

## Executive Summary

*In 2Q19, the Company reported the net loss of THB 22 million which it was THB 23 million lower than the result in 2Q18. This decrease was a result of the extraordinary items and also the new investments. Without these items, the Company reported an increase operating result of THB 78 million from the same period of last year. Major factors to drive the result in this quarter were the closure of Dusit Thani Bangkok lower new profit by THB 25 million, the net loss of THB 14 million from the new investments; (such as Dusit Suites Ratchadamri, Bangkok and Dusit Hospitality Services Company Limited), the one-off items from the sales of the available for sales investment of THB 38 million in 2Q18 and the additional provision for employee benefit as per new labour protection act of THB 24 million.*

*The Company reported the net loss of THB 22 million for the first six month of 2019, which it was THB 252 million lower than the same period of 2018. The result was effected by the closure of Dusit Thani Bangkok (THB 84 million), the one-off item from the sales of the available for sales (THB 38 million), net loss from the new investments (THB 3 million) and the additional provision for employee benefit as per new labour protection act (THB 24 million). Without the above items, the Company reported 1H19's operating result of THB 103 million lower than 1H18's. This result was mainly from the increase in expenses for future development such as staffs' wages, rental fee of the temporary office, consulting fee for the new projects and interest expense. The Company has anticipated the impact of Dusit Thani Bangkok Hotel closure that will result in lower performance. As a result, the Company has planned to create the new businesses to alleviate this impact. These new businesses will gradually generate more profits in the subsequent quarters.*

*For 2H19, the Company remains fairly positive in its outlook for the overall performance from the education and food businesses. The new businesses that started operation in 1H19 will start to generate more revenue in 2H19. Besides, the Company expects to see continuous growth of food business. For hotel business, the Company still plans to open the new hotels. However, the hospital industry in Thailand may remain under pressure due to the strong Thai Baht that adversely impacts number of tourist arrivals especially from China, UK and Russia. The Company is now reviewing 2019 core revenue growth which mainly impacted by the overall economic slowdown.*

Dusit Thani Public Company Limited ("Company") reported the total revenue of THB 1,269 million in 2Q19; 12.8% growth from 2Q18. This growth was from Food Business and Other Business. Food Business reported the increase of THB 114 million in revenue which it was from the investment in Epicure Catering Company Limited on February 1<sup>st</sup>, 2019. Other Business reported an increase in revenue of THB 178 million which it was from the net result from gain on sales investment (gain on sales of long term investment of THB 216 million in 2Q19 offset with sales on available for sales investment of THB 38 million in 2Q18). Hotel Business reported a decrease of THB 142 million in revenue from the closure of Dusit Thani Bangkok. Education business reported a decrease of THB 4 million from decrease of share profit on investments).

EBITDA of 2Q19 was THB 149 million; 3.5% growth from 2Q18. This growth was from Food Business and Other Business. As a result of investing in Epicure Catering Company Limited, Food Business reported the increase in EBITDA of THB 20 million. The net result from gain on sale investments as mentioned above offset by the employee benefit for staffs of Dusit Thani Bangkok who are still working with the company to support the upcoming businesses, the increase in rental expense from moving to the temporary office (previously, office was owned by the Company), the decrease in share of result in investment in DREIT, the impact from additional provision required for the compensation for termination of employment from 300 days to 400 days and the loss on Foreign Exchange from the strengthen in Thai Baht were brought the Other Business to report the increase in EBITDA by THB 62 million. Hotel Business reported the decrease of THB 76 million which it was from the closure of Dusit Thani Bangkok, the impact from MRT Construction on Dusit

Princess Srinakarin, the partial room renovation at Dusit Thani Hua Hin and result of Dusit Suites Ratchadamri, Bangkok which it was opened at beginning of 2019.

For the first six months, the Company had the total revenue of THB 2,695 million; 4.5% drop from the same period of last year. Hotel Business reported the decreased of THB 336 million from the closure of Dusit Thani Bangkok. Education Business reported a decrease of THB 8 million from a decrease of share of result on investments. Food Business reported an increase of THB 205 million from the investment in Epicure Catering Company Limited. Other Business reported an increase of THB 11 million from the increase of gain on sales on investments from same period of last year of THB 49 million offset with sales on available for sales investment of THB 38 million.

