

## IPO Report

Stock Information	
Book building Period	10-14 July
Public offering Period	27-31 July
Listing on IDX	2 August 2023
IPO Price (IDR)	270
Free Float (%)	10%

Shareholder Structure (Pre-IPO):	
PT Harkatjaya Bumipersada	71.9
PT Adi Pratama Nusantara	18.0
Public (%)	10.0

Shareholder Structure (Post-IPO):	
PT Harkatjaya Bumipersada	53.9
PT Adi Pratama Nusantara	13.5
Salween Investment Private Ltd	22.5
Public (%)	9.9

### Company Background

Established in 1988, PT Nusantara Sejahtera Raya is a company focusing on cinema and food and beverage ("F&B") businesses, aiming to provide the best entertainment experience to the public. The company operates the largest cinema network in Indonesia in terms of gross box office revenue.

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## The Theater is Now Open

**Potentially raising up to IDR 2.4 trillion.** In its IPO, CNMA will release up to 10% of its total shares outstanding (approximately 83 billion shares) to the public. With a bookbuilding price range of IDR 270 - IDR 288, CNMA is expected to raise IDR 2.2 – 2.4 trillion from its IPO, of which 65% will be used for cinema expansion, particularly in tier-2 cities, 20% will be used to pay off its debt to Bank BRI, and the rest will be used as working capital. With the aforementioned bookbuilding price range, CNMA's market cap is projected to reach IDR 22.5 – IDR 24 trillion.

**F&B-driven movie theater.** In FY22, CNMA added three new cinemas and ten new screens to its network, bringing its portfolio to 225 cinemas and 1,216 screens, with an average revenue per ticket of IDR 44,258. CNMA's business model is fairly straightforward; CNMA will sign 50-50 profit-sharing contracts with movie producers (pre-tax) and then show the movies in its cinemas. In 2022, CNMA reported an average daily revenue per cinema of IDR 32.8 million, tripling the previous year's figure, largely thanks to economic reopening and recovery of mobility. Despite the massive success of its cinemas, CNMA's bottom line driver is actually its F&B business; in 2022, CNMA recorded 15.3 million F&B transactions, generating more than IDR 1.4 trillion of revenue in the process. In addition, CNMA's F&B business offers more lucrative margins (GPM: 72%, EBITDA margin: 58%, NPM: 42%). Its F&B-driven bottom line is the unique value that sets CNMA apart from its peers in the US and Asia.

**Possibility of huge investments from existing shareholder.** According to its prospectus, on December 5, 2016, CNMA signed a call option agreement with Salween Investment Private Limited, the investment vehicle of GIC. In the agreement, CNMA, through its largest shareholder, PT Harkatjaya Bumipersada (HJB), will provide the option for Salween to purchase as much as 15 billion CNMA shares, while PT Adi Pratama Nusantara (APN) will provide the same option for 3.75 billion shares. The strike price is the same as the IPO offering price, and the options will be valid at the listing date. Should GIC exercise all of the options, it will then hold a 22.51% stake in CNMA (value: IDR 5 – IDR 5.4 trillion).

**Discount to global & regional peers.** With total shares outstanding of 83.3 billion, CNMA is offered at 14.6x – 15.5x FY23F EV/EBITDA (30% discount to global & regional peers), assuming an annualized FY23F EBITDA of IDR 1.4 trillion. We chose to use EV/EBITDA multiple as movie theatre companies tend to have their value tied to their cinemas and screens, whose value depreciates heavily throughout the years.

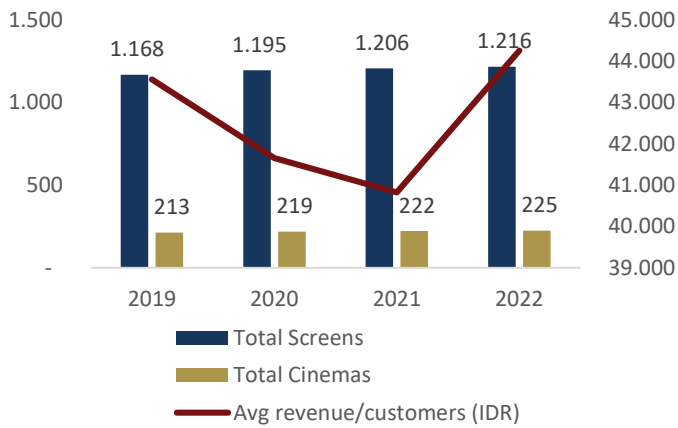
### Stock Informations

Y/E Dec	20A	21A	22A	3M22	3M23
Revenue (IDR bn)	1,219	1,280	4,401	636	883
Gross Profit (IDR bn)	715	739	2,628	372	522
EBITDA (IDR bn)	59	313	1,386	307	352
Net Profit (IDR bn)	(546)	(351)	549	(48)	(24)
EPS Growth (%)	N.A	N.A	N.A	N.A	N.A
EBITDA Margin (%)	4.8	24.5	31.5	48.3	39.8
ROA (%)	22	10	6	7.5	(0.4)
ROE (%)	27.1	14.1	9.2	19.0	(1.2)

