

# The Intrinsic Value of PT Adhi Karya (Persero) Tbk. related to The Integration Plan in State Owned Enterprises Karya

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**Abstract:** SOEs Karya are also affected by the economic conditions which impact on their financial performance. The real form is referring to the agenda related to the merger of State-Owned Enterprises Karya (SOEs Karya) from 7 into 3 SOEs Karya. Where the merger comes from Hutama Karya with Waskita Karya, Pembangunan Perumahan with Wijaya Karya, and Adhi Karya with Brantas Abipraya and also Nindya Karya. In the process of merging the company, it becomes necessary to calculate the intrinsic value of the company as a form of due diligence in the implementation of these activities. The merger mechanism is seen in the form of holding and subholding. With no decision yet on which company is appointed as the holding parent, of course, the three SOEs Karya still have a strong chance. In this study the authors analyzed the intrinsic value of PT Adhi Karya (Persero) Tbk. in the framework of the merger of SOEs Karya. The intrinsic value analysis in this study uses the absolute valuation method with the DCF Analysis approach and relative valuation with the EV/EBITDA analysis approach. After that the author also gives the recommendation about the strategic risk management related to the integration plan activity.

**Keywords:** Valuation, State-Owned Enterprise (SOE), DCF Analysis, and EV/EBITDA Analysis, Risk Strategic Plan.

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## 1. Introduction

In 2023, the global economy ran slowly to recover from the impact of the COVID-19 pandemic and had to face quite serious challenges. A series of issues occurred, ranging from geopolitical conflicts, supply chain disruptions, spikes in inflation, and spikes in interest rates which directed the global economy back towards slowing. The International Monetary Fund (IMF) predicted that the global economy will only grow 3% in 2023 from 3.5% in 2022 and 2.9% in 2024 (Gourinchas, 2023).

Economic growth continued to improve so that in 2023 it recorded a high growth of 5.0% (YoY). Economic improvements throughout 2023 was supported by increased economic growth in all regions of Indonesia and the continued completion of the National Strategic Program (NSP). Macroeconomic and financial system stability was also maintained. Indonesia's 2023 Balance of Payments will record a surplus in line with the increasing current account surplus, thus supporting the stability of the Rupiah exchange rate. Inflation at the end of 2023 was recorded at 2.61% (YoY). Financial system stability also remained good with maintained resilience and increased intermediation functions. Apart from that, digital economic

and financial transactions were also developing very rapidly in line with the digitalization of payment systems which continues to accelerate.

SOEs Karya are also affected by these economic conditions. The consolidation of SOEs Karya is just waiting for the approval of the Minister of Public Works. If the approval letter is signed by the Minister of Public Works next week, the Ministry of SOEs can immediately execute it. The problem with SOEs Karya, according to the Minister, is that two of the seven loss-making state-owned companies are SOEs Karya and the two companies are Wijaya Karya and Waskita Karya (Erick Bakal Sowan Menteri PU, Minta Restu Pangkas BUMN Karya 7 Jadi 3, 2024).

The merger of SOEs Karya from 7 into 3 State-Owned Enterprises Karya can be defined from Hutama Karya with Waskita Karya, Pembangunan Perumahan with Wijaya Karya, and Adhi Karya with Brantas Abipraya and also Nindya Karya. In the process of merging the company, it becomes necessary to calculate the intrinsic value of the company as a form of due diligence in the implementation of these activities. The merger mechanism is seen in the form of holding and subholding. With no decision yet on which company is appointed as the holding parent, of course, the three SOEs Karya still have a strong chance.

In this research, the authors analyzed the intrinsic value of PT Adhi Karya (Persero) Tbk. in the framework of the merger of SOEs Karya. The intrinsic value analysis in this study uses the absolute valuation method with the DCF Analysis approach and relative valuation with the EV/EBITDA analysis approach. After that the author also gives the recommendation about the strategic risk management related to the integration plan.

## **2. Literature Review**

### **2.1 Company Valuation**

Company valuation is the process of determining the intrinsic value or fair price of a company. It is an important step in various business decisions, such as mergers and acquisitions, investments, and performance appraisals. Why is company valuation important, because with company valuation we can get an overview in making decisions, business planning, and also work evaluation (Gitman & Zutter, 2015).

When investing in stock, it is important for investors to do a valuation analysis of the company to determine the company's intrinsic value. Company's valuation is an analysis to determine the economic value the business possesses. Doing valuation, there are internal and external factors that affect the condition of the company.

