

OHTL Public Company Limited and its subsidiaries

Management Discussion and Analysis for the year ended 31 December 2019

<i>(Unit: Thousand Baht)</i>	2019	2018	Increased (Decreased)
Room revenue	385,447	897,063	(57.0%)
Food and beverage revenue	639,516	959,886	(33.4%)
Other revenues	276,209	348,397	(20.7%)
Hotel income	1,301,172	2,205,346	(41.0%)
Cost of sales and services	1,065,622	1,216,118	(12.4%)
Operating expenses	717,690	694,345	3.4%
Finance costs - Interest expense	24,862	8,795	182.7%
Net (loss) profit	(370,918)	259,735	(242.8%)

The Company closed year-end 2019 with hotel income of Baht 1,301.2 million, results include the planned River Wing renovation works which significantly reduced available room inventory for sale. The target opening in October 2019 has been delayed, however the risk associated with the delay of the Project has been disclosed to the shareholders prior to obtaining the approval of the renovation Project. As a result, the construction delays further impacted the available room inventory in the last quarter of 2019. The common areas including Food and Beverage outlets have been completed with remaining room inventory to be completed mid-year 2020.

Consequently, hotel income for year-end 2019 decreased by Baht 904.2 million or 41.0% compared to year-end 2018. Without effecting guest experiences, cost containment measures were carefully implemented throughout 2019 in anticipation of the River Wing renovation to mitigate the decrease in revenue.

The Company recorded cost of sales and services of Baht 1,065.6 million in 2019, decreasing by Baht 150.5 million or 12.4% versus 2018. Operating expenses which included the write-off of plant and equipment increased by Baht 23.3 million or 3.4% compared to year 2018.

Additional finance costs of Baht 16.1 million or 182.7% were derived from interest on short-term and long-term loans that the Company had drawn down for the hotel operations and the River Wing renovation project.

Year-end 2019, the Company closed with a net loss of Baht 370.9 million, compared to year-end 2018's net profit of Baht 259.7 million. Net loss would have closed at Baht 259.9 million excluding write-off of plant and equipment from the renovation of River Wing building amounting to Baht 80.0 million and adjustment provision of retirement benefit as per new Labor Protection Act effective on 5 May 2019 of Baht 31.0 million.

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