



BANYAN TREE HOLDINGS LIMITED
PRESS RELEASE

13TH November 2018

3Q18 OPERATING PROFIT* OF S\$6.8 MILLION VS. S\$34.8 MILLION:

- **ABSENCE OF ONE-OFF GAINS FROM DIVESTMENT OF CHINA ENTITIES**
- **TRADITIONAL LOW SEASON**

FINANCIAL HIGHLIGHTS:

3Q18:

- Revenue increased 2% to S\$69.7 million.
- Operating Profit decreased by S\$28.0 million to S\$6.8 million.
- Operating Profit increased by S\$12.4 million excluding one-off gains from divestment of China entities.

9M18:

- Revenue increased 3% to S\$236.3 million.
- Operating Profit of S\$53.7 million was the same as last year.
- Operating Profit increased by S\$24.3 million excluding one-off gains from divestment of China entities.

Revenue:

Increased in 3Q18 due to:

- Better performance from Fee-based and Property sales segments.
- Partially offset by non-consolidation of revenue from China companies following joint venture with Vanke in August 2017.

Increased in 9M18 due to:

- Higher revenue recognition from Property Sales segment.
- Favourable performance from hotels in Thailand and Seychelles.
- Partially offset by non-consolidation of revenue from China operations.

Operating Profit:

Decreased in 3Q18 and 9M18 was the same as 9M17 due to:

- One-off gains from divestment of China entities recorded in 3Q17.
- Partially cushioned by higher contribution from Fee-based and Property sales segments and lower operating expenses.

OUTLOOK:

- On Hotel Investments segment, hotel forward bookings for owned hotels for 4Q18 are 4% below the same period last year (Outside Thailand is consistent with last year and Thailand is 6% below).
- On Property Sales segment, deposits for 39 units with sales value of S\$21.9 million were received in 3Q18 compared to 23 units with sales value of S\$20.4 million in 3Q17. As at 30 September 2018, unrecognised revenue was S\$203.1 million, an increase of 53% as compared to S\$132.4 million as at 30 September 2017. Approximately 13% will be recognised in the last quarter of 2018.
- As announced on 24 July 2018, the Group had entered into a conditional Share Purchase Agreement to sell its entire assets portfolio in Seychelles. All the condition precedents had been fulfilled and completion had taken place as announced on 7 November 2018. The Group expects to record a PATMI of approximately S\$9.8 million in 4Q18, subject to completion adjustments of working capital.
- Macro outlook¹:

Based on International Monetary Fund's latest report¹, the global economic growth is expected to remain at 2017 levels with risks expected to increase in the next six months. Growth projections for China, our key market had been revised downwards in the aftermath of recently announced trade measures.

¹ Source: IMF, World Economic Outlook Update (October 2018)

ADDENDUM

RESULTS SNAPSHOT:

3Q18 Results (in S\$' million):

| | 3Q18 | 3Q17 | Change[@] (%) |
|--------------------|-------------|-------------|-------------------------------|
| Revenue | 69.7 | 68.3 | 2% ↑ |
| Operating Profit * | 6.8 | 34.8 | 80% ↓ |
| PATMI** | (7.0) | 20.1 | nm |

9M18 Results (in S\$' million):

| | 9M18 | 9M17 | Change[@] (%) |
|--------------------|-------------|-------------|-------------------------------|
| Revenue | 236.3 | 228.6 | 3% ↑ |
| Operating Profit * | 53.7 | 53.7 | - |
| PATMI** | 7.8 | 9.0 | 13 ↓ |

* *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\$37.9 million in 3Q18, a decrease of 5% or S\$1.8 million compared to S\$39.7 million in 3Q17 in the traditional low season period. The decrease in revenue was mainly from Thailand (S\$1.6 million) and non-consolidation of China (S\$1.3 million), but partially cushioned by higher revenue from Maldives (S\$0.4 million) and Indonesia (S\$0.5 million).

For Thailand, hotel performance was below the same period last year with Revenue per Available Room ("RevPAR") decreased by 19% from S\$134 in 3Q17 to S\$109 in 3Q18 mainly due to a reduction in tourist arrivals especially from the Chinese market due to negative news of the Phuket boat accident. Maldives performance improved with RevPAR increased by 4% from S\$180 in 3Q17 to S\$188 in 3Q18 due to aggressive offers to boost occupancy. 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 decreased by S\$0.7 million in 3Q18 mainly due to lower revenue as mentioned earlier.

For 9M18, Hotel Investments segment achieved revenue of S\$144.9 million, a decrease of S\$2.2 million compared to S\$147.1 million in 9M17. The decrease in revenue was mainly from Maldives (S\$2.2 million) and China (S\$6.3 million) which was partially cushioned by increase in revenue from Thailand (S\$2.5 million) Seychelles (S\$2.0 million) and Indonesia (S\$1.3 million).

Notwithstanding lower revenue, Operating Profit increased by S\$1.7 million in 9M18 mainly due to non-consolidation of the results of China hotels which recorded losses in 9M17.

