



BANYAN TREE HOLDINGS LIMITED

PRESS RELEASE

13TH August 2014

THAI MILITARY COUP AND TRADITIONAL LOW SEASON REDUCED 2ND QUARTER OPERATING PROFIT.

FINANCIAL HIGHLIGHTS:

2Q14:

- Revenue decreased 16% to S\$68.9 million.
- Operating Profit decreased 68% to S\$4.2 million.
- PATMI: Loss of S\$3.5 million vs. profit of S\$1.7 million.

Due to:

- *Revenue impeded by Thai political crisis.*
 - *Hotel Investments segment :*
 - *All 3 hotels in Thailand performed below last year.*
 - *Partially offset by strong performance from hotels in Maldives and Seychelles.*
 - *Property sales segment :*
 - *Lower contribution particularly the high value hotel residences category.*
- *Lower operating profit due to lower revenue and low season period.*

1H14:

- Revenue decreased 9% to S\$162.8 million.
- Operating Profit decreased 49% to S\$23.4 million.
- PATMI decreased 96% to S\$0.6 million.

Due to:

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

OUTLOOK:

- USA and Europe economic recovery continue to gain momentum.
- Thai military coup is expected to continue to affect our operations.
- 3Q14 operating profit may be lower than the same period last year, as it is also our low season period. Overall, FY14 performance is expected to be below last year.
- Forward bookings for 3Q14 for owned hotels in Thailand is 28% below last year. Overall is 16% below last year.
- Sales momentum for property sales remained strong in 2Q14. Deposits for 29 units with total sales value of S\$15.6 million was received in 2Q14 compared to 16 units of S\$11.4 million in 2Q13. We expect this momentum to continue. Revenue recognition expected primarily in 2015.

RESULTS SNAPSHOT:

2Q14 Results (in S\$' million):

	2Q14	2Q13	Change[@] (%)
Revenue	68.9	81.7	16% ↓
Operating Profit*	4.2	13.1	68% ↓
(LATMI)/PATMI [^]	(3.5)	1.7	nm

1H14 Results (in S\$' million):

	1H14	1H13	Change[@] (%)
Revenue	162.8	178.6	9% ↓
Operating Profit*	23.4	46.3	49% ↓
PATMI [^]	0.6	15.9	96% ↓

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

[^] (LATMI)/PATMI = (Loss)/Profit After Taxation and Minority Interest

[@] 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 -

“2nd quarter is traditionally our low season of the year. This coupled with the political events in Thailand resulted in operating profit lower than the same period last year. We are hopeful that our business segments will pick up in the later part of the 2nd half year with the continuing global economic recovery and stabilization of the Thai political situation.

The sales momentum of the more affordable, lifestyle and design-driven property sales products continued to gain traction in 2Q14. At the half year mark, we have already achieved 2013 full year sales of S\$64 million. As at 1H14, unrecognised revenue totalled S\$121 million which more than doubled the amount as at 1H13 will contribute to profits mainly in 2015 based on revenue recognition completion method.”

ADDENDUM

DETAILED BUSINESS SEGMENTS REVIEW

In 2Q14, the Group registered revenue of S\$68.9 million, a decrease of S\$12.8 million or 16% compared to 2Q13. For 1H14, the Group registered revenue of S\$162.8 million, a decrease of S\$15.8 million or 9% compared to 1H13. The revenue shortfall was from all three business segments, namely, Hotel Investments, Property Sales and Fee-based segments, mainly due to the political unrest in Thailand.

Accordingly, EBITDA decreased by S\$8.9 million or 68% from S\$13.1 million in 2Q13 to S\$4.2 million in 2Q14 and decreased by S\$22.9 million or 49% from S\$46.3 million in 1H13 to S\$23.4 million in 1H14. In addition, lower EBITDA in 1H14 was due to lower other income as there was a one-off gain on sale of Angsana Velavaru hotel in 1H13.

Hotel Investments segment

Hotel Investments segment achieved revenue of S\$39.9 million in 2Q14, a decrease of 14% or S\$6.3 million compared to S\$46.2 million in 2Q13. Lower revenue was mainly from Thailand (S\$6.8 million), but partially cushioned by higher revenue from Maldives (S\$0.7 million) and Seychelles (S\$0.2 million).

Performance of our properties in Thailand continued to be affected by the political unrest in Bangkok since November 2013 which culminated in the military coup since end May 2014. This was followed by the imposition of nationwide curfew which was only fully lifted in mid June 2014. Consequently, many countries have issued travel advisory to Thailand. Overall revenue per available room ("Revpar") for our resorts in Thailand decreased by 28% from S\$143 to S\$103. On the contrary, our resorts in Maldives and Seychelles recorded higher revenue in the current quarter due to strong demand from the leisure market. Overall Revpar of our resorts in Maldives increased by 11% from S\$349 to S\$388. For Seychelles, Revpar increased by 9% from S\$530 to S\$577.

For 1H14, Hotel Investments segment revenue decreased by 8% or S\$9.6 million from S\$116.3 million in 1H13 to S\$106.7 million mainly from Thailand (S\$13.0 million), but partially cushioned by higher revenue from Maldives (S\$2.3 million) and Seychelles (S\$1.4 million), due to similar reasons mentioned above.

EBITDA decreased by S\$2.9 million from S\$5.1 million in 2Q13 to S\$2.2 million in 2Q14 and decreased by S\$2.1 million from S\$26.1 million in 1H13 to S\$24.0 million in 1H14, in line with lower revenue.

