BANYAN TREE HOLDINGS LIMITED

PRESS RELEASE

26TH February 2018

FY17 OPERATING PROFIT* INCREASED BY 44%

FINANCIAL HIGHLIGHTS:

4Q17:
- Revenue increased 9% to S$88.9 million.
- Operating Profit decreased by 43% to S$21.0 million.

Revenue increased due to:
- Higher revenue recognition from Laguna Park townhomes/villas and Cassia Phuket (Phase 2) condominiums.
- Strong performance from Thailand and Seychelles resorts.

Operating Profit decreased due to:
- Reclassification of Thai Wah Public Company Limited's net fair value gains in 4Q16.
- Lower foreign exchange gain.

  Partially cushioned by:
- Higher Operating Profit from Property Sales and Hotel Investments.

FY17:
- Revenue increased 3% to S$317.5 million.
- Operating Profit increased by 44% to S$74.7 million.
- Proposed dividend of 1.0 cent per ordinary share.

Due to:
- Gains from divestment of China entities but partially offset by lower net fair value gains.
- Higher contribution from Fee-based and Hotel Investments segments.

  Partially offset by:
- Higher foreign exchange loss.

OUTLOOK:

- 15% higher hotel forward bookings (1Q18 vs 1Q17) for owned hotels (Thailand, 20% higher; non-Thailand, 5% higher).

- 3.6 fold increase in property sales deposits received (units and sales value) in 4Q17 vs 4Q16. As at 31 December 2017, unrecognised revenue was S$166.2 million, 91% higher than last year.

- Tender offer for remaining shares of Laguna Resorts & Hotels Public Company Limited not already owned by the Group was announced this morning. Please refer to the announcement for more details.

- Macro outlook[1]:
  - Global economic activity continues to firm up.
  - The pickup in growth has been broad based, with notable upward revision to projected growth for our key markets in Europe and China.

[1] Source: IMF, World Economic Outlook Update (January 2018)

ADDENDUM

RESULTS SNAPSHOT:

4Q17 Results (in S$' million):

	4Q17	4Q16	Change@ (%)
Revenue	88.9	81.3	9% ⇧
Operating Profit *	21.0	36.8	43% ⇩
PATMI**	3.9	8.4	54% ⇩

FY17 Results (in S$' million):

	FY17	FY16	Change@ (%)
Revenue	317.5	309.6	3% ⇧
Operating Profit *	74.7	51.7	44% ⇧
PATMI**	12.9	(16.2)	nm

* *Operating 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.*

QUOTE:

Mr Ho KwonPing, Executive Chairman -

"We continued to record improvement in our operating performance in 2017. RevPAR of our hotels in Thailand increased close to 20% and for property sales, the strong take up also boosted our unrecognized revenue to almost double last year. With the global economic growth continuing to improve coupled with our recent partnership with Accor and Vanke, we expect to record continuing growth going forward."

ADDENDUM

DETAILED BUSINESS SEGMENTS REVIEW

Note A: Vanke transaction

As announced on 10 August 2017, the Group had executed and completed the definitive agreement with China Vanke Co., Ltd ("Vanke") to create Banyan Tree Assets (China) Holdings Pte. Ltd. ("BTAC"), a 50:50 joint venture incorporated in Singapore between the Group and Vanke, to consolidate the ownership of its Banyan Tree-branded hotels and assets in China. BTAC had in turn invested in and holds 40% stake in each of Banyan Tree's operating companies incorporated in Singapore, Banyan Tree Services (China) Pte. Ltd. ("BTSC") and Banyan Tree Hotel Management (China) Pte. Ltd. ("BTMC").

The Group had since deconsolidated certain entities and recognised the gain on the interest divested. In addition, the Group's retained interest in these entities had been reclassified to investment in Joint ventures/Associates.

The results of the Joint ventures/Associates were equity accounted by the Group from August 2017. Please refer to the Group's SGX-Net announcement dated 10 August 2017 for more details on the execution and completion of the definitive agreements with Vanke.

Hotel Investments segment

Hotel Investments segment achieved revenue of S$54.4 million in 4Q17, an increase of 5% or S$2.6 million compared to S$51.8 million in 4Q16. The increase in revenue was mainly from Thailand (S$4.8 million), Seychelles (S$0.9 million), Indonesia (S$0.3 million) and Morocco (S$0.2 million), but partially offset by lower revenue from China (S$2.9 million) and Maldives (S$0.7 million).

