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Cityneon FY17 earnings hit record high of \$17.4 mil

By: Michelle Zhu
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SINGAPORE (Feb 27): Cityneon has announced FY17 earnings of \$17.4 million, which marks a historical record high for the group and is more than double of FY16's earnings of \$6.7 million on higher revenue.

Revenue for the full year grew 20.7% to \$116.7 million from \$96.8 million in FY16,

and saw an approximately 80% contribution from outside of Singapore.

This was due to a near tripling of contributions from intellectual property rights (IPR) to \$50.7 million from \$17.7 million a year ago with the opening of Marvel's Avengers S.T.A.T.I.O.N Exhibitions in Taipei, Beijing and Russia as well as the opening of the Transformers Autobots Alliance Exhibition in Chongqing, China.

The increase in IPR revenue contributions was however offset in part by lower revenue across all other business units – exhibition services, experiential environment, event management and interior architecture – however saw declines on the absence of events as well as the completion of projects in the prior year.

As a result, higher gross profit margin of 88.7% generated from the IPR business in FY17 led to an improvement in the aggregate gross profit margin to 53.5% from 36% in FY16.

Administrative and other operating expenses grew by 51% to \$39.8 million from \$26.4 million in FY16 due to higher professional fees, incentive payments and rental of exhibition venues, among others.

Finance costs more than tripled to \$2.1 million from \$0.6 million previously due to higher cost of borrowings.

Notably, Cityneon acquired full global rights to Jurassic World – The Exhibition in Aug 2017, while the group extended from one to six permanent and traveling sets for three IPRS in less than 2.5 years, all of which the group attributes its FY17 growth to.

Cityneon adds that several movies on which Cityneon has based its exhibits – including *Transformers*, *Bumblebee: The Movie* and the sequel to 2015's *Jurassic World: Fallen Kingdom* – are due for release this year, which the group believes will augur well for its IPR business.

Looking ahead, the group says it will continue to expand its full suite of Design & Build services, especially for the upcoming 2020 World Expo in Dubai.

“We will have another action-packed year ahead in 2018 as we reach out to fans in new regions through various channels, including our fourth Avengers S.T.A.T.I.O.N. set slated to be opened in Norrkoping, Sweden this June,” shares Cityneon’s

executive chairman and group CEO Ron Tan.

“Transformers Autobots Alliance Exhibition recently opened its doors in Chongqing, China in December 2017 and the Jurassic World – The Exhibition in Chicago, USA which ended in January, and already exceeded its millionth visitors by September 2017. And we are hard at work to ensure that this new IP will be another roaring success as we bring into the next destinations in 2018 and beyond – coupled with the roll out of a second new exhibition set,” he adds.

Shares in Cityneon closed 4 cents higher at \$1.10 on Tuesday.

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