

November 12, 2018

The President & Director,  
The Stock Exchange of Thailand (SET)

**LETTER OF CLARIFICATION for CENTEL's Performance Results in Q3/2018, ended September 30, 2018**

Central Plaza Hotel Pcl. (the "Company" or CENTEL) wishes to inform and clarify to the SET regarding the analysis of the Company's operating performance results for Q3/2018, ended September 30, 2018 with the following details:

1. Overview of the Tourism Industry Sector in Thailand and the Maldives
2. Analysis of the Company's Consolidated Performance Results  
and of the Operating Results for each respective Business Group
3. Financial Status of the Company
4. Factors that may impact ongoing business operations; and Business Trends for 2018 and 2019

**1. Overview of the Tourism Industry Sector**

**1.1 Tourism Industry in Thailand**

In Q3/2018, The number of international tourist arrivals totaled 9.1 million, an increase of 2.7% compared to the same period last year (or Year-on-Year/YoY), with the total number of Chinese tourists still accounting the highest share at 27.0% of the total number of international tourist arrivals. However, the total number of Chinese tourist arrivals in Q3/2018 decreased by 8.8%YoY, resulting from the Phuket boat accident in July.

For the 9-month (Jan-Sep)/2018 period, the number of international tourist arrivals totaled 28.5 million, an increase of 9.2%YoY, resulting mainly from the increases in Chinese tourists (+13.3%YoY), Malaysian tourists (+14.1%YoY) and Russian tourists (13.7%YoY), which accounted for 29.3%, 10.1% and 3.5% of the total number of international tourist arrivals, respectively.

**1.2 Tourism Industry in the Maldives**

In Q3/2018, the number of international tourist arrivals to the Maldives totaled 353,944, an increase 4.0% YoY, mainly due to the increase in tourists from Europe that accounted for 40.7% of the total number of international tourists; with the main groups of tourists being English, Italian, and Russian that increased by

8.4%, 21.0% and 7.2% respectively compared to the same period last year. Whereas, the total number of Chinese tourists decreased by 0.6%YoY. However, the total number of Chinese tourists was still ranked No. 1, accounting for 26.8% of the total number of international tourist arrivals to the Maldives.

For the 9 months (Jan – Sep)/2018 period, the number of international tourists arrivals to the Maldives totaled 1,080,459, an increase of 8.3%YoY; while, as at September 30, 2018, the supply (available hotel beds) totaled 42,091 beds, an increase of 7.2%YoY which is lower than the overall increase in total demand (the number of tourist arrivals).

## 2. Analysis of the Company's Consolidated Performance Results and of the Operating Results for each respective Business Group

### 2.1 Analysis of the Company's Consolidated Performance Results

#### Consolidated Operating performance Results for Q3/2018 versus Q3/2017

(Amount : Baht million)	Quarter 3/2018		Quarter 3/2017		Changes -YoY (increase+/-decrease-)	
	Amount	%	Amount	%	Amount	%
Revenues – hotel business <sup>(1)</sup>	2,210.5	41.5%	2,119.2	43.4%	91.3	4.3%
Revenues – food business	3,111.1	58.5%	2,760.9	56.6%	350.2	12.7%
<b>Total revenues</b>	<b>5,321.6</b>	<b>100.0%</b>	<b>4,880.1</b>	<b>100.0%</b>	<b>441.5</b>	<b>9.0%</b>
Cost of sales – hotel business	813.9	15.3%	818.6	16.8%	(4.7)	-0.6%
Cost of sales – food business	1,462.0	27.5%	1,270.8	26.0%	191.2	15.0%
Total cost of sales <sup>(2)</sup>	2,275.9	42.8%	2,089.4	42.8%	186.5	8.9%
Less: Selling & General Administrative Expenses	1,945.8	36.6%	1,775.1	36.4%	170.7	9.6%
Add: Share of Profit - Investments (by the equity method)	13.9	0.3%	9.1	0.2%	4.8	52.7%
<b>EBITDA</b>	<b>1,113.8</b>	<b>20.9%</b>	<b>1,024.7</b>	<b>21.0%</b>	<b>89.1</b>	<b>8.7%</b>
Less: Depreciation & Amortization	(529.9)	-10.0%	(496.6)	-10.2%	33.3	6.7%
<b>EBIT</b>	<b>583.9</b>	<b>11.0%</b>	<b>528.1</b>	<b>10.8%</b>	<b>55.8</b>	<b>10.6%</b>
Less: Finance Costs	(54.2)	-1.0%	(53.9)	-1.1%	0.3	0.6%
Less: Corporate Income Tax	(79.3)	-1.5%	(93.1)	-1.9%	(13.8)	-14.8%
Less: Profit from Non-Controlling Interests	(8.7)	-0.2%	(12.4)	-0.3%	(3.7)	-29.8%
<b>Core Operating Profit</b>	<b>441.7</b>	<b>8.3%</b>	<b>368.7</b>	<b>7.6%</b>	<b>73.0</b>	<b>19.8%</b>