EBITDA for 1H19 was THB 371 million; 39.0% decrease from 1H18. THB 179 million decrease from Hotel Business, THB 5 million decrease from Education Business and THB 35 million increase from Food Business as the same reasons mentioned for EBITDA for 2Q19. The decrease in Other Business was from offsetting the increase of THB 11 million in revenue against with the expenses of staff benefits of Dusit Thani Bangkok who are still employed by the Company to support the upcoming business, the increase in rental expense for the temporary office, the decrease in profit sharing from investment in DREIT, the additional provision as the new labour protection act and the loss on Foreign Exchange due to the strengthen in Thai Baht.

Unit: THB mn	2Q19	2Q18	Change		6M19	6M18	Change	
Hotel business	813	955	-142	-14.9%	1,984	2,320	-336	-14.5%
Education business	78	82	-4	-4.9%	195	203	-8	-3.9%
Food business	121	7	114	1628.6%	212	7	205	2928.6%
Others	257	81	176	217.3%	304	293	11	3.8%
<b>Total revenue</b>	<b>1,269</b>	<b>1,125</b>	<b>144</b>	<b>12.8%</b>	<b>2,695</b>	<b>2,823</b>	<b>-128</b>	<b>-4.5%</b>
EBITDA	149	144	5	3.5%	371	608	-237	-39.0%
EBIT	33	20	13	65.0%	140	349	-209	-59.9%
<b>Net profit (loss)</b>	<b>-22</b>	<b>1</b>	<b>-23</b>	<b>-2300.0%</b>	<b>-22</b>	<b>230</b>	<b>-252</b>	<b>-109.6%</b>
EPS (THB)	-0.026	0.001	-0.027	-2300.0%	-0.026	0.272	-0.298	-109.6%

### **Major Development in 2Q19**

On April 1<sup>st</sup>, 2019, the Company opened Dusit Central Park Project to develop mix-used real estate project which it will be completed in 2024.

In April 2019, the shareholders' meeting approved the sales of Dusit Thani Maldives ("DTMD") to raise fund to expand the business of the company and more investment on DREIT. The Company is on process in setting up 2 subsidiary in Maldives; Dusit Maldives Investment Company Limited and Dusit Maldives Management Company Limited.

In May 2019, the Company opened the new hotel; Dusit Suites Ratchadamri, Bangkok Thailand locating in the central Bangkok and it is not far from the BTS Ratchadamri station.

In addition, in 2Q19, the Company entered into the new hotel management for Dusit Doha, Qatar and Dusit Princess Residence Marina, United Arab Emirates.

In June 2019, the Company sold long term investment in Saladaeng Property Management Company Limited which the Company recognized the gain from sales on investment of THB 216 million.

On July 8<sup>th</sup>, 2019, the Company set up the new subsidiary company; Grace Me Company Limited, to support the daily service projects such as cleaning service, laundry service; etc. This new company has the registered capital of THB 3million; consisting of 30,000 ordinary shares with par value of THB 100 per share. 99.99% of the shares is held by the Company.

On July 24<sup>th</sup>, 2019, Dusit Food Company Limited; the subsidiary, set up the new company named Dusit Real Food Company Limited to operate the health food business. This new company has the registered capital of THB 10 million consisting of 100,000 ordinary shares with the par value of THB 100 per share. Dusit Food Company Limited holds 51% in this new company.

### **2Q19 Operating Results:**

In 2Q19, the Company reported total revenue of THB 1,269 million, an increase 12.8% yoy. The revenue comprised of 64.1% from hotel business, 6.1% from education business, 9.5% from food business and 20.3% from other business.

