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# Cityneon on track to meet earnings estimates despite higher gearing, says UOB

By: Michelle Zhu  
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SINGAPORE (Feb 28): UOB Kay Hian is maintaining its “buy” call on Cityneon

Holdings while putting its target price of \$1.55 under review, pending the group's results briefing later today.

This comes after Cityneon recorded a net profit to shareholders of \$17.4 million for FY17, which were slightly above the research house's expectations on a 187% increase in sales from the intellectual property rights (IPR) segment.

[See: Cityneon FY17 earnings hit record high of \\$17.4 mil](#)

In a Friday report, lead analyst Nicholas Leow notes that despite the record-breaking set of full-year results, the group's balance sheet as assumed more borrowings from the acquisition of its property at 25 Tai Seng Avenue, in addition to an increase in borrowings from banks for operating purposes and the funding of the Jurassic World exhibition, among others.

Nonetheless, Leow says the orderbook secured for the rest of 2018 gives Maybank confidence in the group's continued earnings growth in the year ahead, with a fourth Avengers Station set due to open in Sweden and the Jurassic World exhibition having just ended its Chicago tour last month with more than a million visitors.

Cityneon's new US\$60 million facility agreement with Triple Wise Asset Holdings will further help to accelerate the group's growth, he adds.

"Financing new sets and IP acquisitions have been an issue for Cityneon in the past as the company lacked the banking facilities and cash necessary to grow the company quickly. With the current financing line, 3 IP rights and an orderbook secure for 2018, we are optimistic on Cityneon's ability to meet our estimates," concludes the analyst.

As at 10.42am, shares in Cityneon are down by 7 cents at \$1.03.

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