

Cityneon to explore multiple funding options to grab growth opportunities – CEO

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Cityneon, a Singapore-based experience entertainment company, is looking to shore up its balance sheet for organic and inorganic growth opportunities via multiple funding options, Group CEO Ron Tan said.

Among the opportunities it could opt for is the acquisition of additional intellectual properties (IPs) in both the global blockbuster and original artefact categories, Tan said. Bolt-on targets could also include companies that can help strengthen its ability to create an immersive experience.

The acquisitions of additional IPs, as well as more events backed by a growing number of exhibition sets, will require an estimated capital expenditure of USD 100m in 2023. This means the company will need to explore debt and equity funding options, in both the private and public markets, to shore up its balance sheet to support its growth plans, Tan said.

According to two sources familiar with the matter, Cityneon is exploring a re-listing on Singapore Exchange (SGX). It has discussed with investment banks, including Morgan Stanley, about the potential re-listing, which may take place in 2H23, the first source said.

Morgan Stanley did not respond to requests for comment.

An IPO is part of the company's growth journey, but not a destination, Tan said. What Cityneon needs to do is to stay IPO-ready so that it can seize the window of opportunity, the executive said. Advisors have approached Cityneon with proposals, and Hong Kong, Singapore and the US are on Cityneon's radar, but the company has no fixed timeline yet for a re-listing exercise, he added.

There are also alternative sources of funding in the private market despite the volatility in public markets, the CEO noted.

Cityneon launched a private placement round in 4Q20 that may pave the way for a re-listing in Hong Kong as Johnson Ko – its major shareholder – is an experienced financier there, [Mergermarket reported](#) in December 2020.

It subsequently announced the closing of the SGD 235m (USD 169m) funding round in April 2021 from existing and new investors, including EDBI, Pavilion Capital, Doha Venture Capital and Seatown Holdings. EDBI is the investment arm of Singapore's Economic Development Board, while Pavilion Capital and Seatown Holdings are backed by Singapore's state investor Temasek.

That funding round valued Cityneon at over SGD 1bn, Tan said. It has since acquired additional studio IPs, diversified into original artefact IP vertical and expanded into new locations such as Qatar and China's Wuxi.

Cityneon was taken private in 1Q19 through an SGD 318m offer by a consortium led by Ko and Tan. Later in the same year, it received investments from China-based private equity firm CITIC Capital, EDBI and Pavilion Capital.

IP management

Cityneon used to focus on interior architecture and conventional exhibition operations, but it has transformed itself as an IP management business via a number of acquisitions.

Through its subsidiary, Victory Hill Exhibitions, which the company acquired in 2015, Cityneon has secured multi-year licensing rights for immersive walk-through events based on films such as Marvel's *Avengers*, Lionsgate's *The Hunger Games*, Hasbro's *Transformers*, and Warner Bros' *DC Comics* and *Wizarding World*.

During the pandemic, it made its foray into historical artefacts IP exhibitions via its subsidiary, World Heritage Exhibitions, which it acquired in 2021. One example of its diversification into this category is the debut of the Machu Picchu and the Golden Empires of Peru in Florida in October 2021 to include around 200 rare artefacts, with support from the Peruvian government, Tan said.

The company also announced the acquisition of Tennessee-based animatronic and interactive character creator Animax Designs in January 2020. Animax makes the dinosaurs in Cityneon's *Jurassic World: The Exhibition* touring sets, Tan said.

The company currently has a total of 12 movie studio and historical artefact IP partnerships and it will likely announce two additional artefact IPs later this year, he added.

While the company can only take the original set of historical artefacts on a global tour, it can create multiple exhibition sets of each studio IP for exhibitions across different locations concurrently, the executive said. This year, the company is expected to have a total of 17 such exhibition sets, and by 2023, the number is expected to increase to 25 or more, with each set being able to support two to three events in a year, he said.

Diverse geographic presence

Since its privatization, Cityneon has been operating mostly in a pandemic environment, but its global reach has helped it withstand the COVID-19 disruptions, Tan said.

In 2020, the Chinese market bounced back quickly from the health crisis and Cityneon managed to remotely reopen its *Jurassic World: The Exhibition* in Chengdu in July 2020, and thereafter in other parts of China. This helped cushion the impact from disruptions elsewhere, Tan said.

This year as China battles a new wave of COVID-19 infections, the company has sent most of the exhibition sets in China to Tokyo, London and other locations, while the *Marvel Avengers S.T.A.T.I.O.N.* exhibition, which opened in southern China's Sanya late last year, is still ongoing.

Cityneon is able to weather the storm also because of its lower cost base, Tan said. While the company needs to invest in exhibition sets, the unit cost has declined thanks to the economies of scale. Besides, it does not take the execution risks in most of the events and instead work with local partners such as media and real estate companies. These partners take care of the venue, logistics, marketing and other matters while paying an upfront fee to and sharing the ticket sales with Cityneon, Tan explained.

In April this year, the company recorded its best-performing month, driven by the pent-up demand and the easing of COVID restrictions in various markets. In Paris, where the Machu Picchu exhibition was launched a month ago, it has already recorded close to 100,000 visitors, he added.

Today, the company generates 70% of its revenue from ticket sales and the rest from ancillary areas including virtual reality (VR) experience, merchandises, photographs and sponsorships, Tan said.

As an example of VR experience, visitors to the Machu Picchu exhibition can pay extra fees for a virtual walk-through of the UNESCO World Heritage Site. This is enabled by the VR motion chairs that are equipped with multi-sensory stimulation features, and the visual data of the site was gathered by the company using drones, the executive said.