(1) Includes income from amortization of deferred rental income from the Centara Grand Beach Resort Samui, totaling Baht 25.3 million /Quarter.

(2) Cost of Sales excludes depreciation and amortization costs allocated as Cost of Sales

In Q3/2018: The Company achieved Total Consolidated Revenues of Baht 5,321.6 million (Q3/2017: Baht 4,880.1 million), an increase of Baht 441.5 million, or 9.0%, YoY, resulting from the increase in total revenues for both Hotel and Food Businesses with Hotel-to-Food business contribution of 42% : 58% (Q3/2017: 43% : 57%). While, Consolidated Gross Profits for Q3/2018 was Baht 2,939.8 million (Q3/2017: Baht 2,693.7 million), an increase of 9.1% YoY, which represents a Gross Margin of 56.4% of total revenues (Q3/2017: 56.3%). The



Company achieved Consolidated EBITDA of Baht 1,113.8 million (Q3/2017: Baht 1,024.7 million), an increase of Baht 89.1 million, or 8.7% ,compared to Q3/2017 and representing an EBITDA Margin of 20.9% (Q3/2017 : 21.0%). As such, in Q3/2018, the Company achieved Consolidated Net Profit of Baht 441.7 million (Q3/2017: Baht 368.7 million), an increase of Baht 73.0 million, or 19.8%, YoY, partly due to the adjustment of corporate income tax that resulted in the higher corporate income tax for Q3/2017 by approximately Baht 34 million.

#### Consolidated Operating performance Results for 9 months (Jan – Sep)/2018 vs 2017

(Amount : Baht million)	9 months 2018		9 months 2017		Changes -YoY (increase+/-decrease-)	
	Amount	%	Amount	%	Amount	%
Revenues – hotel business <sup>(1)(2)</sup>	7,298.7	44.9%	6,904.6	46.0%	394.1	5.7%
Revenues – food business	8,955.3	55.1%	8,120.5	54.0%	834.8	10.3%
<b>Total revenues</b>	<b>16,254.0</b>	<b>100.0%</b>	<b>15,025.1</b>	<b>100.0%</b>	<b>1,228.9</b>	<b>8.2%</b>
Cost of sales – hotel business	2,558.1	15.7%	2,465.7	16.4%	92.4	3.7%
Cost of sales – food business	4,227.2	26.0%	3,799.8	25.3%	427.4	11.2%
Total cost of sales <sup>(3)</sup>	6,785.3	41.7%	6,265.5	41.7%	519.8	8.3%
Less: Selling & General Administrative Expenses	5,743.3	35.3%	5,262.2	35.0%	481.1	9.1%
Add. Share of Profit - Investments (by the equity method)	41.8	0.3%	29.8	0.2%	12.0	40.3%
<b>EBITDA</b>	<b>3,767.2</b>	<b>23.2%</b>	<b>3,527.2</b>	<b>23.5%</b>	<b>240.0</b>	<b>6.8%</b>
Less: Depreciation & Amortization	(1,519.0)	-9.3%	(1,443.9)	-9.6%	75.1	5.2%
<b>EBIT</b>	<b>2,248.2</b>	<b>13.8%</b>	<b>2,083.3</b>	<b>13.9%</b>	<b>164.9</b>	<b>7.9%</b>
Less: Finance Costs	(155.7)	-1.0%	(169.3)	-1.1%	(13.6)	-8.0%
Less: Corporate Income Tax	(329.3)	-2.0%	(300.0)	-2.0%	29.3	9.8%
Less: Profit from Non-Controlling Interests	(66.7)	-0.4%	(64.2)	-0.4%	2.5	3.9%
<b>Core Operating Profit</b>	<b>1,696.5</b>	<b>10.4%</b>	<b>1,549.8</b>	<b>10.3%</b>	<b>146.7</b>	<b>9.5%</b>

