



BANYAN TREE HOLDINGS LIMITED

PRESS RELEASE

13TH November 2019

OPERATING PROFIT* OF S\$2.2 MILLION VS. S\$6.8 MILLION:

- **TIMING OF PROPERTY SALES RECOGNITION EXPECTED IN 4Q19**
- **ASSETS REBALANCING IN FY18**

FINANCIAL HIGHLIGHTS:

3Q19 and 9M19:

- Revenue decreased by 20% to S\$55.4 million and S\$188.4 million respectively.
- Operating Profit decreased by 67% to S\$2.2 million and 45% to S\$29.4 million respectively.

Revenue:

Decreased in 3Q19 and 9M19 due to:

- Lower revenue recognition from Property Sales segment due to timing difference in revenue recognition as achieved sales of Cassia Phuket (Phase 3), Laguna Park townhomes/villas (Phase 2) and Banyan Tree 3 Beds Pool Villas are expected to be recognised in 4Q19 when construction is completed.
- Lower revenue from Hotel Investments segment due to non-consolidation of revenue from Banyan Tree Seychelles following its sale in 2018. In 2018, the Group rebalanced its assets by leveraging on its strong brand equity and unlock the value of its Seychelles assets. A gain of S\$12.5 million was recorded from the sale. The hotel remained under the Group's management.

Operating Profit:

Decreased in 3Q19 due to:

- Lower contributions from Hotel Investments and Property Sales segment.

Partially cushioned by:

- Lower operating expenses.

Decreased in 9M19 due to:

- One-off gains from dilution of the Group's interest in China entities recorded in 1Q18.
- Lower contributions from Hotel Investments and Property sales segments.
- Higher net provision for loss allowance.

Partially cushioned by:

- Lower operating expenses.

OUTLOOK:

- On Hotel Investments segment, based on hotel forward bookings for owned hotels for 4Q19, overall forward bookings is 10% above the same period last year (hotels in Thailand are 16% above and hotels outside of Thailand are 6% below).
- On Property Sales segment, revenue recognition is largely dependent on completion and handing over of completed units to buyers. As at 30 September 2019, the Group has unrecognised revenue of S\$258.0 million compared to S\$203.1 million as at 30 September 2018. Barring unforeseen circumstances, the Group expects revenue recognition of about 34% (S\$87 million) in 4Q19 from achieved sales with the progressive handing over of Cassia Phuket Phase 3, Laguna Park Townhomes/villas Phase 2 and Banyan Tree 3 Beds Pool villas.

• **Macro outlook¹:**

According to International Monetary Fund's latest report¹, global growth is forecast at 3% for 2019, its lowest since 2008 with projected slowdown and prominent downside risks affecting our key market, notably in China.

¹ Source: IMF, World Economic Outlook Update (October 2019)

ADDENDUM

RESULTS SNAPSHOT:

3Q19 Results (in S\$' million):

	3Q19	3Q18	Change[@] (%)
Revenue	55.4	69.7	20% ↓
Operating Profit *	2.2	6.8	67% ↓
PATMI**	(9.4)	(7.0)	35% ↓

9M19 Results (in S\$' million):

	9M19	9M18	Change[@] (%)
Revenue	188.4	236.3	20% ↓
Operating Profit *	29.4	53.7	45% ↓
PATMI**	(12.1)	7.8	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

Hotel Investments segment

Hotel Investments segment achieved revenue of S\$31.8 million in 3Q19, a decrease of 16% or S\$6.1 million compared to S\$37.9 million in 3Q18. The decrease in revenue was mainly from Seychelles (S\$5.2 million) and Maldives (S\$1.0 million).

For Seychelles, the Group stopped consolidating their results after the Group disposed its entire assets portfolio in November 2018. For Maldives, hotel performance was below the same period last year mainly due to the intense competition from new luxury resorts that opened in 2019 which drove down room rates. Revenue per Available Room ("RevPAR") for Maldives resorts decreased by 20% from S\$188 in 3Q18 to S\$150 in 3Q19.

Operating Profit in 3Q19 decreased by S\$1.0 million due to lower revenue but partially cushioned by lower operating lease expenses as the Group had stopped recording operating lease expense but instead recorded depreciation expense under SFRS(I) 16 as mentioned in page 18 paragraph 5 of this announcement.

For 9M19, Hotel Investments segment achieved revenue of S\$125.6 million, a decrease of 13% or S\$19.3 million compared to S\$144.9 million in 9M18. The decrease in revenue was mainly from Seychelles (S\$16.5 million) and Thailand (S\$5.2 million) which was partially cushioned by increase in revenue from Maldives (S\$1.2 million) and Indonesia (S\$0.7 million).

Operating Profit decreased by S\$2.3 million in 9M19 mainly due to lower revenue but partially cushioned by lower provision for bonus and incentives and lower operating lease expenses as mentioned earlier.

ADDENDUM

Property Sales segment

Revenue from the Property Sales segment decreased by S\$6.2 million or 36% to S\$10.9 million in 3Q19. For 9M19, revenue decreased by S\$25.1 million or 53% to S\$21.9 million.

In 3Q19, a total of 21 units of Cassia Phuket, Cassia Bintan and Laguna Park townhomes were recognised. In comparison, a total of 23 units of Cassia Phuket, Cassia Bintan, Laguna Park townhomes/villas and Laguna Village Residences were recognised in 3Q18. In 3Q19, the Group partially recognized 17 units of Cassia Phuket Phase 3 and expects to recognise the remaining secured sales of 132 units when they are progressively handed over in 4Q19. In addition, achieved sales of Laguna Park Townhomes/villas Phase 2 and Banyan Tree 3 Beds Pool villas will be recognised in 4Q19 when they are completed and handed over to the buyers.

