



BANYAN TREE HOLDINGS LIMITED

PRESS RELEASE

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4Q OPERATING PROFIT INCREASED 6% TO S\$19.9 MILLION MAINLY DUE TO REVALUATION GAIN ON SEYCHELLES PROPERTIES.

FINANCIAL HIGHLIGHTS:

4Q14:

- Revenue decreased 6% to S\$91.8 million due to:
 - *Lower contribution from architectural and design fees from projects in China as revenue recognition is based on project milestones.*
 - *Lower contribution from hotel operations which were affected by the slowdown from the European market, in particular, the Russian market due to the sharp depreciation of the Rouble and weak Russian economy.*

- Operating Profit increased 6% to S\$19.9 million due to:
 - *Gain on revaluation of investment properties in Seychelles.*

Partially offset by:

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

FY14:

- Revenue decreased 8% to S\$327.4 million.
- Operating Profit decreased 31% to S\$51.1 million.

Due to:

- *Lower contribution from Hotel Investments segment.*
- *Absence of one-off gain from sale of Angsana Velavaru hotel in 1Q13.*

OUTLOOK:

- Cautiously optimistic of a better performance in FY2015 due to:
 - *Property sales outlook promising:*
 - *consistency in sales: 164 units (S\$73.5m) in FY14 vs 161 units (S\$64.2m) in FY13.*
 - *unrecognized revenue of S\$110m; will be predominantly recognized in 2015.*
 - *pre-launched booking deposits of 151 units (71% of Phase 1A) received for Wenjiang, Chengdu project.*
 - *Hotel outlook challenging:*
 - *Overall forward bookings for 1Q15 for owned hotels is currently 7% below last year mainly due to weak Russia economy.*
 - *Macro outlook:*
 - *USA economic recovery continues to gain momentum but Europe economic recovery remains weak.*
 - *Recent cut in interest rate by Central Bank will boost China consumption.*
 - *Thai political situation is currently stable.*

RESULTS SNAPSHOT:

4Q14 Results (in S\$' million):

	4Q14	4Q13	Change[@] (%)
Revenue	91.8	97.9	6% ↓
Operating Profit*	19.9	18.7	6% ↑

FY14 Results (in S\$' million):

	FY14	FY13	Change[@] (%)
Revenue	327.4	356.1	8% ↓
Operating Profit*	51.1	74.1	31% ↓

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

[@] 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 pick-up in business volume for 4Q, our high season, was slower than expected following the sharp decline in oil prices in 4Q14 which affected the Russia market. Going forward, amidst the volatility in the global economy, we are cautiously optimistic of a better performance in 2015 boosted in part by confirmed property sales totaling S\$110 million which will be substantially recognised in 2015. The outlook for our planned property sales in Wenjiang, Chengdu, is positive. To-date, we have received pre-launch booking deposits of 151 units which represents 71% of total units available for sales under Phase 1A.”

ADDENDUM

DETAILED BUSINESS SEGMENTS REVIEW

In 4Q14, the Group registered revenue of S\$91.8 million, a decrease of S\$6.1 million or 6% compared to 4Q13. Both Fee-based and Hotel Investments segments recorded lower revenue but was partially cushioned by higher revenue from Property Sales segment. EBITDA, however, increased by S\$1.2 million mainly due to higher other income arising from gain on revaluation of investment properties in Seychelles.

For FY14, the Group registered revenue of S\$327.4 million, a decrease of S\$28.7 million or 8% compared to FY13. The revenue shortfall was from all the three business segments. EBITDA decreased by S\$23.0 million or 31% from S\$74.1 million in FY13 to S\$51.1 million in FY14 mainly due to lower revenue as mentioned above, coupled with lower other income as other income in FY13 included a one-off gain on sale of Angsana Velavaru hotel.

Hotel Investments segment

Hotel Investments segment achieved revenue of S\$54.7 million in 4Q14, a decrease of 5% or S\$2.9 million compared to S\$57.6 million in 4Q13. Lower revenue was mainly from Thailand (S\$1.7 million), Seychelles (S\$0.6 million) and Maldives (S\$0.5 million).

Performance of our properties in Thailand, Seychelles and Maldives were largely affected by the drop in demand from the European market, in particular, the Russian market due to the depreciation of the Rouble and economic crisis in Russia caused by the falling oil prices and international economic sanctions imposed on the country. Russia market is one of our key source markets during the high season period. Overall revenue per available room ("Revpar") decreased by 9% from S\$197 in 4Q13 to S\$180 for our resorts in Thailand, decreased by 11% from S\$670 in 4Q13 to S\$594 for our resort in Seychelles, and decreased by 2% from S\$499 in 4Q13 to S\$489 our resorts in Maldives.

For FY14, Hotel Investments segment revenue decreased by 8% or S\$17.3 million from S\$221.2 million in FY13 to S\$203.9 million mainly from Thailand (S\$18.1 million), but partially cushioned by higher revenue from Maldives (S\$2.0 million) and Seychelles (S\$1.0 million).

Our properties in Thailand underperformed in FY14 mainly due to the slowdown in the tourism industry following the political unrest in Bangkok since November 2013 which culminated in the military coup in May 2014. In 4Q14, although the Thai political situation has stabilized, performance was affected by the slowdown in the European market as mentioned above. Our resorts in Maldives and Seychelles performed favorably in FY14 helped mainly by a strong demand from the leisure market in the first nine months.

