



## BANYAN TREE HOLDINGS LIMITED

### PRESS RELEASE

22<sup>ND</sup> FEBRUARY 2017

- **IMPROVED PERFORMANCE FROM HOTEL INVESTMENTS SEGMENT**
- **STRATEGIC COLLABORATION WITH ACCOR AND VANKE**

#### **FINANCIAL HIGHLIGHTS:**

##### **4Q16:**

- Revenue decreased 34% to S\$81.3 million.
- Operating Profit increased 22 fold to S\$36.8 million.

##### **FY16:**

- Revenue decreased 16% to S\$309.6 million.
- Operating Profit increased 67% to S\$51.7 million.

Revenue decreased due to:

- Lower revenue recognition from Property Sales as Cassia Phuket and Laguna Park Phuket were completed in 3Q15 and sold units were substantially recognised in 3Q15 and 4Q15 when the keys were progressively handed over.

Operating Profit increased due to:

- Higher contributions from Hotel Investments segment due to strong performance from our resorts in Thailand.
- Lower provision on delinquent debts.
- Thai Wah Public Company Limited became the Group's Associate in December 2016 resulting in reclassification of net fair value gains to Other income.

#### **OUTLOOK:**

- On Hotel Investments segment, Thailand is expected to record favourable performance with an increase in visitors from Russia, albeit still below the pre-sanction levels. The decline in travelers from China to the Maldives has slowed down and we expect improved performance going forward. For 1Q17, overall forward bookings for owned hotels showed improvement at 10% above the same period last year. (Thailand is 15% above and outside of Thailand 3% above).
- On Property Sales segment, booking deposits for sales value of S\$17.9 million was received in 4Q16 compared to S\$15.7 million in 4Q15, an increase of 14%.

We launched Angsana Beachfront Residences, Phuket in late December; and by end January 2017, all 30 units (S\$48.5 million) were fully sold.

- Our recent strategic alliance with AccorHotels (Accor) is expected to contribute positively in the medium term through additional co-development projects around the world.
- On the recent partnership with China Vanke Co., Ltd. (Vanke), the potential benefits and income will arise from the following:
  - Valuation gains from our disposal of assets in China to the jointly held entity with Vanke (BTC).
  - Strengthen the Group's presence in China by consolidating our assets in China via BTC.
  - Provide avenue for branded hotel owners to exit which will encourage more owners to engage our management services.
  - Vanke's strong database of 9 million home owners will provide potential source of customers to our hotels, spas and property sales.
- Macro outlook<sup>1</sup>:
  - Barring unforeseen circumstances arising from uncertainties caused by political developments in the USA and Europe, global economic growth is expected to pick up in 2017 following a very weak 2016.

<sup>1</sup> Source: IMF, World Economic Outlook Update (January 2017)

## ADDENDUM

### **RESULTS SNAPSHOT:**

#### **4Q16 Results (in S\$' million):**

	<b>4Q16</b>	<b>4Q15</b>	<b>Change<sup>@</sup> (%)</b>
Revenue	81.3	123.2	34% ↓
Operating Profit *	36.8	1.7	nm
PATMI**	8.4	(18.4)	nm

#### **FY16 Results (in S\$' million):**

	<b>FY16</b>	<b>FY15</b>	<b>Change<sup>@</sup> (%)</b>
Revenue	309.6	370.7	16% ↓
Operating Profit *	51.7	31.0	67% ↑
PATMI**	(16.2)	(27.5)	41% ↑

\* 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 -

“2017 signals the start of a transformational change for Banyan Tree, ” said Mr Ho Kwon Ping. “As a Singapore company, we are proud that our brands have attracted two world class partners – Accor, one of the world’s largest listed hotel companies, and Vanke, the largest listed property developer in China – to co-develop our brands and venture into new areas such as senior care, around the world. The transformation of Singaporean companies – and Banyan Tree – in partnership with global partners heralds an exciting new future.”

