

## Executive Summary

*In 1Q19, the Company reported net profit of THB 1 million, a decrease of 99.6% from the same period last year on the back of the sale of investment in 1Q18 together with impact from the closure of Dusit Thani Bangkok hotel on 5 January 2019. Excluding these items, the Company should report net profit of around THB 59 million which is in line with normal operation in 1Q18. The extraordinary items included THB 169 million gain from sales of investment in 1Q18, THB 60 million negative impact from closure of Dusit Thani Bangkok hotel and THB 3 million net increase from new investments. The Company still maintains core revenue growth forecast at 8-10% and plans to sell investment in subsidiary to alleviate revenue impact from the closure of Dusit Thani Bangkok hotel as well.*

In 1Q19, Dusit Thani PLC (“the Company”) reported total revenue of THB 1,425 million, a decrease of 16.1% from 1Q18, mainly from the closure of Dusit Thani Bangkok hotel to make way for the development of the new mixed-use project on 5 January 2019 (THB 225 million), an absence of THB 169 million gain on sale of investment in one of the subsidiaries offsetting while the Company recognized THB 123 million revenue from new business.

Earnings before Interest, Tax, Depreciation and Amortization (“EBITDA”) reported THB 222 million decrease 52.3% from decreasing of revenue as mentioned.

Unit: THB mn	1Q19	1Q18	Change	
Hotel business	1,171	1,364	-193	-14.1%
Education business	118	122	-4	-3.3%
Food business	90	0	90	n/a
Others	46	212	-166	-78.3%
<b>Total revenue</b>	<b>1,425</b>	<b>1,698</b>	<b>-273</b>	<b>-16.1%</b>
EBITDA	222	465	-243	-52.3%
EBIT	107	330	-223	-67.6%
<b>Net profit (loss)</b>	<b>1</b>	<b>230</b>	<b>-229</b>	<b>-99.6%</b>
EPS (THB)	0.001	0.272	-0.271	-99.6%

## Major Development in 1Q19

On 5 January 2019, the Company closed Dusit Thani Bangkok hotel for the construction of Dusit Central Park project, a mixed-use property development which will be completed in year 2024 whereby the project was officially launched on 1 May 2019.

In January 2019, the Company set up a new subsidiary (99.97%) named Dusit Hospitality Services Company Limited, to provide hospitality services with registered capital of THB 1 million with 10,000 ordinary shares at a par value of Baht 100 each.

Late January 2019, the Company invested in Epicure Catering Co., Ltd (“ECC”) which engages in the food and beverage catering business. At present, ECC provides its services to international schools in South East Asia region. Initially, the Company invested 51% in ECC and will acquire another 19% in 2020 with the total investment of THB 613 million.

In 1Q19, the Company has entered into hotel management agreements to manage 2 additional hotels namely Dusit Thani Mactan Cebu Resort and Dusit D2 Davao Philippine. In April 2019 the Company also enter into the hotel management agreement with Dusit Doha hotel Qatar.

In April 2019, the Annual General Meeting of shareholders approved the restructuring of the Company's assets by selling Dusit Thani Maldives (DTMD) in order to raise funds for business expansion. The Company will invest in units of Dusit Thani Freehold and Leasehold Real Estate Investment Trust (DREIT) in the same proportion of the current holding with objective to generate the long-term continuing return.

The Annual General Meeting of shareholders also approved the acquisition of Pathumwan Project (or Dusit Suites Hotel Ratchadamri Bangkok which plan to open in May 2019) and ASAI Chinatown Project for business expansion and increase revenue. These projects will also support the employees of Dusit Thani Bangkok Hotel.

### **Business Segment Performance:**

In 1Q19, the Company reported total revenue of THB 1,425 million, a decrease 16.1% yoy. The revenue comprised of 82.2% from hotel business, 8.3% from education business, 6.3% from food business and 3.2% from other business.