EBITDA decreased by S\$0.9 million from S\$12.5 million in 4Q13 to S\$11.6 million in 4Q14 and decreased by S\$5.9 million from S\$44.8 million in FY13 to S\$38.9 million in FY14, in line with lower revenue.

Property Sales segment

Property Sales segment revenue increased by S\$1.4 million or 11% from S\$12.1 million in 4Q13 to S\$13.5 million in 4Q14. This was due to higher contribution of property sales units based on revenue recognition upon completion. In 4Q14, a total of 20 units (S\$12.0 million) of Laguna Park townhomes/villas, Laguna Village villa/bungalow, Banyan Tree Phuket villas and Banyan Tree Bintan villa were completed and recognized, as compared to a total of 8 units (S\$9.3 million) comprising Laguna Village villas/townhomes/bungalows and Dusit villas in 4Q13.

There were 23 new units sold with deposits received in 4Q14 compared to deposits for 52 units in 4Q13, a decrease of 56% and 10% in units and value terms respectively, as last year has the benefit of new sales launch for Laguna Park project which were well received.

For FY14, Property Sales segment revenue decreased by S\$0.8 million or 2% from S\$33.2 million in FY13 to S\$32.4 million in FY14. The shortfall was due to lower revenue from membership sales of Laguna Holiday Club. The shortfall was however partially cushioned by higher contribution of property sales units based on revenue recognition upon completion. In FY14, a total of 31 units (S\$25.0 million) were completed and recognized, as compared to a total of 21 units (S\$23.9 million) in FY13.

For FY14, there were 164 new units sold with deposits received in FY14 compared to deposits for 161 units in FY13, an increase of 2% and 15% in units and value terms respectively. Overall unrecognised cumulative revenue as at FY14 was S\$110.0 million as compared to S\$68.3 million as at FY13.

Notwithstanding higher revenue, EBITDA decreased by S\$2.7 million from S\$2.9 million in 4Q13 to S\$0.2 million in 4Q14 mainly due to marketing and administrative expenses incurred on new property development projects in Wenjiang and Bintan. The revenue of these projects will only be recognized when the projects are completed. Against FY13, EBITDA decreased by S\$4.1 million from a profit of S\$3.3 million in FY13 to a loss of S\$0.8 million in FY14, mainly due to lower revenue coupled with marketing and administrative expenses incurred on new projects as mentioned earlier.

Fee-based segment

Fee-based segment revenue decreased by S\$4.5 million or 16% from S\$28.2 million in 4Q13 to S\$23.7 million in 4Q14. This was mainly due to lower Architectural and design fees for projects in China based on certain milestone achieved.

For FY14, revenue decreased by S\$10.7 million or 11% from S\$101.8 million in FY13 to S\$91.1 million in FY14. Apart from lower architectural and design fees, revenue from spa/gallery and golf operations were also lower as these operations were affected by the slowdown in tourism industry following the Thai political unrest which started late last year.

Notwithstanding lower revenue, EBITDA increased by S\$0.9 million from S\$5.7 million in 4Q13 to S\$6.6 million in 4Q14 mainly due to lower staff cost. Against FY13, EBITDA decreased by S\$0.4 million from S\$19.3 million in FY13 to S\$18.9 million in FY14, mainly due to lower revenue.

PATMI

PATMI increased by S\$0.4 million from S\$3.7 million in 4Q13 to S\$4.1 million in 4Q14. This was mainly attributable to higher other income and lower income tax expense, partially offset by higher depreciation.

For FY14, PATMI decreased by S\$17.1 million from S\$18.1 million in FY13 to S\$1.0 million in FY14. This was mainly attributable to lower other income as FY13 included gain on sale of Angsana Velavaru hotel, lower EBITDA from all three segments and higher finance costs. The shortfall was however partially cushioned by lower income tax expense.

Cash Flow

During the year, the Group generated its funds from operations, net proceeds from notes issuance under the Medium Term Notes programme and bank loans.

It purchased land and incurred development cost for property development projects in Brisbane, Gold Coast, Wenjiang, Lijiang, Phuket and Bintan. It expended on property, plant and equipment for the resorts' operation, paid the second instalment for the purchase of Banyan Tree Seychelles and the surrounding lands, and purchased investment securities. In May 2014, the Group paid out dividend of S\$7.6 million to its shareholders.

As at 31 December 2014, the Group's cash and cash equivalents was S\$168.2 million.

OUTLOOK

The global economy has entered into renewed volatility with the plunge in oil prices affecting economies such as Russia, one of our key source markets during our high season period. Although the USA has continued to show signs of economic recovery, Europe economy remains weak. On China, the recent cut in interest rate by the central bank will boost consumption and will augur well for our planned residences sales in Chengdu. On Thailand, the political situation is currently stable.

Currently, the forward bookings for owned hotels in our network for 1Q15 compared to the same period last year is 7% below last year (Thailand is 6% below and outside Thailand is 10% below).

On property sales, sales performance could have been better if not for the sharp depreciation of the Rouble affecting the Russia market. Nevertheless, 4Q14 saw encouraging sales of high value residences bringing total sales value to S\$18.3 million (4Q13: S\$20.3 million). As at 31 December 2014, we have unrecognized revenue of S\$110.0 million which we expect to recognize primarily in 2015. The outlook for our planned property sales in Wenjiang, Chengdu, is positive. To-date, we have received pre-launch booking deposits of 151 units which represents 71% of total units available for sales under Phase 1A.

Against this backdrop, 2015 will remain challenging but we are cautiously optimistic of a better performance in 2015.

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.



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