



**BANYAN TREE HOLDINGS LIMITED**  
(Company Registration Number: 200003108H)



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- Banyan Tree Sanya
- Banyan Tree Lijiang



**2ND QUARTER OPERATING PROFIT DOWN 62%, DUE TO THAI POLITICAL EVENTS, GLOBAL ECONOMIC CRISIS, H1N1 AND TRADITIONAL LOW SEASON**

**Highlights:**

- 2Q09 Revenue decreased by 44% to S\$59.8 million; and 2Q09 Operating Profit decreased by 62% to S\$9.0 million
- Lower contribution in 2Q09 mainly from Hotel Residences, Property Sales and Hotel Investment segments due to political events in Pattaya/Bangkok and global recession
- 1H09 Revenue decreased by 38% to S\$148.0 million; and 1H09 Operating Profit decreased by 55% to S\$33.5 million
- Hotels' forward bookings are showing good recovery trend on a Quarter-On-Quarter basis

**2Q09 Results Snapshot (in S\$'million) :**

	2Q09	2Q08	Change (%)
Revenue	59.8	106.4	44 ↓
Operating Profit*	9.0	23.4	62 ↓
(LBT)/PBT <sup>#</sup>	(5.1)	11.1	Nm
(LATMI)/PATMI <sup>^</sup>	(4.2)	3.5	Nm

**1H09 Results Snapshot (in S\$'million) :**

	1H09	1H08	Change (%)
Revenue	148.0	239.0	38 ↓
Operating Profit*	33.5	73.6	55 ↓
PBT <sup>#</sup>	5.2	48.2	89 ↓
PATMI <sup>^</sup>	1.0	18.9	95 ↓

\* Operating Profit = EBITDA (Earnings before interest, tax, depreciation & amortization)  
<sup>#</sup> (LBT)/PBT = (Loss Before Taxation) / Profit Before Taxation  
<sup>^</sup> (LATMI)/PATMI = (Loss After Taxation and Minority Interest) / Profit After Taxation and Minority Interest  
 Nm = not meaningful

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- Banyan Tree Bangkok
- Banyan Tree Phuket

**Singapore, 13 August 2009** – Mainboard-listed Banyan Tree Holdings Limited (“Banyan Tree” or the “Group”), a leading manager and developer of premium resorts, hotels, spas and galleries, announced today its 2<sup>nd</sup> quarter result which shows a 62% decrease in operating profit to S\$9.0 million mainly due to a series of political disturbances in Thailand since August 2008 with the latest anti-government riots occurring in Bangkok and Pattaya in April 2009, the Thai Government declared a state of emergency and several countries issued travel advisories to their citizens, coupled with the current global economic crisis, H1N1 pandemic and traditional low season.

Mr Ho KwonPing, Executive Chairman of Banyan Tree said, “2<sup>nd</sup> quarter is traditionally our low season of the year. The loss reported was therefore in line with our expectation. We remained profitable for the 1<sup>st</sup> half of the year and we are hopeful that our business segments will further pick up in the 2<sup>nd</sup> half with the continuing stabilisation of the global economy and the Thai political situation. This is supported by the encouraging recovery trend we see in hotels’ forward bookings since the beginning of this year. In addition, we are pleased that our strategy to expand and diversify the Group’s income stream through hotel management contracts and fund management business has started to bear fruit. Operating profit for this segment recorded significant growth at half time.”

The Group’s total operating expenses for the three months decreased by 38% largely due to lower revenue and cost cutting initiatives implemented group-wide.

The Group’s overall cash and cash equivalents decreased by 41% to S\$51.3 million mainly due to lower profits generated in the current period.

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- Banyan Tree Mayakoba

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### **(A) BUSINESS SEGMENTS REVIEW**

The Group registered revenue of S\$59.8 million and EBITDA of S\$9.0 million in 2Q09, a decrease of S\$46.6 million or 44% and S\$14.4 million or 62% compared to the same period last year. This was largely due to lower revenue from Hotel Residences, Property Sales and Hotel Investment segments.

