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Fundamental Financial Performance Analysis and Stock Valuation of PT DCI Indonesia TBK at Year 2024

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ABSTRACT

Indonesia's accelerating digital transformation has boosted demand for data center services, positioning PT DCI Indonesia Tbk (DCII) as a key player in the industry. Since its IPO in 2021, DCII's stock has surged to IDR 42,100 by the end of 2024, raising concerns about whether this valuation reflects financial fundamentals or speculative sentiment. This study, titled Fundamental Financial Performance Analysis and Stock Valuation of PT DCI Indonesia Tbk at Year 2024, aims to evaluate DCII's intrinsic value using financial ratio analysis and valuation models. The company's financial performance indicates strong profitability and revenue growth; however, liquidity weaknesses and longer collection periods signal emerging risks. A multi-stage Discounted Cash Flow (DCF) model projects free cash flow over a 15-year horizon, with a terminal growth rate of 4% and a Weighted Average Cost of Capital (WACC) of 12.85%, yielding a fair value of IDR 18,529 per share—less than half its market price. Comparable Company Analysis (CCA) further reveals that DCII trades at a significant premium across EV/EBITDA and P/E multiples. Sensitivity tests confirm that intrinsic values consistently remain below market levels, suggesting that investor expectations exceed the firm's fundamentals. The study recommends implementing a 1:3 stock split with an insider lock-up, issuing quarterly investor bulletins, and optimizing working capital to reduce mispricing and strengthen financial sustainability. Future research may extend to Southeast Asian peers and incorporate ESG and customer concentration factors.

KEYWORDS *intrinsic value; data centers; stock valuation*

INTRODUCTION

The global economy slowed down around 2020 due to the COVID-19 pandemic. Lockdowns were implemented everywhere, and supply chains were disrupted across the globe. This situation caused a contraction in GDP worldwide. Governments intervened, creating a pathway to economic recovery. Later, the world transitioned into the post-pandemic phase, and the economy began to stabilize. Global GDP is projected to grow by 2.8% in 2025 (IMF World Economic Outlook, 2025), although global uncertainties still lie ahead. Despite growth remaining below pre-pandemic levels, resilience is emerging, particularly in Asia, driven by digital transformation and recovering domestic demand (Basak et al., 2022; Dillon, 2015; Huang et al., 2023; Korneta & Rostek, 2021; Sulistijowati et al., 2023; Ushakov et al., 2019).

As one of the growing economies in Asia, Indonesia has shown a strong economic recovery following the COVID-19 pandemic. Its GDP rebounded after experiencing contraction in 2020. As shown in the chart above, according to the IMF, Indonesia's GDP growth in 2025 is projected to reach 4.7%, which is notably higher than the global average. This high growth indicates healthy domestic consumption and robust investment inflows. Several sectors in the country also show strong performance, especially manufacturing and digital services (CHAUHAN, 2022; Finley, 2022; Guo et al., 2022; Priyadarshini, 2020; Skórka et al., 2020).

The Indonesian government has implemented several digital transformation initiatives, as demonstrated by *Making Indonesia 4.0* and the *Indonesia Digital Roadmap 2021–2024*. All initiatives aim to support the continuity of the country's economic resilience and competitiveness. These initiatives are supported and reflected in the growth of the information and communication sector, as shown in the chart below.

Development in network and digital platform sectors is increasingly crucial, given Indonesia's exponentially growing digital economy. In 2022, it was projected to surpass USD 130 billion by 2025, becoming the largest in Southeast Asia. This substantial digital economy growth is fueled by expanding internet coverage in Indonesia, as well as the rapid rise of e-commerce platforms and digital financial services. According to the U.S. Department of Commerce, Indonesia is one of the fastest-growing internet markets in the world, with approximately 212 million internet users as of 2022 and a highly engaged social media user base (*Indonesia Digital Economy*, 2024).

The growth of Indonesia's digital economy has increased the urgency for data center availability. A data center is a facility providing space for servers, networking equipment, and other computing infrastructure that processes and manages large volumes of data. Everything from e-commerce transactions to government system activities requires data centers for data transmission and processing (Aminullah et al., 2024; Bhairawa Putera et al., 2023; Islam et al., 2023; Tanjung et al., 2023; Tayibnapis et al., 2018). As people engage more in online shopping, mobile banking transactions, and remote work via video conferencing platforms, the need for data centers becomes more pressing. Their capacity must also increase in line with the digital economy's expansion. Hence, data centers serve as the backbone of the digital economy, enabling data and information processing in digital environments.

The two charts above illustrate the rise of e-commerce and SaaS activities as examples of digital engagement. E-commerce refers to buying and selling activities conducted through online platforms or websites, while SaaS (Software as a Service) is a term for cloud-based software that users access via the internet without installing it on their devices (e.g., Microsoft 365, Gmail, Google Docs, etc.). E-commerce users in Indonesia were estimated to reach 221 million in 2025, and the SaaS market in Indonesia was expected to reach USD 634.5 million in 2027. Both e-commerce and SaaS rely on cloud computing to maintain operational efficiency and scalability. As cloud adoption grows, the demand for high-capacity and low-latency data centers also increases.

Evidence of the growing demand for data centers in Indonesia is provided by Businesswire (2025). Indonesia's data center market was valued at USD 2.39 billion in 2024 and is expected to reach USD 3.79 billion by 2030, growing at a compound annual growth rate (CAGR) of 7.99% (Businesswire, 2025). The data center business appears highly attractive from an investor's point of view. Global technology companies have recognized this opportunity and are ready to invest. Microsoft, for example, announced a USD 1.7 billion investment over four years in cloud and AI infrastructure in Indonesia (Yadav, 2024). Tencent Cloud committed USD 500 million for data center development by 2030. Alibaba Cloud has already established three data centers in Indonesia and launched cloud training programs with the goal of training 800,000 individuals by 2033.

Even though the demand for data center facilities is already strong and expected to remain so in the future, only a few companies currently offer large-scale data center services in Indonesia. One of them is PT DCI Indonesia Tbk (DCII), the largest data center provider in the country. Given that data center facilities are crucial for supporting Indonesia's future digital economy, assessing DCII's financial capacity as a key player is essential to determine its potential for sustainable growth. Therefore, this thesis, titled *Fundamental Financial Performance Analysis and Stock Valuation of PT DCI Indonesia TBK at Year 2024*, aims to examine DCII's financial condition and stock valuation to understand its current financial performance and provide insights for investors and DCII's management.

Previous research has highlighted the rapid growth of Indonesia's digital economy and the increasing importance of data centers as critical infrastructure for cloud computing, e-commerce, and SaaS services. For example, Yadav (2024) examined foreign investment trends in Indonesia's digital infrastructure and found that global technology firms increasingly view

Indonesia as a strategic hub for cloud and AI services. Similarly, Businesswire (2025) analyzed market projections, emphasizing strong CAGR growth in Indonesia's data center market but noting that supply remains concentrated among a few providers, creating potential gaps in capacity and scalability. While these studies provide insights into market growth and investment trends, they do not comprehensively assess the financial health, operational efficiency, or stock valuation of key data center operators in Indonesia—an understanding essential for investors and policymakers to ensure sustainable sectoral development.