**Figure 1. Shareholder Structure Pre-IPO and Post-IPO**

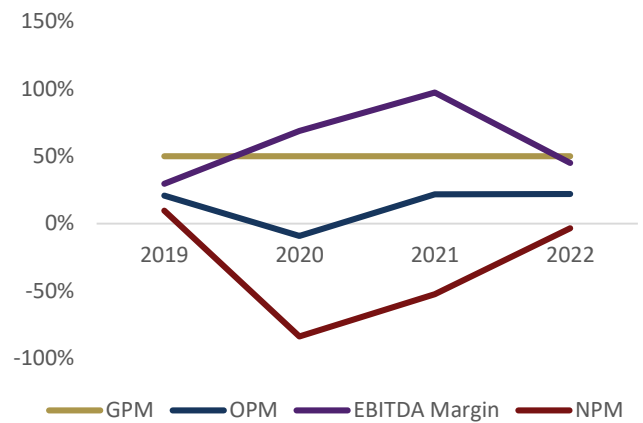
Shareholder Structure:	Pre-IPO		Post-IPO	
	Shares (Mn)	Percentage (%)	Shares (Mn)	Percentage (%)
PT Harkatjaya Bumipersada	60	71.9	38.3	53.9
PT Adi Pratama Nusantara	15	18.0	9.6	13.5
Salween Investment Private Limited	-	-	18.8	22.5
Public	8.3	10.0	16.7	9.9

