

Executive Summary

During 1H21, the global tourism industry remained affected by the coronavirus disease (COVID-19) epidemic. The second wave of COVID-19 in Thailand since the end of 2020 and the third wave in April 2021 exacerbated the situation. Thailand's rate of infections increased rapidly with insufficient vaccination causing a large number of infections nationwide. Not only the number of domestic tourists decreased, but the number of international tourist arrivals to Thailand was also very minimal due to the government policy on foreigner entry restrictions. Hotel business was adversely affected by booking cancellations. In addition, schools and educational institutions have temporarily closed and adapted to online teaching. This affected the Company's international school catering service business as well.

However, the Company's strategic direction to grow business through diversified investment in food and property development businesses in previous years has resulted in higher food revenue and other revenue. In 2Q21, the Company reported THB 587 million of total revenue, an increase of 38.4% YoY due to the higher revenue from hotel business that operated as normal compared to 2Q20 low base due to the temporary closure in Thailand and overseas, the higher revenue from food business from the expansion of international school catering business in Vietnam since the end of 3Q20, and the gain on sales of other long-term investment as well as the gain on the measurement of other financial assets in 2Q21. For 1H21, the Company reported a total revenue of THB 1,898 million, an increase of 15.3% YoY. Revenue from hotel business declined in 1H21 due to the second wave and the third wave of the COVID-19 outbreak impact while revenue from food business increased from the expansion of international school catering business. The Company booked gain on sales of investment in an associated company and other long-term investment as well as gain on the measurement of other financial assets.

In addition to the total revenue growth, the Company remained strictly controlled costs and expenses such as organization restructuring to reduce overall salary expenses, professional fee reduction and general administration expense cut so that total fixed costs in 2Q21 and 1H21 decreased by 6.4% YoY and 20.2% YoY, respectively. In 2Q21, the Company reported a net loss of THB 376 million and EBITDA of THB -45 million, an improvement from a net loss of THB 453 million and an EBITDA of THB -207 million in 2Q20. For 1H21, the Company reported a net loss of THB 302 million, a YoY decrease from a net loss of THB 535 million. 1H21 EBITDA also improved 1,370.6% YoY to THB 500 million from THB 34 million in 1H20.

Unit: Baht million	2Q21	2Q20	Change		1H21	1H20	Change	
Hotel business	322	100	222	222.0%	759	967	-208	-21.5%
Education business	56	57	-1	-1.8%	161	165	-4	-2.4%
Food business	54	17	37	217.6%	213	132	81	61.4%
Property development business	-9	230	-239	NM-	247	229	18	7.9%
Others	164	20	144	720.0%	518	153	365	238.6%
Total revenue	587	424	163	38.4%	1,898	1,646	252	15.3%
EBITDA	-45	-207	162	78.3%	500	34	466	1370.6%
EBIT	-281	-410	129	31.5%	-75	-371	296	79.8%
Net profit (loss) attributable to parent	-376	-453	77	17.0%	-302	-535	233	43.6%
EPS (THB)	-0.44	-0.54	0.10	19.0%	-0.36	-0.63	0.28	43.7%

The Company's business outlook in 2H21 is expected to be under pressure from more severe COVID-19 epidemic in Thailand. Since the beginning of 3Q21, the government announced more lockdown measures in many provinces that significantly impacted hotel business in Thailand. On the other hand, the Company's overseas hotel business has showed a better outlook as it resumes normal operations. The Company's education and food business has also been affected by temporary school closures until further notice by the government order.

With above factors, the Company's operational performance is expected to be under pressure in 2H21. It is likely that the recovery of the hotel business to pre-COVID-19 levels would take longer than previously expected. However, the Company has a plan to cope with the long-term impact by organizational restructuring to respond future business model for increasing efficiency, reducing redundancy, as well as reducing costs and expenses in the long run.

In terms of financial management, the Company continues to prudently manage by focusing on fixed cost containment and liquidity preservation. At the beginning of 3Q21, the Company has successfully issued the new senior unsecured debentures worth THB 1,000 million in July 2021. The proceeds from the new debentures will be used to refinance the existing debentures coming due in September 2021.

