

Indonesia IPO Markets Watch

H1 2024

August 2024



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Overview IPO market



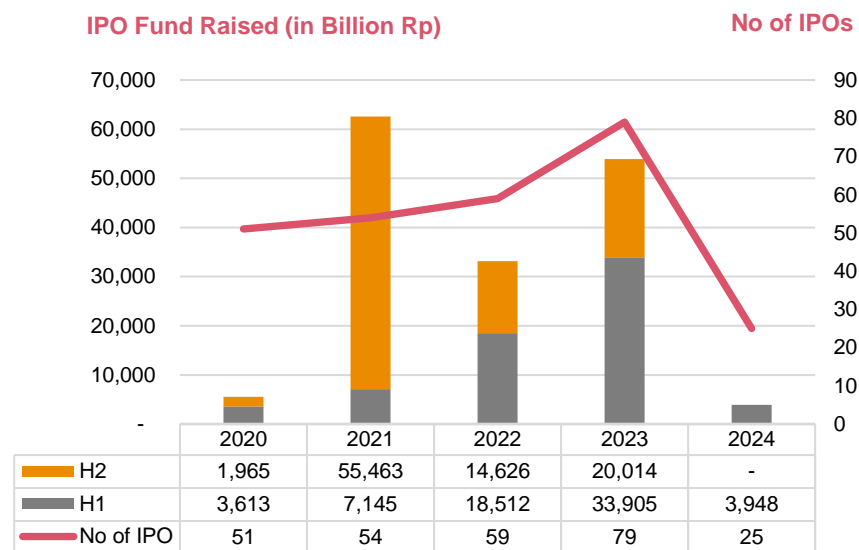
Overview IPO performance in Indonesia over the last five years



As of 30 June 2024, there were **927** listed companies on the IDX with a total market capitalisation at **Rp12,092,490** billion (US\$736 billion).

In the first half of 2024, the Indonesia Stock Exchange (IDX) experienced a significant **contraction in IPO activity**, evidenced by a **43% year-over-year decline** in the number of new listings, with only **25 IPOs** compared to 44 in the same period of 2023.

The **fund raised** from these IPOs amounted to **Rp3,948 billion (US\$0.24 billion)**, representing a substantial **88% decrease** in proceeds from the Rp33,905 billion (US\$2.26 billion) recorded in the first half of 2023.



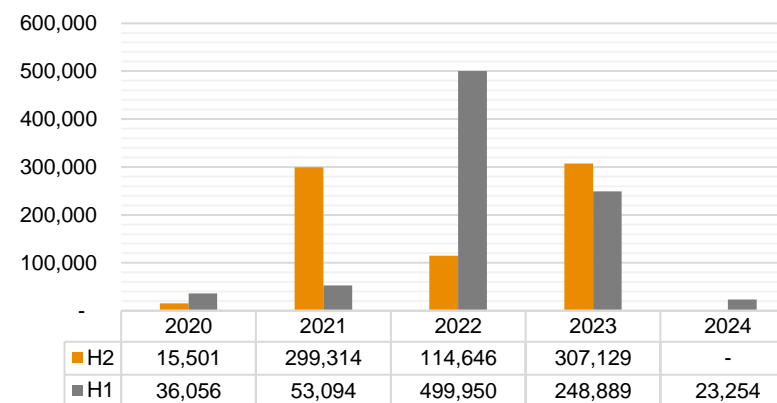
Source: IDX website

The slowdown has been significantly influenced by the general election completed in the first quarter of 2024. The formation of a new government slated for October 2024 often prompts investors to adopt a cautious stance, opting for a 'wait and see' approach in anticipation of potential shifts in the country's economic priorities.

This hesitancy, when compounded by prevailing global geopolitical uncertainties, creates a complex and challenging landscape. In this context, businesses, investors, and policymakers must engage in astute and strategic planning to successfully navigate the IPO environment.

In addition to the notable decline in IPO activity, the market capitalisation of the new companies completing the IPO process in the first half of 2024 was significantly smaller compared to those in the same period in 2023. In H1 2023, there were 44 new IPOs with a total market capitalisation of Rp248,889 billion (US\$16.56 billion), averaging Rp5,657 billion (US\$0.38 billion) per new entrant. In stark contrast, the combined market capitalisation of new entrants in H1 2024 was only Rp23,254 billion (US\$1.42 billion), yielding an average market cap of less than Rp930 billion (US\$0.06 billion) per company. This indicates that not only did the number of IPO activities decrease in 2024, but the ticket size of these offerings also became substantially smaller.