#### **Hotel Investment**

Hotel Investment segment achieved revenue of S\$32.4 million in 2Q09, a decrease of S\$5.7 million or 15% compared to 2Q08. The decrease was largely due to resorts in Thailand (S\$6.4 million) and Maldives (S\$0.9 million), partially offset by higher revenue from China (S\$1.0 million).

In the current quarter, Thailand tourism industry was further impacted by the resurgence of political riots which took place during the ASEAN Summit in Pattaya and Songkran festival in Bangkok. The Thai government declared state of emergency and several countries issued travel advisories on Thailand in April 2009. Furthermore, travelling was also affected by the H1N1 pandemic. As such, our properties in Thailand registered lower revenue by S\$6.4 million or 22% against last year, with an overall occupancy of 44% compared to 58% achieved in 2Q08. ARR was also 4% lower, at S\$203 as compared to S\$212. Among the resorts in Thailand, Sheraton Grande which has the largest room inventory, accounted for S\$2.1 million or 32% of the revenue shortfall. This was mainly due to the reduction in both leisure and in particular the MICE business, which was usually the target market segment in the low season.

Our resorts in Maldives, which are in their low season, also experienced slow down in business due to the current adverse global economic environment and the H1N1 pandemic which impacted travelling especially from UK and Europe which are major markets for the Maldives. Overall occupancy was 43% compared to 51% achieved last year. ARR at S\$535 was 9% lower.

Our resorts in China however performed well with revenue 29% ahead of last year. This was due to increased number of rooms in Banyan Tree Lijiang coupled with the absence of events this year such as political riots in Tibet, Sichuan earthquake and travel restriction leading up to the Beijing Olympics, which took place last year.

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- Banyan Tree Al Areen

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For 1H09, revenue of \$90.3 million was S\$24.8 million or 22% lower compared to 1H08. This was mainly due to the political situation in Thailand and global economic downturn since second half of last year. As such, revenue shortfall was largely from resorts in Thailand (S\$26.2 million) and Maldives (S\$0.9 million), partially cushioned by higher revenue from China (S\$1.1 million) due to the reasons mentioned above.

EBITDA decreased by S\$1.7 million or 66% from S\$2.6 million in 2Q08 to S\$0.9 million in 2Q09. Against 1H08, it decreased by S\$15.4 million or 42% from S\$36.6 million in 1H08 to S\$21.2 million in 1H09. Lower EBITDA was mainly due to lower revenue and partially cushioned by lower expenses as a result of cost cutting measures implemented group-wide.

### Hotel Residences and Property Sales

Hotel Residences and Property Sales segments recorded combined revenue of S\$11.0 million, a decrease of S\$38.3 million or 78% compared to 2Q08. This was mainly due to slower sales since second half of 2008 as a result of the political events in Thailand and the current adverse global economic environment. The two segments combined recorded 81% lower in new unit sales and 86% lower in new sales value compared to 2Q08.

Hotel Residences segment revenue was lower by S\$28.2 million or 85% from S\$33.2 million in 2Q08 to S\$5.0 million in 2Q09. This was mainly due to progressive revenue recognition of only Banyan Tree Phuket villas in the current quarter, whilst in 2Q08, other than Banyan Tree Phuket, there were also progressive revenue recognition of several units of Banyan Tree Lijiang villas/townhomes, Banyan Tree Bintan villas and Banyan Tree Bangkok suites.

Property Sales revenue was lower by S\$10.1 million or 63% from S\$16.1 million in 2Q08 to S\$6.0 million in 2Q09 due to lower sales and recognition of Laguna Village townhomes / bungalows, coupled with cancellation of 1 unit of Laguna bungalow phase 3 sold in previous year.

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- Banyan Tree Bintan

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For 1H09, Hotel Residences and Property Sales segments recorded combined revenue of S\$19.8 million, a decrease of S\$67.3 million or 77% compared to 1H08, due to the reasons mentioned above. The two segments combined recorded 84% lower in new unit sales and 86% lower in new sales value compared to 1H08.