(1) Includes income from amortization of deferred rental income from Centara Grand Beach Resort Samui, totaling Baht 75.1 million

(2) Includes income from insurance claims payment for flood damages to the Centara Grand Beach Resort Phuket, totaling Baht 35.9 million in Q1/2017

(3) Cost of Sales excludes depreciation and amortization allocated as Cost of Sales

For the 9 months (Jan – Sep)/2018 period: The Company achieved Total Consolidated Revenues of Baht 16,254.0 million (9 Months/2017: 15,025.1 million), an increase of Baht 1,228.9 million, or 8.2%, YoY, resulting from the increase in total revenues for both Hotel and Food Businesses with Hotel-to-Food business contribution of 45% : 55% (9 months/ 2017: 46% : 54%); with Consolidated Gross Profit of Baht 9,095.4 (9 months/ 2017: Baht 8,386.6 million), an increase of Baht 708.8 million, or 8.5% YoY, representing a Gross Margin of 57.3% (9 months/ 2017: 57.2%). The Company achieved Consolidated EBITDA of Baht 3,767.2 million (9 months/ 2017: Baht 3,527.2 million), an increase of Baht 240.0 million, or 6.8% YoY, with the Consolidated EBITDA Margin being 23.2%, a slight decrease from the previous year (9 months/ 2017: 23.5%). As such, the Company

achieved Consolidated Net Profit of Baht 1,696.5 million (9 months/ 2017: Baht 1,549.8 million), an increase of Baht 146.7 million, or 9.5% YoY.

## 2.2 Analysis of the Operating Results for each respective Business Group

### 2.2.1 Hotels Business

As at September 30, 2018, the Company has a total of 60 hotel properties (with a total of 12,444 rooms) in its Hotel Business; whereby there is a total of 38 hotels (7,298\* rooms) already in operation together with another 22 hotel properties (5,146 rooms) currently under development; and of the 38 hotels already in operation, 17 hotels (4,184\* rooms) are Company owned and operated, with the other 21 hotels (3,114 rooms) being hotel properties operating under the Hotels Management Agreements.

*Remarks: \* Adjusted total number of rooms, based on the actual physical number of rooms including those not available for use by hotel guests.*

#### Hotels Business Q3/2018 Operating Results (For hotels owned and operated by the Company only)

Occupancy Rate (OCC) %	Organic performance (excluding the CENTRA and COSI Hotels)			Total performance (including the CENTRA and COSI Hotels)		
	Q3/2018	Q3/2017	Changes - YoY	Q3/2018	Q3/2017	Changes - YoY
Bangkok	85.7%	84.8%	0.9%	85.9%	84.8%	1.1%
Upcountry	78.4%	82.3%	-3.9%	78.3%	82.3%	-4.0%
Maldives	76.2%	89.6%	-13.4%	76.2%	89.6%	-13.4%
Thailand – Average	80.7%	83.1%	-2.4%	80.8%	83.1%	-2.3%
Total - Average	80.4%	83.5%	-3.1%	80.5%	83.5%	-3.0%

Average Room Rate (ARR) Baht	Organic performance (excluding the CENTRA and COSI Hotels)			Total performance (including the CENTRA and COSI Hotels)		
	Q3/2018	Q3/2017	Changes - YoY	Q3/2018	Q3/2017	Changes - YoY
Bankok	3,261	3,322	-1.8%	2,929	3,322	-11.8%
Upcountry	3,532	3,439	2.7%	3,407	3,439	-0.9%
Maldives	17,371	15,561	11.6%	17,371	15,561	11.6%
Thailand – Average	3,444	3,403	1.2%	3,240	3,403	-4.8%
Total - Average	4,326	4,265	1.4%	4,056	4,265	-4.9%

Revenue per Available Room (RevPAR) Baht	Organic performance (excluding the CENTRA and COSI Hotels)			Total performance (including the CENTRA and COSI Hotels)		
	Q3/2018	Q3/2017	Changes - YoY	Q3/2018	Q3/2017	Changes - YoY
Bangkok	2,794	2,818	-0.8%	2,516	2,818	-10.7%
Upcountry	2,771	2,832	-2.1%	2,667	2,832	-5.8%
Maldives	13,241	13,948	-5.1%	13,241	13,948	-5.1%
Thailand – Average	2,778	2,827	-1.7%	2,618	2,827	-7.4%
Total - Average	3,476	3,563	-2.4%	3,266	3,563	-8.3%

