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Your Fried Chicken is "Hot" [but "Stenchy"]! A Business Analysis of PT Fast Food Indonesia, Tbk during the Pandemic

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ABSTRACT

The Covid-19 outbreak has a severe impact on Indonesia's food and beverage industry. The purpose of the study is to examine the business and growth plan, review the financial situation, and determine the intrinsic value of FAST firm shares. The research employs the case study methodology to fulfill the objectives. The financial and business data are collected via documentation and analyzed using the financial statement analysis framework. Our study finds that the business slows down when the pandemic struck and thus the company take a defensive strategy to sustain its business. Market players seem to overvalue FAST's stock price. Our research plays a significant role in shedding a light on firm's fundamental analysis for investors before placing their investment in FAST.

Keywords: *PT Fast Food Indonesia; KFC; Fundamental Analysis; Stock Valuation; Financial Accounting; Indonesia*

ABSTRAK

Pandemi Covid-19 membawa dampak negatif terhadap industri makanan dan minuman di Indonesia. Tujuan dari penelitian ini adalah untuk mengevaluasi lingkungan dan pertumbuhan bisnis emiten, menganalisis kondisi keuangan, dan menentukan nilai intrinsik saham PT Fast Food Indonesia, Tbk. Penelitian ini menggunakan metodologi studi kasus untuk memenuhi empat tujuan riset. Data keuangan dan bisnis perusahaan dikumpulkan melalui Teknik dokumentasi dan dianalisis menggunakan kerangka analisis laporan keuangan. Hasil penelitian ini mengungkapkan bahwa bisnis perusahaan melambat ketika pandemi melanda sehingga perusahaan mengambil strategi defensif untuk mempertahankan bisnisnya. Pelaku pasar tampaknya menilai terlalu tinggi harga saham FAST. Penelitian kami memainkan peran penting dalam mengartikulasikan hasil analisis fundamental perusahaan yang berguna bagi investor sebelum menempatkan investasi mereka pada perseroan.

Kata Kunci: *PT Fast Food Indonesia; KFC; Analisis Fundamental; Valuasi Saham; Akuntansi Keuangan; Indonesia*

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1 INTRODUCTION

Almost all publicly listed companies in Indonesia experienced their share values fall during the Covid-19 pandemic (Alhazami, 2020). There is no exception in the fast food and beverage industry. According to CNN Indonesia, one industry that is anticipated to be resilient under any circumstances is the food industry. For instance, the stock price of PT Fast Food Indonesia, Tbk. (FAST) that sells Kentucky Fried Chicken (KFC) has decreased 0.49% to Rp1.015,00 per share during the first trading session at the end of December 2020[1]. According to CNN Indonesia, after the Large-Scale Social Restrictions (PSBB) were loosened, customers primarily visited department stores to purchase daily essentials rather than to visit fast food restaurants or attend movies in theaters. During this pandemic, hanging out with pals is no longer the default option. Therefore, it is crucial to undertake this research in order to assist investors in determining if it is still practicable to preserve or sell the shares of FAST, the illustrious KFC restaurant license owner in Indonesia.

On the other side, investors now have a chance to purchase shares at a discount because of the crisis[2]. According to Pangestu (2020), the post-crisis years did yield stronger returns than the years prior to the crisis based on the history of the Jakarta Composite Index (JCI) movement. For instance, Indonesia's economy was not particularly impacted by the subprime mortgage crisis that hit America in 2008, but the crisis was nevertheless able to cause the JCI to drop by as much as 50%. On the other hand, the JCI increased by 86% the next year (Pangestu, 2020). Because of this, the Covid-19 pandemic has had a variety of effects on Indonesia's commercial sectors, ranging from the least to the most serious (Pangestu, 2020).

In particular, during the Covid-19 outbreak, investors must exercise caution when deciding which shares to acquire. One of the best strategies to reduce the risk of bigger losses when investing in stocks over the long-term period is to conduct fundamental stock valuations (Alhazami, 2020). Information about intrinsic value will be produced by this stock appraisal (Natalia, 2019). The stock's intrinsic value, which represents the performance of the company, is its genuine market value. The subsequent comparison of this intrinsic value with the current stock market price will determine whether to take a buy or sell position on a company's shares (Natalia, 2019). Investors can avoid choosing the wrong course of action when buying, holding, or selling shares by using myriad fundamental valuation tools.

The examination of the financial performance of a public firm has been covered in a number of prior studies, including one by Afandi and Martoatmodjo (2013). They employed a qualitative and quantitative analytical method, determining the ratios of liquidity, profitability, leverage, and activities of PT Mayora Indah, Tbk, a consumer products firm listed on the Indonesia Stock Exchange. The findings of this study suggest that PT Mayora Indah, Tbk's financial performance is strong, as evidenced by the company's liquidity ratio, which is significantly higher than the industry average for consumer goods in

[1] "*Pergerakan fast food Indonesia di perdagangan sesi pertama melemah 0,49% saat ini di level RP1.015 per saham.*", link: (https://www.cnbcindonesia.com/news/20201218200707-8-210199/restoran-cepat-saji-digigit-pandemi, accessed on December 28, 2020.

[2] "*Krisis Covid-19 Justru Peluang Masuk ke Pasar Saham, Banyak Saham Berharga Diskon*", link: https://www.indopremier.com/ipotnews/newsDetail.php?jdl=Krisis_Covid_19_Justru_Peluang_Masuk_ke_Pasar_Saham__Banyak_Saham_Berharga_Diskon&news_id=126190&group_news=IPOTNEWS&news_date=&taging_subtype=PG002&name=&search=y_general&q=,&halaman=1), accessed on January 12, 2021.

terms of both the current ratio and quick ratio (Afandi & Martoatmodjo, 2013).

