



**BANYAN TREE HOLDINGS LIMITED**

**PRESS RELEASE**

**14<sup>TH</sup> May 2014**

**1Q14 OPERATING PROFIT DOWN 42% DUE TO ABSENCE OF ONE-OFF GAIN.**

**FINANCIAL HIGHLIGHTS:**

1Q14:

- Revenue decreased 3% to S\$93.9 million.
- Operating Profit decreased 42% to S\$19.2 million.
- PATMI decreased 72% to S\$4.0 million.

*Due to:*

- *Lower revenue contribution from Hotel Investments segment*
  - *Revenue growth from hotels in Thailand was impeded by Thai political crisis.*
  - *Partially offset by strong performance from hotels in Maldives and Seychelles.*
- *Absence of one-off gain from sale of Angsana Velavaru hotel in 1Q13.*

*Partially cushioned by:*

- *Favourable performance from Property Sales segment based on accounting revenue recognition.*
- *Lower operating expenses.*

**OUTLOOK:**

- Both the economies in the USA and Europe continue to recover in 2014 and the China market remains active.
- The Thai political crisis may continue to affect our operations in the near term.
- Currently, forward bookings for 2Q14 for Thailand hotels is below last year by 25% and overall is below by 11%.
- Sales momentum for property sales in 1Q14 remained active in Phuket. Deposits for 124 units with total sales value of S\$48.2 million was received in 1Q14 compared to 67 units of S\$25.0 million in 1Q13. We expect this momentum to continue.
- However, the next 2 quarters being low seasons of the year, will perform below 1Q which was the high season period.

## **RESULTS SNAPSHOT:**

### **1Q14 Results (in S\$' million):**

	<b>1Q14</b>	<b>1Q13</b>	<b>Change<sup>@</sup> (%)</b>
Revenue	93.9	96.9	3%↓
Operating Profit*	19.2	33.2	42% ↓
PATMI <sup>^</sup>	4.0	14.2	72% ↓

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

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

<sup>@</sup> Variances are computed based on figures to the nearest thousands to be in line with announcement in the SGXnet.

## **QUOTE:**

Mr Ho KwonPing, Executive Chairman -

“Notwithstanding the political uncertainties in Thailand, we are relatively pleased with our 1Q14 performance. Excluding the one-off gain recorded in 1Q13, the Group’s operating profit was higher by 21%. We are able to achieve this mainly due to the asset rebalancing strategy carried out since 2010 to reduce the concentration and country risk exposure from one single country.

On the property front, our initial launch of Laguna Shores in Bintan was well received. Deposits for 43% of units launched under phase 1 with total sales value of S\$8.4 million was received within a month from launch. Plans are currently underway to launch similar products in Lijiang and Sri Lanka. Unrecognised revenue from sales achieved to date is about S\$110 million and will contribute mainly in 2015 based on revenue recognition on completion.”

## ADDENDUM

### DETAILED BUSINESS SEGMENTS REVIEW

In 1Q14, the Group registered revenue of S\$93.9 million, a decrease of S\$3.0 million or 3% compared to the same period last year. Both Hotel Investments and Fee-based segments recorded lower revenue but was cushioned by higher revenue from Property Sales segment. EBITDA of S\$19.2 million in 1Q14 decreased by S\$14.0 million or 42% compared to 1Q13, mainly due to lower other income as there was a one-off gain on sale of Angsana Velavaru hotel in the same period last year. The shortfall was however partially cushioned by higher EBITDA from Property Sales segment in line with higher revenue.

#### **Hotel Investments segment**

Hotel Investments segment achieved revenue of S\$66.8 million in 1Q14, a decrease of 5% or S\$3.3 million compared to S\$70.1 million in 1Q13. Lower revenue was mainly from Thailand (S\$6.2 million), but partially cushioned by higher revenue from Maldives (S\$1.5 million) and Seychelles (S\$1.1 million).

Performance of our properties in Thailand continued to be affected by the political unrest which began in November 2013 in Bangkok. Many countries have issued travel advisories to Thailand as state of emergency was in place in Bangkok from end January 2014 and was only lifted in mid March 2014. Overall revenue per available room ("Revpar") for our resorts in Thailand decreased by 15% from S\$290 to S\$247. On the contrary, our resorts in Maldives and Seychelles recorded higher revenue in the current quarter due to strong demand from the leisure market. Overall Revpar of our resorts in Maldives increased by 11% from S\$638 to S\$705. For Seychelles, Revpar increased by 26% from S\$633 to S\$798.

