



Safari World Public Company Limited
Registration No. B.M.J. 0107537000351

Ref. No. 107 /2020

AUGUST 14, 2020

Re. : The explanation and analysis report of the financial positions and result of business operations differences more than 20% compare to the previous year.

To : Board of Governors and the President of The Stock Exchange of Thailand

Regarding the pandemic of Corona Virus (COVID-19), the number of an inbound international tourist which is the main customer of Safari World Group including Phuket Fantasea Public Company Limited (the "Subsidiary Company") has sharply decreased since February 2020. Safari World Group always realized its duty to the society and put the priority on the health and safety of the park visitor, therefore Safari World Group has temporary closed its parks to such duty and to the request of the government from 19 March 2020 in order to halt the widespread of the virus at those time. During these times, Safari World Group has continually assessed the situation and actively manage its resource to the unpredictability of the current circumstance while taken into its account of all stakeholders. Safari World Group has managed its costs, internal resources, business operation and the cash flow to the maximized performance under the COVID-19 situation.

The management and business operation under the COVID-19 situation

Safari World Group including the Subsidiary Company has temporary closed its parks to the state official request, a measurement to control the pandemic of COVID-19. Safari World Group also allow most of its employees to work from home to reduce the risk of infection. On the other hands, Safari World Group has reduced its cost and expense to lessen the effect to the income and profitability by reduce mainly on selling and administrative cost, utilities expenses and animal care expenses for instance. Furthermore, the group has assessed and cut down any unnecessary cost across the group as well as renegotiating payment condition with its business partner. All of these measurements are the effort of cost control in order for the group to secure sufficient cash flow to continue its business operation under the COVID-19 situation.

The health and safety measurement on prevention of COVID-19

On the reopening of some park of the group, all employees providing the service must wear a face mask and pass the body temperature screening before the shift. Furthermore, to comprehensible with the state health and safety policy, spots to provide alcohol gel and face mark for the park visitor are scatters through out the area. The group also have ticket counter, food and beverage area clean with antibiotic agent every 60 minutes. The park seating also provides sufficient distancing and finally all the equipment are vaporized by ozone generator and chemically disinfected prior and after the service.



The Explanation and Analysis Report of the Financial Positions and Result of Business Operations for the first 3 months ending on 31 March 2020 audited by the CPA

1. The Consolidated Financial Statements

1.1 Report and analysis of Business Operations

Revenue

Revenue from operations

Revenue from operations for the Company and its subsidiaries was totally Baht 257.28 million decreased from compared with the same period of 2019 which was for Baht 201.53 million or -43.92%. Caused by the start of the spread of the coronavirus (COVID-19) . Since the beginning of February 2020, the number of tourists has decreased by more than 45% due to the company's customers and 80% of its subsidiaries are foreign tourists such as India, Russia and ASEAN for instance. And additionally, the Company must be temporary closed from 19 March 2020.

(million)	2020	2019	increase (decrease)	
			million	%
Sale of tickets	164.06	289.88	(125.82)	(43.40)
Sale of food and beverages	53.97	96.09	(42.12)	(43.83)
Other revenue from operations	39.25	72.84	(33.59)	(46.11)
Total revenues	257.28	458.81	(201.53)	(43.92)

Other income

Other income for the first quarter of the year 2020 of Baht 23.32 million increased from Baht 5.54 million from the first quarter of the year 2019 of Baht 17.78 million or 320.94% as a result mainly of the reversal of the accrued expense of the year 2019, the amount of 20 million Baht.

Expenses

Cost of sales and services

Cost of sales and services for the first quarter of the year 2020 of Baht 171.01 million decreased from Baht 190.88 million from the first quarter of the year 2019 of Baht 19.87 million or -10.41% The decrease in expenses was in line with the lower revenue from the company's temporary shutdown. But the park reopening of the company cannot reduce costs as much as the number of tourists decreases since the park offer the show performance on a fix basis (1 show per day). Therefore, the decrease in the number of tourists does not significantly reduce the cost of sales and services due to the fix cost of the show performance.

Loss on death of animal for the first quarter of the year 2020 of Baht 7.14 million increased from Baht 2.82 million from the first quarter of the year 2019 of Baht 4.32 million or 153.19%. This is due to the impact of animal import trips from Africa in January 2020, such as giraffes and zebras are significant.

For the first quarter of the year 2020, gross profit was Baht 37.62 million decreased from Baht 226.65 million from the first quarter of the year 2019 of Baht 189.03 million or -83.40% resulted to gross profit margin of the first quarter of the year 2020 was at 14.62% slightly decreased from the first quarter of the year 2019 which was -49.40%.

Selling and administrative expenses

Selling and administrative expenses of the first quarter of the year 2020 of Baht 180.52 million increased from Baht 149.33 million from the first quarter of the year 2019 of Baht 31.19 million or 20.89% due to financial advisory fee increased of Baht 11.82 million.

Finance costs

Finance costs of the first quarter of the year 2020 of Baht 62.29 million increased from Baht 35.08 million from the first quarter of the year 2019 of Baht 27.21 million or 77.57% from the issuance of short-term and long-term debentures.