The topic of financial performance analysis is also brought up in other studies, such as Roosdiana (2020). This investigation seeks to ascertain whether there is a notable variation in the performance of businesses that have suffered from the Covid-19 outbreak (Roosdiana, 2020). According to the findings of Roosdiana's research (2020), there is a substantial difference between the solvency ratio and the activity ratio before and after the national declaration of the first case of Covid-19, but not between the liquidity ratio and the profitability ratio.

Research by Ribek et al. (2020) investigates how Beansports Bali measures its SWOT (Strengths, Weaknesses, Opportunities, and Threats) during the Covid-19 pandemic. To be able to exploit the strengths and reduce the risks, The firm claims that it is crucial to be aware of the weaknesses, opportunities, and threats faced by private businesses like Beansports Bali. The SWOT Matrix, the External Strategic Factors Matrix (EFAS), and the Internal Strategy Factors Matrix (IFAS) are the data analysis tools employed in their research. Ribek et al. (2020) revealed that the business of Beansports Bali is in the growth and development phase.

In addition to SWOT, Alhazami (2020) conducted research on stock valuation during the Covid-19 pandemic. As many as 15 firms that were indexed LQ45 as of January 1, 2020, were chosen as research samples in order to determine which stocks would be valuable to buy and sell during the outbreak. The Price Earnings Ratio (PER) technique is utilized to assess the fundamental stock price. According to the findings of his study, 3 of the 15 shares of LQ45 firms are either undervalued or traded for cheap prices, making a purchase quite likely. Afterward, five enterprises remain in a correctly valued position while the remaining seven companies are overvalued (Alhazami, 2020).

We may infer from these earlier studies that accounting scholars in Indonesia often conduct research that deepen our understanding of how to think about the financial performance of publicly traded companies through ratio analysis, strategy, and intrinsic share valuation. Incorporating all the key facets of the business valuation into a single report, however, is still scarce. This study intends to occupy this significant role by providing a comprehensive fundamental analysis of issuers active in the fast-food industry and KFC license holder, namely FAST, commencing with those key facets.

By incorporating **four** various types of analysis into one study, this research also offers an empirical novelty that sets it apart from earlier studies in the form of a basic examination of a business and financial performance from FAST. The company's finances, strategy, external environment, internal conditions, and stock intrinsic value are the factors to perform the business examination. We use a case study research approach with an interpretative paradigm to satisfy this novelty. Thus, our study is conducted to achieve ***four main goals*** related to the fundamental analysis of PT Fast Food Indonesia Tbk in the context of the Covid-19 pandemic, including: ***first***, an analysis of the business environment and the company's competitive position; ***second***, an investigation of the company's growth strategy; ***third***, an evaluation of the company's financial situation; and ***fourth***, an assessment of the intrinsic value of company shares in the food and beverage sector.

The following is how this research will be presented. After a brief introduction, the results of the literature review related to fundamental analysis will be presented. This information may get utilized as a framework to analyze the performance of the shares of FAST. Next, we go into the methods employed to put the case study technique into practice. After that, we give a quick overview of the FAST company and the study's focus. After the FAST business presentation, four findings from the fundamental analysis will be discussed.

2 LITERATURE REVIEW

Financial Statement Analysis: Scope and Application

To ascertain the financial condition, the outcomes of business operations and the evolution of the analyzed firm, Munawir (2010) defines financial statement analysis as an activity that entails examining or studying relationships and trends. Financial statement analysis is aimed to eliminate gut feelings, educated guesses, and intuitive judgments in decision-making by generating conclusions and estimations that apply to business analysis (Palepu & Healy, 2008).

Financial statement analysis, according to Subramanyam (2014a), can help evaluate what is happening, why it is happening, what the business needs are, and how to solve a variety of business challenges. Business environment and strategy analysis, accounting analysis, financial analysis, and prospective analysis are the four crucial parts of financial statement analysis (Palepu & Healy, 2008). Figure 1 illustrates how the four components are interconnected processes.

According to Palepu and Healy (2008), the goal of the analysis of the business environment and strategy is to identify the primary drivers of business profits and risks as well as to qualitatively evaluate the company's profit potential. Financial statement analysis should begin with a business and strategy study. This is because the intended analysis enables stock analysts to analyze the economic situation of a company at a qualitative level so that accounting analysis and financial analysis can be based on actual business facts (Palepu & Healy, 2008).

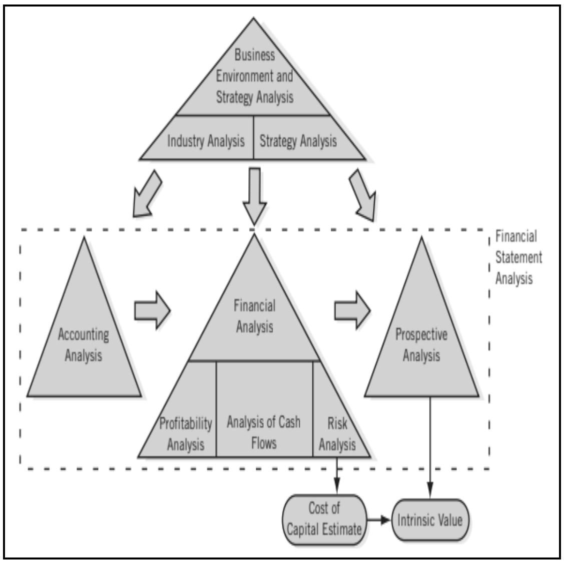

Figure 1. Financial Statement Analysis

Source: Subramanyam (2014)

