

An Empirical Investigation into the Listing Performance of Indonesian IPOs

Ambrish Gupta¹

Abstract

This paper has been written with the objectives of providing insights into the demographic characteristics of 2018 IPO market in Indonesia, and investigating and analyzing the listing performance of IPOs floated during 2018 in the country so as to expand the existing knowledge base on the subject and enable the various stakeholders associated with IPOs to take more informed decisions and thus contribute to better development of the IPO market in Indonesia. Analysis of listing performance of 2018 IPOs assumed further significance since in the history of the Indonesian capital market, the year 2018 witnessed the largest number of IPOs, highest number of shares issued, and highest amount of funds raised. It is really remarkable that out of 57 IPOs, only 4 returned listing loss ; whereas, 53 returned gains. Thus, a very high 93% of IPOs were underpriced. Only 7% of them were overpriced. All the gains and losses put together, the investors earned a very high return of 26% on the listing day itself.

Keywords : IPO, IPO price, IDR, IDX, listing price, listing gain (loss), par value, Rp, share premium, stock

JEL Classification : G11, G15, M10, N25

Paper Submission Date : February 13, 2020 ; **Paper sent back for Revision :** February 20, 2020 ; **Paper Acceptance Date :** March 1, 2020

Initial public offering (IPO) is a major source of capital for the corporates the world over. The Indonesian IPO market has also grown over the years. The year 2018 witnessed the largest ever number of 57 IPOs at the Indonesia Stock Exchange (IDX) covering 28 industries. This paper has been written with the objectives of providing insights into the demographic characteristics of 2018 (IPO) market in Indonesia and analyzing the listing performance of IPOs floated during the year 2018 in that country. The paper stems from an academic visit to Bali, Indonesia during September 2018. A conference was conducted there by the Department of Economics and Business, Universitas Indonesia and Udayana University, Bali. Professors from these universities conducted the conference on the themes of economic growth & inclusiveness, consumer culture and trends, and organizational culture and leadership in Indonesia. It was during discussions with them that the idea to write this paper germinated. This paper owes its origin to that visit.

Key Terms and Their Meanings

Before proceeding further, key terms used in this paper have been defined and presented in Table 1 for the convenience of the readers. It is expected that these terms and their definitions will help the readers develop a proper understanding of the subject matter of this paper.

¹ Sr. Professor, Finance and Accounts, FORE School of Management, 'Adhitam Kendra', B-18, Qutub Institutional Area, New Delhi - 110 016. (E-mail : ambrish@fsm.ac.in)

DOI : 10.17010/ijrcm/2020/v7/i1/153628

Table 1. Key Terms and Their Meanings

No.	Term	Meaning
1	Capital market	The part of a financial system concerned with raising capital by way of shares, bonds, and other long-term investments.
2	IDX	Indonesia Stock Exchange, Jakarta
3	IDR	Indonesian Rupiah
4	Indian Rupee (one)	Equivalent to 205.67 Indonesian Rupiah (03-06-2019).
5	IPO	Initial public offering by a company. It is the first sale of shares by a private company to public to get listing.
6	IPO price	Price at which IPO is floated.
7	Listed company	Company having floated an IPO and traded at IDX.
8	Listing date	The date on which stock is first thrown open for trading.
9	Listing gain	Excess of listing price over IPO price.
10	Listing loss	Deficit in listing price below IPO price.
11	Listing price	Average of the listing day's high and low price on the stock exchange.
12	Market capitalization	Total market value of all the listed stocks of a company on a given date.
13	NSE	National Stock Exchange of India.
14	Overpricing	The pricing of an IPO above its market value. When the IPO price is more than the listing price, the stock is considered to be overpriced.
15	Par issue	IPO raised at Par value.
16	Par value (PV)	Face value of the share issued.
17	Rp	Indonesian Rupiah (currency).
18	Share premium	Excess of IPO price over its par value.
19	Stock/s	Share/s
20	Stock delisting	Stock withdrawn from listing and trading at IDX.
21	Stock relisting	Earlier delisted company relisted again.
22	U.S. Dollar (one)	Equivalent to 14,256.25 Indonesian Rupiah (03-06-2019).
23	Tbk	Acronym for 'Terbuka' meaning a public company in Indonesia. At IDX, a listed company has to carry this title 'Tbk' as a suffix to its name.
24	Underpricing	The pricing of an IPO below its market value. When the IPO price is lower than the listing price, the stock is considered to be underpriced.

Review of Literature

A few articles on research on the Indonesian IPO market are available. Their crux is discussed hereunder.

Darmadi and Gunawan (2013) examined whether and how underpricing was associated with board structure and corporate ownership among firms conducting initial public offerings (IPOs) in the Indonesian equity market. They found that board independence was positively related to the level of underpricing ; whereas, both board size and institutional ownership were negatively related.

Warganegara and Warganegara (2014) focused on IPO initial returns in hot and cold IPO markets at the Indonesia stock exchange between the periods from 2001 – 2005. They found that both the markets existed at IDX. They also found that the difference in initial returns on the two segments was 36.8%.

