



**BANYAN TREE HOLDINGS LIMITED**

**PRESS RELEASE**

**12<sup>TH</sup> May 2017**

**1Q17 OPERATING PROFIT\* AT S\$18.6 MILLION, 4% HIGHER THAN LAST YEAR**

**FINANCIAL HIGHLIGHTS:**

- Revenue decreased 9% to S\$90.4 million.
- Operating Profit increased 4% to S\$18.6 million.

Revenue decreased due to:

- Lower revenue recognition from Property Sales in 1Q17 as Cassia Phuket and Laguna Park Phuket were completed in 2<sup>nd</sup> half 2015 and several sold units were recognised in 1Q16 when the keys were handed over then.

Partially offset by:

- Higher contribution from Fee-based segment.

Operating Profit increased due to:

- Higher reversal of bad debts provision following payments by several hotel owners in China.
- Lower exchange losses.
- Lower marketing expenses incurred on hotel marketing and new property projects where revenue was only recognisable upon completion of project.

**OUTLOOK:**

- On Hotel Investments segment, based on hotel forward bookings for owned hotels for 2Q17, overall forward bookings is 17% above the same period last year (Thailand is 15% above and outside of Thailand is 21% above).
- On Property Sales segment, deposits for 55 units with total sales value of S\$59.9 million was received in 1Q17 compared to 39 units of S\$27.0 million in 1Q16. As at 1Q17, we have unrecognised revenue of S\$142.4 million, compared to S\$79.3 million as at 1Q16. Approximately 20% will be progressively recognised in the next few quarters of 2017.
- The definitive agreement with AccorHotels (“Accor”) was signed on 27 April 2017. This strategic alliance is expected to contribute positively in the medium term through additional co-development projects around the world.
- The definitive agreement with China Vanke Co., Ltd. (“Vanke”) is expected to be signed around mid 2017. Valuation gains from disposal of assets in China to the jointly held entity with Vanke will be recognised on completion which is likely to take place by end 2017, barring unforeseen circumstances.
- Macro outlook<sup>1</sup>:
  - Upward revision of projected growth in the United States.
  - Europe economy has improved, and China growth projected to be good.

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

## ADDENDUM

### **RESULTS SNAPSHOT:**

#### **1Q17 Results (in S\$' million):**

	<b>1Q17</b>	<b>1Q16</b>	<b>Change<sup>@</sup> (%)</b>
Revenue	90.4	99.8	9% ↓
Operating Profit *	18.6	17.9	4% ↑
PATMI**	1.2	0.5	124% ↑

\* *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\$65.4 million in 1Q17, a slight increase of 1% or S\$0.6 million compared to S\$64.8 million in 1Q16. The increase in revenue was mainly from Thailand (S\$1.6 million) but partially offset by lower revenue from Maldives (S\$1.1 million). Overall revenue in China and Seychelles was in line with 1Q16.

For Thailand, the increase in revenue was mainly contributed by the continuing strong performance of Banyan Tree Phuket and Banyan Tree Bangkok on the back of higher demand from long haul European and Russian markets. On a same store basis (excluding Cassia Phuket), RevPAR for Thailand resorts increased by 8% from S\$273 in 1Q16 to S\$295 in 1Q17.

For Maldives, the decrease in revenue was mainly due to decline in travellers as Easter holidays which will fall in second quarter this year fell in first quarter last year. Revenue per available room ("RevPAR") of the Maldives resorts decreased by 11% from S\$584 in 1Q16 to S\$517 in 1Q17.

Operating Profit of S\$18.1 million in 1Q17 was in line with 1Q16. This was largely due to higher revenue but offset by higher staff costs and foreign exchange losses.

## ADDENDUM

### **Property Sales segment**

Revenue from the Property Sales segment decreased by S\$11.4 million or 66% to S\$5.8 million in 1Q17. This was mainly due to completion of Cassia Phuket apartments (Phase 1) and Laguna Park townhomes/villas in 3Q15 and sold units were substantially recognised when handed over to buyers from 3Q15 to 1Q16. In addition, 5 units of high value Dusit villas and 1 unit of high value Banyan Tree Phuket villa were recognised in 1Q16.

In 1Q17, a total of 6 units of Laguna Park townhomes/villas and Laguna Village condominiums/bungalows were recognised. In comparison, a total of 31 units of Laguna Park townhomes/villas, Cassia Phuket, Dusit villas and Banyan Tree Phuket villas were recognised in 1Q16.

There were 55 new units sold with deposits received in 1Q17 compared to deposits for 39 units in 1Q16, an increase of 41% and 122% in units and value terms respectively.

Overall unrecognised revenue as at 31 March 2017 was S\$142.4 million compared to S\$79.3 million as at 31 March 2016. Approximately 20% will be progressively recognised in the next few quarters of 2017.

Operating Profit decreased by S\$2.5 million from a profit of S\$1.8 million in 1Q16 to a loss of S\$0.7 million in 1Q17 mainly due to lower revenue recognised as mentioned earlier.

### **Fee-based segment**

Revenue from the Fee-based segment increased by S\$1.4 million or 8% to S\$19.3 million in 1Q17. This was mainly due to higher architectural and design fees earned from projects in China, Dubai and Japan based on project milestones but partially offset by lower hotel management fees and lower revenue from Spa/Gallery operations.

Lower revenue from the Hotel Management segment was mainly due to absence of fees from Banyan Tree Al Wadi when the management agreement ceased in December 2016 and lower fees from Banyan Tree Mayakoba, and China resorts in Hainan, Yangshuo and Huangshan.

Lower revenue from Spa/Gallery operations was mainly due to closure of outlets in Egypt in June 2016 and lower contribution from outlets in Thailand.

Operating Profit increased by S\$4.4 million from a loss of S\$0.9 million to a profit of S\$3.5 million in 1Q17. This was mainly due to higher revenue, higher write-back of provision for doubtful debts due to collections during the period and lower foreign exchange loss.

If management fees of those resorts which the Group has a majority interest were not eliminated on consolidation, Operating Profit would have been S\$9.0 million in 1Q17 as compared to S\$5.0 million in 1Q16.

### **Head Office**

Head office expenses increased by S\$1.1 million or 59% to S\$2.8 million in 1Q17 mainly due to higher provision for staff bonus and incentives.

## ADDENDUM

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

Profit increased by S\$0.7 million from S\$0.5 million to S\$1.2 million in 1Q17. This was mainly attributable to higher Operating Profit from Fee-based segment as a result of higher revenue coupled with lower non-controlling interests' share of profits. This was partially offset by lower Operating Profit from Property Sales segment, higher head office expenses and share of loss in associates.

### **Cash Flow**

For 1Q17, the Group generated its funds mainly from operations as well as proceeds from bank borrowings.

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

As at 31 March 2017, the Group's cash and cash equivalents was S\$137.4 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, 62 spas, 75 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 13 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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