



**BANYAN TREE HOLDINGS LIMITED**

**PRESS RELEASE**

**14<sup>TH</sup> May 2015**

**1Q OPERATING PROFIT AT S\$20.3 MILLION, 6% HIGHER THAN LAST YEAR**

**FINANCIAL HIGHLIGHTS:**

- Revenue increased 4% to S\$97.8 million due to:
  - *Higher contribution from Fee-based segments.*
  - *Higher revenue recognition from properties sales.*
  - *Higher contribution from Banyan Tree Bangkok due to political stability.*

*Partially offset by:*

- *Lower contribution from resorts in Phuket, Maldives and Seychelles due to decline in Russian travelers.*
- Operating profit increased by 6% to S\$20.3 million due to higher revenue.

*Partially offset by:*

- *Marketing expenses incurred on new property projects but revenue are only recognizable upon completion of project.*

**OUTLOOK:**

- Hotel outlook remain challenging, Overall forward bookings for 2Q15 for owned hotels is currently 14% below the same period last year.
- Sales momentum for property sales slowed down in 1Q15 due to decline in Russian buyers. Deposits for 33 units with total sales value of \$17.5 million was received in 1Q15 compared to 124 units of S\$48.2 million in 1Q14. As at 1Q15, we have unrecognised revenue of S\$125.3 million which will be largely recognised in 4Q15.
- Macro outlook:
  - *Economy of both Europe and Russia, our key source markets remains weak*
  - *Thai political situation is currently stable.*
  - *The recent stimulus measures in China may further improve domestic tourism and stabilise the property sector.*
- Against this backdrop and coupled with 2Q15 and 3Q15 being low seasons period, the performance for the next two quarters are likely to perform below 1Q15.

## **RESULTS SNAPSHOT:**

### **1Q15 Results (in S\$' million):**

	<b>1Q15</b>	<b>1Q14</b>	<b>Change<sup>@</sup> (%)</b>
Revenue	97.8	93.9	4% ↑
Operating Profit*	20.3	19.2	6% ↑

\* Operating Profit = EBITDA (Earnings before interest, tax, depreciation & amortization)

<sup>@</sup>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 -

“The decline in Russian travelers due to the severe devaluation of the Rouble has affected our resorts’ performance in 1Q15, our high season period. We took proactive action during this quarter to boost business volume and this has helped to cushion the impact somewhat. We expect hotel operations to remain challenging.

On the property front, our unrecognized revenue from confirmed sales currently stood at S\$125m and the majority of this revenue will be recognised in the last quarter of 2015. We are planning to launch the sales of our Wenjiang, Chengdu project by mid-year. The Chinese government recent stimulus measures will hopefully boost sales of our primary residences project in China.”

## ADDENDUM

### DETAILED BUSINESS SEGMENTS REVIEW

Revenue increased by S\$3.9 million from S\$93.9 million in 1Q14 to S\$97.8 million in 1Q15. This was mainly due to higher revenue from the Property Sales and Fee-based segments by S\$2.0 million and S\$1.9 million respectively. Revenue from the Hotel Investments segment was in line with 1Q14.

EBITDA increased by S\$1.1 million from S\$19.2 million in 1Q14 to S\$20.3 million in 1Q15, mainly attributed to higher EBITDA from Fee-based segment due to higher revenue and higher other income, but partially offset by lower EBITDA from the Hotel Investments and Property Sales segments.

#### **Hotel Investments segment**

Hotel Investments segment recorded revenue of S\$66.7 million in line with 1Q14 of S\$66.8 million. Revenue from Thailand improved by S\$2.5 million in 1Q15 as compared to 1Q14. However, the increase was offset by lower revenue in Maldives (S\$1.3 million) and Seychelles (S\$0.7 million).

Higher revenue from Thailand was driven mainly by the recovery of business at Banyan Tree Bangkok due to political stability after the appointment of Thailand's military leader as the country's prime minister in August 2014. Revenue per available room ("RevPAR") of Banyan Tree Bangkok increased by 50% from S\$94 in 1Q14 to S\$141 in 1Q15.

However, the favourable performance of Banyan Tree Bangkok was affected by decrease in revenue in Phuket due to the slowdown of the European market, especially the Russian market owing to sharp depreciation of the Rouble and the weak economy. Promotional rates had been offered to boost the occupancy during this high season period. As a result, RevPAR of the Phuket resorts decreased by 7% from S\$346 in 1Q14 to S\$322 in 1Q15.