Ramadhani and Lita (2013) explain that the examination of the business environment and strategy is split into three categories: industry analysis, competitor strategy analysis, and corporate strategy analysis. ***Industry analysis*** must evaluate the company's exposure to current and potential competitors as well as industry prospects (Subramanyam, 2014a). The profitability of the company will depend on the industry's prospects and organizational structure. Porter's Five Forces Analysis approach is frequently used for industry analysis. ***Strategy analysis*** evaluates a company's business actions and its success in establishing a competitive advantage. SWOT Analysis, Cost Leadership, and Product Differential can all be used to analyze competitive strategy.

Financial ratio analysis is the most popular and commonly utilized financial statement analysis method (Subramanyam, 2014a). These financial ratios can make information describing the connections between particular goods and other items that are relevant and significant more understandable (Palepu & Healy, 2008). This financial ratio acts as a benchmark for evaluating the company's financial health and performance over time. According to Ribek et al. (2020), corporate management can evaluate the effectiveness and profitability of operations as well as the efficient use of the company's resources through ratio analysis.

For financial ratios to be meaningful, a comparator firm is required (Kasmir, 2016). Comparing the company's current financial ratios to those from the prior period, established criteria, or those of rival companies will allow one to draw a relevant inference (Subramanyam, 2014a). When comparing financial ratios, two models are used. The first approach, known as *vertical analysis*, simply compares one item with other items from one financial report in one period, allowing for the comprehension of the financial status or operational results at that moment (Kasmir, 2016). To determine progress, the second model uses a horizontal analysis that is conducted using financial information for multiple periods (Kasmir, 2016). In addition, four ratios—liquidity, solvency, activity, and profitability—can be employed to gauge various aspects of the connection between risk and return.

The prospective analysis is used to evaluate or project potential outcomes. The result of this assessment is the anticipated outcomes or reward, which is utilized to calculate the firm value (Palepu & Healy, 2008). Because it is subjective, this analysis is frequently referred to as a work of art. There are generally three methods for performing prospective analysis. Finding the present value of an asset's future cash flows using discounted cash flow is the first method (Tanzi, 2006). The second method is relative valuation, which determines the worth of an item by comparing its value to other general variables like sales and earnings (Tambunan, 2007). The third strategy is contingent claim valuation, which measures the value of assets with similar properties by applying option pricing models (Sunariyah, 2004).

The free cash flow to equity (FCFE) and free cash flow to the company (FCFF) techniques are two of the discounted cash flow (DCF) tools that are frequently utilized. The FCFE method solely measures the company's worth in terms of equity, but the FCFF approach measures the company's value overall (Damodaran, 2002). After a corporation has taken into account capital expenditure, working capital, and company obligations, FCFE is the cash flow accessible to shareholders (Hutapea et al., 2012). FCFF, meanwhile, is free cash flow that is available to all investors, including bondholders and shareholders (Tanzi, 2006).

Net income and operating cash flow are two ways to get FCFF (Murhadi, 2013). The Price to Book Value (PBV) technique, which is one relative valuation method, will also be used in this study. PBV is calculated by examining the relationship between the share price and the book value per share (Prasetyo, 2011). The PBV approach is preferable for evaluating firm shares in industries or sectors that are similar to it, according to Hasanah et al. (2017), because it allows for a clear comparison of share prices.

3 RESEARCH METHOD

The interpretive paradigm serves as a research philosophy in this study, and it is then translated into exploratory research objectives for a single topic of study. Finding a good approach is therefore crucial for this kind of in-depth research. To achieve the stated purpose and be consistent with the paradigm, it is therefore decided that the case study methodology with one field of investigation should be used in this study. As our main point of reference when conceptualizing and creating this methodology, we modified the case study approach used by Prastyawan et al. (2022). The two components of the case study methodology are generally the techniques for data gathering and the procedures for data analysis.

The method of data collection is the first component. To gather accurate data and information that is pertinent to the topic under discussion, the procedure entails gathering, reading, studying, and reviewing a variety of works of literature, scientific books, research reports, scientific essays, theses and dissertations, articles, encyclopedias, regulations, and other reading materials (Setiawan, 2020). Secondary data from the company's yearly financial statements and other financial documents were used in this study. The primary sources of financial transaction information are related company websites and www.idx.co.id, the official website of the Indonesia Stock Exchange (IDX).

The method of data analysis makes up the second component. Our approach to processing the data on FAST's financial performance that has been gathered from multiple sources is based on the case study analytic framework put forth by Prastyawan et al (2022). The explanation building strategy, which is a method used in the construction of an explanatory case study by establishing a thorough examination of the case being researched, was harnessed by researchers as the data analysis method (Wasantari & Qadri, 2021; Yin, 2018). To simplify the process, we divided it into four essential analysis stages: business analysis, growth strategy analysis, financial ratio analysis, and valuation analysis.

This study's fundamental analysis began with *the assessment of the company's business environment*, both internally and externally, using SWOT analysis and Porter's five forces technique (Porter, 1989). Porter's hypothesis led to the division of the business evaluation into five categories: fierce competition, customer and supplier bargaining power, the threat of new entrants, and the substitutes notion. Our business assessment was primarily focused on these five phases. Thereafter, we conducted a thorough analysis of annual reports, financial reports, and online financial news. Every sentence connected to one of the five primary forces of business analysis is labeled, and the results are then presented based on the label.