For Thailand, the increase in revenue was mainly contributed by the continuing strong performance of Banyan Tree Phuket, Banyan Tree Bangkok and Angsana Laguna Phuket. On a same store basis , Revenue per Available Room ("RevPAR") for Thailand resorts increased by 19% from S$197 in 4Q16 to S$234 in 4Q17. For Seychelles, RevPAR increased by 13% from S$610 in 4Q16 to S$689 in 4Q17. For Indonesia, the increase in revenue was mainly due to Cassia Bintan opened to paying guests in September 2017. For Maldives, hotel performance was below the same period last year with RevPAR decreased by 5% from S$378 in 4Q16 to S$359 in 4Q17 mainly due to over supply of rooms which resulted in intense competition. For China, the Group had stopped recognising revenues for our China hotels (S$2.9 million) following our joint venture with Vanke in August 2017.

For FY17, Hotel Investments segment achieved revenue of S$201.5 million which was an increase of S$4.1 million compared to S$197.4 million in FY16. The increase in revenue was mainly from Thailand (S$11.9 million), Seychelles (S$3.1 million), Indonesia (S$0.5 million) and Morocco (S$0.3 million). It was partially offset by lower revenue from China (S$6.1 million) and Maldives (S$5.6 million) with similar reasons as explained above.

Operating Profit increased by S$0.9 million in 4Q17 and increased by S$2.1 million in FY17. This was largely due to higher revenue in 4Q17 and FY17 as mentioned earlier.

ADDENDUM

Property Sales segment

Revenue from the Property Sales segment increased by S$5.2 million or 38% to S$18.6 million in 4Q17. For FY17, revenue was in line with last year.

In 4Q17, a total of 31 units of Cassia Phuket (Phase 2), Laguna Park townhomes/villas and Laguna Village residences were recognised. In comparison, a total of 18 units of Laguna Park townhomes/villas, Cassia Phuket (Phase 1), Banyan Tree Grand Residences and Laguna Village townhomes were recognised in 4Q16. Cassia Phuket (Phase 2) was completed in December 2017 and the Group commenced recognition in 4Q17 when sold units were progressively handed over to the buyers.

In FY17, a total of 139 units Cassia Bintan (Phase 1), Cassia Phuket, Laguna Park townhomes/villas, Laguna Village residences and Laguna Chengdu (Phase 1) were recognised. In comparison, a total of 82 units of Laguna Park townhomes/villas, Cassia Phuket, Dusit villas, Banyan Tree Grand Residences, Laguna Village townhomes/condominiums and Banyan Tree Phuket villas were recognised in FY16. Despite higher quantity recognised in FY17, the lower value of units recognised in FY17 resulted in revenue similar to FY16.

Deposits for 101 new units sold with total sales value of S$63.6 million was received in 4Q17 compared to deposits for 28 units in 4Q16 of S$17.9 million, 3.6 fold increase in units and value terms. For FY17, deposits for 195 new units of total sales value of S$137.8 million was received. This was more than doubled 93 units of S$95.8 million in FY16.

Overall unrecognised revenue as at 31 December 2017 was S$166.2 million as compared to S$86.8 million as at 31 December 2016, of which about 30% will be progressively recognised in 2018.

Operating Profit increased by S$2.3 million in 4Q17 mainly due to higher revenue recognised in 4Q17 as mentioned earlier. For FY17, Operating Profit decreased by S$0.8 million mainly due to lower profit margin for the units recognised in FY17 as compared to FY16.

Fee-based segment

Revenue from the Fee-based segment of S$15.9 million in 4Q17 was in line with 4Q16. This was mainly due to lower hotel management fees and lower revenue from Spa/Gallery operations as the Group no longer consolidate China operations revenue but receive license fees following the execution of the Vanke transaction as explained in note A. This was partially cushioned by higher architectural and design fees earned from projects in Thailand based on project milestones.

For FY17, revenue increased by S$3.8 million or 6% to S$64.6 million. This was mainly due to higher architectural and design fees earned from projects in Thailand, China, Dubai and Japan based on project milestones, but partially offset by lower hotel management fees from UAE and lower revenue from Spa/Gallery operations in China and Maldives.

Operating Profit increased by S$0.8 million in 4Q17 mainly due to higher profit from architectural and design fees but partially offset by lower profit due to lower hotel management fees and lower revenue from Spa/Gallery Operations as mentioned above. For FY17, Operating Profit increased to S$7.5 million from breakeven in FY16. This was mainly due to higher revenue as mentioned earlier, lower provision for doubtful debts, but partially offset by higher foreign exchange loss during the period.

