

Executive Summary

The company reported net profit of THB 230 million in 1Q18 driven mainly by hotel business performance improvement and the gain from the sale of other long-term investment

The Company reported 1Q18 revenue of THB 1,698 million, an increase of 12.5%, mainly driven by revenue from hotel business improved despite the stronger THB and gain from sale of other long-term investment.

Earnings before interest, tax, depreciation and amortization (EBITDA) was THB 465 million in 1Q18, an increase of 40.1% yoy due mainly from improved hotel business performance and gain from the sale of other long-term investment. Higher employee benefit provision was provided for Dusit Thani Bangkok to support the hotel operations until it closes at the beginning of next year.

The company reported 1Q18 net profit of THB 230 million, a growth of 85.5% yoy. Excluding nonrecurring gain, net profit was THB 122 million, a slight decrease from THB 124 million in 1Q17 due to the reasons mentioned above.

Unit: THB mn	1Q18	1Q17	Change	
			Amount	%
Hotel Business	1,364	1,324	40	3.0
Education Business	122	134	-12	-9.0
Others	212	52	160	307.7
Total revenue	1,698	1,510	188	12.5
EBITDA	465	332	133	40.1
EBIT	330	169	161	95.3
Net profit (loss)	230	124	106	85.5
EPS (THB)	0.27	0.15	0.12	85.5

Major Developments in 1Q18

On 3 January 2018, the Company sold other long-term investment to the third party and recognized THB 169 million gain from the sale of long-term investment.

On 28 March 2018, the company established Dusit Foods Co., Ltd. holding 99.7% shares to invest 25.977% in NR Instant Produce Co., Ltd. (NRIP) as an associated company. NRIP produces and exports sauce, ready to cook and seasoning powder. It is accepted by both domestic and international markets as a standard manufacturer of instant products. The investment rationale aligns with the company's long-term business strategy to diversify its lines of business. The company aims to standardize food and beverage at its worldwide hotels, to develop premium products under the Dusit brand in retail markets globally, to enhance opportunities for food technology development, and to link culinary operations with its education business.

On 3 April 2018, the company launched ASAI Hotels, a distinctive new brand designed to link curious, millennial-minded travelers with authentic local experiences in vibrant destinations worldwide. Each hotel will include thoughtfully-designed, compact rooms with high quality facilities and a vibrant communal space. The company plans to open 10 projects each year with potential markets both in Thailand and overseas. On 31 March 2018, the company has 6 hotels under development under the ASAI brand in Thailand, Myanmar and Philippines.

On 23 April 2018, the annual general shareholders' meeting approved a 2017 dividend payment of THB 134.3 million for 850 million ordinary shares at THB 0.158 per share.

Business Segment Performance

In 1Q18, total revenue was THB 1,698 million, a 12.5% increase on last year. Total revenue and EBITDA breakdown are as follows:

Unit: THB mn	Revenue Breakdown			EBITDA Breakdown		
	1Q18	1Q17	%Chg	1Q18	1Q17	%Chg
Hotel	1,364	1,324	3.0	348	305	14.1
Education	122	134	-9.0	27	38	-28.9
Others	212	52	307.7	90	-11	918.2
Total	1,698	1,510	12.5	465	332	40.1

In 1Q18, hotel business and education business accounted for 80% and 7% of total revenue. Other business accounted for 13% including the THB 169 million gain from the sale of other long-term investment. Hotel business and education business represented 75% and 6% of total EBITDA respectively, while other business contributed the remaining 19%, inclusive of the THB 135 million gain from sale of other long-term investment, and provision of employee benefits.

Hotel Business

1Q18 revenue from hotel business was THB 1,364 million, increasing by 3% yoy, comprising owned hotels, hotel management, and share of losses from investments.

