimation (Damodaran, 2024). Equity represents 83.91% of total capital, while debt contributes 16.09%. This composition shows that FFS relies more on equity financing, making shareholder return expectations the main driver of the company's overall cost of capital. Meanwhile, the relatively smaller portion of debt limits the benefit gained from financing tax benefit.

**Table IV.2 Weighted Average Cost of Capital Assumption**

Component	Value	Source
Raw Beta	0.20	Yahoo Finance 5Y beta AISA.JK
Levered Beta	0.464	$\beta_{Levered} = 0.67 \times 0.20 + 0.33 \times 1.0$
Risk-Free Rate (Rf)	6.17%	PHEI 10-year Indonesian Government Bond yield, 31 Dec 2025
Equity Risk Premium	6.69%	Damodaran January 2026, Indonesia
Country Risk Premium	2.46%	Damodaran January 2026, Indonesia
Pre-tax Cost of Debt (Rd)	7.26%	Weighted bank debt from FY2025 financials
Corporate Tax Rate	22.0%	Indonesia prevailing corporate income tax rate

By combining the cost of equity, after-tax cost of debt, and respective market-value proportions, the WACC is estimated at 10.76%, as shown in Table IV.3. This rate is used as the discount factor in the DCF valuation of FFS's projected free cash flows. Since the company's capital structure is dominated by equity, the WACC is influenced more by the cost of equity, which is consistent with the risk profile commonly observed among small-cap FMCG firms operating in markets.

**Table IV.3 Weighted Average Cost of Capital Calculation**

Cost of Equity	
Risk-Free Rate	6,17%
Equity Risk Premium	6,69%
Adjusted Beta	0,4640
Subtotal Cost of equity	9,27%
Country Risk Premium	2,46%
<b>Cost of Equity</b>	<b>11,73%</b>

Cost of Debt	
Total Debt	239.150
Interest	17.372
<b>Cost of Debt</b>	<b>7,26%</b>

WACC	
Cost of Debt	7,26%
Cost of Equity	11,73%
Tax Rate	22,00%
Total Debt	239.15
Total Equity	IDR 1.248
D/(D+E)	16,09%
E/(D+E)	83,91%
<b>WACC</b>	<b>10,76%</b>

The FCFF projection follows a two-stage growth model to FFS's historical performance and forward-looking sector fundamentals. In Stage 1 (2026–2030), revenue grows at 6.5% per year aligned with FFS's five-year historical revenue CAGR and consistent with FMCG sector outlook estimates from BPS (2023) and Kemenperin (2023). Stage 2 (2031–2035) applies a linearly decline growth rate from 5.5% to 3.5%, reflecting the more mature of market penetration as FFS approaches its terminal growth phase. This structure is consistent with two-stage DCF practice, where the early year capture company growth momentum while the later year transitions toward long run economic stability (Damodaran, 2012; Penman, 2013). From 2025 base of IDR 1,958.4 billion, revenue is projected to reach IDR 3,342.6 billion by 2035.

EBIT margins are projected to improve from 6.72% in 2026 to 10.32% by 2035, Capital expenditure is held at 4.0% of revenue, reflecting a maintenance with incremental growth, while depreciation and amortization is set at 4.18% of revenue, consistent with FFS's historical asset composition. Working capital changes are projected at 0.50% of incremental revenue, in line with the stable operating cycle observed in FY2024 and FY2025. Net Operating Profit After Tax (NOPAT) is projected to grow from IDR 109 billion in 2026 to IDR 269 billion in 2035, representing a CAGR of 10.5%. After adjusting for capital expenditure, depreciation, and working capital movements, FCFF grows from IDR 102.6 billion to IDR 258.3 billion over the same period.

Each year's FCFF is discounted using an annual discount factor derived from the WACC of 10.76%. The discount factor declines from 0.903 in 2026 to 0.360 in 2035, reducing the present value contribution of cash flows generated in later years due to the time value of money. The total present value of the projected ten-year FCFF amounts to IDR 965.2 billion, forming the first component of FFS's estimated enterprise value.

