



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



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- Banyan Tree Mayakoba
- Banyan Tree Ungasan



### 3<sup>RD</sup> QUARTER OPERATING PROFIT UP 70% BOOSTED BY HOTEL INVESTMENTS AND HOTEL MANAGEMENT SEGMENTS

#### Highlights:

- 3Q09 Operating Profit increased by 70% to S\$15.7 million due to improved Hotel Investments / Hotel Management segments and cost cutting measures
- 3Q09 Revenue however decreased by 14% to S\$71.2 million from lower sales in Hotel Residences and Property Sales segments due to current global economy
- 3Q09 PATMI improved by 80% notwithstanding high income tax expenses mainly due to accounting reversal of deferred tax assets
- Hotel's forward bookings continued to show good recovery trend

#### 3Q09 Results Snapshot (in S\$'million):

	3Q09	3Q08	Change (%)
Revenue	71.2	82.8	14 ↓
Operating Profit*	15.7	9.2	70 ↑
PBT/(LBT) <sup>#</sup>	1.3	(3.5)	Nm
Income Tax Expense	(4.2)	(1.0)	329 ↑
PATMI <sup>^</sup>	(1.0)	(4.9)	80 ↑

#### 9M09 Results Snapshot (in S\$'million):

	9M09	9M08	Change (%)
Revenue	219.2	321.7	32 ↓
Operating Profit*	49.1	82.9	41 ↓
PBT <sup>#</sup>	6.5	44.8	86 ↓
Income Tax Expense	(8.4)	(18.0)	54 ↓
PATMI <sup>^</sup>	0.0	14.0	100 ↓

\* Operating Profit = EBITDA (Earnings before interest, tax, depreciation & amortization)

<sup>#</sup> (LBT)/PBT = (Loss Before Taxation) / Profit Before Taxation

<sup>^</sup> PATMI = Profit After Taxation and Minority Interest

Nm = not meaningful

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- Banyan Tree Madivaru
- Banyan Tree Vabbinfaru

**Singapore, 12 November 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 3<sup>rd</sup> quarter result which showed a 70% increase in operating profit to S\$15.7 million. This was achieved on the back of good revenue growth from Hotel Investments and Hotel Management segments coupled with cost cutting measures. Overall total revenue however was 14% below last year due to slower sales from Hotel Residences and Property Sales segments given the global economy and the lag effect of these segments to the hotel operations.

Mr Ho KwonPing, Executive Chairman of Banyan Tree said, “The results achieved in the 3<sup>rd</sup> quarter confirmed our belief that the worst is clearly behind us. Our operating profit (“EBITDA”) in 3<sup>rd</sup> quarter registered a 70% increase compared to the same period last year and we recorded a profit before tax of S\$1.3 million against a loss of S\$3.5 million last year. At the PATMI level, we recorded a small loss mainly due to the accounting reversal of deferred tax asset with no cash flow impact to the Group. Moving ahead, our hotels’ forward bookings continue to improve and showing positive trend. We are certainly more upbeat about our prospects as the global economy recovers.”

The Group’s total operating expenses for the three months decreased by 26% largely due to decreased cost of properties sold under the Hotel Residences and Property Sales segments, and cost cutting initiatives implemented group-wide.

The Group’s overall cash and cash equivalents increased by 63% to S\$71.2 million compared to 30 September 2008. The increase in cash flow was largely due to lower funds used for investing activities, in line with the Group’s strategy of preserving cash following the onset of the global financial crisis.

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### (A) BUSINESS SEGMENTS REVIEW

The Group registered revenue of S\$71.2 million, a decrease of S\$11.5 million or 14% compared to 3Q08. This was due to lower revenue from Hotel Residences and Property Sales segments. EBITDA of S\$15.7 million however increased by S\$6.5 million or 70% due to higher revenue from Hotel Management and Hotel Investments segments and cost cutting measures.