- **Owned Hotel**

	1Q18	1Q17	%Chg
Occupancy (%)	85.0	80.0	6.3
ADR (THB/night)	4,216	4,310	-2.2
RevPar (THB/night)	3,583	3,434	4.3

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

Revenue from owned hotels in 1Q18 was THB 1,312 million, increasing 2.9% from last year, contributed by:

- Owned hotels in Thailand reported an increase of 2.3% from the previous year, excluding DPKO, mainly attributed to the increase in the occupancy rate of Dusit Princess Srinakarin following the rise in business groups, and the increase in revenue of Dusit Thani Laguna Phuket following the major renovation of its rooms and restaurants last year. Including DPKO, revenue decreased by THB 9 million or 1% yoy.
- Revenue from overseas hotels increased by 14.0% compared to last year, primarily due to the increase of occupancy rates at Dusit Thani Maldives, which affected an increase in room and F&B revenue accordingly; and following the major renovation of Dusit Thani Philippines, despite the decrease in revenue mainly due to THB appreciation against the US Dollar and Peso, at 10.0% and 13.1%, respectively.

- **Hotel Management**

1Q18 revenue from hotel management was THB 53 million, a decrease of 1.9% yoy, mainly due to the decline in the UAE's hotel performance from room supply in the market being over the number of visitors.

- **Share of Losses from Investment**

Share of losses from investment amounted to THB 1 million, THB 4 million less than the THB 5 million share of losses in 1Q17, mainly driven by a significant increase in cancellation compensation income due to breach of agreements, while counseling fees dropped.

The company reported 1Q18 EBITDA from hotel business of THB 348 million, a 14.1% increase from 1Q17. The increase was from 18.4% higher EBITDA from owned hotels corresponding to higher revenue of Dusit Thani Maldives. It was offset by the ASAI launch cost, higher online travel agency costs, and employee costs to support the expansion of hotel business. 1Q18 EBITDA margin was 25.5%, compared to 23.0% of the previous year.

In 1Q18, depreciation and amortization decreased by 20.0% yoy to THB 112 million. This was due to some assets being fully depreciated, and the absence of depreciation of Dusit Princess Korat.

Education Business

In 1Q18, revenue from education business, including the share of profits from investment, totaled THB 122 million, a decrease of 9% yoy, mainly from the decrease in the academic service fee following the postponement of the university's semester to April 2018. Share of profits from investment was THB 3 million, a 50% decrease yoy, primarily attributable to pre-operating expenses of Philippine Hoteliers International Center for Hospitality Education, Inc. (PHICHE)

In 1Q18, the company reported EBITDA from education business of THB 27 million, a decrease of 28.9% yoy, mainly attributable to expenses of Dusit Thani Excellence Center (DTEC) during the development phase of customized corporate courses. DTEC was set up at the end of last year. In addition, there was PHICHE's pre-operating expenses.

Depreciation and amortization decreased by 27.3% to THB 8 million as some assets have been fully depreciated.

Other Business

Revenue from other business increased by 307.7% yoy to THB 212 million in 1Q18, mainly due to THB 169 million gain from the sale of other long-term investment.

In 1Q18, EBITDA from other business amounted to THB 90 million, a 918.2% increase yoy, primarily from an increase in revenue as aforementioned. An increase in administrative expenses was due to (1) employee benefit provision to support the close of Dusit Thani Bangkok hotel at the beginning of next year (2) higher employee expenses to support the business expansion.

Earnings before interest, tax, depreciation and amortization (EBITDA)

EBITDA was THB 465 million in 1Q18, an increase of 40.1% yoy, mainly due to the increase in hotel business performance and gain from the sales of other long-term investment despite an increase in employee benefit provision to support the close of Dusit Thani Bangkok hotel next year. Excluding the nonrecurring profit related to sold shares and provision of employee benefits, core EBITDA was THB 330 million, a slight decrease from 1Q17 at THB 332 million.