Asset optimization is part of our long-term strategic plans to realize favorable return on investment and enhance liquidity. In mid-July 2021, the Company signed an agreement to sell Dusit Princess Chiang Mai hotel to an investor. Following the completion of the transaction, the hotel will be continued to be operated by Dusit International under the hotel management agreement for 10 years with the option to extend for another 5 years, totaling 15 years, reflecting investor's confidence in hotel managed and strong brand of Dusit Thani.

Major Developments

Hotel Business

In April 2021, the Company started to manage another hotel under the White Label Hotel Managed by Dusit in Guam, the United States (145 rooms). As a result, at the end of 2Q21, the Company had a total of 329 hotels and villas under management (45 hotels and 284 villas), totaling 11,655 rooms.

During 2Q21, the Company prepared its properties to welcome international travelers as part of Thailand's unique Phuket Sandbox and Samui Plus models, the Company completed cosmetic improvements in time for the openings. It also introduced new guest experiences created in line with Dusit Graciousness. With guest and employee safety as top priority, the Company also continued to push for group-wide vaccination to provide maximum protection at its various properties worldwide. In addition, Dusit International has responded to the increasingly health-conscious aspirations of global travelers by introducing its new group-wide wellness concept – 'Devarana Wellness' – which aims to weave well-being elements throughout the entire stay experience at Dusit Hotels and Resorts worldwide.

Education Business

Since the end of May 2021, Dusit Thani College and Le Cordon Bleu Dusit Culinary School has been required to extend the closure period until further notice as the government steps up the measures to limit the spread of COVID-19 and in compliance with the announcement of the Bangkok Metropolitan Administration.

Food Business

In June 2021, the Company opened a flagship stand-alone store for healthy food "KAUAI" brand in Asoke area to meet the needs of health-conscious customers including office workers and students, and to create easier access to healthy food. The store will also expand KAUAI's reach into Thailand's booming online food delivery market.

2Q21 and 1H21 Operating Results

Unit: THB mn	Revenue breakdown				EBITDA breakdown			
	2Q21	2Q20	Change		2Q21	2Q20	Change	
Hotel business	322	100	222	222.0%	-15	-257	242	94.2%
Education business	56	57	-1	-1.8%	-19	-17	-2	-11.8%
Food business	54	17	37	217.6%	-37	-26	-11	-42.3%
Property development business	-9	230	-239	NM-	-22	228	-250	NM-
Others	164	20	144	720.0%	48	-135	183	NM+
Total revenue	587	424	163	38.4%	-45	-207	162	78.3%

In 2Q21, the Company reported total revenue of THB 587 million; increased by THB 163 million or 38.4% YoY, which 54.9%, 9.5%, 9.2%, -1.5% and 27.9% of total revenue were from Hotel Business, Education Business, Food Business, Property Development Business and Other Business, respectively.

Unit: THB mn	Revenue breakdown				EBITDA breakdown			
	1H21	1H20	Change		1H21	1H20	Change	
Hotel business	759	967	-208	-21.5%	-6	-68	62	91.2%
Education business	161	165	-4	-2.4%	6	5	1	20.0%
Food business	213	132	81	61.4%	-30	-3	-27	-900.0%
Property development business	247	229	18	7.9%	227	224	3	1.3%
Others	518	153	365	238.6%	303	-124	427	NM+
Total	1,898	1,646	252	15.3%	500	34	466	1370.6%

In 1H21, the Company reported total revenue of THB 1,898 million; increased by THB 252 million or 15.3% YoY, which 40.0%, 8.5%, 11.2%, 13.0% and 27.3% of total revenue were from Hotel Business, Education Business, Food Business, Property Development Business and Other Business, respectively.

Hotel Businesses

Hotel Business generated the revenue of THB 322 million in 2Q21, increased by 222.0% YoY. The main factor was the temporary closure of 7 owned hotels in Thailand and overseas in 2Q20 due to COVID-19 pandemic. The effect of COVID-19 pandemic to the business can be seen in 2 distinct groups: Thailand and overseas. In Thailand, Hotel business remained affected by the domestic third wave of the pandemic, which emerged in April 2021. The sharp increase in the infection rate during this period resulted in a rise in hotel booking cancellations. Overseas, however, the occupancy rate of the Company's hotels remained in line with the encouraging trends seen in 1Q21, especially Dusit Thani Manila and other managed properties in the Middle East.