#### Hotel Residences and Property Sales

##### *Hotel Residences and Property Sales segments remained weak*

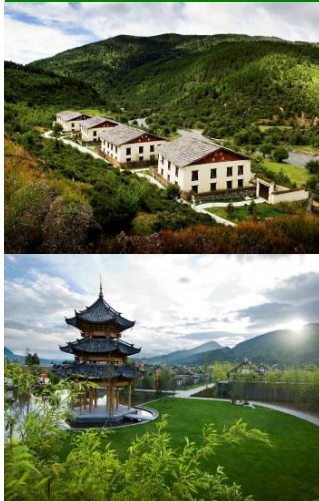
Hotel Residences and Property Sales segments recorded combined revenue of S\$13.1 million in 3Q09, a decrease of S\$12.8 million or 49% compared to 3Q08. This was mainly due to slower sales since the second half of 2008 as a result of the weak global economy and political events in Thailand. The two segments combined recorded 77% lower in new unit sales and 64% lower in new sales value compared to 3Q08.

Hotel Residences segment revenue was lower by S\$7.7 million or 45% from S\$17.2 million in 3Q08 to S\$9.5 million in 3Q09. This was mainly due to progressive revenue recognition of only Banyan Tree Phuket villas and Banyan Tree Lijiang townhomes in the current quarter, whilst in 3Q08, other than Banyan Tree Phuket, there were also progressive revenue recognition of several units of Banyan Tree Lijiang villas, Banyan Tree Bangkok suites and Dusit Laguna villas.

Property Sales revenue was lower by S\$5.1 million or 58% from S\$8.7 million in 3Q08 to S\$3.6 million in 3Q09 due to lower sales and recognition of Laguna Village townhomes / bungalows, coupled with cancellation of 1 unit of Laguna townhome Phase 2 sold in the previous year.

For 9M09, Hotel Residences and Property Sales segments recorded combined revenue of S\$32.9 million, a decrease of S\$80.0 million or 71% compared to 9M08, due to the reasons mentioned above. The two segments combined recorded 82% lower in new unit sales and 85% lower in new sales value compared to 9M08.

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- Banyan Tree Lijiang

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EBITDA decreased by S\$3.7 million or 39% from S\$9.4 million in 3Q08 to S\$5.7 million in 3Q09. Against 9M08, EBITDA decreased by S\$36.0 million or 75% from S\$47.8 million in 9M08 to S\$11.8 million in 9M09. Lower EBITDA was due mainly to lower revenue, partially offset by lower expenses due to cost cutting measures.

### Hotel Investments

*Hotel Investments segment improved against last year as well as last quarter*

Hotel Investments segment achieved revenue of S\$38.4 million in 3Q09, an increase of S\$1.0 million or 3% compared to 3Q08. The increase was largely due to resorts in Maldives (S\$1.4 million), China (S\$1.4 million) and Morocco (S\$0.2 million), partially offset by lower revenue from Thailand (S\$2.4 million).

Although the current world recession has impacted the Group's performances, there were evidences that the global economy has started to improve. Compared to 2Q09, which is also a low season of the year, our hotel operations had performed better in the current quarter, in line with the recovery trend. Occupancy in Thailand, China and Maldives grew by 9% points, 16% points and 15% points respectively, compared to 2Q09.

Both Maldives and China region performed better than the same period last year mainly attributable to increased number of villas. In July 2009, Angsana Velavaru in Maldives launched 33 new InOcean villas. The new product was well received particularly by the Asian markets. Notwithstanding a general decline in number of tourist arrivals to Maldives compared to the same period last year and intense competition under the weak economic climate, overall occupancy of our Maldives' resort increased by 5% points compared to the same period last year (53% to 58%). Against 2Q09, occupancy improved further by 15% points (43% to 58%).

Our resorts in China also performed well with revenue at 33% ahead of last year. This was due to increased number of villas (from 85 in August 2008 to 122 in March 2009) in Banyan Tree Lijiang. Overall occupancy increased by 22% points from 46% in 3Q08 to 68% in 3Q09. Against 2Q09, overall occupancy also improved by 16% points from 52% to 68%.