Unit: THB mn	Revenue breakdown				EBITDA breakdown			
	2Q19	2Q18	Change		2Q19	2Q18	Change	
Hotel business	813	955	-142	-14.9%	44	120	-76	-63.3%
Education business	78	82	-4	-4.9%	-12	-11	-1	-9.1%
Food business	121	7	114	1628.6%	26	6	20	333.3%
Others	257	81	176	217.3%	91	29	62	213.8%
<b>Total revenue</b>	<b>1,269</b>	<b>1,125</b>	<b>144</b>	<b>12.8%</b>	<b>149</b>	<b>144</b>	<b>5</b>	<b>3.5%</b>

### **Hotel Business**

In 2Q19, Revenue from hotel business was THB 813 million, a decrease 14.9% yoy, mainly from the closure of Dusit Thani Bangkok (impact of THB 159 million), renovation of Dusit Thani Hua Hin and impact of MRT construction to Dusit Princess Srinakarin while the overseas hotels showed an increase of revenue as well as additional revenue recognition from Elite Havens which Company invested in late 2018 and also revenue from Dusit Suites Ratchadamri, Bangkok opened in May.

#### • **Owned Hotel**

	2Q19	2Q18	% Change
Occupancy %	70.2%	72.8%	-3.5%
ADR (THB/night)	3,257	3,168	2.8%
RevPar (THB/night)	2,287	2,305	-0.8%

*Remark: Hotel statistics exclude Dusit Thani Bangkok and Dusit Suites Ratchadamri, Bangkok for comparison purpose*

In 2Q19, revenue from owned hotels was THB 726 million, a decrease of 19.3% from 1Q18, mainly from

- Revenue from owned hotels in Thailand decreased by 32.6% mainly from the closure of Dusit Thani Bangkok and decrease of revenue from Dusit Thani Hua Hin from renovation and Dusit Princess Srinakarin from MRT construction. However, in middle of quarter 2 this year, Dusit Suites Ratchadamri, Bangkok has been opened for service guests within walking distance of Bangkok's central business district.

- Revenue from overseas owned hotels continuing to grow by 3.0% yoy from both Dusit Thani Manila and Dusit Thani Maldives even though the impact from THB appreciate comparing to USD and PHP. Excluded the Foreign Exchange impact, the overseas hotels were 5.1% growth.

- **Hotel Management**

Revenue from hotel management was THB 91 million in 2Q19, showing a 44.1% growth yoy, mainly resulting from revenue from Elite Havens.

- **Share of Losses from Investment**

In 2Q19, share of losses from investment in Hotel business was THB 4 million better 51.9% yoy from Dusit Fudu Hotel Management (Shanghai) Co., Ltd.

The Company reported a 2Q19 EBITDA from Hotel business of THB 44 million, a decrease of 63.3% from the same period last year. Mainly aforesaid impacted from Dusit Thani Bangkok and impact from the additional provision of employee benefit as per new labour protection act, the exchange rate effect from the appreciation of Thai Baht against the better performance of oversea hotels and the results of Elite Havens which invested in late 2018.

Depreciation and amortization expenses of THB 87 million decreased by 15.9% yoy from fully depreciated of assets under Dusit Thani Bangkok.

### **Education Business**

In 2Q19, revenue from Education Business was THB 78 million, a decrease of 4.9% yoy, mainly from

- a decrease of THB 8 million on profit sharing from Le Cordon Bleu Dusit due to additional expense in relocating to the new location as well as for business expansion such as rental, advertising and depreciation and also impact to the revenue from this relocation.
- Terminated Lyceum fee revenue of THB 9 million from Colleges in Philippines due to the Company planned to invest in an owned Hospitality and Tourism College through Dusit Hospitality Education Philippines Inc. which expected to open in this year.
- A decrease of THB 6 million on loss sharing from Dusit Hospitality Education Philippines Inc.
- Dusit Thani College has better revenue of THB 6 million 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 2Q19, EBITDA from education business was negative by THB 12 million, a decrease of 9.1% yoy, due to decrease of revenue as mentioned above.

### **Food Business**

In 2Q19, the Company recognized revenue of THB 3 million from profit sharing on investment in NR Instant Produce Company Limited (NRIP). In addition, the Company also invested in Epicure Catering Co., Ltd. in last quarter and recognized revenue in this quarter of THB 118 million. From these investments, the revenue of Food Business is growth and the revenue proportion increased to be 9.5% of total revenue (1Q19: 6.3% of total revenue).

EBITDA from food business was THB 26 million, 333.33% growth from such investments.

### **Other Business**

Revenue from other business was THB 257 million in 2Q19, an increase of 217.3% yoy, mainly from THB 216 million gain on sale of investment against with gain on sales of available for sales on investment of THB 38 million in 2Q18. Excluding this transaction, the revenue from other business is the same level as last year.

