



BANYAN TREE HOLDINGS LIMITED

PRESS RELEASE

12TH November 2014

THAILAND POLITICAL UNREST CONTINUED TO IMPACT 3RD QUARTER'S OPERATING PROFIT BY 14%.

FINANCIAL HIGHLIGHTS:

3Q14:

- Revenue decreased 9% to S\$72.7 million.
- Operating Profit decreased 14% to S\$7.8 million.

Due to:

- *Lower contribution from hotel operations in Thailand due to political unrest.*
- *Marketing expenses incurred on new property projects but revenue are only recognisable predominantly in 2015 upon completion of project.*

Partially offset by:

- *Favourable performance from Fee-based segment.*

9M14:

- Revenue decreased 9% to S\$235.5 million.
- Operating Profit decreased 44% to S\$31.2 million.

Due to:

- *Lower contribution from Hotel Investments segment.*
- *Absence of one-off gain from sale of Angsana Velavaru hotel in 1Q13.*

OUTLOOK:

- USA economic recovery continues to gain momentum but Europe economic recovery remains weak.
- Consumer demand in China has also slowed down.
- Thai military coup is expected to continue to affect our operations this year.
- Given the challenging year, it is likely that FY2014 will not be profitable.
- Forward bookings for 4Q14 for owned hotels in Thailand is 17% below last year. Overall is 13% below last year.
- Sales momentum for property sales continued in 3Q14 and expected to further pick up in 4Q14, our high season period. For the nine months period, deposits for 164 units with total sales value of S\$66.1 million were received, 44% ahead of 9M13 in value terms. Unrecognised revenue for sales achieved to date is S\$112.7 million which will be recognised primarily in 2015.

RESULTS SNAPSHOT:

3Q14 Results (in S\$' million):

	3Q14	3Q13	Change[@] (%)
Revenue	72.7	79.6	9% ↓
Operating Profit*	7.8	9.0	14% ↓

9M14 Results (in S\$' million):

	9M14	9M13	Change[@] (%)
Revenue	235.5	258.2	9% ↓
Operating Profit*	31.2	55.4	44% ↓

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

[@] 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 -

"The performance in 3Q, it being our traditional low season of the year, was per our expectation. Although the Thai economy has stabilized after the Thai military coup, hotel bookings remain slow compared to last year. This has affected our 3Q performance. Business will pick up in 4Q14, our high season period with the continuing improvement in global economy and tourist arrivals to Thailand, but is likely that overall FY2014 will not be profitable."

ADDENDUM

DETAILED BUSINESS SEGMENTS REVIEW

In 3Q14, the Group registered revenue of S\$72.7 million, a decrease of S\$6.9 million or 9% compared to 3Q13. For 9M14, the Group registered revenue of S\$235.5 million, a decrease of S\$22.7 million or 9% compared to 9M13. The revenue shortfall was from all the three business segments, namely, Hotel Investments, Property Sales and Fee-based segments, mainly due to the political situation in Thailand.

EBITDA decreased by S\$1.2 million or 14% from S\$9.0 million in 3Q13 to S\$7.8 million in 3Q14 mainly due to lower revenue as mentioned above but partially cushioned by lower operating cost from Fee-based segment. It decreased by S\$24.2 million or 44% from S\$55.4 million in 9M13 to S\$31.2 million in 9M14 mainly due to lower other income as there was a one-off gain on sale of Angsana Velavaru hotel in 9M13, coupled with lower revenue as mentioned above.

Hotel Investments segment

Hotel Investments segment achieved revenue of S\$42.6 million in 3Q14, a decrease of 10% or S\$4.7 million compared to S\$47.3 million in 3Q13. Lower revenue was mainly from Thailand (S\$3.5 million) and China (S\$1.4 million).

Performance of our properties in Thailand continued to be affected by the slowdown in the tourism industry following the political unrest in Bangkok since November 2013 which culminated in the military coup in May 2014. Occupancies however improved by 5% points in 3Q14 as compared to 2Q14 following the lifting of nationwide curfew in June 2014. Overall revenue per available room ("Revpar") for our resorts in Thailand decreased by 20% from S\$132 in 3Q13 to S\$105. For China, lower revenue was mainly due to a general decline in tourist arrivals to Lijiang / Shangri-la region after the knife attack by perpetrators in Kunming railway station in March 2014. Overall Revpar of our resorts in China decreased by 20% from S\$304 to S\$244.

For 9M14, Hotel Investments segment revenue decreased by 9% or S\$14.4 million from S\$163.6 million in 9M13 to S\$149.2 million mainly from Thailand (S\$16.4 million) and China (S\$1.9 million) due to similar reasons mentioned above, but partially cushioned by higher revenue from Maldives (S\$2.5 million) and Seychelles (S\$1.6 million) mainly due to favourable demand from the leisure market particularly in the first half of the year.

EBITDA decreased by S\$2.9 million from S\$6.2 million in 3Q13 to S\$3.3 million in 3Q14 and decreased by S\$5.0 million from S\$32.3 million in 9M13 to S\$27.3 million in 9M14, in line with lower revenue.

