

Nusantara Sejahtera Raya

BUY (unchanged)

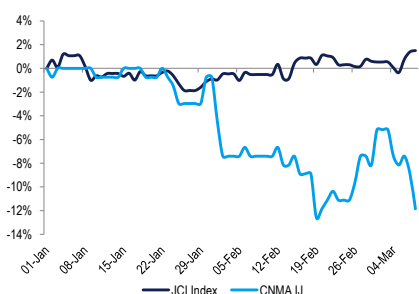
Company Update | Consumer Discretionary | CNMA IJ | 12 March 2024

Stock Data

Target price	Rp280
Prior TP	Rp280
Current price	Rp238
Upside/downside	+25%
Shares outstanding (mn)	83,345
Market cap (Rp bn)	23,337
Free float	46%
Avg. 6m daily T/O (Rp bn)	N/A

Price Performance

	3M	6M	12M
Absolute	-13.1%	-12.5%	N/A
vs. JCI	-16.6%	-18.6%	N/A
52w low/high (Rp)	236 – 316		



Major Shareholders

Pt Harkatjaya Bumipersada	54.0%
Salween Investment Private Limited	22.5%
PT Adi Pratama Nusantara	13.5%

Lukito Supriadi

PT Indo Premier Sekuritas
lukito.supriadi@ipc.co.id
+62 21 5088 7168 ext. 716

Andrianto Saputra

PT Indo Premier Sekuritas
andrianto.saputra@ipc.co.id
+62 21 5088 7168 ext. 712

One-off income drives FY23 earnings beat; Maintain BUY on solid YTD admission

- CNMA's FY23 net profit of Rp688bn (+49.4% yoy) came above of our/consensus' estimate at 114/110%.
- We noticed a strong admission trend driven by local titles in 4Q23 which continues well into 2M24 YTD (estimated at >60% yoy).
- Maintain BUY with unchanged TP of Rp280. We believe CNMA stands as a beneficiary of shifting consumer spending toward entertainment

FY23 results: core earnings came in-line with ours/consensus estimates

CNMA delivered FY23 net profit of Rp688bn (+49.4% yoy), a beat against our/consensus' FY23F estimate at 114/110%. This was driven by a one-off income arising from lease concession of Rp119bn which was booked in FY23. Excluding this, core income was somewhat in-line with estimates. CNMA's key segments cinema/F&B delivered much improved revenue at +16.3/29.3% yoy, whilst advertisement revenue (1.9% contribution) booked -24.6% yoy drop. F&B revenue as % of cinema revenue also rose by +592bps yoy to 58.9%, reflecting positive progress on the company's initiatives to further boost F&B. Margin wise, GPM rose by +21bps yoy on higher F&B contribution, while opex/sales ratio was relatively stable at 42.0% (vs. FY22's 43.2%).

4Q23 results: domestic titles remain the key admission driver

4Q23 net profit jumped +253.4% yoy and +58.5% qoq to Rp300bn. As discussed in our recent note (link [here](#)) and based on Cinepoint's data, we estimate that CNMA's 4Q23 admission reached c.25mn (+12% qoq). Interestingly, local movie contribution to industry's reached c.64% in 4Q (vs FY23's est. c.47%). Major international titles were Aquaman and The Marvels, while the rest were contributed from local titles (Fig 6). A higher local movie contribution often entails slightly lower ATP due to the stronger admission from lower-tier cities, but it also implies that the local movie industry is thriving well with very good acceptance. Additionally, the admission trend in 2M24 is strong with growth estimated to be above >60% yoy given 1Q23's low-base – driven by local titles "Agak Laen", "Ancika" among others. Additionally, our channel checks suggest higher ATP from Oct23 to Jan24 by +8.7%, and further into Mar24 by +4.0%. (Fig 2-3).

