



BANYAN TREE HOLDINGS LIMITED

PRESS RELEASE

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3Q16 OPERATING PROFIT AFFECTED BY LOWER CONTRIBUTION FROM PROPERTY SALES AND DESIGN SERVICES

FINANCIAL HIGHLIGHTS:

3Q16:

- Revenue decreased 23% to S\$62.6 million.
- Operating Profit decreased 94% to S\$0.3 million.

Revenue decreased due to:

- Lower revenue recognition from Property Sales. In 3Q15, Cassia Phuket and Laguna Park Phuket were substantially completed and hence several sold units were recognised in that period.
- Lower contribution from Fee-based segment in particular design services division. but partially cushioned by:
- Higher revenue from Hotel Investments segment due to better performance in Thailand.

Operating Profit decreased due to:

- Lower revenue.
- Absence of foreign exchange gain of S\$3.0 million recorded in 3Q15.

9M16:

- Revenue decreased 8% to S\$228.3 million.
- Operating Profit decreased 49% to S\$14.9 million.

Due to:

- Lower contribution from Fee-based segment.
- Foreign exchange loss of S\$4.0 million in 9M16 vs. foreign exchange gain of S\$4.8 million in 9M15. Exchange loss in 9M16 was due to restating U.S. dollar and Chinese renminbi denominated receivables to period end rate which had depreciated against Singapore dollar.
- Absence of one-off insurance compensation of S\$1.6 million recorded in 9M15. but partially cushioned by:
- Higher contribution from Property Sales segment.

OUTLOOK:

- For 3Q16, hotel forward bookings for Thailand continue to improve but remains weak for hotels outside of Thailand. Overall forward bookings for owned hotels are currently 8% above the same period last year. (Thailand is 20% above and outside of Thailand 5% below).
- On Property Sales, deposits for 15 units with total sales value of S\$8.1 million were received in 3Q16 compared to 13 units of S\$4.5 million in 3Q15. As at 3Q16, we have unrecognised revenue of S\$84.5 million with approximately 20% to be recognised in 4Q16.
- Macro outlook:
 - *Global economy remains weak coupled with uncertainties following Brexit.*
 - *Economic slowdown in China will continue to affect our income contribution from China.*
- 4Q16 Operating Profit is expected to be higher than 4Q15. However, in view of the tough operating environment, FY16 PATMI will register a loss.

ADDENDUM

RESULTS SNAPSHOT:

3Q16 Results (in S\$' million):

	3Q16	3Q15	Change[@] (%)
Revenue	62.6	81.4	23% ↓
Operating Profit *	0.3	5.7	94% ↓
PATMI**	(10.8)	(5.9)	83% ↓

9M16 Results (in S\$' million):

	9M16	9M15	Change[@] (%)
Revenue	228.3	247.5	8% ↓
Operating Profit *	14.9	29.3	49% ↓
PATMI**	(24.6)	(9.2)	169% ↓

* *Operating Profit = Profit 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

In 3Q16, the Group registered revenue of S\$62.6 million, a decrease of S\$18.8 million or 23% compared to 3Q15. This was due to lower revenue recorded from the Property Sales and Fee-based segments which was partially cushioned by higher revenue from the Hotel Investments segment. In 9M16, the Group registered revenue of S\$228.3 million, a decrease of S\$19.3 million or 8% compared to 9M15. Both the Hotel Investments and Fee-based segments recorded lower revenue but it was partially cushioned by higher revenue from the Property Sales segment.

In 3Q16, Operating Profit decreased by S\$5.4 million or 94% to S\$0.3 million and in 9M16, Operating Profit decreased by S\$14.4 million or 49% to S\$14.9 million. Apart from lower revenue, lower Operating Profit was also due to foreign exchange loss compared to exchange gain in the same period last year. In addition, there were lower other income recorded in 9M16 as 9M15 included a one-off insurance compensation due to political events in Bangkok in 2014.

ADDENDUM

Hotel Investments segment

Hotel Investments segment achieved revenue of S\$42.6 million in 3Q16, an increase of 3% or S\$1.1 million compared to S\$41.5 million in 3Q15. The increase in revenue was mainly from Thailand (S\$5.4 million), which was partially offset by lower revenue from Maldives (S\$2.6 million), China (S\$1.0 million) and Seychelles (S\$0.8 million).

The macro-economic uncertainties in Europe, as well as economic slowdown in the Chinese market since 3Q15 continued to impact our resorts in Maldives, China and Seychelles in 3Q16. Revenue per available room ("RevPAR") of the Maldives resorts decreased by 23% from S\$348 in 3Q15 to S\$270 in 3Q16. RevPAR of the China resorts decreased by 21% from S\$246 in 3Q15 to S\$195 in 3Q16. RevPAR of the Seychelles resorts decreased by 17% from S\$616 in 3Q15 to S\$512 in 3Q16.

For Thailand, all the hotels had performed better in 3Q16 as compared to 3Q15. The increase in revenue was mainly contributed by the opening of Cassia Phuket in 4Q15 and the continued strong performance of Banyan Tree Phuket, Angsana Laguna Phuket and Bayan Tree Bangkok. On a same store basis (excluding Cassia Phuket), RevPAR for Thailand resorts increased by 29% from S\$109 in 3Q15 to S\$141 in 3Q16.

For 9M16, Hotel Investments segment achieved revenue of S\$145.7 million, a decrease of 1% or S\$1.3 million compared to S\$147.0 million in 9M15. The decrease in revenue was mainly from Maldives (S\$7.6 million), China (S\$2.1 million) and Seychelles (S\$1.8 million), which was partially cushioned by higher revenue from Thailand (S\$10.3 million) due to similar reasons mentioned earlier.

