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Cityneon started at 'buy' by DBS with \$1.03 target

By: Jude Chan
30/05/16, 03:14 pm

SINGAPORE (May 30): DBS Vickers Securities on Friday initiated coverage on Cityneon Holdings with a "buy" recommendation and target price of \$1.03.

With the acquisition of Victory Hill Exhibitions (VHE) in September 2015, exhibitions specialist Cityneon currently holds exclusive intellectual property (IP) rights to Marvel's Avengers and HASBRO's Transformers.

DBS analyst Ling Lee Keng believes the potential for Cityneon to secure a third IP will act as a catalyst for the stock.

"There is a huge pool of franchises to be tapped under the Disney umbrella, aside from the Marvel franchise. Some attractive options include Star Wars, Jurassic Park, Batman and Spider," Ling said in a Monday report. "We expect the VHE team to leverage their credentials in developing the Avengers and Transformers exhibits to leapfrog to the next IP."

(See: "[Cityneon shares hitch a ride from superheroes](#)")

Ling adds that Cityneon has seen a "marvellous transformation" with the incorporation of VHE, and earnings for FY16 should jump due to contribution from the Avengers set in Paris and Las Vegas, as well as an upfront licence fee to be partially recognised in FY16 for the two-year agreement in China.

VHE secure IP rights to The Avengers from Marvel in 2013 and Transformers from HASBRO in 2015.

It has a licence agreement with Marvel Characters that allows it to produce experiential exhibitions using Marvel characters. In return, Marvel will receive a percentage of the revenues from the touring displays.

A similar licence agreement Victory Hill signed with Hasbro last November gives it exclusive rights to use Transformers characters in immersive exhibitions till 2023 globally, except in Indianapolis in the US and Japan.

According to Ling, VHE targets to launch Transformers in Las Vegas and China by end-2016. For next year, VHE intends to venture into Middle East, rest of Asia and others parts of China.

As at 3.07pm, Cityneon is trading 6.76% higher at 79 cents.

CITYNEON HOLDINGS **BROKER REPORT** **VICTORY HILL EXHIBITIONS (VHE)** **MARVEL**
AVENGERS **HASBRO** **TRANSFORMERS** **DISNEY** **STAR WARS** **JURASSIC PARK**
BATMAN **SPIDER**

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