



INITIAL PUBLIC OFFERING PROPOSAL

Pros of IPO

- **Access to Fresh Capital and access to alternative Financing sources**
Companies can raise significant funds from public investors for growth and development.
- **Attraction of Institutional Investors**
Going public attracts large investors, boosting financial stability without losing management control.
- **Improvement in Corporate Governance (GCG)**
Companies must adopt better governance practices, enhancing transparency and accountability.
- **Enhanced Public Profile**
Being publicly traded increases visibility and brand recognition, often at lower marketing costs.
- **Increased Business Efficiency**
The IPO process encourages companies to streamline operations and adopt efficient practices.
- **Positive Assurance for Partners and Clients**
Being public enhances credibility, reassuring partners and clients about stability.
- **Tax Incentives for Corporate Income Tax**
Companies may benefit from reduced tax rates, providing financial relief.

Cons of IPO

- **Rigid and Demanding Process**
The IPO process is complex and time-consuming, diverting focus from core business activities.
- **Strict GCG Responsibilities**
Companies must meet high governance standards, increasing administrative work.
- **Extensive Disclosure Requirements**
Companies must disclose detailed financial information, which can reduce privacy.
- **New Regular Cash Outflows**
Costs for independent directors and compliance can impact profits.
- **Dilution of Founding Shareholder Ownership**
Issuing new shares can reduce the ownership percentage of founding members.
- **Exposure to Stock Market Fluctuations**
Stock prices can be volatile, not always reflecting company performance.
- **Consideration of Minority Investor Interests**
Companies must consider the views of minority shareholders, complicating decisions.

IPO Consideration

Three main considerations before going Public

Market conditions

Market conditions can have a significant impact on the timing of an IPO and the valuation that a company can receive in the transaction.

Assess how the markets will receive the offering; the timing of the offering is very critical.

Timing decision depends on economic factors, market conditions (both global and domestic), and pricing considerations.

Industrial Sector

The valuations of companies that are already publicly listed and deemed to be comparable to the company contemplating an IPO will typically have a direct impact on the company's valuation and market reception.

Various industries can fall into favor or disfavor with the investment community.

The Company's Outlooks

Elaborate future potential from investor's perspective –Investors look for a track record of strong and sustainable earnings growth.

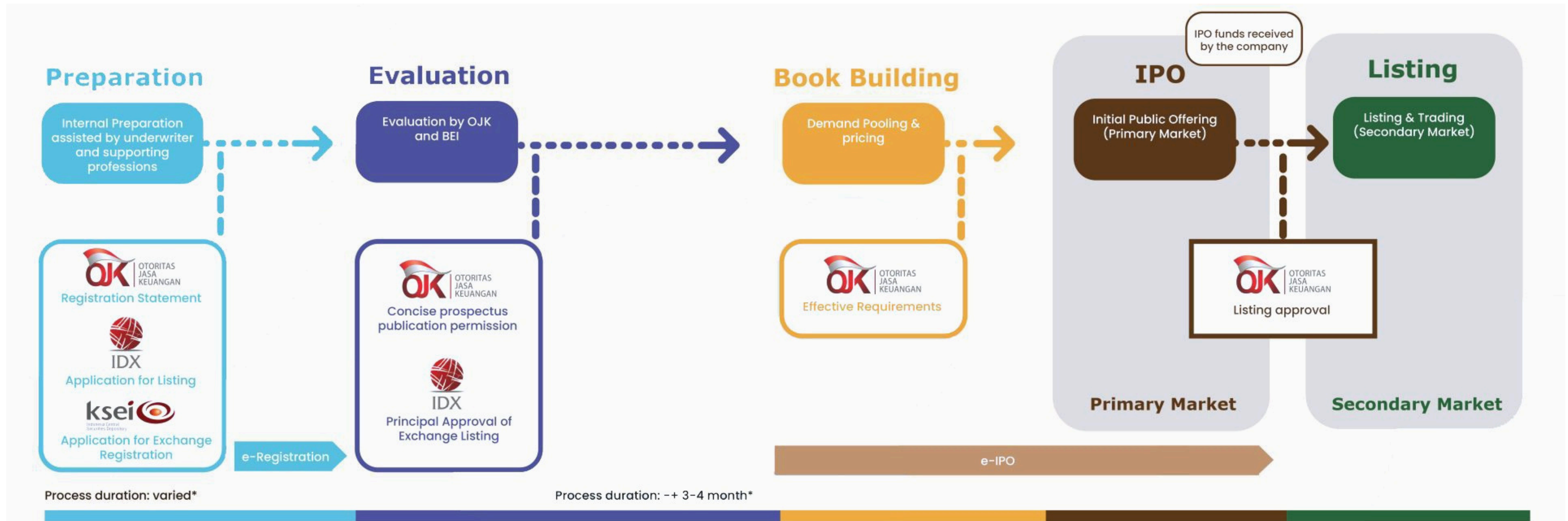
Create a business & financial model that reflects seasonality of financial performances (if applicable), realistic growth and the benefits of IPO for the company's business in the future.

