ANALYZING THE INITIAL PUBLIC OFFERING PROCESS OF PT ACE HARDWARE INDONESIA

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Abstract

Objectives
The objective of this thesis is to analyze the IPO process and the IPO valuation to get the better understanding of how company goes public, which will provide the reader a better understanding of the IPO process and valuation.

Method
Interview with one of the executive of the company and the financial data collected from the company will be the source of the research. This research uses the Discounted Cash Flow Model in analyzing the IPO price.

Results
ACE Hardware did the IPO process approximately in 5 months. The outcome of the IPO process could be considered successful because all of the shares were sold at the first day of offering at 820 rupiah per share, or 14.63% below the targeted price.

Conclusion
By using the Discounted Cash Flow Model to evaluate the targeted price, the IPO of ACE Hardware Indonesia in 2007 was sold at underpriced. The under pricing of the share was 14.63% below the targeted price.

Key Words: IPO, BAEPAM, IDX, DCF, Underpricing, Projection of Financial Reports.