Hanafi (2016) attempted to analyze fluctuation of IPO underpricing in the Indonesian market from 1990 –

2010. The analysis showed that market return and the introduction of book building mechanism had a positive impact on underpricing.

Sholichah (2018) studied the company characteristics, initial return, and long term performance of stock initial public offerings listing in the Indonesian stock exchange covering 157 IPOs during the period from 2004–2013. The focus of the study was on long term performance post–IPO.

This study intends to analyze the listing performance of IPOs floated in Indonesia during 2018. The study covers all the 57 IPOs that were listed from January 1, 2018 to December 31, 2018 at the Indonesia Stock Exchange (IDX). In view of the existing literature on the subject, the timing and relevance of the study is self-evident. It covers and analyzes the latest data and information.

Objectives of the Paper

This paper has been written with the following objectives :

- (1) To provide insights into the demographic characteristics of the 2018 IPO market in Indonesia.
- (2) To investigate and analyze the listing performance of IPOs floated during 2018 in Indonesia.

The study has been conducted so that it could :

- ↳ Add to existing knowledge base on the Indonesian IPO market.
- ↳ Help investors, domestic as well as foreign, take more informed decisions while investing in IPOs in Indonesia.
- ↳ Help the capital market researchers with more researched inputs on the Indonesian IPO market.
- ↳ Help the Indonesian capital market regulators in reviewing their existing IPO policy framework.
- ↳ Enable the corporate issuers and their underwriters review their issue pricing mechanism.

Research Methodology

Information pursuant to the objectives of this paper has been gathered from various sources, which are listed in the list of References given at the end of the paper. The gathered documents were studied and analyzed. Key terms related to them and the capital market have been defined crisply. Background for pursuing the objectives of this paper has been set by carrying out a discussion on Indonesia Stock Exchange (IDX) which covers its brief history, growth of IDX, and growth of initial public offerings (IPOs) at IDX. Hopefully, this discussion and analysis will provide enough insights into the IDX itself as well as the IPOs floated on it. The paper then moves towards its main objective of analyzing the listing performance of 2018 IPOs. For this purpose, data were collected from various sources, as mentioned above, and arranged, in order of the listing date, in an EXCEL work file. As the company data were available in two parts and, therefore, collected accordingly, one for 37 stocks up to 'Q3 end' and the other for 20 stocks for Q4, from different sources, the work file contained information for the two components distinctively and then aggregated the two to arrive at full Y2018 workings. This file contained details spread over 15 columns as depicted in Table 2. Nature of the data is also provided in the table.

The year 2018 witnessed the largest number of 57 IPOs at IDX covering 28 industries. In addition to the raw data collected on these IPOs, the EXCEL work file contained a lot of data derived by me and arranged as per the requirements of this study. Details of company-wise sources of raw data, detailed methodology of this arrangement, and quantitative derivations like Share premium (IDR), Share premium % to Par value, listing price (IDR), Listing gain/loss (IDR), and % listing gain (loss) worked out by me have been set out in Table 3.

Table 2. Summary Details of EXCEL Work File

Column No.	Details	Nature of Data
1	Serial No.	Raw data
2	Stock Code	Raw data
3	Company Name	Raw data
4	Sub-sector (Business/Industry)	Raw data
5	Established Date	Raw data
6	Listing Date	Raw data
7	Shares, 'MN'	Raw data
8	Par Value, IDR	Raw data
9	IPO Price, IDR	Raw data
10	Share premium, IDR	Derived by author
11	Share premium % to Par value	Derived by author
12	Funds raised, 'MN IDR	Raw data
13	Listing price, IDR (Average of days high and low)	Derived by author
14	Listing gain (Loss), IDR	Derived by author
15	% Listing Gain/ (Loss)	Derived by author

Source : See List of References and explained further in Table 3.

Table 3. Details of Companies Which Raised IPOs in 2018 in Indonesia

No.	Code (Stock)	Company Name	Sub-sector (Industries) with Code No.	Established Date	Listing Date	Shares, 'MN	Par Value, IDR	IPO Price, IDR	Share Premium, IDR	Share Premium % to Par Value	Funds Raised, 'MN IDR	Listing Price, IDR	Listing Gain (Loss), IDR	% Listing Gain/ (Loss)-Rounded
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1.	LCKM	LCK Global Kedaton Tbk	75. Non Building Construction	31-Jul-2013	16-Jan-2018	200	100	208	108	108%	41,600	312	104	50.00%
2.	BOSS	Borneo Olah Sukses Tbk.	21. Coal Mining	13-Jul-2011	15-Feb-2018	400	100	400	300	300%	1,60,000	600	200	50.00%
3.	HELI	Jaya Trishindo Tbk.	74. Transportation	16-Apr-2007	27-Mar-2018	250	100	110	10	10%	27,500	187	77	70.00%
4.	JSKY	Sky Energy Indonesia Tbk.	46. Electronics	4-Jul-2008	28-Mar-2018	203	100	400	300	300%	81,302	600	200	50.00%
5.	INPS	Indah Prakasa Sentosa Tbk.	91. Wholesale (Durable & Non-Durable Goods)	15-Jan-1988	6-Apr-2018	150	100	276	176	176%	41,400	414	138	50.00%
6.	GHON	Gihon Telekomunikasi Indonesia Tbk.	75. Non Building Construction	27-Apr-2001	9-Apr-2018	153	100	1,170	1070	1070%	1,78,872	1755	585	50.00%
7.	TDPM	Tridomain Performance Material Tbk.	34. Chemicals	16-Dec-2003	9-Apr-2018	1,803	100	228	128	128%	4,11,016	316	88	38.60%
8.	DFAM	Dafam	94. Tourism,	12-Sep	27-Apr	400	100	115	15	15%	46,000	195	80	69.57%