Formulate the strategies that will provide profitable growth and have a solid core business to generate shareholder value in the long-run.

Execute all necessary changes in the company structure to gain the best valuation.

Domestic IPO Process

General flow and timeline of IPO from preparation to listing in IDX



OJK Regulations Overview

Certain requirements that must be met in accordance to prevailing rules and regulations



Financial Services Authority (OJK)

Pre-IPO Issued Shares (POJK No. 25/2017)

Any parties that obtain shares or convertible securities at a **price lower than IPO price within 6 months time** before the registration statement to OJK are **restricted to transfer or sell that equity within 8 months following the effective statement from OJK.**

Appointments of Corporate Secretary (POJK No. 35/2014), Internal Audit (POJK No. 56/2015) and Audit Committee (POJK No. 55/2015)

Listed companies should appoint a corporate secretary, ahead of the internal audit and audit committee (consisting of 3 persons including an independent commissioner as a head of the committee) prior to the first registration of OJK.

Change of Shareholder Report (POJK No. 60/2015)

Directors, commissioners & shareholders; **whose ownerships are more than 5%**; are required to report any changes in ownerships within 10 days since the transactions occur.

Required regular reports to OJK after the IPO

- Disclosure of material facts (POJK No. 31/2015).
- Full-year and half-year financial reports (X.K.2).
- IPO use of proceeds disclosure (POJK No. 30/2015).
- Annual reports (POJK No. 29/2016).
- Disclosure of Affiliated Transactions (IX.E.1).
- Disclosure of Material Transactions (IX.E.2).

About Information Disclosure and Document Submission to OJK (POJK No. 7/POJK.04/2017)

Information disclosure is required in the process of IPO, since this is a public offering, OJK regulates principal documents to be submitted in order to make OJK process the proposed IPO from the company. OJK regulates three pillars of a document: Information disclosure aspect, legal aspect (legal opinion and legal audit), and accounting aspect.

Prospectus Disclosure (POJK No. 8/POJK.04/2017)

The prospectus is one of the mandatory documents in a public offering, the contents of the

Prospectus are regulated by OJK as follows

- Equity offering information;
- Complete explanation of IPO fund use of proceeds;
- Financial data overview – 3 years;
- Risk factors;
- Issuer and subsidiary brief information;
- Taxation ;
- Prospectus distribution and book-building form information.

Abridged Prospectus Disclosure (POJK No. 8/POJK.04/2017)

The prospectus is one of the mandatory documents in a public offering, the contents of the Prospectus are regulated by OJK as follows and must be submitted to the newspaper:

- Equity offering information;
- IPO fund use of proceeds;
- Financial data overview – 3 years;
- Risk factors; Issuer and subsidiary brief information;
- Prospectus distribution and book-building form information.