**Figure 2. Total Cinema, Screens, and Avg Revenue/Customer**



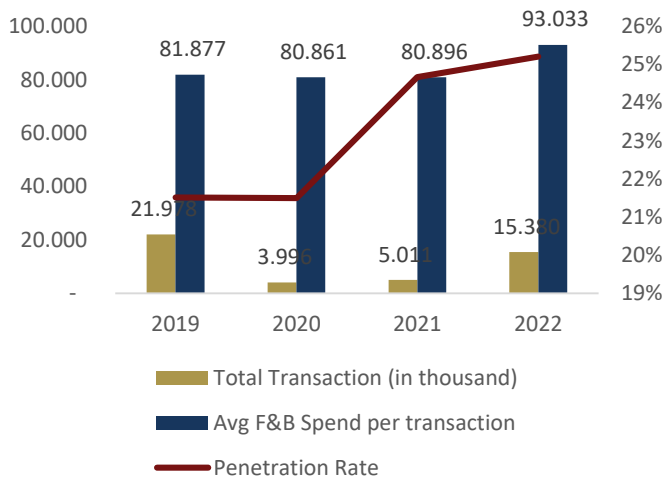
Source: Company

**Figure 3. Cinema Segment Margins**



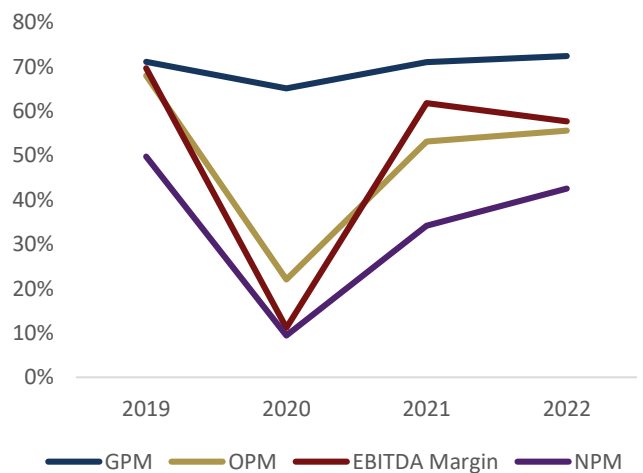
Source: Company

**Figure 4. F&B total transaction and Avg Spend**



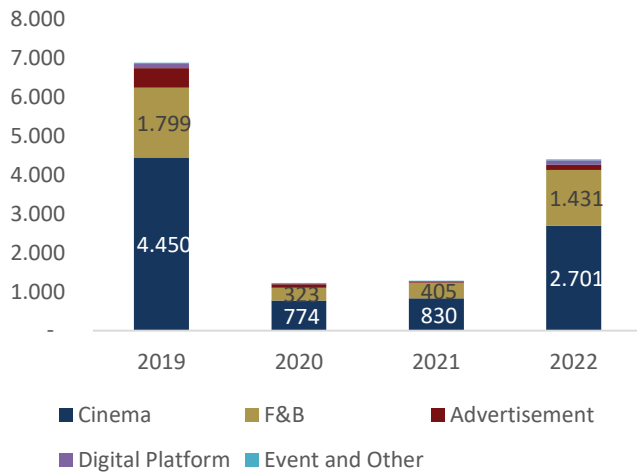
Source: Company

**Figure 5. F&B Segment Margins**



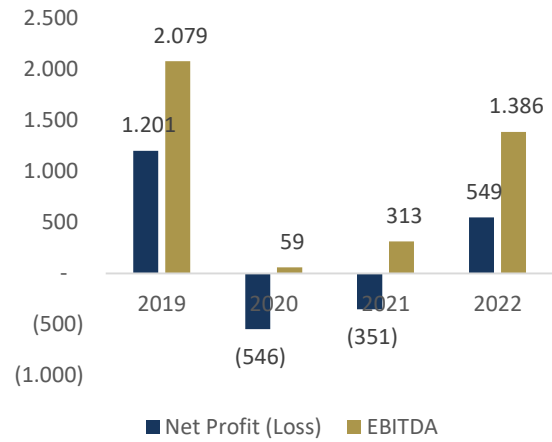
Source: Company

**Figure 6. Revenue Composition**



Source: Company

**Figure 7. EBITDA & Net Profit Growth**



Source: Company

**Figure 8. Post-IPO Scenario**

(IDRbn)	Pre-IPO FY22			Post-IPO FY23F (Annualized)		
IPO Price	270	279	288	270	279	288
Shares Outstanding	75	75	75	83	83	83
Public Offering				10.0%	10.0%	10.0%
Max Proceeds				2,250	2,325	2,400
Market Cap	20,253	20,928	21,603	22,503	23,253	24,003
<b>Balance Sheet</b>						
Cash	2,049	2,049	2,049	4,295	4,370	4,445
Asset	6,760	6,760	6,760	8,923	8,998	9,074
Liabilities	4,107	4,107	4,107	4,646	4,646	4,646
Equity	2,653	2,653	2,653	4,277	4,352	4,427
Debt	1,697	1,697	1,697	2,299	2,299	2,299
<b>Income Statement</b>						
Net Revenue	4,401	4,401	4,401	3,533	3,533	3,533
Gross Profit	2,628	2,628	2,628	2,090	2,090	2,090
EBITDA	1,436	1,436	1,436	1,408	1,408	1,408
Net Profit	460	460	460	(98)	(98)	(98)
<b>Key Ratios</b>						
P/Sales	4.6x	4.8x	4.9x	6.4x	6.6x	6.8x
P/E	44.0x	45.5x	46.9x	-230.1x	-237.8x	-245.4x
EV/EBITDA	13.9x	14.3x	14.8x	14.6x	15.0x	15.5x
EBITDA Margin	32.6%	32.6%	32.6%	39.8%	39.8%	39.8%
Net Margin	10.5%	10.5%	10.5%	-2.8%	-2.8%	-2.8%
ROA	6.8%	6.8%	6.8%	-1.1%	-1.1%	-1.1%
ROE	17.4%	17.4%	17.4%	-2.3%	-2.2%	-2.2%

Source: Company, SSI Research

**Figure 8. Valuation Peers Comparisons**

Ticker	Name	Market Cap (USDbn)	P/E			P/BV			EV/ EBITDA		
			2022	2023	2024	2022	2023	2024	2022	2023	2024
CNK US Equity	Cinemark Holding Inc	1,967	N/A	20.7	12.0	9.5	7.5	5.3	9.0	7.6	6.7
AMC US Equity	AMC Entertainment Holdings Inc	4,093	N/A	N/A	N/A	N/A	N/A	N/A	16.3	27.4	17.7
IMAX US Equity	IMAX Corp	903	N/A	22.3	17.7	3.0	2.6	2.1	18.8	8.9	8.2
600977 CH Equity	China Film Co	3,868	N/A	29.4	23.8	2.3	2.4	2.2	174.7	13.3	11.1
601595 CH Equity	Shanghai Film Co	1,725	N/A	102.8	56.1	3.1	7.3	6.4	N/A	46.6	59.4
300027 CH Equity	Huayi Brothers Media Corp	1,108	N/A	N/A	42.4	6.1	5.0	4.3	N/A	71.6	28.8
079160 KS Equity	CJ CGV Co	341	N/A	N/A	49.8	2.1	1.2	1.3	12.6	10.6	9.5
002739 CH Equity	Wanda Film Holding Co	4,197	N/A	27.2	20.0	4.3	3.5	3.0	143.6	11.2	9.8
1896 HK Equity	Maoyan Entertainment	1,140	88.5	14.4	10.7	1.1	0.9	0.9	24.9	8.4	6.4
<b>Average</b>			<b>5.2</b>	<b>24.9</b>	<b>20.1</b>	<b>3.2</b>	<b>3.1</b>	<b>2.6</b>	<b>73.0</b>	<b>21.0</b>	<b>16.6</b>

Source: Bloomberg, SSI Research

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