#### Hotels Business: Operating Performance Result for Q3/2018

Hotels Business (In Baht Million)	Q3/2018	Q3/2017	Changes – YoY
Revenues from the Hotels Business	2,125.9	2,038.3	4.3%
TOTAL REVENUES (including other income)	2,210.5	2,119.2	4.3%
Gross Profit	1,312.0	1,219.7	7.6%
Gross Profit Margin %	61.7%	59.8%	1.9%
EBITDA	676.2	622.0	8.7%
EBITDA Margin %	30.6%	29.4%	1.2%
NET PROFIT	229.2	177.2	29.5%
Net Profit Margin %	10.4%	8.4%	2.0%

- Q3/2018

- Total Hotel Business Revenues was Baht 2,210.5 million, an increase of Baht 91.3 million, or 4.3%, from Q3/2017

For organic performance of the existing hotel properties, the Hotels Business achieved a RevPAR of Baht 3,476, a decrease of 2.4%YoY, due to the decrease in the Occupancy Rate (OCC) from 83.5% (in Q3/2017) to 80.4% in Q3/2018; while the Average Room Rate (ARR) increased 1.4% YoY to Baht 4,326.

With the new COSI Samui Chaweng Beach (an Affordable lifestyle hotel) and the Centra by Centara Government Complex Hotel and Convention Centre Chaeng Watthana (a 3-star hotel), the RevPAR would decrease by 8.3% (from Q3/2017) to be at Baht 3,266, OCC would decrease from 83.5% (in Q3/2017) to 80.5%, and ARR would also decrease by 4.9% (from Q3/2017) to be at Baht 4,056.

- Bangkok: RevPar of the existing 5-star hotels decreased by 0.8% (from Q3/2017) to be at Baht 2,794. Although the OCC increased from 84.8% (in

Q3/2017) to 85.7%, the ARR decreased by 1.8% (from Q3/2017) to be at Baht 3,261.

However, the Centara Grand and Bangkok Convention Centre at Central World still achieved ongoing growth in operating results. With the new Centara by Centara Government Complex Hotel and Convention Centre Chaeng Watthana (a 3-star hotel, with lower room rates), the RevPAR would decrease 10.7% compared to the previous year, resulting from the decrease in the ARR by 11.8% YoY and the increase in OCC from 84.8% (in Q3/2017) to 85.9%.

- Upcountry: RevPAR for the existing hotels decreased by 2.1% (from Q3/2017) to be at Baht 2,771, resulting from the decrease in OCC from 82.3% (in Q3/2017) to 78.4% and the increase in ARR by 2.7% (from Q3/2017) to be at Baht 3,532. The decrease in RevPar resulted from the subsequent impact of the Phuket boat accident together with the World Cup Russia 2018 Event that attracted tourists from all over the world during July. With the new COSI Samui Chaweng Beach (an Affordable Lifestyle hotel with lower rates), the RevPar would decrease by 5.8% YoY (from Q3/2017), with ARR decreasing by 0.9% YoY and OCC also decreasing from 82.3% (in Q3/2017) to 78.3%.
- Maldives: RevPAR decreased by 5.1% YoY to be at Baht 13,241, resulting from OCC decreasing from 89.6% (in Q3/2017) to 76.2% while ARR increased by 11.6% YoY to be at Baht 17,371. In US dollars, RevPAR decreased by 3.9% when compared to the same period last year.

- In Q3/2018, the Company achieved a Gross Profit of Baht 1,312.0 million (Q3/2017: Baht 1,219.7 million), representing a Gross Margin of 61.7% (Q3/2017: 59.8%). While the Q3/2018 EBITDA Margin increased to 30.6% (Q3/2017: 29.4%), which resulted from the improved operating results for the Centara Grand and Bangkok Convention Centre at CentralWorld.