Property Sales segment

Property Sales segment revenue decreased by S\$3.8 million or 39% from S\$9.7 million in 2Q13 to S\$5.9 million in 2Q14. This was due to lower contribution of property sales units based on revenue recognition upon completion. In the current quarter, a total of 3 units of Dusit villas and Laguna Village bungalow were completed and recognized, as compared to a total of 7 units of Laguna Village condominiums / townhome, Dusit villas, Banyan Tree Phuket villa and Banyan Tree Bintan villa in the same period last year.

There were 29 new units sold with deposits received in 2Q14 compared to deposits for 16 units in 2Q13, an increase of 81% and 36% in units and value terms respectively.

For 1H14, Property Sales segment revenue decreased by S\$1.6 million or 12% from S\$13.2 million in 1H13 to S\$11.6 million in 1H14. The shortfall was due to lower contribution of property sales units based on revenue recognition upon completion. In 1H14, a total of 7 units Dusit villas and Laguna Village condominiums / bungalows were completed and recognized, as compared to a total of 9 units of Laguna Village condominiums / townhome, Dusit villas, Banyan Tree Phuket villa and Banyan Tree Bintan villa in 1H13.

For 1H14, there were 153 new units sold with deposits received in 1H14 compared to deposits for 80 units in 1H13, an increase of 91% and 92% in units and value terms respectively. Overall unrecognised cumulative revenue as at 1H14 was S\$121.2 million as compared to S\$50.9 million in 1H13.

EBITDA decreased by S\$2.8 million from a profit of S\$0.9 million in 2Q13 to a loss of S\$1.9 million in 2Q14 and decreased by S\$0.4 million from a loss of S\$1.2 million in 1H13 to a loss of S\$1.6 million in 1H14. This was mainly due to lower revenue.

Fee-based segment

Fee-based segment revenue decreased by S\$2.8 million or 11% from S\$25.9 million in 2Q13 to S\$23.1 million in 2Q14. This was mainly due to lower revenue from spa/gallery and golf operations which were affected by the Thai political unrest. Architectural and design fees was also lower for projects in China based on certain milestone achieved. In addition, fund management business recorded lower resorts development management fees from China Fund as the construction of Banyan Tree Yangshuo and Banyan Tree Huangshan are nearing their completion soon. Besides, there was lower royalty fees from completion of sale of Banyan Tree property units in Kuala Lumpur as royalty fees close to 90% of total units had already been recognized in prior periods. The overall shortfall was however partially cushioned by hotel management fees contributed by newly-opened resorts such as Banyan Tree Tianjin Riverside, Banyan Tree Chongqing Beibei and Angsana Tengchong.

For 1H14, revenue decreased by S\$4.6 million or 9% from S\$49.1 million in 1H13 to S\$44.5 million in 1H14 mainly due to lower revenue from spa/gallery and golf operations and fund management business for reasons mentioned earlier. The shortfall was however partially cushioned by higher hotel management fees mainly from new resorts in China.

EBITDA decreased by S\$2.4 million from S\$6.5 million in 2Q13 to S\$4.1 million in 2Q14 and decreased by S\$4.0 million from S\$9.0 million in 1H13 to S\$5.0 million in 1H14 mainly due to lower revenue.

(LATMI)/PATMI

LATMI was S\$3.5 million in 2Q14 as compared to PATMI of S\$1.7 million in 2Q13. This was mainly attributable to lower EBITDA from Hotel Investments, Property Sales and Fee-based segments as mentioned above but partially cushioned by lower income tax expense.

For 1H14, PATMI decreased by S\$15.3 million from S\$15.9 million in 1H13 to S\$0.6 million in 1H14. This was mainly attributable to lower other income as 1H13 included gain on sale of Angsana Velavaru hotel, coupled with lower EBITDA from all three segments in 1H14 as mentioned above. The shortfall was however partially cushioned by lower depreciation and income tax expense.

Cash Flow

During 1H14, the Group generated its fund 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 Gold Coast and Wenjiang. It expended on property, plant and equipment for the resorts' operation and also paid the second instalment for the purchase of Banyan Tree Seychelles and the surrounding lands. In May 2014, the Group paid out dividend of S\$7.6 million to its shareholders.

As at 30 June 2014, the Group's cash and cash equivalents was S\$221.3 million.

OUTLOOK

2Q14 results have been in line with our expectation. At the macro level, both the economies in the USA and Europe continue to show signs of recovery. The political situation in Thailand has continued to affect our operations there.

Currently, the hotel's forward bookings for owned hotels in Thailand for 3Q14 is 28% below the same period last year and overall is below by 16%, cushioned by hotels outside Thailand which is in line with last year. Therefore, 3Q14 operating profit may continue to be below the same period last year as it is also our low season period. Overall, the performance for FY14 is expected to be below last year.

On the property sales segment, sales momentum continues in 2Q14. Deposits for a total of 29 units amounting to sales value of S\$15.6 million were received in 2Q14, ahead of 2Q13 by 36% in value terms. We expect this trend to continue in the 2nd half. Unrecognised revenue for sales achieved to date is S\$121.2 million, more than 2-fold increase over the same period last year, and will predominantly be recognized in 2015.

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 and spas, with 34 resorts and hotels, 67 spas, 77 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, and an upcoming third brand, Cassia. 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

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>