

BAYANGOL HOTEL JOINT COMPANY RESEARCH

INTRODUCTION OF THE COMPANY

“Bayangol Hotel” opens its doors since 1964 and registered to Mongolian Stock Exchange on 25.03.1992. The Government privatized the hotel in 1991, since then, it was the first privately owned and managed hotel in Mongolia. Bayangol Hotel got its 4 star status and has been the preferred lodging for royalty, heads of state, government delegation as well as tourists and business guests. The hotel has 215 well furnished guest rooms with 400 beds and has the capacity to cater for 500 guests in its restaurant, which is currently the largest in the city. The hotel is located in city center. Total number of staffs is 240.

MANAGEMENT

“BAYANGOL HOTEL” has issued total 423,065 of common stocks. The information about shareholders' equity proportion is showed in the table below.

Shareholders	Proportion %
Kh.Battulga	20%
Kh.Battuul	16%
D.Badamdeltgerkh	15%
B.Lim Sin Pau	16%
Other shareholders	33%

Resource: Mongolian Stock Exchange

FINANCIAL INFORMATION

Indicator	Bayangol hotel JSC UB hotel		
	2010	2011	2011
Total Asset (bln MNT)	23.6	27,404.7	9.1
Net profit (bln MNT)	2.28	3,424.9	2.3
Intangible assets and liabilities (bln MNT)	4.84	5.35	0.6
Earning Per Share (EPS)	5,393.67	8,095.45	6,863.41
Price to Earning Ratio (P/E)	4.35	4.06	6.42
Price to book ratio(P/B)	0.53	0.63	1.74
Return on Asset (ROA)	0.1	0.12	0.25
Return on Equity (ROE)	0.12	0.16	0.27
Dividend per share (DPS)	0	343	300
Annual average stock price	23462	32890	26044
Annual average market capitalization	9.9	13.9	8.7

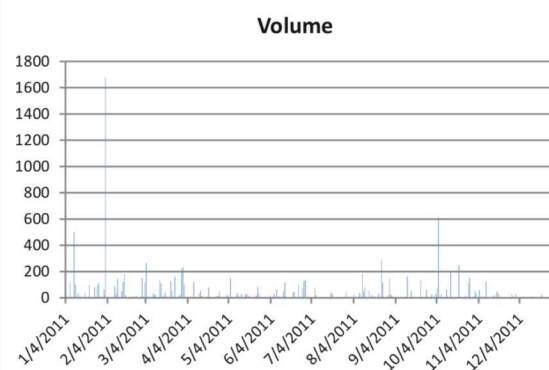
Resource: Standard investment LLC

GENERAL INFORMATION

Establishment date	1964
Main activity	Hotel
Board director	Tsendbayar.Kh
Total asset (2011.12.31) bln MNT	27.4

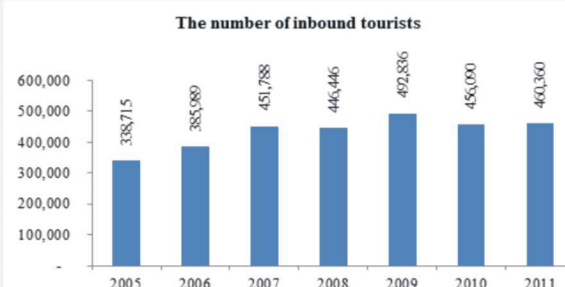
INFORMATION OF STOCK

Code of stock	13
Symbol	BNG
Number of total share	423,065
Close price /MNT/ August 9, 2012	39,999
Market value /bln MNT/	16.9



Resource: Standard investment LLC

MARKET OVERVIEW



Resource: National Statistical Office of Mongolia

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GROWTH AND DEVELOPMENT OF THE COMPANY

As one of the biggest hotels of Mongolia, "Bayangol Hotel" has introduced "Hotel Management Agreement" first time in Mongolia. Bayangol Hotel cooperates with many domestic tour operators and business companies who include 50 tour operators, over 100 foreign and Mongolian companies and over 10 embassies which work with agreement. Since privatized Bayangol hotel started their cooperation with tourism promotion centers of Germany, Japan, Great Britain, Singapore and Hong Kong. This has influenced growth of number of guests since 1991. Bayangol Hotel has rewarded as best taxpayer Company in 2006. The role in Mongolia hotel market of Bayangol hotel is quite big since it's one of the biggest hotels of Mongolia. We show the largest 6 hotels of Ulaanbaatar city and some of their indicators at the table below.

Hotels	Star	Establishment date	Number of room	Capacity visitors number	Number of Services	Location from the city center
Bayangol	4	1964	215	400	20	3 minutes
Ulaanbaatar	5	1961	219	450	15	city center
Blue sky	5	2012	200	300	5	city center
Kempinski	4	2005	102	450	6	12 minutes
Ramada	4	2012	128	200	9	15 minutes
Chinggis Khaan	4	1995	192	300	14	10 minutes

Resource: Standard Investment LLC, 2012

As we can see in the above table, the capacity of Ulaanbaatar hotel is greater than the other hotels but Bayangol hotel has the largest number of services such as lounge, restaurant, Wi-Fi, Sauna, Fitness Room with treadmill and elliptical trainer etc. Also, its location better than Kempinski, Ramada or Chinggis Khan. Bayangol hotel is one of the TOP 20 companies in Mongolian Stock Market.

There are over 326 big and small hotels in Mongolia. Out of them, 135 hotels are located in Ulaanbaatar city. 17.6-24.7 percent of foreign tourists stay in Bayangol Hotel which is the main income for the hotel. Main shareholder Battulga Khaltmaa was elected as a parliament member from 2012 to 2016.

CONCLUSION

In 2011 Mongolian Tourism Association has announced the top 10 hotels of Mongolia, and Bayangol Hotel ranked first in that list. "Bayangol Hotel" opens its doors since 1964 with 200 rooms. In 1991, Genco group bought the hotel and in June 2003 registered it as a 4 star standard hotel. The main stockholder is Genco Group, one of the Holdings in Mongolia, and is well known by its efficient and right administration system in their all branches. Genco Group owns JTB (Genco Tour Bureau), which is another MSE Top-20 company.

Each year all shareholders receive their fixed dividend. Since 2005 the company is been managed by experienced foreign professional experts. First price per share was 100 MNT but now it has increased until 39.999 MNT. ROA was 10% in 2010 and increased to 12% in 2011. One dollar asset is leveraged by 10%-12%. This shows that the company management has become better in 2011 than in 2010. ROE increased from 12% in 2010 to 16% in 2011. Shareholders equity is leveraged by 12%-16% in 2010-2011.

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Address:

**Jigjidjaw's street 5/3, Khoroo 1,
Chingiltei district, Ulaanbaatar, Mongolia
Tel: (976) 70114433
Fax: (976) 70114433
Website: www.standardinvestment.mn**

**CHIMGEE Tsedevdorj
Head of research**

**Address: Jigjidjaw's street 5/3, Khoroo 1,
Chingiltei district, Ulaanbaatar, Mongolia
Tel: (976) 70114433
Fax: (976) 70114433
Mobile: (976) 99066293
E-mail: chimgee@standardinvestment.mn**