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Star Media Group's Cityneon sees 2017 as another blockbuster year

BY NICHOLAS CHENG



PETALING JAYA: Star Media Group Bhd's Cityneon Holdings Ltd had a Marvel-lous 2016, riding the success of the company's Marvel Avengers S.T.A.T.I.O.N with a significant 693% surge in net profit last year.

The company, which acquired US-based exhibition producer Victory Hill Exhibitions Pte Ltd (VHE) in 2015, saw net profit jumping to S\$6.6mil (RM20.75mil) last year from S\$800,000 in financial year ended Dec 31, 2015 (FY15) – mainly due to the popularity of VHE's Marvel exhibition services. Star owns 51.52% direct stake in Cityneon, a company based in Singapore.

VHE contributed to 18% of Cityneon's revenue and a significant 90% of the total net profit in FY16. "The group's ebitda (earnings before interest, tax, depreciation and amortisation) of S\$12.4mil in FY16 is a historical high for the group, representing a 359% increase year-on-year," it said in a filing with the Singapore Exchange.

Cityneon's subsidiaries hold rights to operate, market and promote exhibits featuring properties from the Marvel and Hasbro brands, which includes iconic characters like Iron Man, Captain America, Spider-Man, Thor, The Hulk and Transformers.

Cityneon said about 73% of FY16 revenue was contributed outside of Singapore, which was ahead of the 53% average international revenue contribution for the small-medium enterprises reported in a survey by International Enterprise Singapore.

The company's gross profit surged by 43% to S\$33.3mil in FY16 although revenue rose only 0.3% to S\$96.8mil. Cityneon's gross profit margins improved by 40% to 34.3% last year.

Cityneon group chief executive officer Ron Tan said 2017 was expected to be another blockbuster year, with the completion of the Avengers S.T.A.T.I.O.N tour in Singapore, the opening of the Avengers tour in Taiwan and Australia, the launching of an Avengers S.T.A.T.I.O.N and Transformers Experience in China as well as the pursuit of theme park projects in Shanghai and the Middle East. There is also a permanent exhibition in Las Vegas.

"We hope to deliver an exciting year to shareholders," he said. Tan said Cityneon has completed a business review to trim down about S\$4mil in operating expenses to keep the company ship "nimble" as it steers through what he believes could be an uncertain and unpredictable 2017.