

Indonesia IPO Markets Watch

Period-to-Date Q3 2023

20 October 2023



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Indonesia

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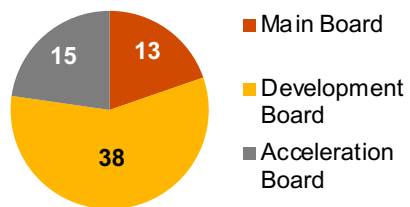
Overview PTD Q3 2023 IPO performance in Indonesia

The Indonesian Stock Exchange (IDX) continues its impressive performance as of 30 September 2023 raising **Rp 49,431 billion or US\$3.2 billion** (Q3 2022: Rp 21,881 billion or US\$1.4 billion) from a total of **66** IPOs (Q3 2022: 44).

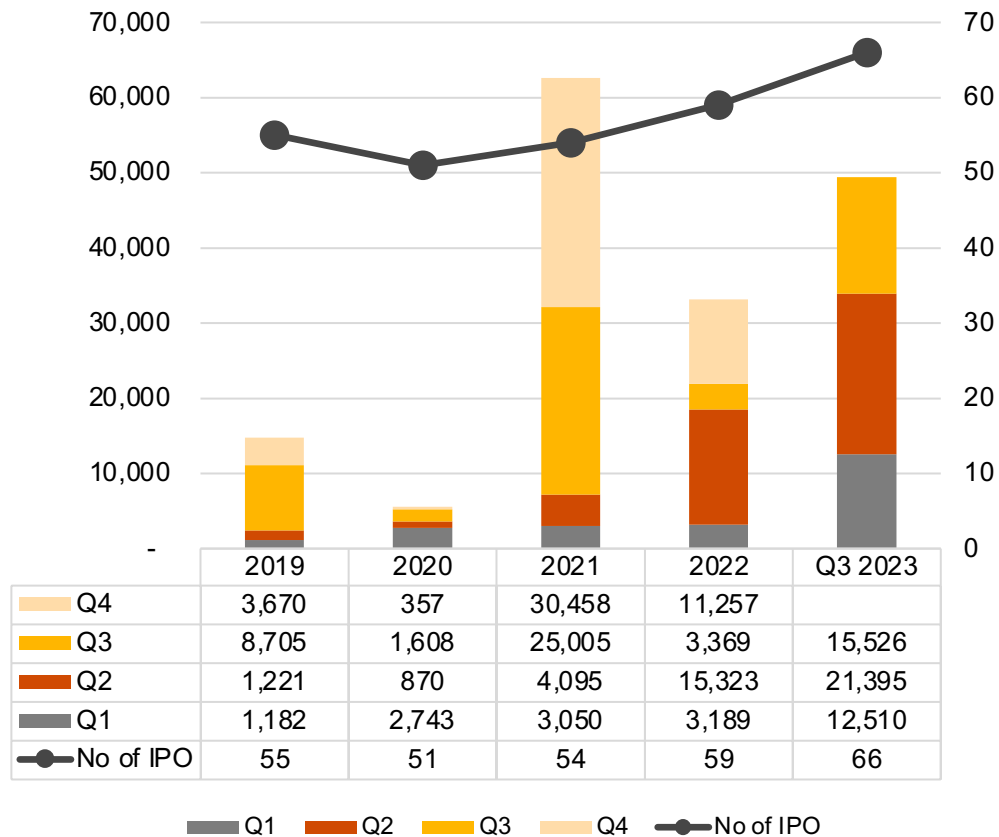
The Indonesian IPO market stands as a testament to its resilience and vitality, as it continues to exhibit a robust growth trajectory. Throughout Q3 2023, **66** companies have been listed on the IDX. As of Q3 2023, there were **890** companies listed on IDX with market capitalisation of **Rp10,288 trillion** or US\$662.6 billion.

This remarkable influx of companies seeking to go public underscores Indonesia's position as a thriving hub for business expansion and investment opportunities.