## ADDENDUM

### DETAILED BUSINESS SEGMENTS REVIEW

In 4Q16, the Group registered revenue of S\$81.3 million, a decrease of S\$41.9 million or 34% compared to 4Q15. This was due to lower revenue recorded from the Property Sales segment which was partially cushioned by higher revenue from the Hotel Investments and Fee-based segments. In FY16, the Group registered revenue of S\$309.6 million, a decrease of S\$61.1 million or 16% compared to FY15. Both the Property Sales and Fee-based segments recorded lower revenue but it was partially cushioned by higher revenue from the Hotel Investments segment.

Notwithstanding lower revenue, Operating Profit increased by S\$35.1 million or 22 fold to S\$36.8 million in 4Q16 and increased by S\$20.7 million or 67% to S\$51.7 million in FY16. This was mainly attributable to positive contribution from Hotel Investments segment, lower provision on delinquent debts and net fair value gains on equity accounting of our investments in Thai Wah Public Company Limited and Banyan Tree Indochina Hospitality Fund upon becoming the Group's associated companies in 4Q16.

#### **Hotel Investments segment**

Hotel Investments segment achieved revenue of S\$51.8 million in 4Q16, an increase of 4% or S\$2.1 million compared to S\$49.7 million in 4Q15. The increase in revenue was mainly from Thailand (S\$2.4 million) but partially offset by lower revenue from Maldives (S\$0.8 million).

For Thailand, all the hotels performed better in 4Q16 as compared to 4Q15. The increase in revenue was mainly contributed by the opening of Cassia Phuket in 4Q15 and the continued strong performance of Banyan Tree Phuket and Angsana Laguna Phuket. On a same store basis (excluding Cassia Phuket), RevPAR for Thailand resorts increased by 5% from S\$171 in 4Q15 to S\$180 in 4Q16.

The economic slowdown in the Chinese market since 3Q15 had continued to impact our resorts in Maldives in 4Q16 but to a lesser extent compared to the last quarters. Revenue per available room ("RevPAR") of the Maldives resorts decreased by 13% from S\$396 in 4Q15 to S\$344 in 4Q16.

For FY16, Hotel Investments segment achieved revenue of S\$197.4 million, an increase of S\$0.7 million compared to S\$196.7 million in FY15. The increase in revenue was mainly from Thailand (S\$12.7 million), due to similar reasons as mentioned earlier, which was partially offset by lower revenue from Maldives (S\$8.4 million), China (S\$1.9 million) and Seychelles (S\$1.6 million). Overall revenue in Maldives, China and Seychelles in FY16 were affected by the macro-economic uncertainties in Europe, relative strength of the U.S. dollar against some of the top source markets as well as economic slowdown in Chinese market since 3Q15.

Operating Profit increased by S\$6.6 million from S\$0.8 million in 4Q15 to S\$7.4 million in 4Q16 and increased by S\$8.5 million from S\$20.4 million in FY15 to S\$28.9 million in FY16. This was largely due to higher revenue, lower provision for doubtful debts and 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 decreased by S\$45.5 million or 77% to S\$13.4 million in 4Q16, and decreased by S\$42.9 million or 46% to S\$51.3 million in FY16. This was mainly due to completion of Cassia Phuket condominiums (Phase 1) and Laguna Park townhomes/villas in 3Q15 and sold units were substantially recognised when handed over to buyers in 3Q15 and 4Q15.

In 4Q16, a total of 18 units of Laguna Park townhomes/villas, Cassia Phuket, Banyan Tree Grand Residences and Laguna Village townhomes were recognised. In comparison, a total of 180 units of Laguna Park townhomes/villas, Cassia Phuket and Laguna Village condominiums/bungalows were recognised in 4Q15.

In FY16, 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 comparison, a total of 243 units of Laguna Park townhomes/villas, Cassia Phuket, Laguna Village condominiums/bungalows and Banyan Tree Phuket villas were recognised in FY15.

There were 28 new units sold with deposits received in 4Q16 compared to deposits for 20 units in 4Q15, an increase of 40% and 14% in units and value terms respectively. For FY16 and FY15, there were 93 new units sold with deposits received. Although we sold the same quantity in both years, the value sold in FY16 was 52% higher mainly due to higher value of units sold for new project, Banyan Tree Residences in Brisbane.

