

## TABLE OF CONTENTS

TITLE PAGE.....	i
APPROVAL PAGE.....	ii
STATEMENT OF ORIGINALITY OF THESIS.....	iii
PREFACE.....	iv
TABLE OF CONTENTS .....	v
LIST OF TABLES.....	viii
ABSTRACT .....	ix
CHAPTER I INTRODUCTION .....	1
1.1.    Background .....	1
1.2.    Research Questions .....	7
1.3.    Research Objectives .....	8
1.4.    Research Motivation .....	8
1.5.    Research Benefits.....	9
1.6.    Research Scope .....	10
CHAPTER II LIST OF THEORIES .....	11
2.1.    Initial Public Offering (IPO).....	11
2.2.    Underpricing .....	12
2.3.    Ex Ante Uncertainty Theory .....	13
2.4.    Intended Use of Proceeds and Ex Ante Uncertainty.....	16
2.4.1.    Growth Opportunities Investment .....	17
2.4.2.    Working Capital Financing.....	18
2.4.3.    Debt Repayment .....	18
2.5.    Subsidiaries Investment with IPO Proceeds .....	19
2.6.    Previous Related Studies.....	20
2.7.    Hypothesis Development .....	22
2.7.1.    Intended Use for Growth Opportunities and Underpricing .....	22
2.7.2.    Intended Use for Working Capital Financing and Underpricing.....	24
2.7.3.    Intended Use for Debt Repayment and Underpricing .....	25
2.8.    Research Framework.....	26
CHAPTER III METHODOLOGY .....	27
3.1.    Research Design.....	27
3.2.    Sampling Method .....	27

3.3.	Data Collection Technique.....	28
3.4.	Operational Variable .....	29
3.4.1.	Initial Return .....	29
3.4.2.	Proceeds Usage Allocation .....	29
3.4.3.	Profitability .....	31
3.4.4.	Company Size .....	31
3.4.5.	Leverage.....	31
3.5.	Analysis Method .....	32
3.5.1.	Descriptive Statistic .....	32
3.5.2.	Normality Test .....	32
3.5.3.	Multicollinearity Test .....	32
3.5.4.	Heteroscedasticity Test .....	33
3.6.	Hypothesis Test.....	33
3.6.1.	Multiple Linear Regression Test.....	33
3.6.2.	Simultaneous Significance Test (F-Statistic Test).....	35
3.6.3.	Coefficient Determination (R-squared) .....	35
3.6.4.	T-test for Regression Coefficient.....	36
CHAPTER IV RESEARCH RESULT .....		37
4.1.	Data Description.....	37
4.2.	Descriptive Statistics.....	39
4.3.	Normality Test Results.....	42
4.4.	Multicollinearity Test Results .....	43
4.5.	Heteroscedasticity Test Results.....	44
4.6.	Main Sample Hypothesis Test .....	45
4.6.1.	Main Sample Multilinear Regression .....	46
4.6.2.	Main Sample F-Test.....	47
4.6.3.	Main Sample R-Square .....	47
4.6.4.	Main Sample T-Test .....	47
4.7.	Small Allocation Sample Group Hypothesis Test .....	48
4.7.1.	Small Allocation Sample Group Multilinear Regression .....	49
4.7.2.	Small Allocation Sample Group F-Test.....	50
4.7.3.	Small Allocation Sample Group R-Square.....	50
4.7.4.	Small Allocation Sample Group T-Test .....	50

4.8.	Large Allocation Sample Group Hypothesis Test.....	51
4.8.1.	Large Allocation Sample Group Multilinear Regression .....	52
4.8.2.	Large Allocation Sample Group F-Test.....	53
4.8.3.	Large Allocation Sample Group R-Square.....	53
4.8.4.	Large Allocation Sample Group T-Test .....	53
4.9.	Result Discussions .....	54
4.9.1.	Growth Opportunities Investment on Underpricing .....	54
4.9.2.	Working Capital Financing on Underpricing .....	56
4.9.3.	Debt Repayment on Underpricing .....	58
4.9.4.	Control Variables on Underpricing.....	60
CHAPTER IV CONCLUSION AND SUGGESTION .....		62
5.1.	Conclusion.....	62
5.2.	Implications.....	63
5.3.	Limitations .....	64
5.4.	Suggestions .....	64
REFERENCES .....		65
APPENDIX I EXAMPLE OF PROCEEDS ALLOCATION CALCULATION.....		68
APPENDIX II COMPANY LIST .....		70
APPENDIX III MAIN SAMPLE GROUP VARIABLE DATA .....		78
APPENDIX IV SMALL ALLOCATION SAMPLE GROUP VARIABLE DATA .....		86
APPENDIX V LARGE ALLOCATION SAMPLE GROUP VARIABLE DATA .....		93
APPENDIX VI MAIN SAMPLE GROUP ANALYSIS .....		95
APPENDIX VII SMALL ALLOCATION SAMPLE GROUP ANALYSIS .....		98
APPENDIX VIII LARGE ALLOCATION SAMPLE GROUP ANALYSIS .....		101

## LIST OF TABLES

<b>Table 1.1</b> Declining Average Initial Return in New Publicly Trade Shares in Indonesia Stock Market .....	5
<b>Table 1.2</b> Number of IPO Companies Directing Funds to Subsidiaries in 2020 – 2024 .....	6
<b>Table 2.1</b> Underpricing Opening and Closing Data in Indonesia Stock Market Through 2017-2020 .....	13
<b>Table 2.2</b> List of Research Related with the Intended Use of Capital Proceeds and Underpricing .....	21
<b>Table 4.1</b> Data Description and Sample Groups Categorization.....	38
<b>Table 4.2</b> Descriptive Statistics of Main Sample IPO in 2020 - 2024 .....	39
<b>Table 4.3</b> Descriptive Statistics of Companies with Proceed Allocated in Small Proportion to Subsidiary .....	40
<b>Table 4.4</b> Descriptive Statistics of Companies with Proceed Allocated in Large Proportion to Subsidiary .....	41
<b>Table 4.5</b> Normality Test for Main Sample, Small Allocation, and Large Allocation .....	42
<b>Table 4.6</b> Multicollinearity Test for Main Sample, Small Allocation, and Large Allocation.....	43
<b>Table 4.7</b> Heteroscedasticity Test for Main Sample, Small Allocation, and Large Allocation.....	44
<b>Table 4.8</b> Main Sample Hypothesis Test Result .....	45
<b>Table 4.9</b> Small Allocation Sample Group Hypothesis Test Result .....	48
<b>Table 4.10</b> Large Allocation Sample Group Hypothesis Test Result .....	51