In 2Q19, EBITDA from other business was THB 91 million, an increase of 213.8% from previous year as aforementioned offset with the expenses of employee benefits of Dusit Thani Bangkok who are still employed by the Company to support the upcoming business such as Dusit Hospitality Services Company Limited, Dusit Suites Ratchadamri, Bangkok and Baan Dusit Thani project, the increase in rental expense for the temporary office, the decrease in profit sharing from investment in DREIT and the additional provision as per the new labour protection act.

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

In 2Q19, the Company's EBITDA was THB 149 million, an increase of 3.5% yoy from EBTDA increase in food business and other business from investment and gain on sales investment. Excluding non-operating factors, EBITDA was increase 98.6% from last year.

### **Finance Cost**

In 2Q19, the finance cost was THB 31 million, an increase of 151.6% due to bond issuance in 3Q18 and short term loan from financial institution during the period 2019.

### **Net Profit**

The Company reported net loss of THB 22 million, decreased from last year THB 23 million as aforementioned. If considering only the normal business operating results, it was an increase of THB 78 million or 86.9% yoy.

### **6M19 Operation Results:**

In 6M19, the Company reported total revenue of THB 2,695 million, a decrease 4.5% yoy. The revenue comprised of 73.6% from hotel business, 7.2% from education business, 7.9% from food business and 11.3% from other business.

Unit: THB mn	Revenue breakdown				EBITDA breakdown			
	6M19	6M18	Change		6M19	6M18	Change	
Hotel business	1,984	2,320	-336	-14.5%	289	468	-179	-38.2%
Education business	195	203	-8	-3.9%	11	16	-5	-31.3%
Food business	212	7	205	2928.6%	41	6	35	583.3%
Others	304	293	11	3.8%	30	118	-88	-74.6%
<b>Total</b>	<b>2,695</b>	<b>2,823</b>	<b>-128</b>	<b>-4.5%</b>	<b>371</b>	<b>608</b>	<b>-237</b>	<b>-39.0%</b>

### **Hotel Business**

In 6M19, Revenue from hotel business was THB 1,984 million, a decrease 14.5% yoy, mainly from the closure of Dusit Thani Bangkok (impact of THB 370 million) while overseas hotels showed growth as well as additional revenue recognition from Elite Havens which Company invested in late 2018. Excluding Dusit Thani Bangkok, revenue from hotel business was in the same level as 6M18.

• **Owned Hotel**

	6M19	6M18	% Change
Occupancy %	77.5%	78.4%	-1.2%
ADR (THB/night)	3,854	2,679	43.9%
RevPar (THB/night)	1,847	2,018	-8.5%

*Remark: Hotel statistics exclude Dusit Thani Bangkok and Dusit Suites Ratchadamri, Bangkok for comparison purpose*

In 6M19, revenue from owned hotels was THB 1,811 million, a decrease of 17.9% yoy, mainly from

- Revenue from owned hotels in Thailand decreased by 29.5% yoy mainly from the closure of Dusit Thani Bangkok, renovation of Dusit Thani Hua Hin, negative impact on tourism business in Phuket to Dusit Thani Laguna Phuket and traffic issue on MRT construction at Dusit Princess Srinakarin.
- Revenue from overseas owned hotels continuing to grow by 4.8% yoy from both Dusit Thani Manila and Dusit Thani Maldives even though the impact from THB appreciate comparing to USD and PHP. Excluded the Foreign Exchange impact, the overseas hotels were 5.6% growth.

• **Hotel Management**

Revenue from hotel management was THB 178 million in 6M19, showing a 44.3% growth yoy, resulting from revenue from Elite Havens.

• **Share of Losses from Investment**

In 6M19, share of losses from investment in Hotel management business was THB 5 million, better 48.0% yoy from Dusit Fudu Hotel Management (Shanghai) Co., Ltd.

In 6M19, the Company reported EBITDA from Hotel business of THB 289 million, a decrease of 38.2% from the same period last year. Mainly aforesaid impacted from closure of Dusit Thani Bangkok, impact from the additional provision of employee benefit as per new labour protection act, the exchange rate effect from the appreciation of Thai Baht against the better performance of overseas hotels and the results of Elite Havens which invested in late 2018.