	Property Indone- Tbk.	Restaurant s-ia and Hotel	-2011	-2018									
9. NICK	Charnic Capital Tbk.	98. Investment Company	4-Sep -2007	2-May -2018	200	100	200	100	100%	40,000	340	140	70.00%
10. BTPS	Bank Tabungan Pensi- Nasional Syariah Tbk.	81. Bank unan	7-Mar -1991	8-May -2018	770	100	975	875	875%	7,51,111	1330	355	36.41%
11. BRIS	Bank BRISyariah Tbk.	81. Bank Syariah	3-Apr -1969	9-May -2018	2,623	500	510	10	2%	13,37,909	575	65	12.75%
12. SPTO	Surya Pertiwi Tbk.	91. Wholesale (Durable & Non-Durable Goods)	5-Jul -1978	14-May -2018	700	100	1,160	1060	1060%	8,12,000	1,228	68	5.86%
13. PRIM	Royal Prima Tbk.	96. Healthcare	4-Jun -2013	15-May -2018	1,200	100	500	400	400%	6,00,000	700	200	40.00%
14. HEAL	Medikaloka Hermina Tbk.	96. Healthcare	7-May -1999	16-May -2018	351	100	3,700	3600	3600%	13,00,109	3,095	-605	-16.35%
15. TRUK	Guna Timur Raya Tbk.	74. Transportation	29-Feb -1980	23-May -2018	150	100	230	130	130%	34,500	344	114	49.57%
16. PZZA	Sarimelati Kencana Tbk.	94. Tourism, Restaurant and Hotel	16-Dec -1987	23-May -2018	604	100	1,100	1000	1000%	6,64,813	1088	-12	-1.09%
17 TUGU	Asuransi Tugu Pratama Indonesia Tbk.	84. Insurance	25-Nov -1981	28-May -2018	178	100	3,850	3750	3750%	6,84,445	3725	-125	-3.25%
18 MSIN	MNC Studios International Tbk.	95. Advertising, Printing & Media	13-Jul -2000	8-Jun -2018	1,560	100	500	400	400%	7,80,000	505	5	1.00%
19 SWAT	Sriwahana Adityakarta Tbk.	38. Pulp & Paper	2-Jul -1990	8-Jun -2018	664	100	160	60	60%	1,06,272	236	76	47.50%
20 KPAL	Steadfast Marine Tbk.	41. Machinery and Heavy Equipment	16-Sep -2004	8-Jun -2018	350	100	115	15	15%	40,250	195	80	69.57%
21 TNCA	Trimuda Nuansa Citra Tbk.	74. Transportation	4-May -1995	28-Jun -2018	200	100	150	50	50%	30,000	254	104	69.33%
22 MAPA	Map Aktif Adiperkasa Tbk.	93. Retail Trade	11-Mar -2015	5-Jul -2018	428	100	2,100	2000	2000%	8,97,876	2705	605	28.81%
23 TCPI	Transcoal Pacific Tbk.	74. Transportation	15-Jan -2007	6-Jul -2018	1,000	100	138	38	38%	1,38,000	234	96	69.57%
24 BPTR	Batavia Prosperindo Trans Tbk.	74. Transportation	8-Dec -2014	9-Jul -2018	400	100	100	0	0%	40,000	170	70	70.00%
25 IPCC	Indonesia Kendaraan	72. Toll Road, Airport,	5-Nov -2012	9-Jul -2018	509	100	1,640	1540	1540%	8,35,002	1698	58	3.54%