No of IPO by Board – Q3 2023



IPO funds raised (in billion Rp) and No of IPOs



Source: IDX website

Sector-wise, the consumer cyclicals sector dominated with 12 listed companies, followed by the technology, industrial and consumer non-cyclicals, with 8 listed companies, respectively.

Notably, from early 2022 through 2023, the IPO market witnessed a significant shift in industry play. Tech startups, which dominated the market, gave way to the energy & minerals sector, particularly the **renewable energy, nickel and other metals**.



As compared to PTD Q3 2022, PTD Q3 2023 saw a **33% increase** in the number of new IPOs and a **56% increase** in IPO proceeds.

This was largely due to the sizable IPOs in renewable energy and nickel sector that contributed **79%** to total IPO proceeds for PTD Q3 2023:



Amman Mineral

Rp 10.7 trillion (US\$ 712 million)



Harita Nickel

Rp 10 trillion (US\$ 683 million)



Merdeka Battery

Rp 9.2 trillion (US\$ 627 million)



Pertamina Geothermal

Rp 9.1 trillion (US\$ 594 million)

Top 10 IPO Listings in 2023

Performance of Top 10 IDX Listings by Proceeds in 2023

1

Amman Mineral
Energy - Copper



Rp10.726 bil

Listing Date: 7 July 2023

↑ Offering Price: Rp1.695
Last close*: Rp5.925

2

Harita Nickel
Energy - Nickel



Rp9.997 bil

Listing Date: 12 April 2023

↓ Offering Price: Rp1.250
Last close*: Rp1.085

3

Merdeka Battery
Energy - Nickel



Rp9.182 bil

Listing Date: 18 April 2023

↑ Offering Price: Rp795
Last close*: Rp805

4

Pertamina Geothermal
Renewables Energy



Rp9.056 bil

Listing Date: 24 February 2023

↑ Offering Price: Rp875
Last close*: Rp1.445

5

Cinema XXI
Consumer Business



Rp2.250 bil

Listing Date: 2 August 2023

↑ Offering Price: Rp270
Last close*: Rp300

6

VKTR Teknologi
Automobiles & Components



Rp875 bil

Listing Date: 19 June 2023

↑ Offering Price: Rp100
Last close*: Rp126

7

Hillcon
Energy - Coal



Rp553 bil

Listing Date: 1 March 2023

↑ Offering Price: Rp1.250
Last close*: Rp2.490

8

Mandiri Herindo
Energy - Coal



Rp492 bil

Listing Date: 25 July 2023

↑ Offering Price: Rp118
Last close*: Rp199

9

Nusantara Sawit Sejahtera
Palm Oil



Rp453 bil

Listing Date: 10 March 2023

↑ Offering Price: Rp127
Last close*: Rp200

10

Erajaya
Consumer Products



Rp405 bil

Listing Date: 8 August 2023

↓ Offering Price: Rp390
Last close*: Rp318

Source: IDX website

*Last close as 29 September 2023

Spotlight on: IDX Market Capitalisation

