

Executive Summary

The Company reported net profit of THB 119 million in 4Q18, a decrease of 59.0% from the same period last year and profit of THB 290 million for the year 2018, an increase of 8.6% yoy. Excluding extraordinary items, the Company reported the core net profit of THB 153 million in 4Q18 (an increase of 76.3% from 2017) the core net profit of THB 330 million in 2018 (an increase of 419.5% yoy). Those extraordinary items included net gain on sales of Dusit Princess Korat Hotel of THB 203 million in 4Q17, while net gain on sales of the investment of THB 30 million in 2Q18 offset with THB 70 million net employee costs from closing Dusit Thani Bangkok in 2018

In 4Q18, Dusit Thani PLC (“the Company”) reported total revenue of THB 1,621 million, a decrease of 9.5% from 4Q17, contributed by decrease in revenues from the absence of Dusit Princess Korat Hotel and Other income. Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) was THB 307 million, a decrease of 46.3% from the same period last year due to the aforementioned extraordinary items and additional employee costs from closing Dusit Thani Bangkok Hotel of THB 42 million.

In 2018, the Company reported total revenue of THB 5,565 million, a relatively flat from that of last year, despite the decrease in revenue from Education business, the company reported an increase in hotel business from revenue from luxury villa management as invested in 3Q18 and other income comprising of gain on sales of investments, an increase in share of profits from an investment in DREIT and Food Business as invested in 1Q18 and. Addition employee costs in FY2018 of THB 88 million. This resulted in a 9.0% yoy decrease in EBITDA to THB 1,000 million

Unit: THB mn	4Q18	4Q17	Change		FY18	FY17	Change	
Hotel business	1,298	1,278	20	1.6%	4,626	4,590	36	0.8%
Education business	124	128	-4	-3.1%	425	442	-17	-3.8%
Others	199	386	-187	-48.4%	514	538	-24	-4.5%
Total revenue	1,621	1,792	-171	-9.5%	5,565	5,570	-5	-0.1%
EBITDA	307	570	-263	-46.1%	1,000	1,099	-99	-9.0%
EBIT	188	418	-230	-55.0%	501	470	31	6.6%
Net profit (loss)	119	290	-171	-59.0%	290	267	23	8.6%
EPS (THB)	0.141	0.343	-0.202	-59.0%	0.343	0.316	0.027	8.6%

Major Development in 4Q18

In December 2018, the Board of Directors of the Company approved the establishment of a new subsidiary, Dusit Hospitality Services Co., Ltd. to accommodate the projects on hospitality services with registered capital of Baht 1,000,000, consists of 10,000 ordinary shares with a par value of Baht 100 each. The Company will invest at 99.97%. This subsidiary is already registered on 8 January 2019.

In December 2018, the Company sold 258,000 ordinary shares (15 %) of investment in associates which were some investments in Suanlum Property Co., Ltd. that related to the future mix-use property project to a related company.

In December 2018, the Company has entered into agreements to manage 4 additional hotels including dusitD2 Ao Nang, Krabi (Thailand), dusitD2 Yarkay Thimphu (Bhutan), dusitD2 Society Hill Tianjin (China) and The Beach Club at Lubi Plantation Island, Managed by Dusit (Philippines).

4Q18 Performance Highlight:

In 4Q18, the Company reported total revenue of THB 1,621 million, a decrease 9.5% yoy. The sources of revenue comprised Hotel Business, Education Business and Others Business.

Unit: THB mn	Revenue breakdown				EBITDA breakdown			
	4Q18	4Q17	Change		4Q18	4Q17	Change	
Hotel business	1,298	1,278	20	1.6%	300	254	46	18.1%
Education business	124	128	-4	-3.1%	32	27	5	18.5%
Others	199	386	-187	-48.4%	-25	290	-315	-108.6%
Total revenue	1,621	1,792	-171	-9.5%	307	570	-263	-46.1%

In 4Q18, Hotel Business, Education Business and Other Business accounted for 80.1%, 7.6% and 12.3% of total revenue, respectively.

Hotel Business

In 4Q18, Revenue from Hotel Business was THB 1,298 million, an increase of 1.6% yoy, mainly from continuing growth in owned hotel in overseas even adverse impact from FX translation and revenue from Elite Havens as invested in 3Q18.