The purpose of this study is to inform investors, stakeholders, and DCII management about its intrinsic financial value and sustainability. The benefits include guiding strategic decision-making, supporting Indonesia's digital economy planning, and offering a benchmark for evaluating other emerging data center providers in the region. This research focuses solely on evaluating the financial performance and stock valuation of PT DCI Indonesia Tbk (DCII), a publicly listed company in Indonesia providing data center facilities. Although other listed companies also offer similar services, they are used only for comparative analysis to further evaluate DCII's financial performance and market valuation. The financial analysis in this thesis is based solely on DCII's publicly available financial statements from 2021 to 2024. No proprietary or confidential data is used. The analysis includes key financial metrics such as financial ratios (profitability, activity, liquidity, debt, and market ratios) and market-based indicators such as stock price trends and trading multiples (e.g., P/E, P/BV). The scope of this thesis is limited to financial aspects only and does not cover technical factors related to data center operations or infrastructure quality. Additionally, share price estimation is conducted within a scientific assessment context, but this research does not attempt to forecast stock prices or provide investment recommendations.

This research also acknowledges several limitations as follows: an in-depth review of external ratings is not included, and no investment analyst commentary is conducted. The analysis assumes the accuracy and reliability of published financial statements as the primary data source. This research does not perform forensic or audit-level validation. Broader macroeconomic factors, such as interest rate changes or global economic uncertainties, are not explored in depth, even though they may influence financial performance and valuation. There are no publicly listed companies with the same business segment composition in the data center industry as DCII. However, to provide better insight into the company's intrinsic valuation, comparable company analysis still needs to be performed. Therefore, in that analysis, several companies were selected as long as they provide data center facilities as part of their business segment.

METHOD

This research was designed to evaluate whether the market valuation of Indonesian data center companies, particularly PT DCI Indonesia Tbk (DCII), aligned with their financial fundamentals through a structured sequence involving background, research questions, literature review, data collection, and analysis. Secondary data from DCII's financial statements (2021–2024) and market share prices were analyzed alongside academic sources such as Brigham & Ehrhardt (2020), Ross et al. (2022), and Gitman & Zutter (2015) to establish a theoretical foundation. The study applied a three-stage quantitative approach: first, financial ratio analysis (liquidity, profitability, solvency, efficiency, and market ratios) to assess trends in revenue, cost control, and capital structure; second, intrinsic valuation using a Discounted Cash Flow (DCF) model, where projected free cash flows were discounted using the Weighted Average Cost of Capital (WACC) with terminal value estimated through perpetual growth tied to Indonesia's inflation and GDP; and third, a comparison of DCF results with actual share prices and a Comparable Company Analysis (CCA) benchmarking trading multiples (EV/EBITDA, P/E, P/BV, P/FCF) against peers. This integrated approach determined whether

DCII was overvalued or undervalued and provided insights for investors along with strategic recommendations to address potential valuation misalignment.

RESULT AND DISCUSSION

Financial Ratios

Financial ratios are important to understand a company's financial condition and performance in a more structured and comparable way. Therefore, the financial ratios of DCII are provided before we go further into valuation analysis, as they serve as the foundation to assess how efficiently the company operates, how profitable it is, and how strong its financial position stands. These ratios help highlight both the strengths and potential risks in DCII's financial structure, which is essential for making sound investment decisions. Before diving into the financial ratios, it's helpful to take a look at DCII's balance sheet from 2020 to 2024. This gives a quick overview of how the company's assets, liabilities, and equity have changed over the years. By seeing the big picture, we can better understand the context behind the numbers and how DCII has been managing its financial position leading up to the latest year.

Table 1. DCII's Balance Sheet 2020 – 2024

Balance Sheet Item	2020	2021	2022	2023	2024
Current Assets					
Cash and cash equivalents	78,963	50,497	237,192	403,869	217,005
Trade receivables	104,303	225,108	196,774	264,064	630,100
Inventories	1,260	1,587	4,997	9,242	7,079
Other current assets	42,512	20,096	3,031	14,278	34,973
Total Current Assets	**227,038**	**297,288**	**441,994**	**691,453**	**889,157**
Non-current Assets	2,209,254	2,694,325	2,775,570	2,985,031	3,930,908
Total Assets	**2,436,292**	**2,991,613**	**3,217,564**	**3,676,484**	**4,820,065**
Current Liabilities					
Trade payables	92,730	105,411	52,955	57,740	340,571
Bank loans	212,832	93,776	169,258	226,009	242,922
Lease liability	1,105	1,046	1,126	1,042	-
Other current liabilities	202,942	265,459	244,876	232,941	360,334
Total Current Liabilities	**509,609**	**465,692**	**468,215**	**517,732**	**943,827**
Non-current Liabilities					
Bank loans	1,190,027	1,289,472	1,128,250	906,701	818,457
Lease liability	-	1,098	-	1,095	-
Other non-current liabilities	16,742	20,397	35,902	44,006	54,118
Total Non-current Liabilities	**1,206,769**	**1,310,967**	**1,164,152**	**951,802**	**872,575**
Total Liabilities	**1,716,378**	**1,776,659**	**1,632,367**	**1,469,534**	**1,816,402**
Total Equity	**719,914**	**1,214,954**	**1,585,197**	**2,206,950**	**3,003,663**
Share Price	43.975	36.825	43.000	42.100	-
Shares Outstanding	2,383,745,900	2,383,745,900	2,383,745,900	2,383,745,900	-

Over the past five years, DCII has shown consistent asset growth, with total assets rising from IDR 2.4 trillion in 2020 to IDR 4.8 trillion in 2024. This increase is driven by the expansion in both current and non-current assets, especially the steady accumulation of non-current assets, likely reflecting continued investment in infrastructure and technology to support its data center operations. The growth in cash and receivables in current assets toward

2024 suggests improved revenue inflows and customer base expansion, although the sharp increase in trade receivables in 2024 warrants attention in terms of collection efficiency.

On the liability side, total liabilities have also grown, from IDR 1.7 trillion in 2020 to IDR 1.8 trillion in 2024, but the pace has been relatively moderate compared to asset growth. Notably, current liabilities more than doubled in 2024, driven by a sharp jump in trade payables and other current liabilities. This could indicate either increased vendor activities or a change in payment terms. In contrast, non-current liabilities have slightly declined in the past two years, signaling a gradual repayment of long-term obligations or refinancing strategy. Overall, this points to a shift in short-term pressure which needs to be monitored closely for its impact on working capital.

