

WELCOME to POSTGRADUATE PROGRAMME

The London School of Public Relations – Jakarta

The Leading Graduate School of Communication

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Jakarta
GRADUATE SCHOOL of COMMUNICATION

MASTER OF ARTS IN COMMUNICATION : MARKETING COMMUNICATION

SUBJECT/LECTURER : INVESTOR RELATIONS / Bambang Sumaryanto, MBA, M.Si

E-learning Programme

3rd SESSION

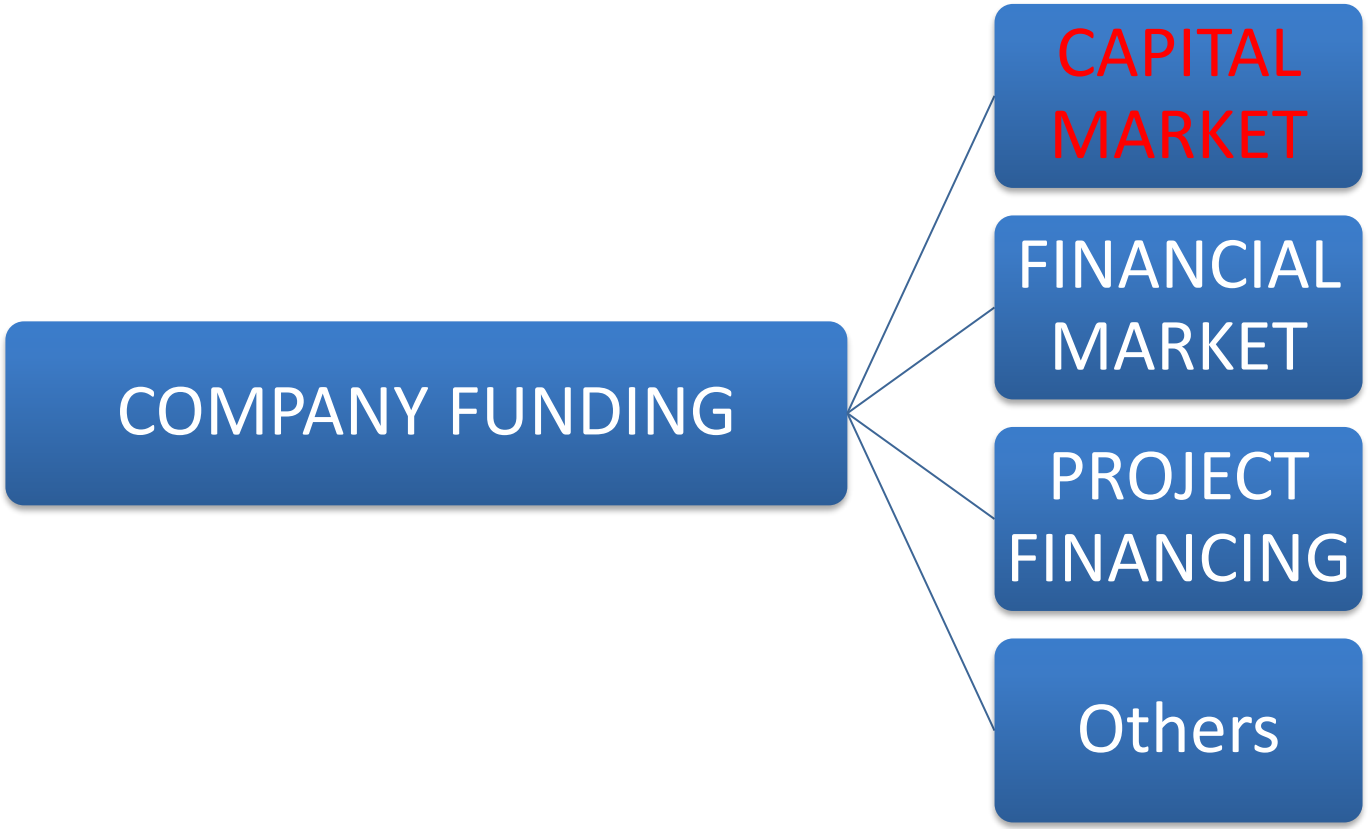
CAPITAL MARKET

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Material shared by Mr, Heri Sunaryadi