IDX Go Public Requirements Overview

Certain requirements must be met in accordance with prevailing rules and regulations

Criteria		Stock			
		Main Board		Development Board	
Good Corporate Governance	Legal Entity	Limited Company		Limited Company	
	Independent Commissioner	✓ (Min. 30% of total BOC)		✓ (Min. 30% of total BOC)	
	Corporate Secretary	✓		✓	
	Operational Period (Operating Income Records)	≥36 months		≥12 months	
Accounting and Finance	Audited Financial Statement	Min. 3 Years		Min. 12 Months	
	Financial Requirements (one of the five requirements)	1. Profit before tax 1 full year & NTA** ≥ IDR 250 billion		1. NTA** ≥ IDR 50 billion	
		2. Cumulative profit before tax at least 2 years ≥ IDR 100 billion & Market Capitalization ≥ IDR 1 trillion		2. Cumulative profit before tax at least 2 years ≥ IDR 10 billion & Market Capitalization ≥ IDR 100 billion	
		3. Revenue ≥ IDR 800 billion & Market capitalization ≥ 3 trillion		3. Revenue ≥ IDR 40 billion & Market capitalization ≥ IDR 400 billion	
		4. Total Assets ≥ IDR 2 trillion & Market Capitalization ≥ IDR 4 trillion		4. Total Assets ≥ IDR 250 billion & Market Capitalization ≥ IDR 500 billion	
		5. Cash flow from Operating Activities for 2 years ≥ IDR 200 billion & Market Capitalization ≥ IDR 4 trillion		5. Cash flow from Operating Activities for 2 years ≥ IDR 20 billion & Market Capitalization ≥ IDR 400 billion	
Capital Structure	Total Public Offering	Min. 300 million shares:		Min. 150 million shares:	
		Equity Value	Total Shares	Equity Value	Total Shares
		< IDR 500 billion	20%	< IDR 500 billion	20%
		IDR 500 billion - 2 trillion	12%	IDR 500 billion - 2 trillion	12%
		> IDR 2 trillion	10%	> IDR 2 trillion	10%
	Shareholders	≥ 1,000 shareholders		≥ 500 shareholders	
	IPO Price	≥ IDR 100		≥ IDR 100	
	Minimum Floating	7.5% of Total Shares		7.5% of Total Shares	

* The Acceleration Board is only for companies that are categorized as Small and Medium Enterprises assets in accordance with POJK No. 53/POJK.04/2017

** NTA – Net Tangible Assets

Company Checklist for IPO

There are some things that are required by the company in order to prepare for the IPO, to smoothen the process between regulators and the potential investors

Corporate Structure

- **Proposed structure** of shareholders and company.
- **Timetable** for completion and key milestones.
- **Restructuring** of any current shareholder agreement between existing shareholders and arrangements post-IPO (current shareholder agreement falls away at the time of IPO).
- Review of structure and **compliance with regulations**.
- **New Articles of Association** as a public company.

Documentations

- **Prospectus** drafting.
- Business **due diligence**:
 - **Key management** personnel, preparation of presentations.
 - **Key business** due diligence areas.
 - Due diligence **location(s) and site visits**.
- Legal due diligence:
 - Legal review of **key documentation**.
 - **Key legal due diligence areas**.
- **Auditing process of financial statements in accordance with OJK accounting standards**

Transaction Structure

- **Offering structure**: size, liquidity, free float, primary/secondary shares, ESA/ESOP/MSOP, share price stabilization (Greenshoe Option).
- **Use of proceeds**.
- **Syndicate structure, as applicable**.

Valuation and Position

- Identify key elements of business strategy to facilitate the formulation of **equity story**.
- Identify key areas to address in order to **maximize value**.
- **Financial modeling & benchmarking analysis**.

Capital Structure

- Optimize **company's financial structure**.

Regulatory Considerations

Additional regulations from OJK, IDX and Indonesia Government regarding the IPO

Regulatory

- OJK's review process of IPO normally takes atleast **6 working weeks** until the final issuance of the effective statement (subject to the IPO structure, fact disclosure, financial problems, and legal issues that are currently faced by the company).
- Shares must be listed on IDX as soon as after the company obtains the effective statement from OJK.

High Participations from Public

- Company should have at least **1,000 shareholders (for the main board)** or **500 shareholders (for the development board)** to comply with listing requirements, which would be filled by retail investors.
- Allocation to retail investors is based on the pooling method and conducted during a public offering period of a **minimum of 1 business day and a maximum of 5 business days**.

Minority Shareholders

- **Post-IPO**, the minority shareholders must hold a total of at least 300 million shares (for the main board) or 150 million shares (for the development board) and represent:
 - **20% of post-IPO** paid-up capital if pre-IPO equity is **less than Rp500 billion**; or
 - **15% of post-IPO** paid-up capital if pre-IPO equity is **between Rp500 billion and Rp2 trillion**; or
 - **10% of post-IPO** paid-up capital if pre-IPO equity is **above Rp 2 trillion**.