Equity has grown substantially, from IDR 719.9 billion in 2020 to over IDR 3 trillion in 2024, reflecting strong retained earnings and capital structure improvement. This increasing equity base is a positive sign for investors, suggesting that the company has been able to reinvest its profits to support business growth. Combined with a relatively stable share base, the strengthening of equity supports a more resilient financial foundation and indicates DCII's readiness to leverage its position in the growing digital infrastructure market. With a clearer view of DCII's balance sheet position, we can now turn to its profit and loss performance to understand how well the company has translated its asset growth into actual earnings. While the balance sheet reflects the company's financial structure and investment capacity, the income statement reveals how effectively DCII generates revenue, controls costs, and delivers profit to support its expanding equity base. This transition from structural to performance analysis provides a more complete picture of DCII's financial trajectory over the past five years.

Table 2. DCII's Profit Loss 2021 – 2024

Profit/Loss Items	2021	2022	2023	2024
Revenues	871,240	1,043,955	1,305,846	1,812,446
Cost of Revenues	(395,238)	(444,380)	(534,235)	(755,402)
Gross Profit	**476,002**	**599,575**	**771,611**	**1,057,044**
Marketing Expenses	(1,112)	(2,032)	(5,264)	(5,451)
General & Admin Expenses	(55,921)	(69,842)	(82,470)	(79,376)
Other Income	162	516	1,233	3,981
Other Expenses	(743)	(1,434)	(1,095)	(1,384)
Operating Income	**418,388**	**526,783**	**684,015**	**974,814**
Finance Income (net)	2,204	2,438	7,282	9,723
Finance Costs	(87,824)	(83,488)	(99,207)	(79,791)
Final Tax Expense	(609)	(683)	(806)	(1,163)
Income Before Tax	**332,159**	**445,050**	**591,284**	**903,583**
Income Tax Expense	(70,708)	(77,208)	(76,797)	(106,763)
Net Income	**261,451**	**367,842**	**514,487**	**796,820**
Other Comprehensive Income	83,413	2,401	(27)	(107)
Total Comprehensive Income	**344,864**	**370,243**	**514,460**	**796,713**

DCII's revenue performance has shown remarkable growth over the four-year period, more than doubling from IDR 871.2 billion in 2021 to IDR 1.81 trillion in 2024. This upward trajectory reflects the company's successful expansion and strong demand for data center services. Gross profit margin has remained healthy, even improving in nominal terms, with gross profit reaching over IDR 1 trillion in 2024. This indicates that DCII has been able to scale its operations while maintaining cost discipline on its direct costs, a positive signal of operational leverage taking effect.

Operating profit also grew significantly, from IDR 418.4 billion in 2021 to IDR 974.8 billion in 2024, despite some fluctuations in general and administrative expenses. GA expenses spiked in 2023 but normalized slightly in 2024, while other operating income notably increased

to IDR 3.98 billion in 2024. These figures suggest that the company has been effective in expanding its scale without a proportionate increase in overheads. Furthermore, the rise in finance income and relatively stable finance costs (which even declined in 2024) helped boost income before tax to IDR 903.6 billion in 2024, a strong jump from the IDR 332.2 billion recorded in 2021.

Net income for the year followed the same strong upward trend, closing at IDR 796.8 billion in 2024. This steady increase reflects a well-managed cost structure and a consistent ability to convert operating results into bottom-line earnings. The effective tax burden also rose in line with profit but did not appear to significantly hamper profitability. While other comprehensive income fluctuated, positive in 2021 and 2022, then negative in 2023 and 2024, it had minimal impact on the overall narrative, as total comprehensive income for 2024 still hit a high of IDR 796.7 billion. This robust performance strengthens DCII's credibility as a profitable and growing player in the data center sector.

Based on the balance sheet and profit loss figures above, we can now break down DCII's financial ratios to get a clearer view of how the company is doing in different areas. These ratios give a snapshot of things like how easily the company can pay its bills, how efficiently it's using its assets, how much debt it's carrying, how profitable it is, and how the market is valuing it. Looking at these numbers side by side helps to put the financial story into perspective before diving into the valuation part.

Table 3. DCII's Financial Ratios 2021 – 2024

Financial Ratios	2021	2022	2023	2024
Liquidity Ratios				
Current Ratio	0.64	0.94	1.34	0.94
Quick Ratio	0.63	0.93	1.32	0.93
Cash Ratio	0.11	0.51	0.78	0.23
Activity Ratios				
Inventory Turnover	249	89	58	107
Average Collection Period	94	69	74	127
Total Asset Turnover	0.32	0.34	0.38	0.43
Debt Ratios				
Debt Ratio	46%	40%	31%	22%
Debt to Equity Ratio	1.14	0.82	0.51	0.35
Times Interest Earned	4.76	6.31	6.89	12.22
Profitability Ratios				
Net Profit Margin	30%	35%	39%	44%
ROA	9%	11%	14%	17%
ROE	22%	23%	23%	27%
Market Ratios				
Price/Earnings Ratio	401	239	199	126
Market-to-Book Ratio	86	55	46	33

Activity Ratio

DCII's activity ratios offer a window into how efficiently the company is managing its assets and working capital amidst rapid expansion. One of the most notable movements is in the average collection period, which rose from 74 days in 2023 to 127 days in 2024. This indicates that receivables are taking significantly longer to collect. While DCII's revenue almost doubled in the same period, trade receivables ballooned from IDR 264 billion to IDR 630 billion, which aligns with the longer collection cycle. According to the 2024 Annual Report, most of these receivables are not yet past due, and management maintains confidence that they are collectible, so there is no provision for expected credit losses.

The increase in receivables is likely a result of the company's aggressive growth and client acquisition strategies. With more enterprise clients possibly signing long-term contracts, it's not unusual for billing and payment cycles to lengthen, especially in B2B tech or infrastructure sectors. However, this slower turnover does warrant attention because it ties up more capital in receivables which is a potential strain when the company is also investing heavily in new infrastructure such as the JK6 facility and expansion in Surabaya. From an industry standpoint, a collection period above 90 days is generally on the slower side, even for data center operators, and may reflect room for improvement in billing discipline or contract structuring.

In summary, DCII's activity ratios reflect a company in transition. They are scaling aggressively, onboarding more clients, and laying down infrastructure that hasn't yet fully translated into immediate returns. While the extended collection period is the most immediate red flag from a cash flow perspective, the company's confidence in the collectability of receivables and its available credit facilities help cushion the concern for now. Continued monitoring will be essential to ensure that growth in accounts receivable and capital expenditure does not outpace operating cash generation for too long.