Owned Hotels

	2Q21	2Q20	% Change	1H21	1H20	% Change
Occupancy %	33.0%	15.6%	111.2%	32.4%	36.6%	-11.7%
ADR (THB/night)	2,312	2,124	8.9%	2,837	3,975	-28.6%
RevPar (THB/night)	763	332	130.0%	918	1,456	-37.0%

Remark: The statistics does not include ASAI Bangkok Chinatown.

Owned hotels business generated revenue of THB 270 million in 2Q21, increased by 170.0% YoY and of THB 650 million in 1H21, decreased by 25.7% YoY from the followings:

- Revenue from Owned Hotels in Thailand in 2Q21 increased by 95.1% YoY and the OCC rate remained constant QoQ. The increase was mainly driven by the temporary closure of 6 owned hotels in 2Q20. For 1H21, revenue dropped by 65.9% YoY mainly due to the second and third waves of COVID-19 pandemic in Thailand since late December 2020 and mid-April 2021, respectively. The number of infected cases increased rapidly in many provinces that significantly impacted domestic tourism since the beginning of 2021. The government enacted several COVID-19 control measures including domestic travel restriction.
- Revenue from Oversea Hotels in 2Q21 increased by 222.0% YoY. The increase was mainly driven by the temporary closure of Dusit Thani Maldives in 2Q20 in response to government's guidelines to minimize the transmission of COVID-19. In 2Q21, the OCC rate remained constant QoQ with higher rate from Dusit Thani Manila offset with lower rate from Dusit Thani Maldives. The increase in Dusit Thani Manila was due to the more inbound travels from business groups and the Philippines that required a 7-14-day state quarantine while the decrease in Dusit Thani Maldives was due to lower customers from South Asian countries including India, the main customers, to prevent the surge in COVID-19 cases. For 1H21, revenue increased by 24.7% YoY from the reopen of Dusit Thani Maldives since late June 2020 with the main customers from India and Russia offset with the decrease by 21.8% due to continuing lockdown in the Philippines as to prevent the spread of COVID-19.

Hotel Management

Revenue from Hotel Management was THB 39 million in 2Q21, increased by THB 36 million YoY. This increase was driven by the higher occupancy rate of both local and overseas managed hotels under Dusit brand from the COVID-19 pandemic. For 1H21, revenue from Hotel Management was THB 87 million, decreased by 12.1% YoY since the revenue from Elite Havens Luxury Villa Rentals and Management, the non-Dusit brand, decreased by 75.6% as many countries such as Indonesia, Thailand, and India, remained closing their borders and limited the travel while revenue from local and overseas managed hotels under Dusit brand continuously increased.

Loss Sharing from Investment

In 4Q20, The Company additionally invested in Dusit Fudu Hotel Management (Shanghai) Co., Ltd. resulting in positive impact from step up from equity method to the consolidation method. The revenue was THB 13 million and THB 22 million compared to the loss sharing of THB 3 million and THB 7 million in same 2Q and 1H last year, respectively.

The Company reported EBITDA from Hotel Business of THB -15 million in 2Q21, increased by 94.2% YoY and of THB -6 million in 1H21, increased by 91.2% YoY. This decrease was driven by the hotels reopen in late 2Q20 and the cost containment implementation.

The depreciation and amortization were THB 168 million in 2Q21, increased by 7.0% YoY and of THB 338 million in 1H21, increased by 8.3% YoY because of the newly opened Asai Bangkok Chinatown in 3Q20.

In 1H21, provision for impairment loss was recorded of THB 106 million from Dusit Suites Ratchadamri, Bangkok, Dusit Thani Laguna Phuket, Dusit Thani Hua Hin and Dusit D2 Chiang Mai from business disruption by COVID-19 pandemic in 1Q21.

Education Business

Education Business generated the revenue of THB 56 million in 2Q21, decreased by 1.8% YoY and of THB 161 million in 1H21, decreased by 2.4% YoY due to the 1-month postponement of teaching and learning of June 2021 in response to COVID-19 and the increase in loss sharing from Dusit Hospitality Education Philippines Inc of higher administrative expenses.