Maintain Buy at TP of Rp280

We continue to believe CNMA is well positioned to benefit from the shifting consumer spending toward leisure and entertainment. We reiterate our BUY call with unchanged TP of Rp280, based on DCF implying FY24F P/E of 24.3x. Looking forward, we expect major titles such as Kung Fu Panda 4 and Godzilla x Kong in Mar24, along with domestic titles such as Badawuhi di Desa Penari (to be aired on Lebaran holidays) to drive overall admission.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Revenue	4,401	5,231	6,499	7,896	9,517
EBITDA	1,393	1,754	2,123	2,715	3,434
Net Profit	460	688	961	1,332	1,794
EPS growth	-231.0%	49.4%	39.6%	38.7%	34.6%
ROE	14.7%	19.1%	18.3%	23.2%	28.6%
PER (x)		28.8	20.6	14.9	11.1
EV/EBITDA (x)		9.8	7.9	6.1	4.8
Dividend Yield		3.1%	2.3%	4.4%	6.0%
Forecast change			0%	0%	N/A
IPS/consensus			89%	88%	N/A

Sources: Company, Indo Premier

Share Price Closing as of : 08 March 2024

Fig. 1: CNMA 4Q23 result summary

(Rp bn)	4Q23	4Q22	%yoy	3Q23	%qoq	12M23	12M22	%yoy	IPS FY23F	% IPS	Cons FY23F	%Cons
Revenue	1,420	1,100	29.0%	1,384	2.6%	5,231	4,401	18.9%	5,236	100%	5,327	98%
Cost of revenue	(559)	(432)	29.4%	(553)	1.0%	(2,098)	(1,774)	18.2%				
Gross profit (loss)	861	668	28.8%	830	3.7%	3,133	2,627	19.3%				
Operating expenses	(429)	(535)	-19.9%	(558)	-23.2%	(2,077)	(1,903)	9.2%				
Operating profit	432	133	225.2%	272	58.8%	1,056	724	45.8%	891	119%	931	113%
EBITDA	615	300	104.6%	458	34.2%	1,754	1,393	25.9%	1,605	109%	1,582	111%
Profit (loss) before income tax	420	107	292.8%	256	63.8%	950	635	49.6%				
Income tax benefit (expenses)	(97)	(16)	492.9%	(51)	90.0%	(208)	(131)	59%				
Net profit	322	90	256.4%	205	57.3%	742	505	47.1%				
Minority interest	(22)	(6)	302.0%	(16)	43.2%	(54)	(44)	23%				
NPATMI	300	85	253.4%	189	58.5%	688	460	49.4%	605	114%	625	110%
GPM	60.6%	60.7%		60.0%		59.9%	59.7%					
EBIT margin	30.4%	12.1%		19.7%		20.2%	16.5%					
EBITDA margin	43.3%	27.3%		33.1%		33.5%	31.6%					
NPM	21.1%	7.7%		13.7%		13.1%	10.5%					
Revenue breakdown												
Cinema	855	629	35.8%	824	3.7%	3,140	2,701	16.3%				
Food and beverages	488	384	27.1%	497	-1.7%	1,850	1,431	29.3%				
Advertisement	34	53	-35.0%	25	34.4%	99	131	-24.6%				
Digital platform	24	24	-0.1%	28	-14.2%	106	117	-9.6%				
Event and other revenue	18	10	90.3%	9	101.8%	37	22	69.5%				
GPM												
Cinema	50.0%	50.0%		50.0%		50.0%	50.0%					
Food and beverages	73.9%	71.1%		73.1%		72.8%	72.4%					
Advertisement	100.0%	100.0%		100.0%		100.0%	100.0%					
Digital platform	74.9%	77.3%		79.2%		77.7%	76.2%					
Event and other revenue	110.1%	93.4%		79.7%		100.0%	93.1%					
Ratio												
FnB to Cinema revenue	57.2%	61.1%		60.3%		58.9%	53.0%					

Source: Company, Indo Premier

Fig. 2: Average ticket price increase/(decrease) from Jan24 to Mar24

	Mon-Thu	Fri	Weekend/Public Holiday
Jakarta	2.4%	2.3%	1.8%
Tier-1 ex-Jkt	1.7%	3.0%	2.5%
Tier-2	6.5%	6.4%	5.4%
Tier-3	4.5%	5.6%	5.7%

Source: Company website, Indo Premier

Fig. 3: Average ticket price increase/(decrease) from Oct23 to Jan24

	Mon-Thu	Fri	Weekend/Public Holiday
Jakarta	8.9%	8.5%	6.3%
Tier-1 ex-Jkt	11.1%	8.1%	11.1%
Tier-2	11.6%	5.9%	2.9%
Tier-3	12.3%	10.6%	7.2%

