



**BANYAN TREE HOLDINGS LIMITED**  
**PRESS RELEASE**

**14<sup>TH</sup> May 2018**

**1Q18 OPERATING PROFIT\* DOUBLED TO S\$37.3 MILLION**

**FINANCIAL HIGHLIGHTS:**

**1Q18:**

- Revenue increased 9% to S\$98.2 million.
- Operating Profit increased by 101% to S\$37.3 million.

Revenue increased due to:

- Strong performance from Thailand and Seychelles resorts.
- Higher revenue recognition from Cassia Bintan and Cassia Phuket condominiums.

Operating Profit increased due to:

- Gains of S\$16.1 million from dilution of the Group's interest in Banyan Tree Assets (China) Holdings Pte. Ltd. ("BTAC") from 50% to 22.8%.
- Higher operating profit from Hotel Investments segment.
- Higher write-back of provision for doubtful debts.
- Lower foreign exchange losses.

**OUTLOOK:**

- On Hotel Investments segment, based on hotel forward bookings for owned hotels for 2Q18, overall forward bookings is 2% above the same period last year (Thailand is 7% above and outside of Thailand is 6% below mainly due to Maldives).
- On Property Sales segment, deposits for 99 units with total sales value of S\$56.4 million was received in 1Q18 compared to 55 units of S\$59.9 million in 1Q17. As at 31 March 2018, the Group has unrecognised revenue of S\$209.8 million, compared to S\$142.4 million as at 31 March 2017, which is an increase of 47%. About 30% will be progressively recognised in the next few quarters of 2018.
- On 9 April 2018, the Group completed the Voluntary Tender Offer ("VTO") for remaining shares of LRH not already owned by the Group. After the VTO, the Group's stake in LRH increased by 20.53% from 65.75% to 86.28%. The Group has been operating in Thailand for many years and is familiar with the market. The acquisition will further increase the Group's share of economic interests in LRH.
- Macro outlook<sup>1</sup>:
  - Global economic upswing that began around mid-2016 has become broader and stronger.
  - Growth was substantially above previous forecast with faster growth in Europe and China, our two key markets.

<sup>1</sup> Source: IMF, World Economic Outlook Update (April 2018)

## ADDENDUM

### **RESULTS SNAPSHOT:**

#### **1Q18 Results (in S\$' million):**

	<b>1Q18</b>	<b>1Q17</b>	<b>Change@ (%)</b>
Revenue	98.2	90.4	9% ↑
Operating Profit *	37.3	18.6	101% ↑
PATMI**	20.2	1.2	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.*

### **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.

As announced on 2 April 2018, Vanke and the Group have funded and acquired stakes of 93.3% and 6.7% respectively in Banyan Tree China Hospitality Fund (“China Fund”). The China Fund was subsequently injected into BTAC at the end of March 2018. In recognition of the respective contributions from Vanke and the Group for the acquisition of the China Fund, the Group’s interest in BTAC has been diluted from 50% to 22.8% and a gain on dilution of S\$16.1 million has been recognised. In addition, BTAC has been reclassified from joint ventures to associates following the dilution.

## ADDENDUM

### **Hotel Investments segment**

Hotel Investments segment achieved revenue of S\$68.3 million in 1Q18, an increase of 4% or S\$2.9 million compared to S\$65.4 million in 1Q17. The increase in revenue was mainly from Thailand (S\$4.9 million), Seychelles (S\$1.0 million), but partially offset by deconsolidation of China (S\$2.5 million) and lower revenue from Maldives (S\$1.0 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 13% from S\$242 in 1Q17 to S\$273 in 1Q18. For Seychelles, RevPAR increased by 27% from S\$645 in 1Q17 to S\$819 in 1Q18. For Maldives, hotel performance was below the same period last year with RevPAR decreased by 8% from S\$470 in 1Q17 to S\$434 in 1Q18 as travel to the country was affected by the declaration of state of emergency for 45 days in the quarter. For China, the Group had stopped recognising revenue and started to equity account the results of our China hotels following our joint venture with Vanke in August 2017.

Operating Profit increased by S\$2.9 million in 1Q18 largely due to higher revenue as mentioned earlier.

### **Property Sales segment**

Revenue from the Property Sales segment increased by S\$9.0 million or 155% to S\$14.8 million in 1Q18. In 1Q18, a total of 29 units of Cassia Phuket (Phase 2), Laguna Park townhomes/villas and Cassia Bintan (Phase 2) were recognised. In comparison, a total of 6 units of Laguna Park townhomes/villas and Laguna Village residences were recognised in 1Q17. Cassia Phuket (Phase 2) was completed in December 2017 and sold units were substantially recognised when handed over to buyers from 4Q17 to 1Q18.

Deposits for 99 new units sold with total sales value of S\$56.4 million was received in 1Q18 compared to deposits for 55 units in 1Q17 of S\$59.9 million, an increase of 80% in units but a decrease of 6% in value terms.

Overall unrecognised revenue as at 31 March 2018 was S\$209.8 million as compared to S\$142.4 million as at 31 March 2017, of which about 29% will be recognised in the next few quarters of 2018.

Notwithstanding higher revenue, Operating Profit decreased by S\$0.7 million in 1Q18 mainly due to write-off of deposit paid for land purchase in Thailand and higher expenses on projects where revenue recognition had not commenced.

## ADDENDUM

### **Fee-based segment**

Revenue from the Fee-based segment decreased by S\$4.2 million or 22% in 1Q18. This was mainly due to lower architectural and design fees earned from projects in China, Dubai and Japan based on project milestones 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 transactions as explained in note A. This was partially cushioned by higher hotel management fees.

Notwithstanding lower revenue, Operating Profit increased by S\$1.4 million in 1Q18 mainly due to write-back of provision for doubtful debts, lower exchange losses and non-consolidation of expenses for China operations following execution of the Vanke transactions as explained in note A.

If management fees of those resorts which the Group has a majority interest were not eliminated on consolidation, Operating Profit would have been S\$10.9 million in 1Q18 as compared to S\$9.0 million in 1Q17.

### **Head Office**

Head office expenses increased by S\$1.5 million or 53% to S\$4.4 million in 1Q18 mainly due to provision for founder's grant and higher travelling expenses.

### **Other income**

Other income increased by S\$16.7 million from S\$0.4 million in 1Q17 to S\$17.1 million in 1Q18, mainly due to gains from dilution of the Group's interest in BTAC from 50% to 22.8% as explained in note A.

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

Profit increased by S\$19.0 million from S\$1.2 million in 1Q17 to S\$20.2 million in 1Q18 mainly attributable to higher other income, higher Operating Profit from Hotel Investments segment as a result of higher revenue coupled with higher write-back of provision for doubtful debts and lower foreign exchange losses. In addition, higher share of profits was also recorded by associates/joint ventures. This was partially offset by higher head office expenses and higher income tax expenses.

### **Cash Flow**

For 1Q18, the Group generated its funds mainly from operations as well as proceeds from bank borrowings.

It made schedule repayments of bank borrowings, expended on property, plant and equipment for the resorts' operations and made payments on interests and income tax during the period.

As at 31 March 2018, the Group's cash and cash equivalents was S\$158.9 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 16 hotels and resorts under construction, and another 20 under design 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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