The second step was to finish reading up on the company's corporate growth plan, which was then evaluated using Porter's general framework for strategy development. Two techniques were included in the strategy analysis (Akan et al., 2006; Collins & Winrow, 2010): identifying the strategy for product differentiation and evaluating the cost leadership program based on FAST internal documents.

The company's financial ratios were examined in the third step, which involved conducting a quantitative analysis. Liquidity ratios, solvency ratios, activity ratios, and profitability ratios were the four principal sets of ratios utilized to assess FAST's financial performance (Pinto et al., 2010; Subramanyam, 2014b).

The appraisal of the fair worth of the company's equity was the fourth step that came after that. Using the discounted free cash flow approach via FCFF and relative valuation via PBV, this study used two methods to ascertain the fair price of equity. The value of the business as a whole is determined by FCFF (Damodaran, 2002). FCFF is a free cash flow that is accessible to all investors, including bondholders and shareholders (Tanzi, 2006). Net income and operating cash flow are two ways to get FCFF (Murhadi, 2013). A relative valuation method, referred to as the Price to Book Value (PBV) method, was further employed in this study. PBV is calculated by examining the relationship between the share price and the book value per share (Prasetyo, 2011).

4 RESULTS AND DISCUSSION

FAST as Case Study Object

The Gelael Business Group formed PT Fast Food Indonesia, Tbk. in 1978, and it has been officially recognized as a public corporation since 1994. In October 1979, the first KFC restaurant in Jakarta's Jalan Melawai opened, marking the beginning of the company's franchise operation. Following the initial Quick Service Restaurant's popularity, KFC locations started to appear in other significant Indonesian cities. Since FAST has been KFC's sole franchisee for the past 26 years, it has continued to develop the KFC name and reputation as the nation's most well-known fast-food outlet. KFC has grown to be the most dominating fast-food brand in the world. FAST currently operates 237 restaurants—including one vehicle catering unit—in more than 50 major Indonesian cities, employing over 9,280 people, and generating total sales of more than Rp1.028 trillion by the end of 2005.

PT Gelael Pratama is the largest shareholder of KFC in Indonesia. The Gelael family, the pioneers of PT Fast Food Indonesia, is the owner of the business. According to information disclosed on the Indonesia Stock Exchange (IDX) website as of Thursday, April 15, 2021, PT Gelael Pratama owned 40% or 1,596,111,050 FAST shares. Elisabeth Gelael, the wife of Dick Gelael, owns 67.5 percent of the company, or 1,077,374,959 shares, according to the details of the 40 percent. Elizabeth is now the FAST commissioner.

The other two stockholders are Martin Tanudjaja Saputra, who owns 17.5% of the shares, and the late Rudy Tanudjaja Saputra, a Dick colleague who owned 4.75 percent of the shares. Dick and Elisabeth Gelael's son Ricardo holds 16.36 million shares, or 10.25 percent, in PT Gelael Pratama. Conglomerate Anthony Salim, through PT Indoritel Makmur Internasional Tbk (DNET), owns 35.84 percent of Fast Food Indonesia through 1,430,115,492 FAST shares as of April 7, 2021, in addition to the Gelael family.

1st Aim: FAST Business Environment

According to the guidelines set forth by the CFA Society Indonesia (2020), the weighting of the criteria used in Porter's Five Forces analysis ranges from highly important to very insignificant on a scale of 1 to 5. As seen in Figure 2, purchasers' negotiating power has a low weight value because many stores were shut down during the Covid-19 outbreak to adhere to government laws to stop the virus's spread. This fact results in a decline in business activity at FAST, which affects both the bargaining power of suppliers and buyers. Since the firm did not have promising futures before the outbreak, FAST does not encounter a serious threat from new entrants. Therefore the threat of new entrants is currently still negligible (see Figure 2).

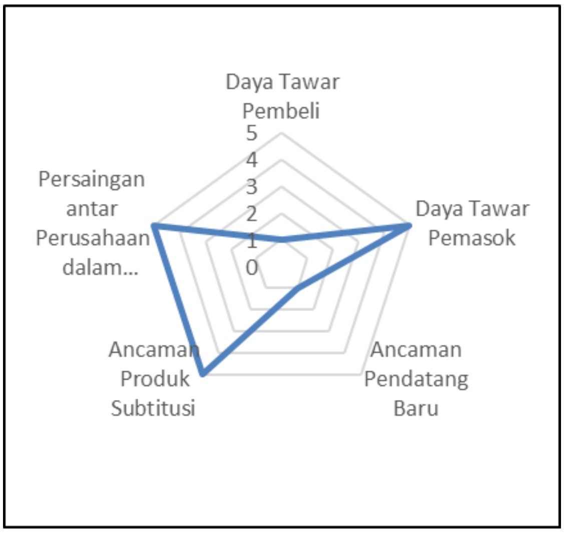

Figure 2. ***Porter's Five Analysis* of FAST**

Source: Research Analysis (2021)

However, given the pandemic, corporate competition for FAST is fierce. Closest rivals like McDonald's, California Fried Chicken, and others constantly advertise online food orders and alluring discounts. Since there are numerous options for customers to satisfy their fundamental needs other than by purchasing food and beverages from KFC, the threat of substitute items is an important consideration.

FAST's *strength*, on the other hand, is that it was a pioneer in the fast food industry, has locations all over Indonesia and a sizable distribution network, possesses a respectable level of production management, is well-liked by the general public, owns official brands internationally, offers quick and courteous service, and has good taste. The *weakness* of FAST, on either side, is related to product pricing that is more expensive for the lower class and less focused on the nutritional and health benefits of their products.

