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# Odds are ever in the favour of this stock: CIMB

By: Michelle Zhu

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SINGAPORE (May 3): CIMB is reiterating its “add” call on creative solutions provider Cityneon Holdings with an unchanged target price of \$1.58 which is based on 14 times CY19F P/E, in line with the industry average.

The move follows news of the group securing a multi-year licensing deal with Lionsgate for The Hunger Games exhibit – which represents its fourth intellectual property (IP) acquisition after blockbuster franchises Universal Studios’ Jurassic World, Disney’s Marvel Avengers S.T.A.T.I.O.N, and Hasbro’s Transformers Autobot Alliance.

[See: Cityneon inks deals for The Hunger Games, Jurassic World exhibitions](#)

In a Thursday report, lead analyst Ngoh Yi Sin says she expects stronger and more sustainable earnings growth for Cityneon in the medium-term, considering its scalable business model and expanded IP portfolio.

Despite being positive on Cityneon’s earnings prospects on all fronts, the analyst is retaining his FY18-20F assumptions for now prior to the group’s release of its 1Q18 earnings results on May 11.

With the construction of the group’s second Jurassic World travelling set in progress, he expects this to come in handy for more touring agreements once the set is completed in 2H19, together with the launch of the movie’s sequels this year and in 2021.

After a strong opening weekend for Avengers: Infinity War, Ngoh thinks the group is poised to gain from the movie’s success on higher ticket & merchandise sales and uptake of its Avengers S.T.A.T.I.O.N travelling sets – as well as the opportunity to benefit from the Marvel cinematic universe’s strong movie pipeline.

Potential talks for prequels or spin-offs could rejuvenate The Hunger Games movie franchise, he adds, apart from Lionsgate’s current plans to develop theme parks in Dubai, China and South Korea.

“Downside risks to our ‘Add’ call could stem from unexpected delays in the roll-out

of travelling sets; key potential catalyst is further uptake of travelling sets,” says the analyst.

As at 10.36am, shares in Cityneon are trading flat at \$1.05 or 1.92 times FY19F book.

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