Overall unrecognised revenue as at 31 December 2016 was S\$86.8 million as compared to S\$70.1 million as at 31 December 2015. Approximately 32% will be progressively recognised in 2017.

Operating Profit decreased by S\$13.7 million from S\$15.6 million in 4Q15 to S\$1.9 million in 4Q16 and Operating Profit decreased by S\$11.4 million from S\$15.1 million in FY15 to S\$3.7 million in FY16 mainly due to lower revenue recognised as mentioned earlier.

### **Fee-based segment**

Revenue from the Fee-based segment increased by S\$1.6 million or 11% to S\$16.1 million in 4Q16. It was mainly due to better performance from our hotels in Indonesia and royalty fees from a property project in China.

For FY16, revenue decreased by S\$18.9 million or 24% to S\$60.8 million. This was mainly due to lower architectural and design fees earned from projects in China based on project milestones, lower hotel/fund management fees and lower revenue from Spa/Gallery operations.

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

Operating Profit increased by S\$17.9 million from a loss of S\$14.2 million to a profit of S\$3.7 million in 4Q16. This was mainly due to higher revenue, lower provision for doubtful debts and higher exchange gain during the period.

For FY16, Operating Profit decreased by S\$0.6 million from a profit of S\$0.6 million to a loss of S\$0.02 million. This was mainly due to lower revenue as mentioned earlier and higher foreign exchange loss during the period, but it was partially cushioned by lower provision for doubtful debts.

If management fees of those resorts which the Group has a majority interest were not eliminated on consolidation, Operating Profit would have been a profit of S\$7.5 million in 4Q16 as compared to a loss of S\$10.5 million in 4Q15, and a profit of S\$15.6 million in FY16 as compared to S\$16.4 million in FY15.

## ADDENDUM

### **Head Office**

Head office expenses increased by S\$0.7 million or 29% to S\$2.9 million in 4Q16 mainly due to higher foreign exchange loss and higher legal and professional fees but partially cushioned by lower staff costs.

For FY16, head office expenses decreased by S\$0.9 million or 8% to S\$10.5 million mainly due to lower staff costs and lower legal and professional fees but was partially offset by higher foreign exchange loss.

### **Other income**

In December, Thai Wah Public Company Limited became our Associates. As a result, Other income increased by S\$24.8 million from S\$1.9 million in 4Q15 to S\$26.7 million in 4Q16. For FY16, other income increased by S\$23.3 million from S\$6.4 million to S\$29.7million. The increase was mainly due to reclassification of net fair value gains from "Fair value adjustment reserve" in equity to Other income.

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

Profit increased by S\$26.8 million from a loss of S\$18.4 million to a profit of S\$8.4million in 4Q16. This was mainly attributable to higher Other income and higher Operating Profit from Fee-based segment and Hotel Investments segment as a result of higher revenue. This was partially offset by lower Operating Profit from Property Sales segment, higher head office expenses, higher income tax expenses and higher non-controlling interests' share of profits.

For FY16, loss decreased by S\$11.3 million from S\$27.5 million to S\$16.2 million. This was mainly attributable to higher Other income and higher Operating Profit from Hotel Investments segment. This was partially offset by lower Operating Profit from Property Sales segment and Fee-based segment, higher income tax expense and higher non-controlling interests' share of profits.

### **Cash Flow**

For FY16, the Group generated its funds mainly from operations as well as proceeds from bank borrowings.

It incurred development costs for property development projects in Brisbane, Gold Coast and Bintan. It made payments on interests, expended on property, plant and equipment for the resorts' operations and also made scheduled repayments of bank borrowings during the period.

As at 31 December 2016, the Group's cash and cash equivalents was S\$113.8 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 40 hotels and resorts, 64 spas, 77 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 1,800 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 14 hotels and resorts under construction, and another 23 under development.

[www.banyantree.com](http://www.banyantree.com) [www.angsana.com](http://www.angsana.com) [www.cassia.com](http://www.cassia.com) [www.dhawa.com](http://www.dhawa.com)



BANYAN TREE

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