Depreciation and amortization expenses of THB 174 million decreased by 18.4% yoy from fully depreciated of assets under Dusit Thani Bangkok.

**Education Business**

In 6M19, revenue from education business was THB 195 million, a decrease of 3.9% yoy, mainly from;

- A decrease in profit sharing from Le Cordon Bleu Dusit of THB 11 million due to additional expense in relocating to the new location for business expansion such as rental, advertising and depreciation and also impact to the revenue from this relocation.
- Terminated Lyceum fee revenue of THB 9 million from Colleges in Philippines due to the Company planned to invest in an owned Hospitality and Tourism College through Dusit Hospitality Education Philippines Inc. (DHEP) which expected to open in this year.
- Lower loss sharing from DHEP of THB 1 million
- Dusit Thani College has better result of THB 11 million 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 6M19, EBITDA from education business was THB 11 million, a decrease of 31.3% 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 continuingly. In 1Q19, the Company also invested in Epicure Catering Co., Ltd. From these investments, the food business revenue for 6M19 was reported by THB 212 million and accounting for 7.9% of total revenue.

EBITDA from food business was THB 41 million, 583.3% growth from such investments.

#### **Other Business**

Revenue from other business was THB 304 million in 6M19, an increase of 3.8% yoy, mainly from THB 216 million gain on sale of investment (in 2018 THB 169 million) offset with last year gain on sale of available for sales investment of THB 38 million.

In 6M19, EBITDA from other businesses was THB 30 million, decreased 74.6% yoy from results of the expenses of employee benefits of Dusit Thani Bangkok who are still employed by the Company to support the upcoming business such as Dusit Hospitality Services Company Limited, Dusit Suites Ratchadamri, Bangkok and Baan Dusit Thani project, the increase in rental expense for the temporary office, the decrease in profit sharing from investment in DREIT and the additional provision as per the new labour protection act.

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

In 6M19, the Company's EBITDA was THB 371 million, a decrease of 39.0% from decrease in EBTDA from hotel business and other business offset with increase in EBITDA from Food business as aforementioned. If considering only normal business operating results, EBITDA was decrease 28.1% from 6M18.

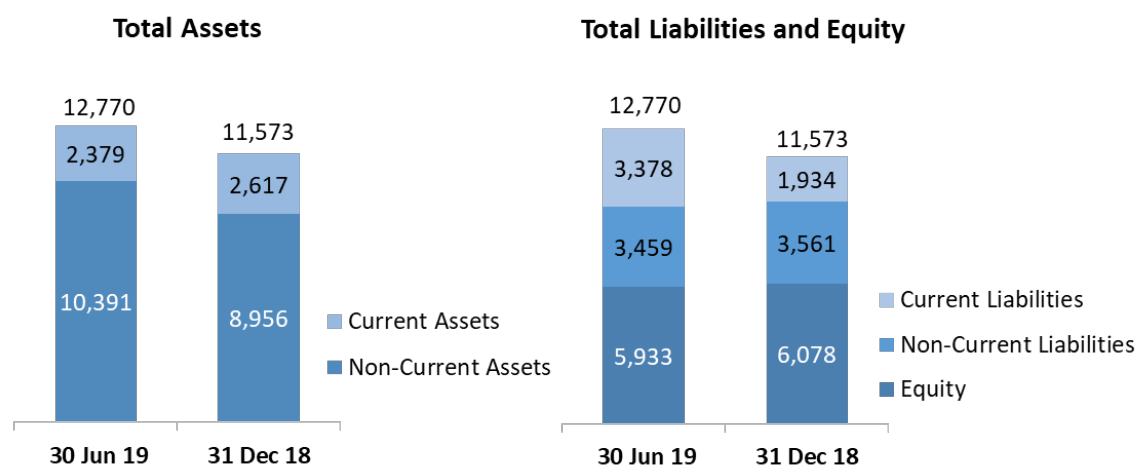
#### **Finance Cost**

In 6M19, the finance cost was THB 56 million, an increase of 113.9% yoy due to bond issuance in 3Q18 and short term loan from financial institution during 2019 period.