Market Ratio

DCII's market ratios have been on a steady downward trend over the past four years, reflecting a significant shift in how the market values the company relative to its earnings and book value. The price-to-earnings (P/E) ratio dropped from 401x in 2021 to 126x in 2024, while the market-to-book (P/B) ratio declined from 86x to 33x over the same period. While these multiples remain high by conventional standards, particularly in more mature sectors, such elevated figures are not unusual in high-growth tech and infrastructure plays, where future earnings potential is often priced in early. The falling P/E ratio primarily reflects a combination of strong profit growth and a moderating share price. While DCII's net income surged by nearly 55% in 2024, its year-end share price declined slightly from IDR 43,000 in 2023 to IDR 42,100, indicating that the recent earnings growth has not yet been sufficient to restore investor confidence or justify the company's earlier valuation. This makes the stock appear more reasonably valued than in prior years, when optimism around its dominant market position and future expansion prospects led to extreme valuation multiples.

The decline in the P/B ratio (i.e. from 86x in 2021 to 33x in 2024) can also be partly explained by the company's rapidly expanding equity base. DCII's total equity more than quadrupled from 2020 to 2024, driven by retained earnings from rising net income. As equity rises and the market cap remains relatively stable, the book value per share increases, compressing the P/B ratio. In capital-intensive industries like data centers, where tangible assets are a major component of equity, this trend is common during periods of scale-up and balance sheet strengthening. What's important to note is that although DCII's valuation multiples have come down, they still suggest a premium compared to broader IDX benchmarks or even regional tech peers. This premium reflects investor confidence in DCII's leadership position in Indonesia's data center sector, its land bank strategy, and its role in supporting national digital infrastructure growth. Going forward, if earnings continue to grow while share price remains relatively flat, these multiples may normalize further which is potentially opening the stock up to a broader set of value-oriented investors.

In summary, DCII's financial ratios paint the picture of a company that is scaling aggressively while steadily improving its financial strength. Liquidity ratios tightened in 2024 due to short-term working capital pressures tied to expansion but remain manageable given the company's access to credit and strong cash flow. Activity ratios show slower receivables turnover yet align with the firm's growth phase and client profile. Debt metrics continue to improve, with lower leverage and stronger interest coverage, signaling disciplined capital

management. Profitability ratios have moved upward across the board, reflecting efficient operations and growing returns on investment. Meanwhile, market valuation ratios have gradually declined, making the company's shares appear more reasonably priced relative to earnings and book value. Altogether, DCII's financial performance demonstrates a balance between growth ambition and operational maturity which is an encouraging sign as it enters the next phase of expansion.

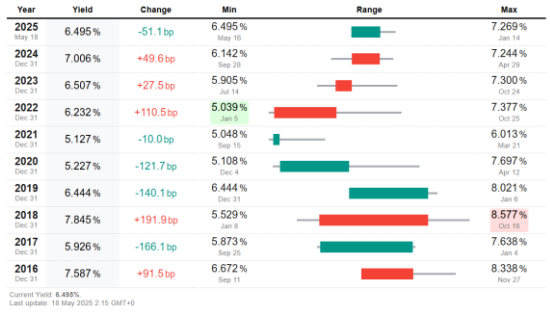
Company Valuation

Determining a company's valuation is a critical step in assessing its financial health, investment appeal, and long-term strategic value. For both investors and management, knowing the intrinsic value of a company helps in making informed decisions as to whether it's related to capital allocation, investment entry points, or M&A considerations. One of the key elements in valuation is the Weighted Average Cost of Capital (WACC), which serves as a discount rate reflecting the company's cost of equity and debt. WACC is essential in estimating future cash flows in present value terms. In this context, two primary approaches are typically used: the Discounted Cash Flow (DCF) method, which is an absolute valuation technique, and the Comparable Company Analysis (CCA), which is a relative valuation method.

In this analysis, both approaches are applied to assess the fair value of PT DCI Indonesia Tbk (DCII). The DCF method involves projecting future free cash flows of DCII and discounting them using its WACC to arrive at an intrinsic value estimate. On the other hand, the CCA method compares DCII's valuation multiples (e.g. such as EV/EBITDA, EV/EBIT, P/E, and P/BV) to those of similar publicly listed peers in the data center and digital infrastructure industry. This combined valuation framework allows for a comprehensive view: the DCF provides insight into the company's value based on fundamentals and long-term outlook, while the CCA places DCII's valuation in the context of market benchmarks. By comparing both outputs with the current market value, we can evaluate whether DCII is undervalued, fairly priced, or overvalued, forming a strong basis for strategic recommendations.

WACC (Weighted Average Cost of Capital)

To calculate the Weighted Average Cost of Capital (WACC) for DCII, we utilize financial data from the company's balance sheet and profit and loss statement as presented in the previous section. However, to complete the calculation, we also require complementary market-based inputs such as the risk-free rate, beta coefficient, and equity risk premium. These components are essential in estimating the cost of equity, which, along with the cost of debt and capital structure, forms the basis of WACC. For the purpose of estimating the risk-free rate, this study refers to the yield of Indonesian government bonds with a five-year maturity. Government bond yields are commonly used as a proxy for the risk-free rate, as they reflect the return on securities that are considered free from default risk. The five-year tenure is selected to align with the medium-term investment horizon applied in the DCF projection.



Year	Yield	Change	Min	Range	Max
2025	6.495%	-51.1 bp	6.495%		7.269%
2024	7.006%	+49.6 bp	6.142%		7.244%
2023	6.507%	+27.5 bp	5.905%		7.300%
2022	6.232%	+110.5 bp	5.039%		7.377%
2021	5.127%	-10.0 bp	5.048%		6.013%
2020	5.227%	-121.7 bp	5.108%		7.697%
2019	6.444%	-140.1 bp	6.444%		8.021%
2018	7.845%	+191.9 bp	5.529%		8.577%
2017	5.926%	-166.1 bp	5.873%		7.638%
2016	7.587%	+91.5 bp	6.672%		8.338%

Figure 1. Indonesia 5 Years Bond Yields
Source: (World Government Bonds, 2025)

To estimate DCII's cost of equity, this study uses a beta value of 0.86, sourced from Yahoo Finance, based on a five-year monthly regression. Beta reflects the sensitivity of the company's stock returns to movements in the broader market and is a key component in the Capital Asset Pricing Model (CAPM). While beta can be derived through proprietary models or custom regressions, beta figures published by reputable financial platforms such as Yahoo Finance are widely accepted for academic and practical use, especially when they are based on a sufficiently long historical window. The five-year timeframe enhances reliability by capturing various market cycles, and the monthly frequency reduces the influence of short-term volatility, making it suitable for WACC calculation in a valuation context.

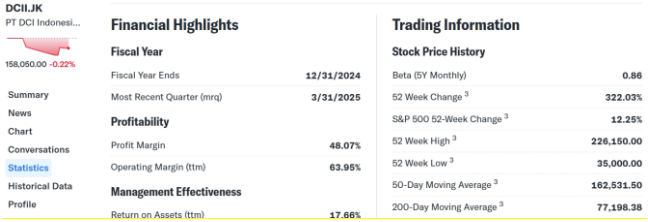


Figure 2. DCII Financial Highlight
Source: (Yahoo Finance, 2025a)

To determine the Equity Risk Premium (ERP), this study refers to data provided by Professor Aswath Damodaran, available at https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html. This source is globally recognized and widely used in both academic research and professional valuation practices. Professor Damodaran is a distinguished finance professor at New York University's Stern School of Business, and his datasets are updated annually, offering country-specific ERP estimates based on a consistent and transparent methodology.