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- Banyan Tree Phuket
- Banyan Tree Bangkok

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Our resorts in Thailand however registered lower revenue by 10% compared to the same period last year, mainly due to the political uncertainties. Overall occupancy decreased by 1% point from 54% in 3Q08 to 53% to 3Q09. However, in line with the gradual recovery of the world economy and stabilization of the political situation in Thailand, occupancy improved by 9% points from 44% to 53%, compared to 2Q09.

For 9M09, revenue of \$128.7 million was S\$23.8 million or 16% lower compared to 9M08. This was mainly due to the political situation in Thailand and global economic downturn since the later half of last year. As such, revenue shortfall was largely from resorts in Thailand (S\$29.1 million), partially cushioned by higher revenue from China (S\$2.5 million) and Maldives (S\$0.5 million) due to the reasons mentioned above.

EBITDA increased by S\$2.0 million or 69% from S\$2.9 million in 3Q08 to S\$4.9 million in 3Q09 mainly due to higher revenue coupled with cost cutting measures implemented group-wide. Against 9M08, it decreased by S\$13.4 million or 34% from S\$39.6 million in 9M08 to S\$26.2 million in 9M09. Lower EBITDA was mainly due to lower revenue as explained above partially cushioned by lower expenses as a result of cost cutting measures implemented group-wide.

### Hotel Management

#### *Continuing growth in the management fee income segment*

Hotel management revenue increased by S\$2.7 million or 61% from S\$4.3 million in 3Q08 to S\$7.0 million in 3Q09. This was mainly attributable to compensation fees of S\$1.6 million for termination of Angsana Dubai's hotel management agreement and higher management fees due to higher number of Banyan Tree Private Collection memberships sold.

The termination of Angsana Dubai's hotel management contract with effect from 1 October 2009 was due to the decision by Damas Hotels LLC, owner of the Angsana Dubai building, to proceed with the sale of the building in view of the challenging operating environment brought on by the global economic recession.

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- Banyan Tree Bintan

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For 9M09, hotel management revenue increased by S\$7.5 million or 66% from S\$11.3 million in 9M08 to S\$18.8 million in 9M09. This was mainly due to higher hotel management fees from Banyan Tree Sanya (opened in May 2008) and Banyan Tree Mayakoba (opened in March 2009) and compensation fees received as mentioned above, coupled with higher management fees due to higher number of Banyan Tree Private Collection memberships sold, as well as 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. Higher hotel/fund management fees were in line with the Group's strategy to expand and diversify the Group's income stream through hotel management contracts and related fund management.

EBITDA increased by S\$4.1 million from S\$0.3 million in 3Q08 to S\$4.4 million in 3Q09. Against 9M08, it increased by S\$8.9 million from loss before interest, tax, depreciation and amortization ("LBITDA") of S\$0.1 million in 9M08 to EBITDA of S\$8.8 million in 9M09. Higher EBITDA for 3Q09 and 9M09 as compared to the same period last year was as a result of higher revenue and lower costs due to cost cutting measures implemented group-wide.

### Spa segment

#### *Stable EBITDA compared to last year*

Spa revenue decreased by S\$0.5 million or 7% from S\$7.0 million in 3Q08 to S\$6.5 million in 3Q09 mainly due to lower revenue from outlets such as Bintan and Dubai during the Ramadan period, partially offset by higher sales of retail products in Maldives, Seychelles, China and Bintan. Against revenue of S\$20.2 million for 9M08, Spa revenue of S\$19.7 million for 9M09 was S\$0.5 million or 2% lower mainly attributed to lower performance in 3Q09 due to reasons above.

EBITDA of S\$1.1 million in 3Q09 was in line with 3Q08. Against 9M08, it increased by S\$1.8 million from S\$3.1 million in 9M08 to S\$4.9 million in 9M09. 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.