Similar to Phuket, lower revenue was recorded in the Maldives and Seychelles resorts as they were also affected by the reduction of tourists from the Russia and European markets. RevPAR of the Maldives resorts decreased by 8% from S\$705 in 1Q14 to S\$652 in 1Q15 while the RevPAR of the Seychelles resorts decreased by 15% from S\$798 in 1Q14 to S\$678 in 1Q15.

EBITDA from Hotel Investments segment decreased by S\$3.6 million from S\$21.7 million in 1Q14 to S\$18.1 million in 1Q15. This was due to lower profit margin as a result of tactical price offers launched in 1Q15 to drive occupancy.

### **Property Sales segment**

Property Sales segment revenue increased by S\$2.0 million or 35% from S\$5.7 million in 1Q14 to S\$7.7 million in 1Q15. Higher revenue from the Property Sales segment was mainly due to higher contribution of property sales units based on the completion method of revenue recognition. In 1Q15, the Group recognized revenue for 7 units comprising Laguna Park townhouses/villas and Banyan Tree Phuket villa (S\$5.2 million) as compared to 4 units comprising Laguna Village condominiums/bungalow (S\$3.3 million) in 1Q14.

During the quarter, there were 33 new units sold with deposits received in 1Q15 as compared to deposits for 124 units in 1Q14, a decrease of 73% and 64% in units and value terms respectively. Property sales slowed down in 1Q15 due to the drop in Russian market attributable to the financial crisis in Russia. In addition, 1Q14 has the benefits of sales launches of Laguna Park Phuket, Cassia Phuket and Cassia Bintan which were well received. Overall unrecognised cumulative revenue as at 1Q15 was S\$125.3 million as compared to S\$110.4 million as at 1Q14.

Notwithstanding higher revenue, EBITDA decreased by S\$2.1 million from a profit of S\$0.3 million in 1Q14 to a loss of S\$1.8 million in 1Q15 mainly due to higher sales and marketing and administrative expenses incurred on new property development projects in China, Bintan and Australia. The revenue of these projects will only be recognized when the projects are completed.

### **Fee-based segment**

Fee-based segment revenue increased by S\$1.9 million or 9% from S\$21.4 million in 1Q14 to S\$23.3 million in 1Q15, mainly due to higher revenue from the Design & Others as well as the Fund Management businesses.

Higher revenue from Design & Others business was attributable to higher architectural and design fees earned from projects in China based on project milestones and higher revenue from the golf operations following the completion of upgrading project at Laguna Phuket Golf Club. On the other hand, higher fund management fees were due to higher resorts development management fees from China Fund.

EBITDA increased by S\$5.0 million from S\$0.9 million in 1Q14 to S\$5.9 million in 1Q15 mainly due to higher revenue as well as higher foreign exchange gains for the period.

## **PATMI**

PATMI was S\$4.0 million for 1Q15 in line with 1Q14. This was mainly attributable to higher EBITDA from Fee-based segment due to higher revenue and higher other income. This was offset by lower EBITDA from the Hotel Investments and Property Sales segments and higher depreciation and income tax expenses.

## **Cash Flow**

In the current quarter, the Group generated its fund from operations and proceeds from bank loans. It incurred development costs for property development projects in Wenjiang, Brisbane, Gold Coast and Bintan, as well as purchases of furniture, fittings and equipment by the resorts for their operations.

As at 31 March 2015, the Group's cash and cash equivalents was S\$136.0 million.

## About Banyan Tree Holdings Limited

Banyan Tree Holdings Limited (“Banyan Tree” or the “Group”) is a leading manager and developer of premium resorts, hotels and spas in the Asia Pacific, with 35 resorts and hotels, 70 spas, 83 galleries and 3 golf courses. The Group manages and/or has ownership interests in niche resorts and hotels. The resorts each typically has between 50 and 200 rooms and commands room rates at the high end of each property’s particular market.

The Group’s primary business is the management, development and ownership of resorts and hotels. This is centred around two award-winning brands: Banyan Tree and Angsana. In June 2014, the Group also launched the third brand, Cassia. Cassia was created to bring together investment opportunities for the growing middle-class looking for affordable holiday homes as well as the opportunity to develop an innovative hotel product in the serviced apartment segment. Banyan Tree also operates the leading integrated resort in Thailand – Laguna Phuket, through the Group’s subsidiary, Laguna Resorts & Hotels Public Company Limited.



### **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>