IPO Market Capitalisation (in Billion Rp)



Source: IDX website

*IPO market capitalisation represents the total market value of shares for companies listed in the current year, calculated at the closing price on their initial trading day

Indonesia's IPO activity in H1 2024

Performance of Top 5 IDX Listings by Proceeds in H1 2024

1 **Ancara Logistics Indonesia**
Energy - Oil, Gas & Coal

Rp861 billion

Listing Date: 7 February 2024

Offering Price: Rp272

Last close*: Rp342

2 **Adhi Kartiko Pratama**
Basic Materials

Rp533 billion

Listing Date: 9 January 2024

Offering Price: Rp438

Last close*: Rp540

3 **Terang Dunia Internusa**
Consumer Business

Rp400 billion

Listing Date: 7 February 2024

Offering Price: Rp240

Last close*: Rp121

4 **Multi Spunindo Jaya**
Household Products

Rp265 billion

Listing Date: 10 January 2024

Offering Price: Rp300

Last close*: Rp300

5 **Sumber Mineral Global Abadi**
Basic Materials

Rp184 billion

Listing Date: 30 January 2024

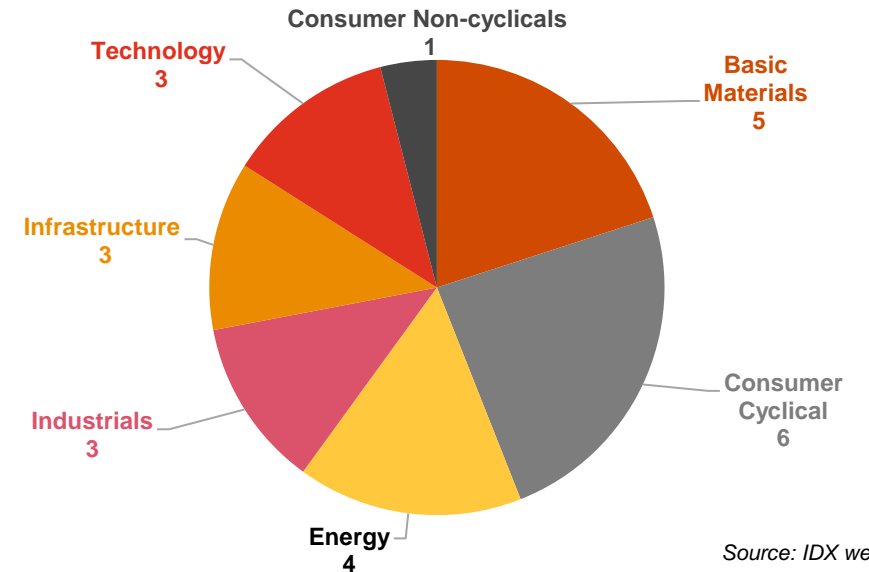
Offering Price: Rp105

Last close*: Rp90

Source: IDX website
*Last close as of 15 July 2024



No. of IPOs by Sector in H1 2024



The 2024 IPO landscape reflects the broader industry composition of the country, with a notable prevalence of companies in the consumer and basic materials sectors. This shift back to a consumer-dominated IPO sector marks a significant departure from 2023, a year characterised by large IPOs from companies aligned with the nation's strategic economic priorities, particularly in renewable energies and essential mineral production for the electric vehicle battery supply chain.

These companies contributed **57%** of the total IPO proceeds during H1 2024.

Indonesia capital market outlook

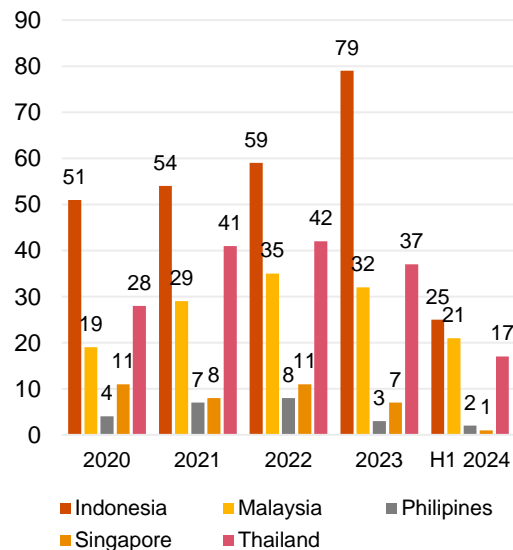
Indonesian market in the context of ASEAN

While IDX has led the Southeast Asia region in the number of companies listed over the past five years, it can no longer claim the top position in terms of IPO proceeds raised in the first half of 2024. During this period, the Indonesian primary equity market garnered only US\$252million, trailing behind Malaysia and Thailand, both of which successfully attracted over US\$400 million each to their respective capital markets.

