



BANYAN TREE HOLDINGS LIMITED

PRESS RELEASE

11TH AUGUST 2016

2Q16 RECORDED OPERATING LOSS OF S\$3.4 MILLION AMID TRADITIONAL LOW SEASON PERIOD

FINANCIAL HIGHLIGHTS:

2Q16:

- Revenue decreased 4% to S\$65.9 million.
- Operating loss of S\$3.4 million compared to operating profit of S\$3.2 million in 2Q15.

Revenue decreased due to:

- Lower contribution from Fee-based segment.
but partially offset by:
- Higher revenue recognition from property sales.

Operating loss due to:

- Lower revenue.
- Exchange loss of S\$1.3 million in 2Q16 vs. exchange gain of S\$0.02 million in 2Q15. Foreign exchange loss was due to restating U.S. dollar and Chinese renminbi denominated receivables to period end rate which had depreciated against Singapore dollar.
- Higher marketing expenses incurred on new property development projects where revenue have yet to be recognized.

1H16:

- Revenue was in line with last year at S\$165.7 million.
- Operating profit decreased 38% to S\$14.6 million.

Due to:

- Lower contribution from Fee-based segment.
- Exchange loss of S\$4.0 million in 1H16 vs. exchange gain of S\$1.9 million in 1H15.
but partially offset by:
- Higher contribution from property sales.

OUTLOOK:

- For 3Q16, hotel forward bookings for Thailand continue to improve but remains weak for hotels outside of Thailand. Overall forward bookings for owned hotels are currently 6% below the same period last year. (Thailand is 19% above and outside of Thailand 25% below).
- On property sales, deposits for 30 units with total sales value of S\$33.7 million were received in 2Q16 as compared to 9 units of S\$3.7 million in 2Q15. As at 2Q16, we have unrecognised revenue of S\$87.0 million with approximately 30% to be recognised in the 2nd half of 2016.
- Macro outlook:
 - *Global economic uncertainties following the United Kingdom's decision to leave the European Union.*
 - *Economic slowdown in China will continue to affect our income contribution from China.*
- Against this backdrop, 3Q16 which is also a low season period will remain challenging.

ADDENDUM

RESULTS SNAPSHOT:

2Q16 Results (in S\$' million):

	2Q16	2Q15	Change[@] (%)
Revenue	65.9	68.3	4% ↓
Operating (Loss)/Profit *	(3.4)	3.2	nm
PATMI**	(14.4)	(7.3)	97% ↓

1H16 Results (in S\$' million):

	1H16	1H15	Change[@] (%)
Revenue	165.7	166.1	0%
Operating Profit *	14.6	23.6	38% ↓
PATMI**	(13.8)	(3.3)	325% ↓

* Operating (Loss)/Profit = EBITDA (Earnings before interests, taxes, depreciation & amortisation).

** PATMI = Profit after taxation and minority interests.

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

DETAILED BUSINESS SEGMENTS REVIEW

In 2Q16, the Group registered revenue of S\$65.9 million, a decrease of S\$2.4 million or 4% compared to 2Q15. This was due to lower revenue recorded from the Fee-based segment which was partially cushioned by higher revenue from the Property Sales segment. In 1H16, the Group registered revenue of S\$165.7 million which was similar to 1H15's revenue of S\$166.1 million. Both the Hotel Investments and Fee-based segments recorded lower revenue but it was partially cushioned by higher revenue from the Property Sales segment.

In 2Q16, EBITDA decreased by S\$6.6 million to a loss of S\$3.4 million and in 1H16, EBITDA decreased by S\$9.0 million or 38% to S\$14.6 million. This was mainly due to lower revenue and higher foreign exchange losses. In addition, there were lower other income recorded in 1H16 as 1H15 included a one-off insurance compensation due to political events in Bangkok in 2014.

ADDENDUM

Hotel Investments segment

Hotel Investments segment achieved revenue of S\$38.3 million in 2Q16, a decrease of 1% or S\$0.5 million compared to S\$38.8 million in 2Q15. The decrease in revenue was mainly from Maldives (S\$2.1 million), China (S\$0.7 million) and Seychelles (S\$0.5 million), which was partially cushioned by higher revenue from Thailand (S\$3.0 million).

The macro-economic uncertainties in Europe, as well as economic slowdown in the Chinese market since 3Q15 continued to impact our resorts in Maldives, China and Seychelles in 2Q16. Revenue per available room ("RevPAR") of the Maldives resorts decreased by 25% from S\$326 in 2Q15 to S\$245 in 2Q16. RevPAR of the China resorts decreased by 20% from S\$157 in 2Q15 to S\$125 in 2Q16. RevPAR of the Seychelles resorts decreased by 11% from S\$503 in 2Q15 to S\$450 in 2Q16.