Hotels Business – 9 months (Jan-Sep)/2018 (For hotels owned and operated by the Company only)

Occupancy Rate (OCC) %	Organic performance (excluding the CENTRA and COSI Hotels)			Total performance (including the CENTRA and COSI Hotels)		
	9M/2018	9M/2017	Changes - YoY	9M/2018	9M/2017	Changes - YoY
Bankok	84.2%	80.7%	3.5%	84.5%	80.7%	3.8%
Upcountry	82.0%	83.0%	-1.0%	80.9%	83.0%	-2.1%
Maldives	80.6%	82.4%	-1.8%	80.6%	82.4%	-1.8%
Thailand – Average	82.7%	82.3%	0.4%	82.1%	82.3%	-0.2%
Total - Average	82.5%	82.3%	0.2%	82.0%	82.3%	-0.3%

Average Room Rate (ARR) Baht	Organic performance (excluding the CENTRA and COSI Hotels)			Total performance (including the CENTRA and COSI Hotels)		
	9M/2018	9M/2017	Changes - YoY	9M/2018	9M/2017	Changes - YoY
Bankok	3,404	3,402	-	3,041	3,402	-10.6%
Upcountry	4,204	4,112	2.2%	4,075	4,112	-0.9%
Maldives	18,311	18,422	-0.6%	18,311	18,422	-0.6%
Thailand - Average	3,957	3,902	1.4%	3,725	3,902	-4.5%
Total - Average	4,887	4,863	0.5%	4,596	4,863	-5.5%

Revenue per Available Room (RevPar) Baht	Organic performance (excluding the CENTRA and COSI Hotels)			Total performance (including the CENTRA and COSI Hotels)		
	9M/2018	9M/2017	Changes - YoY	9M/2018	9M/2017	Changes - YoY
Bankok	2,867	2,747	4.3%	2,569	2,747	-6.5%
Upcountry	3,447	3,412	1.0%	3,296	3,412	-3.4%
Maldives	14,752	15,179	-2.8%	14,752	15,179	-2.8%
Thailand - Average	3,271	3,211	1.9%	3,058	3,211	-4.8%
Total - Average	4,034	4,003	0.8%	3,768	4,003	-5.9%

## Hotels Business: Operating Performance Results for 9 months (Jan-Sep)/2018 vs 2017

Hotels Business (In Baht Million)	9M/2018	9M/2017	Changes – YoY
Revenues from the Hotels Business	6,990.7	6,584.2*	6.2%
TOTAL REVENUES (including other income)	7,298.7	6,904.6	5.7%
Gross Profit	4,432.6	4,118.5	7.6%
Gross Profit Margin %	63.4%	62.6%	0.8%
EBITDA	2,592.7	2,426.1	6.9%
EBITDA Margin %	35.5%	33.5%	2.0%
NET PROFIT	1,137.8	1,018.1	11.8%
Net Profit Margin %	15.6%	14.7%	0.9%

\* Includes income from insurance claims payment for flood damages to the Centara Grand Beach Resort Phuket totaling Baht 35.9 million in Q1/2017

### ● 9 Months (Jan-Sep)/2018

- The Hotel Business achieved Total Consolidated Revenues of Baht 7,298.7 million, an increase of Baht 394.1 million, or 5.7%, compared to the same period last year.

For the existing hotels, RevPAR increased by 0.8%YoY to be at Baht 4,034, due to OCC increasing from 82.3% (in Q3/2017) to 82.5% together with ARR increasing 0.5%YoY to be at Baht 4,887.

With the new COSI Samui Chaweng Beach Hotel and the Centra by Centara Government Complex Hotel and Convention Centre Chaeng Watthana, RevPAR would decrease by 5.9%YoY to be at Baht 3,768, as a result of ARR decreasing by 5.5%YoY to be at Baht 4,596 together with OCC decreasing from 82.3% (in Q3/2017) to 82.0%.

- Bangkok: RevPAR for the existing 5-star hotels increased by 4.3% (from Q3/2017) to be at Baht 2,867, due to the increase in OCC from 80.7% (in Q3/2017) to 84.2% while ARR remained close to the same period last year at Baht 3,404.

With the new Centra by Centara Government Complex Hotel and Convention Centre Chaeng Watthana (a 3-star hotel and with lower rates than the existing hotel properties), RevPar for all Bangkok hotels would decrease by 6.5% YoY to be at Baht 2,569 and ARR would decrease by 10.6% YoY, while OCC would increase from 80.7% (in Q3/2017) to 84.5%,

- Upcountry: RevPar for the existing hotels increased by 1.0% YoY to be at Baht 3,447, due to ARR increasing by 2.2% YoY to be at Baht 4,204 and OCC decreasing from 83.0% (in Q3/2017) to 82.0%.