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- Angsana Velavaru
- Angsana Ihuru

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### Gallery Sales segment

*Lower sales in Gallery segment due to restructuring, a part of the Group's cost cutting measures*

Revenue from Gallery Sales decreased by \$1.6 million or 54% from S\$2.9 million in 3Q08 to S\$1.3 million in 3Q09 mainly due to lower retail sales following the progressive merging of 8 retail outlets in Maldives, Seychelles and Bintan into Spa operation since late last year. This is in line with the Group's strategy to streamline the two operations, a part of the Group's cost cutting measures.

For 9M09, revenue from Gallery Sales decreased by S\$5.2 million or 53% from S\$9.7 million in 9M08 to S\$4.5 million. Apart from the lower retail sales as mentioned earlier, there was also a non-recurring sales last year to Angsana Dubai.

EBITDA decreased by S\$0.6 million or 96% from S\$0.6 million in 3Q08 to S\$0.02 million in 3Q09, and by S\$0.9 million or 64% from S\$1.4 million in 9M08 to S\$0.5 million in 9M09 due to lower revenue.

### Design Fees and Others segment

*Revenue decreased due to lower rental income, but EBITDA increased from cost cutting measures*

Design fees and Others segment revenue decreased by S\$0.3 million or 6% from S\$5.2 million in 3Q08 to S\$4.9 million in 3Q09 mainly due to lower rental revenue as a result of the termination of one office lease contract in Thailand. For 9M09, Design and Others segment revenue of S\$14.6 million was S\$0.5 million or 3% lower compared to S\$15.1 million in 9M08. This was mainly due to lower revenue from office rental and golf operations as a result of the political situation in Thailand and the weak global economy.

Notwithstanding a lower revenue in 3Q09 and 9M09, EBITDA increased by S\$2.2 million from LBITDA of S\$1.1 million in 3Q08 to EBITDA of S\$1.1 million in 3Q09, and by S\$6.7 million from LBITDA of S\$3.1 million in 9M08 to EBITDA of S\$3.6 million in 9M09. This was mainly due to cost cutting measures implemented group wide.

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- Angsana Bintan
- Angsana Riads Collection Morocco

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## OUTLOOK

As indicated in the last quarter's outlook, the results achieved in 3Q09, being also the low season of the year, have been in line with our expectation. The rate of our revenue decline has slowed and we are encouraged by this trend which may suggest that the worst is behind us. As we enter into the high season of the year and barring any unforeseen circumstances and assuming further stabilization of the Thai political situation, we expect the full year results to be profitable.

For our hotel operations, the rate of decline of our on-the-books ("OTB") rooms revenue (ie forward booking reservation) has slowed quarter-on-quarter basis and this trend continues into November where OTB has improved to almost pre-crisis level. This is a 'green shoot' indication of recovery of our hotel business. There is cautious optimism on the recovery of the world economy which should translate into increased global travel and augur well for our niche market in the hospitality industry.

For our management, spa and design income segment, we expect this business to continue to grow in line with our strategy of global expansion. Notwithstanding the onset of the world economic downturn, we have signed since then, a further 16 hotel management agreements, of which 3 were signed in 3Q09, and 10 spa management agreements. We also expect to open 7 new resorts and 12 new spas in the next 12 months.

### Hotel management contracts signed in 3Q09

- Banyan Tree Tamouda Bay located in Qued Negro, Morocco with approximately 81 keys and spa facilities.
- Banyan Tree Alqueva located in Maurão, Portugal with 55 villas and up to 50 units of branded residences and spa facilities.
- Banyan Tree Jiuzhaigou located in Baohua Village, Jiu Zhai Gou County, China with villas/suites, conference and spa facilities.



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- Banyan Velaa, Vabbinfaru
- Banyan Lagoon, Seychelles

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### Hotels to be opened 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 Club and Spa Seoul, South Korea
- vi. Banyan Tree Koh Samui, Thailand
- vii. Angsana Fu Xian Lake, Hu Pan, China

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- Banyan Tree Gallery, Bangkok
- Banyan Tree Spa Lijiang

### **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 24 resorts and hotels, 64 spas, 69 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 investments, 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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