- **Owned Hotel**

	4Q18	4Q17	% Change
Occupancy %	78.0%	77.6%	0.5%
ADR (THB/night)	3,697	3,724	-0.7%
RevPar (THB/night)	2,883	2,889	-0.2%

Remark : Hotel statistics exclude Dusit Princess Korat ("DPKO") for comparative purpose

In 4Q18, Revenue from Owned Hotels was THB 1,187 million, decreasing by 2.5% from 4Q17. Excluding Dusit Princess Korat Hotel, which was disposed in late 2017, Revenue from Owned Hotel slightly decreased by 0.8%, contributed by

- Revenue from Owned Hotels in Thailand, excluding Dusit Princess Korat Hotel (for comparison purposes), decrease of 3.7% mainly from Dusit Thani Laguna Phuket Hotel and Dusit Thani Pattaya Hotel showing a revenue decrease from last year due to impact of tourism situation of these 2 areas. Revenue of Dusit Thani Bangkok decreased from news of closing the hotel even there was special event from Miss Universe.
- Revenue from Overseas Owned Hotels increased by 4.9% yoy but adversely impacted from strengthened THB appreciation against USD and PHP. Without such FX impact, revenue from overseas owned hotel should have increased by 7.6%. Revenue increase were contributed from Dusit Thani Manila and Dusit Thani Maldives from food and beverage and other income

- **Hotel Management**

Revenue from Hotel Management was THB 113 million in 4Q18, showing a demonstrating 72.0% growth yoy compared to 4Q17, resulting from a stronger operational performance of Dusit Thani Lakeview Cairo Hotel, dusitD2 Nairobi Hotel, Dusit Thani Guam Resort, dusitD2 Hotel Khao Yai and revenue from Elite Havens.

- **Share of Losses from Investment**

In 4Q18, share of losses from investment in Hotel Business was THB 2 million showing a decrease of 66.7% from the same period last year due to improved-though-still-at-loss operations from Dusit Fudu Hotel Management (Shanghai) Co.,Ltd.

The Company reported a 4Q18 EBITDA from Hotel Business of THB 300 million, a 18.1% increase from that of 2017. The increase was attributable from the absence of loss-making Dusit Thani Korat that was sold in 4Q17 in conjunction with the decrease in expenses of Dusit Thani Bangkok.

Depreciation expenses decreased by 24.7% from 4Q17 to THB 92 million in 4Q18 as some assets under Dusit Thani Bangkok Hotel and Dusit Thani Pattaya Hotel have been fully depreciated. In addition, this was due to a decrease in depreciation expenses from Dusit Princess Korat as a result of the asset disposal in late 2017.

Education Business

In 4Q18, revenue from Education Business was total of THB 124 million, decrease of 3.1% yoy, mainly from a decrease in revenue from Lyceum fee which was cancelled in 4Q18 due to Dusit Hospitality Education Philippines Inc. will be open owned college in next year.

In 4Q18, EBITDA from Education Business was THB 32 million, increased by 18.5% yoy, due to decrease of administrative expenses of education business.

Other Business

Revenue from Other Business was THB 199 million in 4Q18, a decrease of 48.4% yoy, contributed by THB 325 million gain on sales Dusit Princes Korat 4Q17, while THB 5 million share of profit from NR Instant Produce (NRIP) in FY2018.

In 4Q18, net loss in EBITDA from Other Business was THB 26 million, a decrease of 109.0% from the previous year due to the aforesaid factors.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

In 4Q18, EBITDA was THB 307 million, falling by 46.1% from 4Q17. A relatively decrease in EBITDA was owing to aforesaid sales hotel in 4Q17 and THB 42 million employee cost upon closed down Dusit Thani Bangkok.

Finance Cost

In 4Q18, Finance Cost was THB 23 million, an increase of 59.3% due to the company issue bond on 3Q18.

Net Profit

The Company reported net profit of THB 119 million, decreased by 59.0% from 4Q17, due to aforesaid factors.

FY2018 Operation Result

In FY2018, the Company reported the total revenue of THB 5,565 million, same level as FY2017

Unit: THB mn	Revenue breakdown				EBITDA breakdown			
	FY18	FY17	Change		FY18	FY17	Change	
Hotel business	4,626	4,590	36	0.8%	894	852	42	4.9%
Education business	425	442	-17	-3.8%	43	50	-7	-14.0%
Others	514	538	-24	-4.5%	62	197	-135	-68.5%
Total	5,565	5,570	-5	-0.1%	1,000	1,099	-99	-9.0%

Hotel Business, Education Business and Other Business accounted for 83.2%, 7.6% and 9.2% of total revenue, respectively.