#### **Net Profit**

The Company reported net loss of THB 22 million, decreased from last year THB 252 million or 109.6% yoy as aforementioned. If considering only the normal business operating results, it was a decrease of THB 103 million from the same period last year.

Unit: THB mn



### Assets

As of 30 June 2019, the Company reported total assets of THB 12,770 million, an increase of THB 1,197 million or 10.3% from 31 December 2018.

- Current assets decreased by THB 238 million from mainly received from trade and other receivable.
- Non-current assets increased by THB 1,435 million mainly from prepaid rental of Dusit Suites Ratchadamri, Bangkok and Baan Dusit Thani project which will be opened by next quarter and increase in other intangible assets, goodwill from investments in Epicure Catering Co.,Ltd. C and goodwill from Investment in a subsidiary of Elite Havens.

### Liabilities

As of 30 June 2019, the Company reported total liabilities of THB 6,837 million, an increase of THB 1,342 million or 24.4% from 31 December 2018.

- Current Liabilities increased by THB 1,444 million from increase in short term loans from financial institutions for use as working capital and investment in new projects as per plan of the Company.
- Non-Current Liabilities decreased by THB 102 million according to repayment scheduled of long-term loan.

### Shareholders' Equity

As of 30 June 2019, the Company Equity was THB 5,933 million, an decrease of 2.4% from 31 December 2018, consisting of the equity attributed to owners of the parent of THB 4,752 million, and the non-controlling interest of THB 1,182 million.

### Cash Flows

As of 30 June 2019, the Company reported cash and cash equivalents of THB 1,015 million, decrease of THB 98 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 1,480 million from the followings;



- Net cash received from operating activities THB 131 million consists of cash inflow from sales and services, offsetting with cash outflow for expenses and income tax payment
- Cash inflow from financing activities THB 1,349 million comprised proceed of short term loans from financial institutions THB 1,669 million offsetting with repayment of long-term loan of THB 116 million, interest payment THB 55 million and dividend paid THB 149 million.

### Use of Funds

The Company reported net cash outflow from investing activities of THB 1,575 million, mainly comprises;

- THB 387 million for a net investment in Epicure Catering Co.,Ltd. and investment in subsidiary of Elite Havens, THB 479 million for purchase of assets, THB 765 million for prepayment rental on Dusit Suites Ratchadamri, Bangkok and Baan Dusit Thani and THB 191 million for deposit contract related to project ASAI Chinatown.

### Statement of Financial Position

Unit: THB mn	30-Jun-19	% to total assets	31-Dec-18	% to total assets	Chg
Cash and cash equivalents	1,015	7.9%	1,112	9.6%	-8.7%
Short-term investments	439	3.4%	457	3.9%	-3.9%
Trade and other receivables	649	5.1%	849	7.3%	-23.6%
Others current assets	276	2.2%	199	1.7%	38.7%
<b>Total current assets</b>	<b>2,379</b>	<b>18.6%</b>	<b>2,617</b>	<b>22.6%</b>	<b>-9.1%</b>
Available-for-sale investments	504	3.9%	473	4.1%	6.6%
Investment in associates	1,981	15.5%	1,980	17.1%	0.1%
Property, plant and equipment	4,448	34.8%	4,300	37.2%	3.4%
Prepaid rental of land and buildings	1,481	11.6%	821	7.1%	80.4%
Others non-current assets	1,977	15.5%	1,382	11.9%	43.1%
<b>Total non-current assets</b>	<b>10,391</b>	<b>81.4%</b>	<b>8,956</b>	<b>77.4%</b>	<b>16.0%</b>
<b>Total assets</b>	<b>12,770</b>	<b>100.0%</b>	<b>11,573</b>	<b>100.0%</b>	<b>10.3%</b>
Bank O/D and short term loans	1,836	14.4%	167	1.4%	999.4%
Trade and other payables	1,112	8.7%	1,248	10.8%	-10.9%
Current portion of long term loans	242	1.9%	241	2.1%	0.4%
Others current liabilities	188	1.5%	278	2.4%	-32.4%
<b>Total current liabilities</b>	<b>3,378</b>	<b>26.5%</b>	<b>1,934</b>	<b>16.7%</b>	<b>74.7%</b>
Acquisition payable	60	0.5%	60	0.5%	0.0%
Long term loans	462	3.6%	601	5.2%	-23.1%
Debenture	998	7.8%	997	8.6%	0.1%
Deferred rental revenue	521	4.1%	534	4.6%	-2.4%
Others non-current liabilities	1,418	11.1%	1,369	11.8%	3.6%
<b>Total non-current liabilities</b>	<b>3,459</b>	<b>27.1%</b>	<b>3,561</b>	<b>30.8%</b>	<b>-2.9%</b>
<b>Total liabilities</b>	<b>6,837</b>	<b>53.5%</b>	<b>5,495</b>	<b>47.5%</b>	<b>24.4%</b>
Equity attributable to owners of the Company	4,752	37.2%	4,971	43.0%	-4.4%
Non-controlling interests	1,182	9.3%	1,107	9.6%	6.7%
<b>Total shareholders' equity</b>	<b>5,933</b>	<b>46.5%</b>	<b>6,078</b>	<b>52.5%</b>	<b>-2.4%</b>