The models used for calculating valuation are quantitative, however the inputs used are based on subjective judgements. Therefore, the final result of a valuation can be biased based on the assumptions used by the analyst. The bias in these analyses are also influenced by the understanding of the industry in which the company is in.

### **2.2 Absolute Valuation**

Absolute valuation models are used to calculate the intrinsic value for an investment. Absolute valuation focuses on the fundamentals such as the dividends, cash flows and growth rate of the company to identify the intrinsic value. Popular absolute valuation for models for valuing a company is Discounted Cash Flow Model (DCF).

Why in this study using the DCF method, because the DCF method is quite often used in the acquisition process which focuses on future cash flow projections, then the assumptions used are also more starting from the discount rate, revenue growth and also the cost of capital so as to get more comprehensive results.

According to (Damodaran, 2006), Discounted Cash Flow (DCF) can be used as a method to determine the value of a company. DCF is used to analyze the value of a company's asset to the present value of the expected future cash flows on that asset. This approach considers the time of money and captures the expected return over the time.

### **2.3 Relative Valuation**

The goal for relative valuation is to compare similar assets in the market (Damodaran, 2012). There are two components to relative valuation, first price standards and the second is finding similar firms. To value an asset relatively, a standardizing the price is needed. This can be achieved either converting it to book value, sales or multiple earnings. The second component can be a challenge because there are no identical firms. Even for firms within the same industry. There are differences in growth potential, cash flow, or risk. Biases from an analyst on choosing the multiples and comparable firms can result in inconsistent estimates. Relative valuations are more widely used because they can be performed quicker, simpler to understand and reflect the mood of the market (Demodaran, 2012).

Relative valuation is used to estimate the value of an asset by looking at the comparable asset (Damodaran, 2006). This method involves the use of comparing the company's underlying assets with other companies in the same industry to find the value of similar assets. In relative valuation we can find some approach such as the price to book value ratio (PBV), price to earnings ratio (P/E), and EV to EBITDA. This approach is simpler than DCF and the result of the approach to validate the result valuation with the DCF method.

### **2.4 Strategic Risk Management**

Strategic Risk Management (SRM) has emerged as a critical component of organizational success (Singh, 2023). It involves the identification, assessment, and mitigation of risks that could potentially derail strategic objectives (Rost, 2020). A robust SRM framework can help organizations navigate uncertainties, capitalize on opportunities, and protect their long-term value (Strategic Risk Management, 2023).

Some key concepts and theories about SRM basically such as risk appetite as the level of risk an organization is willing to accept in pursuit of its strategic goals. Risk tolerance is the maximum level of risk that an organization can endure without jeopardizing its viability. Risk capacity as the organization's ability to absorb losses and withstand adverse events. Risk management framework as a structured approach to identifying, assessing, mitigating, and monitoring risks. And this research will deeply analyze the risk management framework in ADHI.

## **3. Research Methodology**

The methodology section for this research has the following subsections:

- i. Business issue and literature study;
- ii. Collecting data from ADHI financial report and management's interviews;
- iii. Performing external analysis by looking at the PESTEL analysis;
- iv. Performing internal analysis by looking at the financial ratio and growth analysis;

- v. Performing company valuation with absolute valuation (discounted cash flow) and relative valuation (EV/EBITDA);
- vi. Assessing strategic risk management;
- vii. Providing a conclusion.

To find the comprehensive result, the author needs to define the objective of the data analysis and understand the research questions. The author uses external and internal analysis. The common approach to analyze how external factors concerns a firm is to reflect the source according to those factors (Rothaermel, 2016). External analysis, the author uses PESTEL analysis. Then in internal analysis, the author uses two variables in this research which are the Absolute Valuation model using Discounted Cash Flow, and the Relative Valuation model using EV/EBITDA. These methods are chosen because they are usually used in valuation companies. They quantify the future cash flow, estimate asset values by comparing the current market price. And to define the risks that will be contributed to the company, the author does the interview with the management with the semi-structured interview.

## **4. Result and Discussion**

### **4.1 External Analysis**

#### **4.1.1 PESTEL Analysis**

##### **a) Political**

Meanwhile, DBS Bank Senior Economist Radhika Rao said Indonesia is entering a political year ahead of the 2024 elections. He assessed that the economic stretch will still be stable until the end of the year, although there will be a number of challenges that must be faced. One of them is that some investors tend to wait and see. Investors see what will happen from the election results. Political stability during the election period is crucial. Investors choose to hold investments while looking at the next government's work program from the presidential candidates. Something has changed or something is interesting. This becomes important usually in the last 3 to 4 months, to see what catalysts the candidate's program appeals to them.