If management fees of those resorts which the Group has a majority interest were not eliminated on consolidation, Operating Profit would have been S$8.7 million in 4Q17 as compared to S$7.5 million in 4Q16, and S$23.2 million in FY17 as compared to S$15.6 million in FY16.

ADDENDUM

Head Office

Head office expenses increased by S$2.1 million or 71% to S$5.0 million in 4Q17 mainly due to impairment of intangible assets, higher provision for doubtful debts and higher legal and professional fees, but partially cushioned by reversal of fair value loss on convertible debentures and call options provided in last quarter, lower staff costs and exchange gain in 4Q17 as compared to exchange losses in 4Q16.

Head office expenses increased by S$7.1 million or 68% to S$17.6 million in FY17 mainly due to impairment of intangible assets, higher provision for doubtful debts, higher provision for bonus and incentives and higher legal and professional fees, but partially cushioned by exchange gain in FY17 as compared to exchange losses in FY16.

Other income

Other income decreased by S$17.7 million from S$26.7 million in 4Q16 to S$9.0 million in 4Q17, mainly due to reclassification of net fair value gains from “Fair value adjustment reserve” in equity to Other income and compensation due to early termination of hotel management agreement in 4Q16. This was partially cushioned by gain on disposal of land use rights and fair value gain on debentures upon conversion into ordinary shares of the Company in 4Q17.

Other income increased by S$21.2 million from S$29.7 million in FY16 to S$50.9 million in FY17. This was mainly due to gains arising from the Group’s divestment of its interest in the entities as mentioned in note A, but partially offset by lower Other income recorded in 4Q17 as explained above.

Profit/(Loss) attributable to owners of the Company

Profit decreased by S$4.5 million from S$8.4 million in 4Q16 to S$3.9 million in 4Q17 mainly attributable to lower other income, higher head office expenses and share of losses of joint ventures. This was partially cushioned by higher Operating Profit from Property Sales and Hotel Investments segments as a result of higher revenue, lower finance costs, share of profits of associates, lower income tax expenses and lower non-controlling interests’ share of profits.

For FY17, profit increased by S$29.1 million from a loss of S$16.2 million in FY16 to a profit of S$12.9 million. This was mainly attributable to higher other income, higher Operating Profit from Fee-based and Hotel Investments segments as a result of higher revenue and lower non-controlling interests’ share of profits. This was partially offset by higher head office expenses, share of losses of joint ventures and lower Operating Profit from Property Sales segment.

Cash Flow

During FY17, the Group generated its funds mainly from proceeds from bank borrowings, issuance of new shares and proceeds from the divestment of the Group’s interest in China entities (see note A).

It expended on property, plant and equipment for the resorts’ operations and made payments on interests and income tax. It also made scheduled repayments of bank borrowings and repaid S$50.0 million medium term notes upon maturity in May 2017.

As at 31 December 2017, the Group’s cash and cash equivalents was S$159.0 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, hotels, residences and spas, with 41 hotels and resorts, 60 spas, 72 retail galleries, and three golf courses in 25 countries.

The Group’s primary business is centered on four brands: the award-winning ***Banyan Tree*** and ***Angsana***, as well as newly established ***Cassia*** and ***Dhawa***. Banyan Tree also operates the leading integrated resort in Thailand - Laguna Phuket - through the Group’s subsidiary, Laguna Resorts & Hotels Public Company Limited. Two other integrated resorts – Laguna Bintan in Indonesia and Laguna Lăng Cô in Central Vietnam – complete the status of the Group as the leading operator of integrated resorts in Asia.

As a leading operator of spas in Asia, Banyan Tree’s spas are one of the key features in their resorts and hotels. Its retail arm Banyan Tree Gallery complements and reinforces the branding of the resort, hotel and spa operations.

Since the launch of the first Banyan Tree resort, Banyan Tree Phuket, in 1994, Banyan Tree has received over 1,971 awards and accolades for the resorts, hotels and spas that the Group manages. The Group has also received recognition for its commitment to environmental protection and emphasis on corporate social responsibility.

In addition to its currently operating hotels, resorts, spas and golf courses, the Group currently has 15 hotels and resorts under construction, and another 20 under development.

www.banyantree.com www.angsana.com www.cassia.com www.dhawa.com

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