Overall, the IPO market in ASEAN did not fare significantly better compared to the broader Asia-Pacific region. This downward trend continued across the Asia-Pacific, which saw a substantial 63% decline in IPO proceeds in H1 2024. Mainland China and Hong Kong experienced notable declines in IPO activity. Contributing factors include the US Federal Reserve's higher-for-longer policy, ongoing geopolitical tensions between the West and China, and two ongoing wars. These elements have collectively driven down equity prices in the region, leading large global investors to prioritise more secure securities denominated in the stronger US dollar.

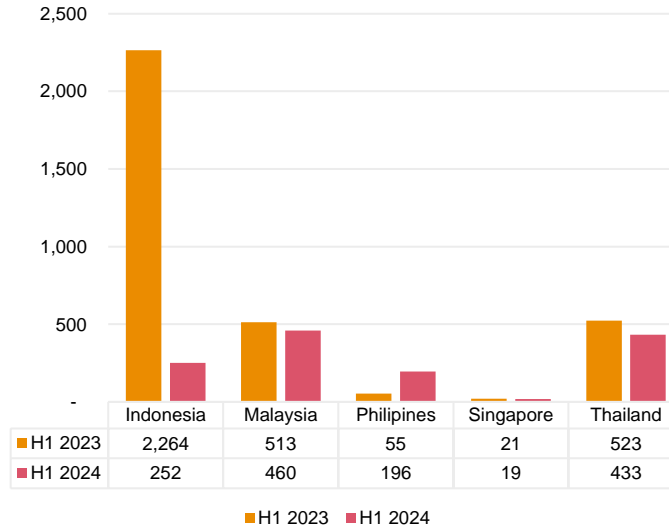
Source: PwC Global IPO Watch H1 2024

No of IPO



Source: Official stock exchange websites

IPO Fund Raised (in million US\$)



Source: Official stock exchange websites

IDX IPO pipeline H2 2024

IDX has reported that 21 companies are preparing to list their shares, with individual company assets ranging from Rp50 billion (approximately US\$3.04 million) to Rp250 billion (approximately US\$15.22 million). These firms primarily operate within the consumer goods sector. The IDX remains optimistic about these forthcoming IPOs, emphasising their alignment with the Indonesian Government's strategic objective to further deepen and develop the nation's capital markets. This trend reflects a broader global movement towards enhancing market liquidity and investor confidence, particularly in emerging markets.

Source: IDX Channel News, 15 July 2024

Indonesia's macro economy

Indonesia's economy is projected to grow at an average rate of 5.1% per year from 2024 to 2026. Despite challenges such as a subsiding commodity boom and rising food and energy prices, the country's successful economic performance is attributed to robust macroeconomic policies and investment attraction. Inflation rose due to higher food prices and Bank Indonesia raised its benchmark interest rate to 6.25% in April 2024. The government focuses on social spending and public investment, while structural challenges remain. The goal is to transition from middle-income to high-income status by 2045, emphasising private sector investment and regulatory reforms.

Source: World Bank Press Release, June 2024



Market insight



Enhancing listing offerings and joint product development



Dual listing IDX and HKEX

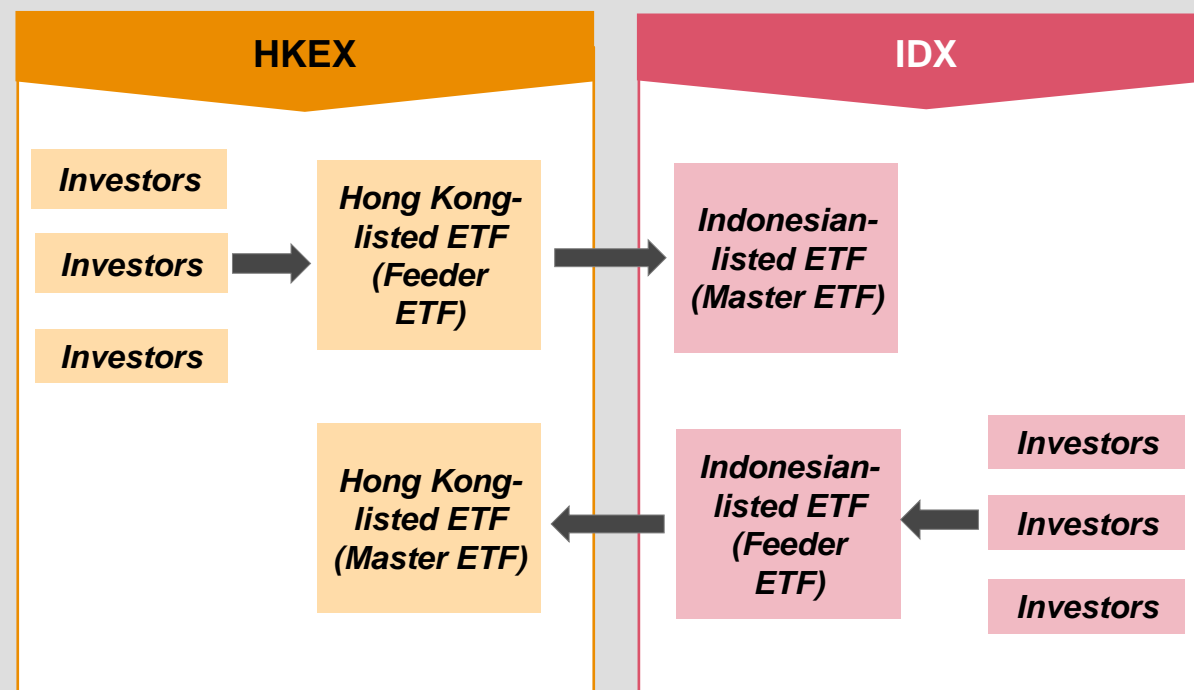
Dual listing opportunities on the Hong Kong Stock Exchange