##### **b) Economic**

By looking at the current economic dynamics and future economic prospects, as well as the direction of the development agenda, the fiscal policy architecture in 2024 is directed at "Accelerating Sustainable Inclusive Economic Transformation". (Macroeconomic Framework and Fiscal Policy Principles (KEM-PPKF), 2024). And also the agenda that the government wants to reduce their budget for construction in 2025. It means the revenue of ADHI will also decrease. And also according to Infovesta Kapital Advitori Research Analyst Arjun Ajnawi, the negative sentiment of SOEs Karya are still having a heavy impact on their share prices. (Rekomendasi Saham BUMN Karya Di Tengah Rencana Peleburan, 2024).

##### **c) Social**

The concept of Desakota applied in IKN will make the regions around IKN the main players in urbanization. In line with that, changes in culture and lifestyle will definitely undergo a transformation following the people who are assigned to IKN. The role of contractors in building IKN and its infrastructure through the workforce assigned to the construction of these projects becomes a pathway in socio-cultural change in the surrounding area. "Estimates of social and cultural conditions that will occur later in the New Capital City, cultural diversity is increasing not only ethnicity but economy and education levels, urbanization and leads to the emergence of metropolitan cities, the opening of business and work opportunities that can trigger social conflicts between ethnic groups and the existence of national symbols and local

cultural wealth in the National Capital” added Rudy Soeprihadi as Deputy for Regional Development of Bappenas (Study of Social Aspects of Relocating the National Capital - Faculty of Social and Political Sciences, University of Indonesia, 2020).

#### d) Technological

Technological developments in the construction sector also continue to evolve. Science and technology is one of the main resources in the construction industry and business so it is necessary to develop the utilization of construction technology such as green construction, Building Information Modeling (BIM), and other technologies (Ministry of PUPR Strategic Plan Document 2020-2024). Referring to the narrative related to external analysis in the technology aspect, ADHI is expected to master and utilize construction technology to create a unique selling point for the company.

#### e) Environment

The Nusantara Capital City Authority (IKN) carries the concept of a forest and environment-based city with as little or no deforestation as possible, this 42.31% forest cover area is not enough and must be increased to 70-80%. It means that environmentally based projects will be increased.

**Table 1: Summary of PESTEL Analysis**

No	Aspect	Opportunity	Threat
1	Political	National Strategic Projects (NSP) that were still unfinished during President Jokowi's era will most likely be continued during President Prabowo's era, especially infrastructure projects both in IKN and other supporting projects.	The execution of National Strategic Projects is quite time consuming, usually about the bureaucracy. ADHI needs to push the timeline of the execution so that those projects can operate as soon as possible.
2	Economic	The direction of the development agenda in the fiscal policy architecture in 2024 is directed at “Accelerating Sustainable Inclusive Economic Transformation”. It means there is an opportunity in sustainable projects which ADHI needs to initiate.	The government’s draft infrastructure budget drops by 5.29% in 2025. It means competition for ADHI becomes higher and can impact the sales contribution in ADHI’s engineering and construction business line.
3	Social	Changes in culture and lifestyle will be assigned to employees for working at IKN’s projects. The labor assigned to the construction of these projects becomes a pathway in socio-cultural change in the surrounding area. The values of leadership and project management can be absorbed in the projects.	If the employees of ADHI do not do the right social attitude, ADHI will have a bad reputation from the society which impacts the brand image of the company.
4	Technological	Master and utilize construction technology to create a unique selling point for the company.	The employees of ADHI have a potential skill gap with the updates of technology. The examples are awareness of cyber security and benefits of digitalization.
5	Environment	Master design of IKN is directed to build with the concept of a forest and environment-based city. It means ADHI needs to grab the market especially on environmental based projects.	The environmental policy in each area in Indonesia has the possibility of being different. So, the return of investment ADHI in the environmental project may not be significant enough as business as usual.
6	Legal	Boost the rapid changes by issuing prudent policies and decisions, and become a driver for the acceleration of SOEs Karya to compete because they have clear rules of the game	There are still possibilities to have a different interpretation on the perception with those regulations.