Unit: THB mn	Revenue breakdown				EBITDA breakdown			
	1Q19	1Q18	Change		1Q19	1Q18	Change	
Hotel business	1,171	1,364	-193	-14.1%	245	348	-103	-29.6%
Education business	118	122	-4	-3.3%	23	27	-4	-14.8%
Food business	90	0	90	n/a	15	0	15	n/a
Others	46	212	-166	-78.3%	-61	91	-152	-167.0%
<b>Total revenue</b>	<b>1,425</b>	<b>1,698</b>	<b>-273</b>	<b>-16.1%</b>	<b>222</b>	<b>465</b>	<b>-243</b>	<b>-52.3%</b>

### **Hotel Business**

In 1Q19, Revenue from hotel business was THB 1,171 million, a decrease 14.1% or THB 193 million yoy, mainly from the closure of Dusit Thani Bangkok hotel (impact of THB 225 million) while Dusit Thani Manila showed an increase of THB 25 million as well as additional revenue recognition from Elite Havens which Company invested in late 2018. Excluding Dusit Thani Bangkok hotel, revenue from hotel business should increase by 2.9%

- **Owned Hotel**

	1Q19	1Q18	% Change
Occupancy %	84.6%	84.2%	0.5%
ADR (THB/night)	4,357	4,503	-3.2%
RevPar (THB/night)	3,688	3,793	-2.8%

*Remark: Hotel statistics exclude Dusit Thani Bangkok Hotel for comparison purpose*

In 1Q19, revenue from owned hotels was THB 1,087 million, a decrease of 17.2% from 1Q18, mainly from

- Revenue from owned hotels in Thailand decreased by 27.7% mainly from the closure of Dusit Thani Bangkok Hotel and adverse impact on tourist in Phuket impacting revenue from Dusit Thani Laguna Phuket.
- Revenue from overseas owned hotels continuing to grow by 6.4% yoy with noticeable growth of 15.7% from Dusit Thani Manila, Philippines.

- **Hotel Management**

Revenue from hotel management was THB 85 million in 1Q19, showing a 64.2% growth yoy, resulting from revenue from Elite Havens.

- **Share of Losses from Investment**

In 1Q19, share of losses from investment in Hotel business was THB 1 million on par with last year from Dusit Fudu Hotel Management (Shanghai) Co., Ltd.

The Company reported a 1Q19 EBITDA from Hotel business of THB 245 million, a decrease of 29.6% from the same period last year. Mainly aforesaid impacted from Dusit Thani Bangkok Hotel offset with growth in overseas owned hotel and Revenue contributed from Elite Havens.

Depreciation expenses decreased by 23.7% from 1Q18 to THB 82 million in 1Q19 with main impact from fully depreciated of assets under Dusit Thani Bangkok hotel.

### **Education Business**

In 1Q19, revenue from education business was THB 118 million, a decrease of 3.3% yoy, mainly from a decrease in revenue sharing from Le Cordon Bleu Dusit due to additional expense in relocating to the new location as well as for business expansion and increase in loss sharing from Dusit Hospitality Education Philippines Inc. which planned to open later this year. Dusit Thani College has better revenue from changing its strategies to focus on short courses to increase student base and to reduce impact of high competition from lower population under educational age.

In 1Q19, EBITDA from education business was THB 23 million, a decrease of 14.8% yoy, due to decrease of revenue.

### **Food Business**

The Company started to invest in food business towards the end of 1Q18 by investing in 25.9% of shares in NR Instant Produce Company Limited (NRIP), which has contributed to profit sharing since the 2Q18. In 1Q19, the Company also invested in ECC. From these investments, the revenue increased by THB 90 million.

EBITDA from food business was THB 15 million from such investments.

### **Other Business**

Revenue from other business was THB 46 million in 1Q19, a decrease of 78.3% yoy, mainly from THB 169 million gain on sale of investment in 1Q18. Excluding this transaction, the revenue from other business should increase by 7.0%

In 1Q19, net loss in EBITDA from other business was THB 61 million, a decrease of 167.0% from previous year as aforementioned.

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

In 1Q19, the Company's EBITDA was THB 222 million, a decrease of 52.3% from 1Q18, mainly from the closure of Dusit Thani Bangkok hotel and gain on sale of investment last year.

