



Login

Subscribe

Virtual Newspaper

LAESTNEWS

BROKER'S CALLS

EARNINGS

PORTFOLIO

OPINIONS

FINTECH WEEK



BROKER'S CALLS

Cityneon ready to reap benefits for moves made in 2017: UOB

By: PC Lee
09/01/18, 10:48 am

SINGAPORE (Jan 9): UOB Kay Hian expects Cityneon Holdings to reap the

benefits from the acquisition of the already successful Jurassic World exhibition in the new year, bolstered by a lucrative advertising deal.

Management's ability to execute in this competitive landscape also gives shareholders confidence going into 2018.

Last year had been an eventful year for Cityneon, says analyst Nicholas Leow in a Tuesday report. The group signed a term sheet with Fabulous Inc to set up a digital media signage board at the Marvel exhibit in Las Vegas. The project is for five years plus an option to renew the term for another five years in a contract worth a guaranteed minimum of US\$15 million (\$20 million).

[See: Cityneon's US subsidiary and Korean firm in deal to promote Avengers show in Las Vegas](#)

Based in Seoul, Fabulous produces premium film content for performing arts such as musicals, concerts, ballets and operas. The digital media signage board will be set up at Treasure Island, Las Vegas's Marvel Avengers S.T.A.T.I.O.N. exhibition, at one of the busiest junctions along the Las Vegas strip.

Calling it a "highly lucrative" deal, Leow expects the digital signage board to be used mainly for advertising Korean-related products such as electronics and cosmetics.

When compared with the Las Vegas Convention and Visitors Authority's payment of US\$4 million p.a. for 20 years for the naming rights to Las Vegas Ballpark, Leow believes the agreement with Fabulous spells good business for Cityneon and should provide a stream of income over the next five years.

"This is a major development for Cityneon as we had previously highlighted the securing of naming rights as a potential catalyst for the stock," says the analyst.

Cityneon also acquired Scorpio East Properties, which owns a leasehold property at 25 Tai Seng Avenue, to make the latter its creative HQ. The property has a remaining lease of 20 years with a possibility of an extension of another

29 years.

[See: Cityneon to acquire Scorpio East Properties from KOP for \\$2.9 mil](#)

As creativity is the lifeblood of Cityneon's business, Leow likes the idea of using a portion of the building to help develop new content and attract new and experienced creative personnel.

Meanwhile, Cityneon shares are trading at a 7.7% premium to the 90 cents major shareholder Lucrum 1 paid for the group.

[See: Cityneon receives 90 cents per share pre-conditional offer from Lucrum 1](#)

"Maintain 'buy' with a higher target price of \$1.55, pegged to peers' average of 15.4x FY18 earnings," says Leow.

As at 10.41am, shares in Cityneon are trading 1 cent higher at 98 cents or 9.7 times FY18 earnings.

UOB KAY HIAN

CITYNEON HOLDINGS

FABULOUS

LUCRUM 1 INVESTMENT