**Table Error! No text of specified style in document..2 Free Cash Flow to Firm (FCFF) Calculation**

FREE CASH FLOW TO FIRM (FCFF) (Rp in Billions)	2026P	2027P	2028P	2029P	2030P	2031P	2032P	2033P	2034P	2035P
Revenue	2.085	2.221	2.365	2.519	2.683	2.830	2.972	3.105	3.230	3.343
EBIT (= Gross Profit – Operating Expenses)	140	168	178	199	223	247	271	290	320	345
EBIT Margin	6,7%	7,1%	7,5%	7,9%	8,3%	8,7%	9,1%	9,3%	9,9%	10,3%
(-) Tax on EBIT	-31	-35	-39	-44	-49	-54	-60	-65	-70	-76
NOPAT	109	123	139	154	174	192	211	224	250	269
(+) D&A Add-back	87	93	99	105	112	118	124	130	135	140
(-) Capital Expenditure	-83	-89	-95	-101	-107	-113	-119	-124	-129	-134
(-) Change in Working Capital	-10	-11	-12	-13	-13	-14	-15	-16	-16	-17
<b>FREE CASH FLOW TO FIRM (FCFF)</b>	<b>103</b>	<b>116</b>	<b>131</b>	<b>148</b>	<b>165</b>	<b>183</b>	<b>202</b>	<b>221</b>	<b>240</b>	<b>258</b>
Discount Factor	0,9029	0,8152	0,7360	0,6645	0,6000	0,5417	0,4891	0,4416	0,3987	0,3600
<b>Present Value of FCFF</b>	<b>93</b>	<b>95</b>	<b>97</b>	<b>98</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>97</b>	<b>95</b>	<b>93</b>

A terminal growth rate of 3.5% is applied, reflecting Indonesia's long-term nominal GDP growth outlook. This assumption is consistent with (Damodaran, 2024), who emphasizes that terminal growth should not exceed the economy's sustainable long-term growth rate in

perpetuity to avoid overly optimistic valuation assumptions. After discounting the terminal value using the Year 10 discount factor of 0.360, the present value of the terminal value is estimated at IDR 1,326.1 billion, representing 57.9% of the total enterprise value, which remains within the typical range observed in growing FMCG companies. The total enterprise value of IDR 2,291.3 billion is derived from the combined present value of projected FCFF amounting to IDR 965.2 billion and the present value of the terminal value of IDR 1,326.1 billion. After deducting net debt of IDR 105.8 billion, calculated from total financial debt of IDR 239.2 billion less cash of IDR 133.4 billion, the resulting equity value is estimated at IDR 2,185.5 billion. Dividing this equity value by 9,310 million shares outstanding, with no indication of dilutive securities, results in an intrinsic value per share of IDR 235. Compared to the market price of IDR 134 as of 30 December 2025, the valuation suggests that FFS is trading at approximately a 43% discount to its estimated intrinsic value, indicating a meaningful level of undervaluation relative to the company's underlying fundamentals.

**Table IV.5 Intrinsic Value Calculation**

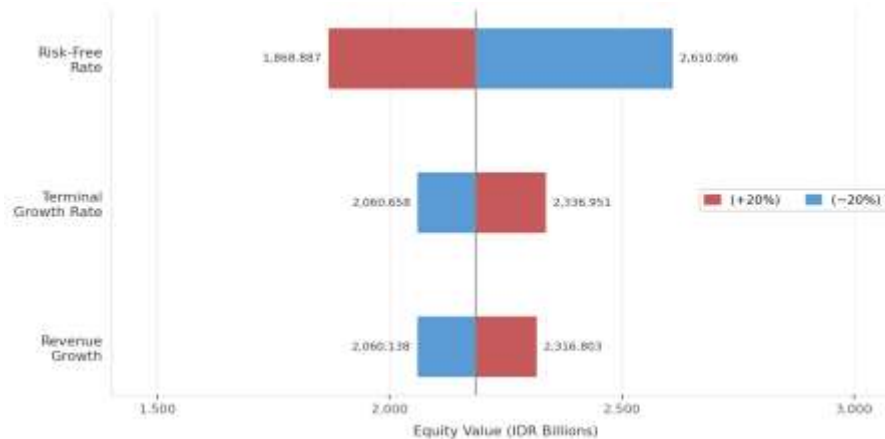
<b>INTRINSIC VALUE CALCULATION</b>	
(1) Sum of PV of FCFs (FY2026–FY2035)	965
(2) Terminal Year FCFF (FY2035E)	258
(3) Terminal Value	3.684
(4) PV of Terminal Value	1.326
<b>Enterprise Value</b>	<b>2.291</b>
(-) Net Debt	-106
<b>Equity Value</b>	<b>2.185</b>
÷ Shares Outstanding (Millions)	9.310
<b>Intrinsic Value per Share (IDR)</b>	<b>235</b>
Current Market Price (IDR)	134
<b>Premium / (Discount) to Intrinsic Value</b>	<b>-43%</b>

### Sensitivity Analysis

Sensitivity analysis is a standard component of DCF valuation because it evaluates how changes in key assumptions may affect the estimated value of a company (Damodaran, 2012). DCF outcomes are highly dependent on model inputs, testing the valuation under different scenarios provides a broader understanding of potential value ranges and reduces reliance on a single point estimate (Koller et al., 2020). This approach is also supported by (Copeland et al., 2000), who argue that presenting a range of outcomes is more analytically useful than relying solely on a single valuation figure. In this study, the risk-free rate, terminal growth rate, and revenue growth rate are stressed by  $\pm 20\%$  from the base case assumption. The selected range reflects a realistic level of estimation uncertainty commonly applied in valuation practice and is consistent with recommendations from (CFA Institute, 2020), which suggests sensitivity ranges of approximately 15–25% for key DCF assumptions. (Damodaran, 2012). In addition, applying a consistent stress range across all variables allows a clearer comparison of each variable's relative impact on equity value, as suggested by (Benninga, 2014). For growth assumptions, the  $\pm 20\%$  implies a revenue growth range of approximately 5.2% to 7.8% around the base case of 6.5%, and a terminal growth range of 2.8% to 4.2% around the base assumption of 3.5%.