		Terminal Tbk.	Harbor and Allied Products											
26	RISE	Jaya Sukses Makmur Sentosa Tbk.	61. Property & Real Estate	23-May -2003	9-Jul -2018	1,500	100	163	63	63%	2,44,500	276	113	69.33%
27	POLL	Pollux Properti Indonesia Tbk.	61. Property & Real Estate	16-Dec -2014	11-Jul -2018	1,248	100	615	515	515%	7,67,412	920	305	49.59%
28	MGRO	Mahkota Group Tbk.	12. Plantation	7-Jan -2011	12-Jul -2018	704	100	225	125	125%	1,58,330	338	113	50.22%
29	NUSA	Sinergi Megah Internusa Tbk.	94. Tourism, Restaurant & Hotel	30-May -2014	12-Jul -2018	1,200	100	150	50	50%	1,80,000	242	92	61.33%
30	NFCX	NFC Indonesia Tbk.	93. Retail Trade	26-Aug -2013	12-Jul -2018	167	100	1,850	1750	1750%	3,08,3352	770	920	49.73%
31	FILM	MD Pictures Tbk.	95. Advertising, Printing & Media	1-Aug -2002	7-Aug -2018	1,308	100	210	110	110%	2,74,632	314	104	49.52%
32	ANDI	Andira Agro Tbk.	12. Plantation	28-Apr -1995	16-Aug -2018	500	100	200	100	100%	1,00,000	340	140	70.00%
33	LAND	Trimitra Propertindo Tbk.	61. Property and Real Estate	13-Dec -2012	23-Aug -2018	773	100	390	290	290%	3,01,587	585	195	50.00%
34	MOLI	Madusari Murni Indah Tbk.	34. Chemicals	24-Jul -1959	30-Aug -2018	351	100	580	480	480%	2,03,580	870	290	50.00%
35	PANI	Pratama Abadi Nusa Industri Tbk.	51. Food and Beverages	8-Sep -2000	18-Sep -2018	150	100	108	8	8%	16,200	183	75	69.44%
36	DIGI	Arkadia Digital Media Tbk.	97. Computer & Services	6-Mar -2012	18-Sep -2018	150	100	200	100	100%	30,000	340	140	70.00%
37	CITY	Natura City Developments Tbk.	61. Property & Real Estate	29-Sep -2011	28-Sep -2018	2,600	100	120	20	20%	3,12,000	204	84	70.00%
38	SAPX	Sataria Antaran Prima Tbk.	74. Transportation	01-07 -2014	3-Oct -2018	433	100	250	150	150%	108333	374	124	49.60%
39	SURE	Super Energy Tbk.	22. Crude Petroleum & Natural Gas Production	31-05 -2011	5-Oct -2018	240	100	155	55	55%	37200	262	107	69.03%
40	KPAS	Cottonindo Ariesta Tbk.	54. Cosmetics and Household	02-09 -1993	5-Oct -2018	268	100	168	68	68%	45024	284	116	69.05%
41	MPRO	Propertindo Mulia Investama Tbk.	61. Property and Real Estate	05-03 -2004	9-Oct -2018	1493	100	110	10	10%	164175	187	77	70.00%
42	HKMU	HK Metals	91. Wholesale	13-11	9-Oct	1022	100	230	130	130%	235000	333	103	44.78%

		Utama Tbk. (Durable & Non-Durable Goods)	-2010	-2018									
43	DUCK	Jaya Bersama Indo Tbk. Tourism, Restaurant and Hotel	19-03-2013	10-Oct-2018	513	100	505	405	405%	259232	755	250	49.50%
44	GOOD	Garuda food Putra Putri Jaya Tbk. Beverages	24-08-1994	10-Oct-2018	35	100	1284	1184	1184%	44940	1925	641	49.92%
45	SKRN	Superkrane Mitra Utama Tbk. Building Construction	27-03-1996	11-Oct-2018	300	100	700	600	600%	210000	875	175	25.00%
46	YELO	Yelooo Integra Datanet Tbk.	18-08-2016	29-Oct-2018	130	100	375	275	275%	48750	560	185	49.33%
47	CAKK	Cahayaputra Asa Keramik Tbk. Ceramics, Glass, Porcelain	29-06-1995	31-Oct-2018	300	100	168	68	68%	50400	153	-15	-8.93%
48	SATU	Kota Satu Properti Tbk. Property and Real Estate	03-10-2012	5-Nov-2018	500	100	117	17	17%	58500	198	81	69.23%
49	SOSS	Shield on Service Tbk. 99. Others	05-08-2004	6-Nov-2018	150	100	275	175	175%	41250	414	139	50.55%
50	DEAL	Dewata Freight- international Tbk. Transportation	14-01-1995	9-Nov-2018	300	100	150	50	50%	45000	250	100	66.67%
51	POLA	Pool Advista Finance Tbk. Financial Institution	20-08-2018	16-Nov-2018	800	100	135	35	35%	108000	228	93	68.89%
52	DIVA	Distribusi Voucher Nusantara Tbk. Retail Trade	11-05-2004	27-Nov-2018	214	100	2950	2850	2850%	6321433	195	245	8.31%
53	LUCK	Sentral Mitra Informatika Tbk. Computer and Services	14-11-2008	28-Nov-2018	155	100	285	185	185%	44062	428	143	50.18%
54	URBN	Urban Jakarta Propertindo Tbk. Property and Real Estate	09-05-1995	10-Dec-2018	360	100	1,200	1100	1100%	4320001	800	600	50.00%
55	SOTS	Satria Mega Kencana Tbk. Tourism, Restaurant and Hotel	16-06-2004	10-Dec-2018	400	100	165	65	65%	66000	280	115	69.70%
56	ZONE	Mega Perintis Tbk. Textile, Garment	21-10-2005	12-Dec-2018	197	100	298	198	198%	58706	446	148	49.66%
57	PEHA	Phapros Tbk. Pharmaceuticals	21-06-1954	26-Dec-2018	840	100	1198	1098	1098%	1006320	1800	602	50.25%
		Total			34,747	6,100	35,564	29,464		1,66,71,588	44,930	9366	26%
		Average			610					292484			

Sources :