Summary operating results

The Company and its subsidiaries had loss profit for the first quarter of the year 2020 of Baht 182.81 million decreased from Baht 34.36 million from the first quarter of the year 2019 or -632.04% of Baht 201.53 million. Due to lower operating income from the decreasing number of tourists but expenses cannot be reduced in proportion to the reduction in income. This is because the regular expenses of the company are fixed expenses such as animal feed, wages, utilities, etc . In this regard, the company has a measure to reduce unnecessary expenses during the start of the temporary closure and postpone projects that require investment in accordance with the 2020 annual budget plan, to maintain cash flow.

(million)	2020	2019	increase (decrease)	
			million	%
Total revenues	257.28	458.81	(201.53)	(43.92)
Cost of sales and services	(171.01)	(190.88)	19.87	(10.41)
Loss on death of animals	(7.14)	(2.82)	(4.32)	153.19
Depreciation	(41.51)	(38.46)	(3.05)	7.93
Gross profit	37.62	226.65	(189.03)	(83.40)
Selling and administrative expenses	(180.52)	(149.33)	(31.19)	20.89
Other incomes	23.32	5.54	17.78	320.94
Profit before interest and expense tax	(119.58)	82.86	(202.44)	(244.32)
Finance costs	(62.29)	(35.08)	(27.21)	77.57
Profit before expense tax	(181.87)	47.78	(229.65)	(480.64)
Expense tax	(0.94)	(13.42)	12.48	(93.00)
Net profit (loss)	(182.81)	34.36	(217.17)	(632.04)
Gross Profit Margin	14.62%	49.40%		
Earnings before interest and taxes	-46.48%	18.06%		
Earnings before taxes	-70.69%	10.41%		
Net Profit Margin	-71.05%	7.49%		

1.2 Report and analysis of financial positions

(million)	As at March 31,2020	As at December 31,2019	increase (decrease)	
			million	%
Total assets	8,884.56	8,553.07	331.49	3.88
Interest-bearing debts	4,583.27	4,059.44	523.83	12.90
Total Liabilities	5,107.87	4,593.56	514.31	11.20
Total shareholder's equity	3,776.69	3,959.51	(182.82)	(4.62)
Interest bearing debt to equity ratio	1.21	1.03		
Debt to equity ratio	1.35	1.16		

Assets

As of March 31, 2020, the Company and its subsidiaries had total assets of Baht 8,884.56 million increased from Baht 8,553.07 million as of December 31, 2019 of Baht 331.49 million or 3.88% primarily of the significant changes are from the additional purchase of property, plant and equipment of Baht 391.52 million mostly was the construction in progress for Carnival Magic project., animals and plants of Baht 55.62 million much of the purchase of animals. Cash and cash equivalents decreased of Baht 106.87 million. Advances for purchase of assets and animals net decreased of Baht 61.93 million. Trade and other current receivables decreased of Baht 8.02 million.

Liabilities

As of March 31, 2020, the Company and its subsidiaries had total liabilities of Baht 5,107.87 million increased from Baht 4,593.56 million as of December 31, 2019 of Baht 514.31 million or 11.20% primarily from the increase in interest-bearing debts of Baht 523.83 million resulting to the interest-bearing debts to equity ratio and debt to equity ratio was increased to 1.21 and 1.35 respectively.

Shareholders' equity

As of March 31, 2020, the Company and its subsidiaries had total shareholders' equity of Baht 3,776.69 million decreased from Baht 3,959.51 million as of December 31, 2019 of Baht 182.82 million or -4.62% from recognized loss profit of the first quarter of the year 2020. The Company and subsidiaries decreasing in ordinary shares of non-controlling interests of Baht 0.31 million.

2. The separate financial statements

2.1 Report and analysis of Business Operations

Revenue

Revenue from operations

Revenue from operations for the Company for the first quarter of the year 2020 totally Baht 145.07 million decreased from Baht 243.72 million from the first quarter of the year 2019 of Baht 98.65 million or -40.48% due to revenue from sales of ticket and sales of food and beverages were decreased of Baht 56.89 million and Baht 25.65 million, respectively. Caused by the start of the spread of the coronavirus (COVID-19). From the beginning As of February 2020, the number of tourists has dropped more than 46% as the company's customers and 70% are foreign tourists such as India. Japan, Korea and ASEAN for instance. And additionally, the Company must be temporary closed from 19 March 2020.

(million)	2020	2019	increase (decrease)	
			million	%
Sale of tickets	88.40	145.29	(56.89)	(39.16)
Sale of food and beverages	34.63	60.28	(25.65)	(42.55)
Orther revenue from operations	22.04	38.15	(16.11)	(42.23)
Total revenues	145.07	243.72	(98.65)	(40.48)

Other income

Other income for the first quarter of the year 2020 of Baht 31.80 million increased from Baht 10.17 million from the first quarter of the year 2019 of Baht 21.63 million or 212.68 % due mainly to reversal of accrued bonus of Baht 20.00 million.