EBITDA from Education Business was THB -19 million in 2Q21, decreased by 11.8% YoY mainly due to the decrease in revenue mention above. EBITDA was THB 6 million in 1H21, increased by 20.0% YoY from the decrease in revenue offset with the decrease in professional fee.

Food Business

Food Business reported the revenue of THB 54 million in 2Q21, increased by 217.6% YoY and of THB 213 million in 1H21, increased by 61.4% YoY. The increase in revenue was mainly from the newly invested "The Caterers" by Epicure Catering in 1Q20 which fully invested in the late of 3Q20, offset with the decrease in Epicure Catering Co., Ltd revenue from the school temporary closure according to the government orders due to the second and third waves of COVID-19 by 21.4% and 16.5% YoY in 2Q and 1H, respectively.

EBITDA from Food Business was THB -37 million, decreased by 42.3% YoY in 2Q21 and THB -30 million in 1H21, decreased by THB 27 million YoY mainly from the decrease in Epicure Catering's revenue from COVID-19 impact as mentioned above while EBITDA in 2Q21 and 1H21 from The Caterers was THB -8 million and THB -12 million, respectively, from the lockdown in Vietnam to prevent the spread of COVID-19.

Property Development Business

Property Development Business reported the revenue and loss sharing from joint venture accounted for using equity method of THB -9 million in 2Q21, decreased by THB 239 million YoY. The decrease was mainly driven from the arrangement fee recognition (THB 231 million) in the same period last year and the increase in loss sharing (THB 8 million) from Origin Dusit Co., Ltd, a joint venture, due to the marketing expenses.

Property Development Business reported the revenue and loss sharing from joint venture accounted for using equity method of THB 247 million in 1H21, increased by 7.9% YoY. The increase was mainly driven from gain on sale on an investment in Suanlum Property Co., Ltd., an associate (THB 251 million), the arrangement fee recognition from the change in shareholding percentage in Suanlum Property Co., Ltd. (THB 16 million) offset with the increase in loss sharing (THB 18 million) from Origin Dusit Co., Ltd, a joint venture, due to the marketing expenses while recorded the arrangement fee recognition (THB 231 million) in the same period last year.

EBITDA from Property Development was THB -22 million in 2Q21, decreased by THB 250 million YoY and THB 227 million in 1H21, increased by 1.3% YoY from changes in revenue and higher marketing expenses as mentioned above.

Other Businesses

The Company reported revenue from Other Businesses of THB 164 million in 2Q21, increased by THB 144 million or 720.0% YoY. Mainly the Company recorded gain on measurement of financial asset (THB 92 million), gain on sale of investment in associate (THB 59 million), gain on exchange rate (THB 16 million) and the decrease in sharing profit from DREIT (THB 26 million).

The Company reported revenue from Other Businesses of THB 518 million in 1H21, increased by THB 365 million or 238.6% YoY. Mainly the Company recorded gain on measurement of financial asset (THB 370 million), gain on sale of investment (THB 59 million) offset with the decrease in revenue from Baan Dusit Thani and Dusit Hospitality Services (THB 11 million) which directly affected from COVID-19 impact and the decrease in sharing profit from DREIT (THB 47 million).

EBITDA in 2Q21 and 1H21 was THB 48 million and THB 303 million, increased by THB 183 million and THB 427 million YoY, respectively, from the increase in revenue as mentioned and the decrease in administrative expenses.

Earnings before Interest, Corporate Income Tax, Depreciation and Amortization (EBITDA)