Tax Implication

- **Tax Cut incentive of Corporate Income Tax up to 5%** if :
 1. Minimum free float of 40%;
 2. Minimum 300 shareholders with each owning maximum of 0,5% of paid-in shares.
 3. Points 1 & 2 applied a minimum of 183 calendar days of the year
- Founder shareholders would only be subjected to **0.5% of capital gain** tax rather than **25% of standard capital gain tax**. However, to get the tax benefit the company's shares must be traded in the IDX for one month after the IPO listing.

Appraisal Report

- For **property or real estate companies**, there will be the requirement to submit an **appraisal report of assets from an independent appraiser**.

Governance

- Having independent commissioner(s) at least **30% of the composition of the Board of Commissioners**.
- Having a **corporate secretary**, an **audit committee**, and a **head of the internal audit unit**.
- Employee Stock Allocation (**ESA**), Employee Stock Option Program (**ESOP**), and/or Management Stock option Program (**MSOP**).

E-IPO in System for Public Offering

E-IPO System

- OJK introduced the e-IPO rule to modernize the public offering process, increase efficiency and transparency in the Indonesian capital market landscape and improve investors' participation in the Indonesian IPOs;
- The system can be accessed at <http://e-ipo.co.id>;
- Under the e-IPO rule, the processes that were previously being done manually via offline submission are now being done electronically through submission into the system. Such processes include registration statements and investor ordering mechanisms;
- The key implications of the e-IPO system are the fixed requirements on pooling allocation and the mechanisms governing oversubscriptions of pooling allocation

Differences With the Previous System	E-IPO	Previous System
Allocation for Pooling	<ul style="list-style-type: none">• There is a minimum allocation for pooling	<ul style="list-style-type: none">• No minimum allocation for pooling
Provision of Funds	<ul style="list-style-type: none">• Investors' funds are stored in the same account used for secondary market trading• Investors are only required to transfer the funds as per their allocated portion	<ul style="list-style-type: none">• Investors' funds were deposited in an escrow account• Investors had to pay for the entire order—funds were refunded post allocation if allocation is less than 100% of order
IPO Data & Information	<ul style="list-style-type: none">• Online, via http://e-ipo.co.id	<ul style="list-style-type: none">• Manual to the Underwriters
Filing of Registration Documents to OJK and IDX	<ul style="list-style-type: none">• Underwriters are required to submit registration documents via the SPRINT system (www.sprint.ojk.go.id), which is a one-stop integrated platform for submission to both OJK and IDX	<ul style="list-style-type: none">• Filings are done manually / offline

Public Offering Class	Minimum Pooling Allocation	Order Limits and Allocation Adjustments		
		Adjustment I	Adjustment II	Adjustment III
		$2.5 \leq X < 10$ times	$10 \leq X < 25$ times	≥ 25 times
I IPO \leq Rp250 billion	$\geq 15\%$ or Rp 20 billion	$\geq 17.5\%$	$\geq 20\%$	$\geq 25\%$
II Rp250 billion < IPO \leq Rp500 billion	$\geq 10\%$ or Rp 37.5 billion	$\geq 12.5\%$	$\geq 15\%$	$\geq 20\%$
III Rp500 billion < IPO \leq Rp1 trillion	$\geq 7.5\%$ or Rp 50 billion	$\geq 10\%$	$\geq 12.5\%$	$\geq 17.5\%$
IV IPO > Rp 1 trillion	$\geq 2.5\%$ or Rp 75 billion	$\geq 5\%$	$\geq 7.5\%$	$\geq 12.5\%$

E-IPO Flow in General



The Company will get a **pre-effective** statement from OJK to start the IPO publication.



The **book-building** period will begin after the company publishes the IPO information with the price range offered both to Institutional & Retail Investors.

