

CGD 65/0024

May 13, 2022

Subject: Report on the operating results of Country Group Development PCL for the three-month period ended March 31, 2022

To: The President
The Stock Exchange of Thailand

Country Group Development Public Company Limited (the "Company") would like to report the operating results of the Company and its subsidiaries (the "Group") for the three-month period ended March 31, 2022 as follows:

BUSINESS OVERVIEW

As per the Group's short term policy to divest the hotels to accelerate debt repayment, the hotel divestment was 88% complete as of March 2022. The remaining 12% expected to be completely allowing for full divestment within Q3 2022. As expected, the corresponding debt reduction runs in line with the shareholder mandate. The cash flow from divestment went towards debt repayment resulting in the current interest bearing debt ratio continuing to drop during the quarter down to 2.4 time compared to 2.8 time as at December 31, 2021.

For Q1 2022, the Group reported a net profit of Baht 121.6 million. Contributing to this was the significant decrease in finance costs. In addition, in Q1 2022 the Group was able to achieve significant new sales and transfers of Four Season Private Residences Project (FSPR). After the Thailand Reopening and government measures lift up the Group significantly achieved additional new sales in Q1 2022 of approximately Baht 1.9 Billion (which will be recognized over the incoming periods), as well as transfers and revenue recognition in Q1 2022 amount of Baht 1.95 billion (or approximately 61% of total revenue in 2021) with a year to date gross profit margin for FSPR still at 49%.

ASSETS FOR SALES BUSINESS

For the three-month period ended March 31, 2022, the Group reported revenues from condominium sales of Baht 1.95 billion or approximately 61% of total revenue in 2021 while maintaining its year to date gross profit margin of 49%. In Q1 2022 the Group also posted strong performance in sales of Baht 1.9 billion due largely to the relaxing of COVID restrictions and government measures as foreigner travelers formed a significant portion of new sales and transfers if backlog from our foreign clientele.

The performance of hotels and its popularity as a destination, as well as its “ready to move in” status were key factors that resulted in the uptick.

FSPR is presently classified as a “ready to transfer” asset with remaining value around Baht 12.4 billion, of which Baht 6.5 billion is in the form of strong quality backlog (as most of the clients have prepaid deposits of up to 30% of the contact value).

DEBT MANAGEMENT

The Group continues to follow short term goal to significantly reduce debt and finance costs to an appropriate level that will help company to emerge with a bolstered financial position, and lay down a good foundation for future business expansion.

Currently, the Interest Bearing Debt to Equity ratio of the Group is 2.4 times, down from 2.8 times at the end of year 2021, and is forecasted to reduce down to a target of 1.8 times once all divestment is complete. Total debt to total equity ratio also reduced from 4.3 times at the end of 2021 to 3.9 times at March 31, 2022.

TABLE PRESENT FINANCIAL RATIO	March 31, 2022	December 31, 2021	Change
Interest Bearing Debt / Equity Ratio (Times)	2.4	2.8	(0.4)
Total Debt / Total Equity Ratio (Times)	3.9	4.3	(0.4)

COMPANY OUTLOOK

The continued relaxation of COVID restrictions and government measures will have a significant positive impact on new sales and transfers given the percentage of sales and transfers which are foreign for the Group. In addition, in May 2022, the Group also signed a long-term lease agreement of 32 years with a strategic tenant to rent Ovingdean Hall Project in Brighton, United Kingdom for the purposes of operating this school as a leading 6th Form College. This will result in an increase in value of this investment property.

Cash proceeds from new sales of FSPR, transfer proceeds as well as cash proceeds from the remaining 12% of hotel divestment will generate a significant cash inflow and will further reduce the current debt as well as drive down financial costs. This source of excess of cash flow will serve as equity as the company looks forward to developing the upcoming mixed use education/residential flagship project in Rama III.

SUMMARY OF FINANCIAL PERFORMANCE

The Group reported operating result for the three-month period ended March 31, 2022 as follows:

Unit : Million Baht

TABLE PRESENT SUMMARY OF FINANCIAL PERFORMANCE FOR THE THREE-MONTH PERIOD ENDED	March 31,	March 31,	Percentage change
	2022	2021	
REVENUES			
Revenue	2,002.1	978.4	104.6%
Extraordinary item	-	277.4	(100.0%)
Total Revenues	2,002.1	1,255.8	59.4%
EXPENSES			
COGS	1,182.4	477.3	147.7%
SG&A	327.6	132.6	147.1%
Loss on foreign exchange rate	-	482.7	(100.0%)
Total Expenses	1,510.0	1,092.6	38.2%
PROFIT FROM OPERATING ACTIVITIES	492.1	163.2	201.5%
Financial income	-	-	-
Financial cost	(199.4)	(280.3)	(28.9%)
Income tax expense	165.9	87.4	89.8%
NET PROFIT (LOSS) FOR THE PERIOD FROM CONTINUED OPERATION	126.8	(204.5)	(162.0%)
Loss from discontinued operation	(5.2)	(97.3)	(94.7%)
NET PORFIT (LOSS) FOR THE PERIOD	121.6	(301.8)	(140.3%)

Revenue

- Group's total revenue was Baht 2,002.1 million which is an increase of 104.6% from the same period 2021. Ordinary revenue from sales of FSPR was the key contributor of total revenues with details as follows;

Unit : Million Baht

TABLE PRESENT FINANCIAL PERFORMANCE OF FSPR FOR THE THREE-MONTH PERIOD ENDED	March 31,	March 31,	Percentage change
	2022	2021	
Revenue	1,951.0	971.3	100.9%
Cost of Sales	1,181.7	474.0	149.3%
GP%	39%	51%	

Operating Profit

- The Group reported total operating profit of Baht 492.1 million, an increase of 201.5% over the same period last year. This was due to increase in revenues as mention above. Selling and administrative expense increased by Baht 195.0 million and income tax expense increased by Baht 78.5 million or an increase of 89.8%, consistent with the increase in revenues. In addition, loss on foreign exchange rate was decreased by 100% because the Group entered into an agreement to amend the denomination of construction debt and its accrued interest expense from USD to Thai Baht by fixing the exchange rate.

Financial Expense

- The Group reported finance costs of Baht 199.4 million, a decrease of 28.9% from the same period last year. The reduction in finance cost resulted from hotel divestment proceeds reducing total debt.

Operating performance of discontinued operation

- Loss from discontinued operation amount of Baht 5.2 million resulting from loss on additional sale 12% of investment in URH and WFH. Loss from discontinued operation decreased by 94.7% from the same period last year because the Group has no control over the hotels since Q4 2021 while Q1 2021 the Group consolidated operation loss from hotel operations, which impact from government lock down and social distancing, in the group profit and loss statement.

Net Operating performance

- The Group reported a net profit amount of Baht 121.6 million compared with a net loss of Baht 301.8 million of the same period last year. This mainly resulted from: 1) increased in revenue from sale of condominium 2) reduced loss on foreign exchange rate 3) decrease in loss from discontinued operation.

Please be informed accordingly.

Yours sincerely,

Ben Taechaubol
Chief Executive Officer