



## BANYAN TREE HOLDINGS LIMITED

### PRESS RELEASE

14<sup>TH</sup> August 2019

#### **DUE TO TIMING OF PROPERTY SALES RECOGNITION EXPECTED IN 4Q19; OPERATING PROFIT\* WAS LOWER BY 41% IN 2Q19**

#### **FINANCIAL HIGHLIGHTS:**

##### **2Q19 and 1H19:**

- Revenue decreased by 24% to S\$51.8 million and 20% to S\$133.0 million respectively.
- Operating Profit decreased by 41% to S\$5.7 million and 42% to S\$27.2 million respectively.

##### **Revenue:**

Decreased in both 2Q19 and 1H19 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 November 2018.

##### **Operating Profit:**

Decreased in 2Q19 due to:

- Lower revenue recognition from Property Sales segment.
- Foreign exchange losses in 2Q19 vs. exchange gains in 2Q18.

Partially cushioned by:

- Fair value gain on investment properties in Thailand.
- Lower operating expenses.

Decreased in 1H19 due to:

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

Partially cushioned by:

- Lower operating expenses.
- Higher foreign exchange gains.

#### **OUTLOOK:**

- On Hotel Investments segment, hotel forward bookings for owned hotels for 3Q19 are 6% below the same period last year (Thailand is 8% below and outside Thailand is in line).
- On Property Sales segment, revenue recognition is largely dependent on completion and handing over of completed units to buyers. As at 30 June 2019, the Group has unrecognised revenue of S\$221.5 million compared to S\$202.3 million as at 30 June 2018. The Group expects revenue recognition of about 40% (S\$90 million) in 2H19. Of this S\$90 million, S\$84 million will be from Cassia Phuket (Phase 3), Laguna Park townhomes/villas (Phase 2) and Banyan Tree 3 Beds Pool Villas which barring unforeseen circumstances will be completed and recognised in 4Q19.
- Macro outlook<sup>1</sup>:

According to International Monetary Fund's latest report<sup>1</sup>, global growth remains subdued and forecasts are lower than previous report due to ongoing US-China trade tension which will affect the Group's key markets in China and Europe.

<sup>1</sup> Source: IMF, World Economic Outlook Update (July 2019)

## ADDENDUM

### **RESULTS SNAPSHOT:**

#### **2Q19 Results (in S\$' million):**

	2Q19	2Q18	Change <sup>@</sup> (%)
Revenue	51.8	68.4	24% ↓
Operating Profit *	5.7	9.6	41% ↓
PATMI**	(7.9)	(5.3)	48% ↓

#### **1H19 Results (in S\$' million):**

	1H19	1H18	Change <sup>@</sup> (%)
Revenue	133.0	166.6	20% ↓
Operating Profit *	27.2	46.9	42% ↓
PATMI**	(2.7)	14.8	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\$33.6 million in 2Q19, a decrease of 13% or S\$5.1 million compared to S\$38.7 million in 2Q18. The decrease in revenue was mainly from Seychelles (S\$5.6 million) and Thailand (S\$1.1 million), but partially cushioned by higher revenue from Maldives (S\$1.2 million) and Indonesia (S\$0.2 million).

For Seychelles, the Group stopped consolidating their results after the Group disposed its entire assets portfolio in November 2018. For Thailand, hotel performance was below the same period last year mainly due to inventory shortage caused by ongoing renovations at Banyan Tree Phuket. Revenue per Available Room ("RevPAR") for Thailand resorts decreased by 13% from S\$125 in 2Q18 to S\$109 in 2Q19. Maldives performance improved with RevPAR increased by 12% from S\$170 in 2Q18 to S\$191 in 2Q19 contributed by higher occupancy.

Notwithstanding lower revenue, Operating Profit in 2Q19 was largely in line with 2Q18 mainly due to lower provision for bonus and incentives and 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 the announcement.

For 1H19, Hotel Investments segment achieved revenue of S\$93.8 million, a decrease of 12% or S\$13.2 million compared to S\$107.0 million in 1H18. The decrease in revenue was mainly from Seychelles (S\$11.4 million) and Thailand (S\$4.9 million) which was partially cushioned by increase in revenue from Maldives (S\$2.2 million) and Indonesia (S\$0.5 million).

Operating Profit decreased by S\$1.3 million in 1H19 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\$10.6 million or 70% to S\$4.5 million in 2Q19. For 1H19, revenue decreased by S\$18.9 million or 63% to S\$11.0 million.

In 2Q19, a total of 7 units of Cassia Phuket, Cassia Bintan and Laguna Park townhomes/villas were recognised. In comparison, a total of 35 units of Cassia Phuket, Cassia Bintan, Laguna Park townhomes/villas and Laguna Village Residences were recognised in 2Q18. Lower revenue was mainly due to timing difference of recognition as 2Q18 recorded revenue recognition of Cassia Phuket (Phase 2) and Cassia Bintan (Phase 2) condominiums which were completed in 4Q17 and 1Q18 respectively and sold units were progressively recognised when handed over to buyers from 4Q17 to 2Q18.

