



## Analysis of Company Valuation and Factors of Goto Stock Price Decline After IPO

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### ABSTRACT

*Startups in Indonesia have been growing very fast in recent years. The phenomenon of startups conducting IPOs on the Indonesian stock exchange is an interesting phenomenon that is worth discussing. Moreover, GOTO shares experienced sharp price dynamics until a drastic decline since its opening in March 2022 until now. This research is a qualitative research with descriptive methods. The data source of this research is taken from primary data in the form of fundamental and technical analysis of GOTO shares and secondary data consisting of related journals, reports and company data as research data. In analyzing the valuation of GoTo companies, researchers use the relative / market valuation method. The results showed that the valuation of GOTO shares when conducting an IPO was below the average valuation of world companies. The decline in stock prices that occurred after the IPO could be due to the fact that investors generally expect short-term profits on stocks that conduct IPOs. In addition, many investors make decisions to sell and buy based on stock price movements in the market and not based on company fundamentals. Suggestions to company management, investment managers, securities, and academics, to continue to educate investors regarding the valuation of e-commerce companies. Management should also consider share buybacks. For the next start-up management that will conduct an IPO, the company also needs to educate on company valuation, and prepare steps to maintain the stability of its share price after the IPO.*

**Keywords :** Company Valuation; GoTo; IPO; Stock; E-Commerce

### 1. INTRODUCTION

Startups in Indonesia have been growing very fast in recent years. Support from the government and investors, as well as increasing internet access and smartphone penetration, have created a fertile ecosystem for innovation and new businesses. Various sectors, from financial technology (fintech) to e-commerce, have become home to ambitious startups. Indonesia also has a

wealth of young talent and innovation, further cementing its place in the global startup community. While there are still challenges such as fierce competition and evolving regulations, the potential for growth and positive impact that startups in Indonesia can make is promising for the future of the country's digital economy.

In fact, many of the founders of these companies come up with very interesting ideas, thoughts and concepts. Even many MSMEs in Indonesia appear to support the economic life of this country. There are currently more than 1,500 local startups in Indonesia. Currently the world is witnessing the rapid development of the startup sector, Indonesia is included in the top 10 countries with the largest number of startups and there are even some startups that are included in the top 30 list. This shows that Indonesia has great potential to develop technology businesses and be able to compete globally. In fact, we can judge that startups in Indonesia are quite strong, especially in the Asian region. The development of startups is

also influenced by the increase in purchasing power and income of the Indonesian people.

The proliferation of startup companies symbolizes that the economic growth in Indonesia is getting better. The growth of startups in Indonesia can be viewed from the startup classification. Startup classification based on the valuation of the company can be divided into three categories, namely unicorn (valuation reached \$1 billion), decacorn (valuation reached \$10 billion), and hectocorn (valuation reached \$100 billion). However, in Indonesia, there are no startups classified as hectocorns, which are companies whose valuations must reach USD 100 billion or IDR 1.4 trillion. Here is a list of startups that have reached unicorn and decacorn status in Indonesia:

*Table, 1. List of Unicorn Startups in Indonesia*

No	Perusahaan	Estimasi Valuasi	Tahun Jadi Unicorn
1	GoTo Group	US\$30 billion	Gojek: 2017 Tokopedia: 2016
2	Traveloka	US\$2,75 billion	2017
3	Bukalapak	US\$7.5 billion	2018
4	Ovo	US\$2,9 billion	2019
5	Blibli	US\$1 billion	2021
6	Xendit	US\$1 billion	2021
7	Tiket	US\$2 billion	2021
8	J&T Express	US\$7.8 billion	2021
9	Ajaib	US\$1 billion	2021
10	Kopi Kenangan	US\$1 billion	2021
11	Kredivo	US\$2.5 billion	2021
12	Dana	US\$1,2 billion	2022
13	Akulaku	US\$1,5-2 billion	2022

Source: <https://id.techinasia.com/daftar-unicorn-indonesia-terlengkap>

With the circulation of information, startups increasingly have the opportunity to speak on the stock market. When listed on the stock exchange, startups will transform into

public companies, obtain capital, and get new investors. GoTo Group successfully listed in March 2022 with a valuation of more than \$10 billion, making GoTo Group the first

decacorn in Indonesia. As a merged company, PT GoTo Gojek Tokopedia Tbk. is actually a new company that is a combination of Gojek and Tokopedia in 2021. Gojek itself was founded in 2010, while Tokopedia was

founded in 2009. With the merger of Gojek and Tokopedia, the former digital service company expanded and became more comprehensive, allowing GoTo to outperform its competitors.