Surviving challenging periods

2015: Market Turbulence

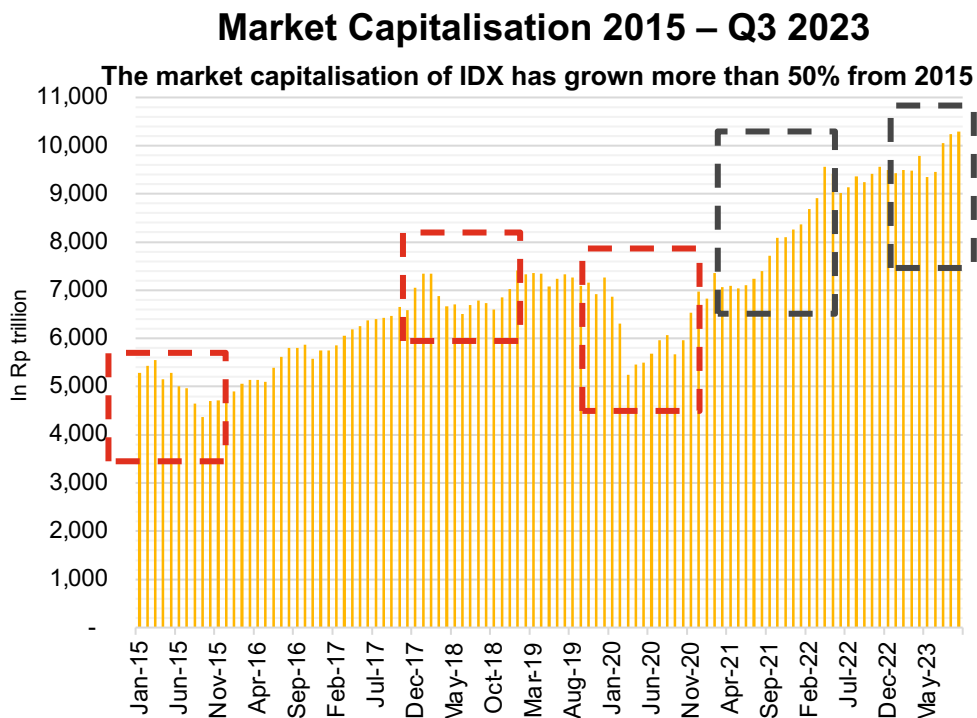
Inflation, high interest rates, declining exports, slow down in the Chinese economy marked by Yuan devaluation and the collapse of oil prices triggered the downward slope in both the national and global economies. In 2015, the **Indonesian rupiah plunged at a level not seen since 1998**.

The Indonesian economy slowly picked up in H2 2015 and grew further. Growth was supported by a sound level of economic stability marked by low inflation, decline in the current account deficit, stable exchange rate, and well-maintained financial system stability with low systemic risks.

2018: US and China Trade Tension

The escalating trade tension between the United States (US) and China resulted in the **US Federal Reserve's decision to raise its benchmark interest rate 4X during the 2018**, a total of 100 basis points.

This situation impacted emerging economies, including Indonesia. The negative sentiment from international investors was felt in weakening of the Rupiah and the drop in the Jakarta Composite Index. **Amidst the trade tension, Indonesia managed to grow by minimising risks and optimising benefits.**



Source: World Federation of Exchanges

2020 – Covid-19 Pandemic

Not long after the WHO declared COVID-19 as a pandemic in March 2020, the global economy started to nosedive, leading to one of the worst crisis since World War II. As outlined in the January 2021 edition of the World Economic Outlook, the IMF estimated that **global economic growth in 2020 contracted -3.5%**. The global contraction included a **-4.9%** for developed countries and a **-2.4%** for developing countries with emerging markets, including Southeast Asia.

Keeping the growth momentum

2021-2022: Road to Recovery

Global and domestic economic conditions were gradually recovering from the 2020 crisis. The approval of the Omnibus law, tax reforms, the introduction of IDX Acceleration Board and harnessing the **technology start up boom** that started in 2020 all helped spur investments. The Indonesian Capital Market showed an uptick in IPO activities.

H2 2021 produced blockbuster IPOs of Bukalapak (IPO proceeds of Rp 21,900 billion) and Mitratel (IPO proceeds of Rp 18,794 billion). The momentum continued in April 2022 when Indonesia's biggest technology company GoTo Group staged its public debut raising IPO proceeds of Rp 13,272 billion.