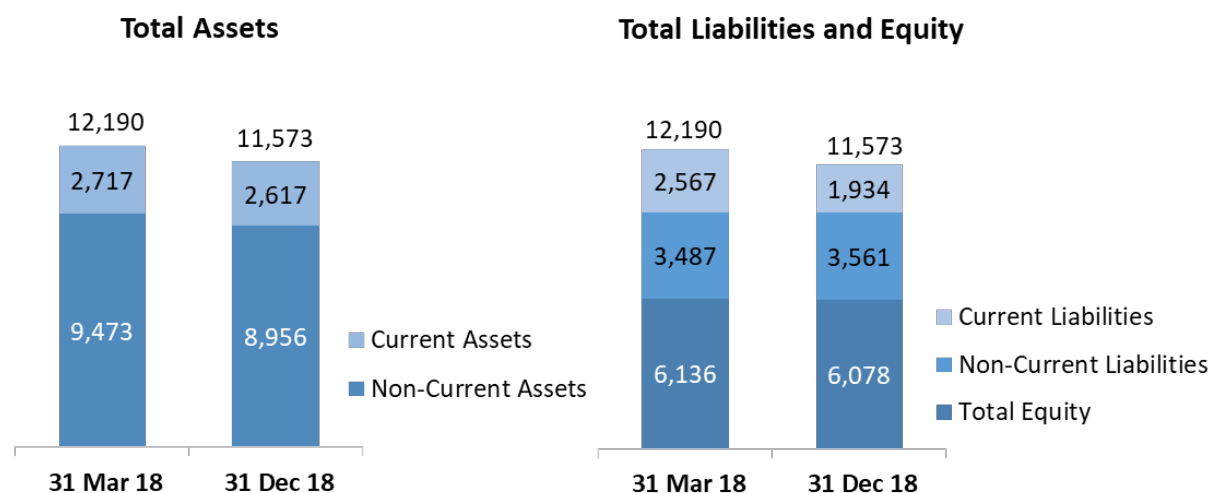
### **Finance Cost**

In 1Q19, the finance cost was THB 25 million, an increase of 81.1% due to bond issuance in 3Q18.

### **Net Profit**

The Company reported net profit of THB 1 million, decreased by 99.6% as aforementioned.

Unit: THB mn



### Assets

As of 31 March 2019, the Company reported total assets of THB 12,190 million, an increase of THB 617 million or 5.3% from 31 December 2018.

- Current assets increased by THB 100 million from increase in cash on hand and at bank offset with decrease in account receivables and other receivable.
- Non-current assets increased by THB 517 million mainly from increase in goodwill from investments in ECC and goodwill from Investment in subsidiary of Elite Havens.

### Liabilities

As of 31 March 2019, the Company reported total liabilities of THB 6,054 million, an increase of THB 559 million or 10.2% from 31 December 2018.

- Current Liabilities increased by THB 633 million from increase in short term loan (bridging loan) from financial institution used for acquiring ECC offset with decrease in trade account payable and other payable.
- Non-Current Liabilities slightly decreased by THB 74 million from scheduled repay of long-term loan.

### Shareholders' Equity

As of 31 March 2019, Shareholders' Equity was THB 6,136 million, an increase of 0.9% from 31 December 2018, consisting of the equity attributed to owners of the parent of THB 4,942 million, and the non-controlling interest of THB 1,194 million.

### Cash Flows

As of 31 March 2019, the Company reported cash and cash equivalents of THB 1,321 million, an increase of THB 209 million (after taking impact from foreign currency) from THB 1,112 million as of 31 December 2018.

### Source of Funds

The Company had net cash inflow of THB 916 million from

- Net cash received from operation of THB 169 million consists of cash inflow from sales and services, offsetting with cash outflow for expenses and income tax payment
- Cash inflow from financing activities of THB 747 million from proceed of short term loan from financial institution of THB 836 million offsetting with long-term loan repayment of THB 64 million and interest payment of THB 25 million.

### Use of Funds

The Company reported net cash outflow of THB 695 million, mainly comprises

- THB 388 million for a net investment in ECC and investment in subsidiary of Elite Havens, THB 270 million purchase of assets and THB 48 million of prepayment rental on Baan Dusit Thani project.