Picture 1. GOTO Stock Movement Since IPO (Tradingview.com, n.d.)

The phenomenon of startups conducting IPOs on the Indonesian stock exchange is an interesting phenomenon that is worth discussing. Moreover, GOTO shares have experienced sharp price dynamics until a drastic decline since its opening in March 2022 until now. Thus, researchers are interested in analyzing the company's valuation and what factors influence the decline in GOTO shares as a decacorn company that has listed on the Indonesia Stock Exchange (IDX).

## 2. LITERATUR REVIEW

The definition of a startup is a newly established company that will be in the research and development phase to find the right market. Another definition of startup is a new company refers to all companies that are still new or have not been operating for a long time. (Christiawan, 2021). Startups are young, dynamic companies built on technology and innovation where the founders seek to capitalize on developing a

product or service that they believe has demand (Jain, 2018).

Valuation is the process of analyzing to determine the current value of a business. The calculation of the value of a business is usually done by measuring the total assets of the company (Fauzia, 2021). Common approaches used to assess the valuation of a company include looking at financial statements, discounted cash flow models, and comparisons with similar companies. As explained, there are various methods or approaches in calculating the value of a company. The e-commerce sector itself is part of the Internet economy, where the main indicators studied are based on Gross Transaction Value (GTV), Gross Merchandise Value (GMV) and Total Processing Value (TPV).

GMV is the total value of transactions that a user makes on a website or app during a certain period of time. Successful transactions and failed transactions. Therefore, GMV better describes the overall

transaction flow. For example, in an online transportation app, the GMV rate shows the total value of trips through the app. While GMV includes failed transactions, TPV only records the total value of transactions that actually took place, i.e. paid by the consumer on the platform. TPV is often used on platforms where the commission (interest rate) is relatively fixed from transaction to transaction. GTV rates only record completed transactions, omitting transactions that were canceled or in transit. GTV is equal to the amount sold multiplied by the price received. In this case, the business model is commission-based where the company's revenue is equal to a certain percentage of the GTV. Therefore, the amount of commission reflects the amount of revenue received by the company (RE, 2022).

If the valuation of a conventional company is the economic value of a business, such a value calculation cannot be applied to a startup company, because some of the factors considered in the valuation of a conventional company cannot be found in a startup company. Startups in Indonesia itself also have their own processes, so each company sometimes has a different approach in calculating its valuation. (Ni Komang Sri Artani et al., 2019).

Going Public is a public offering of shares to the public by a company that follows the regulations of the capital market law (Law Number 40 of 2007 concerning Limited Liability Companies, n.d.). An Initial Public Offering (IPO) is a private company accessing the public capital market through the sale of securities (Seth C. et al., 1995).

The public offering lasts from 1 to 5 business days. If oversubscribed, allocations are withheld and investors who do not receive their share orders are refunded or returned. PT Kustodian Sentral Efek Indonesia (KSEI)

distributes electronic shares to investors (Sulistio, 2015).

The company submits an application to list its shares on the stock exchange accompanied by proof of effective registration statement from OJK, company prospectus, and the composition of the company's shareholders. The IDX will then approve and announce the listing of the company's shares as well as the share code required for trading on the capital market. The stock code is an identifier for investors to trade shares on the IDX (Sulistio, 2015).

### 3. RESEARCH METHOD

This research is a qualitative research with descriptive methods. It can be briefly explained that descriptive qualitative is a research method that operates based on a simple inductive qualitative approach. This inductive line means that qualitative descriptive research begins with an explanatory process or event that can ultimately draw a generalization and is a conclusion from the process (Nurmalasari & Erdiantoro, 2020).