Hotel Business

In FY2018, Revenue from Hotel Business was THB 4,626 million, in the same level as FY2017.

- **Owned Hotels**

	FY18	FY17	% Change
Occupancy %	77.1%	73.3%	5.1%
ADR (THB/night)	3,548	3,597	-1.4%
RevPar (THB/night)	2,734	2,636	3.7%

Remark : Hotel statistics exclude Dusit Princess Korat ("DPKO") for comparative purpose

Owned Hotels reported revenue in FY2018 of THB 4,364 million, slightly decreased of 0.6 yoy, excluding Dusit Princess Korat owned hotels increased by 1.4%.

- Revenue from Owned Hotels in Thailand, excluding Dusit Princess Korat Hotel, decreased by 0.5% yoy. The growth was mainly driven by an increase in revenue from Dusit Thani Laguna Phuket, Dusit Princess Srinakarin and Dusit Thani Huahin resulting from higher occupancy rate.
- Revenue from Overseas Hotels was up by 5.3% yoy despite an adverse impact on the translated financial statements from foreign currency exchange due to Thai Baht appreciate against US Dollars and Philippines Peso since the beginning of the year. Dusit Thani Maldives Hotel reported an increase in revenue driven by higher average room rate per night (in USD currency) and higher occupancy rate from the main source countries: China, Russian and Korea. Dusit Thani Manila Hotel reported 9.1% revenue growth (in Peso currency) driven by an expanding room inventory after the completion of hotel renovation.

- **Hotel Management**

Revenue from Hotel Management in FY2018 was THB 277 million, an increase of 27.7% yoy, from revenue from Elite Havens and a stronger operational performance of Dusit Thani LakeView Cairo, dusitD2 Hotel Khao Yai and dusitD2 Nairobi Hotel.

- **Share of Losses from Investment**

Share of losses from investment for FY2018 was THB 15 million, a lower loss of THB 2 million from FY2017. This was due to operational performance of Dusit Fudu Hotel Management (Shanghai) Company Limited in China which mainly from technician service income 36% of total revenues. FY2018 Dusit FUDU was signed 5 more technician service agreement from 2017.

EBITDA of Hotel Business in FY2018 was THB 894 million, an increase of 4.9% from FY2017 mainly from increase of revenue and reduce of loss sharing from investment.

Depreciation and Amortization in FY2018 was THB 416 million, a decrease of 22.4% from that in FY2017, as some assets under Dusit Thani Bangkok Hotel and Dusit Thani Pattaya Hotel have been fully depreciated. In addition, this was due to a decrease in depreciation expenses from Dusit Princess Korat as a result of the asset disposal in late 2017.

Education Business

FY2018, the total revenue from Education Business including share of profit from investment was THB 425 million, falling by 3.8% yoy, owing to a decrease in revenue from Dusit Thani College and the increase in share of losses from investment in Dusit Hospitality Education Philippines Inc. from increase in personnel cost in preparation for new college opening in 2019.

EBITDA of Education Business was THB 43 million, declining by 14.0% yoy.

Other Businesses

FY2018, revenue from Other Businesses was THB 514 million decreased by 4.5% yoy, contributed by the difference of FY2017 THB 90 million of lease right assignment fee, THB 325 million gain on sales Dusit Princess Korat while FY2018 THB 169 million gain on sales of long-term investment which was invested in 1Q18, THB 38 million gain on sales of investment in LRH in 2Q18, THB 160 million gain on sales of investment and an increase in share of profits from an investment in DREIT and Food Business.

EBITDA from Other Businesses was THB 62 million decreased by 68.5%, mainly attributable to the aforesaid drivers.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