Additionally, FAST provides several opportunities for its customers, including creating new flavors and other forms of variants, as well as cooperating with well-known artists for marketing purposes. Making FAST into a franchising business that can create money by reaping brands through its system is another opportunity. However, some of the threats from FAST have been highlighted, including the numerous rivals in the fast food sector, the lack of high-quality chicken raw materials, and the public's apprehension about making in-person or online purchases due to the coronavirus. Moreover, the perception in the neighborhood that KFC cuisine is unsavory junk food can also discourage people from buying KFC goods.

2nd Aim: FAST Growth Strategy

According to Michael Porter, the cost leadership strategy is an attempt by the company to gain a competitive edge by emphasizing the lowest cost in the face of competition in related industries. During this epidemic, FAST is also actively executing a cost-saving plan, specifically by drastically reducing the number of employees and worker pay. FAST takes this action to keep its financial situation stable.

FAST is also actively developing product differentiation tactics, such as KFC's "Secret Recipe" menu, which offers affordable package rates, and its eleven various types of spices. KFC works with online service providers like Gojek and Grab to develop promotions based on the outcomes of these online sales.

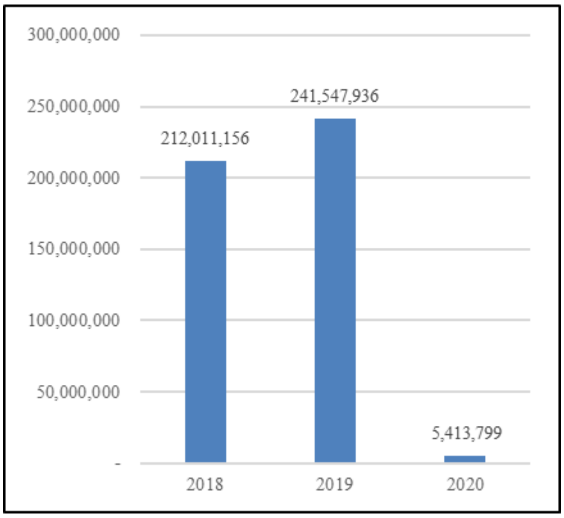

Figure 3. Earnings of FAST 2018-2020

Source: Research Analysis (2021)

The facts indicate that despite FAST's cost and product differentiation strategy, its net profit significantly decreased in 2020 as opposed to the year before (2018–2019) when the earnings tended to rise. Large-scale limitations that were put in place to prepare for the effects of the Covid-19 outbreak that hit Indonesia were to blame for the fall. As part of its corporate growth strategy, FAST was observed executing a defensive strategy to counteract the negative effects of the drop in revenue. The goal of this technique is to prevent businesses from suffering higher losses.

Several defensive strategies are implemented in the order of priority, including retrenchment to reduce unnecessary overhead costs if the company's performance is deemed less efficient (Wheelen & Hunger, 2008); divestiture to raise money for an investment plan if one of its business units is in a loss condition and can no longer be maintained; or halting a portion of the company's operations if the company's losses ramp up or the company becomes insolvent (Umar, 2008).

3rd Aim: FAST Financial Overview

Liquidity ratios, solvency ratios, activity ratios, and profitability ratios are the financial ratios employed in this study. Table 1's explanation of ***the liquidity ratio*** shows that the FAST current ratio for the 2018–2020 timeframe is declining. When the liquidity ratio is more than one, the corporation is seen as having a solid ability to pay. The current ratio and the quick ratio are the liquidity ratios on which we are focusing in this study. The current ratio peaked in 2018 at 1.58, and it crested at its lowest in 2020 at 0.25. This proves that the company's capacity to fulfill its immediate obligations is inadequate.

Table 1. FAST Liquidity Ratio

Liquidity Ratio	2020	2019	2018
Current Ratio	0.25	1.24	1.58
Quick Ratio	0.06	1.86	2.94

Source: Research Analysis (2021)

The debt to assets ratio and the debt-to-equity ratio is the solvency ratios applied in this research. Both are two ratios that are used to compare debt and equity. Debt-to-assets ratio reveals how much of a company's assets are funded by debt (Kasmir, 2009). If you look at Table 2, you can see that the debt-to-assets ratio is still fairly favorable because it is still less than one. In contrast, the debt-to-equity ratio increased significantly in 2020. This is a result of rising compensation costs during the pandemic to cover employee benefits notwithstanding a drop in sales brought on by the pandemic.

Table 2. FAST Solvability Ratio

Solvability Ratio	2020	2019	2018
Debt to Assets Ratio	0.54	0.85	0.24
Debt to Equity Ratio	1.51	0.27	0.74

Source: Research Analysis (2021)

Receivables turnover was selected as the main activity ratio in this study. The accounts receivable turnover ratio gauges how long it takes for a company to recover its trade receivables in a certain span of time (Kasmir, 2016). This ratio illustrates how rapidly trade receivables are turned into cash by the company. Receivables are collected more quickly the higher this ratio's value is. From Table 3, it can be seen that the trade receivables turnover ratio for the 2018–2020 timespan fluctuates. It follows that FAST's management of its assets to support sales activities is less effective and efficient than in prior years.