The use of qualitative descriptive methods in research aims to gain knowledge within a certain period of time (Mukhtar, 2013). The types of descriptive research are Action Research, Literature Research and Comparative Research (Ramadhan, 2021).

Through qualitative descriptive methods, researchers seek to analyze the factors behind the significant decline in GOTO shares after the IPO. The data source of this research is taken from primary data in the form of fundamental and technical analysis of GOTO shares and secondary data consisting of related journals, reports and company data as research data.

In analyzing the valuation of GoTo companies, researchers use the relative / market valuation method. The relative



valuation method, commonly known as the market valuation method, is often used as a benchmark to assess the fairness of stock values in the capital market. In addition to being a fairly simple calculation method, the relative valuation method also reflects the market's view of true value.

The basic view of relative evaluation comes from the understanding that everything is always in comparison. The object to be evaluated can be reviewed by comparing it with other objects that are uniform or close to the characteristics of the object. In business evaluation, one aspect that can be used as a comparison factor is a comparison company. A comparison company is another company that is similar or has commercial characteristics that are close to the target company. In general, there are several categories of market valuation that can be compared, namely Revenue Multiple (EV/Sales), Earnings Multiple (EV/EBIT), Book Multiple and others (Djaja, 2018).

#### 4. RESULTS AND DISCUSSION

##### Company Profile

GoTo began as an online transportation service company with the legal name PT. Aplikasi Karya Anak Bangsa which used the name Gojek since its establishment in 2010. Then, the company changed its name to GoTo after merging with Tokopedia, which is one of the largest online marketplaces in Indonesia which was founded in 2009, in 2021 and changed its name to PT GoTo Gojek Tokopedia Tbk. In this merger process, PT Tokopedia was actually acquired as a subsidiary of Gojek. GoTo's mission is to “drive progress” by offering technology infrastructure and solutions for everyone to access and thrive in the digital economy.

Currently, there are 55 million users who use the services provided by GoTo. The head office is located at Pasaraya Blok M Building, Jl. Iskandarsyah II No.2, Jakarta. After Gojek and Tokopedia merged, GoTo claimed to have an impact of 2% contribution to Indonesia's GDP. PT Goto Gojek Tokopedia Tbk is a holding company engaged in digital services, with 14 subsidiaries in Indonesia and several other countries. The subsidiaries are as follows:

*Table 2. GoTo Subsidiaries*

No	Nama Perusahaan	Persentase
1	Go-Jek Singapore Pte. Ltd. and subsidiaries	100%
2	GoProducts Engineering India Limited Liability Partnership	99.99%
3	PT Pradipa Darpa Bangsa	100%
4	PT. Dompot Karya Anak Bangsa and subsidiaries	70.78%
5	PT. Festival Kuliner Anak Bangsa and subsidiary	100%
6	PT. Global Locket Sejahtera and subsidiary	100%
7	PT. Jaya Data Semesta	99.99%
8	PT. Lintas Promosi Lintas	100%
9	PT. Paket Anak Bangsa	100%

10	PT. Produksi Kreatif Anak Bangsa	76.82%
11	PT. Rekan Anak Bangsa	100%
12	PT. Solusi Arta Anak Bangsa	100%
13	PT. Tokopedia and subsidiaries	99.99%
14	Velox Technology South-East Asia and subsidiaries	100%

Source : Annual Report GOTO 2022 (GOTO, 2022)

GoTo provides services such as ojek transportation (GoRide), taxi transportation (GoCar), on-demand delivery service (GoSend), and marketplace (Tokopedia).

There is also GoTo Financial which oversees digital payments or commonly called fintech (GoPay), cloud-based payments (MokaPOS) and payment gateways (Midtrans).



Picture 2. GoTo Services Structure

Before going public/IPO, GoTo provided financing to other investors with an offering price of IDR 377/share. Through this transaction, GoTo used 1.3 billion USD to inject capital. Uniquely, GoTo also shares its shares with driver partners so that they become shareholders of the company.

