



**BANYAN TREE HOLDINGS LIMITED**

**PRESS RELEASE**

**13<sup>TH</sup> November 2015**

**3Q OPERATING PROFIT AFFECTED BY LOWER CONTRIBUTION FROM HOTEL INVESTMENTS SEGMENT AND HIGHER EXPENSES.**

**FINANCIAL HIGHLIGHTS:**

**3Q15**

- Revenue increased 12% to S\$81.4 million.
- EBITDA decreased 26% to S\$5.7 million.

Revenue increased due to:

- Higher revenue recognition from property sales but partially offset by :
- Lower contribution from hotel operations in Thailand, Maldives and Seychelles due to decline in Russian travelers and renovation at Banyan Tree Phuket. Banyan Tree Bangkok performance could have been better if not for the bombing event in late August 2015.

EBITDA decreased due to :

- Higher sales and marketing expenses incurred in promoting hotels.
- Higher expenses incurred on new property development projects but revenue are only recognizable upon completion of project.

**9M15**

- Revenue increased 5% to S\$247.5 million.
- Operating profit decreased 6% to S\$29.3 million.

Due to:

- Higher contribution from Property Sales segment and Fee-Based segment but offset by
- Lower contribution from Hotel investments segment.

**OUTLOOK:**

- Hotel forward bookings for 4Q15 is weak. Overall forward bookings for owned hotels is currently 20% below the same period last year.
- Sales momentum for property sales continued to slow down in 3Q15. Deposits for 13 units with total sales value of \$4.5 million was received in 3Q15 compared to 20 units of S\$12.9 million in 3Q14. Unrecognised revenue as at 30.9.2015 is S\$108.5 million.
- Macro outlook:
  - *Economy of both Europe and Russia, our key source markets remains weak.*
  - *The bombing incident in Bangkok in late August has affected our business in Thailand.*
  - *Economic slowdown in China may affect our income contribution from China.*

## **RESULTS SNAPSHOT:**

### **3Q15 Results (in S\$' million):**

	<b>3Q15</b>	<b>3Q14</b>	<b>Change<sup>@</sup> (%)</b>
Revenue	81.4	72.7	12% ↑
Operating Profit (EBITDA*)	5.7	7.8	26% ↓

### **9M15 Results (in S\$' million):**

	<b>9M15</b>	<b>9M14</b>	<b>Change<sup>@</sup> (%)</b>
Revenue	247.5	235.5	5% ↑
Operating Profit (EBITDA*)	29.3	31.2	6% ↓

## **QUOTE:**

Mr Ho KwonPing, Executive Chairman -

“3Q15 performed below our expectation. Our Hotel Investments segment continued to be affected by the weak Russian market. Banyan Tree Bangkok was performing well if not for the recent bombing event in Bangkok. Property sales remained slow - we sold 13 units in 3Q15, 65% below same period last year in value terms. Income from our design and project management business in China is likely to be affected going forward in view of the economic slowdown in China. We expect to recognise the majority of the properties sold to date upon completion in 4Q15 and this will help cushion the shortfall expected in other segments.

Overall, FY15's EBITDA (operating profit) is expected to be below last year and PATMI is expected to be a loss.”

*\* EBITDA = Profit before interests, taxes, depreciation and amortization*

*# PATMI = Profit attributable to owners of the Company*

*@Variances are computed based on figures to the nearest thousands to be in line with announcement in the SGXnet.*

## ADDENDUM

### DETAILED BUSINESS SEGMENTS REVIEW

In 3Q15, the Group registered revenue of S\$81.4 million, an increase of S\$8.7 million or 12% compared to 3Q14. For 9M15, the Group registered revenue of S\$247.5 million, an increase of S\$12.0 million or 5% compared to 9M14. The Property Sales segment recorded higher revenue but it was offset by lower revenue from both the Fee-based and Hotel Investments segments.

Notwithstanding higher revenue, EBITDA decreased by S\$2.0 million or 26% from S\$7.7 million in 3Q14 to S\$5.7 million in 3Q15 due to higher expenses. EBITDA decreased by S\$1.9 million or 6% from S\$31.2 million in 9M14 to S\$29.3 million in 9M15 due to higher expenses.

#### Hotel Investments segment

Hotel Investments segment achieved revenue of S\$41.5 million in 3Q15, a decrease of 3% or S\$1.1 million compared to S\$42.6 million in 3Q14. The decrease in revenue was mainly from Maldives (S\$0.9 million) and Thailand (S\$0.4 million).

Both Maldives and Phuket resorts continued to be affected by the reduction of tourists from the European market, especially the Russian market. In addition, the ongoing renovation at Banyan Tree Phuket also contributed to the drop in revenue. Revenue per available room ("RevPAR") of the Maldives resorts decreased by 6% from S\$372 in 3Q14 to S\$348 in 3Q15. RevPAR of the Phuket resorts decreased by 7% from S\$113 in 3Q14 to S\$105 in 3Q15.

