



**BANYAN TREE HOLDINGS LIMITED**

**PRESS RELEASE**

**24<sup>TH</sup> February 2016**

**4Q OPERATING PROFIT AFFECTED BY HIGHER PROVISIONS, ABSENCE OF FAIR VALUE GAINS ON INVESTMENT PROPERTIES AND LOWER CONTRIBUTION FROM HOTEL INVESTMENTS SEGMENT.**

**FINANCIAL HIGHLIGHTS:**

**4Q15**

- Revenue increased 34% to S\$123.2 million.
- EBITDA decreased 91% to S\$1.7 million.
- EBITDA decreased 14% to S\$15.5 million if exclude provisions and valuation gains.

Revenue increased due to:

- Higher revenue recognition from property sales but partially offset by :
- Lower contribution from hotel operations in Maldives, Phuket and China which were adversely affected by decline in Russian and Chinese travellers.
- Lower contribution from Fee-based segment.

EBITDA decreased due to :

- Higher provision on delinquent debts from China region following economic slowdown.
- Absence of fair valuation gains on investment properties.
- Higher sales and marketing expenses on promoting hotels.

**FY15**

- Revenue increased 13% to S\$370.7 million.
- EBITDA decreased 39% to S\$31.0 million.
- EBITDA decreased 6% to S\$47.5 million if exclude provisions and valuation gains.

Due to:

- Higher contribution from property sales segment but offset by lower contribution from Hotel Investments and Fee-based segments.
- Higher provision on delinquent debts.

**OUTLOOK:**

- Hotel forward bookings for 1Q16 is weak. Overall forward bookings for owned hotels is currently 17% below the same period last year.
- Tepid property sales in 4Q15 with deposits for 20 units (sales value of \$15.7 million) received. This was 14% below 4Q14 in value terms.
- Macro outlook:
  - *Economy of both Europe and Russia, our key source markets, remains weak.*
  - *Economic slowdown in China will continue to affect our income contribution from China.*
- FY2016 will be a challenging year.

## **RESULTS SNAPSHOT:**

### **4Q15 Results (in S\$' million):**

	<b>4Q15</b>	<b>4Q14</b>	<b>Change<sup>@</sup> (%)</b>
Revenue	123.2	91.8	34% ↑
Operating Profit*	1.7	19.9	91% ↓
Operating Profit**	15.5	18.0	14% ↓

### **FY15 Results (in S\$' million)**

	<b>FY15</b>	<b>FY14</b>	<b>Change<sup>@</sup> (%)</b>
Revenue	370.7	327.4	13% ↑
Operating Profit*	31.0	51.1	39% ↓
Operating Profit**	47.5	50.8	6% ↓

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

\*\* Before provisions and fair value adjustments.

<sup>@</sup> 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 -

“2015 was the perfect storm for the Banyan Tree Group. We started the year with great momentum in property sales and hotel bookings. But due to a confluence of factors, ranging from the devaluation of the Russian rouble to problems in many of our source markets as well as stoppages in hotel design projects affecting our fee based income, we posted the worst loss in our history.

Given the global economic slowdown, the Group is currently streamlining its business and relooking at its business structure to create a more lean and integrated platform for sustainable growth to meet the challenges going forward.”

## ADDENDUM

### DETAILED BUSINESS SEGMENTS REVIEW

In 4Q15, the Group registered revenue of S\$123.2 million, an increase of S\$31.3 million or 34% compared to 4Q14. For FY15, the Group registered revenue of S\$370.7 million, an increase of S\$43.3 million or 13% compared to FY14. The Property Sales segment recorded higher revenue but it was offset by lower revenue from both the Hotel Investments and Fee-based segments.

Notwithstanding higher revenue, EBITDA decreased by S\$18.2 million or 91% to S\$1.7 million in 4Q15. For FY15, EBITDA decreased by S\$20.1 million or 39% to S\$31.0 million. This was due to lower contribution from Hotel Investments and Fee-based segments, higher provision on delinquent debts from China region following economic slowdown, absence of fair valuation gains on investment properties and higher sales and marketing expenses on promoting hotels, but partially cushioned by higher contribution from Property Sales segment.

#### **Hotel Investments segment**

Hotel Investments segment achieved revenue of S\$49.7 million in 4Q15, a decrease of 9% or S\$5.0 million compared to S\$54.7 million in 4Q14. The decrease in revenue was mainly from Maldives (S\$2.5 million), China (S\$1.2 million) and Thailand (S\$0.7 million).

The sustained weakness of Euro and Russian rouble due to the prolonged economic problem continued to impact our resorts in Maldives and Phuket. In addition, the devaluation of the Chinese yuan on the back of slowing growth in China has also impacted both the outbound and domestic travel.