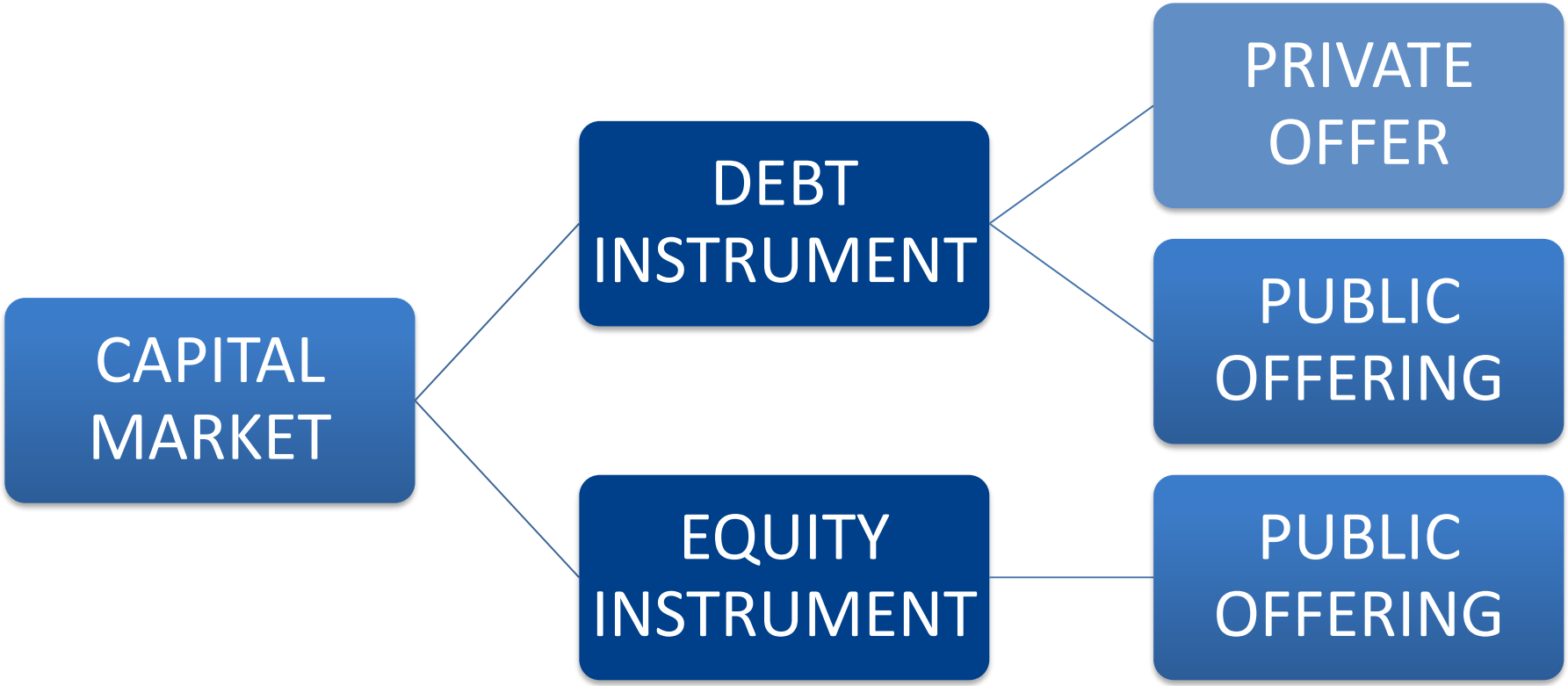
ALTERNATIVE FUNDING