### Statement of Financial Position

Unit: THB mn	31-Mar-19	% to total assets	31-Dec-18	% to total assets	Chg
Cash and cash equivalents	1,321	10.8%	1,112	9.6%	18.8%
Short-term investments	438	3.6%	457	3.9%	-4.2%
Trade and other receivables	750	6.2%	849	7.3%	-11.7%
Others current assets	208	1.7%	199	1.7%	4.5%
<b>Total current assets</b>	<b>2,717</b>	<b>22.3%</b>	<b>2,617</b>	<b>22.6%</b>	<b>3.8%</b>
Available-for-sale investments	478	3.9%	473	4.1%	1.1%
Investment in associates	1,984	16.3%	1,980	17.1%	0.2%
Property, plant and equipment	4,365	35.8%	4,300	37.2%	1.5%
Prepaid rental of land and buildings	837	6.9%	821	7.1%	1.9%
Others non-current assets	1,809	14.8%	1,382	11.9%	30.9%
<b>Total non-current assets</b>	<b>9,473</b>	<b>77.7%</b>	<b>8,956</b>	<b>77.4%</b>	<b>5.8%</b>
<b>Total assets</b>	<b>12,190</b>	<b>100.0%</b>	<b>11,573</b>	<b>100.0%</b>	<b>5.3%</b>
Bank O/D and short term loans	1,003	8.2%	167	1.4%	500.6%
Trade and other payables	1,109	9.1%	1,248	10.8%	-11.1%
Current portion of long term loans	245	2.0%	241	2.1%	1.7%
Others current liabilities	210	1.7%	278	2.4%	-24.5%
<b>Total current liabilities</b>	<b>2,567</b>	<b>21.1%</b>	<b>1,934</b>	<b>16.7%</b>	<b>32.7%</b>
Long term loans	518	4.2%	601	5.2%	-13.8%
Debenture	997	8.2%	997	8.6%	0.0%
Deferred rental revenue	527	4.3%	534	4.6%	-1.3%
Others non-current liabilities	1,384	11.4%	1,369	11.8%	1.1%
<b>Total non-current liabilities</b>	<b>3,487</b>	<b>28.6%</b>	<b>3,561</b>	<b>30.8%</b>	<b>-2.1%</b>
<b>Total liabilities</b>	<b>6,054</b>	<b>49.7%</b>	<b>5,495</b>	<b>47.5%</b>	<b>10.2%</b>
Equity attributable to owners of the Company	4,942	40.5%	4,971	43.0%	-0.6%
Non-controlling interests	1,194	9.8%	1,107	9.6%	7.9%
<b>Total shareholders' equity</b>	<b>6,136</b>	<b>50.3%</b>	<b>6,078</b>	<b>52.5%</b>	<b>1.0%</b>

Key Financial Ratio		
<b>Profitability ratio</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Gross profit margin	36.0%	36.2%
EBITDA margin	15.6%	27.4%
Net profit margin	0.1%	13.5%
<b>Efficiency ratio</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Return on equity*	1.2%	7.6%
Return on asset*	2.5%	6.6%
<b>Liquidity ratio</b>	<b>31-Mar-19</b>	<b>31-Dec-18</b>
Current ratio (time)	1.06	1.35
<b>Leverage ratio</b>	<b>31-Mar-19</b>	<b>31-Dec-18</b>
Interest bearing debt to equity (time)	0.56	0.40
Net interest bearing debt to equity (time)	0.20	0.09
Debt to equity (time)	1.22	1.11
	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Interest coverage ratio (time)**	4.22	23.49

\* Annualized  
\*\* =EBIT/Interest expense

In 1Q19, profitability ratios still maintain resilient showing gross profit margin in line with the same period last year (excluding all extraordinary items) even with the closure of Dusit Thani Bangkok hotel. The EBITDA margin and net profit margin were lower which impacted by significant profit from sale of investment in last year.

The Company maintained healthy financial position and sturdy debt service capacity with interest-bearing debt-to-equity ratio of 0.56 times.

## 2019 Outlook

**Company maintains 2019 outlook with estimated 8-10% growth of core revenue.**

- Plans to open 11 new hotels:** In 1Q19, the Company opened 2 new hotels in the Philippines (Dusit Thani Mactan Cebu and dusitD2 Davao). Later in April, the Company opened Dusit Doha Hotel, our first hotel in Qatar. Most recently on May 1<sup>st</sup>, DTC opened a new hotel in Thailand “Dusit Suites Hotel Ratchadamri, Bangkok”. The Company’s hotel expansion remains via the asset light and lease model as planned. For luxury villa management under Elite Havens brand, 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.
- Adjusts education strategy to enhance 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.