Over the years, the regulatory framework of Hong Kong Exchanges has evolved to accommodate the needs of overseas companies seeking to list on the Hong Kong Exchange (HKEX). Hong Kong's secondary listing regime has evolved from the Joint Policy Statement ("JPS") era to a more streamlined and inclusive framework, welcoming innovative companies and fostering cross-border capital flows.

Since November 2023, the main board of IDX was added as a recognised stock exchange recognised by HKEX as having a strong reputation for requiring high shareholder protection and corporate governance standards.

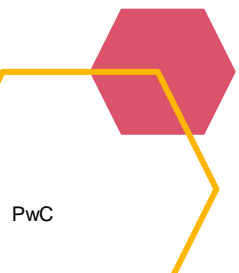
The IDX recognition adds a new dimension, enhancing opportunities for issuers seeking dual listings in this vibrant financial center. IDX aims to engage in global market developments and collaborate on various initiatives with HKEX and other international exchanges. This endeavour seeks to enhance the appeal for international investors and improve the efficiency of the Indonesian capital market.

Strategic partnership between HKEX and IDX through the listing of **Master-Feeder** ETFs which will enable HK local investors to invest into Indonesian ETFs through feeder ETFs listed in Hong Kong and vice versa.



ETF: exchange-traded funds | HKEX: Hong Kong Exchange

Source: HKEX data as of May 2024



Enhancing listing offerings and joint product development

Dual listing IDX and HKEX (continued)

Two options for Indonesian companies listed on IDX looking to tap into Hong Kong capital market



Dual Primary Listing

Issuer is fully subject to two regulatory regimes (i.e., Indonesia and Hong Kong).



Secondary Listing

Issuer is fully subject to the regulatory regime of its primary listing venue and will enjoy certain waivers from Hong Kong Stock Exchange.

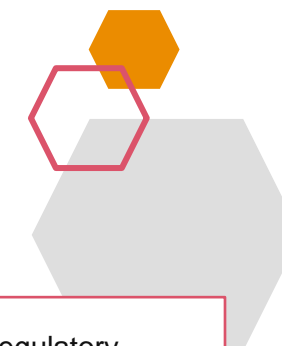
Secondary listing criteria

- 1 Market Capitalisation**
Minimum market capitalisation at listing of HK\$3 billion (approximately Rp6.27 trillion).
- 2 Listed in Primary exchange**
Minimum 5 years of listing* on the main board of its primary exchange with a good compliance record.
- 3** Secondary listing in HKEX is not applicable for issuers that have headquarter and/or main business operations located in Greater China.

**a waiver of such listing track record criteria may be granted if the applicant has a market capitalisation at listing that is significantly larger than HK\$10 billion.*

Source: HKEX Listing Rules and Guidance

The Hong Kong Stock Exchange's (HKEX) recognition of dual listings for Indonesian publicly listed companies introduces a significant new dimension, expanding opportunities for issuers aiming for dual listings in this dynamic financial hub.



Potential benefits for Indonesian companies seeking for dual listing on the HKEX



Strategic and financial advantages, enhancing global presence and market opportunities.



Geographical diversification of investor base and liquidity enhancement.



Closer proximity with Chinese investors.



Automatic waivers will be granted for companies listed on the IDX main board from various regulatory requirements of the Hong Kong Stock Exchange. These waivers cover several key areas, including the establishment of audit and governance committees, as well as adherence to specific code of conduct requirements, etc.

These waivers are strategically designed to streamline and expedite the dual listing process for IDX main board companies on the HKEX, thereby facilitating smoother market integration and enhancing cross-border investment opportunities.

Note: For dual-primary issuers, full compliance with both IDX and HKEX listing rules are required unless specific waivers are granted

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