A. Up to Stock no. 37:

1. For Column nos. 1–6, 9, & 12: Indonesia Stock Exchange. (2018a.). *IDX fact book 2018*. Retrieved from https://www.idx.co.id/media/4648/20181218_fb-2018.pdf, pp. 50–52.
2. For Column no. 7: No. of shares calculated by the author (Funds raised/IPO price). Rounded.
3. For Column no. 8: Share Investor.com. (n.d.). *Fundamental - factsheet*. Retrieved from <https://www.shareinvestor.com/fundamental/factsheet.html?counter=>

B. From Stock no. 38 to 57:

1. For Column nos. 1–3, 6–9, & 12: Indonesia Stock Exchange. (2018b.). *IDX statistics (4th quarter 2018)*. Retrieved from https://www.idx.co.id/media/7224/idx_4th_quarter_2018.pdf, p.79.
2. For Column no. 7: Originally no. of shares given in absolute numbers. Converted here in to millions to match with stock no. 1 to 37. Rounded.
3. For Column no. 12: Originally amount of funds raised given in absolute numbers. Converted here in to millions to match with stock no. 1 to 37. Rounded.
4. For Column nos., 4&5: Indonesia Stock Exchange. (n.d. a.). *Performance summary of listed company*. Retrieved from <https://www.idx.co.id/en-us/market-data/statistical-reports/performance-summary-of-listed-company/>

C. For Whole Table :

1. For Column no. 13: Indonesia Stock Exchange. (n.d.b.). *Stock summary*. Retrieved from <https://www.idx.co.id/en-us/market-data/trading-summary/stock-summary/>
2. For Column nos. 10, 11, 14, & 15: Share premium (IDR), Share premium % to Par value, Listing price (IDR), listing gain/loss (IDR), and % listing gain (loss) worked out by the author based on raw data input from this table.

Hopefully, this methodology serves the objectives of this paper. Just to recap the derivations :

- ✎ Share premium (IDR) = IPO price *minus* Par value of the share.
- ✎ Share premium % to Par value = Share premium * 100 / Par value of the share.
- ✎ Listing gain (IDR) = Listing price *minus* IPO price (or, Listing price *over* IPO price).
- ✎ Listing loss (IDR) = IPO price *minus* Listing price (or, IPO price *over* Listing price).
- ✎ % listing gain (loss) = Listing gain (loss) * 100 / IPO price.
- ✎ Listing price = Average of high and low on the listing date.

Indonesia Stock Exchange (IDX)

Brief History

The history of the Indonesia Stock Exchange goes back to December 1912 when the first stock exchange in Indonesia was founded in Batavia (currently known as Jakarta) by the Dutch East Indies. During its early days, the exchange was not very active. It had its own UPs and DOWNs. The turning point in its history came when the Indonesian government reactivated the capital market on August 10, 1977. Since then, it has grown very fast with active government support and investor participation. The number of listed companies reached 24 by 1987 end.

Growth of IDX

As per the *IDX Fact Book 2018* published by the IDX, between 'End 2012' and 'Quarter 3 end 2018,' number of

companies listed at IDX grew from 459 to 600. The number of listed shares grew 2.03 times from 2,438,408 MN to 4,954,527 MN during this period and market capitalization (IDR bn) grew 1.63 times from 4,126,995 to 6,737,432. The IDX has thus come a long way since August 1977.

Growth of IPOs at IDX

The growth in total number of listed companies is obviously a function of number of IPOs floated. The annual growth of IPOs floated by the new issuer companies in IDX has been depicted in the earlier mentioned *IDX Fact Book 2018*. Table 4 presents the details.

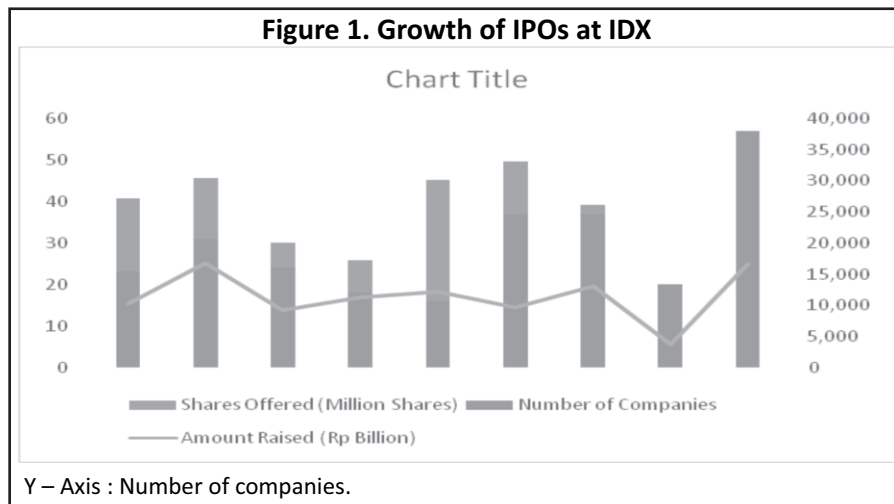
The fact book provides details up to 'Q3 end 2018' only. IDX Statistics provide details for the last Q4 2018 as well. A perusal of the 'IDX Statistics' reveals that in the last quarter of 2018, 20 IPOs were further listed. Thus, at