2023: Start of the Renewable Energy Era

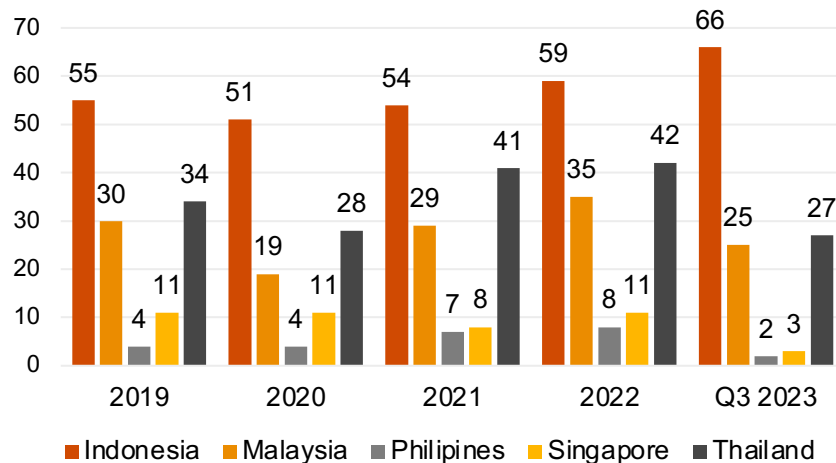
A new trend has emerged - **green transition** themed entities (that is, those involved in batteries for electric vehicles and renewable energy). Indonesia holds the **world's largest nickel reserve** with up to **25%** global share, making the country the most attractive market destination for investors. The country also aspires to be a global EV supply chain hub.

There were sizable IPOs from the renewable energy and metals/minerals sector. 2023 could be the best year for the Indonesian Stock Exchange.

Southeast Asian bourses



No of IPOs

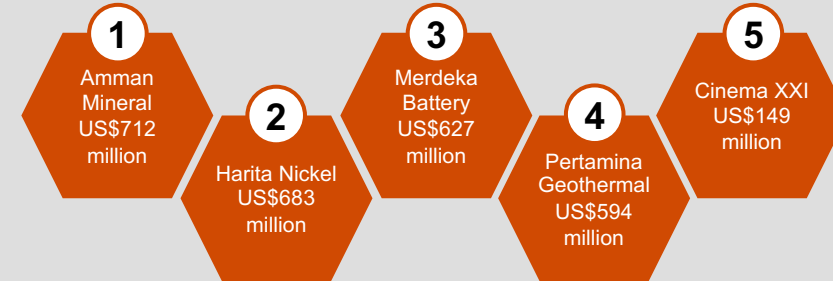


Source: Official stock exchange websites, excluding reverse takeovers and secondary listings

Indonesia: the highest number of IPOs in Southeast Asia in the last 5 years

Indonesia's IPO market is the leading force in Southeast Asia for listings, staying strong despite the pandemic challenges since 2020 and maintaining this momentum into Q3 2023. This success reflects the IDX enduring appeal to investors, bolstered by its commitment to well-maintained political and macroeconomic stability. Indonesia contributed 5 companies in the top 10 listings in Southeast Asia with the largest funds raised as of Q3 2023:

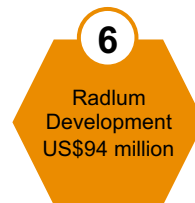
Leading as Top 5 IPO Funds Raised in Southeast Asia



Malaysia: advancing in the IPO landscape.

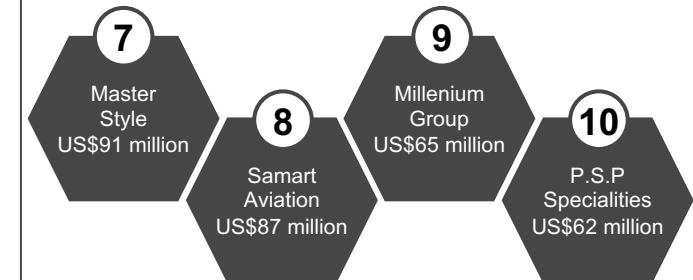
In 2023, Malaysia's IPO market is poised for growth, with the Malaysia Stock Exchange aiming for 39 new companies to go public, emphasizing the nation's commitment to its capital market.