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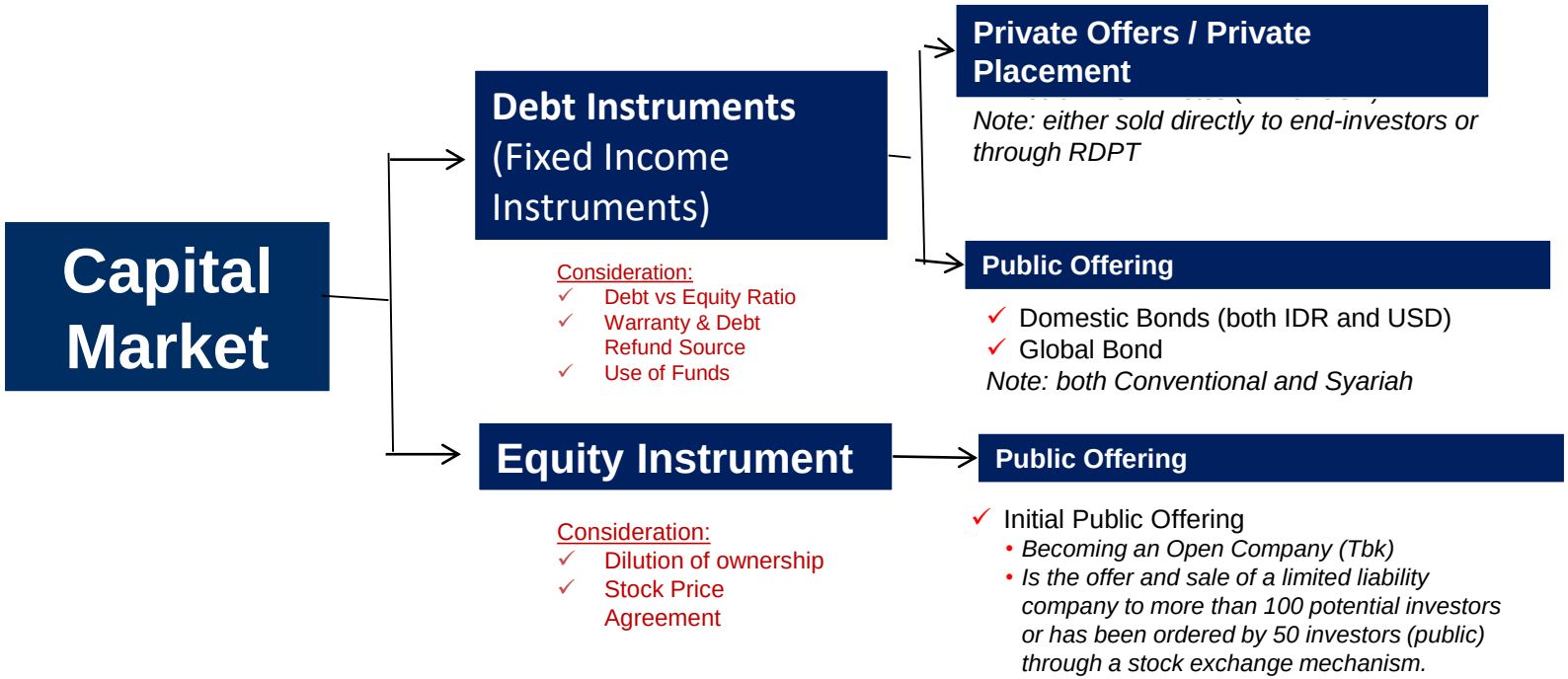