The use of Damodaran's ERP figures is considered academically robust because they incorporate sovereign risk adjustments, market volatility considerations, and macroeconomic conditions for each country. His datasets have been cited in thousands of peer-reviewed journals, master's theses, PhD dissertations, and corporate valuation reports, making them a credible and standard reference point for estimating expected market returns over risk-free rates. Thus, using his ERP estimate for Indonesia provides a valid and widely accepted input for computing DCII's cost of equity as part of the WACC calculation.

Table 4. Equity Risk Premium

Country	Adj. Default Spread	Equity Risk Premium	Country Risk Premium	Corporate Tax Rate	Moody's Rating
Indonesia	1.89%	6.87%	2.54%	22.00%	Baa2

Source: (Damodaran, 2025b)

Based on the financial data and market assumptions outlined in the previous sections, the Weighted Average Cost of Capital (WACC) for PT DCI Indonesia Tbk has been calculated to serve as the discount rate in the DCF valuation model. This rate reflects the company's blended cost of equity and cost of debt, adjusted for its capital structure. The components of WACC, such as the risk-free rate, beta, and equity risk premium, have been sourced from credible and widely accepted references, while the company-specific figures were drawn from DCII's financial statements.

Table 5. Weighted Average Cost of Capital

Financial Metrics	Result
EBIT	974,814

Current Tax	105,732
Effective Tax Rate	11%
Depreciation & Amortization	207,606
Capex	882,730
ΔNWC	(228,391)
FCF	422,349
Interest Bearing Debt	1,061,379
Market Cap	100,355,702
Total Debt and Equity	101,417,081
Risk Free Rate	7.01%
Beta	0.86
Equity Risk Premium	6.87%
Cost of Equity	12.91%
Interest Expense	79,791
Avg. Interest Bearing Debt	1,098,113
Cost of Debt	7.27%
WACC	**12.85%**

The WACC for DCII is calculated at 12.85%, combining the company's cost of equity and after-tax cost of debt based on its capital structure. The cost of equity is estimated at 12.91%, using the CAPM formula with a risk-free rate of 7.01% (based on the Indonesian 5-year government bond yield), a beta of 0.86 (taken from Yahoo Finance), and an equity risk premium of 6.87% (sourced from Damodaran's 2024 country data). The cost of debt is calculated from the company's actual interest expense divided by its average interest-bearing debt, resulting in 7.27%. With an effective tax rate of 11%, the after-tax cost of debt is reflected accordingly in the WACC formula.

DCII's capital structure shows that it is heavily equity-funded, with a market capitalization of IDR 100.4 trillion compared to IDR 1.06 trillion in interest-bearing debt, making equity the primary component in the capital mix. Given DCII operates in a capital-intensive industry with long-term infrastructure investment, a WACC of 12.85% is considered reasonable as it reflects both market expectations and the company's risk profile. It is not unusually high for a tech-infrastructure firm operating in a developing market like Indonesia, and it aligns with investor expectations for returns in this sector. The use of conservative, market-based assumptions further support the validity of this figure, making it a sound basis for valuing DCII's future cash flows.

Comparable Company Analysis

Following the striking discrepancy uncovered in the DCF valuation, the author proceeds with a relative valuation approach, commonly known as Comparable Company Analysis (CCA). This method offers a market-based perspective by evaluating how similar publicly listed companies are priced relative to key financial metrics such as earnings, book value, or revenue. Unlike DCF, which is driven by internal company forecasts and assumptions, CCA reflects the pricing behavior and sentiment of the broader market. By benchmarking DCII against peers within the data center or technology infrastructure sector, this analysis aims to assess whether the premium on DCII's share price aligns with industry norms or if it remains an outlier even among its closest comparables.

For conducting Comparable Company Analysis (CCA), the author selected PT Indointernet Tbk (EDGE), PT Telkom Indonesia (Persero) Tbk (TLKM), PT Metrodata Electronics Tbk (MTDL), and PT Multipolar Technology Tbk (MLPT) as peer companies. While there are several other technology-related firms listed on the IDX, these four were chosen based on the nature of their operations, business scale, and involvement in digital infrastructure, particularly data center services. Other listed tech companies may engage in

software, e-commerce, or IT services, but they are not directly comparable to DCII in terms of business model or capital expenditure intensity related to data center operations.

PT Indointernet Tbk (EDGE)

According to its 2024 Annual Report, EDGE, operating under the brand EdgeConneX Indonesia, continues to position itself as a pure-play data center provider, with its core services centered on colocation, interconnection, and edge data infrastructure. The company expanded its capacity significantly in 2024, emphasizing energy efficiency and Tier III and Tier IV certifications. EDGE's customer base includes hyperscalers, financial institutions, and digital-native companies, reflecting the same high-demand sectors targeted by DCII. The report also highlights EDGE's commitment to ESG and green energy adoption, a strategic alignment increasingly important for institutional investors.

EDGE is therefore highly comparable to DCII not only in terms of operational focus but also in its strategic direction. Both companies operate within the same vertical, invest heavily in physical infrastructure, and cater to clients seeking scalable, secure, and high-availability data storage solutions. While DCII remains the larger player in terms of installed capacity, EDGE's annual report reflects aggressive growth initiatives that mirror DCII's earlier expansion phase, making it a relevant benchmark for valuation purposes.

PT Telkom Indonesia (Persero) Tbk (TLKM)

In its 2024 Annual Report, TLKM reported strong progress in digital infrastructure investment, particularly through its subsidiary PT Telkom Data Ekosistem (NeutraDC). The subsidiary now operates multiple data center campuses across Indonesia and is expanding into regional hubs to serve both domestic and cross-border demand. TLKM's broader digital transformation agenda is framed around three pillars: Digital Connectivity, Digital Platform, and Digital Services, where data center expansion is positioned as a strategic enabler.

Despite TLKM's diversified business model, its increasing focus on cloud and data infrastructure makes it a relevant comparator for DCII. While data centers constitute only a part of TLKM's revenue stream, the 2024 annual report shows growing capital allocation and future revenue expectations from this segment. The comparison offers insight into how large, integrated telecom companies are valued in the market when they invest in data center infrastructure as a growth vertical, serving as a useful reference, particularly in assessing investor sentiment toward infrastructure-heavy digital assets.