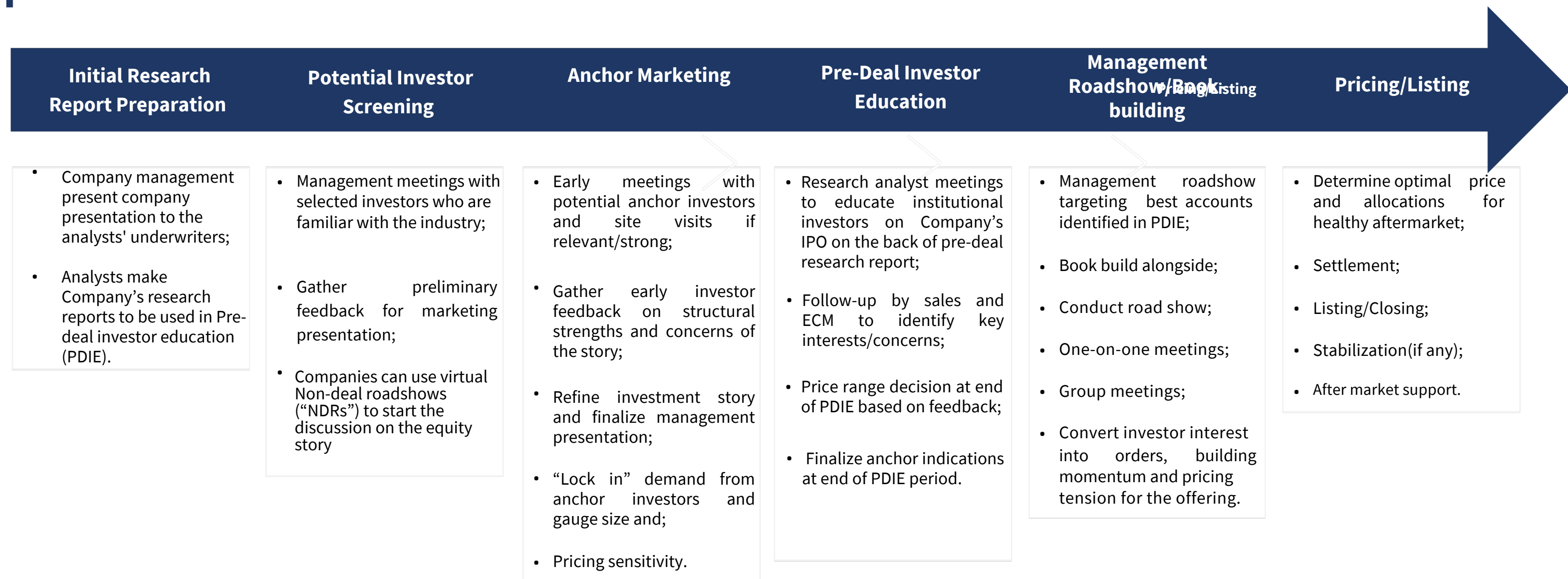


After the book-building period is over, the **public offering** period will start with the final IPO price, including afterward there will be an **allotment** for investors



Distribution of shares to investors and **listing** of IPO at IDX.

Marketing Flow to Potential Investors



No.	Action	Explanation
1.	Non-Deal Roadshow	We recommends conducting a Non-Deal Roadshow (Regional and Domestic), which is the initial stage to introduce the business of the Company to potential investors (current and historical shareholders) in the industry.
2.	Pre-deal Investor Education	The next phase is PDIE(Regional and Domestic),after analysts publish research reports as the basis for further discussion with potential investors. Analysts will take part in the roadshow to meet potential investors. This phase is very important to get positive feedback or investor concerns and get the potential and price range and valuation feedback that investors are interested in.
3.	Management Roadshow	Management Roadshow (Regional and Domestic) involves management from the company to meet with potential investors who have the highest interest after going through the PDIE process with Analysts. The purpose of the management roadshow is to ensure interest and find out the potential number of orders from these potential investors.
4.	Book-building	Underwriter ensures that the book-building facility runs well. All interests and detailed orders from potential investors who will subscribe and buy company's shares are recorded in thebook-building (E-IPO).