Table 3. FAST Activity Ratio

Activity Ratio	2020	2019	2018
AR Turnover	4.34	43.80	73.80
Total Asset Turnover	0.20	0.37	0.56

Source: Research Analysis (2021)

Additionally, total asset turnover is used in this study as a ratio to assess how effectively and efficiently a company leverages its assets to support sales operations (Ang, 1997). The company is more successful and efficient at managing assets to support its sales activities if this ratio is higher. According to Table 3, there were large swings in the value of the FAST total asset turnover ratio during the 2018–2020 timeframe. It follows that FAST's effectiveness and efficiency in managing its assets to support sales activities tend to be lower than in years past.

Return on assets and return on equity were the profitability ratios employed in this study. Table 4 shows that from 2018 to 2020, FAST consistently maintains a profitability ratio that tends to be constant. However, in 2020 when the pandemic hit, the business sustained losses that were reflected in negative ROA and ROE values. The negative values imply that the company's financial situation was unhealthy during that particular year.

Table 4. FAST Profitability Ratio

Profitability Ratio	2020	2019	2018
Return on Assets	-0.08	0.07	0.07
Return on Equity	-0.21	0.14	0.13

Source: Research Analysis (2021)

4th Aim: FAST Prospective Summary

FAST asserts that the outbreak is still having an impact on the business, thus sustaining cash flow is a top priority. As a result, FAST also reduced 2020 core business sales growth by 7.91%. Figure 4 depicts the projected financial statements for FAST for the years 2018 through 2024.

According to the results of the forecasted total asset value in 2021 (Figure 4), the Covid-19 pandemic in 2020 had a major negative impact on FAST. However, we estimate that in 2022–2024, sales value would rise as a result of the government's widespread immunization campaign. As a result, throughout that time, FAST's total assets will increase.

Nilai dalam jutaan rupiah	2018A	2019A	2020A	2021F	2022F	2023F	2024 (TV)
ASET							
Kas dan setara kas	988.009.275	84.678.006	670.567.641	(257.450.500)	5.808.167	6.731.323	6.697.452
Piutang Usaha	94.618.958	183.284.517	181.671.882	91.651.180	117.267.685	136.030.514	156.435.091
Persediaan	222.404.674	288.796.357	316.036.228	162.323.715	207.693.193	240.924.104	277.062.720
Aset lancar lainnya	32.612.345	53.046.080	114.713.513	50.066.744	64.060.399	74.310.063	85.456.573
Total Aset lancar	**1.361.078.180**	**1.412.304.520**	**1.309.495.649**	**46.591.139**	**394.829.444**	**457.996.005**	**525.651.836**
Aset tetap-neto	487.216.596	595.737.161	611.841.644	322.635.294	412.811.858	478.861.756	550.691.019
Goodwill	-	-	-	42.349.612	42.349.612	42.349.612	42.349.612
Aset tidak lancar lainnya	179.708.222	317.422.402	410.483.991	195.771.526	250.489.667	290.568.014	334.153.216
Total Aset tidak lancar	**1.628.615.043**	**1.992.380.904**	**2.310.830.928**	**560.756.431**	**705.651.137**	**811.779.381**	**927.193.847**
TOTAL ASET	**2.989.693.223**	**3.404.685.424**	**3.620.326.577**	**607.347.571**	**1.100.480.582**	**1.269.775.386**	**1.452.845.683**
LIABILITAS & EKUITAS							
Utang bank jangka pendek	-	-	-	-	-	-	-
Utang usaha	303.104.478	338.897.425	319.582.110	175.401.156	224.425.779	260.333.904	299.383.989
Beban Akrual	98.973.512	136.608.038	150.443.570	76.552.725	97.949.211	113.621.085	130.664.248
Utang jangka pendek lainnya	141.969.966	185.189.877	224.419.967	112.103.055	143.435.858	166.385.596	191.343.435
Total Liabilitas jangka pendek	**714.498.002**	**856.737.178**	**908.814.086**	**364.056.935**	**465.810.849**	**540.340.584**	**621.391.672**
Utang jangka panjang	1.472.273	683.342.889	152.950.076	182.675.076	182.675.076	192.100.076	192.100.076
Utang jangka panjang lainnya	733.229.305	205.032.752	875.032.925	12.839.882	12.839.882	3.414.882	3.414.882
Total Liabilitas jangka panjang	**734.701.578**	**888.375.641**	**1.027.983.001**	**195.514.958**	**195.514.958**	**195.514.958**	**195.514.958**
TOTAL LIABILITAS	**1.449.199.580**	**1.745.112.819**	**1.936.797.087**	**559.571.893**	**661.325.807**	**735.855.542**	**816.906.630**
Saham biasa	199.513.858	199.513.858	199.513.858	583.095	583.095	583.095	583.095
Agio Saham	944.469	944.469	944.469	5.985.469	5.985.469	5.985.469	5.985.469
Saldo laba ditahan	14.865.326	15.925.381	15.925.381	39.599.778	69.797.509	106.954.613	143.684.391
Ekuitas lainnya	1.325.169.990	1.443.188.897	1.470.418.307	237.070	237.070	237.070	237.070
Kepentingan nonpengendali	-	-	-	1.370.266	1.370.266	1.370.266	1.370.266
TOTAL EKUITAS	**1.540.493.643**	**1.659.572.605**	**1.683.529.490**	**47.775.678**	**77.973.409**	**115.130.513**	**151.860.291**
TOTAL LIABILITAS & EKUITAS	**2.989.693.223**	**3.404.685.424**	**3.620.326.577**	**607.347.571**	**739.299.216**	**850.986.055**	**968.766.921**