- **Diversifies into the food business** 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. The products will be manufactured by NR Instant Produce Co., Ltd. Dusit Gourmet Co., Ltd. will create the food retail brand, market and distribute domestically and internationally. In January 2019, the Company invested in Epicure Catering Co., Ltd. to enter catering service for the canteen of international schools. This investment will allow DTC to book higher revenue with better profitability.
- **Unveiled mixed-use project:**
  - In early April, Vimarnsuriya Co., Ltd., a subsidiary company unveiled "**Dusit Central Park**" a world-class mixed-use project **under the concept "Here for Bangkok"** to develop over 23 rais of area on the corner of Silom and Rama IV roads as the city's prime CBD. The project also aims to improve the area's infrastructure by adding a new thoroughfare to alleviate traffic congestion and enhance convenience for commuters by linking directly with the Bangkok MRT (Mass Rapid Transit underground) and BTS (Skytrain) systems, at Silom and Sala Daeng stations, respectively.
    - **Dusit Thani Bangkok Hotel** By preserving the rich artistic and architectural heritage, embracing the best international standards, and adopting innovative technologies, the new Dusit Thani Bangkok will be perfectly positioned to cater to customers and guests for generations to come. The new hotel will comprise 250 guest rooms, each with more space and higher ceilings to provide the utmost in comfort and convenience. A multi-level rooftop bar and restaurant built around the hotel's spire will also feature a unique digital gallery showcasing the history of the original Dusit Thani Bangkok and the hotel's unique contribution to Thailand's tourism industry.
    - **Residences** Designed to provide the ultimate in convenient city living, and managed by Dusit International in line with its unique brand of Thai-inspired gracious hospitality, the 69-storey tower will offer two distinctive living experiences – Dusit Residences and Dusit Parkside.
      - **Dusit Residences** will comprise 159 units in two-to-four bedroom configurations, and a penthouse offering one of the most prestigious addresses in Bangkok. The luxurious units will range in size from 120-600 sq. m., with designs from world-class creative minds and offering unrestricted views of Lumpini Park.
      - **Dusit Parkside**, meanwhile, will feature 230 contemporary-styled units divided into one-and-two bedroom apartments ranging from 60-260 sq. m.
    - **Central Park Shopping Complex** Showcasing iconic international and local brands over 80,000 sq. m. of retail space, this innovative lifestyle centre will provide a vibrant new place for people to meet, shop, dine and interact. Highlighting the project's focus on sustainability, the mall will be topped with Rooftop Park, an expansive outdoor retreat providing 1,000 sq. m. of green space for people to relax and unwind in the heart of the city.
    - **Central Park Offices** The 43-storey building, covering 90,000 sq. m., will provide the ultimate in connectivity for start-ups to large companies alike. Designed to

facilitate maximum creativity, the flexible spaces will allow renters to meet, work and play in style.

- Currently, Dusit Thani Bangkok hotel is during demolition. The Company expects to sell residences in late 2Q19 to early 3Q19 and plans to open the new Dusit Thani Bangkok hotel, shopping complex and office building in 2023 while residential building is planned to open in 2024.
- **Restructure the assets in relation to the Dusit Thani Maldives Hotel project (DTMD) by disposal DTMD to Dusit Thani Freehold and Leasehold Real Estate Investment Trust (DREIT) in proportion to respective holding.** The transaction is expected to be completed in 3Q19. This asset restructuring will allow the Company to raise fund for business operations and expansion as well as to help the Company earns consistent revenue and manage assets at the utmost benefits.
- **Additional revenue from other service businesses** include outside catering (Dusit Event), housekeeping services (Dusit on Demand), restaurant (Baan Dusit Thani), 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.
- **Expects 8-10% growth of 2019 core revenue:** The growth is expected to be driven by the recognition of new hotel revenue as well as the recognition of revenue and net results of the new businesses that DTC has invested since last year i.e., full year consolidation of Elite Havens's luxury villa management revenue, full year net results of NR Instant Produce Company Limited that produces and exports seasoning powders and ready-to-eat meal. Also, the Company has consolidated new catering revenue from recent acquisition of Epicure Catering Company Limited early this year. In addition, DTC expects to realize the new food sales revenue from Dusit Gourmet Company Limited in 2H19.
- **Estimates total CAPEX of THB 1,140 million excluding new investment:**
  - THB 245 million for 3 hotel renovations (Dusit Thani Pattaya, Dusit Princess Chiangmai and Dusit Princess Srinakarin Bangkok) and Dusit Thani College
  - THB 245 million for ERP, software, hotel and education CAPEX
  - THB 650 million for mixed-use project

#### 2019-2021 Guidance

For the second phase of the 9-year strategic plan "Realizing Potentials", DTC's plan remains with the opening of 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%.