



BANYAN TREE HOLDINGS LIMITED

PRESS RELEASE

13TH August 2018

2Q18 OPERATING PROFIT* OF S\$9.6 MILLION VS. S\$0.4 MILLION AMID TRADITIONAL LOW SEASON

FINANCIAL HIGHLIGHTS:

2Q18:

- Revenue decreased 2% to S\$68.4 million.
- Operating Profit increased by S\$9.2 million to S\$9.6 million.

1H18:

- Revenue increased 4% to S\$166.6 million.
- Operating Profit of S\$46.9 million, 2.5 times of last year.

Revenue:

Decreased in 2Q18 due to:

- Non-consolidation of revenue from China companies following joint venture with Vanke in August 2017.
- Partially cushioned by revenue recognition from Phase 2 of Cassia Phuket and Cassia Bintan Property units.

Increased in 1H18 due to:

- Higher revenue recognition from Property Sales segment.
- Partially offset by non-consolidation of revenue from China operations.

Operating Profit:

Increased in 2Q18 due to:

- Higher revenue recognition from Property Sales segment.
- Foreign exchange gains in 2Q18 vs. exchange losses in 2Q17.

Increased in 1H18 due to:

- Similar reasons as 2Q18.
- Gains from dilution of the Group's interest in Banyan Tree Assets (China) Holdings Pte. Ltd. ("BTAC") from 50% to 22.8%.

OUTLOOK:

- On Hotel Investments segment, hotel forward bookings for owned hotels for 3Q18 are 6% above the same period last year. (Thailand is 2% below and outside Thailand is 18% above)
- On Property Sales segment, deposits for 50 units with sales value of S\$34.9 million were received in 2Q18 compared to 44 units with sales value of S\$32.3 million in 2Q17. As at 30 June 2018, unrecognised revenue was S\$202.3 million, an increase of 31% as compared to S\$154.0 million as at 30 June 2017. Approximately 25% will be progressively recognised in 2H18.
- On 24 July 2018, the Group announced that it had entered into a conditional Share Purchase Agreement to sell its entire assets portfolio in Seychelles which comprises the Banyan Tree resort as well as all the land plots it owns in Seychelles as part of the Group's ongoing strategy to unlock the value of its mature assets to create value for our other markets. The Group will continue to manage Banyan Tree Resorts Seychelles under a Hotel Management Agreement. Further details can be found in that announcement.
- Macro outlook¹:
Growth in our key markets in Europe and China projected to slow gradually amid rising US dollar and escalating trade tensions.

¹ Source: IMF, World Economic Outlook Update (July 2018)

ADDENDUM

RESULTS SNAPSHOT:

2Q18 Results (in S\$' million):

	2Q18	2Q17	Change[@] (%)
Revenue	68.4	69.8	2% ↓
Operating Profit *	9.6	0.4	nm
PATMI**	(5.3)	(12.3)	56% ↑

1H18 Results (in S\$' million):

	1H18	1H17	Change[@] (%)
Revenue	166.6	160.3	4% ↑
Operating Profit *	46.9	18.9	148% ↑
PATMI**	14.8	(11.1)	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

Note A: Vanke transaction

As announced on 10 August 2017, the Group had executed and completed the definitive agreement with China Vanke Co., Ltd ("Vanke") to create Banyan Tree Assets (China) Holdings Pte. Ltd. ("BTAC"), a 50:50 joint venture incorporated in Singapore between the Group and Vanke, to consolidate the ownership of its Banyan Tree-branded hotels and assets in China. BTAC had in turn invested in and holds 40% stake in each of Banyan Tree's operating companies incorporated in Singapore, Banyan Tree Services (China) Pte. Ltd. ("BTSC") and Banyan Tree Hotel Management (China) Pte. Ltd. ("BTMC").

The Group had since deconsolidated certain entities and recognised the gain on the interest divested. In addition, the Group's retained interest in these entities had been reclassified to investment in Joint ventures/Associates.

The results of the Joint ventures/Associates were equity accounted by the Group from August 2017. Please refer to the Group's SGX-Net announcement dated 10 August 2017 for more details on the execution and completion of the definitive agreements with Vanke.

As announced on 2 April 2018, Vanke and the Group have funded and acquired stakes of 93.3% and 6.7% respectively in Banyan Tree China Hospitality Fund ("China Fund"). The China Fund was subsequently injected into BTAC at the end of March 2018. In recognition of the respective contributions from Vanke and the Group for the acquisition of the China Fund, the Group's interest in BTAC has been diluted from 50% to 22.8% and a gain on dilution of S\$16.1 million has been recognised. In addition, BTAC has been reclassified from joint ventures to associates following the dilution.

ADDENDUM

Hotel Investments segment

Hotel Investments segment achieved revenue of S\$38.8 million in 2Q18, a decrease of 8% or S\$3.2 million compared to S\$42.0 million in 2Q17. The decrease in revenue was mainly from Maldives (S\$1.6 million), Thailand (S\$0.8 million) and deconsolidation of China (S\$2.5 million) but partially cushioned by higher revenues from Seychelles (S\$1.1 million) and Indonesia (S\$0.4 million).

For Maldives, hotel performance was below the same period last year with Revenue per Available Room ("RevPAR") decreased by 24% from S\$224 in 2Q17 to S\$170 in 2Q18 mainly due to a reduction in tourist arrivals especially from the Chinese market following declaration of state of emergency in Maldives in 1Q18. For Thailand, the decrease in revenue was mainly from Angsana Laguna Phuket due to lower MICE and events business during this traditionally low season period. On a same store basis, RevPAR from Thailand resorts decreased by 2% from S\$157 in 2Q17 to S\$154 in 2Q18. For Seychelles, RevPAR increased by 32% from S\$577 in 2Q17 to S\$761 in 2Q18. For China, the Group had stopped recognising revenue and started to equity account the results of our China hotels following our joint venture with Vanke in August 2017.