EBITDA decreased by S\$19.6 million or 85% from S\$23.1 million in 2Q08 to S\$3.5 million in 2Q09. Against 1H08, EBITDA decreased by S\$32.2 million or 84% from S\$38.3 million in 1H08 to S\$6.1 million in 1H09. Lower EBITDA was due to lower revenue.

### Hotel Management

Hotel management revenue increased by S\$1.7 million or 44% from S\$4.0 million in 2Q08 to S\$5.7 million in 2Q09. For 1H09, Hotel management revenue increased by S\$4.8 million or 70% from S\$7.0 million in 1H08 to S\$11.8 million in 1H09. This was mainly due to higher hotel management fees from newly-opened Angsana Dubai, Banyan Tree Sanya, and Banyan Tree Mayakoba, and higher fund management fees from managing the Banyan Tree Indochina Hospitality Fund. The Fund achieved a final closing of US\$283 million on 30 June 2009.

EBITDA increased by S\$2.1 million from S\$0.1 million in 2Q08 to S\$2.2 million in 2Q09. Against 1H08, it increased by S\$4.9 million from loss before interest, tax, depreciation and amortization ("LBITDA") of S\$0.4 million in 1H08 to EBITDA of S\$4.5 million in 1H09. Higher EBITDA was as a result of higher revenue and lower costs due to cost cutting measures implemented group-wide.

### Spa Operation

Spa revenue increased by S\$0.1 million or 3% from S\$6.1 million in 2Q08 to S\$6.2 million in 2Q09 mainly due to higher sales of retail products in Maldives, Seychelles, China and Bintan, partially offset by lower spa revenue and management fees from owned and managed spa outlets. Against 1H08, Spa revenue of S\$13.2 million for 1H09 was in line with last year.

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- Angsana Dubai
- Angsana Riads  
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EBITDA increased by S\$1.0 million from S\$0.8 million in 2Q08 to S\$1.8 million in 2Q09 due to higher revenue, exchange gain and cost cutting efforts. Against 1H08, it increased by S\$1.8 million from S\$1.9 million in 1H08 to S\$3.7 million in 1H09. Apart from exchange gain and cost cutting efforts, higher EBITDA was also due to absence of one-off write-off in 1Q08 for closure of spa outlet in Sydney, Australia.

### Design Fees and Others

Design fees and Others segment revenue decreased by S\$2.0 million or 38% from S\$5.3 million in 2Q08 to S\$3.3 million in 2Q09 mainly due to lower fees billed for new projects in this quarter based on certain design milestones. For 1H09, Design and Others segment revenue of S\$9.7 million was almost in line with 1H08.

Notwithstanding a lower revenue in 2Q09 and 1H09, EBITDA increased by S\$1.5 million from S\$0.3 million in 2Q08 to S\$1.8 million in 2Q09, and by S\$4.5 million from LBITDA of S\$2.0 million in 1H08 to EBITDA of S\$2.5 million in 1H09. This was due to cost cutting measures implemented group wide and reversal of provisions no longer required.

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- Banyan Tree Ringha

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## OUTLOOK

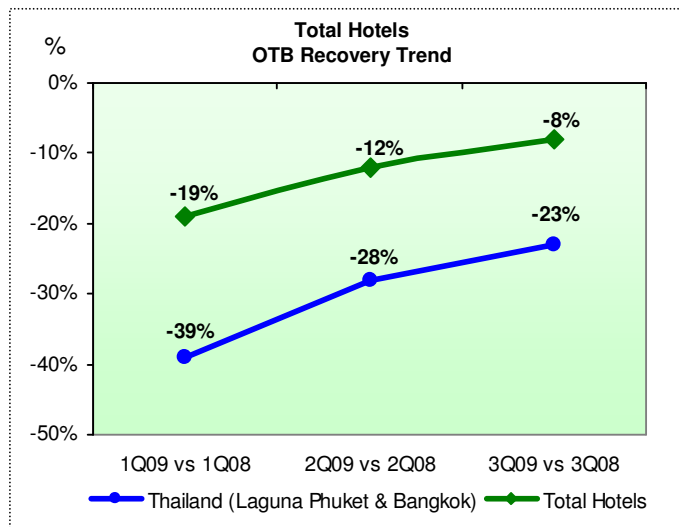
On the back of the current adverse global economic environment, Thai political crisis, H1N1 pandemic and our traditional low season of the year, 2Q09 results have been in line with our expectation as stated in last quarter's outlook. Results for the 3rd quarter is expected to be better than 2nd quarter, but will remain challenging and possibly be unprofitable considering that this will be a low season.