	2018A	2019A	2020A	2021F	2022F	2023F	2024F (TV)
PENJUALAN NETO	**6.017.492.356**	**6.706.376.352**	**1.518.245.257**	**1.689.806.971**	**2.162.108.019**	**2.508.045.303**	**2.884.252.098**
Beban Pokok Penjualan	(2.277.401.709)	(2.511.932.560)	(585.149.070)	(641.244.485)	(820.472.319)	(951.747.890)	(1.094.510.073)
LABA BRUTO	**3.740.090.647**	**4.194.443.792**	**933.096.187**	**1.048.562.486**	**1.341.635.701**	**1.556.297.413**	**1.789.742.025**
Beban Usaha	(2.865.174.513)	(3.200.742.623)	(755.759.325)	(817.412.724)	(1.045.879.580)	(1.213.220.313)	(1.395.203.360)
Penghasilan Operasi Lain	43.399.893	54.793.680	21.411.377	16.608.204	21.250.197	24.650.229	28.347.763
Beban Operasi Lain	(5.887.872)	(8.694.414)	(2.322.835)	(2.143.152)	(2.742.163)	(3.180.909)	(3.658.045)
LABA USAHA	**266.226.198**	**286.791.803**	**7.011.996**	**51.609.288**	**66.034.084**	**76.599.537**	**88.089.468**
Penghasilan Keuangan	33.872.092	42.045.318	6.522.595	9.121.878	11.671.443	13.538.874	15.569.705
Beban Keuangan	(18.327.334)	(18.498.812)	(9.855.511)	(352.233)	(689.136)	(726.054)	(12.305.560)
Pajak Final Penghasilan Bunga	(6.774.418)	(8.409.064)	(1.304.519)	(1.824.376)	(2.334.289)	(2.707.775)	(3.113.941)
Bagian atas Laba (Rugi) Entitas Ventura	4.094.052	7.721.952	1.855.231	1.720.083	2.200.846	2.552.981	2.935.928
LABA SEBELUM PAJAK	**279.090.590**	**309.651.197**	**4.229.792**	**60.274.640**	**76.882.948**	**89.257.564**	**91.175.600**
Beban Pajak Penghasilan	(67.079.434)	(68.103.261)	1.184.007	(13.260.421)	(16.914.249)	(17.851.513)	(18.235.120)
LABA TAHUN BERJALAN	**212.011.156**	**241.547.936**	**5.413.799**	**47.014.219**	**59.968.699**	**71.406.051**	**72.940.480**

Figure 4. FAST Forecasted Financial Statements

Source: Research Analysis (2021)

On the other hand, FAST saw an increase in overall liabilities in 2020 as a result of company closures brought on by the pandemic. In order to preserve company sustainability, FAST must lower expenses like maintenance expenditures, personnel pay, and rental charges. As a response, we anticipate that overall liabilities will rise the next year to compensate for the costs that won't be covered in 2020. The overall equity of FAST is also expected to decline annually as a result of the businesses' propensity to suffer losses as a consequence of COVID-19. The diminution in the company's equity is the result of something like this.

CoD = Interest Expense/Net Debt

1. Calculate CoD

Tahun	Interest expense (in Million)	Total liabilities (in Million)	Accounts payable (in Million)	Accrued expense (in Million)	Net debt (in Million)	CoD
2018	-617.031	1.449.199.580	3.519.343	1.472.210	1.444.208.027	**-0,04%**
2019	9.117	1.745.112.819	3.705.883	1.701.628	1.739.705.308	**0,00%**
2020	417.153	1.936.797.087	3.257.654	1.841.517	1.931.697.916	**0,02%**

2. Calculate Income tax rate

Tahun	EBT (in Million)	Income tax expense (in Million)	%income tax	1-%Income tax
2018	279.090.590	35.229.089	12,62%	**87,38%**
2019	309.651.197	83.346.133	26,92%	**73,08%**
2020	4.229.792	-445.828.632	-10540,20%	**10640,20%**

3. Calculate After tax CoD

Tahun	CoD	1-%Income tax	CoD after tax
2018	-0,04%	87,38%	**-0,04%**
2019	0,00%	73,08%	**0,00%**
2020	0,02%	10640,20%	**2,30%**
Average CoD after tax			**0,75%**

Cost of Equity = Rf + b (Market Risk Premium)

	Dec-18	Dec-19	Dec-20	Source
Adjusted Beta (b) of FAST per	0,381	0,424	0,603	Pefindo.com
Rf (Indonesia Government Bond Yield 10 Years maturity)	7,98%	7,10%	5,94%	Investing.com
Market Risk Premium per	2,01%	2,39%	2,47%	market-risk-premia.com
Cost of Equity	8,75%	8,11%	7,43%	
Average CoE			8,10%	

* Nilai dalam jutaan rupiah

2018			
Source of Capital	Amout*	Weight	After tax Cost of Capital
Debt	1.449.199.580	48,5%	1,97%
Equity	1.540.493.643	51,5%	7,36%
Debt + Equity	2.989.693.223	100%	

WACC 2017 = (After tax CoD x Wd) + (After tax CoE x We)
= 0,405% + 6,260%
= 6,665%

2019			
Source of Capital	Amout*	Weight	After tax Cost of Capital
Debt	1.745.112.819	51,3%	1,43%
Equity	1.659.572.605	48,7%	6,98%
Debt + Equity	3.404.685.424	100%	

WACC 2018 = (After tax CoD x Wd) + (After tax CoE x We)
= 0,586% + 7,136%
= 7,722%

2020			
Source of Capital	Amout*	Weight	After tax Cost of Capital
Debt	1.636.938.443	67,3%	1,56%
Equity	796.355.770	32,7%	8,76%
Debt + Equity	2.433.294.213	100%	

WACC 2020 = (After tax CoD x Wd) + (After tax CoE x We)
= 0,362% + 6,466%
= 6,828%

Average WACC 4,27%

Figure 5. FAST Weighted Average Cost of Capital Calculation

Source: Research Analysis (2021)

Prior to calculating the intrinsic value of FAST, we should first determine the firm's free cash flow, the weighted average cost of capital, the cost of debt, and the cost of equity. The forecasting period's cost of debt after taxes, calculated using FAST, is 0.75% (see Figure 5). These numbers are derived from data collected in the preceding year, 2018–2019, with an emphasis on the pandemic's effects in the years 2020–2021.