ALTERNATIVE FUNDING

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ALTERNATE FUNDING



✓ *Stock sales to strategic partners*

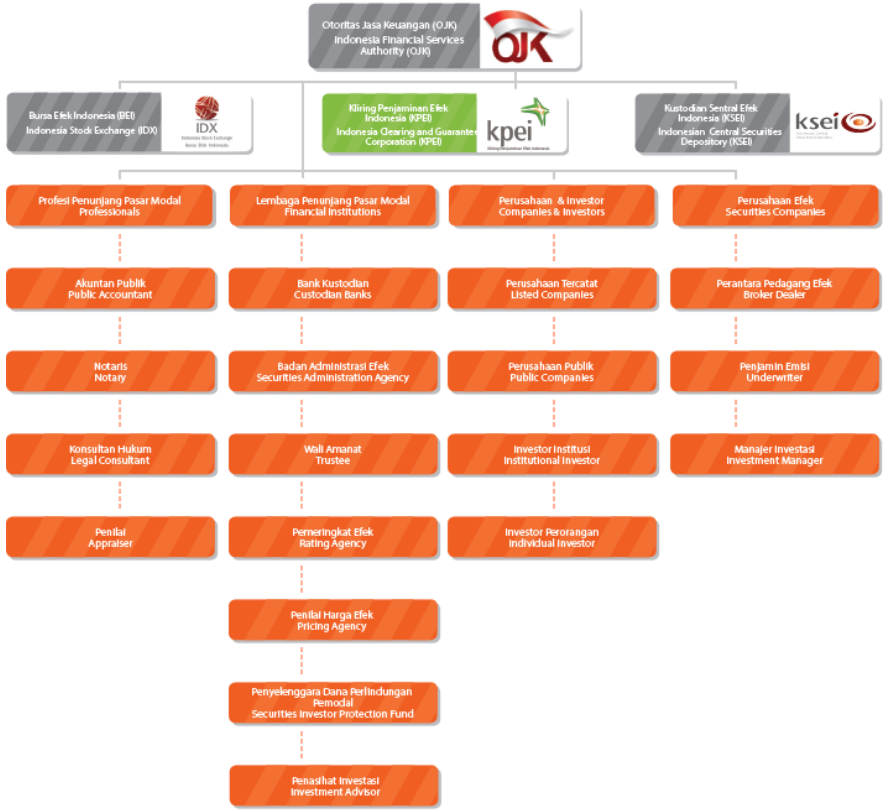
Overview about Capital Market

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Capital Market acts as a link between investors and companies through trading instruments such as bonds, stocks, and others.

The ongoing function of the capital market is to increase and link long-term fund flows with efficient "market criteria" that will support the real entire economic growth

Structure of Indonesian Capital Market



Background: Why Company decide to Go Public

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The decision to go public is a decision that must be considered carefully because it is a very important stage and affect the survival and development of the company in the future. The decision to implement the IPO can be based on several factors:

Going Concern

Every company is established with the hope that the company can sustain its business, grows rapidly and can exist for a long period of time.

Sources of funding

The Company has various alternative sources of funding, both from inside and outside of the company. Alternative funding from inside the company generally by using the Retained Earnings of the company. While alternative funding from outside the company can come from creditors in the form of debt, other forms of financing or issuance of debt securities, as well as funding that is equity participation in the form of shares (equity). Funding through inclusion mechanism is generally done by selling stocks of the company to the public or known by Public Offering or often referred as Go Public.

Opportunity

All closed companies have the opportunity to Go Public which means to sell some of its shares to the public and register its shares on the Stock Exchange. The decision to Go Public is a business decision taken after taking into account the various benefits and consequences.

Future Growth

The decision to go public is a decision that must be considered carefully because it is a very important stage and affect the survival and development of the company in the future.

IPO Benefits

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Listing at IDX is an excellent strategic step for the Company as it provides many positive benefits for the Company, including:

- ✓ ***Open access to capital market funding sources.***

  Go Public allows greater flexibility for the Company to obtain future funds through capital market mechanisms, which usually have lower cost of capital.

- ✓ ***Benchmark & Enhanced Corporate Value.***

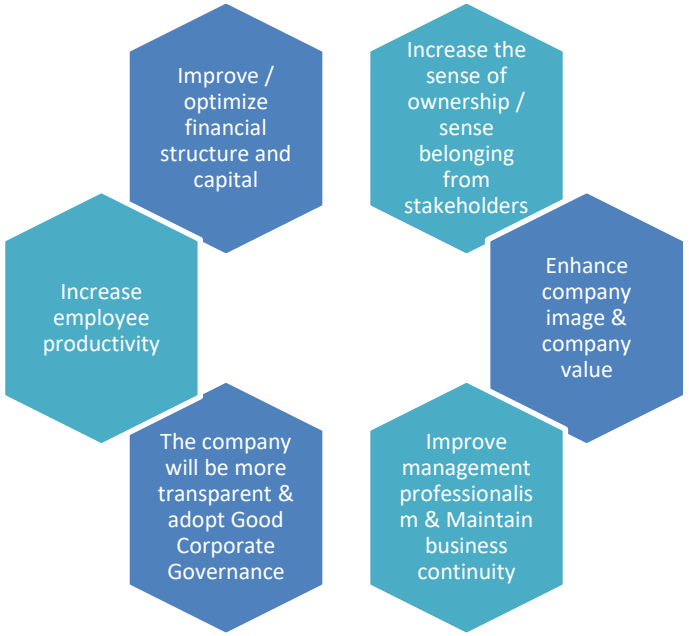
  With stocks traded on the exchange, the Company's stock price will be formed in accordance with market mechanisms, and at any time can be obtained valuation of the Company. Any performance improvements generally will have an impact on stock prices on the Exchange, which will eventually increase the overall value of the company.

- ✓ ***Unlocking company value / Marketability.***

  By listing in IDX, the Company's shares will be marketable, enabling the Founding Shareholders to realize / monetize their investments, either at the IPO or later through the capital market.

- ✓ ***Increased transparency, GCG, public accountability and corporate image.***

  With regular reporting to both OJKs, stock exchanges, shareholders and research analysts, the Company's transparency and information disclosure aspects will increase, thereby enhancing the practice of applying good Corporate Governance principles. The company will get the attention of the media and the financial community (free publications that will lift the company's image) that will positively impact future business development. Increased openness will enhance professionalism, which in turn will create a healthy business climate.