As of Q3 2023, several significant IPOs have already left their mark on the exchange, shaping its trajectory and fostering opportunities for expansion and innovation. One of the companies listed in the Malaysia Stock Exchange entered the top 10 listings with the largest funds raised as of Q3 2023:






Thailand: maintains a firm second-place position in terms of the number of IPOs in Southeast Asia.

In the highly competitive Southeast Asia IPO landscape, Thailand holds the strong second position as of Q3 2023. This is a testament to the nation's consistent appeal to businesses, driven by its vibrant economy and dynamic market conditions. Thailand had four companies among the top 10 listings that raised the most funds as of Q3 2023:






Sustainability disclosure requirements in Southeast Asia

The global ESG reporting landscape is transforming, with corporate activity set to be highly scrutinized under new sustainability reporting standards. There has been some progress towards global alignment, such as the recent release of the International Sustainability Standards Board's Sustainability and Climate-related disclosure standards. Here's a recap of sustainability disclosure requirements applicable to listed companies for each territory in the SEA region:

Jurisdiction	Regulation name	Year enacted / Planned enacted	Target Company	At a glance
 Indonesia	OJK Regulation No. 51/POJK.03/2017	2019	Financial institutions, issuers and public listed companies	This regulation makes it mandatory for any financial institution, issuer and public company to prepare an annual sustainability report to accompany their annual report. Implementation of the requirement is gradually being phased in between 2022 and 2024.
 Malaysia	Sustainability Framework	2015	Public listed companies	In September 2022, Bursa Malaysia Securities Berhad announced the enhancement of sustainability reporting requirements. It includes a new climate change reporting aspect. The enhanced sustainability reporting requirements for Main Market listed issuers will be implemented in a phased manner, beginning with the disclosure of the common sustainability matters for financial year ending on or after 31 December 2023, and culminating with the TCFD-aligned disclosures on or after 31 December 2025.
 Philippines	SEC Memorandum Circular No. 4 - Sustainability Reporting Guidelines for Listed Companies	2019	Public listed companies	This is intended to help publicly listed companies to disclose ESG information, and to monitor to what extent they contribute to universal targets of sustainability, such as the UN's SDGs. The reporting template is required to be submitted together with the annual report. First report was submitted in 2020. The guidelines were adopted on a 'comply or explain' approach for the first three years upon implementation.

Source: Sustainable Fitch (September 2023)

Sustainability disclosure requirements in Southeast Asia (cont'd)

Jurisdiction	Regulation name	Year enacted / Planned enacted	Target Company	At a glance
 Singapore	SGX Core ESG Metrics	2021	Public listed companies	<p>The Singapore Exchange has adopted a phased in approach to mandatory climate reporting based on TCFD based on recommendations by the TCFD.</p> <p>All issuers must now provide climate reporting on a "comply or explain" basis in their sustainability reports from FY commencing 2022, based on the TCFD recommendations. SGX has adopted a phased in approach, following a public consultation in 2021. Climate reporting will subsequently be mandatory for issuers in the (1) financial, (2) agriculture, food and forest products, and (3) energy industries from FY 2023 (for other issuers, climate reporting on a 'comply or explain' basis.). The same requirements will apply to the (4) materials and buildings and (5) transportation industries from FY 2024 (For other issuer, climate reporting on a 'comply or explain' basis.).</p>
 Thailand	Corporate Governance Code	2017	Public listed companies	<p>Thailand's Securities and Exchange Commission issued a new Corporate Governance Code, which replaced the 2012 Principles of Good Corporate Governance for listed companies issued by the Stock Exchange of Thailand.</p> <p>The code requires that company boards ensure sustainability reporting using a framework that is appropriate and 'proportionate to the company's size and complexity' (Principle 7.4). Per the Thai Securities and Exchange Commission's guidelines, many companies choose to use GRI as their reporting framework.</p>
 Vietnam	Sustainability Reporting Handbook for Vietnamese Companies	2013	State-owned and public listed companies	<p>Only state-owned enterprises, public and listed companies are required to disclose sustainability information annually. Across the handbook's suggested disclosure areas for companies: biodiversity, water use and pollution reduction.</p>