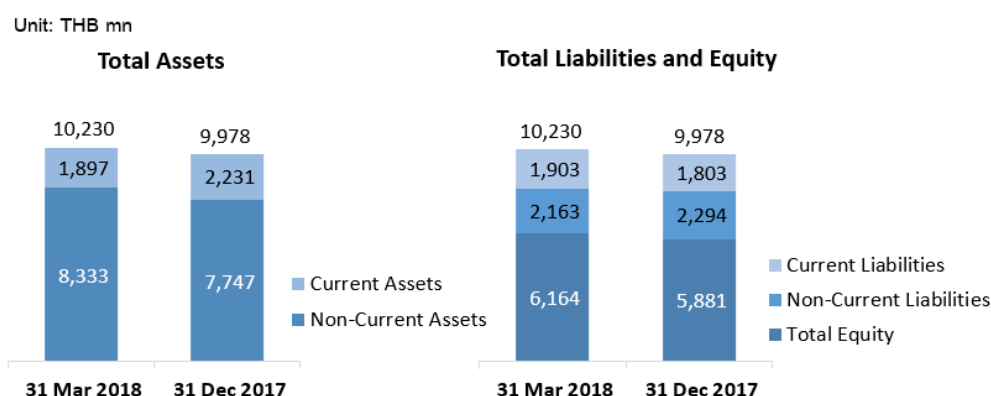
Financing Cost

Financing cost was THB 14 million in 1Q18, a decrease of 6.7% yoy due to partial long-term loan repayment.

Net Profit

The company reported 1Q18 net profit of THB 259 million, a growth of 86.3% yoy due to the aforementioned factors. Net profit attributable to the owner of the company was THB 230 million, a growth of 85.5% yoy. Excluding profit from sales of shares and employee benefit provision, net profit was THB 122 million, a decrease of 1.6% yoy. Excluding profit from sales of other long-term investment and employee benefit provision, net profit was THB 122 million, a decrease of 1.6% yoy

Financial Position



Assets

As of 31 March 2018, the company reported total assets of THB 10,230 million, an increase of THB 252 million or 2.5% from 31 December 2017.

- Current assets decreased by THB 334 million mainly due to a decrease in cash and cash equivalents of THB 289 million for the investment in NRIP.
- Non-current assets increased by THB 586 million. This was mainly from (1) an increase in investment in NRIP of THB 681 million (2) an increase in available-for-sale investment of THB 102 million resulting from fair value adjustment, and (3) a decrease in property, plant, and equipment (PP&E) of THB 149 million, due to the acquisition of PP&E of THB 111 million, depreciation of THB 131 million, and a decrease of THB 130 million from currency translation differences.

Liabilities

As of 31 March 2018, the company reported total liabilities of THB 4,066 million, a decrease of THB 31 million or 0.8% from 31 December 2017.

- Current liabilities increased by THB 100 million mainly from (1) an increase in short-term loans from financial institutions of THB 123 million, and an increase in other current liabilities of THB 41 million, mainly from employee benefit provision.
- Non-current liabilities decreased by THB 131 million, mainly from repayment of long-term loans of THB 87 million, and THB 57 million gain from exchange rate changes in long-term loans.

Shareholder's Equity

As of 31 March 2018, shareholders' equity was THB 6,164 million, an increase of THB 283 million or 4.8% from 31 December 2017. Contributing to shareholders' equity were: (1) the equity attributable to owners of the company of THB 5,076 million, increased by THB 252 million or 5.2%, and (2) non-controlling interest amounting to THB 1,088 million, increased by THB 31 million or 2.9%.

Cash Flows

As of 31 March 2018, cash and cash equivalents was THB 732 million, decreasing by THB 289 million from THB 1,021 million as of 31 December 2017.

Source of Funds

The company reported net cash inflow of THB 381 million, mainly comprising

- THB 339 million net cash received from operation. This was from cash inflow for revenue from sales and services, netted off with cash outflow for expenses and income tax payment.
- THB 42 million cash inflow from financing activities, due primarily to additional short-term loans.

Uses of Funds

The company reported net cash outflow of THB 657 million, mainly due to the investment in associates (NRIP) of THB 663 million, equipment payment of THB 118 million offset with proceeds from sales on other long-term investment of THB 169 million.