Property Sales segment

Revenue from the Property Sales segment increased by S\$1.6 million or 10% to S\$17.1 million in 3Q18. For 9M18, revenue increased by S\$14.2 million or 43% to S\$47.0 million.

In 3Q18, the increase in revenue was mainly due to income from forfeiture of deposits following buyer's termination of purchase contracts. A total of 23 units of Banyan Tree Phuket, Cassia Phuket (Phase 2), Laguna Park townhomes/villas, Laguna Village residences and Cassia Bintan (Phase 2) were recognised during the period. In comparison, a total of 46 units of Cassia Bintan, Cassia Phuket and Laguna Park townhomes/villas were recognised in 3Q17. Despite the lower quantity recognised in 3Q18, overall revenue was in line with last year due to higher value of properties recognised in 3Q18 compared to 3Q17.

In 9M18, a total of 87 units of Banyan Tree Phuket, Cassia Phuket (Phase 2), Laguna Park townhomes/villas, Laguna Village residences and Cassia Bintan (Phase 2) were recognised. In comparison, a total of 108 units of Laguna Chengdu, Laguna Park townhomes/villas, Laguna Villa residences and Cassia Bintan were recognised in 9M17.

Deposits for 39 new units sold with total sales value of S\$21.9 million were received in 3Q18 compared to deposits for 23 units in 3Q17 of S\$20.4 million, a 70% increase in units and 7% increase in value terms. For 9M18, deposits for 174 units sold with total sales value of S\$102.7 million were received compared to 100 units in 9M17 of S\$81.3 million, an increase of 74% in units and 26% in value terms.

Overall unrecognised revenue as at 30 September 2018 was S\$203.1 million as compared to S\$132.4 million as at 30 September 2017, about 13% will be recognised in the last quarter of 2018.

Operating Profit increased by S\$2.4 million from S\$0.6 million to S\$3.0 million in 3Q18 and a loss of S\$1.4 million to a profit of S\$4.4 million in 9M18 which was mainly due to higher revenue as mentioned earlier.

ADDENDUM

Fee-based segment

Revenue from the Fee-based segment increased by S\$1.7 million or 13% to S\$14.7 million in 3Q18 mainly due to higher hotel management fees from hotels in Korea, Mexico and Malaysia and fees earned from residential projects in Thailand and Dubai. This was partially offset by lower revenue from China as we have stopped consolidating our China operations but receive license fees following the execution of the Vanke transactions as explained in note A.

For 9M18, revenue decreased by S\$4.3 million or 9% in 9M18 due to lower revenue from China as mentioned above. This was partially cushioned by higher fees from residential projects in Thailand and Dubai.

Operating Profit increased by S\$6.5 million in 3Q18 due to higher revenue as mentioned above and lower provision for bonus and incentives and lower exchange losses. For 9M18, Operating Profit increased by S\$9.9 million notwithstanding lower revenue mainly due to lower provision for bonus and incentives, lower exchange losses and lower provision for bad debts.

If management fees of those resorts which the Group has a majority interest were not eliminated on consolidation, Operating Profit would have been S\$6.1 million in 3Q18 as compared to loss of S\$0.2 million in 3Q17, and S\$24.4 million in 9M18 as compared to S\$14.6 million in 9M17.

Head Office

Head Office expenses decreased by S\$4.5 million or 79% to S\$1.2 million in 3Q18 and S\$5.7 million or 46% to S\$6.8 million for 9M18 mainly due lower legal and professional fees and lower provision for bonus and incentives. In addition, there was a provision for fair value loss on derivative instruments in 3Q17. No such provision in 3Q18.

(Loss)/Profit attributable to owners of the Company

For 3Q18, loss increased by S\$27.1 million from profit of S\$20.1 million in 3Q17 to a loss of S\$7.0 million in 3Q18 mainly due to lower other income, higher finance costs and higher share of losses of associates/joint ventures. This was partially offset by higher Operating Profit from all three core segments, lower depreciation of property, plant and equipment, lower tax expense and higher non-controlling interests' share of losses in LRH.

For 9M18, profit decreased by S\$1.2 million from S\$9.0 million to S\$7.8 million mainly attributable to lower other income, higher finance costs, higher tax expenses and higher share of losses of associates/joint ventures. This was partially offset by higher Operating Profit from all three core segments, lower head office expenses and lower depreciation of property, plant and equipment.

Cash Flow

During 9M18, the Group generated its funds mainly from operations as well as proceeds from bank borrowings.

It made schedule repayments of bank borrowings and medium term notes payable, acquired additional shares in Laguna Resorts & Hotels Public Company Limited and made payments on interests and income tax during the period.

As at 30 September 2018, the Group's cash and cash equivalents was S\$94.1 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 45 hotels and resorts, 61 spas, 73 retail galleries, and three golf courses in 23 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 2,260 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 18 hotels and resorts under construction, and another 18 under design development.

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



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