Operating Profit decreased by S\$0.5 million in 2Q18 mainly due to lower revenue as mentioned earlier.

For 1H18, Hotel Investments segment achieved revenue of S\$107.0 million, a decrease of S\$0.3 million compared to S\$107.4 million in 1H17. The decrease in revenue was mainly from Maldives (S\$2.7 million) and China (S\$5.0 million) which was partially cushioned by increase in revenue from Thailand (S\$4.1 million) Seychelles (S\$2.0 million) and Indonesia (S\$0.8 million).

Notwithstanding lower revenue, Operating Profit increased by S\$2.4 million in 1H18 as the Group no longer consolidate the result of China hotels which recorded losses in 1H17.

Property Sales segment

Revenue from the Property Sales segment increased by S\$3.6 million or 32% to S\$15.1 million in 2Q18. For 1H18, revenue increased by S\$12.6 million or 73% to S\$29.9 million.

In 2Q18, a total of 35 units of Cassia Phuket (Phase 2), Laguna Park townhomes/villas, Laguna Village residences and Cassia Bintan (Phase 2) were recognised. In comparison, a total of 12 units of Laguna Park townhomes/villas in Phuket and 44 units of Laguna Chengdu in China were recognised in 2Q17. Phase 2 of Cassia Phuket and Cassia Bintan was completed in 2017 and sold units were substantially recognised when handed over to buyers from 4Q17 to 2Q18. Despite the lower quantity recognised in 2Q18, overall revenue was higher due to the higher selling price of properties recognised in 2Q18 compared to 2Q17 which consists mainly of Laguna Chengdu which had a lower selling price.

In 1H18, a total of 64 units of Cassia Phuket (Phase 2), Laguna Park townhomes/villas, Laguna Village residences and Cassia Bintan (Phase 2) were recognised. In comparison, a total of 62 units of Laguna Chengdu, Laguna Park townhomes/villas and Laguna Villa residences were recognised in 1H17.

Deposits for 50 new units sold with total sales value of S\$34.9 million was received in 2Q18 compared to deposits for 44 units in 2Q17 of S\$32.3 million, a 14% increase in units and 8% increase in value terms. For 1H18, deposits for 138 units sold with total sales value of S\$85.7 million was received compared to 95 units in 1H17 of S\$85.9 million, an increase of 45% in units and total sales value is consistent with 1H17.

Overall unrecognised revenue as at 30 June 2018 was S\$202.3 million as compared to S\$154.0 million as at 30 June 2017, about a quarter of which will be recognised in the second half of 2018.

Operating Profit increased by S\$4.2 million from a loss of S\$1.3 million to a profit of S\$2.9 million in 2Q18 and a loss of S\$2.0 million to a profit of S\$1.5 million in 1H18. This was mainly due to higher revenue as mentioned earlier and write-back of provision for compensation to buyers of Allamanda Condominiums after a settlement agreement was reached with the buyers. However, for 1H18, Operating Profit was partially reduced by write-off of deposit paid for land purchase in Thailand and higher expenses on projects where revenue recognition had not commenced.

ADDENDUM

Fee-based segment

Revenue from the Fee-based segment decreased by S\$1.8 million or 11% in 2Q18 and S\$6.0 million or 17% in 1H18 as we have stop consolidating revenues of our China operations but receive license fees following the execution of the Vanke transactions as explained in note A.

Operating Profit increased by S\$1.9 million in 2Q18 and S\$3.4 million in 1H18 notwithstanding lower revenues. This was mainly due to lower provision for bonus and incentives and exchange gains in 2018 as compared to exchange losses in 2017 partially offset by lower profit from China operations.

If management fees of those resorts which the Group has a majority interest were not eliminated on consolidation, Operating Profit would have been S\$7.4 million in 2Q18 as compared to S\$5.8 million in 2Q17, and S\$18.6 million in 1H18 as compared to S\$14.8 million in 1H17.

Head Office

Head Office expenses decreased by S\$2.7 million or 69% to S\$1.2 million in 2Q18 and S\$1.2 million or 18% to S\$5.6 million for 1H18 mainly due lower legal and professional fees, lower foreign exchange losses and lower provision for bonus and incentives.

(Loss)/Profit attributable to owners of the Company

Loss decreased by S\$7.0 million from S\$12.3 million in 2Q17 to S\$5.3 million in 2Q18 and profit increased by S\$25.9 million from a loss of S\$11.1 million to a profit of S\$14.8 million in 1H18 mainly attributable to higher Operating Profit from Property Sales segment as a result of higher revenue coupled with higher other income, lower salaries and related expenses, and lower administrative expenses. This was partially offset by share of losses of associates/joint ventures, higher finance costs and movements in non-controlling interests' share of profits in LRH.

Cash Flow

During 1H18, the Group generated its funds mainly from operations as well as proceeds from bank borrowings.

It made schedule repayments of bank borrowings, acquired additional shares in Laguna Resorts & Hotels Public Company Limited and made payments on interests and income tax during the period.

As at 30 June 2018, the Group's cash and cash equivalents was S\$157.4 million. On 27 July 2018, the Group made scheduled repayment of S\$70.0 million medium term notes upon maturity.

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 44 hotels and resorts, 62 spas, 74 retail galleries, and three golf courses in 23 countries.

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 1,971 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 15 under design development.

www.banyantree.com www.angsana.com www.cassia.com www.dhawa.com



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