

Not Rated

Nusantara Sejahtera Raya (CNMA IJ) Capitalizing on Local Movies and Strategic Expansion to Untapped Market in FY25

Last Price (Rp)	180
Target Price (Rp)	n.a
Upside/Downside	n.a
No. of Shares (mn)	83.34
Mkt Cap (Rpbn/US\$m)	15,085/951
Avg, Daily T/O (Rpbn/US\$m)	0.23/0.00

- CNMA's local movies drove 65% of 9M24 admissions with +12% yoy rev. growth. While, F&B margin improved to 73.7% (vs 72.3% in 9M23).
- The company plans to open 70–75 new cinemas in FY25, targeting untapped markets (i.e., Outside Java).
- CNMA trades at 20.7x its annualized 2024 PE, key risks include potential Hollywood movie underperformance and mall development delays.

Key Financials:

	2021A	2022A	2023A
EPS (Rp)	(4.68)	6.14	8.8
PER (x)	(38.2)	29.2	20.3
PBV (x)	35.2	35.2	4.8
ROAA (%)	(5.7)	7.5	10.1
ROAE (%)	(9.2)	19.0	15.0

Local movies drive 65% of CNMA's 9M24 admissions

CNMA reported 9M24 revenue of Rp4.2tr/+12% yoy, driven by a screen expansion to 1,322 cinemas (vs 9M23: 1,250 cinemas). Growth came from movie tickets (+17% yoy), F&B (+6% yoy), and events (+24% yoy), while advertising declined by 15% yoy. 9M24 total admissions reached 66.1mn (+12% yoy), with an average ticket price of Rp44,400 (+3.6% yoy). Domestic films accounted for 65% of total admissions. The Hollywood writers' and actors' strike last year, combined with underperformance of several major releases (e.g., Joker, which achieved only 10% of its expected 3.5mn admissions) negatively impacts the movie pipeline in 2024 (10M24: 72mn admission). This might hinder CNMA from achieving its FY24 admission target of 85-90mn.

Strategic classification boosts F&B margin to 73.7% in 9M24

CNMA categorizes its cinemas based on customer purchasing power on F&B spending into Class A, B, and C, with 27, 131, and 91 cinemas, respectively. Average F&B spending per head stood at Rp33,000 for Class A, Rp21.65 for Class B, and Rp14,563 for Class C. Classes B and C demonstrated higher utilization rates, particularly during local movie periods. Gross profit grew by 12% yoy, with gross margins remaining stable at 59–60%. The F&B segment recorded a gross margin improvement to 73.7% from 72.3% in 9M23, supported by pricing optimization. Gross margin for Cinema was maintained at 50%. The company's net profit increased by 37% yoy, with net margins improving to 12.4%, up from 10.2% in 9M23, bolstered by increased admissions (+ 12% yoy compared to 9M23: 59.1mn).

Expansion plan to more untapped markets in FY25

Mgmt. reported stronger admissions in Oct24 compared to Sept24. Expansion initiatives are underway, with plans to open cinemas in eight locations—Jakarta, Bekasi, Surabaya, Klaten, Timika, and Mamuju—by 4Q24, adding over 30 screens. Looking ahead to FY25, CNMA aims to open 70–75 new cinemas and focuses on untapped markets, depending on mall development and availability. Mgmt. remains optimistic for next year's performance, supported by the anticipated release of high-profile Hollywood films and continued development of local movie production.

CNMA trades at 20.7x annualized 2024 PE

CNMA is currently trading at 20.7x its annualized 2024 earnings and the share price is underperformed by 37% Ytd. Key risks to the company's performance include the potential underperformance of major Hollywood film titles in terms of admissions and delays or challenges in mall developments in targeted expansion areas.

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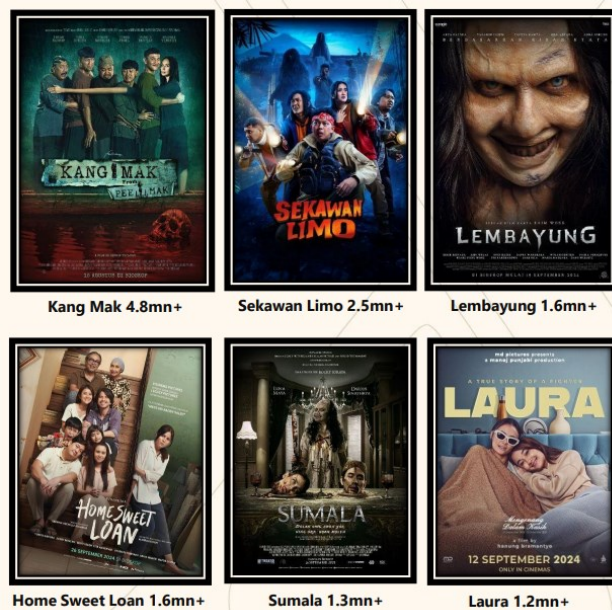
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Exhibit 1. Historical Financial Summary

CNMA U (Rpbn)	2019	2020	2021	2022	2023	9M23	9M24	yoy
Revenues	6,890	1,219	1,280	4,401	5,231	3,811	4,274	12%
Oper. profit	1,654	(590)	(356)	717	614	614	771	26%
Pre-tax profit	1,698	(686)	(478)	635	531	531	734	38%
Net profit	1,201	(546)	(351)	460	388	388	530	37%
Operating margin	24.0	(48.4)	(27.8)	16.3	11.7	16.1	18.1	
Net margin	17.4	(44.8)	(27.4)	10.5	7.4	10.2	12.4	

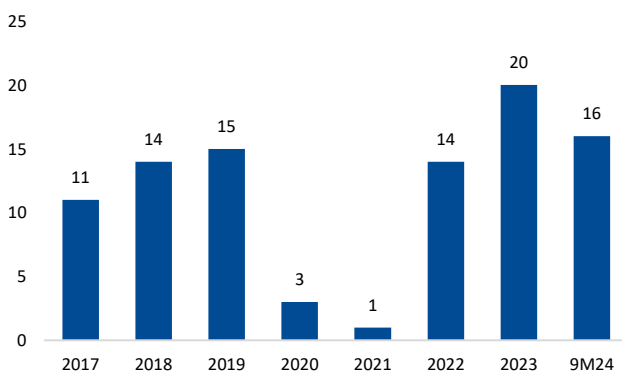
Source: Company

Exhibit 2. Domestic Movies Slates with >1mn Admission in 3Q24



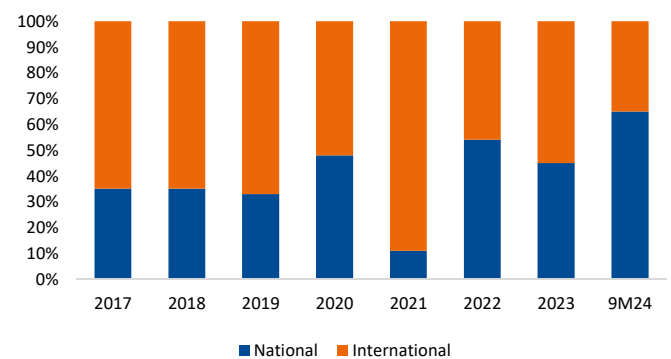
Source: Company

Exhibit 3. No. of Domestic Movies with >1mn Admissions



Source: Company

Exhibit 4. % Movies to Admissions



Source: Company

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INVESTMENT RATING

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

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