



BANYAN TREE HOLDINGS LIMITED

PRESS RELEASE

12TH AUGUST 2015

2Q OPERATING PROFIT AFFECTED BY DECLINE FROM THE EUROPEAN MARKET.

FINANCIAL HIGHLIGHTS:

2Q15:

- Revenue stable at S\$68.3 million.
- Operating profit decreased 22% to S\$3.3 million.

Due to:

- Lower contribution from resorts in Phuket, Maldives and Seychelles due to decline in travelers from the European market, in particular, the Russian market.
- Marketing expenses incurred on new property projects but revenue are only recognizable upon completion of project.

Partially cushioned by:

- Higher revenue recognition from properties sales.
- Higher contribution from Banyan Tree Bangkok due to political stability.

1H15:

- Revenue increased 2% to S\$166.1 million.
- Operating profit stable at S\$23.6 million.

Due to:

- Higher contribution from Fee-based segment but partially offset by
- Lower contribution from Hotel Investments segment.

OUTLOOK:

- Hotel outlook improves with strong pickup in Thailand. Overall forward bookings for 3Q15 for owned hotels are currently 7% above the same period last year.
- Sales momentum for property sales slowed down in 2Q15. Deposits for 9 units with total sales value of \$3.7 million was received in 2Q15 compared to 29 units of S\$15.2 million in 2Q14. Unrecognised revenue as at 30.6.2015 is S\$120 million which will be predominantly recognised in 2H15.
- Macro outlook:
 - *Economy of Europe, our key source market, remains weak.*
 - *Thai political situation is currently stable.*
 - *Recent monetary easing and loosening of property market measures may further improve domestic tourism and stabilize the property sector in China. However, the recent stock market volatility in China may create future uncertainties.*
- Against this backdrop, operating profit (EBITDA) for 2H15 is expected to be higher than 1H15 and higher than last year.

RESULTS SNAPSHOT:

2Q15 Results (in S\$' million):

	2Q15	2Q14	Change[@] (%)
Revenue	68.3	68.9	1% ↓
Operating Profit (EBITDA*)	3.3	4.2	22% ↓

1H15 Results (in S\$' million):

	1H15	1H14	Change[@] (%)
Revenue	166.1	162.8	2% ↑
Operating Profit (EBITDA*)	23.6	23.4	1% ↑

* EBITDA = Profit before interests, taxes, depreciation and 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 -

“2nd quarter is traditionally our low season period. This coupled with the decline in Russian travelers due to severe devaluation of the Rouble has continued to affect our resorts’ performance in 2Q15. Nevertheless, we saw encouraging pick up in our forward bookings and are therefore cautiously optimistic of a better performance in the 2nd half.”

On the property front, our unrecognized revenue currently stood at S\$120m and majority of this revenue will be recognised in the next two quarters of 2015.”

ADDENDUM

DETAILED BUSINESS SEGMENTS REVIEW

In 2Q15, the Group registered revenue of S\$68.3 million, a decrease of S\$0.6 million or 1% compared to 2Q14. Both the Fee-based and Hotel Investments segments recorded lower revenue but was cushioned by higher revenue from the Property Sales segment. EBITDA decreased by S\$0.9 million or 22% from S\$4.2 million in 2Q14 to S\$3.3 million in 2Q15.

For 1H15, the Group registered revenue of S\$166.1 million, an increase of S\$3.3 million or 2% compared to 1H14. Both the Property Sales and Fee-based segments recorded higher revenue but was offset by lower revenue from the Hotel Investments segment. EBITDA increased by S\$0.2 million or 1% from S\$23.4 million in 1H14 to S\$23.6 million in 1H15.

Hotel Investments segment

Hotel Investments segment achieved revenue of S\$38.8 million in 2Q15, a decrease of 3% or S\$1.1 million compared to S\$39.9 million in 2Q14. The decrease in revenue was mainly from Maldives (S\$2.0 million), Seychelles (S\$0.4 million) and China (S\$0.4 million), but partially cushioned by higher revenue from Thailand (S\$1.9 million).

Higher revenue from Thailand was driven mainly by the recovery of business at Banyan Tree Bangkok due to political stability after the appointment of Thailand's military leader as the country's prime minister in August 2014 as well as the lifting of the martial law in late March 2015. Revenue per available room ("RevPAR") of Banyan Tree Bangkok increased by 46% from S\$74 in 2Q14 to S\$108 in 2Q15.

However, the favourable performance from Bangkok was affected by lower revenue from Phuket, Maldives and Seychelles resorts as they were affected by the reduction of tourists from the European market, especially the Russian market. RevPAR of the Phuket resorts decreased by 3% from S\$122 in 2Q14 to S\$118 in 2Q15. RevPAR of the Maldives resorts decreased by 19% from S\$388 in 2Q14 to S\$326 in 2Q15 while RevPAR of the Seychelles resorts decreased by 15% from S\$577 in 2Q14 to S\$503 in 2Q15. Lower revenue from China was mainly due to intense competition from the new and existing hotel players. RevPAR of the China resorts decreased by 11% from S\$177 in 2Q14 to S\$157 in 2Q15.

For 1H15, Hotel Investments segment recorded revenue of S\$105.5 million, a decrease of 1% or S\$1.2 million compared to S\$106.7 million in 1H14. The decrease was mainly from Maldives (S\$3.3 million), Seychelles (S\$1.2 million) and China (S\$0.7 million) but partially cushioned by Thailand (S\$4.4 million), due to similar reasons mentioned above.