In 2022, GoTo became the first decacorn company to become a publicly listed company on the Southeast Asia Stock Exchange, with a public offering value of IDR 15.8 trillion (approximately USD 1.1 billion), making GoTo's IPO the largest in Indonesia, the third largest in Asia, and the

fifth largest in the world in the period January to April 2022. GoTo is one of the five companies with the largest market capitalization on the Indonesia Stock Exchange (IDX), with a capitalization of IDR 452 trillion as of April 11, 2022.

GoTo's IPO is interesting because it is the market leader of the largest technology companies in Indonesia. GoTo's IPO value is also the second largest on the Indonesia Stock Exchange (IDX) with funds raised of IDR 17.99 trillion. Ahead of the IPO, GoTo also received funds of up to \$ 400 million or around Rp 5.7 trillion from fundraising by a

subsidiary of the Abu Dhabi Investment Authority (ADIA).

GOTO's performance up to the period ending December 31, 2022

GOTO's financial performance for the period 2020 to 2022, and the period ending December 31, 2022, can be seen in Table 1. In March 2022 GOTO conducted an IPO, before the IPO had a loss of Rp 22.5 trillion.

After the IPO, the loss continued to increase, the total comprehensive loss increased by 21.4% for the period 2021 - 2022, from a loss of IDR 22.5 trillion to IDR 40.3 trillion. In terms of revenue, GOTO experienced a considerable increase from the ecosystem becoming wider with the joining of Gojek and Tokopedia. The increase in net income is a fairly high growth of 35.8% CAGR from Revenue of IDR 4.5 trillion to IDR 11.3 trillion in the period 2021 to 2022.

*Table 3. GOTO Performance for the Period 2020-2022 and Period ending December 31, 2022*

Item (in billion IDR)	2022	2021	2020	CAGR	Growth	Growth
<b>Neraca</b>					21-20	22-21
Total Asset	139,216,570	155,137,033	30,108,570	66.60%	-10.26%	415.26%
Total Liability	16,493,226	16,112,589	9,309,191	21.00%	2.36%	73.08%
Equity	1,184,364	1,143,749	692,498	19.59%	3.55%	65.16%
Accumulated Loss and Oci	118,480,548	79,129,324	57,739,638	27.07%	49.73%	37.05%
Nci	142,217	(101,950)	113,535	7.80%	- 239.50%	-189.80%
Total Equity	122,723,344	139,024,444	20,799,379	80.70%	-11.73%	568.41%
Gross Transaction Value	613,360,000	461,600,000	330,180,000	22.93%	32.88%	39.80%
<b>Laba Rugi</b>						
Revenue	11,349,167	4,535,764	3,327,875	50.52%	150.22%	36.30%
COGS	5,479,970	3,775,719	2,438,506	30.98%	45.14%	54.84%
Gross Profit	5,869,197	760,045	889,369	87.57%	672.22%	-14.54%
Sales and Marketing Expenses	14,087,664	8,931,263	2,547,643	76.83%	57.73%	250.57%
General Adm and Other Expenses	12,705,888	7,786,832	3,910,103	48.12%	63.17%	99.15%
Business Loss	(30,329,628)	(22,384,656)	(10,166,977)	43.95%	35.49%	120.17%
Total Comprehensive Loss	(40,266,275)	(22,531,192)	(16,621,682)	34.30%	78.71%	35.55%
<b>Cash Flow</b>						
Cash Flow from Operating Activities	(17,206,303)	(14,691,398)	(7,361,142)	32.71%	17.12%	99.58%

Cash Flow from Investing Activities	1,134,276	(91,250,751)	(5,305,318)	-	-	1619.99%
Cash Flow from Financing Activities	13,374,290	121,530,628	23,787,071	-17.46%	-89.00%	410.91%

Source: Processed from GOTO Financial Statements for the 4th quarter of 2022

GOTO's high revenue growth is due to the investments made so far that make GoTo's business more diversified and can create new sources of income outside the core business so far. GoTo's core business is divided into three major parts, namely on demand services (Gojek, GoCar, GoFood, etc.), e-commerce through Tokopedia, and financial services (electronic money Gopay, fintech paylater Findaya, etc.). GoTo creates revenue sources, namely the electric vehicle business and the gaming business. In addition, a number of units are now also successfully monetized

with aggressive growth, such as Moka and Midtrans. Moka POS was originally a cashier application which then continued to develop into a merchant super app. Moka has operated in 37 cities in Indonesia. While Midtrans is a payment gateway solution for merchants. Midtrans has served more than 500,000 MSMEs in Indonesia. With this many businesses that can benefit GOTO in the future for investors. Can be seen in Picture 3.