IPO Consequences

If it has been listed on the Indonesia Stock Exchange, there are several things for more attention:

1

Share Ownership

As a public company, the proportion of the founders' shareholders will be reduced. In general this does not diminish the ability of the founding shareholders to retain control of the company.

2

Fulfillment of Applicable Capital Market Regulations (Reporting Obligations)

Once listed as an open company, the company has an obligation to comply with applicable capital market regulations, such as periodic reporting to OJK and Indonesia Stock Exchange.

3

Decisions / policies should pay attention to public interest (Good Corporate Governance)

As an open company with a portion of ownership by the public, all decisions / policies taken must pay attention to public interest (taking into account aspects of GCG), and maintaining public image. Hao this will greatly affect the movement of stock prices, which affect the overall value of the company.

4

Maintaining Investor Relationship

Companies always have to maintain good relationships with public investors, because most of the company's ownership is owned by the public. This can be done with a disclosure of material policies to the public and meetings with regular research analysts for updates on the Company's performance.

Companies Obligation After IPO

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Companies that have Go Public have obligations:

1. **Fulfil the “agreement" listed in the prospectus**
   Includes reporting the use of IPO proceeds, dividend payouts, etc.

2. **Fulfilment of Applicable Capital Market Regulations (Reporting Obligations) – Disclosure**
   Once listed as an open company, the company has an obligation to comply with applicable capital market regulations:
   - Information Disclosure that is Periodic or Periodic
   - Incidental Information Disclosure
   - Disclosure of Information in the framework of Corporate Actions
   - Public Expose Obligations, etc.

   For example: Disclosure requirements, Report requirements, General disclosure on Material Information No insider trading's, Material transactions and change of line of business Conflict of Interest, Merger, Takeover / Tender Offer, Rights Issue / Private Placements

3. **Decisions / policies should pay attention to public interest (Good Corporate Governance)**
   As an open company with a portion of ownership by the public, all decisions / policies taken must pay attention to public interest (taking into account aspects of GCG), and maintaining public image. This will greatly affect the movement of stock prices, which affects the overall value of the company.

4. **Maintaining Investor Relationship**
   Companies always have to maintain good relationships with public investors, because most of the company's ownership is owned by the public. This can be done by building a strong always delivering disclosures about material policies to the public and meeting with regular research an **Investor Relations Division (IR),** analysts for updates on the Company's performance, so that the Company is always in the "investment radar" of investors.

Reporting Obligation (Disclosure)

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Information Disclosure that is Periodic or Periodic

- Statement of Actual Use of Funds (LRPD) Emission Result [X.K.4] / POJK NUMBER 30 /POJK.04/2015
  - Must be made periodically every 6 (six) months with report date of 30 June and 31 December.
  - The form and content of the LRPD should be arranged in accordance with the OJK format
  - Must be signed at least by 1 (one) person
  - Responsible for the realization of the use of the proceeds from the Public Offering in every annual GMS until all the proceeds from the Public Offering have been realized.
- Annual / Annual Financial Report [X.K.2]
- Annual Report [VIII.G.2].

Incidental Information Disclosure

- GMS / RULB Report [IX.I.1]
- Information Disclosure that must be publicly announced [X.K.1]
- Disclosure of Specific Shareholders Information [X.M.1]
- Report Filed for Bankruptcy [X.K.5]
- Issuers are also obliged to disclose information based on their information sources consisting of information disclosure from internal Issuers or Public Companies, information disclosure from rumours or rumours circulating, information disclosure from Mass Media and information disclosure from public complaints.
- Issuers are also required to provide and explain information disclosure when requested based on relevant agencies' questions such as information disclosure to OJK, information disclosure to IDX and disclosure of information to other authorized institutions.

- As a form of implementation of information disclosure Issuer is required to have **Corporate Secretary**. This obligation is intended to facilitate access to information between shareholders and the Issuer. In accordance with Bapepam Regulation no. IX. it is determined that the Corporate Secretary, among others, has the duty to provide services to the public on any information required by investors related to the Issuer's condition and serves as a contact or contact person between the Issuer and OJK and the public.
- Sanctions against the existence of information disclosure violations consist of three: administrative, criminal and civil sanctions.

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