## 4.2 Internal Analysis

### 4.2.1 Financial Ratio Analysis

In the internal analysis, the author starts with the financial ratio analysis. The calculation is to compare the performance of 2022 and 2023.

**Table 2: Financial Ratio Analysis**

	2022	2023	Increase (Decrease)
<b>Profitability</b>			
<b>Gross Profit Margin (GPM)</b>	13.26%	11.57%	-1.69%
<b>Operating Profit Margin (OPM)</b>	7.90%	7.19%	-0.71%
<b>Net Profit Margin (NPM)</b>	1.29%	1.44%	0.15%
<b>ROA</b>	0.44%	0.72%	0.28%
<b>ROE</b>	1.99%	3.14%	1.16%
<b>Liquidity</b>			
<b>Cash Ratio</b>	17.51%	18.03%	0.52%
<b>Current Ratio</b>	120.72%	114.41%	-6.31%
<b>Quick Ratio</b>	92.51%	91.65%	-0.85%
<b>Solvency Ratio</b>			
<b>Debt to Equity Ratio (DER)</b>	3.53	3.39	-0.14
<b>Debt to Asset Ratio (DAR)</b>	0.78	0.77	-0.01

#### Profitability

In the 2023, the Gross Profit Margin (GPM) of ADHI decrease 1.69% because there was an increase in Cost of Goods Sold (COGS), it is also the Operating Profit Margin (OPM) which is decrease 0.71% because there was an increase in Operating Cost, but in the Net Profit Margin (NPM) 2023, it is increase 0.15% because there was an increase profit of Joint Operation (JO) and decrease in share of losses of association entities. While in ROA and ROE, ADHI still has growth on them. ADHI has become more efficient in utilizing its assets and improved returns for shareholders especially in the contribution of the equity non-controlling interest in subsidiaries.

#### Liquidity

In 2023, the cash ratio of ADHI increased 0.52% because of the increase of Cash and Cash Equivalents. The decrease in current ratio of 6.31% was due to the absence of revenue from the Light Rail Transit (LRT) project which was completed and handed over in 2022. In addition to this, the increase in current liabilities by 1.3 trillion in Short-Term Bank Loan and Other Financial Institutions. The quick ratio decreased 0.85%. Although the value of inventory in 2023 has decreased by 1.3 trillion, it cannot be better than 2022.

#### Solvency

In 2023, the Debt-to-Equity Ratio (DER) decreased slightly to 3.39, suggesting a slight improvement in the company's capital structure. ADHI runs the improvement capital structures with increasing the equity and reducing the long-term debt. The Debt to Asset Ratio (DAR) in 2023 is not really contributing to the company.

### 4.2.2 Growth Analysis

According to the five years back, the author finds that the average revenue growth in five years is around 8% and the average growth profit in five years is around 68%.

**Table 3: Growth Analysis**

IDR Millions	2019	2020	2021	2022	2023
Revenue	15,307,860	10,827,682	11,530,471	13,549,010	20,072,993
Profit	665,048	23,703	86,499	175,210	289,884
Revenue Growth YoY	-2%	-29%	6%	18%	48%
Profit Growth YoY	3%	-96%	265%	103%	65%

The cause of the decline in revenue in 2020 is due to the covid 19. After the government's response the covid-19 pandemic is starting to be handled. The revenue and profit growth in ADHI recovers slowly in 2021 to 2023. The third parties that contribute for ADHI's revenue come from the Ministry of Transportation from the Light Rail Transit (LRT) project. And also from the ministry of public work and public housing for regular projects.

### 4.3 Absolute Valuation

In terms of conducting absolute valuation analysis is to formulate the assumptions used in this study as part of the WACC calculation:

**Table 4: WACC Calculation**

Variables	Value
Market value of equity (Market Capitalization)	1.631.076.141.926
Book value of debt	6.690.389.041.449
Capital: Equity + Debt	8.321.465.183.375
Weight of equity	19.60%
Weight of debt	80.40%
Cost of equity	19.91%
Risk free Rate	6.33%
Beta	1.5
Equity risk premium	9.05%
Cost of debt after tax	9.78%
Cost of debt before tax	12.53%
Tax rate	22%
WACC	11.76%

According to the WACC calculation, the WACC of ADHI is 11.76%. Based on the interview with the ADHI's management, they said that the average WACC is on average around 11%. Then based on the FCFF calculation on ADHI, it is concluded that the intrinsic value of ADHI is in the undervalue category. Where the estimated value per share is 4,235. It means the stock can be defined as undervalued compared to the market price of 194 as of June 25, 2024, with the market price representing only 5% of the calculated intrinsic value.