Revenue per available room ("RevPAR") of the Maldives resorts decreased by 19% from S\$489 in 4Q14 to S\$396 in 4Q15. RevPAR of the China resorts decreased by 31% from S\$169 in 4Q14 to S\$117 in 4Q15. RevPAR of the Phuket resorts decreased by 11% from S\$218 in 4Q14 to S\$195 in 4Q15.

Banyan Tree Bangkok, on the other hand, recorded higher revenue in 4Q15. The resilient tourism industry in Bangkok pushed the RevPAR up by 7% from S\$124 in 4Q14 to S\$133 in 4Q15.

For FY15, Hotel Investments segment recorded revenue of S\$196.7 million, a decrease of 4% or S\$7.2 million compared to S\$203.9 million in FY14. The decrease was mainly from Maldives (S\$6.7 million), China (S\$2.0 million) and Seychelles (S\$1.6 million) but partially cushioned by Thailand (S\$3.4 million) due to similar reasons above.

EBITDA decreased by S\$10.8 million in 4Q15 and decreased by S\$18.5 million in FY15. 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, higher provision for doubtful debts and higher repairs and maintenance.

## **Property Sales segment**

Revenue from the Property Sales segment increased by S\$45.5 million or 337% to S\$58.9 million in 4Q15. For FY15, revenue increased by S\$61.8 million or 191% to S\$94.2 million. This was mainly due to completion and progressively handing over of Cassia Phuket condominiums (Phase 1) and Laguna Park townhomes/villas.

In 4Q15, a total of 180 units of Laguna Park townhomes/villas, Cassia Phuket and Laguna Village condominiums/bungalows were recognized, as compared to 20 units of Laguna Park townhomes/villas, Laguna Village condominium/bungalow, Banyan Tree Phuket villas and Banyan Tree Bintan villa that were recognised in 4Q14.

In FY15, a total of 243 units of Laguna Park townhomes/villas, Cassia Phuket, Laguna Village condominiums/bungalows and Banyan Tree Phuket villa were recognized, as compared to a total of 30 units of Laguna Village condominiums/bungalows, Banyan Tree Phuket villas and Dusit villas in FY14.

There were 20 new units sold with deposits received in 4Q15 compared to deposits for 23 units in 4Q14, a decrease of 13% and 14% in units and value terms respectively. For FY15, there were 93 new units sold with deposits received in FY15 compared to deposits for 164 units in FY14, a decrease of 43% and 41% 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, FY14 had the benefits of sales launches of Laguna Park Phuket, Cassia Phuket and Cassia Bintan which were well received.

Overall unrecognised revenue as at FY15 was S\$70.1 million as compared to S\$110.0 million in FY14, of which 50% will be recognised in FY16.

EBITDA increased by S\$15.4 million in 4Q15 and increased by S\$15.9 million in FY15 mainly due to higher revenue recognized.

## **Fee-based segment**

Revenue from the Fee-based segment decreased by S\$9.2 million or 39% to S\$14.5 million in 4Q15. For FY15, revenue decreased by S\$11.3 million or 12% to S\$79.8 million. This was mainly due to lower hotel management fees and Spa/Gallery operations, and reduced architectural and design fees earned from projects in China based on project milestones.

Lower revenue from the Hotel Management operations was mainly due to poorer hotel performances from the managed hotels in China.

Lower revenue from the Spa/Gallery operations was mainly attributed to closure of Dubai's operations during the year and lower retail sales in Thailand.

Lower architectural and design fees was recorded mainly due to economic slowdown in China affecting the project progress of several of our third party owners' development projects.

EBITDA decreased by S\$20.9 million in 4Q15 and decreased by S\$18.3 million in FY15. This was mainly due to lower revenue and higher provision for doubtful debts on China region.

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\$10.9 million in 4Q15 as compared to a profit S\$11.4 million in 4Q14. For FY15, EBITDA would have been S\$15.9 million as compared to S\$36.3 million in FY14.

## **Loss attributable to owners of the Company**

Loss increased by S\$22.5 million from a profit of S\$4.1 million in 4Q14 to a loss of S\$18.4 million in 4Q15. For FY15, loss increased by S\$28.5 million from a profit of S\$1.0 million in FY14 to a loss of S\$27.5 million. This was mainly attributable to provision for doubtful debts and absence of fair value gains on investment properties. In addition, lower operating profit from Hotel Investments and Fee-based segments, higher finance costs and higher depreciation were recorded. This was partially cushioned by higher operating profit from the Property Sales segment and lower head office expenses.

## **Cash Flow**

For FY15, the Group generated its fund from operations, net proceeds from notes issuance under the Medium Term Notes programme and from 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 31 December 2015, the Group's cash and cash equivalents was S\$165.5 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, 68 spas, 81 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.



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>