Picture 3. GOTO's line of business

Company Valuation

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Valuation is a method of determining the value of an investment, where its value is compared to a certain market value. Market prices are influenced by market dynamics and emotions (Apriyanthi et al., 2022). The e-commerce sector itself is part of the Internet economy, where the main indicators studied are based on Gross Transaction Value (GTV), Gross Merchandise Value (GMV) and Total Processing Value (TPV). In the case of GOTO, it is the GTV that is listed in the annual report. So, using relative valuation, researchers can use the EV/GTV ratio. EV or Enterprise Value is the value of a company, which is the theoretical value that must be paid to acquire the company (Ni Komang Sri Artani et al., 2019).

Enterprise value (EV) is a measure of the total value of a business (applies to all types

$C = \text{Rp. } 29.00 \text{ Trillion}$

$EV = \text{IDR } 95.27 \text{ Trillion}$

$GTV 2022 = \text{Rp. } 613.36 \text{ Trillion}$

$EV/GTV = 0.155x$

As a comparison, researchers compared the valuation of a similar company, namely PT Bukalapak (BUKA). Given that PT Bukalapak is an e-commerce company that has conducted an IPO. PT Bukalapak's valuation calculation includes TPV information in its report so that the ratio used is EV/TPV. The following is the calculation as of December 31, 2022:

$EV = MC + \text{Total Debt} - C$

$MC = \text{Rp. } 27.00 \text{ Trillion}$  (using data on that date)

$\text{Total Debt} = \text{Rp. } 0.80 \text{ Trillion}$

$C = \text{Rp. } 16.26 \text{ Trillion}$

$EV = \text{Rp. } 11.54 \text{ Trillion}$

$TPV 2022 = \text{Rp. } 73.63 \text{ Trillion}$

$EV/TPV = 0.156x$

of businesses, whether digital or not). The EV formula is as follows:  $EV = MC + \text{Total Debt} - C$ . MC is the market capitalization calculated as the current share price multiplied by the number of shares outstanding. Total debt is the amount of money owed, both short-term and long-term. C value is the amount of cash and cash equivalents in the company (Ni Komang Sri Artani et al., 2019).

The period for calculating the company's valuation is as of December 31, 2022, the year of GOTO's IPO. The following is the valuation calculation:

$EV = MC + \text{Total Debt} - C$

$MC = \text{IDR } 107.78 \text{ Trillion}$  (using data on that date)

$\text{Total Debt} = \text{IDR } 16.49 \text{ Trillion}$

Based on the results above, the ratio value of the two e-commerce companies that have IPO can be said to be relatively the same. Even so, GOTO's company value (EV) is much greater at Rp. 95.27 Trillion than BUKA's, which only has an EV of Rp. 11.54 Trillion. This is because GOTO has a large business expansion where GOTO penetrates into many sectors such as transportation services, marketplace sites, electronic financial services and others. Although BUKA also has business expansion in addition to marketplaces such as digital banks and delivery services themselves, this cannot equalize the value of the company with GOTO. It can be said that GOTO is the current market leader in Indonesia in its field. Comparator Company

Researchers also apply the relative valuation method, to use this method, comparable data is needed for companies with similar businesses, this search is carried out on the Stock Exchange website to get

access to data on comparable companies, while if the similar company is closed there is no comparable data announced to the public.

After we traced the data of comparable companies, we took a sample of comparable companies abroad, namely:

1. Alibaba com: A multinational technology company originating from China, with a business focus on e-commerce, retail, internet, and technology, and operates globally.
2. Amazon: Amazon is a multinational technology company originating from the United States, with a business focus on e-

commerce, cloud computing, digital streaming, and artificial intelligence.

3. JD.Com: Jd.com is an e-commerce company from China, which operates globally.
4. Shopify.inc: Canadian multinational e-commerce (for online stores & retail sales systems) headquartered in Ottawa, Ontario.
5. Grab : An online transportation company based in Singapore that also operates in Indonesia.
6. Ebay: eBay is an online website based in California, United States.