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
BASE YEAR	1	2	3	4	5	6	7	8	9	10	
EBIT GROWTH RATE	34.58%	31.61%	28.24%	24.88%	21.51%	18.15%	14.78%	11.42%	8.05%	4.69%	1.32%
EBIT	1,444,124,639,006	1,900,611,639,294	2,437,436,675,632	3,043,865,288,041	3,698,745,195,109	4,370,050,034,857	5,016,140,309,157	5,588,954,302,590	6,039,107,090,745	6,322,295,404,657	6,406,012,304,212
TAX RATE	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%
EBIT AFTER TAX = NOPAT = EBIT (1 - T)	1,126,417,218,425	1,482,477,078,649	1,901,200,606,993	2,374,214,924,672	2,885,019,692,185	3,408,639,027,188	3,912,589,441,143	4,359,384,356,021	4,710,503,530,781	4,931,390,415,632	4,996,689,597,286
LESS NET CAPITAL SPENDING	- 1,396,359,935,933	- 1,837,748,539,977	- 2,356,817,983,916	- 2,943,188,852,123	- 3,576,406,545,151	- 4,225,509,780,719	- 4,850,230,493,641	- 5,404,098,552,926	- 5,839,362,450,134	- 6,113,184,255,531	- 6,194,132,202,365
LESS CHANGE IN NET WORKING CAPITAL	1,532,708,029,856	2,017,196,191,036	2,586,950,367,094	3,230,577,640,440	3,925,626,114,531	4,638,111,780,968	5,323,833,084,118	5,931,783,799,475	6,409,549,204,504	6,710,108,443,624	6,798,960,583,333
FREE CASH FLOW TO THE FIRM	1,262,765,312,348	1,661,924,729,708	2,131,332,990,171	2,661,603,712,989	3,234,239,261,565	3,821,240,527,438	4,386,192,031,619	4,887,069,602,569	5,280,690,285,151	5,528,314,603,725	5,601,517,978,254
WEIGHTED AVERAGE COST OF CAPITAL	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%
PRESENT VALUE OF FCFF	1,487,047,897,019	1,706,390,879,086	1,906,708,112,592	2,073,130,172,504	2,191,656,105,278	2,250,967,802,394	2,244,108,096,518	2,169,699,314,733	2,032,428,196,550	1,842,645,551,948	
SUM OF PV	37,795,472,828,159										
LESS DEBT	- 6,690,389,041,449										
ADD CASH AND CASH EQUIVALENTS	4,503,731,722,859										
VALUE OF EQUITY	35,608,815,509,569										
NUMBER OF SHARES ISSUED AND OUTSTANDING	8,407,608,979.0										
ESTIMATED INTRINSIC VALUE PER SHARE	4,235.31										
SHARE PRICE	194.00										
PRICE AS A PERCENTAGE OF INTRINSIC VALUE	5%										
THE STOCK IS UNDERVALUED											

**Figure 1: DCF Calculation**

## 4.4 Relative Valuation

### 4.4.1 EV/EBITDA Analysis

The companies who will be used in the comparison of EV/EBITDA are the SOEs Karya that have already listed in Indonesia Stock Exchange (IDX).

**Table 5: The EV/EBITDA**

Company	EV/EBITDA
ADHI.JK	11.34
PTPP.JK	13.09
WIKA.JK	-79.72
AVERAGE INDUSTRIES	12.76

Relative valuation was conducted on three SOEs Karya. There are ADHI, PP, and WIKA. According to the data which was collected from IDX, and calculated by the author, ADHI tends to be undervalued in the market. The author finds the EV/EBITDA for ADHI is 11.34, instead of the market average of 12.76. Based on the analysis above, the author summarizes the findings that ADHI's intrinsic value is undervalued.

**Table 6: Summary of valuation**

Model	Result	Market Price	Undervalue / Overvalue
Absolute Valuation Discounted Cash Flow (DCF)	4.235	194	Undervalue
Relative Valuation (EV/EBITDA)	11.34	12.76	Undervalue

## 4.5 Strategic Risk Management

The risk management consists of the three processes, which are identification, analysis, and evaluation or mitigation (Lark, 2015). Managing risk is iterative and organizations in setting strategy to achieve the objectives and making informed decisions (British Standards Institute, 2018).