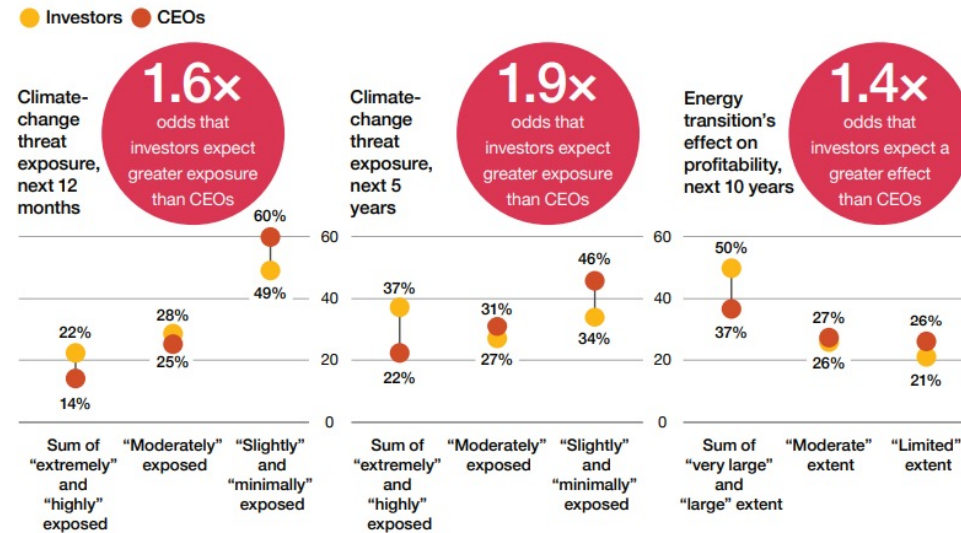
Source: Sustainable Fitch (September 2023)

Perception gap between investors and CEOs on climate-change threat and energy transition exposure

In a world increasingly dedicated to mitigating its environmental footprint, businesses are actively striving for greater sustainability.

Building a better business for a net-zero world often requires **tough trade-offs**. Investors see the benefits of action but are unwilling to accept lower returns. Customers push companies to change but don't want to give up convenience and low prices.

By several measures, investors are more concerned than CEOs that climate change will have meaningful implications for businesses. Those concerns prompt business leaders to not only act on climate, but to present a credible rationale for their decisions. By linking climate action with value creation, CEOs can provide the leadership that the capital markets are seeking.



Note: Odds ratios are based on regression analysis of two sets of survey findings.
 Source: PwC's 26th Annual Global CEO Survey, PwC's Global Investor Survey 2022, original analysis

Investors are more likely than CEOs to say that climate change will affect companies financial performance across multiple time horizon




81% of investors


will tolerate only a small decrease in profitability in exchange for ESG actions

Source: PwC's Global Investor Survey 2022


Companies and investors need to find the right balance between short-term performance requirements and the action needed to meet longer-term goals by doing four steps below:




1. Defining Your Sustainability Purpose:
 Are you shaping your company's vision around sustainability, or merely adhering to legal and regulatory prerequisites?



2. Crafting Your Unique Narrative:
 What compelling sustainability focus and strategy can you weave, one that harmonizes the interests of investors and various stakeholders with your corporate sustainability mission?



3. Cultivating Trust:
 Do you possess a profound understanding of investors' expectations regarding sustainability? Are you demonstrating a consistent commitment to these expectations in every facet of your operations and transparently disclosing pertinent metrics?



4. Investing with Impact:
 To what extent does your allocation of resources into sustainability-related investments align with solutions that wield the most significant influence on combatting climate change and securing your long-term prosperity?

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