Calculation data with relative assessment can be seen in Table 4.

*Table 4. Comparable Company Data*

*in billion USD*

	EV*	GMV*	EV/GMV
Alibaba.com	187.60	1312.00	0.143
Amazon	926.53	693.11	1.337
JD.com	67.74	53.31	1.271
Shopify Inc.	87.57	197.00	0.445
Grab	12.13	19.93	0.609
Ebay	21.52	73.90	0.291
Median	77.66	135.45	0.527
Average	217.18	391.54	0.682

*Source: Yahoo Finance (Yahoo Finance, n.d.)*

The comparative data used as an assessment approach is Adjusted EV/Adjusted GMV or the equivalent of EV/TPV used by GOTO. When viewed with comparative data, it can be described as follows:

Based on the comparison with the comparator company above, GOTO's EV/GTV is still below the median Adj. EV/Adj. GMV of comparable companies, which is 0.573x. and is still below the average when compared to the average value of

Adj.EV / Adj.GMV of comparable companies, which is 0.682x. The results of the comparison reflect that GOTO's valuation at the time of the IPO showed a position below the average valuation of similar companies in the world, or relatively cheaper than the comparable companies above.

Nevertheless, GOTO is expected to have high growth in the future, so that it can provide business benefits to its investors. Looking at the growth of GOTO until December 2023, GOTO has increased

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The movement of PT GoTo Gojek Tokopedia Tbk (GOTO) shares was volatile after rumors that TikTok would partner with GOTO to open the TikTok Shop Indonesia trading service to expand GOTO's business. As of December 3, 2023 GOTO shares have reached the level of Rp109 per share. GOTO experienced a 75.81% increase in shares in 1 month, this resulted in net foreign purchases of GOTO shares reaching a turnover of Rp8.2 trillion.

The 75.81% increase in GOTO's share price in a month was supported by the results of GOTO's improved financial performance in the third quarter of 2023, which was released on October 30, 2023. GOTO managed to reduce its net loss as of September 2023. GOTO recorded a net loss of Rp 9.54 trillion until the third quarter of 2023. This loss decreased by 53.05% on an annualized basis (yoy) which amounted to Rp 20.32 trillion in the third quarter of 2022. GOTO managed to reduce a number of its operating expenses. These expenses include advertising and marketing which decreased by 53.51% to Rp1.52 trillion, compared to last September 2022 which amounted to Rp3.27 trillion. In addition, salaries and employee benefits also decreased by 5.81% to Rp 4.21 trillion compared to Rp 4.47 trillion in September 2022. There were also sales and marketing expenses which decreased by 57.23% (yoy) to Rp 4.82 trillion, from Rp 11.27 trillion previously. The decline in net loss is also in line with GOTO's net income, which increased by around 32% until the third quarter of 2023 to Rp 10.51 trillion, from the same period last year of Rp 7.96 trillion.

GOTO's largest net income came from service fees (commissions) which increased

significantly by 42.56% (yoy) in the third quarter of 2023 to Rp 6.23 trillion from Rp 4.37 trillion in the same quarter last year. Then, other revenue contributions such as advertising fee income fell 6.4% (yoy) to Rp 1.61 trillion, while shipping service fees rose 52.92% (yoy) to Rp 1.49 billion. Additional revenue from the other income segment amounted to IDR 1.16 trillion, up 30.43% from the third quarter of 2022 which amounted to IDR 894.08 billion.

The on demand services (ODS) business line, including Gojek and GoFood, achieved adjusted EBITDA of minus Rp 48 billion in the third quarter of 2023. Improved by 95% compared to the third quarter of 2022 which recorded minus Rp 962 billion. This business is getting closer to break-even from adjusted EBITDA. The ODS line recorded the best adjusted EBITDA compared to e-commerce or Tokopedia which was still minus Rp 222 billion, financial technology minus R 388 billion and GoTo Logistics which was recorded minus Rp 113 billion.