In 9M19, a total of 38 units of Cassia Phuket, Cassia Bintan and Laguna Park townhomes/villas were recognised. In comparison, 87 units of Cassia Phuket, Cassia Bintan, Laguna Park townhomes/villas and Laguna Village residences were recognised in 9M18. 9M18 had the benefit of Cassia Phuket and Cassia Bintan Phase 2 recognition when they were completed and handed over to buyers by 2Q18.

Deposits for 186 new units sold with total sales value of S\$46.6 million were received in 3Q19 compared to deposits for 39 units in 3Q18 of S\$21.9 million, a five-fold increase in units and two-fold increase in value terms. The increase was mainly due to the launch of Skypark in the current quarter. For 9M19, deposits for 270 units sold with total sales value of S\$94.9 million were received compared to 174 units of S\$102.7 million in 9M18, a 55% increase in units but 8% decrease in value terms as sales in 9M19 included Skypark of lower sales value.

Overall unrecognised revenue as at 30 September 2019 was S\$258.0 million as compared to S\$203.1 million as at 30 September 2018. Barring unforeseen circumstances, the Group expects to recognize S\$87.0 million in 4Q19 with the progressive handing over of secured sales of Cassia Phuket Phase 3, Laguna Park Townhomes/villas Phase 2 and Banyan Tree 3 Beds Pool villas.

Operating Profit decreased by S\$1.5 million from a profit of S\$3.0 million to a loss of S\$1.5 million in 3Q19 and decreased by S\$4.9 million from a profit of S\$4.4 million to a loss of S\$0.5 million in 9M19. This was mainly due to lower revenue as mentioned earlier.

Fee-based segment

Revenue from the Fee-based segment decreased by S\$2.0 million or 13% to S\$12.7 million mainly due to lower royalties and technical advisory fees earned from residential projects in Thailand and Dubai. The fees from both projects were substantially recognised in 2018

For 9M19, revenue decreased by S\$3.4 million or 8% mainly due to lower architectural and design fees earned from projects based on project milestones, lower revenue from Spa/Gallery Operations and lower fees earned from residential projects.

Notwithstanding the decrease in revenue, Operating Profit was in line with 3Q18 mainly due to lower group hotel marketing expenses and foreign exchange gain in 3Q19 as compared to foreign exchange loss in 3Q18.

For 9M19, Operating Profit decreased by S\$1.9 million from S\$13.0 million to S\$12.1 million mainly due to lower revenue but partially cushioned by lower group hotel marketing expenses and higher foreign exchange gain.

If management fees of those resorts which the Group has a majority interest were not eliminated on consolidation, Operating Profit would have been S\$5.5 million in 3Q19 as compared to S\$6.1 million in 3Q18, and S\$20.2 million in 9M19 as compared to S\$24.4 million in 9M18.

ADDENDUM

Head Office

Head office expenses increased by S\$2.7 million to S\$3.9 million in 3Q19 mainly due to foreign exchange loss in 3Q19 as opposed to a foreign exchange gain in 3Q18.

Head office expenses increased by S\$1.8 million to S\$8.6 million in 9M19 mainly due to higher provision for loss allowance and lower foreign exchange gain, partially cushioned by lower provision for bonus and incentives.

Other income

Other income increased by S\$0.5 million from S\$0.3 million in 3Q18 to S\$0.8 million in 3Q19, mainly due to service income and income from expired gift certificates.

For 9M19, other income decreased by S\$13.4 million mainly due to absence of gains from dilution of the Group's interest in BTAC from 50% to 22.8% recorded in 1Q18, partially cushioned by revaluation gain on investment properties.

Profit attributable to owners of the Company

Loss increased by S\$2.4 million from S\$7.0 million in 3Q18 to S\$9.4 million in 3Q19 mainly attributable to lower Operating Profit from Hotel Investments and Property Sales segment, higher head office expenses and higher depreciation of property, plant and equipment and right-of-use assets. This was partially cushioned by lower net finance costs, lower share of losses of associates and lower income tax expenses.

For 9M19, profit decreased by S\$19.9 million from a profit of S\$7.8 million in 9M18 to a loss of S\$12.1 million mainly attributable to lower Operating Profit from all segments, higher head office expenses, lower other income and higher depreciation of property, plant and equipment and right-of-use assets. This was partially cushioned by lower net finance costs, lower income tax expenses and higher non-controlling interests' share of losses in Laguna Resorts & Hotels Public Company Limited ("LRH").

Cash Flow

During 9M19, the Group repaid S\$125.0 million of medium term notes upon maturity in June 2019 and repaid S\$68.3 million of bank borrowings. It incurred development costs for property development projects in Thailand, expended on property, plant and equipment for the resorts' operations, made interests and income tax payments during the period, and paid dividend to ordinary shareholders of the Company and non-controlling shareholders of a subsidiary. These were financed by additional bank borrowings of S\$157.7 million and from internal cash.

As at 30 September 2019, the Group's cash and cash equivalents was S\$102.9 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 47 hotels and resorts, 63 spas, 73 retail galleries, and three golf courses in 24 countries as at 30 September 2019.

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 2,472 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 21 hotels and resorts under construction, and another 31 under design 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>