<b>Key Financial Ratio</b>		
<b>Profitability ratio</b>	<b>30-Jun-19</b>	<b>30-Jun-18</b>
Gross profit margin	31.9%	31.6%
EBITDA margin	13.8%	21.6%
Net profit margin	-0.8%	8.2%
<b>Efficiency ratio</b>	<b>30-Jun-19</b>	<b>30-Jun-18</b>
Return on equity*	0.8%	9.9%
Return on asset*	2.5%	7.5%
<b>Liquidity ratio</b>	<b>30-Jun-19</b>	<b>31-Dec-18</b>
Current ratio (time)	0.70	1.35
<b>Leverage ratio</b>	<b>30-Jun-19</b>	<b>31-Dec-18</b>
Interest bearing debt to equity (time)	0.75	0.40
Net interest bearing debt to equity (time)	0.44	0.09
Debt to equity (time)	1.44	1.11
	<b>30-Jun-19</b>	<b>30-Jun-18</b>
Interest coverage ratio (time)**	2.48	13.33

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

Compared to 1H18, the Company's gross profit margin remained resilient with stable margin in 1H19 despite the closure of Dusit Thani Bangkok hotel. However, EBITDA margin and net profit margin declined yoy due to the lower operating results of each business segment (except food business). Despite the lower interest coverage ratio in 1H19 compared to 1H18, the Company expects to see improving interest coverage ratio in 2H19 due to the expected continual revenue growth of food business and higher revenue from education business. The Company's financial position remained strong with interest bearing debt to equity of 0.75 times, compared to the Company's policy of not exceeding 1.50 times and the debenture covenant of not exceeding 1.75 times.

## **2019 Outlook**

For 1H19, the overall Company's performance was under pressure mainly attributable to the lower revenue from the closure of Dusit Thani Bangkok hotel in early 2019 and the renovation of Dusit Thani Hua Hin in 2Q19. Additionally, new businesses will require a certain amount of time before starting to generate profit. Nevertheless, the Company's food business performed as planned in terms of revenue growth and profitability (EBITDA) through the acquisition of Epicure Catering Co., Ltd., a leader in the food and beverage catering business for international schools in South East Asia region.

For 2H19, the Company remains fairly positive in its outlook for the overall performance from education and food businesses. New business that started its operation in 1H19 will start to generate more revenue in the second half of the year. Food business is expected to continually grow, especially from Epicure Catering Co., Ltd. as well as from Dusit Real Foods Co., Ltd. Epicure Catering plans to expand its business overseas. Dusit Real Foods will start selling healthy food products at Virgin Active Fitness Clubs in Thailand in 3Q19. Revenue from education business is expected to increase due to opening of Dusit Hospitality Management College, the first Dusit Hospitality College in Manila, with the curriculum designed to integrate

students' learning experiences through practical skill training with DusitD2 The Fort Manila hotel. For the hotel business, while the Company still plans to open new hotels as planned, hospitality industry in Thailand may remain under pressure due to US-China trade war and strong Thai Baht. The Company is now reviewing 2019 core revenue growth which mainly impacted by the overall economic slowdown.