EBITDA increased by S\$0.6 million from S\$21.1 million in 1Q13 to S\$21.7 million in 1Q14 notwithstanding lower revenue, mainly due to lower provision for doubtful debts and cost control.

#### **Property Sales segment**

Property Sales segment revenue increased by S\$2.1 million or 59% from S\$3.6 million in 1Q13 to S\$5.7 million in 1Q14. This was due to higher contribution of property sales units based on revenue recognition upon completion. In the current quarter, a total of 4 units of Laguna Village condominiums / bungalow was completed and recognized, as compared to 2 units of condominiums in the same period last year.

During the quarter, Laguna Shores project in Bintan was launched. In the first month of launch, a total of 31 units, equivalent to 43% of units launched under Phase 1 were sold with deposits received. Including sales in other locations, a total of 124 units were sold with deposits received in 1Q14 as compared to deposits received for 67 units in 1Q13, an increase of 85% and 92% in units and value

terms respectively. Overall unrecognised cumulative revenue as at 1Q14 was about S\$110 million as compared to S\$50.0 million in 1Q13.

EBITDA increased by S\$2.3 million from a loss of S\$2.0 million in 1Q13 to a profit of S\$0.3 million in 1Q14, in line with higher revenue.

### **Fee-based segment**

Fee-based segment revenue decreased by S\$1.8 million or 8% from S\$23.2 million in 1Q13 to S\$21.4 million in 1Q14, mainly due to lower revenue from spa/gallery and fund management business. The spa/gallery operations were impacted by the Thai political crisis which caused a drop in our gallery retail sales and number of spa guests. In addition, there were lower resorts development management fees from China Fund as the constructions of Banyan Tree Yangshuo and Banyan Tree Huangshan are nearing their completion soon. The shortfall was however partially cushioned by royalty fees from completion of sale of Banyan Tree property units in Kuala Lumpur and Mexico, and hotel management fees contributed by newly-opened resorts such as Banyan Tree Tianjin Riverside, Banyan Tree Chongqing Beibei and Angsana Tengchong.

EBITDA decreased by S\$1.7 million from S\$2.6 million in 1Q13 to S\$0.9 million in 1Q14 mainly due to lower revenue.

### **PATMI**

PATMI decreased by S\$10.2 million from S\$14.2 million in 1Q13 to S\$4.0 million in 1Q14, mainly attributable to lower other income as last year included gain on sale of Angsana Velavaru hotel. This was however partially cushioned by higher EBITDA from Property Sales segment in line with higher revenue and lower income tax due to lower profit.

### **Cash Flow**

In the current quarter, the Group repaid S\$70 million notes which matured in March 2014 under the Medium Term Notes Program. It also expended on property, plant and equipment for the resorts' operation. These were partially funded by operating cash and net proceeds from bank loans.

As at 31 March 2014, the Group's cash and cash equivalents was S\$113.0 million.

## **OUTLOOK**

At the macro level, both the economies in the USA and Europe continue to recover in 2014. The political crisis in Bangkok may continue to affect our operations in the near term. Currently, hotel's forward bookings for owned hotels in Thailand for 2Q14 is 25% below the same period last year and overall is below by 11%, cushioned by hotels outside Thailand which is ahead by 9%.

On the property sales segment, sales remain active in Phuket. Deposits for a total of 124 units amounting to S\$48.2 million were received in 1Q14, ahead of 1Q13 by 92% in value terms. With favourable response towards a more affordable, lifestyle and design-driven property sales products from launches in both Phuket and Bintan, plans are currently underway to launch similar products in Lijiang and Sri Lanka. Unrecognised revenue for sales achieved to date is S\$110 million which will be recognized mainly in 2015.

As 2Q and 3Q are the low seasons of the year, the Group's performance is therefore expected to be below 1Q which was the high season of the year.

## **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 34 resorts and hotels, 69 spas, 79 galleries and 3 golf courses. The Group manages and/or has ownership interests in niche resorts and hotels. The resorts each typically has between 50 and 200 rooms and commands room rates at the high end of each property’s particular market.

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.



BANYAN TREE

### **BANYAN TREE HOLDINGS LIMITED**

(Company Registration Number: 200003108H)

211 Upper Bukit Timah Road Singapore 588182

Tel: (65) 6849-5888

Fax: (65) 6462-0186

Website: <http://www.banyantree.com>