PT Metrodata Electronics Tbk (MTDL)

MTDL's 2024 Annual Report highlights its role as a major IT distributor and solution integrator, with significant revenue contributions from enterprise digital solutions, including cloud infrastructure, cybersecurity, and hybrid cloud integration. While MTDL does not operate its own data centers, it works in close partnership with global data center and cloud service providers. The company's recurring income from managed services has grown steadily, indicating sustained demand for IT modernization among corporate clients.

Though structurally different from DCII, MTDL's relevance lies in its ecosystem proximity and shared end-customer base. MTDL's operations support the same digitalization trends (e.g. such as cloud migration and IT outsourcing) that drive demand for data centers. Its valuation, as observed in the 2024 report, reflects investor expectations for scalable digital transformation facilitators, making it a supplementary benchmark to assess how the market prices digital infrastructure enablers with less asset-intensive models.

PT Multipolar Technology Tbk (MLPT)

As reported in MLPT's 2024 Annual Report, the company continues to focus on IT consulting, hybrid cloud architecture, and enterprise digital solutions. Though it does not own data center facilities, MLPT plays a key role in designing and integrating cloud and on-premises IT environments for sectors such as banking, insurance, and retail. Notably, MLPT has increasingly partnered with both local and international data center operators to deliver end-to-end IT infrastructure for clients undergoing digital transformation.

MLPT's inclusion as a comparable is supported by its embedded role in the digital value chain. Its revenue growth, margin structure, and customer profile, as detailed in its 2024 annual disclosures, align with digital infrastructure trends that also influence DCII's business. While the capital intensity is lower, MLPT's valuation serves as a proxy for investor appetite toward companies enabling enterprise-scale cloud and infrastructure transitions, helping triangulate DCII's relative position within the digital transformation ecosystem.

To support the Comparable Company Analysis (CCA), the financial metrics of DCII and the four selected comparable companies (i.e. EDGE, TLKM, MTDL, and MLPT) are summarized in the table below. The data reflect each company's financial position as of 31 December 2024 and include key indicators such as market capitalization, total equity, debt structure, revenue, profitability, and free cash flow (FCF). These metrics provide the foundation for calculating valuation multiples and benchmarking DCII's market valuation against its industry peers.

Table 6. Financial Metrics of DCII's Comparable Companies

Financial Metrics	DCII	EDGE	TLKM	MTDL	MLPT
Share Price (IDR)	42.100	3.700	2.710	620	18.500
Shares Outstanding	2,383,745,900	2,020,250,000	99,062,216,600	12,276,884,585	1,875,000,000
Market Capitalization (IDR million)	100,355,702	7,474,925	268,458,607	7,611,668	34,687,500
Total Equity (IDR million)	3,003,663	1,708,949	162,490,000	5,661,702	675,386
Bank Loans	1,061,379	1,120,076	52,909,000	831,258	344,865
Lease Liabilities	–	3,070	–	–	–
Total Debt	1,061,379	1,123,146	76,868,000	831,258	344,865
Cash and Cash Equivalents	217,005	275,307	33,905,000	1,560,061	542,207
Enterprise Value (EV)	101,200,076	8,322,764	311,421,607	6,882,865	34,490,158
Revenue	1,812,446	1,016,826	149,967,000	25,148,938	3,729,786
EBITDA	1,182,420	417,505	75,634,000	1,413,452	584,921
EBIT	974,814	309,461	42,991,000	1,378,334	331,786
Net Income	796,820	232,268	30,743,000	1,071,302	368,857
Current Tax	105,732	44,128	7,635,000	308,334	70,965
Depreciation	205,322	108,044	32,643,000	35,118	228,030
Amortization	2,284	–	–	–	25,105
Capital Expenditure (Capex)	882,730	897,619	29,663,000	122,526	157,051
Current Assets (Year Y)	862,994	623,422	63,080,000	10,686,164	2,337,046
Current Liabilities (Year Y)	943,827	658,269	76,767,000	5,755,158	2,283,871
Current Assets (Year Y-1)	666,067	583,322	55,613,000	9,313,853	1,988,687
Current Liabilities (Year Y-1)	517,828	541,223	65,961,000	4,849,005	2,058,916
Free Cash Flow (FCF)	423,155	–	587,296	36,068,000	233,501

One of the most critical observations from the table is that TLKM holds the largest enterprise value (EV) at IDR 311.47 trillion, reflecting its dominant market position, diversified business model, and expansive infrastructure assets across Indonesia. In contrast, DCII's EV of IDR 101.20 trillion, while lower in absolute terms, remains significantly higher than that of EDGE (IDR 8.33 trillion), MTDL (IDR 6.88 trillion), and MLPT (IDR 34.90 trillion). This positions DCII as the second-highest valued company in the peer group, despite reporting lower revenue, EBITDA, and net income than TLKM and even some smaller peers like MTDL. The premium placed on DCII likely stems from its specialization in hyperscale data center infrastructure, a high-demand sector expected to benefit from Indonesia's rapid digital transformation.

Looking further into profitability and operational efficiency, DCII reports an EBITDA of IDR 1.18 trillion on revenue of IDR 1.52 trillion, indicating a solid EBITDA margin of roughly 78%, the highest among the peer group. This reinforces the capital-intensive and high-margin nature of its business model. However, EDGE, which also focuses on data centers, recorded EBITDA of IDR 417.51 billion on revenue of IDR 1.02 trillion, showing a commendable margin profile as well. In contrast, while TLKM posted much larger absolute EBITDA and EBIT figures (IDR 75.6 trillion and IDR 63.4 trillion respectively), its margins are naturally lower due to its diversified telecom services. MTDL and MLPT, both being asset-light IT services companies, recorded modest earnings, though their free cash flows (FCF) remain strong relative to size, particularly for MTDL (IDR 516.43 billion).

In terms of capital structure, TLKM operates with the highest leverage, carrying total debt of IDR 76.2 trillion, offset by a high cash balance of IDR 33.9 trillion. In contrast, DCII and EDGE both report total debt around IDR 1 trillion, maintaining relatively low gearing, which may enhance investor perception of balance sheet strength. Notably, DCII's cash balance of IDR 217 billion appears thin relative to its debt and capital commitments. Meanwhile, MLPT and MTDL, with total debt below IDR 900 billion, maintain conservative leverage profiles and healthy liquidity positions, especially MTDL with IDR 1.56 trillion in cash.

Lastly, free cash flow (FCF) shows that EDGE generated the highest FCF at IDR 587.3 billion, exceeding even DCII's IDR 423.2 billion. This is a notable finding considering EDGE's smaller revenue base, indicating strong capital discipline or operational efficiency. TLKM's FCF of just IDR 36.1 billion, despite its size, reflects the heavy reinvestment requirements of its telecom operations. This also reinforces the differences in cash flow dynamics across telecom, infrastructure, and tech services companies.

