

To : Managing Director
The Stock Exchange of Thailand

Date : August 9, 2021

Re : Management Discussion and Analysis for the period ended June 30, 2021

The Board of Directors of Shangri-La Hotel Public company Limited is pleased to announce the Company's results of operation for the period ended June 30, 2021 as follows: -

Net profit / (loss) after corporate income tax for the three-month period ended June 30, 2021 and 2020:

(Baht in million)	2021	2020	Change
The Company	(122.93)	(127.67)	3.71%
Consolidated	(113.43)	(156.69)	27.61%

The Company:

The Company's loss before corporate income tax benefits for the three-month period ended June 30, 2021 decreased by Baht 36.75 million against the corresponding period of last year. The decrease in the Company's loss was mainly attributed to the decrease in loss before income tax benefits of Shangri-La Hotel, Bangkok ("SLBK") by Baht 21.55 million and decrease in loss of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 15.20 million.

Revenues from hotel operations of SLBK increased by Baht 18.54 million from Baht 21.39 million to Baht 39.93 million mainly due to the increase in all types of revenue including room, food & beverages and other revenue resulting from ASQ revenue, staycation package and voucher sales. Gross Profit before expenses increased by Baht 34.86 million. Selling and administrative expenses decreased by Baht 7.09 million and Baht 15.49 million, respectively. Depreciation expense decreased by Baht 3.04 million against last year. Finance income decreased by Baht 37.14 million mainly due to weakening of Thai Baht currency against US Dollar. As a result, the loss before corporate income tax benefits decreased by Baht 21.55 million from Baht 107.36 million to Baht 85.81 million.

Loss before corporate income tax benefits of SLCM decreased by Baht 15.20 million as compared to 2020, mainly attributed to higher revenues from hotel operations by Baht 8.67 million from Baht 3.04 million to Baht 11.71 million as a result of food & beverage revenue resulting from pastry revenue. Gross Profit before expenses increased by Baht 9.11 million. Selling and administrative expenses decreased by Baht 1.56 million and Baht 3.40 million, respectively. Depreciation Expenses decreased by Baht 1.05 million against last year. As a result, the loss before corporate income tax benefits decreased by Baht 15.20 million from Baht 52.32 million to Baht 37.12 million.

Consequently, the total loss of SLBK and SLCM before corporate income tax benefits decreased by Baht 36.75 million from Baht 159.68 million to Baht 122.93 million. The corporate income tax benefits decreased by Baht 32.01 million as compared to 2020 due to not record the deferred tax asset during second quarter. The Company recorded a net loss after tax benefits of Baht 122.93 million for the three-month period ended June 30, 2021 compared to Baht 127.67 million last year (decreased by 3.71%).

Consolidated:

The consolidated loss before corporate income tax benefits for three-month period ended June 30, 2021 decreased by Baht 69.93 million against last year. The decrease in consolidated loss before corporate income tax benefits was due to decrease in the Company's loss before corporate income tax benefits of Baht 36.75 million and decrease in loss from subsidiaries by Baht 33.18 million. The decrease in loss of subsidiaries was largely due to the dividend income from Don Muang Tollway Public Company Limited and the decrease in exchange loss from loan to a related company. As a result, the corporate income tax benefits decreased by Baht 20.65 million mainly as a result of lower loss from the Company. Overall, the consolidated net loss after tax benefits attributable to the equity holders of the Company for the three-month period ended June 30, 2021 decreased by Baht 43.26 million against last year (decreased by 27.61%).

Net profit / (loss) after corporate income tax for the six-month period ended June 30, 2021 and 2020:

(Baht in million)	<u>2021</u>	<u>2020</u>	<u>Change</u>
The Company	(229.72)	(93.49)	(145.72%)
Consolidated	(197.45)	(27.58)	(615.85%)

The Company:

The Company's loss before corporate income tax benefits for the six-month period ended June 30, 2021 increased by Baht 139.42 million against the corresponding period of last year. The increase in the Company's loss was mainly attributed to the increase in loss before income tax benefits of Shangri-La Hotel, Bangkok ("SLBK") by Baht 117.59 million and increase in loss of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 21.83 million.

Revenues from hotel operations of SLBK decreased by Baht 260.46 million from Baht 359.13 million to Baht 98.67 million mainly due to the decrease in all types of revenue including room, food & beverages and other revenue resulting from lower occupancy due to COVID-19 pandemic situation. Gross Profit before expenses decreased by Baht 177.11 million. Selling and administrative expenses decreased by Baht 23.15 million and Baht 56.17 million, respectively. Depreciation expense decreased by Baht 7.98 million against last year. Finance cost increased by Baht 19.06 million mainly due to increase in unrealized exchange loss US Dollar loan compared to 2020. As a result, the loss before corporate income tax benefits increased by Baht 117.59 million from Baht 63.34 million to Baht 180.93 million.

Loss before corporate income tax benefits of SLCM increased by Baht 21.83 million as compared to 2020, mainly attributed to lower revenues from hotel operations by Baht 62.37 million from Baht 90.30 million to Baht 27.93 million as a result of lower room occupancy and average room rates in 2021 due to COVID-19 pandemic situation. Gross Profit before expenses decreased by Baht 46.15 million. Selling and administrative expenses decreased by Baht 5.27 million and Baht 18.22 million, respectively. Depreciation Expenses decreased by Baht 1.61 million against last year. As a result, the loss before corporate income tax benefits increased by Baht 21.83 million from Baht 53.69 million to Baht 75.52 million.

Consequently, the total loss of SLBK and SLCM before corporate income tax benefits increased by Baht 139.42 million from Baht 117.03 million to Baht 256.45 million. The corporate income tax benefits increased by Baht 3.19 million as compared to 2020 due to higher loss before income tax in 2021. The Company recorded a net loss after tax benefits of Baht 229.72 million for the six-month period ended June 30, 2021 compared to loss of Baht 93.49 million last year (increased by 145.72%).

Consolidated:

The consolidated loss before corporate income tax benefits for the six-month period ended June 30, 2021 increased by Baht 178.70 million against last year. The increase in consolidated loss before corporate income tax benefits was due to increase in the Company's loss before corporate income tax benefits of Baht 139.42 million and increase in loss from subsidiaries by Baht 39.28 million. The increase in loss of subsidiaries was largely due to the decrease in exchange gain from loan to a related company. As a result, the corporate income tax benefits increased by Baht 14.86 million. Overall, the consolidated net loss after tax benefits attributable to the equity holders of the Company for the six-month period ended June 30, 2021 increased by Baht 169.87 million against last year (increased by 615.85%).

Yours faithfully,

(Mrs. Pavinee Meensuk)
Director