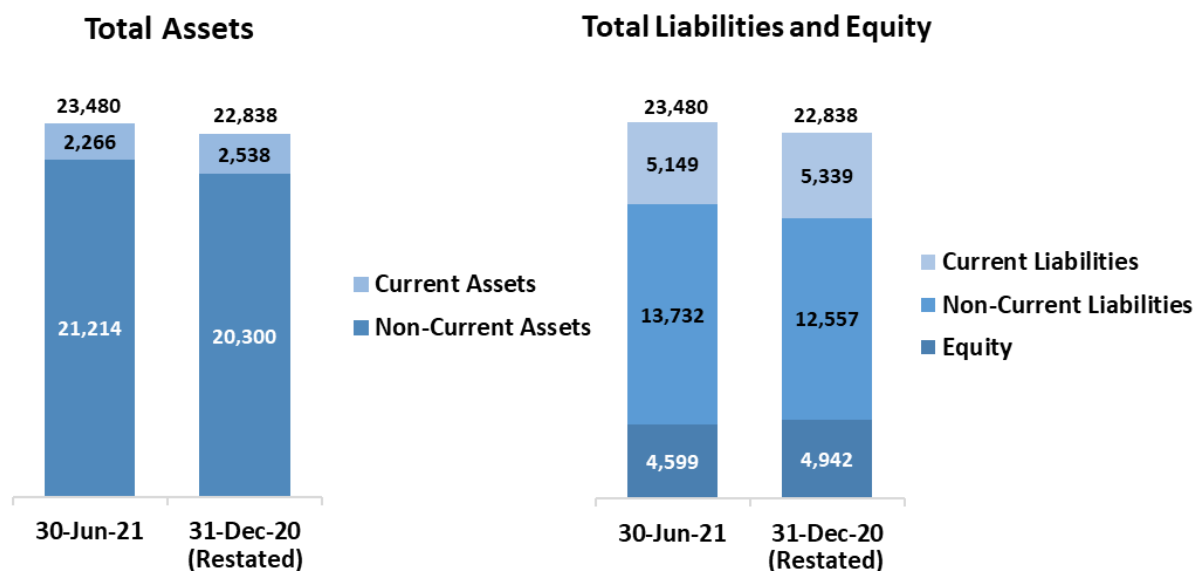
The Company's EBITDA was THB -45 million in 2Q21; increased by THB 162 million and THB 500 million in 1H21, increased by THB 466 million. The increase was driven by the increase in EBITDA mentioned above and the strict cost containment to sustainably stabilize the fixed costs, e.g., employee benefits or professional fee. The Company achieved cost saving around 6.4% YoY and 4.9% QoQ.

Finance Costs

Finance Costs was THB 109 million in 2Q21, increased by 2.8% YoY and THB 218 million in 1H21, increased by 2.1% YoY.

Net Profit

The Company reported the net loss of THB 376 million in 2Q21; improved by 17.0% YoY and of THB 302 million, improved by 43.6% YoY.



Assets

As of 30 June 2021, the Company reported the total assets of THB 23,480 million, increased by THB 642 million or 2.8% from the total assets as of 31 December 2020.

- Current assets decreased by THB 272 million mainly from the proceed from receivable from sale of investment, the increase in other current financial assets offset with net changes in cash and cash equivalents in investing activities, financing activities and operating activities.
- Non-current assets increased by THB 914 million as major results of increase in equipment and construction in process for "Dusit Central Park" and "ASAI Sathorn" projects, and ERP development, an increase in fair value of other non-current financial assets and an increase in long-term loan to related parties offset with impairment and depreciation on right-of-use assets.

Liabilities

As of 30 June 2021, total liabilities were THB 18,881 million, increased by THB 985 million or 5.5% from the total liabilities as of 31 December 2020.

- Current liabilities decreased by THB 190 million mainly from repayment in short-term loans from financial institutions, a decrease in account payables and other current liabilities offset with an increase in current portion of long-term loans from financial institutions.
- Non-current liabilities were increased by THB 1,175 million from the increase in deposit for right to lease building, customer's deposits, and long-term loans from financial institutions.

Shareholders' Equity

As of 30 June 2021, Shareholders' Equity of THB 4,599 million, decreased by THB 343 million or 6.9% from the Shareholders' Equity as of 31 December 2020, consisted of the equity attributed to owners of the parent of THB 3,962 million and the non-controlling interest of THB 637 million due to higher on operating results in this period.

From 1 January 2021, the Company has changed the accounting policy regarding measurement after initial recognition of investment property from cost model to fair model. The management considered that the fair value method is more appropriate to value of its investment properties. The Company adjusted the transaction retrospectively, having impact on increase in investment properties of THB 977 million, deferred tax liabilities of THB 195 million and shareholders' equity of THB 782 million.

Cash Flows

As of 30 June 2021, the Company reported cash and cash equivalents of THB 1,389 million, decreased by THB 46 million (before gain from foreign currencies of THB 15 million) from THB 1,420 million as of 31 December 2020.