Table 7. free cash flow

Trading Multiples	DCII	EDGE	TLKM	MTDL	MLPT	Mean	Median
FCF Yields	0.42%	-7.86%	13.44%	6.78%	0.67%	2.69%	0.67%
P/E	126	32	9	7	94	53.60	32
P/BV	33	4.37	1.65	1.34	51	18.43	4.37
P/FCF	237	(13)	7	15	149	79.03	15
EV/EBITDA	86	20	4.12	4.87	59	34.69	20
EV/Revenue	56	8	2.08	0.27	9	15.12	8
EV/EBIT	104	27	7	4.99	104	49.38	27

Trading Multiples of DCII's Comparable Companies

When examining DCII's valuation multiples, it is immediately clear that the company trades at a significant premium across nearly all metrics. The Price-to-Earnings (P/E) ratio of DCII stands at 126, which is more than double the second-highest multiple (MLPT at 94), and far above the group mean of 53.60 and median of 32. This indicates that investors are pricing in substantial future earnings growth relative to current profitability. In contrast, TLKM,

MTDL, and MLPT trade at much more moderate P/E levels of 9, 7, and 94, respectively, with TLKM's low multiple reflecting its mature market status and larger earnings base.

In terms of Price-to-Book Value (P/BV), DCII's multiple of 33 is by far the highest, again suggesting a significant premium. The second-highest is MLPT at 51, though this may reflect the company's lower book equity rather than investor over-optimism. Meanwhile, TLKM, EDGE, and MTDL all trade below 5. DCII's P/BV multiple is nearly 8 times the peer median of 4.37, reinforcing the notion that investors see exceptional intangible value in DCII which possibly tied to strategic positioning in Indonesia's data center market.

The Price-to-FCF (Free Cash Flow) ratio shows a similarly inflated picture, with DCII trading at 237, compared to 149 for MLPT and 15 for MTDL. EDGE, notably, reflects a negative multiple due to its negative FCF yield (-7.86%), while TLKM appears conservative at 7. The peer mean for P/FCF is 79.03, and median is 15, placing DCII well above the norm. This high multiple suggests the market is pricing in very optimistic assumptions about future cash flow expansion, which may not yet be supported by current operational cash generation.
Looking at enterprise value multiples, EV/EBITDA for DCII is 86, the highest in the group, far above the peer mean of 34.69 and median of 20. The next highest is MLPT at 59, followed by EDGE at 20, while TLKM and MTDL stand at 4.12 and 4.87 respectively. Similarly, DCII's EV/Revenue multiple is 56, well above all peers (next highest is MLPT at 9), and the median sits at only 8. Finally, the EV/EBIT ratio for DCII is 104, identical to MLPT's, but still over 3.8 times the median of 27, again confirming that DCII is priced far beyond the fundamentals shown by peers.

In conclusion, the comparison of DCII's trading multiples across all metrics (i.e. P/E, P/BV, P/FCF, EV/EBITDA, EV/Revenue, and EV/EBIT) consistently reveals a significant premium relative to both the mean and median of its peer group. While part of this valuation may be justified by DCII's focused positioning in a high-growth sector, strong margins, and market sentiment around digital infrastructure, the size of the premium suggests that the current market price is indeed overvalued based on fundamentals alone. Unless DCII can sustain very high future growth in revenue and free cash flow, such a steep valuation may not be sustainable in the long term, warranting caution for value-focused investors.

Sensitivity Analysis

As previously discussed, both the absolute valuation using the Discounted Cash Flow (DCF) method and the relative valuation through Comparable Company Analysis (CCA) indicate a substantial gap between DCII's intrinsic value and its current market price. Despite applying conservative assumptions, the market continues to price the stock at a significant premium. To further investigate this discrepancy and test the robustness of the valuation, a scenario analysis is conducted. This aims to evaluate the sensitivity of the fair value to key assumptions and provide a clearer picture of potential valuation outcomes under different business conditions.

Table 8. Sensitivity Matrix (TGR – WACC)

WACC/ TGR	3%	3.5%	4%	4.5%	5%
11%	21.446	22.093	22.813	23.620	24.529
12%	19.171	19.736	20.366	21.071	21.866
12.85%	17.461	17.966	**18.529**	19.158	19.868
13%	17.171	17.666	18.217	18.834	19.530
14%	15.412	15.846	16.328	16.869	17.478

The first sensitivity analysis examines the impact of varying the Terminal Growth Rate (TGR) and Weighted Average Cost of Capital (WACC) on DCII's fair value per share, while keeping the projected Free Cash Flow in the final year constant. TGR ranges from 3% to 5%,

and WACC from 11% to 14%. The resulting fair values range from IDR 15,412 to IDR 24,529 per share. Under the base case scenario of TGR 4% and WACC 12.85%, the fair value per share is IDR 18,529. The analysis confirms that the valuation is sensitive to both variables: a 1% increase in TGR raises the value by approximately IDR 1,339, while a 1% increase in WACC reduces it by IDR 2,000 - 3,000. However, even under the most optimistic assumptions, the valuation remains well below the actual market price of IDR 42,100. This reinforces the earlier assessment that DCII shares are likely overvalued, as the market appears to be pricing in growth and risk assumptions that go far beyond the tested realistic scenarios.

Table 9. Sensitivity Matrix (FCF15 – WACC)

WACC/ FCF15	80%	90%	100%	110%	120%
11%	19.974	21.394	22.813	24.233	25.653
12%	17.884	19.125	20.366	21.607	22.848
12.85%	16.312	17.420	**18.529**	19.637	20.746
13%	16.045	17.131	18.217	19.303	20.390
14%	14.425	15.377	16.328	17.280	18.232

The second sensitivity matrix evaluates how DCII's fair value per share responds to changes in the Free Cash Flow in the 15th year (FCF15) and the Weighted Average Cost of Capital (WACC), while keeping the terminal growth rate fixed at 4%. FCF15 is adjusted from 80% to 120% of the base forecast, and WACC ranges from 11% to 14%. The results show that increasing FCF15 by 20% raises the fair value per share from IDR 18,529 (base case) to IDR 20,746, while decreasing FCF15 by 20% lowers it to IDR 16,312. Meanwhile, a 1% reduction in WACC (from 12.85% to 11%) significantly lifts the valuation across all FCF scenarios, with the highest value reaching IDR 25,653. Conversely, increasing WACC to 14% pulls the fair value down to a range of IDR 14,425 - 18,329. While the analysis confirms that the valuation is sensitive to both FCF assumptions and WACC, the entire range of fair values remains well below the market price of IDR 42,100. This further supports the assessment that DCII's current share price is not justified by plausible variations in projected cash flows or discount rates alone.