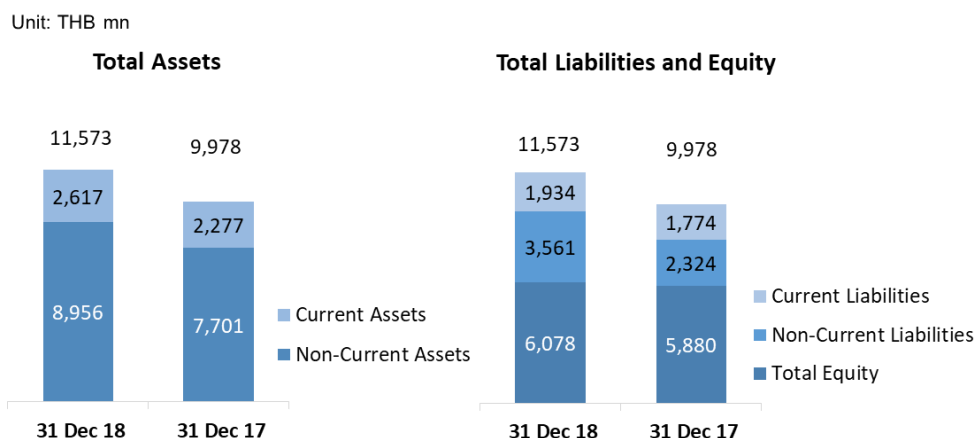
FY2018 EBITDA was THB 1,000 million, decreased of 9.0% yoy. This was mainly contributed by gain on sales Dusit Thani Korat and assignment fee in FY2017 despite sales of investment FY2018.

Finance Cost

The Company reported Finance Cost of THB 65 million, increased by 10.1% yoy, due to interest from debenture which issued on Q3 of 2018.

Net Profit

FY2018, the Company reported net profit of THB 290 million, increase by THB 23 million or 8.6% yoy.



Assets

As of 31 December 2018, the Company reported total assets of THB 11,573 million, an increase of THB 1,595 million or 16.0% from 31 December 2017.

- Current assets increased by THB 340 million due to an increase in account receivables and advance to villa owner
- Non-current assets increased by THB 1,255 million mainly from an increase of investment in associate NRIP and investment in subsidiaries, LVM Holdings Pte Ltd. under intangible assets, trademarks and goodwill.

Liabilities

As of 31 December 2018, the Company reported total liabilities of THB 5,495 million, an increase of THB 1,397 million or 34.1% from 31 December 2017.

- Current Liabilities increased by THB160 million due to employee benefit obligation, trade payable, other payable and acquisition payable which due on next year offset with repayment of loan repayment.
- Non-Current Liabilities increased by THB 1,237 million, mainly from bond issuance in September 2018 and deposit received for building lease, following an agreement for the development of mix-used project.

Shareholders' Equity

As of 31 December 2018, Shareholders' Equity was THB 6,078 million, an increase of 3.3% from 31 December 2017, consisting of the equity attributed to owners of the parent of THB 4,971 million, and the non-controlling interest of THB 1,107 million.

Cash Flows

As of 31 December 2018, the Company reported cash and cash equivalents of THB 1,112 million, an increase of THB 91 million from THB 1,021 million as of 31 December 2017, taking into account an impact from foreign currency exchange.

Source of Funds

The Company had net cash inflow of THB 943 million from

- Net cash received from operation of THB 790 million was partly from cash inflow from sales and services, netted off with cash outflow for expenses and income tax payment

- Cash inflow from financing activities of THB 153 million mainly owing to THB 997 million bond issuance, net off with short-term and long-term loan repayment of THB 634 million, interest payment of THB 66 million, and dividend payment of THB 164 million.

Use of Funds

The company reported net cash outflow of THB 841 million, mainly comprising

- THB 681 million for an investment in NRIP, THB 24 million capital increase in overseas associate, THB 251 million for the purchase of subsidiaries, THB 93 million related company loan repayment, and THB 527 million purchase of assets, netted against THB 492 million deposit for building lease and THB 219 million proceeds from the sale of available-for-sale investments and other long-term investments, and THB 54 million dividend.