Dusit Thani PCL
Management Discussion and Analysis
For 1Q18

Unit: THB mn	31-Mar-18	% to total assets	31-Dec-17	% to total assets	Chg
Cash and cash equivalents	732	7.2%	1,021	10.2%	-28.3%
Short-term investments	456	4.5%	448	4.5%	1.9%
Trade and other receivables	497	4.9%	536	5.4%	-7.3%
Others current assets	212	2.1%	226	2.3%	-6.5%
Total current assets	1,897	18.5%	2,231	22.4%	-15.0%
Available-for-sale investments	578	5.7%	476	4.8%	21.5%
Investment in associates	1,979	19.3%	1,276	12.8%	55.1%
Property, plant and equipment	4,173	40.8%	4,322	43.3%	-3.4%
Prepaid rental of land and buildings	873	8.5%	892	8.9%	-2.2%
Others non-current assets	730	7.1%	780	7.8%	-6.5%
Total non-current assets	8,333	81.5%	7,747	77.6%	7.6%
Total assets	10,230	100.0%	9,978	100.0%	2.5%
Bank O/D and short term loans	667	6.5%	544	5.4%	22.7%
Trade and other payables	810	7.9%	882	8.8%	-8.2%
Current portion of long term loans	207	2.0%	213	2.1%	-3.0%
Others current liabilities	220	2.1%	164	1.6%	33.7%
Total current liabilities	1,903	18.6%	1,803	18.1%	5.5%
Long term loans	782	7.6%	919	9.2%	-15.0%
Deferred rental revenue	553	5.4%	559	5.6%	-1.1%
Others non-current liabilities	828	8.1%	816	8.2%	1.5%
Total non-current liabilities	2,163	21.1%	2,294	23.0%	-5.7%
Total liabilities	4,066	39.7%	4,098	41.1%	-0.8%
Equity attributable to owners of the Company	5,076	49.6%	4,824	48.3%	5.2%
Non-controlling interests	1,088	10.6%	1,057	10.6%	2.9%
Total shareholders' equity	6,164	60.3%	5,881	58.9%	4.8%

Key Financial Ratio		
Profitability ratio	31-Mar-18	31-Mar-17
Gross profit margin	36.2%	32.3%
EBITDA margin	27.4%	22.0%
Net profit margin	13.5%	8.2%
Efficiency ratio	31-Mar-18	31-Mar-17
Return on equity*	7.6%	1.8%
Return on asset*	6.6%	1.8%
Liquidity ratio	31-Mar-18	31-Dec-17
Current ratio (time)	0.99	1.24
Leverage ratio	31-Mar-18	31-Dec-17
Interest bearing debt to equity (time)	0.33	0.35
Net interest bearing debt to equity (time)	0.09	0.04
Debt to equity (time)	0.80	0.85
	31-Mar-18	31-Mar-17
Interest coverage ratio (time) **	23.49	11.22

*Annualized

** = EBIT/ Interest expense

The Company's profitability remained resilient in 1Q18, showing improved EBITDA margin and net profit margin. The company's liquidity decreased to 1 time because additional short-term loans with bank deposits were used to invest in associates and purchase of equipment.

The Company had financial flexibility with strong balance sheet supported by low net interest bearing debt to equity of 0.09 time.

2018 Outlook

Maintained guidance with revised CAPEX

- The Company's guidance for 2018 is maintained with 5% growth of core revenue driven by higher revenue from Dusit Thani hotels in Phuket, Manila, Maldives and Hua Hin. The expected core EBITDA margin is also maintained at around 15%.
- Consolidated CAPEX plan has been revised to THB 925 million (from THB 625 million) due to additional CAPEX for a new hotel under the ASAI brand.
 - THB 355 million for hotel renovations in Maldives, Pattaya and Srinakarin; the renovation of Dusit Thani College; the investment in IT system and software as well as the head office relocation
 - THB 270 million for mixed-use project development
 - THB 300 million for new owned hotel (ASAI brand)
- Plan to open 10 new hotels under Dusit International management this year in Vietnam, Singapore, Bhutan, Philippines, Bahrain and China.

Progress of the mixed-use project

The project is currently in the stage of demolishing the office buildings (Olympia building and Thai Life Insurance building) and commercial buildings on the additional land adjacent to Dusit Thani Building (head office) and the parking area of Dusit Thani Hotel. The project is also under the design phase and the construction permit request. Dusit Thani Bangkok Hotel remains open until 5 January 2019.