With the new COSI Samui Chaeng Beach (an Affordable Lifestyle hotel with lower rates than the existing hotels), RevPAR for all hotels located in the Provinces decreased by 3.4% YoY to be at Baht 3,296. ARR decreased by 0.9% YoY, while OCC decreased from 83.0% (in Q3/27) to 80.9%.

- Maldives: RevPAR decreased 2.8% when compared to last year; whereby OCC decreased from 82.4% (in Q3/2017) to 80.6% and ARR also decreased by 0.6% YoY to be at Baht 18,311 due to the Thai Baht appreciation against the US Dollar. In US dollars, RevPAR increased by 4.1% as a result of the increase in ARR by 6.5% when compared to the same period last year.
- For the 9 months (Jan – Sep)/2018 period, the Company achieved Total Consolidated Gross Profit of Baht 4,432.6 million, (9 months/2017: Baht 4,118.5 million), increasing by 7.6% compared to last year and representing a Gross Margin of 63.4% (9 months/2017: 62.6%); while EBITDA Margin was improved to 35.5% (9 months/2017: 33.5%). The EBITDA was Baht 2,592.7 million, increasing 6.9% YoY; and the Hotel Business achieved Net Operating Profit of Baht 1,137.8 million, increasing 11.8% YoY.

## 2.2.2 Food Business

### Food Business Q3/2018 Operating Results

Same Store Sales (SSS) Growth	Q3/2018	Q3/2017
Top 4 brands	3.5%	1.8%
Other 7 brands	-4.9%	2.0%
<b>Total Average</b>	<b>2.6%</b>	<b>1.9%</b>

Total System Sales (TSS) Growth	Q3/2018	Q3/2017
Top 4 brands	11.8%	5.8%
Other 7 brands	17.6%	1.7%
<b>Total Average</b>	<b>12.5%</b>	<b>5.3%</b>

Number of Outlets by QSR Brand Concepts	Q3/2018	Q3/2017
KFC	252	229
Mister Donut	344	326
Auntie Anne's	153	145
Ootoya	42	41
Pepper Lunch	37	27
Cold Stone	18	20
The Terrace	9	9
Chubuton	17	15
Yoshinoya	19	12
Tenya	8	7
Katsuya	23	15
<b>Total QSR Outlets</b>	<b>922</b>	<b>846</b>

Food Business (in Baht Million)	Q3/2018	Q3/2017	Changes – YoY
Sales Revenues	3,089.8	2,744.8	12.6%
TOTAL REVENUES (including other income)	3,111.1	2,760.9	12.7%
Gross Profit	1,627.8	1,474.0	10.4%
Gross Profit Margin %	52.7%	53.7%	-1.0%
EBITDA	437.6	402.7	8.7%
EBITDA Margin %	14.1%	14.6%	-0.5%
NET PROFIT	212.5	191.5	11.0%
Net Profit Margin %	6.8%	6.9%	-0.1%

#### Q3/2018 :

- The Company achieved Total Food Business Revenues of Baht 3,111.1 million, an increase of Baht 350.2 million, or 12.7%, from Q3/2017. This resulted from Total System Sales (TSS) growth of 12.5%YoY (Q3/2017: 5.3%) due to the ongoing expansion of new QSR outlets, with a net new 76 QSR outlets (or a 9% YoY increase), to total 922 QSR outlets as at the end of Q3/2018, together with Same-Store-Sales (SSS) growth of 2.6% YoY (Q3/2017: 1.9%). This improved SSS growth is mainly the result of the revived sales for the top brands: KFC and Ootoya, due to the increased advertising campaigns via various media together with the sustained sales promotions activities that are in tune with the current market demands, as well as the ongoing development and launch of new menus so as to offer greater product variety and differing new menu offerings to consumers.

- For Q3/2018, the Company achieved Gross Profit of Baht 1,627.8 million (Q3/2017: Baht 1,474.0 million), representing a Gross Margin of 52.7% (Q3/2017: 53.7%), together with an EBITDA Margin of 14.1% that is a slight decrease compared to the previous year (Q3/2017:14.6%) due to the continuing launching and introduction of new products and menu offerings that focused on value meal deals together with the ongoing expansion of new QSR outlets have resulted in increased labor costs. Nevertheless, the EBITDA still increased by 8.7% YoY to Baht 437.6 million; and the Company achieved Net Profit for the Food Business of Baht 212.5 million, an increase of Baht 21.0 million, 11.0%, compared to the previous year.