Adjusted EBITDA is a non Statement of Financial Accounting Standards (PSAK) financial measure. This measure has a loss before income tax component and adjusts for depreciation and amortization expenses, finance income, interest expenses, and the calculation of losses on impairment of investments in associates. The increase in profit was supported by GOTO's expansion into the mass market and price-sensitive consumers. Some of its products are GoCar Hemat which saw hourly order growth of more than 35%. GoFood Frugal which encouraged driver-partners to almost triple their hourly orders. GOTO also launched GoRide Transit, a platform that integrates public transportation and mobility services in

one Gojek app order. The company is currently piloting GoRide Nego, which allows consumers and driver-partners to communicate directly and mutually agree on delivery prices.

In a screenshot of the Indonesia Stock Exchange (IDX) announcement letter circulating among investors, it is stated that trading in GOTO shares will be suspended starting November 8 due to a change in the new nominal value of Rp 450 per share. In the letter numbered Peng-00123/BEL.POP/11-2023, the IDX made the decision by referring to a letter from GOTO numbered CSE/7/6272 dated November 6, 2023 regarding the reverse stock split corporate action. So GOTO started trading GOTO shares with a new nominal value of Rp 450 on November 10, 2023.

In the long term, GOTO's performance can continue to improve so that it can compete with similar comparable companies and is expected to continue to grow along with the growth of the internet economy, so that the company's valuation can grow as well (with increasing share prices), and can be comparable to similar companies in the world.

#### Oversubscribed Occurs

The phenomenon that occurs when the cumulative number of share requests received from potential investors exceeds the number of shares offered in the primary market during the public offering period or the amount of demand for shares of a company that goes public is commonly referred to as the oversubscription phenomenon (Ramadani, 2020).

The impact of Oversubscribed is that the share price increases temporarily and investors get a smaller allocation. The

condition of investors receiving a small number of shares will increase the number of shareholders and make the number of shares owned relatively small. This phenomenon eliminates the existence of market makers for stocks and funds that own a large number of shares (Fanthar & Taqiyuddin, 2022).

GOTO's initial public offering (IPO) was oversubscribed by 15.7 times. In fact, the number of shares issued for the first time only accounted for 3.43% of the total shares available. Based on the records of India Premier Securitas, one of the underwriters of the GOTO IPO, the number of participating investors recorded a Single Investor Identification (SID) record of more than 299,000, the majority of which were retail investors. In comparison, in the IPO of BUKA shares (PT Bukalapak.com Tbk), the quantity of stock orders reached only around 100,000 SIDs, and was oversubscribed by 8.7 times and BUKA shares also continued to experience a decline in share prices to date.

#### Controlling Shareholders

PT GoTo has 3 shareholders who own above 5% excluding treasury shareholders and scrip and non scrip public shares. One of the shareholders above 5% is the Goto Peopleverse Fund (GPF). GPF is an institution engaged in stock compensation programs for employees, consultants, management and retirees of GOTO companies as well as Employee and Consultant Stock Option Programs. It was created to record and manage the shares held by employees and management where the sales price is determined at the beginning of the agreement. Even if GOTO's share price goes up or down, GPF will still give away the shares at the set price. The following is a list of GOTO share investors:

*Table 3. GOTO Shareholders List*

No	Nama	Persentase
1	Goto Peopleverse Fund	5.91%
2	SVF GT Subco (Singapore) Pte. Ltd.	7.73%
3	Taobao China Holding Limited	8.84%
4	PT Saham Anak Bangsa	2.24%
4	Andre Soelistyo	0.83%
5	Kevin Bryan Aluwi	0.57%
6	William Tanuwijaya	1.72%
7	Melissa Siska Juminto	0.42%
8	Wei-Jye Jacky Lo	0.04%
9	Pablo Malay	0.02%
10	Garibaldi Thohir	0.09%
11	Sugito Walujo	0.02%
12	Catherine Hindra Sutjahyo	0.04%
13	Hans Patuwo	0.05%
14	Saham Treasury	0.86%
15	Masyarakat Warkat	0.24%
16	Masyarakat Non Warkat	70.21%

*Source : Indonesia Stock Exchange (IDX, 2022)*

Many shareholders will have an impact on the running of the company. In the table above, GOTO shares have no shares listed above 50%, which is usually called the majority shareholder. The impact disrupts the decision-making process when formulating internal policies and GMS. The greater the number of shareholders, the slower the decision-making in a company. Controlling shareholders are needed to speed up the decision-making process of a company. The size of the number of shareholders of a company affects investor interest in stock trading. Long-term investors look for stocks that have relatively few investors. Controlling shareholders tend to implement

underpricing policies so that they can buy back shares at low prices and maintain full control over the company (Fanthor & Taqiyuddin, 2022).

