ABSTRACT

It is important for emerging industry to grow the business in order to survive and penetrate the market. First, it must grow its market share and customer base. Secondly, it must increase its research and development spending in order to find new products. Next, it must also increase its manufacturing capacity in order to produce the products. Lastly, after the goods have been produced, they must be distributed and marketed to all stores. All of these activities require some amount of investment & working capital.

The objective of this group field project is to identify, analyze, and to provide recommendation to the company about the financing method that is suitable to the company’s needs and condition. The financing option in this project are Initial Public Offering, Bank Loan, Issuing Bond.

The analysis in this project is done by the decision tree analysis. This analysis is used to help determine the proper financing option.

The result of the analysis shows that Based on comparisons of Initial Public Offering (IPO), bank loan, issuing bond from the Cash flow and Financial Ratio point of view, as a whole the IPO strategy has advantages compared to bank loans and bonds. And, as a whole, in any condition, worst, normal or best, all funding strategies offered can be applied, used or implemented in the company’s plan to obtain financing resource, except for IPO (Initial Public Offering) in case of the worst condition.

Keywords: Initial Public Offering, Bank Loan, Bond, Free Cash Flow.