EBITDA decreased by S\$2.3 million from S\$2.2 million in 2Q14 to a loss of S\$0.1 million in 2Q15 and decreased by S\$5.9 million from S\$23.9 million in 1H14 to S\$18.0 million in 1H15. This was due to lower revenue and lower profit margin as a result of tactical price offers launched to drive occupancy.

Property Sales segment

Revenue from the Property Sales segment increased by S\$1.9 million or 32% from S\$5.9 million in 2Q14 to S\$7.8 million in 2Q15. For 1H15, revenue from the Property Sales segment increased by S\$3.9 million or 33% from S\$11.6 million in 1H14 to S\$15.5 million in 1H15. This was due to higher contribution of property sales units based on completed method of revenue recognition.

In 2Q15, a total of 10 units of Laguna Park townhomes/villas were completed and recognized, as compared to a total of 3 units of Dusit Villas and Laguna Village bungalow in 2Q14. In 1H15, a total of 13 units of Laguna Park townhomes/villas and Banyan Tree Phuket villa were completed and recognized, as compared to a total of 7 units of Dusit villas and Laguna Village condominiums/bungalows in 1H14.

There were 9 new units sold with deposits received in 2Q15 compared to deposits for 29 units in 2Q14, a decrease of 69% and 76% in units and value terms respectively. For 1H15, there were 42 new units sold with deposits received in 1H15 compared to deposits for 153 units in 1H14, a decrease of 73% and 67% in units and value terms respectively. Property sales slowed down since the beginning of the year due to decline in Russian buyers following the currency crisis in Russia. In addition, 1H14 had the benefits of sales launches of Laguna Park Phuket, Cassia Phuket and Cassia Bintan which were well received.

Overall unrecognised cumulative revenue as at 1H15 was S\$119.9 million as compared to S\$121.2 million in 1H14.

EBITDA increased by S\$1.9 million from a loss of S\$1.9 million in 2Q14 mainly due to higher revenue recognized as mentioned earlier. EBITDA would have been higher if not for the sales and marketing and administrative expenses incurred on new development projects where revenue can only be recognized on completion. Such expenses have also resulted in 1H15's loss to increase from S\$1.6 million in 1H14 to S\$1.8 million in 1H15, notwithstanding higher revenue.

Fee-based segment

Revenue from the Fee-based segment decreased by S\$1.3 million or 6% from S\$23.1 million in 2Q14 to S\$21.8 million in 2Q15. This was mainly due to lower architectural and design fees earned from projects in China based on project milestones which was cushioned by higher revenue from the golf operations following the completion of upgrading project at Laguna Phuket Golf Club in December 2014.

For 1H15, revenue increased by S\$0.6 million or 1% from S\$44.5 million in 1H14 to S\$45.1 million in 1H15 mainly due to higher hotel and fund management fees, as well as higher architectural and design fees earned from projects in China based on project milestones. This was partially offset by lower revenue from the Spa/Gallery operations.

EBITDA decreased by S\$0.8 million from S\$4.1 million in 2Q14 to S\$3.3 million in 2Q15 due to lower revenue. For 1H15, EBITDA increased by S\$4.2 million from S\$5.0 million in 1H14 to S\$9.2 million in 1H15 mainly due to higher revenue as well as lower provision of bonuses and incentives and higher foreign exchange gains.

If management fees of those resorts which the Group has a majority interest were not eliminated on consolidation, EBITDA would have been S\$6.5 million in 2Q15 compared to S\$7.2 million in 2Q14, and S\$18.2 million in 1H15 compared to S\$14.3 million in 1H14.

(Loss)/Profit attributable to owners of the Company

Loss was S\$7.3 million in 2Q15 as compared to S\$3.5 million in 2Q14. This was mainly attributable to lower EBITDA from the Hotel Investments and Fee-based segments, higher depreciation, higher finance costs and lower income tax credit, which was partially cushioned by higher EBITDA from the Property Sales segment and lower head office expenses.

For 1H15, profit decreased by S\$3.8 million from S\$0.6 million in 1H14 to a loss of S\$3.2 million in 1H15. This was mainly attributable to lower EBITDA from the Hotel Investments and Property Sales segments, higher depreciation, higher finance costs and higher income tax expense, which was partially cushioned by higher EBITDA from the Fee-based segment and lower head office expenses.

Cash Flow

During 1H15, the Group generated its fund from operations and net proceeds from notes issuance under the Medium Term Notes programme and bank loans.

It incurred development costs for property development projects in Wenjiang, Brisbane, Gold Coast, Phuket and Bintan. It expended on property, plant and equipment for the resorts' operation and also paid the final instalment for the purchase of the Banyan Tree Seychelles and the adjoining lands. In May 2015, the Group paid out dividends of S\$1.3 million to its shareholders.

As at 30 June 2015, the Group's cash and cash equivalents was S\$190.2 million.

About Banyan Tree Holdings Limited

Banyan Tree Holdings Limited (“Banyan Tree” or the “Group”) is a leading international operator and developer of premium resorts, hotel residences and spas. The Group currently manages and/or has ownership interests in 36 resorts and hotels, 67 spas, 79 galleries and 3 golf courses. Each resort typically has between 50 and 200 rooms and commands room rates at the high end of each property’s particular market. The Group currently develops and sells residences properties in six countries: Thailand, Seychelles, China, Indonesia, Mexico and Vietnam.

The Group business 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

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