

2Q 2022 KEY FINANCIAL HIGHLIGHTS

- **Total revenue recorded was THB 2,360mn, a significant increase of 120.6% YoY** mainly due to the rebound of the hotel business and the recognition of insurance revenue.
- **EBITDA stood at THB 1,061mn, rising by 112.6% YoY.** The increase in EBITDA was mainly driven by the increase in operating revenue, dividend income, and other revenues.
- **Reported net profit of THB 563mn and net profit margin of 23.9%, improving substantially from a net loss of THB (102)mn and net profit margin of (9.5%) in 2Q 2021.** The higher profit was driven predominantly by improved EBITDA, reduced depreciation, and a higher share of profit from associates under the financial services business. This is a result of the long-term business transformation by liquidating real estate assets, raising capital, and investing in financial services businesses.
- The **Net Interest-Bearing Debt to equity ratio in 2Q 2022 stood at 0.35x, a decrease from 0.37x on 31 December 2021.**

2Q 2022 SIGNIFICANT EVENTS

4 April 2022, U City Public Company Limited (“U City” or “the Company”) has successfully disposed of its 50% shares in Khu Khot Station Alliance Co., Ltd. (formerly named Project Green Co., Ltd. (“PG”)) together with the outstanding loans payable by PG to the Company and to Noble Development PCL (“NOBLE”) for a total purchase price of THB 596,510,443, pursuant to the conditions as approved by the AGM for the year 2021.

(For more details, please see the news in the SET [U.SET 007/2022](#))

25 April 2022, the Annual General Meeting of Shareholders for the year 2022 was convened, and all proposed resolutions were approved.

(For more details, please see the news in the SET [U.SET 008/2022](#))

18 May 2022, Advance Life Assurance PCL (“A LIFE”), our subsidiary company, has officially changed its name to ‘Rabbit Life Insurance PCL’ (“Rabbit Life”). This is part of the integration process under BTS Group’s 3M strategy, (MOVE MIX and MATCH) to align with the customer target group as well as to prepare to create synergies.

14 June 2022, the Company has disposed of four land plots and a building of MAK8 Co., Ltd. located in Nakhon Ratchasima province with a total purchase price of THB 100mn. The transaction is under the terms and conditions approved by the AGM for the year 2021.

(For more detail, please see the news in the SET [U.SET 011/2022](#))

12 July 2022, the Company reported on the utilisation of the net proceeds from the capital increase of THB 15,725mn, which the Company received from issuing and offering the newly issued preferred shares to the existing shareholders and existing preferred shareholders in proportion to their shareholdings during 12-21 May 2021. As of 30 June 2022, the remaining proceeds were THB 229mn. The Company has utilised the proceeds during the period of 25 May 2021 – 30 June 2022 with details as follows:

- I. Repayment of loans of the Company and associated companies of THB 10,198mn
- II. Investment in the development of projects of THB 5,299mn

(For more details, please see the news in the SET [U.SET 012/2022](#), [U.SET 001/2022](#) and [U.SET 017/2021](#))

2Q 2022 PERFORMANCE

2Q 2022 P&L SNAPSHOT AND ANALYSIS

(THB mn)	2Q 2022	2Q 2021	% YoY	1Q 2022 (restated) ²	% QoQ
Operating revenues	1,570.8	427.3	267.6%	990.7	58.6%
Other revenues	789.4	642.6	22.8%	423.7	86.3%
Total Revenue	2,360.2	1,069.9	120.6%	1,414.4	66.9%
Operating expenses	(591.7)	(170.2)	247.6%	(450.5)	31.3%
Selling and administrative expenses ¹	(543.7)	(400.2)	35.9%	(455.6)	19.3%
Loss on measurement of investment at fair value	(98.6)	0.0	n.a.	(12.0)	n.a.
Asset's write-off and Impairments	0.0	(0.6)	n.a.	0.0	n.a.
EBITDA	1,060.8	498.9	112.6%	409.9	158.8%
Finance costs	(236.5)	(201.8)	17.2%	(269.9)	(12.4%)
Share of profit/(loss) from JVs/associates (equity income)	(64.7)	(113.7)	43.0%	12.3	n.a.
Reported Net Profit/(Loss)	563.2	(102.0)	n.a.	(51.9)	n.a.
GOP margin (%)	62.3%	60.2%		54.5%	
EBITDA margin (%)	44.9%	46.6%		29.0%	
Operating EBITDA margin (%)¹	57.7%	21.4%		25.8%	
Reported Net profit margin (%)	23.9%	(9.5%)		(3.7%)	

¹ Exclude FX gain/(loss), impairments, profit from disposal of investment in subsidiary and difference on initial recognition of the investment.

² Revised due to changes in accounting policies and fair value measurements.

The Company reported **total consolidated revenue** of THB 2,360mn in 2Q 2022, representing an increase of THB 1,290mn or 120.6% YoY from THB 1,070mn in the previous year. The increase in total revenue was chiefly attributed to (i) higher hotel revenue of THB 746mn or 269.62% YoY to THB 1,023mn due to the easing of COVID-19 control measures across Thailand and Europe and the recovery of the hotel business and tourism sector, (ii) higher recognition of insurance revenue of THB 307mn from the consolidation of Rabbit Life since October 2021, (iii) higher other revenues of THB 147mn or 22.8% YoY to THB 789mn, and (iv) the addition of revenue from the sale of real estate of THB 50mn mainly from the sale of condominium units in the Park Ramindra project.