Table 4. Growth of IPOs at IDX

	As per the <i>Fact Book</i>							As per IDX	Calculated
	2012	2013	2014	2015	2016	2017	Up to Q3 End 2018	Statistics Q4, 2018	Full Y 2018
Number of Companies	23	31	24	18	16	37	37	20	57
Shares Offered (Million Shares)	27,117	30,398	20,054	17,244	30,034	33,066	26,097	8,650	34,747
Amount Raised (Rp Billion)	10,234	16,747	9,122	11,308	12,106	9,557	12,977	3,695	16,672

Sources :

1. For up to Q3 2018: Indonesia Stock Exchange. (n.d.c.). *History & milestone*. Retrieved from <https://www.idx.co.id/en-us/about-idx/history-milestone/>, p.6.
2. Indonesia Stock Exchange. (2018b.). *IDX statistics (4th quarter 2018)*. Retrieved from https://www.idx.co.id/media/7224/idx_4th_quarter_2018.pdf, p.79.
3. For Y 2018: Author's calculations. Q3 end figures and last Q4 figures clubbed.



the end of 2018, total no. of IPOs raised stood at 57, number of shares issued at 34,747 MN, and amount raised at 16,672 billion Rp (16,671,588 Rp million). Let us summarize this growth.

Between the years 2012 and 2018 :

- ↪ Number of IPOs grew 2.48 times. Highest ever at 57 and 20 (54%) more than 2017.
- ↪ Shares offered (million shares) grew 1.28 times.
- ↪ Amount raised (Rp billion) grew 1.63 times.

Figure 1 provides 'At a Glance' view of this growth.

Listing Performance of IPOs Floated at IDX in 2018

In the above background, this section now concentrates on the key objective of this paper, which is analyzing the listing performance of IPOs floated during 2018 at the IDX. Analysis becomes all the more important and relevant in view of the fact that Y2018 registered the highest number of IPOs, shares issued, and amount raised at IDX.

Details of IPOs During 2018

As mentioned earlier, in all, 57 IPOs were floated at IDX during the year 2018. Their details have already been specified earlier which are spread over 15 columns as pointed out earlier as well. Some of them contain raw data as collected from the cited sources. Others contain financial information, such as Share premium (IDR), Share premium % to Par value, Listing price (IDR), listing gain/loss (IDR), and % listing gain (loss) worked out by the author based on raw data. All these details have been elaborately explained in the methodology section.

Key Findings and Results

Key findings and results of this paper based on data contained in EXCEL work file are now listed in Table 5.

Table 5. Summary of Key Findings and Results

1	Number of IPOs	Industry and Code	No. of IPOs	Premium Issues	Par Issues
	57.	12. Plantation, 34. Chemicals, 51.	2 each	56	1
	By 30 diverse industries	Food and beverage, 75. Non-building construction, 81. Bank, 91. Wholesale goods, 95. Advertising, 96. Healthcare, 97. Computer and services. 99. Others	(Total 20)		
		(Total 10 industries)			
		93. Retail trade	3		
		94. Tourism	5		
		61. Property and real estate	6		
		74. Transportation	7		
		Rest of the 16 industries	1 each		
			(Total 16)		
		Total :	57		

2	Company Age	Name	Established Date	Listing Gain %	Industry	
	Oldest (65Y)	Pharos Tbk.	21-06-1954	50.25%	53. Pharmaceuticals	
	Youngest (4 Months)	Pool Advista Finance Tbk.	20-08-2018	68.89%	82. Financial Institution	
3	Number of Shares Issued				Numbers	
	Total				34,747 MN	
	Average per IPO				610 MN	
4	Size of IPO	In Terms of No. of Stocks			In Terms of Funds Raised	
		IPO	No. of Shares	Listing Gain%	IPO	Funds Raised
	Largest IPO	Bank BRISyariah Tbk. (81. Bank)	2,623 MN	12.75%	Bank BRISyariah (81. Bank) Tbk.	1,337,909 MN
	Smallest IPO	Garudafood Putra Putri Jaya Tbk. (51. Food and Beverages)	35 MN	49.92%	Pratama Abadi Nusa Industri Tbk. (51. Food and Beverages)	16,200 MN
						69.44%
5	Par Value Based Details	Numbers	IPO Price Range (IDR)	Listing Price Range (IDR)	Share Premium Range (IDR)	% Share Premium Range
	IDR 100	56	100–3,850	153–3,725	0–3,750	0%–3,750%
	IDR 500	1	510	575	65	2%
6	Funds Raised				MN IDR	
	Total				16,671,588 (16,672 Billion Rp)	
	Average per IPO				292,484	
7	Overall Listing Gain	Gain %	Company		Industry	
	Lowest	1%	MNC Studios International Tbk.		95. Advertising, Printing & Media	
	Highest	70%	Jaya Trishindo Tbk.		74. Transportation	
		70%	Charnic Capital Tbk.		98. Investment Company	
		70%	Batavia Prosperindo Trans Tbk.		74. Transportation	
		70%	Andira Agro Tbk		12. Plantation	
		70%	Arkadia Digital Media Tbk.		97. Computer & Services	
		70%	Natura City Developments Tbk.		61. Property & Real Estate	
		70%	Propertindo Mulia Investama Tbk.		61. Property and Real Estate	
	Weighted Average	26%	All (Including 4 loss cases)			
8	No. of Listing Gain (under-priced) IPOs	53			93% of total IPOs	
9	No. of Listing Loss (overpriced) IPOs	4			7% of total IPOs	
10	Overall listing loss	Loss %	Company		Industry	
	Lowest	(1.09%)	Sarimelati Kencana Tbk.		94. Tourism, Restaurant and Hotel	
	Highest	(16.35%)	Medikaloka Hermina Tbk.		96. Healthcare	