In 1H19, a total of 17 units of Cassia Phuket, Cassia Bintan and Laguna Park townhomes/villas were recognised. In comparison, 64 units of Cassia Phuket, Cassia Bintan, Laguna Park townhomes/villas and Laguna Village residences were recognised in 1H18.

Deposits for 11 new units sold with total sales value of S\$6.6 million were received in 2Q19 compared to deposits for 50 units in 2Q18 of S\$34.9 million, a 78% decrease in units and 81% decrease in value terms. For 1H19, deposits for 88 units sold with total sales value of S\$50.5 million were received compared to 138 units in 1H18 of S\$85.7 million, a 36% decrease in units and 41% decrease in value term.

Overall unrecognised revenue as at 30 June 2019 was S\$221.5 million as compared to S\$202.3 million as at 30 June 2018. Barring unforeseen circumstances, the Group expects completion of Cassia Phuket (Phase 3), Laguna Park townhomes/villas (Phase 2) and Banyan Tree 3 Beds Pool Villas in 4Q19, and revenue of close to S\$84.0 million from these 3 projects are expected to be recognised during that period.

Operating Profit decreased by S\$4.5 million from a profit of S\$2.9 million to a loss of S\$1.6 million in 2Q19 and decreased by S\$3.5 million from a profit of S\$1.5 million to a loss of S\$2.0 million in 1H19. This was mainly due to lower revenue as mentioned earlier. In addition in 2Q18, there was a one-off write-back of provision for compensation to buyers of Allamanda Condominiums after a settlement agreement was reached with the buyers.

### **Fee-based segment**

Revenue from the Fee-based segment decreased by S\$0.9 million or 6% to S\$13.7 million in 2Q19 and decreased by S\$1.5 million or 5% to S\$28.2 million in 1H19. This was mainly due to lower architectural and design fees earned from projects based on project milestones and lower revenue from Spa/Gallery operations.

Operating Profit decreased by S\$1.0 million in 2Q19 mainly due to lower revenue as mentioned above and lower foreign exchange gain. For 1H19, Operating Profit decreased by S\$2.0 million or 21% to S\$7.5 million. This was mainly due to lower revenue as mentioned above, lower write-back of loss allowance, lower provision for bonus and incentives and lower 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\$5.7 million in 2Q19 as compared to S\$7.4 million in 2Q18, and S\$14.7 million in 1H19 as compared to S\$18.6 million in 1H18.

### **Head Office**

Head office expenses increased by S\$0.9 million to S\$2.2 million in 2Q19 mainly due to higher provision for loss allowance, partially cushioned by lower provision for bonus and incentives and lower staff cost.

Head office expenses decreased by S\$0.9 million to S\$4.7 million in 1H19 mainly due to higher foreign exchange gain and lower provision for bonus and incentives, partially offset by higher provision for loss allowance.

## ADDENDUM

### **Other income**

Other income increased by S\$2.6 million from S\$1.5 million in 2Q18 to S\$4.1 million in 2Q19, mainly due to fair value gain on investment properties in Thailand (S\$3.7 million), partially offset by absence of insurance claims relating to business interruption in Seychelles and fair value adjustments on call options issued to Accor S.A. and Vanke in 2Q18.

For 1H19, other income decreased by S\$13.9 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 fair value gain on investment properties as mentioned earlier.

### **(Loss)/Profit attributable to owners of the Company**

Loss increased by S\$2.6 million from S\$5.3 million in 2Q18 to S\$7.9 million in 2Q19 mainly attributable to lower Operating Profit largely due to Property Sales segment, higher depreciation of property, plant and equipment and right-of-use assets, higher share of losses of associates and higher head office expenses. This was partially cushioned by higher other income, lower net finance costs and lower income tax expenses.

For 1H19, profit decreased by S\$17.5 million from a profit of S\$14.8 million in 1H18 to a loss of S\$2.7 million mainly attributable to lower Operating Profit from all segments, lower other income, higher depreciation of property, plant and equipment and right-of-use assets, and higher share of losses of associates/joint ventures. This was partially cushioned by lower head office expenses, lower net finance costs, lower income tax expenses and lower non-controlling interests' share of profits in Laguna Resorts & Hotels Public Company Limited ("LRH").

### **Cash Flow**

During 1H19, the Group repaid S\$125.0 million of medium term notes upon maturity in June 2019 and repaid S\$43.3 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. These were financed by additional bank borrowings of S\$54.5 million and from internal cash.

As at 30 June 2019, the Group's cash and cash equivalents was S\$54.0 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, 64 spas, 75 retail galleries, and three golf courses in 24 countries as at 30 June 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 2,456 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 17 hotels and resorts under construction, and another 32 under design 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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