

CAPEX INVESTMENT JUSTIFICATION

Equipment Purchase:

Potentially Zoomlion ZE135 Series Hydraulic Excavator (14-Ton Class)

Estimated Capital Cost: Rp 1,400,000,000

Objective: Scaled Infrastructure Preparation, New Land Integration, and Site Master Plan Alignment at PT Mersifarma TM

1. CURRENT SITUATION

PT Mersifarma TM is executing a significant facility land consolidation. The total property portfolio now reaches **196,000 m²**, structured through two distinct sectors:

- **Existing Property Land:** Totaling 110,000 m², where 40% has been built out, leaving **60% (66,000 m²)** as uncultivated terrain requiring active development.
- **Newly Acquired Property Land:** An additional parcel spanning **130,000 m²** of raw, unmanaged soil.

To integrate these spaces into a cohesive facility asset, a comprehensive site preparation across the combined **196,000 m² of uncultivated land** is mandatory. Factoring in a necessary average **2-meter depth cut-and-fill operation** to manage elevations, the total engineering earthwork volume translates to a staggering **392,000 m³** (Cubic Meters).

Managing a civil earthmoving project of nearly 400,000 m³ via standard short-term equipment hire introduces unsustainable fiscal exposure:

- **Compounding Rental Drain:** Third-party vendor standard rental rates for 20-ton class equipment (PC200) sit flat at **Rp 600,000 per hour**.
- **Massive Capital Outflow with Zero Equity:** Due to the immense soil volume, short-term hire completely drains corporate capital into an irreversible operating expense (OPEX) with zero asset retention or residual valuation at project close.
- **Operational Risk Exposure:** Relying on external equipment over multi-month lifecycles introduces immense risk regarding third-party dispatch delays, unexpected rate fluctuations, and schedule synchronization issues.

2. TARGET

The primary civil engineering objective is to secure an in-house machinery solution to independently clear, shape, and master-grade the 196,000 m² expanse, achieving the following strategic physical targets:

- **Main Infrastructure Development:** Excavate and construct the main logistics access road cleanly reaching the rear border of the property.
- **Perimeter Security Ring:** Establish a continuous perimeter loop road to enable regular security monitoring, facility shielding, and clear boundary control.
- **Zoning Future Plant Blocks:** Execute level cut-and-fill processes to stabilize and partition designated plots for future manufacturing plant expansions.
- **Sustained Strategic Autonomy:** Eliminate developer and vendor backlogs to ensure civil preparation moves at a speed matching Mersifarma's corporate timeline.

3. COST-BENEFIT & PAYBACK ANALYSIS

To process **392,000 m³** of unmanaged terrain, a highly agile 14-ton medium crawler excavator (e.g., Zoomlion ZE135 class with a standard high-efficiency bucket) operating at a realistic field productivity rate of **50 m³/hour** requires a prolonged developmental run-time.

- **Total Project Hours Estimation Required:**
 - $392,000 \text{ m}^3 / 50 \text{ m}^3/\text{hour} = 7,840 \text{ Hours}$
 - 3 Years 9 month if working on 1 shift

The matrix below contrasts the financial parameters of a long-term rental structure against the strategic procurement of the **Zoomlion 14-Ton Asset**:

Parameter	Option A: Third-Party Rental (PC200 Class)	Option B: CAPEX Procurement (Zoomlion ZE135 Series)
Hourly Operating Base	Rp 600,000 / hour (<i>Flat rental fee</i>)	± Rp 255,000 / hour (<i>Calculated below</i>)
Fuel (Solar) Cost / Hour	Included in rental	Rp 175,000 (<i>Avg. 13 Liters/hr @ Industrial Solar</i>)

Parameter	Option A: Third-Party Rental (PC200 Class)	Option B: CAPEX Procurement (Zoomlion ZE135 Series)
Operator & Maintenance / Hour	Included in rental	Rp 80,000 (<i>Operator allocation + routine maintenance</i>)
Total Cost for Core Project <i>(196,000 m² @ 7,840 Hours)</i>	Rp 4,704,000,000	Rp 1,999,200,000 <i>(Operational running cost)</i>
Initial Capital Cost (CAPEX)	Rp 0	Rp 1,400,000,000
Total Investment Outlay	Rp 4,704,000,000 (<i>Pure OPEX Loss</i>)	Rp 3,399,200,000 (<i>CAPEX + Operational Cost</i>)
Net Financial Savings (ROI)	Rp 0	+ Rp 1,304,800,000 (<i>Net saved during this project</i>)
Asset Value Post-Project	Rp 0	High-Value Retained Asset <i>(100% Owned)</i>

4. PROPOSAL & BENEFITS

Given the clear financial metrics, it is proposed to approve a capital investment of **Rp 1,400,000,000** to purchase a new **Zoomlion 14-Ton Class Excavator**. This procurement strategy delivers undeniable commercial and mechanical advantages:

- **Complete Cost Recovery & Immediate Profitability:** The machine achieves a full return on investment (ROI) *during* the land development phase. Rather than losing Rp 4.7 Billion to a third party, Mersifarma covers both the machine's initial purchase price and its fuel/operator costs while **saving over Rp 1.3 Billion in net liquidity**.
- **Optimized Weight & Footprint Efficiency:** The 14-ton category provides an outstanding engineering profile for site maintenance. It delivers the heavy breakout forces required for extensive cut-and-fill operations, while its lower ground pressure prevents it from sinking into uncultivated soft soils, making it much more versatile for boundary road building than a bulky 20-ton alternative.
- **Multi-Decade Facility Utility Value:** Beyond the initial project lifecycle, the Zoomlion excavator remains stationed on-site as a core engineering asset. It ensures immediate deployment for future foundation digging, drainage management, perimeter clearing, and utility trenching without ever incurring an external rental invoice again.

Recommendation:

Developing a massive 196,000 m² footprint using third-party rentals will generate an irreversible operational loss of **over Rp 4.7 Billion**. Approving the **Rp 1,400,000,000 CAPEX procurement for the Zoomlion excavator** eliminates this waste, locks in a net cash savings of more than Rp 1.3 Billion, and grants PT Mersifarma TM permanent engineering self-reliance.