Using the Capital Asset Pricing Model (CAPM) calculation, the average cost of equity for the years 2018 to 2020, the FAST cost of equity value is 8.10%, as shown in Figure 5. The yield of 10-year Indonesian government bonds as of December 31, 2018, 2019, and 2020 is what is meant by the term "risk-free rate." The period of December 2018, 2019, and 2020 is covered by the Indonesian market risk premium. For December 2018, 2019, and 2020, Pefindo's adjusted beta is utilized to calculate the beta value of FAST shares.

*Perhitungan Percentages of sales beban depresiasi				
	2018	2019	2020	Average
Beban depresiasi	35.051.105	36.215.781	62.842.308	
Penjualan	6.017.492.356	6.706.376.352	1.518.245.257	
Percentages of Sales	7,91%	4,84%	0,01%	4,25%

*Perhitungan Free Cash Flow					
Year	Net Income (in Million)	Depreciation Expense (in Million)	Increase in WC (in Million)	Increase in NCA (in Million)	FCFF (in Million)
2021	47.014.219	71.873.123	(718.147.359)	(1.750.074.497)	2.587.109.198
2022	59.968.699	91.961.661	246.484.391	144.894.706	(239.448.737)
2023	71.406.051	106.675.527	(11.363.175)	106.128.244	83.316.509
2024	72.940.480	122.676.856	(13.395.256)	115.414.465	93.598.127

Firm Value = TA Awal + Present Value of Free Cash Flow				
Year	FCF (in Million)		Discount factor	PV FCF (in Million)
2021	2.587.109.198		1,042663179	2.481.251.137
2022	(239.448.737)		1,087146504	(220.254.341)
2023	83.316.509		1,13352763	73.501.966
2024 (TV)	2.371.783.774	*Perpetuity*	1,13352763	2.092.391.673
Total PV (in Million)				4.426.890.434
Less: Total Debt (in Million)				1.936.797.087
Firm Value				2.490.093.347.427.900
Weighted Average Number of Shares Outstanding				873.940.000.000
Share Price				**2.849**

Year	PBV
2018	**2.16**
2019	**3.07**
2020	**2.96**

Figure 6. FAST Intrinsic Value Based on FCFF and PBV

Source: Research Analysis (2021)

Calculating the WACC number requires first knowing the costs associated with debt and equity. With reference to Figure 5, the WACC value used is the 4.27% average WACC value from 2018 to 2020. According to Figure 6, which explains the findings of the valuation of FAST shares using the free cash flow to firm approach, the company's intrinsic value as of December 31, 2020, is IDR 2,849.00 per share.

As of December 31, 2020, FAST's stock market price was IDR 1,090.00 per share. This signifies that FAST's shares will be overvalued as of December 31, 2020. This reasoning follows the guidelines established by Islami (2020) for their investigation into the FCFF method's ability to identify overpriced, fair, and undervalued stock prices.

The PBV value of FAST in the 2018–2020 term continuously has a value over one, which is consistent with the outcomes of the calculation of intrinsic value using the FCFF technique (see Figure 6). This fact reveals that the stock's situation is overvalued. According to a study by Nugraha and Sulasmiyati (2017), the fact justification is in line with the determination of stock price criterion for overvalued, fair, or undervalued conditions utilizing the PBV approach. According to the findings of intrinsic value computation using the FCFF and PBV procedures in Figure 6, it can be said that the stock price of FAST is currently at an excessive level.

5 CONCLUSION

The research is aimed to analyze the company's business environment and competitive position, investigate the growth strategy, evaluate the financial condition, and assess the intrinsic value of company shares of PT Fast Food Indonesia, Tbk. We employ the case study research approach to achieve the objectives. Since many of its locations had to close during the Covid-19 outbreak to follow regulations meant to stop the virus' spread, FAST's bargaining strength has a low weight value from a business perspective. Because of the low value, commercial activity at FAST declines, which affects suppliers' and buyers' negotiating positions. FAST was seen implementing a defensive approach as part of its corporate growth strategy to mitigate the effects of the sales decline. This approach aims to keep enterprises from suffering further losses. In terms of financial ratio analysis, the business suffered losses in 2020 when the pandemic attacked, which were reflected in negative ROA and ROE values. The negative figures suggest that, during that specific year, the company's financial status was poor. The stock price of FAST is currently exorbitant, according to the results of intrinsic value assessment utilizing the FCFF and PBV techniques.

This research posits limitation, which is only focusing on a single object and using four major tools of business analysis. For further research, the scholar may expand the analysis by utilizing more tools, like risk analysis and environment-social-governance evaluation, to develop a more comprehensive understanding of firm business during the pandemic. By providing comprehensive views on FAST's operations, our research is anticipated to make a substantial contribution to investors who plan to invest in the company.

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