Analysis of Key Findings and Results

(1) Fifty-seven IPOs by a diverse 30 industries were floated during the year ; 56 were issued at a premium and only 1 at par.

(2) Ten industries had two IPOs each. Retail trade, tourism, property & real estate, and transportation accounted for a high of 3, 5, 6, and 7 IPOs, respectively (Total 20). Indonesia, being known as a favourite tourist destination, this performance of tourism and allied industries is only but obvious.

(3) The IPOs represented a mix of young and old. The issuer age varied between 4 months (Pool Advista Finance Tbk., a financial institution) and 65 years (Pharos Tbk.). There was thus just one new company. Eight had a track record of up to 5 years. Forty - eight had a business track record exceeding 5 years. This augurs well for the investors.

(4) Total number of shares issued through these IPOs was 34,747 MN. The average IPO size was thus 610 MN shares.

(5) Size of IPO in terms of no. of stocks issued varied between minimum 35 MN (Garudafood Putra Putri Jaya Tbk.) to maximum 2,623 MN (Bank BRISyariah Tbk.) In terms of funds raised, the range varied between 16,200 MN IDR (Pratama Abadi Nusa Industri Tbk.) to 1,337,909 MN IDR (Bank BRISyariah Tbk.). Bank BRISyariah Tbk. thus topped the list of 2018 IPOs on both the counts.

(6) Total funds raised through all the IPOs put together amounted to 16,671,588 MN (Or, 16,672 billion) IDR. Thus, on an average, each issue raised 292,484 MN IDR.

(7) Par value based analysis:

(i) Fifty six IPOs had a par value of IDR 100 each ; 1 had a par value of IDR 500.

(ii) IDR 100 PV IPOs were issued in a price range of IDR 100 – 3,850. Their share premium ranged between IDR 0 – 3,750 (Or, 0% to 3,750%). Their listed price ranged between IDR 153 – 3,725.

(iii) The only one IDR 500 PV share was issued at a price of IDR 510. Its share premium was IDR 10 (or 2%) and its listed price was IDR 575.

(8) Listing gains analysis :

(i) Investors in the oldest company (Pharos Tbk.) earned 50.25% return on the listing day.

(ii) Investors in the youngest company (Pool Advista Finance Tbk.) earned a high 68.89% return on the listing day.

(iii) Bank BRISyariah Tbk., the largest IPO in terms of no. of stocks issued (2,623 MN) as well as in terms of funds raised (1,337,909 MN) returned 12.75% listing gain.

(iv) On the contrary, Garudafood Putra Putri Jaya Tbk., the smallest IPO in terms of no. of shares issued (35 MN) earned a huge 49.92% gain. Again, the smallest IPO in terms of funds raised (Pratama Abadi Nusa Industri Tbk., 16,200 MN) earned a high of 69.44%.

(v) Fifty-six IDR 100 PV IPOs returned a (loss) / gain ranging (16.35%) to 70%. The only IDR 500 PV IPO returned a gain of 12.75%.

(vi) Overall, investors gained a 26% weighted average return on the day of listing, which by any standards is very high. The returns varied between as low as 1% (MNC Studios International Tbk.) to as high as 70% (seven companies named in Table 5) ; 1% in a day means 240% annualised, 26% in a day means 6,240% annualised, and 70% a day means 16,800% annualised (assuming 240 trading sessions in a year, as observed from IDX website).

(vii) Fifty-three IPOs enabled investors earn gains on the listing day. In four, they had losses between (1.09%) in Sarimelati Kencana Tbk. to (16.35%) in Medikaloka Hermina Tbk. The average gains, as mentioned above, are net of such losses.

(9) It may thus very well be summarized that the Indonesian capital market hugely benefitted its IPO investors during 2018. A high of 93% IPOs were underpriced. Only 7% of IPOs were overpriced. This is one explanation why the IPOs increased from 16 in 2016 to 37 in 2017 to 57 in 2018.

Conclusion

As mentioned in the beginning of this paper, the study aims to :

- ↳ Provide insights into the demographic characteristics of the 2018 IPO market in Indonesia, and
- ↳ Analyze the listing performance of IPOs floated during 2018 in Indonesia.

The paper aims to expand the existing knowledge base on the subject and enable the various stakeholders associated with IPOs to take more informed decisions and thus contribute to better development of the IPO market in Indonesia.