Use of Funds

The Company reported net cash outflows of THB 1,071 million, consisting of the followings:

- Net cash outflow of investing activities of THB 696 million for
 - Cash outflow for purchases equipment and construction in process of THB 860 million for "Dusit Central Park", "ASAI Sathorn" projects, and ERP development.
 - Cash outflow for the additional investment in The Cooking Capital Bangkok Co., Ltd. and The Food Education Bangkok Co., Ltd. of THB 62 million.
 - Cash outflow for long-term loans to related parties THB 66 million, and others of THB 14 million.
 - Cash inflow from sales investment in associate of THB 260 million
 - Cash inflow from dividend income received from investment in associates of THB 46 million.
- Net cash inflow from financing activities of THB 375 million mainly consisting of the repayment of short-term and long-term loans from financial institutions of THB 1,518 million and of THB 17 million, respectively, interest paid of THB 233 million, the payment of lease liabilities of THB 136 million and dividend payment of THB 9 million offset with the proceed of short-term and long-term loans from financial institutions and short-term loans from related parties of THB 1,438 million, of THB 95 million and of THB 5 million, respectively.

The Company reported net cash inflows of THB 1,025 million, consisting of the followings:

- Net cash inflow from operating activities of THB 1,025 million consisting of cash inflows from deferred revenue of THB 667 million, customer's deposits of THB 366 million offsetting with net cash inflow from sales and services deducting cash outflow for the operating results from COVID-19 pandemic impact and income tax payment from prior-year operating results.

Dusit Thani PLC
Management Discussion and Analysis
For 2Q21 and 1H21

Statement of Financial Position

Unit: THB mn	30-Jun-21	% to total assets	31-Dec-20 (Restated)	% to total assets	Chg
Cash and cash equivalents	1,389	5.9%	1,420	6.2%	-2.2%
Other current financial assets	203	0.9%	153	0.7%	32.7%
Trade and other receivables	357	1.5%	653	2.9%	-45.3%
Other current assets	317	1.4%	312	1.4%	1.6%
Total current assets	2,266	9.7%	2,538	11.1%	-10.7%
Other non-current financial assets	828	3.5%	508	2.2%	63.0%
Investments in associates	1,582	6.7%	1,588	7.0%	-0.4%
Investment properties	1,152	4.9%	1,152	5.0%	0.0%
Property, plant and equipment	5,620	23.9%	4,849	21.2%	15.9%
Right-of-use assets	9,225	39.3%	9,437	41.3%	-2.2%
Intangible assets other than goodwill	797	3.4%	821	3.6%	-2.9%
Goodwill	652	2.8%	652	2.9%	0.0%
Advance payment for construction	465	2.0%	550	2.4%	-15.5%
Other non-current assets	893	3.8%	743	3.3%	20.2%
Total non-current assets	21,214	90.3%	20,300	88.9%	4.5%
Total assets	23,480	100.0%	22,838	100.0%	2.8%
Short-term loans from financial institutions	2,172	9.3%	2,252	9.9%	-3.6%
Trade and other current payables	1,289	5.5%	1,388	6.1%	-7.1%
Current portion of long-term loans	284	1.2%	233	1.0%	21.9%
Current portion of lease liabilities	251	1.1%	243	1.1%	3.3%
Current portion of debentures	1,000	4.3%	999	4.4%	0.1%
Other current liabilities	153	0.7%	224	1.0%	-31.7%
Total current liabilities	5,149	21.9%	5,339	23.4%	-3.6%
Long-term loans	2,525	10.8%	2,496	10.9%	1.2%
Lease liabilities	7,422	31.6%	7,355	32.2%	0.9%
Deferred rental revenue	470	2.0%	483	2.1%	-2.7%
Deposit for right to lease building	2,035	8.7%	1,368	6.0%	48.8%
Customer's deposit	534	2.3%	169	0.7%	216.0%
Other non-current liabilities	746	3.2%	686	3.0%	8.7%
Total non-current liabilities	13,732	58.5%	12,557	55.0%	9.4%
Total liabilities	18,881	80.4%	17,896	78.4%	5.5%
Equity attributable to owners of the Company	3,962	16.9%	4,243	18.6%	-6.6%
Non-controlling interests	637	2.7%	699	3.1%	-8.9%
Total shareholders' equity	4,599	19.6%	4,942	21.6%	-6.9%

