Abstract

The economical fast-growth in every aspects, force every business player to maintain their market target, or even expand their marketing area to survive. One way to do it is to establish branches in several places. A company that expand their market area with that method, needs a precise analysis that consider effectiveness of their marketing area expansion from financial aspect, external influence risks, and the effects to the company financial performance.

Case study of this research is a diversification that will be conducted by PTPN XII, as an effort to raise overall profit (consolidated). Diversification is conducted by building several coffee shop in big cities in Java Island. This project needs a very huge investment, so it is necessary to analyze form financial aspects so unprofitable capital cultivation for big project would not occurred. To know the effectiveness of this system, we have to do a project feasibility study and company financial analysis.

This research is being held to know how profitable a diversification to a company finance is. The analysis includes several external factors such as price, cost, and demand to project eligibility. To know the effectiveness of that project, we
have to make a financial model first to identify the project financial performance indicators. The simulation is being done by estimating the distribution of the project financial indicators with the uncertainty of the input variables. Then the consolidated total income distribution result is put inside the simulation model. So does the main company total income without doing diversification. With all that process, the effectiveness of diversification for PTPN XII finance performance would be discovered.

**Keywords:** Diversification, Consolidated, Finance Risk, Simulation.