On the other hand, the drop in revenue was cushioned by higher revenue from Banyan Tree Bangkok. Revenue could have been higher if not for the bombing incident in Bangkok in late August 2015. RevPAR of Banyan Tree Bangkok increased by 24% from S\$91 in 3Q14 to S\$113 in 3Q15.

For 9M15, Hotel Investments segment recorded revenue of S\$147.0 million, a decrease of 2% or S\$2.2 million compared to S\$149.2 million in 9M14. The decrease was mainly from Maldives (S\$4.2 million) and Seychelles (S\$1.0 million) but partially cushioned by Thailand (S\$4.1 million) due to similar reasons above.

EBITDA decreased by S\$1.8 million from S\$3.3 million in 3Q14 to S\$1.5 million in 3Q15 and decreased by S\$7.7 million from S\$27.3 million in 9M14 to S\$19.6 million in 9M15. This was due to lower revenue and lower profit margin as a result of tactical price offers launched to drive occupancy, coupled with higher sales and marketing expenses and higher repairs and maintenance.

## **Property Sales segment**

Revenue from the Property Sales segment increased by S\$12.5 million or 173% to S\$19.7 million in 3Q15. For 9M15, revenue from the Property Sales segment increased by S\$16.4 million or 87% to S\$35.3 million in 9M15. This was due to higher contribution of property sales units based on completed method of revenue recognition.

In 3Q15, a total of 46 units of Laguna Park townhomes/villas, Cassia Phuket and Laguna Village condominiums/bungalows were recognized, as compared to 4 units of Banyan Tree Phuket villas recognised in 3Q14. In 9M15, a total of 59 units of Laguna Park townhomes/villas, Cassia Phuket, Laguna Village condominiums/bungalows and Banyan Tree Phuket villas were recognized, as compared to a total of 11 units of Laguna Village condominiums/bungalows, Banyan Tree Phuket villas and Dusit villas in 9M14.

There were 13 new units sold with deposits received in 3Q15 compared to deposits for 20 units in 3Q14, a decrease of 35% and 65% in units and value terms respectively. For 9M15, there were 55 new units sold with deposits received in 9M15 compared to deposits for 173 units in 9M14, a decrease of 68% 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, 9M14 had the benefits of sales launches of Laguna Park Phuket, Cassia Phuket and Cassia Bintan which were well received.

Overall unrecognised revenue as at 9M15 was S\$108.5 million as compared to S\$112.7 million in 9M14, most of which will be predominantly recognised in 4Q15.

EBITDA increased by S\$0.6 million from S\$0.7 million in 3Q14 to S\$1.3 million in 3Q15 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 loss of \$0.4 million in 9M15, notwithstanding higher revenue.

## **Fee-based segment**

Revenue from the Fee-based segment decreased by S\$2.7 million or 12% from S\$22.9 million in 3Q14 to S\$20.2 million in 3Q15. For 9M15, revenue decreased by S\$2.1 million or 3% from S\$67.4 million in 9M14 to S\$65.3 million in 9M15. This was mainly due to lower revenue from the Spa/Gallery operations and lower architectural and design fees earned from projects in China based on project milestones.

EBITDA decreased by S\$1.7 million from S\$7.3 million in 3Q14 to S\$5.6 million in 3Q15 mainly due to lower revenue. For 9M15, notwithstanding lower revenue, EBITDA increased by S\$2.5 million from S\$12.3 million in 9M14 to S\$14.8 million mainly due to higher foreign exchange gains as well as lower provision of bonuses and incentives.

If management fees of those resorts which the Group has a majority interest were not eliminated on consolidation, EBITDA would have been S\$8.7 million in 3Q15 compared to S\$10.6 million in 3Q14, and S\$26.9 million in 9M15 compared to S\$24.9 million in 9M14.

### **(Loss)/Profit attributable to owners of the Company**

Loss increased by S\$2.2 million from S\$3.7 million in 3Q14 to S\$5.9 million in 3Q15. This was mainly attributable to lower EBITDA from the Hotel Investments and Fee-based segments which was partially cushioned by higher EBITDA from the Property Sales segment.

For 9M15, loss increased by S\$6.1 million from S\$3.1 million in 9M14 to S\$9.2 million in 9M15. This was mainly attributable to lower EBITDA from the Hotel Investments segment, higher depreciation, higher finance costs and higher income tax expense, which was partially cushioned by higher EBITDA from the Fee-based and Property Sales segments as well as lower head office expenses.

### **Cash Flow**

During 9M15, 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 September 2015, the Group's cash and cash equivalents was S\$174.3 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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