Key Financial Ratio		
Profitability ratio	30-Jun-21	30-Jun-20
Gross profit margin	10.5%	12.5%
EBITDA margin	26.4%	2.0%
Net profit margin	-15.9%	-32.5%
Efficiency ratio	30-Jun-21	30-Jun-20
		(Restated)
Return on equity	-17.9%	-3.8%
Return on asset	-1.5%	2.2%
Liquidity ratio	30-Jun-21	31-Dec-20
Current ratio (time)	0.44	0.48
Leverage ratio	30-Jun-21	31-Dec-20
Interest bearing debt to equity (time)*	3.46	3.21
Net interest bearing debt to equity (time)*	3.06	2.84
Debt to equity (time)*	4.77	4.22
Interest bearing debt to total equity (time) (excl: TFRS16 effect)	1.31	1.22
	30-Jun-21	30-Jun-20
Interest coverage ratio (time)**	-0.34	-1.73

* Calculated from equity attributable to owners of the Company

** =EBIT/Interest expense

As of 30 June 2021, the Company had Interest bearing debt to equity attributable to owners of the Company (IBD/E) ratio at 3.46 times and IBD/E ratio excluding TFRS 16 - Lease at 1.46 times. The increase in liabilities was for the funding for the company's liquidity, investing, and new projects.

In terms of leverage, the Company's interesting bearing debts (excluding TFRS 16 - lease liability) to total shareholder equity was 1.31 times which complied with debenture's covenant and company's policy to have IBD/E ratio not exceed 1.75 and 1.50 times, respectively.

Average collection in 1H21 was 32 days which complied with the normal credit term granted by the Group due within 30-60 days. However, the Company extended the payment terms to support the customers affected by COVID-19.

2021 Outlook

Hotel Business:

For 2H21, Thailand tourism is still under the COVID-19 epidemic that has worsened since the beginning of 3Q21 with the continuously increasing number of infected people and delay in vaccine distribution. The government's extension of the nationwide state of emergency until the end of September 2021 as well as the intensification of lockdown measures in several provinces including inter-provincial travel restrictions had a significant impact on domestic hotel occupancy. It is fortunate that the Company's hotel business performance in overseas has been better off than in Thailand as business resumed normal operation after more comprehensive vaccination. With these factors, the Company expects hotel revenue and performance in 2H21 to be subdued. The Company views that hotel business will take longer to recover to the pre-COVID-19 levels than previously expected.

For 3Q21, the hotel occupancy rate in provincial areas such as Chiang Mai, Pattaya and Hua Hin as well as Bangkok tends to remain low except for the alternative state quarantine hotel i.e., Dusit Princess Srinakarin Bangkok and a half-long stay hotel i.e., Dusit Suites Hotel Ratchadamri Bangkok that manage to have decent occupancy rates under current circumstances. The Company completed cosmetic improvements of properties in 2Q21 in accordance with the new Dusit Graciousness guest experience in time for the openings of Thailand's unique Phuket Sandbox and Samui Plus models and introduced the new group-wide wellness concept – 'Devarana Wellness' to respond to the increasingly health-conscious aspirations of global travellers, Dusit Thani Laguna Phuket's occupancy rate in July 2021 increased to 45% level. However, on the book number began to slow in early August due to increasing number of infections in Phuket. For overseas hotel, the occupancy rate in July continued to be good from June both in the Middle East, the United States (Guam), Maldives, the Philippines and China. The continued recovery of tourism business depends mainly on the effective control of the epidemic and the vaccination rate.

Education Business:

The Company's education business has been affected by COVID-19. The Company temporarily closed schools as ordered by the government in January 2021 (the second wave of COVID-19) and April until now (the third wave of COVID-19). Both Dusit Thani College and Le Cordon Bleu Dusit Culinary School had to postpone the start of the semester. Dusit Thani College has changed its teaching and learning model to online with plan to reopen the school in 4Q21.