- **Revises the Company's plan to open 10 new hotels** via the asset light and lease model. In 1H19, the Company opened 5 new hotels:
  - Dusit Thani Mactan Cebu in the Philippines
  - DusitD2 Davao in the Philippines
  - Dusit Doha Hotel in Qatar
  - Dusit Suites Ratchadamri, Bangkok in Thailand (lease model)
  - Dusit Princess Residence Marina in the United Arab of Emirates

In 2H19, the Company plans to open 6 more hotels in the Philippines and China. For luxury villa management, currently there are 238 properties under Elite Havens brand. Elite Havens will continue to expand in its existing markets including Japan and Indonesia as well as exploring the new market in Australia.

- **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. Additionally, Dusit Hospitality Management College (DHMC), the first Dusit hospitality school in Manila with an intensive practical curriculum developed together with Dusit D2 The Fort Manila hotel, is planned to be opened in 3Q19.
- **Continues to diversify and expand in food business**

The Company has announced its expansion into the food business with the official launch of Dusit Foods Co., Ltd. since 2018 with the first investment in NR Instant Produce Co., Ltd., a leading manufacturer and exporter of instant food and beverages that operated over than 25 years in this business. NR Instant Produce Co., Ltd. covers more than 25 countries around the world for more than 50 brands. Dusit Foods vision is to 'Bring Asia to the World' through Thai and Asian food products that reflect four key pillars of sustainable production – Healthy, Natural, Organic, and Supporting local communities – while also leveraging DTC's strong reputation for delivering high quality experiences, particularly in Asia, where most of the company's hotels and resorts are located. The growth of Dusit Foods will come from both organic through selling its own products and non-organic through acquisitions of related businesses that will add value to the core business. The Company plans to achieve THB 1,000 million of food revenue within 3 years (2019 - 2021). By pursuing organic and non-organic growth, Dusit Foods aims to achieve THB 400 million in revenue by the end of this year. The Company is confident that the revenue from food business will meet the target.

  - In early 2019, Dusit Foods Co., Ltd. invested in Epicure Catering., Ltd., the leading provider of catering services to international schools in South East Asia region. Epicure Catering., Ltd. also plans to further expand its business later this year.
  - As for its own products, Dusit Foods officially introduced the premium instant food brand "Khong Thai" in THAIFEX World of Food Asia 2019, the Southeast Asia's largest food and beverage show, in May 2019. Khong Thai target market is essentially in the international

markets initially aim at the white tablecloth restaurants, with a plan to target key food suppliers later. Dusit Foods plans to sell its products starting from the US market in September 2019 capitalizing on Thai food popularity among US consumers before expanding its market to Europe such as the UK, Germany and France.

- In July 2019, Dusit Foods incorporated Dusit Reals Food Co., Ltd. (DRF), which holds stakes in Real Foods (Pty), a healthy food restaurant business in South Africa. Dusit Real Foods partnered with Virgin Active Thailand to open and operate dining outlets to provide customers with healthy meals, snacks and shakes. The first Real Foods store in Bangkok is scheduled to open at Virgin Active Fitness Club Whizdom 101 in early 4Q19.
- **Mixed-use project:**
  - In early April, Vimarn Suriya 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 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 of 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 with approximately 49,000 sq. m. of net saleable area will offer two distinctive living experiences – Dusit Residences and Dusit Parkside.
      - **Dusit Residences** will comprise of 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 65-220 sq. m.
    - **Central Park Shopping Complex** Showcasing iconic international and local brands around 78,000 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 45-storey building, covering 92,000 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.
- The Company is currently preparing and obtaining necessary permits for the construction as originally planned. Accordingly, the sales and marketing strategy of the project's residences is consistently monitored and realigned with prevailing market situations. The sales of the residences is expected at the end of 2019. However, the opening target of the project remains the same. The new Dusit Thani Bangkok hotel, shopping complex and office buildings are planned to be opened in 2023 while residential building is planned to be opened 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 service. 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.

“Baan Dusit Thani”, located in Soi Saladaeng Bangkok, is now opened in late July 2019 with Dusit Gourmet, a coffee shop, as the first outlet. Benjarong restaurant (Thai) and Thien Duong restaurant (Vietnamese) are scheduled to be opened in 3Q19.
- **Maintains total estimated 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 to be around 18-20%.