Analysis of 2018 IPOs' listing performance assumes further significance since in the history of the Indonesian capital market, the year 2018 witnessed the largest number of IPOs, highest number of stocks issued, and highest amount of funds raised. It is really remarkable that out of 57 IPOs, only 4 returned listing losses ; whereas, 53 returned gains. Thus, a very high 93% of the IPOs were underpriced. Only 7% of them were overpriced. All the gains and losses put together, the investors earned a very high return of 26% on the listing day itself.

If it becomes the trend, the Indonesian IPO market is bound to grow out of proportion, which means overall prosperity for the entire nation. It will be a good idea for the IDX to launch an IPO Index on the lines of NSE India.

Research Implications

A high 93% Indonesian IPOs being underpriced and returning a very high average return of 26% on the listing day itself should motivate the domestic as well as foreign investors to participate more enthusiastically in the primary capital market in Indonesia. It will ensure a steady flow of long term funds into the Indonesian economy.

Limitations of the Study and Scope for Further Research

(1) This study is based on 1-year data. It is a major limitation of this study, though this limitation is largely offset by the fact that 2018 was the year of highest ever IPOs numbering 57 as against total 53 IPOs floated during the preceding 2 years. The year also recorded the highest ever number of shares issued (34,747 million) and amount raised (Rp 16,672 billion). Still, further research may be carried covering a larger period, say, 5 years.

(2) Further research can also attempt an industry-wise performance analysis.

(3) IPO size - wise research can also be attempted.

(4) Country comparison research can also be carried out on the subject.

Author's Contribution

Dr. Ambrish Gupta, the sole author of this paper, singularly conceived, designed, developed, prepared, and wrote the whole paper.

Conflict of Interest

The author certifies that he has no affiliations with or involvement in any organization or entity with any financial interest, or non-financial interest in the subject matter, or materials discussed in this manuscript.

Funding Acknowledgement

The author received no financial support for the research, authorship, and/or for the publication of this article.

Acknowledgement

The infrastructural support provided by the FORE School of Management is gratefully acknowledged by the author.

References

- Darmadi, S., & Gunawan, R. (2013). Underpricing, board structure, and ownership: An empirical examination of Indonesian IPO firms. *Managerial Finance*, 39(2), 181–200.
- Hanafi, M. M. (2016). Analysis of IPO underpricing fluctuation: Empirical study in Indonesia stock exchange. *Journal Dinamika Managements*, 7(2), 129–138.
- Indonesia Stock Exchange. (2018a.). *IDX fact book 2018*. Retrieved from https://www.idx.co.id/media/4648/20181218_fb-2018.pdf
- Indonesia Stock Exchange. (2018b.). *IDX statistics (4th quarter 2018)*. Retrieved from https://www.idx.co.id/media/7224/idx_4th_quarter_2018.pdf
- Indonesia Stock Exchange. (n.d.a.). *Performance summary of listed company*. Retrieved from <https://www.idx.co.id/en-us/market-data/statistical-reports/performance-summary-of-listed-company/>
- Indonesia Stock Exchange. (n.d.b.). *Stock summary*. Retrieved from <https://www.idx.co.id/en-us/market-data/trading-summary/stock-summary/>
- Indonesia Stock Exchange. (n.d.c.). *History & milestone*. Retrieved from <https://www.idx.co.id/en-us/about-idx/history-milestone/>
- ShareInvestor.com. (n.d.). *Fundamental - factsheet*. Retrieved from <https://www.shareinvestor.com/fundamental/factsheet.html?counter=>
- Sholichah, M. (2018). Company characteristics, initial return and long term performance of stock initial public offerings listing in Indonesian Stock Exchange. *International Journal of Advanced Research*, 6(3), 988–997.

Warganegara, D. S., & Warganegara, D. L. (2014). Do IPO hot and cold markets exist at the Indonesia Stock Exchange? *Binus Business Review*, 5(2), 484–496.

About the Author

Dr. Ambrish Gupta, M.Com., Ph.D., FCA, is a Sr. Professor in the Finance and Accounts area at the FORE School of Management, New Delhi. He possesses 36 years of corporate and academic experience.

INDIAN JOURNAL OF RESEARCH IN CAPITAL MARKETS

Statement about ownership and other particulars about the newspaper "INDIAN JOURNAL OF RESEARCH IN CAPITAL MARKETS" to be published in the 1st issue every year after the last day of February.

FORM 1V (see Rule 18)

1. Place of Publication	:	NEW DELHI
2. Periodicity of Publication	:	QUARTERLY
3. 4,5 Printer, Publisher and Editor's Name	:	S. GILANI
4. Nationality	:	INDIAN
5. Address	:	Y-21,HAUZ KHAS, NEW DELHI - 16
6. Newspaper and Address of individual Who owns the newspaper and partner of Shareholder holding more than one percent.	:	ASSOCIATED MANAGEMENT CONSULTANTS PRIVATE LIMITED Y-21, HAUZ KHAS, NEW DELHI-16

I, S.Gilani, hereby declare that the particulars given above are true to the best of my knowledge and belief.

DATED : March 1, 2020

Sd/-
S. Gilani
Signature of Publisher