Distribution Strategy & Potential Investor Mapping

Investor Type	Target Investors	Characteristics	Strategy
Main Investors	I. Cornerstone Investors II.International Institutional Investors III.Domestic Institutional Investor	<ul style="list-style-type: none">Well-educated and able to analyze the Company's investment storiesHas the ability to compare valuations with the Company's peers (domestically, regionally, and/or globally).Requires more intensive marketing efforts	<ul style="list-style-type: none">Pin-pointing / short-listing target audiences based on AUM and investment preferences of potential investors in order to get the best outcome in the most efficient timeframe.Conduct intensive education with the Research team on 1) The company's industry prospects, and 2) peers of prospective issuers by emphasizing the competitive advantages of prospective issuers vs its peers in order to obtain comprehensive productknowledge and generateoptimal demand.
	Retail Investors (domestic)	<ul style="list-style-type: none">Has a quite large amount of funds andis influenced by media coverage and other publications.Is a follower of institutional investors.More interested in household names andbigger companies .	
Other Investors	High Net Worth individuals	<ul style="list-style-type: none">Large funds (private banking customers) and are mostloyal investors.More educated than retail investors,but also influenced by media and press	

The principal source of demand

- Banks will primarily look to target large investors with long-term views to form the core of the bookorder.These will be the focus in the early and anchor marketing;
- Multi-strategy investors and other investors can provide momentum through the process and place significant order sizes which helps drive price tension from these core investors.

Asset Managements	<ul style="list-style-type: none">AssetManagement companies can provide size regarding the IPO, and very much fundamentaldriven;However, the marketliquidity is also a key factorin their decision, thus providing key investment story is crucial.
Insurance	<ul style="list-style-type: none">Insurancecompany can provide strongliquidity in the market with high investment capability;However, their demand could take upmuch of discountcompared to other types of investor.
Strategic Partnership Business rel ated	<ul style="list-style-type: none">Sector specialists (foreign)focus on the fundamental story and long-term outlook ofthe Industry;Their participation can provide a better discountand drive up the momentum of book-building;Existing business relationshipwith clients basedon Company's portfolio (heavy equipment) as an alternative orforfutureprojects with Korean clients
Sovereign Wealth Funds	<ul style="list-style-type: none">Major participants in the Capital Markets with focus on long-term capital appreciation through sizeable strategic investments which will be a key trigger puller;Their participation will send strong signal for other investors to follow especially among smaller institution and individual investors who do not have the same resources to evaluate the opportunity.
Private Equity / Long Term Funds	<ul style="list-style-type: none">International long-only investors represent the primary investor base for Asian equity offerings and can bring in local, regional and global funds depending on transaction size;They are typical long-termholders who will representthe foundation ofthe shareholder base;They will evaluate the company's fundamentals,positioning, growth prospects,and can guide the broaderinvestor community.

Indicative IPO Fee

Supporting Parties and Regulators fee

In addition to our services, the Company would also need to pay listing fees to IDX and KSEI and hire supporting third-party advisers in legal, and financial reporting matters for IPO preparation. The following are the estimated costs for the listing fees.

Listing fees

		Primary/ Secondary Board	Acceleration Board
IDX	Registration fee	IDR 50mn	IDR 25mn
IDX	Initial listing/joining fee	IDR 25 -250mn (Depending on capitalization size)	IDR 25mn (fixed)
IDX	Annual fee listing	IDR 50 –250mn/year (Depending on capitalization size)	IDR 25mn (fixed)
KSEI	Joining fee	IDR 15mn	IDR 15mn
KSEI	Annual fee	IDR 10mn/year Max. at IDR 750mn	IDR 10mn/year Max. at IDR 750mn
OJK	Registration Statement fee	(0.05% of total issue size)	(0.05% of total issue size)
OJK	Annual fee	IDR 15 -150mn/year (0.03% of total issue size)	IDR 15 -150mn/year (0.03% of total issue size)

Supporting Parties¹

Legal Adviser	IDR 500 - 900mn
Auditor	IDR 300 –1 bn
Share Registrar	IDR 100 –150mn
Notary	IDR 100 – 200 mn
Underwriter	IDR 1,5 bn
Advisory	IDR 1,5 bn

- The Company shall bear the listing fees and supporting party costs and shall be separate from the fees to the Underwriter. These costs are estimated market quotes
- based on typical cases of such works and our current understanding of the Company. The costs may vary depending on the complexity, scope of services, and final choice of advisers.
- ¹Assuming the Company has complied with tax regulations, undergoes yearly financial audits, and does not require significant corporate and/or tax restructuring.

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