#### Food Business - 9 months (Jan- Sep) 2018 Operating Results

Same Store Sales (SSS) Growth	9M/2018	9M/2017
Top 4 brands	1.1%	-2.3%
Other 7 brands	-3.0%	0.4%
<b>Total Average</b>	<b>0.7%</b>	<b>-2.0%</b>

Total Systems Sales (TSS) Growth	9M/2018	9M/2017
Top 4 brands	9.2%	1.1%
Other 7 brands	17.3%	4.8%
<b>Total Average</b>	<b>10.2%</b>	<b>1.6%</b>

Food Business (in Baht Million)	9M/2018	9M/2017	Changes – YoY
Sales Revenues	8,890.0	8,067.9	10.2%
TOTAL REVENUES & other income)	8,955.3	8,120.5	10.3%
Gross Profit	4,662.8	4,268.1	9.2%
Gross Profit Margin %	52.4%	52.9%	-0.5%
EBITDA	1,174.5	1,101.1	6.7%
EBITDA Margin %	13.1%	13.6%	-0.5%
NET PROFIT	558.7	531.7	5.1%
Net Profit Margin %	6.2%	6.5%	-0.3%

#### 9 months (Jan-Sep)/2018 :

- The Company achieved total Food Business Revenues of Baht 8,955.3 million, an increase of Baht 834.8 million, or 10.3%, from the previous year, with Total System Sales (TSS) growth of 10.2% YoY (9 months/2017: 1.6%) together with Same-Store-Sales (SSS) growth of 0.7% YoY (9 months/2017: -2.0%). The improved SSS growth resulted from the revived sales for



the 4 QSR brands: KFC, Mister Donut, Auntie Anne's, and Ootoya, that was achieved through sustained sales promotions campaign activities, increased advertising campaigns via various media, and increased launching of new products and introduction of a wider variety of menu offerings.

- For the 9 months/2018 period, the Company achieved Gross Profit of Baht 4,662.8 million, (9 months/2017: Baht: 4,268.1 million), representing a Gross Margin of 52.4% (9 months/2017: 52.9%). Despite the EBITDA Margin of 13.1% being a slight decrease from the previous year (9 months/2017: 13.6%), the EBITDA still increased by 6.7% YoY to Baht 1,174.5 million; and the Company achieved Net Operating Profit of Baht 558.7 million, an increase of Baht 27.0 million, or 5.1%, compared to the previous year.

### 3. Financial Status of the Company

#### Financial Position and Cash Flow

As at September 30, 2018, the Company had Total Assets of Baht 25,578.4 million, an increase of Baht 541.1 million from the end of 2017 or 2.2%; whereby the primary reason being the increase in cash and cash equivalents (of Baht 522.0 million) together with short-term investments amount (of Baht 499.2 million), while there was a decrease in the net book value of property, plant and equipment, and also leasehold rights - due to the normal depreciation and amortization costs incurred during the financial period.

Total Liabilities of the Company, as at September 30, 2018, was Baht 12,664.3 million, a decrease of Baht 314.7 million from the end of 2017, or 2.4%, with the primary reason being the decrease in trade and other payables - totaling Baht 91.7 million, together with the decrease in other current liabilities - totaling Baht 82.0 million.

The Company had Total Shareholder Equity of Baht 12,914.2 million, an increase of Baht 855.8 million from the end of 2017, or 7.1%, mainly as a result of the Consolidated Net Profit, in Q3/2018, of Baht 1,696.5 million that is then offset by the dividends payment totaling Baht 907.0 million, together with Profits from Non-Controlling Interests totaling Baht 66.7 million

For the 9 months/2018 period ended September 30, 2018, the Company achieved

- Net Cash Flows from Operating Activities totaling Baht 3,115.8 million, a decrease of Baht 243.5 million, or 7.3% YoY, primary due to the decrease in trade and other payables totaling Baht 135.3

million (which compared to the same period last year decreased by Baht 43.0 million in Q3/2017) mainly consisting of trade payables - other parties, accrued expenses and guest deposit.