Statement of Financial Position

Unit: THB mn	31-Dec-18	% to total assets	31-Dec-17	% to total assets	Chg
Cash and cash equivalents	1,112	9.6%	1,021	10.2%	8.9%
Short-term investments	457	3.9%	448	4.5%	2.0%
Available for sales - Investment	0	0.0%	0	0.0%	#DIV/0!
Trade and other receivables	849	7.3%	536	5.4%	58.4%
Others current assets	199	1.7%	272	2.7%	-26.8%
Total current assets	2,617	22.6%	2,277	22.8%	14.9%
Available-for-sale investments	473	4.1%	476	4.8%	-0.6%
Investment in associates	1,980	17.1%	1,276	12.8%	55.2%
Property, plant and equipment	4,300	37.2%	4,322	43.3%	-0.5%
Prepaid rental of land and buildings	821	7.1%	847	8.5%	-3.1%
Others non-current assets	1,382	11.9%	780	7.8%	77.2%
Total non-current assets	8,956	77.4%	7,701	77.2%	16.3%
Total assets	11,573	100.0%	9,978	100.0%	16.0%
Bank O/D and short term loans	167	1.4%	544	5.5%	-69.3%
Trade and other payables	1,248	10.8%	882	8.8%	41.5%
Current portion of long term loans	241	2.1%	213	2.1%	13.1%
Others current liabilities	278	2.4%	164	1.6%	69.5%
Total current liabilities	1,934	16.7%	1,803	18.1%	7.3%
Long term loans	601	5.2%	919	9.2%	-34.6%
Debenture	997	8.6%	0	0.0%	#DIV/0!
Deferred rental revenue	534	4.6%	559	5.6%	-4.5%
Others non-current liabilities	1,369	11.8%	816	8.2%	67.8%
Total non-current liabilities	3,561	30.8%	2,294	23.0%	55.2%
Total liabilities	5,495	47.5%	4,097	41.1%	34.1%
Equity attributable to owners of the Company	4,971	43.0%	4,824	48.3%	3.0%
Non-controlling interests	1,107	9.6%	1,057	10.6%	4.7%
Total shareholders' equity	6,078	52.5%	5,881	58.9%	3.3%

Key Financial Ratio		
Profitability ratio	31-Dec-18	31-Dec-17
Gross profit margin	30.7%	28.2%
EBITDA margin	18.0%	19.7%
Net profit margin	5.2%	4.8%
Efficiency ratio	31-Dec-18	31-Dec-17
Return on equity	5.9%	5.7%
Return on asset	4.6%	4.9%
Liquidity ratio	31-Dec-18	31-Dec-17
Current ratio (time)	1.35	1.26
Leverage ratio	31-Dec-18	31-Dec-17
Interest bearing debt to equity (time)	0.40	0.35
Net interest bearing debt to equity (time)	0.09	0.04
Debt to equity (time)	1.11	0.85
	31-Dec-18	31-Dec-17
Interest coverage ratio (time)	7.73	7.99

Profitability ratio remained resilient in 2018, showing improved Gross profit margin but net profit margin lower than last year because of increasing of loan from financial institution and bond to acquire subsidiary and invest in investment in Associates and purchase of Property, Plant and Equipment. However liquidity ratio was 1.35 times.

The Company maintained healthy financial position and sturdy debt service capacity with interest-bearing debt-to-equity ratio of 0.09 times.

2019 Outlook

2018 was the final year of the first phase of the 9-year strategic plan of DTC (2016-2025) being the "Strengthening Foundations" which focused on strengthen People, Process, Properties, Technology and Financial Capability.

Under expansion strategy in 2018, the Company opened 6 new hotels under the management residing in Dusit International and signed 14 new management contracts in the Philippines, China, Myanmar, Japan, Qatar, Bahrain and Thailand. In addition, the Company also launched a new hotel brand "ASAI" to penetrate the strong potential growth of millennials market and expanded the Company's hospitality spectrum to cover the luxury villa management in Indonesia, Thailand, Maldives, Sri Lanka and Japan under "Elite Havens" brand from the acquisition of LVM Holdings Pte. Ltd. At the end of 2018, DTC operated 8,172 rooms under management increasing from 7,181 rooms in 2017.

Under diversify strategy into other related businesses, the Company started investing in food business by establishing a subsidiary named Dusit Foods Company Limited ("Dusit Food") to invest in 25.977% in NR Instant Produce Company Limited ("NRIP") which operates the production and export of seasoning powders, ready-to-eat meal, and developing premium-grade products under the Dusit brand to

increase future growth opportunities from new food technology as well as expanding the education business of the Company. In addition, Dusit Gourmet Company Limited (“Dusit Gourmet”) has been established (jointly invested by Dusit Foods and NRIP (75:25) to operate the marketing and distribution of food products both domestically and internationally.

2019 is the first year of the second phase of the 9-year strategic plan (2019-2021) focusing on "Realizing Growth Potentials". This is the time when the Company aware that the revenue growth will be small or not even grow at all due to the closure of the flagship and the group main revenue contributor Dusit Thani Bangkok hotel on January 5, 2019. In addition, the Company plans to gradually renovate few owned hotels that have been operated for a long time to uplift the product and service competitiveness. Therefore, the Company considered formulating business strategies in other area as well as restructuring DTC’s group of businesses to streamline the business and enhance flexibility with the objective to maintain the return to shareholders, which has already reflected in 2018 performance.