Source: Company website, Indo Premier

Fig. 4: FY24F major international movie pipeline

No	2024 International movie pipeline
1	Wise Guys
2	Madame Web
3	Godzilla x Kong: The New Empire
4	Elio
5	What About Love
6	The Fall Guy
7	A Quiet Place: Day One
8	Kung Fu Panda 4
9	Dune Part Two
10	Bob Marley: One Love
11	Disney's Snow White
12	Ghostbusters: Afterlife Part 2
13	Godzilla x Kong
14	Deadpool 3
15	Kingdom of the Planet of The Apes
16	Inside Out 2
17	Bad Boys 4
18	Despicable Me 4
19	Mufasa: The Lion King
20	Venom 3
21	Captain America: Brave New World

Source: Company

Fig. 5: FY24F local movie pipeline

No	2024 Local movie pipeline
1	Guna-Guna Istri Muda
2	Ancika
3	Pasturi Gaje
4	Agak Laen The Movie
5	Ali Topan Anak Jalanan
6	Para Betina Pengikut Iblis 2
7	Ronggeng
8	Siksa Kubur
9	Buya Hamka Vol. 2
10	Dua Hati Biru
11	KKN Desa Penari 2
12	Heartbreak Motel
13	Tukar Takdir
14	Laura
15	Wanita Ahli Neraka
16	Warkop DKI Animation
17	Dilan 1983
18	Arok Dedes
19	Danur 4
20	Waktu Maghrib 2
21	Buya Hamka Vol. 3

Source: Company

Fig. 6: Top 10 films in 1Q-4Q23

Quarter	No	Movie title	Local/Int	Industry
1Q	1	Ant-Man and the Wasp: Quantumania	International	2,828,814
1Q	2	Waktu Maghrib	Local	2,409,112
1Q	3	Jalan yang jauh jangan lupa pulang	Local	866,367
1Q	4	Shazam! Fury of the Gods	International	860,000
1Q	5	Suzume	International	753,709
1Q	6	John Wick: Chapter 4	International	713,631
1Q	7	A Man Called Otto	International	655,852
1Q	8	M3GAN	International	642,782
1Q	9	Dungeons & Dragons: Honor Among Thieves	International	607,411
1Q	10	Mangkujwo	Local	555,645
2Q	1	Sewu Dino	Local	4,886,406
2Q	2	Fast X	International	4,810,871
2Q	3	Transformers: Rise of the Beasts	International	3,551,933
2Q	4	Guardians of the Galaxy Vol. 3	International	2,844,501
2Q	5	The Super Mario Bros. Movie	International	1,673,851
2Q	6	The Little Mermaid	International	1,634,182
2Q	7	Evil Dead Rise	International	1,593,929
2Q	8	The Flash	International	1,423,794
2Q	9	Buya Hamka	Local	1,297,791
2Q	10	Khanzab	Local	1,166,706
3Q	1	The Nun 2	International	3,413,309
3Q	2	Di Ambang Kematian	Local	3,300,025
3Q	3	Air Mata di Ujung Sajadah	Local	3,127,671
3Q	4	Mission: Impossible – Dead Reckoning Part One	International	2,465,525
3Q	5	Petualangan Sherina 2	Local	2,414,504
3Q	6	Suzzanna: Malam Jumat Kliwon	Local	2,189,363
3Q	7	Insidious: The Red Door	International	1,924,510
3Q	8	Barbie	International	1,709,581
3Q	9	Meg 2: The Trench	International	1,705,246
3Q	10	Kisah Tanah Jawa: Pocong Gundul	Local	1,648,624
4Q	1	Aquaman and the Lost Kingdom	International	4,011,601
4Q	2	172 Days	Local	3,072,140
4Q	3	Siksa Neraka	Local	2,610,036
4Q	4	The Marvels	International	2,264,566
4Q	5	Sijin	Local	1,930,901
4Q	6	Panggonan Wingit	Local	1,613,773
4Q	7	Pamali: Dusun Pocong	Local	1,602,261
4Q	8	Saranjana: Kota Ghaib	Local	1,240,959
4Q	9	Layangan Putus	Local	1,024,022
4Q	10	Indigo	Local	1,008,402