- o Net Cash Flows used in Investing Activities totaling Baht 1,538.9 million, mainly being payments to purchase property, buildings and equipment totaling Baht 841.0 million together with short-term investment totaling Baht 499.2 million;
- o Net Cash Flows used in Financing Activities totaling Baht 1,066.6 million, a decrease of Baht 773.4 million, or 42.0%, compared to last year, that was used mainly for the dividend payment totaling Baht 907 million together a long-term loan repayment to a financial institution of Baht 181.7 million and also interest payments totaling Baht 173.1 million.

#### Analysis of Financial Ratios

Financial Ratios	Q3/2018	FY2017
Liquidity Ratio (times)	0.9	0.6
Net Debt* to Equity Ratio (times)	0.7	0.9
Interest Bearing Debt to Equity Ratio (times)	0.5	0.6

Remarks: \* Excludes deferred income

As at the end of Q3/2018, the Company had an increased Liquidity Ratio, compared to the end of 2017, of 0.9 times, mainly due to the increase in Total cash and cash equivalents and a short-term Investments; and an Interest Bearing Debt to Equity Ratio that decreased from 0.6 times as at the end of 2017 to be at 0.5 times mainly due the increased in the amount of Total Shareholder Equity.

#### 4. Factors that May Impact Ongoing Business Operations; and Business Trends for 2018 and 2019

##### ● Factors that may impact the ongoing operations

- o The progress made in the construction of the new 282-room COSI Pattaya Hotel Na Khlua, which, as at September 2018, was 85% completed, together with the architectural work being 40% completed, and the buildings and utilities infrastructure works being 65% completed. It is expected that hotel operations can start in September 2019.
- o Planned major renovations for 2 hotels in 2019 as follows:
  - The major renovation of the Centara Grand and Bangkok Convention Centre at CentralWorld with 512 rooms will start in Q1/2019 and will take approximately 22 months to complete. This major renovation will be undertaken on a staggered basis, for 3 floors (or 14% of the total number of hotel rooms) at a time; which is not expected to significantly affect the overall operations of the Hotel, since not too many guest

rooms are being renovated at any one time, and room rates can be increased immediately once they are fully renovated and resold.

- The 203-room Centara Grand Beach Resort Samui will be closed for major renovation from Q2/2019 onwards and will take 12 months to be completed. During this renovation period, the Central Samui Hotel Management Co., Ltd. will still need to pay annual rental totaling Baht 168 million to Centara Hotels & Resorts Leasehold Property Fund. The Company holds a total of 25.34% of the total number of investments units of this Property Fund.

- Business Trends for 2018

- Hotel Business : Despite the estimated RevPAR for the existing hotels properties being close to or be a slight increase over the RevPar for last year as a result of the continuing decrease in the total number of Chinese tourist arrivals to Thailand since Q3/2018 up to the beginning of Q4/2018, nevertheless, total revenues from the 2 new hotels – namely: the Centra by Centara Government Complex Hotel and Convention Centre Chaeng Watthana and the COSI Samui Chaweng Beach - together with from various events and meetings held, especially at the Centara Grand and Bangkok Convention Centre at CentralWorld, will help to foster the total hotel revenue growth in 2018 by 4% - 7% compared to the previous year.
- Food Business: For full year 2018, Same-Store-Sales (SSS) growth is expected to be between 1% - 2%, and Total System Sales (TSS) growth is expected to be between 8% - 9% compared to last year; while expansion of new QSR outlets is expected to be at 8% compared to the previous year.

- Business Trends for 2019

- Hotels Business: OCC for the existing hotels in 2019 is estimated to be approximately 83% - 85%; while RevPAR is expected to increase by 4% - 6% compared to 2018. However, Total Revenues for the Hotels Business will increase at a lower rate than expected RevPAR, due to the planned closure of the Centara Grand Beach Resort Samui for major renovations during 2019, as mentioned above.
- Food Business: Same-Store-Sales (SSS) growth is expected to be between 3% - 4% with positive factor from the scheduled General Elections within Q1/2019 and low case food business in the first half of 2018. Sustained sales promotions, advertising activities and new



product development will still remain the key drivers for the food business in 2019. While ongoing expansion of new QSR outlets is expected to be 80-90 or an increase of 8% - 9% compared to 2018. This estimated outlet expansion does not include the new brands that will further develop in 2019.

For your information accordingly,

Respectfully Yours,

A handwritten signature in blue ink, appearing to be 'Dr. Ronnachit Mahattanapreut', written in a cursive style.

(Dr. Ronnachit Mahattanapreut)

SVP, Finance and Administration