Hotel business

- In 2019, the Company plans to renovate Dusit Thani Pattaya, Dusit Princess Srinakarin and Dusit Princess Chiang Mai hotels during the low season (around end of 2Q19). The renovation is expected to be completed in the beginning of 4Q19 in preparation for high season. Hotel revenue is expected to temporarily decline during this renovation period then increase again from higher ADR and occupancy rate following the completion of renovation.
- In terms of expansion, the Company will continue to expand the business through asset light initiative. In 2019, the Company plans to open 11 new hotels under the management of Dusit International in the Philippines, Singapore, China, Qatar, Bahrain and Kenya. The Company has considered the lease model for hotel business expansion both domestically and overseas as part of DTC’s plan to achieve the balance portfolio between asset light and capital investment. Lease model helps reduce the risk of a large amount of investment and allows the Company to recognize greater revenue than the asset light model.
- For luxury villa management under Elite Havens brand that operated by DTC’s subsidiary, the Company expect to see its expansion into a new market targeting Australia as well as continuous increasing number of villas in Elite Haven’s existing markets.

Education business

- Overall, educational business structure has changed significantly due to the change of demand and education guidelines. At present, Dusit Thani College is in the process of adjusting its strategy to enhance its revenue potential by adjusting the degree program in accordance with the requirements, as well as creating special education programs (Non-Degree programs), short courses or continuous courses (Modular) focusing on enhancing the potential of students and respond to changing demand. This includes plans to increasing cooperation to enroll personnel for the hotel business of Dusit International group.
- Le Cordon Bleu Dusit Culinary School (“LCBD”), which is a joint venture between DTC and Le Cordon Bleu International, has completely relocated its office to 17th to 19th floors of Zen Tower, Central World Shopping Center. With the larger space from 2,000 square meters to 3,000 square meters, LCBD is now able to accommodate more students in the main school curriculum. LCBD also introduces new savoury cuisine and dessert courses, and management courses such as a programme in culinary management, which will start in April 2019, as well as short courses to meet

the demands and trends in the market. This strategic plan is aimed at producing quality personnel to the food industry and provide returns to both partners.

Other business

- **Food business**
 - Part of the strategy to diversify into the food business, in 2019, the Company plans to develop instant foods as well as various seasoning for use within hotels and/or restaurants in the group to ensure the standard of the taste, enhance the efficiency, control costs as well as to reduce wastes as parts of DTC's sustainable business. NRIP will manufacture while Dusit Gourmet will create the food retail brand, market and distribute domestically and internationally.
 - In January 2019, the Company invested 51% in Epicure Catering Co., Ltd. ("ECC"), a catering service provider for the canteen of international schools in various countries in Southeast Asia, including Thailand, Vietnam and Cambodia. Currently, ECC has long-term contracts in more than 30 schools, such as the International School of Bangkok, Harrow School, Rugby School, Bangkok Prep, St. Andrew and Brighton. As a major shareholder of ECC, DTC can help ECC to expand its potential business in various countries, especially in countries with Dusit International Hotels, as well as expanding into new market segment besides international schools.
- **Mixed-use project**
 - Dusit Thani Bangkok hotel was operated until 5 January 2019 as planned. Vimarnsuriya Co., Ltd., a subsidiary company will demolish the hotel in April 2019 to develop a mixed-use project. The project grand opening event is planned for in 2Q19 when residence units will start selling as well.
 - The Company expects to open a new Dusit Thani Bangkok hotel and shopping center in early 2023 and to open the office building and residential building in mid 2024.
- **Other service businesses** include outside catering (Dusit Event), cleaning services (Dusit on Demand), restaurant, and hotel pre-opening. These businesses are operated by Dusit Hospitality Services Co., Ltd., a subsidiary company which supports the employees of Dusit Thani Bangkok hotel partly after the hotel is closed.

2019-2021 Guidance

For the second phase of the 9-year strategic plan "Realizing Growth Potentials", the Company plans to open 10-12 new hotels under Dusit International both domestic and overseas annually during 2019-2021 with the estimated average capital expenditure (excluding new investment) at approximately THB 1,000 million per year and the expected EBITDA margin of around 18-20%.