Source: Cinepoint, Indo Premier

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net revenue	4,401	5,231	6,499	7,896	9,517
Cost of sales	(1,774)	(2,098)	(2,606)	(3,135)	(3,752)
Gross profit	2,627	3,133	3,893	4,761	5,765
SG&A Expenses	(1,903)	(2,077)	(2,565)	(2,942)	(3,333)
Operating profit	724	1,056	1,328	1,819	2,431
Net interest	(82)	(95)	(26)	(22)	(22)
Forex gain (loss)	0	0	0	0	0
Others	(7)	(10)	0	0	0
Pre-tax income	635	950	1,301	1,797	2,409
Income tax	(131)	(208)	(286)	(395)	(530)
Minority interest	(44)	(54)	(54)	(69)	(85)
Net income	460	688	961	1,332	1,794

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	2,049	2,687	3,134	3,188	3,408
Receivable	69	51	71	87	104
Inventory	96	93	71	86	103
Other current assets	21	26	53	65	78
Total current assets	2,236	2,858	3,330	3,425	3,693
Fixed assets	3,942	4,155	4,540	5,143	5,732
Goodwill	581	358	373	373	373
Total non-current assets	4,523	4,513	4,913	5,515	6,104
Total assets	6,760	7,370	8,243	8,941	9,798
ST loans	1,697	0	0	0	0
Payable	442	293	535	644	771
Other payables	326	378	327	329	331
Current portion of LT loans	0	0	0	0	0
Total current liab.	2,466	671	862	973	1,102
Long term loans	0	0	0	0	0
Other LT liab.	1,641	1,740	1,620	1,670	1,718
Total liabilities	4,107	2,411	2,482	2,643	2,820
Equity	745	2,917	2,996	2,996	2,996
Retained earnings	1,738	1,818	2,504	2,972	3,567
Minority interest	170	224	261	330	415
Total SHE + minority int.	2,653	4,959	5,761	6,298	6,978
Total liabilities & equity	6,760	7,370	8,243	8,941	9,798

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
EBIT	460	688	961	1,332	1,794
Depr. & amortization	622	698	795	896	1,003
Changes in working capital	(54)	(82)	62	70	81
Others	(59)	99	9	50	48
Cash flow from operating	970	1,404	1,827	2,347	2,926
Capital expenditure	(147)	(919)	(1,188)	(1,498)	(1,592)
Others	203	223	0	0	0
Cash flow from investing	56	(696)	(1,188)	(1,498)	(1,592)
Loans	1,697	(1,697)	0	0	0
Equity	525	2,172	0	0	0
Dividends	(2,224)	(608)	(454)	(865)	(1,199)
Others	(65)	54	54	69	85
Cash flow from financing	(67)	(79)	(400)	(796)	(1,114)
Changes in cash	959	629	239	54	220

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	59.7%	59.9%	59.9%	60.3%	60.6%
Operating margin	16.5%	20.2%	20.4%	23.0%	25.5%
Pre-tax margin	14.4%	18.2%	20.0%	22.8%	25.3%
Net margin	10.5%	13.1%	14.8%	16.9%	18.8%
ROA	7.0%	9.7%	12.2%	15.5%	19.1%
ROE	14.7%	19.1%	18.3%	23.2%	28.6%
Acct. receivables TO (days)	4.3	4.0	4.0	4.0	4.0
Inventory TO (days)	15.9	10.0	10.0	10.0	10.0
Payable TO (days)	92.4	75.0	75.0	75.0	75.0
Debt to equity	64.0%	0.0%	0.0%	0.0%	0.0%
Interest coverage ratio (x)	10.6	10.8	14.5	18.4	22.6
Net gearing	-13.3%	-54.2%	-54.4%	-50.6%	-48.8%

Source: Company, Indo Premier

INVESTMENT RATINGS

BUY	: Expected total return of 10% or more within a 12-month period
HOLD	: Expected total return between -10% and 10% within a 12-month period
SELL	: Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document do not have any regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.