For Thailand, all the hotels had performed better in 2Q16 as compared to 2Q15, with strong recovery for both Banyan Tree Phuket and Angsana Laguna Phuket. Besides that, the opening of Cassia Phuket since 4Q15 and the continued strong performance of Banyan Tree Bangkok had further contributed to the increase in revenue. On a same store basis (excluding Cassia Phuket), RevPAR for Thailand resorts increased by 11% from S\$114 in 2Q15 to S\$127 in 2Q16.

For 1H16, Hotel Investments segment achieved revenue of S\$103.1 million, a decrease of 2% or S\$2.4 million compared to S\$105.5 million in 1H15. The decrease in revenue was mainly from Maldives (S\$5.1 million), China (S\$1.1 million) and Seychelles (S\$1.0 million), which was partially cushioned by higher revenue from Thailand (S\$4.9 million) due to similar reasons mentioned earlier.

Notwithstanding lower revenue, EBITDA for 2Q16 and 1H16 were in line with 2Q15 and 1H15. This was largely due to several cost management initiatives implemented as a result of the group-wide restructuring exercise that had been embarked to streamline business processes and structures.

ADDENDUM

Property Sales segment

Revenue from the Property Sales segment increased by S\$6.7 million or 85% to S\$14.5 million in 2Q16. For 1H16, revenue increased by S\$16.2 million or 104% to S\$31.7 million. This was mainly due to completion and progressively handing over of Cassia Phuket condominiums (Phase 1) and Laguna Park townhomes/villas since 4Q15.

In 2Q16, a total of 24 units of Laguna Park townhomes/villas, Cassia Phuket, Banyan Tree Phuket villas were recognized. In comparison, a total of 10 units of Laguna Park townhomes/villas were recognized in 2Q15.

In 1H16, a total of 55 units of Laguna Park townhomes/villas, Cassia Phuket, Dusit villas and Banyan Tree Phuket villas were recognized. In comparison, a total of 13 units of Laguna Park townhomes/villas and Banyan Tree Phuket villas were recognized in 1H15.

There were 30 new units sold with deposits received in 2Q16 compared to deposits for 9 units in 2Q15, a significant increase of 233% and 809% in units and value terms respectively. For 1H16, there were 69 new units sold with deposits received compared to deposits for 42 units in 1H15, an increase of 64% and 186% in units and value terms respectively.

Overall unrecognized revenue as at 30 June 2016 was S\$87.0 million as compared to S\$119.1 million as at 30 June 2015, of which 32% will be progressively recognized in 2nd half 2016.

EBITDA increased by S\$1.7 million and S\$5.3 million in 2Q16 and 1H16 respectively mainly due to higher revenue recognized as mentioned earlier.

Fee-based segment

Revenue from the Fee-based segment decreased by S\$8.7 million or 40% to S\$13.1 million in 2Q16. For 1H16, revenue decreased by S\$14.2 million or 32% to S\$30.9 million. This was mainly due to lower hotel/fund management fees, as well as reduced architectural and design fees earned from projects in China based on project milestones.

The economic slowdown in China has affected the performances and hence hotel management fees of several managed hotels in China. In addition, architectural and design fees were also lower as the progress of several third party owners' development projects in China were also affected by this slowdown.

EBITDA decreased by S\$6.6 million to a loss of S\$3.3 million in 2Q16. For 1H16, EBITDA decreased by S\$13.3 million to a loss of S\$4.1 million. This was mainly due to lower revenue as mentioned earlier and higher foreign exchange loss.

If management fees of those resorts which the Group has a majority interest were not eliminated on consolidation, EBITDA would have been a loss of S\$0.4 million in 2Q16 as compared to a profit of S\$6.5 million in 2Q15, and a profit of S\$4.7 million in 1H16 as compared to a profit of S\$18.2 million in 1H15.

ADDENDUM

Loss attributable to owners of the Company

Loss increased by S\$7.1 million from S\$7.3 million in 2Q15 to S\$14.4 million in 2Q16. This was mainly attributable to lower EBITDA from Fee-based segment and lower non-controlling interests' share of losses. This was partially cushioned by higher EBITDA from Property Sales segment, and higher finance income.

For 1H16, loss increased by S\$10.5 million from S\$3.3 million in 1H15 to S\$13.8 million. This was mainly attributable to lower EBITDA from Fee-based segment, higher finance costs and higher non-controlling interests' share of profits. This was partially cushioned by higher EBITDA from Property Sales segment, higher finance income and lower income tax expense.

Cash Flow

During 1H16, the Group generated its funds mainly from operations as well as proceeds from bank borrowings. It expended on property, plant and equipment for the resorts' operations and also made scheduled repayments of bank borrowings during the period.

As at 30 June 2016, the Group's cash and cash equivalents was S\$152.0 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 37 resorts and hotels, 66 spas, 77 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 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. In October 2015, the Group launched its fourth brand, Dhawa. Dhawa was created to position itself to be a casual and contemporary full-service hotel catering to the emerging group of design savvy travellers who seek distinctive experiences in stylish and unique destinations.



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