Operating Profit increased by S\$1.9 million from S\$1.5 million in 3Q15 to S\$3.4 million in 3Q16 and increased by S\$1.8 million from S\$19.6 million in 9M15 to S\$21.4 million in 9M16. This was largely due to higher revenue and several cost management initiatives implemented as a result of the group-wide restructuring exercise that had been embarked to streamline business processes and structures.

Property Sales segment

Revenue from the Property Sales segment decreased by S\$13.6 million or 69% to S\$6.2 million in 3Q16. This was mainly due to completion of Cassia Phuket condominiums (Phase 1) and Laguna Park townhomes/villas in 3Q15 and sold units were substantially recognized when handed over to buyers since 3Q15.

In 3Q16, a total of 9 units of Laguna Park townhomes/villas, Cassia Phuket, Dusit villa were recognized. In comparison, a total of 46 units of Laguna Park townhomes/villas, Cassia Phuket and Laguna Village condominiums/bungalows were recognized in 3Q15.

For 9M16, revenue increased by S\$2.6 million or 7% to S\$37.9 million.

In 9M16, a total of 64 units of Laguna Park townhomes/villas, Cassia Phuket, Dusit villas, Laguna Village condominium and Banyan Tree Phuket villas were recognized. In comparison, a total of 59 units of Laguna Park townhomes/villas, Cassia Phuket, Laguna Village condominiums/bungalows and Banyan Tree Phuket villas were recognized in 9M15.

There were 15 new units sold with deposits received in 3Q16 compared to deposits for 13 units in 3Q15, an increase of 15% and 80% in units and value terms respectively. For 9M16, there were 69 new units sold with deposits received compared to deposits for 55 units in 9M15, an increase of 25% and 98% in units and value terms respectively.

Overall unrecognized revenue as at 30 September 2016 was S\$84.5 million as compared to S\$108.5 million as at 30 September 2015, and approximately 20% will be progressively recognized in last quarter of 2016.

Operating Profit decreased by S\$3.0 million from S\$1.3 million in 3Q15 to a loss of S\$1.7 million in 3Q16 and Operating Profit increased by S\$2.2 million from a loss of S\$0.4 million in 9M15 to a profit of S\$1.8 million in 9M16 mainly due to lower (for 3Q) and higher (for 9M) revenue recognized as mentioned earlier. Operating Profit would have been higher if not for the sales and marketing and administrative expenses incurred on new development projects where revenue can only be recognized on completion.

ADDENDUM

Fee-based segment

Revenue from the Fee-based segment decreased by S\$6.3 million or 31% to S\$13.9 million in 3Q16. For 9M16, revenue decreased by S\$20.5 million or 31% to S\$44.7 million. This was mainly due to reduced architectural and design fees earned from projects in China based on project milestones, as well as lower hotel/fund management fees.

The economic slowdown in China has affected the performances and hence architectural and design fees of several third party owners' development projects in China. In addition, hotel management fees of several managed hotels in China were also affected.

Operating Profit decreased by S\$5.1 million to S\$0.5 million in 3Q16. For 9M16, Operating Profit decreased by S\$18.5 million to a loss of S\$3.7 million. This was mainly due to lower revenue as mentioned earlier and higher foreign exchange loss in 9M16 as opposed to foreign exchange gains in 9M15.

If management fees of those resorts which the Group has a majority interest were not eliminated on consolidation, Operating Profit would have been a profit of S\$3.5 million in 3Q16 as compared to a profit of S\$8.7 million in 3Q15, and a profit of S\$8.2 million in 9M16 as compared to a profit of S\$26.9 million in 9M15.

Loss attributable to owners of the Company

Loss increased by S\$4.9 million from S\$5.9 million to S\$10.8 million in 3Q16. This was mainly attributable to lower Operating Profit from Fee-based segment and Property Sales segment as a result of lower revenue coupled with higher depreciation expenses, higher finance costs and lower non-controlling interests' share of losses. This was partially cushioned by higher Operating Profit from Hotel Investments segment, lower head office expenses, lower income tax expenses and higher finance income.

For 9M16, loss increased by S\$15.5 million to S\$24.6 million. This was mainly attributable to lower Operating Profit from Fee-based segment, lower other income, higher finance costs and higher non-controlling interests' share of profits. This was partially cushioned by higher Operating Profit from Property Sales segment, Hotel Investments segment, lower head office expenses, higher finance income and lower income tax expense.

Cash Flow

During 9M16, the Group generated its funds mainly from operations as well as proceeds from bank borrowings. It expended on property, plant and equipment for the resorts' operations and also made scheduled repayments of bank borrowings during the period.

As at 30 September 2016, the Group's cash and cash equivalents was S\$127.3 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, hotel residences and spas. The Group currently manages and/or has ownership interests in 39 resorts and hotels, 65 spas, 79 galleries and 3 golf courses. Each resort typically has between 50 and 200 rooms and commands room rates at the high end of each property’s particular market. The Group currently develops and sells residences properties in six countries: Thailand, Seychelles, China, Indonesia, Mexico and Vietnam.

The Group business centred around two award-winning brands: Banyan Tree and Angsana. In June 2014, the Group 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. In October 2015, the Group launched its fourth brand, Dhawa. Dhawa was created to position itself to be a casual and contemporary full-service hotel catering to the emerging group of design savvy travellers who seek distinctive experiences in stylish and unique destinations.



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