#### Losses Experienced by the Company

A company's finances will reflect how its stock price changes. A company's good finances will encourage the dynamic movement of the company's share price at a good or liquid level and vice versa. In GOTO stock, there is still a red report card that continues to lose money. The following are the losses of PT GoTo Company:

*Table 4. Consolidated Statements of Profit or Loss & Other Comprehensive Income  
(in millions Rupiah, unless otherwise stated)*

	2022	2021	2020
Net Revenue	11.349.167	4.535.764	3.327.875
Loss for the period/year	(40.408.492)	(22.429.242)	(16.735.217)
Total comprehensive loss for the period/year	(40.266.275)	(22.531.192)	(16.621.682)

*Source: GOTO's Financial Report*

In the table above in the period 2020-2022, GOTO shares have an operating loss of IDR.16.62 trillion in 2020, IDR.22.53 trillion in 2021 and IDR.40.27 trillion in 2022. The losses of the GoTo company are getting bigger and bigger. These losses affect investors' decisions to buy GOTO shares. Long-term investors will not join a company that continues to experience losses. Long-term investors will analyze stocks that have many advantages. If a business is still experiencing losses, not many investors will look at it. This kind of financial picture reduces the attractiveness of investors who invest in startups like GOTO (Harahap et al., 2020).

## 5. CONCLUSION

The results of the above research explain that the valuation of GOTO shares when conducting an IPO is below the average valuation of comparable companies in the world. On the Indonesia Stock Exchange itself, there is no reference valuation of similar companies that have been listed, while the company's condition is still losing money even with high revenue growth, gross profit, and TPV. Thus, setting a GOTO valuation that is relatively cheaper than the valuation of comparable companies in the

world is a reasonable pricing strategy, considering that Bukalapak is the first unicorn technology startup company to IPO on the Indonesia Stock Exchange. The initial share pricing strategy also provides space for investors to learn about GOTO's business model, observe the company's business growth, and can also expect potential capital gains on the investment made. Therefore, the valuation of GOTO shares at the time of the IPO was cheaper than the average valuation of comparable companies in the world. GOTO's initial share price was actually acceptable to investors at the time of the IPO, with the company successfully raising IDR 15.8 trillion (the largest in the history of IPOs on the Indonesia Stock Exchange) and being oversubscribed up to 15.7 times during bookbuilding. The decline in share prices that occurs after an IPO can be caused by: investors in general tend to expect short-term gains on IPO stocks, so they participate in selling when the wave of declining stock prices occurs. In addition, many investors also do not understand the valuation of e-commerce companies, so the decision to sell and buy is more based on stock price movements in the market, and not based on company fundamentals.



The weakness of this study is that the comparative companies used are overseas companies, which may not necessarily have the same industry, market, and operational characteristics as companies in Indonesia. The use of accounting recording methods may also differ between the assessed companies and the comparable companies, or between one comparable company and another comparable company.

Advice to company management, investment managers, securities, and academics, to continue to educate investors regarding the valuation of e-commerce companies. In addition, company management must also prove the company's performance growth over time, so as to foster confidence in investors to invest in the

company's shares. Management also needs to consider a buyback, when the share price has fallen below its fair price and in the case of GOTO below the initial offering price. For the next start-up management that will conduct an IPO, the company also needs to educate on the valuation of the company, and prepare steps to maintain the stability of its share price after the IPO. As for future researchers, after more technology start-up companies conduct their next IPO in Indonesia, they can develop relative valuations with comparable companies in Indonesia. In addition, when the company starts to make a profit, the next researcher can develop a company valuation assessment with the economic valuation method, and other methods.

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