Dusit Thani College has cooperated with the government to help students to respond the latest government measures at the end of July 2021 to ask each private educational institution to consider tuition fee reduction. To cope with COVID-19 impact, the Company has mitigated the subtle revenue by controlling administrative expenses to preserve EBITDA. For the "Food School" project, the Company still plans to launch the project around the last quarter of 2021 in response to the trend of increasing demand from those who are interested in culinary arts and new food business entrepreneurs in the future.

Food business:

- International school catering business have been affected by the temporary closure of international schools as ordered by the government due to the new waves of COVID-19 outbreak in Thailand (January, April, and the end of May until now) and in Vietnam (February, April, and May). The Company have done its best to reduce costs and expenses to mitigate the impact of declining revenue during the period of inactivity.

- Healthy food business under the 'KAUAI' brand which the first branch located in the Virgin Active Fitness Club Whizdom 101 has been adversely affected by the closure of fitness by the government orders to prevent the spread of the second wave and the third wave of COVID-19 in Thailand. KAUAI has adjusted its sales strategy by focusing more on the delivery service and Grab & Go kiosks points of sales instead of sitting in the store. KAUAI adjusted its business growth strategy by expanding branches outside the fitness and opened a flagship store at Asoke area in mid-June 2021 which was well received by the new customer base before the government announced a lockdown in July. Currently, KAUAI sells healthy food through online channels and provides delivery services (Line @kauai_th and www.kauaithailand.com). The Company expects the business outlook to improve when the government relaxes the lockdown measures to allow dining at the restaurants.
- Upon re-visiting its business model, Dusit Gourmet has shifted from a gourmet food retailer to be a food sourcing hub for Dusit International hotels in Thailand and overseas as well as for external customers. Dusit Gourmet has started supplying the frozen bakery products for Dusit International hotels and postponed a plan to add ready-to-cook lines to August 2021.

Property Development Business:

- Dusit Central Park project, a mixed-use project JV with Central Pattana: After completed the demolition of buildings above ground, currently the project is on progress of sub-structure works with 100% completed of piling work and started working on the basements of hotel and residences. In addition, the main contractor for super-structure construction has already been awarded. The government order in late June 2021 to shut down worker camps across Bangkok and surrounding provinces for a month to contain the spread of the construction worker cluster has some impact to the construction. It is in the process of planning to accelerate the progress to return as much as possible so as not to affect the overall project timeline. The project has successfully secured the project financing from a financial institution. Due to the COVID-19 epidemic, the Company has adjusted its marketing plan. Sales of the residences has been done via Private Viewing which is able to close more than 30% of the saleable areas at the end of June 2021.
- The Hampton Sriracha by Origin and Dusit project, a condominium development JV project with Origin Property: Remained under construction with 71% of units sold up until June 2021.

Although the current COVID-19 situation is expected to put more pressure on the Company's performance, the Company has planned to cope with long-term impacts that may prolong than expectation. The Company has restructured the organization with organization transformation to respond future business model to increase efficiency, reduce redundancy, and reduce costs and expenses in the long run. In July 2021, the Company successfully implemented the ERP (Enterprise Resource Planning) system which will help increase work efficiency.

In terms of financials, the Company continues to prudently manage with fixed cost and expense reduction and focus on liquidity preservation as priority. At the end of 2Q21, the Company had THB 1,592 million of cash and cash equivalents and other current financial assets, and THB 1,313 million of undrawn short-term credit facilities. The Company received THB 1,418 million of project finance from financial institution of which THB 667 million were undrawn. At the beginning of 3Q21, the Company has successfully issued the new senior unsecured debentures worth THB 1,000 million in July 2021. The proceeds from the new debentures will be used to refinance the existing debentures coming due in September 2021.

Asset optimization is also part of our long-term strategic plans to realize favorable return on investment and enhance liquidity. In mid-July 2021, the Company signed an agreement to sell Dusit Princess Chiang Mai hotel to an investor. Following the completion of the transaction, the hotel will be continued to be operated by Dusit International under the hotel management agreement for 10 years with the option to extend for another 5 years, totaling 15 years, reflecting investor's confidence in hotel managed and strong brand of Dusit Thani.

Please be informed accordingly
Sukit Ngamsangapong
Authorized person to disclose information