Property Sales segment

Property Sales segment revenue decreased by S\$0.6 million or 7% from S\$7.8 million in 3Q13 to S\$7.2 million in 3Q14. This was due to lower contribution of property sales units based on revenue recognition upon completion. In 3Q14, a total of 4 units of Banyan Tree Phuket villas were completed and recognized, as compared to a total of 4 units comprising Laguna Village townhome/bungalow, Angsana Island villa and Banyan Tree Lijiang townhome which were of higher value in 3Q13.

There were 20 new units sold with deposits received in 3Q14 compared to deposits for 31 units in 3Q13, a decrease of 35% and 13% in units and value terms respectively, as last year has the benefit of new sales launch for Laguna Park project which were well received.

For 9M14, Property Sales segment revenue decreased by S\$2.1 million or 10% from S\$21.0 million in 9M13 to S\$18.9 million in 9M14. The shortfall was due to lower contribution of property sales units based on revenue recognition upon completion. In 9M14, a total of 11 units were completed and recognized, as compared to a total of 13 units in 9M13.

For 9M14, there were 164 new units sold with deposits received in 9M14 compared to deposits for 110 units in 9M13, an increase of 49% and 44% in units and value terms respectively. Overall unrecognised cumulative revenue as at 9M14 was S\$112.7 million as compared to S\$58.7 million as at 9M13.

EBITDA decreased by S\$0.9 million from a profit of S\$1.6 million in 3Q13 to S\$0.7 million in 3Q14 and decreased by S\$1.4 million from S\$0.4 million in 9M13 to a loss of S\$1.0 million in 9M14. This was mainly due to lower revenue.

Fee-based segment

Fee-based segment revenue decreased by S\$1.6 million or 7% from S\$24.5 million in 3Q13 to S\$22.9 million in 3Q14. This was mainly due to lower revenue from spa/gallery and golf operations which were affected by the slowdown in tourism industry following the Thai political unrest. Architectural and design fees was also lower for projects in China based on certain milestone achieved. Besides, there was lower royalty fees from completion of sale of Banyan Tree property units in Kuala Lumpur as royalty fees close to 92% of total units had already been recognized in prior periods. The overall shortfall was however partially cushioned by higher hotel management fees from Banyan Tree Macau due to better performance and contributions from newly-opened resorts such as Banyan Tree Tianjin Riverside, Banyan Tree Chongqing Beibei and Angsana Tengchong.

For 9M14, revenue decreased by S\$6.2 million or 8% from S\$73.6 million in 9M13 to S\$67.4 million in 9M14 mainly due to reasons mentioned earlier. In addition, fund management business recorded lower resorts development management fees from China Fund as the construction of Banyan Tree Yangshuo had been completed and Banyan Tree Huangshan construction is nearing completion soon.

Notwithstanding lower revenue, EBITDA increased by S\$2.7 million from S\$4.6 million in 3Q13 to S\$7.3 million in 3Q14 mainly due to lower operating expenses. Against 9M13, EBITDA decreased by S\$1.4 million from S\$13.7 million in 9M13 to S\$12.3 million in 9M14 mainly due to lower revenue.

(LATMI)/PATMI

LATMI increased by S\$2.3 million from S\$1.4 million in 3Q13 to S\$3.7 million in 3Q14. This was mainly attributable to lower EBITDA from Hotel Investments and Property Sales segments, higher income tax expense and finance cost, but partially cushioned by higher EBITDA from Fee-based segment as mentioned above.

For 9M14, LATMI was S\$3.1 million as compared to PATMI of S\$14.5 million in 9M13. This was mainly attributable to lower other income as 9M13 included gain on sale of Angsana Velavaru hotel and lower EBITDA from all three segments in 9M14 coupled with higher finance costs. The shortfall was however partially cushioned by lower income tax expense and depreciation.

Cash Flow

During 9M14, the Group generated its fund from operations, net proceeds from notes issuance under the Medium Term Notes programme and bank loans.

It purchased land and incurred development cost for property development projects in Gold Coast, Brisbane, Chengdu and Phuket. It expended on property, plant and equipment for the resorts' operation and paid the second instalment for the purchase of Banyan Tree Seychelles and the surrounding lands. In May 2014, the Group paid out dividend of S\$7.6 million to its shareholders.

As at 30 September 2014, the Group's cash and cash equivalents was S\$184.0 million.

OUTLOOK

3Q14 results have been in line with our expectation. The macro economic outlook remains unchanged. The USA has shown signs of economic recovery, Europe economy remains weak and consumer demand in China has also slowed down. The political situation in Thailand has continued to affect our operations there. Given the challenging year, it is likely that FY2014 will not be profitable.

Currently the hotel's forward bookings for owned hotels in Thailand for 4Q14 is 17% below the same period last year and overall is below by 13%.

On the property sales segment, we continued to receive bookings in 3Q14 but was below 3Q13 due to a well received sales launch of Laguna Park project in September last year. We expect sales to further pick up in 4Q14, our high season period. For the nine months period, deposits for 164 units with total sales value of S\$66.1 million were received, 44% ahead of 9M13 in value terms. Unrecognised revenue for sales achieved to date is S\$112.7 million which will be recognised primarily in 2015.

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, 67 spas, 77 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. In June 2014, the Group also launched the third brand, Cassia. Cassia was created to bring together investment opportunities for the growing middle-class looking for affordable holiday homes as well as the opportunity to develop an innovative hotel product in the serviced apartment segment. 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

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