The results indicate that the risk-free rate is the most influential variable in the valuation model. A 20% decrease in the risk-free rate increases the equity value to IDR 2,610.1 billion, while a 20% increase reduces it to IDR 1,868.9 billion, creating a valuation gap of IDR 741.2 billion. This shows how sensitive the discounted cash flow (DCF) model is to changes in the discount rate over a long forecasting period. The finding is consistent with the argument of (Brealey et al., 2020), who explain the strong inverse relationship between discount rates and

present value. Similarly, (Damodaran, 2012) states that discount rate assumptions are often the main driver of variation in DCF valuation outcomes. In comparison, changes in the terminal growth rate and revenue growth rate have a smaller impact on the company's valuation. A  $\pm 20\%$  adjustment in the terminal growth rate produces equity values ranging from IDR 2,060.7 billion to IDR 2,336.9 billion, while the same adjustment in revenue growth results in values between IDR 2,060.1 billion and IDR 2,316.8 billion. The narrower valuation range suggests that FFS's valuation remains relatively stable even when growth assumptions are adjusted. This condition is commonly found in companies with stable operating performance and controlled reinvestment needs (Koller et al., 2020).



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### Business Solution

Based on these considerations on Figure IV.6, this study adopts a buyback price of IDR 155 per share across all three scenarios. The proposed price represents a premium of approximately 15.7% above the December 2025 market price of IDR 134, broadly consistent with the documented tender offer premium range of 16.8%–21.8% (Comment and Jarrell, 1991; Lakonishok and Vermaelen, 1990). At the same time, the repurchase price remains 34.0% below the DCF-derived intrinsic value of IDR 234.75, preserving value accretion for remaining shareholders (Damodaran, 2012; Vermaelen, 1981) while maintaining sufficient upside potential for non-tendering investors, consistent with the signalling framework discussed by Comment and Jarrell (1991).

Scenario 1 (Aggressive, 75% FCF allocation) retires 645.3 million shares (6.93% of total outstanding), reducing shares outstanding to 8,668.7 million. This scenario generates the strongest signalling effect via a large fixed-price tender offer, consistent with Comment and Jarrell (1991), who find that fixed-price tender offers convey materially greater information content than open-market repurchase programmes. The value transfer to tendering shareholders amounts to IDR 51.5 billion, reflecting the premium paid above the prevailing market price. Agency cost mitigation is rated high under this scenario (Jensen, 1986), as the commitment of the majority of FCF to a buyback programme directly constrains managerial discretion over free cash flows. The principal risk is a significant depletion of financial flexibility: with only IDR 33.3 billion in remaining cash, the company's capacity to fund organic growth or respond to competitive pressures is partially impaired, and there is a risk of programme suspension in the event of unexpected operational headwinds (Ota et al., 2022).

Scenario 2 (Moderate, 50% FCF allocation) represents a balanced approach, retiring 430.2 million shares (4.62% of outstanding) and preserving IDR 66.7 billion for reinvestment in above-WACC capital projects. This scenario reflects the optimal trade-off identified by

Jagannathan and Stephens (2003), who demonstrate that firms with higher growth opportunities tend to adopt more flexible, phased buyback approaches to avoid foreclosing valuable investment options. The signalling intensity is moderate relative to Scenario 1, consistent with the finding of Ikenberry et al. (1995) that smaller repurchase programmes produce attenuated short-term market reactions, though long-run abnormal returns remain positive. Agency cost mitigation is moderate, and the remaining IDR 66.7 billion cash reserve supports continued deployment of capital at returns exceeding the company's WACC of 10.2% (Damodaran, 2012).

Scenario 3 (Conservative, 25% FCF allocation) deploys the minimum allocation, retiring 215.1 million shares (2.31% of outstanding) while retaining IDR 100.0 billion as a precautionary reserve. Opler et al. (1999) document that firms operating in uncertain or capital-intensive environments often maintain elevated cash balances as a buffer against investment shortfalls, justifying a conservative approach. However, the signalling impact is limited: a 2.31% repurchase is unlikely to generate a material market re-rating on its own. Furthermore, Jensen (1986) warns that large undeployed cash reserves heighten the risk of agency cost re-emergence, as managerial discretion over idle capital may not be optimally exercised in the absence of credible deployment commitments.