Expenses

Cost of sales and services

Cost of sales and services for the first quarter of the year 2020 of Baht 98.67 million decreased from Baht 105.77 million from the first quarter of the year 2019 of Baht 7.10 million or -6.71%. The decrease in expenses was in line with the lower revenue from the company's temporary shutdown. But the park reopening of the company cannot reduce costs as much as the number of tourists decreases since the park offer the show performance on a fix basis (1 show per day). Therefore, the decrease in the number of tourists does not significantly reduce the cost of sales and services due to the fix cost of the show performance.

Loss on death of animal for the first quarter of the year 2020 of Baht 7.14 million increased from Baht 2.82 million from the first quarter of the year 2019 of Baht 4.32 million or 153.19. This is due to the impact of animal import trips from Africa in January 2020, such as giraffes and zebras are significant.

For the first quarter of the year 2020, gross profit was Baht 14.53 million decreased from Baht 111.92 million from the first quarter of the year 2019 of Baht 97.39 million or -87.02% which was lower than the increase in revenue from operations stated at 40.48% due to the lower rate of the decrease in cost of sales and services resulting to the decrease in gross profit margin of the first quarter of the year 2020 to 10.02% from 45.92% from the first quarter of the year 2019.

Selling and administrative expenses

Selling and administrative expenses of the first quarter of the year 2020 of Baht 66.52 million decreased from Baht 68.39 million from the first quarter of the year 2019 of Baht 1.87 million or-2.73% due to sales compensation decreased of Baht 3.33 million.

Finance costs

Finance costs of the first quarter of the year 2020 of Baht 33.50 million increased from Baht 11.06 million for the first quarter of the year 2019 of Baht 22.44 million or 202.89% in line with the increase in interest-bearing debts.

Summary operating results

The Company had net profit of the first quarter of the year 2020 of Baht 54.80 million decreased from Baht 33.01 million for the first quarter of the year 2019 of Baht 87.81 million or -266.01% Due to lower operating income from the decreasing number of tourists but expenses cannot be reduced in proportion to the reduction in income. This is because the regular expenses of the company are fixed expenses such as animal feed, wages, utilities, etc . In this regard, the company has a measure to reduce unnecessary expenses during the start of the temporary closure and postpone projects that require investment in accordance with the 2020 annual budget plan, to maintain cash flow.

(million)	2020	2019	increase (decrease)	
			million	%
Total revenues	145.07	243.72	(98.65)	(40.48)
Cost of sales and services	(98.67)	(105.77)	7.10	(6.71)
Loss on death of animals	(7.14)	(2.82)	(4.32)	153.19
Depreciation	(24.73)	(23.21)	(1.52)	6.55
Gross profit	14.53	111.92	(97.39)	(87.02)
Selling and administrative expenses	(66.52)	(68.39)	1.87	(2.73)
Other incomes	31.80	10.17	21.63	212.68
Profit before interest and expense tax	(20.19)	53.70	(73.89)	(137.60)
Finance costs	(33.50)	(11.06)	(22.44)	202.89
Profit before expense tax	(53.69)	42.64	(96.33)	(225.91)
Expense tax	(1.11)	(9.63)	8.52	(88.47)
Net profit (loss)	(54.80)	33.01	(87.81)	(266.01)
Gross Profit Margin	10.02%	45.92%		
Earnings before interest and taxes	-13.92%	22.03%		
Earnings before taxes	-37.01%	17.50%		
Net Profit Margin	-37.77%	13.54%		

2.2 Report and analysis of financial positions

(million)	As at March 31,2020	As at December 31,2019	increase (decrease)	
			million	%
Total assets	5,538.27	4,639.39	898.88	19.37
Interest-bearing debts	1,401.99	420.96	981.03	233.05
Total Liabilities	1,616.37	662.68	953.69	143.91
Total shareholder's equity	3,921.90	3,976.71	(54.81)	(1.38)
Interest bearing debt to equity ratio	0.36	0.11		
Debt to equity ratio	0.41	0.17		

Assets

As of March 31, 2020, the Company had total assets of Baht 5,538.27 million increased from Baht 4,639.39 million as of December 31, 2019 of Baht 898.88 million or 19.37% primarily of the significant are from long-term loans to related parties increased of Baht 844.44 million animals and plants increased of Baht 52.68 million much of the purchase of animals, Trade and other current receivables decreased of Baht 8.99 million. Cash and cash equivalents decreased of Baht 11.22 million is significant

Liabilities

As of March 31, 2020, the Company had total liabilities of Baht 1,616.37 million increased from Baht 662.68 million as of December 31, 2019 of Baht 953.69 million or 143.91% primarily from the increase in interest-bearing debts of Baht 981.03 million and trade and other current payables decreased of Baht 30.42 million resulting to the decrease in interest –bearing debts to equity ratio and debt to equity ratio for 0.36 and 041, respectively.

Shareholders' equity

As of March 31, 2020, the Company had total shareholders' equity of Baht 3,921.90 million decreased from Baht 3,976.71 million as of December 31, 2019 of Baht 54.81 million or 1.35% due to net loss.

Please be informed accordingly.

Sincerely yours,

- Signature -

(Apar Kewkacha)

President