However, with signs that the world economy may be improving albeit slowly, and provided there is stabilization in the Thai political situation and barring any other unforeseen circumstances, we expect the 2nd half performance to be better than 1st half this year.

### Hotel Operations

As reported previously, On-the-book ("OTB") rooms revenue for 1Q09 (ie forward reservations) was 19% below the same period last year with resorts in Thailand 39% below. OTB for 2Q09 improved and was 12% below the same period last year with resorts in Thailand 28% below. Based on the latest record, OTB for 3Q09 improved further with 8% below the same period last year with resorts in Thailand 23% below.

This shows a recovery trend since the beginning of this year which will augur well if the trend continues into the high season in the 4th quarter of the year.



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- Angsana Great Barrier Reef

### Hotel Residences/ Property Sales

Unit sales are expected to remain slow given the current adverse global economic environment and the recent political events in Thailand. This business segment is expected to be the slowest of all our segments to recover as sizeable investments on secondary and discretionary holiday homes are probably not the priority list of most buyers.

As at date of report, we have unrecognized revenue totaling S\$12.9 million (2008: S\$95.6 million) that will be progressively recognized as construction progresses.

### Management, Spa and Design Income

This business is expected to grow progressively as we have a good pipeline of hotel projects spread over the next few years with continuing new management agreements added along the way.

The following resorts are expected to open in the next 12 months:

- i) Banyan Tree Hangzhou, China
- ii) Banyan Tree Ungasan, Bali, Indonesia
- iii) Banyan Tree Al-Wadi, Ras Al Khaimah, UAE
- iv) Banyan Tree Cabo Marquess, Acapulco, Mexico
- v) Banyan Tree Koh Samui, Thailand
- vi) Banyan Tree Seoul, South Korea
- vii) The Meydan, Grandstand, Dubai, UAE

Also in the next 12 months, we expect to launch an estimated 12 spas under management.

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- Angsana Ihuru

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### New Development

We have signed the following new hotel management, architectural and design agreements in 2Q09:

- Angsana Fu Xian Lake overlooking Fu Xian Lake in Hu Pan, China, boasting over 1,000 keys expected to be opened in 3Q 2010.
- Angsana Alegria in Shiekh Zayed City, Giza, Egypt, with up to 100 hotel keys and is expected to open in 2012.
- Banyan Tree and Angsana Kunming, city hotels at the center of Kunming, China.
- Banyan Tree Cang Shang overlooking Mount Cang in Dali, China.
- Banyan Tree Er Hai overlooking scenery of Er Hai Lake in Dali, China.

Projects (iii) to (v) are currently still in design stage and hence the number of keys and opening dates have yet to be established.

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- Banyan Tree Spa Shanghai
- Angsana Gallery, Dubai Marina

### **About Banyan Tree Holdings Limited**

Banyan Tree Holdings Limited (“Banyan Tree” or the “Group”) is a leading manager and developer of premium resorts, hotels and spas in the Asia Pacific, with 26 resorts and hotels, 65 spas, 70 galleries and two golf courses. The Group manages and/or has ownership interests in niche resorts and hotels. The resorts each typically has between 50 and 100 rooms and commands room rates at the high end of each property’s particular market.

Banyan Tree has seven operating business segments: hotel investment, hotel residence sales, hotel management, spa operations, gallery operations, property sales, design fees and others (design and project management, golf course operations and other businesses).

The Group’s primary business is the management, development and ownership of resorts and hotels. This is centred around two award-winning brands: Banyan Tree and Angsana. Banyan Tree also operates the leading integrated resort in Thailand – Laguna Phuket, through the Group’s subsidiary, Laguna Resorts & Hotels Public Company Limited.



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