The three scenarios present different capital allocation approaches, each with distinct signalling impact, financial flexibility implications, and opportunity cost all in a consistent buyback price of IDR 155 above the prevailing market price and substantially below DCF intrinsic value. Ross (1977) and Vermaelen (1981) favour more aggressive capital return as a credibility signal, DeAngelo et al. (2006) and Myers (1977) caution against overcorrection that compromises strategic optionality. Damodaran (2012) provides an integrative framework: the optimal allocation depends on whether reinvestment opportunities exceed the cost of capital, and whether the market discount will self-correct through operational disclosure alone or requires a direct corporate action trigger.

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Criteria	Scenario 1: Aggressive (75%)	Scenario 2: Moderate (50%)	Scenario 3: Conservative (25%)
<b>Financial Parameters</b>			
FCF Allocated to Buyback	IDR 100.0 billion	IDR 66.7 billion	IDR 33.3 billion
Remaining Cash	IDR 33.3 billion	IDR 66.7 billion	IDR 100.0 billion
Buyback Price per Share	IDR 155 (+15.7% vs IDR 134)	IDR 155 (+15.7% vs IDR 134)	IDR 155 (+15.7% vs IDR 134)
Discount to Intrinsic Value	34.0% below IDR 234.75	34.0% below IDR 234.75	34.0% below IDR 234.75
<b>Share Impact</b>			
Shares Retired	645.3 mn (6.93%)	430.2 mn (4.62%)	215.1 mn (2.31%)
Shares Outstanding	8,668.7 mn	8,883.8 mn	9,098.9 mn
Criteria	Scenario 1: Aggressive (75%)	Scenario 2: Moderate (50%)	Scenario 3: Conservative (25%)

<b>Strategic Assessment</b>			
Signalling Intensity	High	Moderate	Limited
Financial Flexibility	Partially impaired	Moderately preserved	Highly preserved
Agency Cost Mitigation	High (Jensen, 1986)	Moderate	Low
<b>Key Opportunities</b>			
Positive Impacts	Strong signalling via fixed-price tender offer (Comment & Jarrell, 1991), IDR 51.5 billion value transfer, agency cost mitigation (Jensen, 1986)	Balanced allocation, IDR 66.7 billion reinvestment capacity preserved; value-accretive tender at IDR 155	Maximum financial flexibility, IDR 100.0 billion reserve, precautionary cash holding (Opler et al., 1999), flexible scaling (Jagannathan & Stephens, 2003)
<b>Key Risks</b>			
Negative Impacts	Significant depletion of flexibility; limited reinvestment capacity, risk of programme suspension (Ota et al., 2022), premium may attract short-term arbitrage	Diluted signal vs. S1 (Ikenberry et al., 1995), reinvestment returns contingent on project quality; partial commitment may limit market impact	Minimal signalling (~2.31%), risk of agency cost re-emergence if IDR 100.0 billion not productively deployed (Jensen, 1986)
Opportunity Cost	High: IDR 100.0 billion unavailable for reinvestment (Brealey et al., 2020)	Moderate: IDR 66.7 billion retained for above-WACC deployment (Damodaran, 2012)	Lowest: majority of FCF retained, forgoes stronger signalling from larger allocations

## 5. Conclusion

The fundamental analysis indicates that FFS has been in recovery phase since the FKS Group acquisition. Key performance indicators across profitability, efficiency, and financial health have consistently improved over 2021 until 2025, with revenue growing at 6.5% CAGR and the balance sheet transitioning to a net cash position. Free Cash Flow of IDR 133.4 billion as of 31 December 2025 reflects a business model that has normalised from post-acquisition and now generates surplus cash to its operational and capital requirements.

The DCF analysis estimates an intrinsic value of IDR 234 per share compared to market price of IDR 134, a discount of approximately 43% to intrinsic value. Sensitivity analysis shows that the valuation of PT FKS Food Sejahtera Tbk is most sensitive to changes in the risk-free rate, while variations in revenue growth and terminal growth assumptions have a relatively smaller impact on equity value. Despite these improvements the valuation confirms a material market dislocation.

The business solution analysis presents three share buyback scenarios based on a fixed-price tender offer at IDR 155 per share. The proposed price represents a 15.7% premium

above the market price while remaining 34.0% below the DCF intrinsic value, allowing all scenarios to generate additional value for non-tendering shareholders. The scenarios range from aggressive to conservative levels of FCF allocation, with each alternative carrying different implications for signalling strength and financial decision flexibility. Under all scenarios, the fixed-price tender offer structure is intended to deliver a credible undervaluation signal while maintaining levels of capacity for future strategic reinvestment.

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