The scope identification of the strategic risk management is divided into six aspects reflecting due diligence in merger and acquisitions, starting from financial, tax, commercial, legal, culture, and technology. Risk identification drives based on causes and events which need to be considered. Then, the author identifies the impact of the risk so that can give the mitigations for ADHI as a leader or as a member of the integration.

Based on the analysis, the commercial aspect puts huge potential risk because its aspect consists of marketing, production, strategic, and risk categories. The management of ADHI agrees that those risk categories will give a big impact for ADHI, because of the change in standalone business model into an integrated business model. The proposed risk management in this research will explain in the table below.



**Table 7: Strategic Risk Management**

No	Aspects	Risk Category	Risk Event	Risk Causes	Risk Impact	Mitigation	
						ADHI as Leader	ADHI as Member
1	Financial	Finance	Difficulties in financial consolidated	Differences in financial management policies	Delay for funding to projects	Harmonization of financial management policies	Encourage leaders to harmonize financial management regulations
2	Tax	Tax Structure	Improper allocation of purchase price, inefficient transaction structure	Lack of tax planning, differences in tax interpretation	Tax adjustments, delayed expense recognition, higher tax burden	Conduct independent asset valuation, design an optimal transaction structure from a tax perspective, consult with tax authorities	Support the valuation and transaction structuring process
3	Commercial	Marketing	Market share decrease	Market specialization in Railway & Dams	Decrease in new contract wins	Create policies related to Railways & Dams specialization and maximize domestic and international markets	Identify domestic and international market share related to Railway & Dams specialization
		Production	Operational activities are slowing down	Changes in business processes	Delay of delivery projects	Immediately establish Corporate Governance among members	Encourage leaders to accelerate the completion of Corporate Governance
		Strategic	Organizational changes	The SOE policies related to the Holding of SOEs Karya	Changes in all aspects of the corporation	Create a follow-up timeline for change gaps that need adjustment	helps the adjustment process with other members
		Risk	Risk Threshold Value Gap (Capacity, Tolerance, Appetite and Limit risk values)	Differences in determining the basis for calculating risk thresholds, preparing roadmaps and work programs in order to improve the implementation of risk management	Differences in risk analysis and evaluation that can result in risks not being properly measured and aggregated, and also the application of risk management is not in line with each other so that improvements in the application of risk management are not optimal	Equalize the determination of the risk calculation basis that will be used in determining the risk threshold	Re-develop risk strategies related to risk threshold values, risk impact and probability scale criteria, and risk maps in accordance with risk appetite, tolerance and limits
4	Legal	Legal	Addition of legal issues	Negative brand image and petitions to Adhi and other members	Reputational and material losses	Make policies for the resolution of legal issues	Helping the legal resolution process
5	Cultural	Human Resources	Employees are not optimally utilized	Specialization limited to Railways & DAMS	Re-sizing the number of employees	Create policies related to education and training curricula for the capabilities required in the specialization	Training and certification for capabilities required in the specialization
			High turn over	Placement of employees is not in accordance with their competencies and capabilities	Losing potential employees	Developing and mapping employee competencies, especially talented employees.	Assist and encourage Leaders to immediately complete the preparation of competency mapping
			Organizational design is not optimal according to integrated business processes	Redundancy due to changes in function and organizational structure	Undirected correspondence	Conduct integrated organizational design alignment with members	Assist in the alignment of the integrated organization design with the mapped roadmap.
6	Technology	Technology and Information Systems	Lack of integrated system	Unsyncronize between information and technology systems	Difficulty in accessing the data and information needed	Authority to design Information Systems and Technology implementation policies	Accept policy by forming a special team to integrate systems between members

## 5. Conclusion

The construction industry market is suffering right now especially for SOEs Karya. The examples are Two SOEs Karya work at a loss. The profit margin goes down. For this reason, ADHI needs to create other business strategies. The conclusion of this research can be written below:

- i. Discounted Cash Flow (DCF) indicates that the ADHI's stock is undervalued, with the price representing only 5% from the estimated intrinsic value.
- ii. The EV/EBITDA's calculation shows that ADHI gets the point about 11.34 and it is still categorized undervalue related to the average in the construction industry.
- iii. Based on the strategic risk management, ADHI needs to prepare the conditions that will happen, whether ADHI as a leader or member. The author has summarized the strategic risk management is divided into six factors based on due diligence aspects that ADHI can mitigate.

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