Table 10. Sensitivity Matrix (FCF15 – TGR)

TGR/ FCF15	80%	90%	100%	110%	120%
3.00%	15.470	16.465	17.461	18.457	19.453
3.50%	15.868	16.917	17.966	19.016	20.065
4.00%	16.312	17.420	**18.529**	19.637	20.746
4.50%	16.809	17.984	19.158	20.333	21.508
5.00%	17.369	18.619	19.868	21.118	22.368

The third sensitivity matrix explores the combined effect of varying the Free Cash Flow in the 15th year (FCF15) and the Terminal Growth Rate (TGR) on DCII's fair value per share, while holding WACC constant at 12.85%. FCF15 is adjusted from 80% to 120% of the base forecast, and TGR ranges from 3% to 5%. The fair value per share moves within a range of IDR 15,470 (lowest case: FCF15 at 80%, TGR at 3%) to IDR 22,368 (highest case: FCF15 at 120%, TGR at 5%). The matrix indicates that valuation is moderately responsive to changes in both variables, with terminal growth having a compounding effect when combined with higher long-term cash flow. Nevertheless, all outcomes in this matrix remain far below the market price of IDR 42,100, reinforcing the conclusion that even under more optimistic long-term assumptions, the intrinsic value of DCII does not align with its current trading level.

The results of the three sensitivity matrices consistently indicate that, even under a wide range of favorable assumptions, whether through lower WACC, higher terminal growth rate, or increased long-term free cash flows, the estimated fair value per share remains significantly below DCII's current market price of IDR 42,100. This reinforces the earlier conclusion that

the stock is overvalued based on its fundamental outlook. The scenario testing confirms the robustness of the base case valuation and demonstrates that justifying the current market price would require assumptions far beyond reasonable financial and macroeconomic expectations. To address this valuation gap, strategic actions must be taken from both a management and investor communication standpoint.

Business Solution

Following the valuation assessment and financial analysis conducted in this study, three business solutions are proposed to address the company's overvaluation risk, limited trading liquidity, and early signs of working capital tightening. These recommendations aim to enhance DCII's market efficiency and financial resilience, thereby supporting sustainable long-term value for shareholders.

Stock Split at a 1:3 Ratio Accompanied by Insider Lock-Up

DCII's stock is currently priced at IDR 42,100 per share, a level that may inhibit market liquidity, particularly among retail investors who are more sensitive to per-lot affordability. In addition to its high price, DCII's daily trading volume remains relatively low, raising concerns about stock illiquidity. Thin trading activity limits efficient price discovery and increases volatility risk, especially in a context where the company's valuation premium is already substantial.

To address this, a stock split ratio at a 1:3 is recommended. This would reduce the nominal share price to approximately IDR 14,000 per share—closer to this study's estimated fair value of IDR 18,529. By lowering the entry barrier for retail investors and improving overall marketability of the stock, this initiative can enhance trading frequency and reduce the risks associated with concentrated ownership and limited liquidity.

However, to preserve market confidence and prevent adverse interpretations of insider behavior, the stock split should be accompanied by an insider lock-up agreement. This mechanism temporarily restricts major shareholders and executives from selling their shares following the split, signaling long-term alignment with shareholder interests. The combination of a more accessible share price and credible insider commitment can help stabilize market sentiment while supporting the firm's capital market objectives.

Strategic Business Bulletin for Investor Guidance

Rather than initiating any valuation-related announcements, the company is advised to adopt a more strategic and structured investor communication approach. Specifically, DCII should implement a regular business bulletin—a recurring update shared with the investment community—focused on reinforcing the company's long-term value proposition.

The bulletin should include updates on project milestones, expansion plans, and key financial projections over a 5- to 10-year horizon. In addition, it should highlight macroeconomic trends, industry outlooks, and regulatory developments that underpin management's strategic assumptions. These may include digital infrastructure growth, demand from hyperscalers, increasing cloud penetration, and Indonesia's digital economy roadmap. By framing the company's forward trajectory using concrete, data-supported indicators, DCII can provide investors with a clearer understanding of the intrinsic value drivers—without needing to reference valuation gaps explicitly.

This initiative allows the company to manage expectations constructively while maintaining full alignment with disclosure regulations and market norms. As investor sentiment is often shaped by perceived growth stories, such proactive communication can play an important role in sustaining confidence, even amid market volatility.

Working Capital Optimization to Anticipate Growing Liquidity Strain

Although DCII's financial statements indicate that the majority of trade receivables remain current and not impaired, the company is facing a clear and measurable trend of working capital tightening. Most notably, the average collection period increased sharply from 74 days in 2023 to 127 days in 2024—an increase of over 70%. Meanwhile, the current ratio has declined to 0.94, falling below the conventional benchmark of 1.0. While this does not yet signal a liquidity crisis, it reflects a rising imbalance between near-term obligations and operational cash inflows.

These developments are particularly concerning in the context of DCII's aggressive capital expenditure program, which requires sustained internal financing strength. If left unaddressed, further deterioration in cash conversion cycles could increase dependence on external financing or delay strategic investments.

Accordingly, a working capital optimization program should be initiated with urgency. The program should prioritize revising credit policies, tightening collection timelines, accelerating invoice processing, and improving short-term cash forecasting accuracy. In addition, aligning revenue recognition practices more closely with payment realizations can help stabilize cash inflows. By implementing these actions, DCII can protect its short-term liquidity, reduce financing costs, and ensure that operational growth remains supported by a sound and self-sustaining cash foundation.

Why Investors Should Stay Long-Term

Despite the current valuation premium, there are strong reasons for investors to remain engaged with DCII rather than exit based solely on near-term mispricing. The company operates in a sector with high barriers to entry, long-term infrastructure contracts, and growing demand from digitalization, e-commerce, and cloud migration. Its business model is asset-heavy in the early years, but future profitability is expected to accelerate as existing capacity is monetized more efficiently.

Moreover, DCII's market position, customer base, and long-term contracts provide recurring revenue streams with limited churn risk. While current cash flows may not yet justify the market price, the company's fundamentals are positioned to grow into its valuation over the next 5–10 years. Selling the stock now may result in missing out on potential upside that is not yet captured in traditional valuation models but is anticipated by forward-looking market sentiment.

In this context, the overvaluation may not reflect irrational exuberance, but rather investor expectations of future value creation. The proposed business initiatives are designed to ensure that DCII can deliver on those expectations—providing the operational strength, financial clarity, and liquidity needed to support its long-term trajectory.

CONCLUSION

This study evaluated whether the market valuation of PT DCI Indonesia Tbk (DCII) aligned with its financial fundamentals and found that, despite strong profitability growth and solid long-term performance from 2021 to 2024, weaknesses in liquidity and efficiency indicators signaled short-term financial pressures. The intrinsic valuation using the DCF model estimated DCII's fair value at IDR 18,529 per share, significantly below its 2024 market price, a finding reinforced by Comparable Company Analysis showing DCII traded at a substantial premium relative to its peers. The results suggest that DCII was overvalued, with investor sentiment potentially outpacing the company's actual financial capacity. Future research could extend this analysis by incorporating post-2024 financial data, macroeconomic variables, and qualitative factors such as management strategy and regulatory developments to assess whether market perceptions adjust as the industry evolves.

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