Total consolidated expenses were THB 1,436mn in 2Q 2022, increasing by THB 603mn or 72.4% compared with last year. The increase was contributed mainly by (i) higher cost of hotel operations of THB 282mn or 215.2% YoY, (ii) the increase in Selling, General and Administrative expenses of THB 144mn, (iii) the recognition of insurance cost of THB 102mn from the aforesaid consolidation of Rabbit Life, and (iv) loss from the exchange rate of THB 65mn (the majority was unrealised loss mainly from balance sheet item revaluation). However, the increase was partially offset with (v) decreased depreciation of THB 125mn or 47.8% YoY, largely owing to the classification of assets in Europe as assets held of sale.

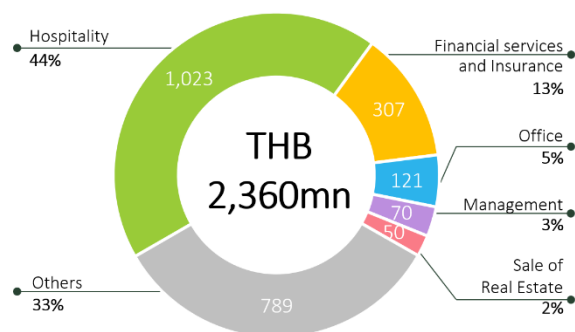
The reported **share of loss from associates/JVs** was THB (65)mn, compared with the share of loss of THB (114)mn in 2Q 2021. The share of loss in this quarter was comprised of (i) THB (68)mn share of loss from Sansiri JV and Noble JV and (ii) THB (55)mn share of loss from investment in other associates/JVs, partly offset by (iii) THB 58mn share of profit from SINGER.

Finance costs were THB 237mn, increasing by THB 35mn, or 17.2% YoY. The increase stemmed from interest expenses mainly from loans from financial institutions for additional investment in financial services business.

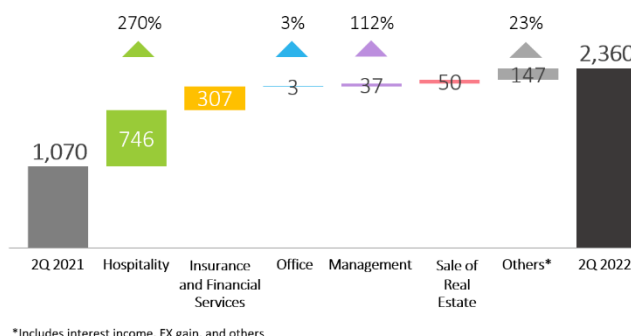
In 2Q 2022, the Company recorded a **net profit** of THB 563mn, and the net profit margin was 23.9%, improving substantially compared to 2Q 2021, which had a net loss of THB (102)mn.

SEGMENTAL PERFORMANCE

2Q 2022 REVENUE CONTRIBUTION BY SEGMENT



2Q 2022 REVENUE GROWTH CONTRIBUTION



In 2Q 2022, the revenue of the **hospitality segment** grew considerably by THB 746mn or 269.6% YoY to THB 1,023mn. The increase was predominantly from the easing of COVID-19 control measures across Thailand and Europe and the recovery of hotel business and tourism sector, resulting in a higher Average Daily Rate (ADR) and Occupancy Rate (OCC) compared to 2Q 2021.

The Company recognised revenue from its **insurance business** of THB 307mn from Rabbit Life.

In this quarter, **office and commercial unit buildings segment**, revenue rose by THB 3mn or 2.9% YoY to THB 121mn.

Management income increased by THB 37mn or 111.8% YoY to THB 70mn mainly from new project management fees from JVs. And this quarter, the Company recorded revenue from the **sale of real estate** of THB 50mn, mainly from the sale of condominium units in the Park Ramindra project.

Other income increased by 22.8% YoY or THB 147mn to THB 789mn. The increase was chiefly attributed to (i) higher other revenues of THB 318mn, (ii) an increase in dividend income of THB 146mn, and (iii) higher interest income of THB 74mn. However, the increase was partly offset with (iv) no repeat recognition of gain from the exchange rate of THB 236mn in 2Q 2021 and (v) a decreased in gain on sale in subsidiaries company of THB 153mn.

LIFE INSURANCE AND FINANCIAL SERVICES BUSINESS



In this quarter, A LIFE rebranded itself to Rabbit Life and unveiled its new vision **“Think differently to improve your life with a life insurance that hedges your bets and provides simplified solutions”**, with the objective to become the leader in the life insurance business that is agile and flexible to life’s changes and diverse needs and is ready to walk alongside clients to live a “level up life.” Our immediate goal is to be among the top ten companies in the insurance industry within 3 years.

In 2Q 2022, **total revenue** from the insurance business was THB 373mn. Most of its revenue is generated from (i) premiums earned of THB 306mn derived from (a) single-premiums of THB 189mn, (b) renewal premiums of THB 78mn, and (c) first-year premiums of THB 39mn, as well as (ii) investment income of THB 66mn.

The **total cost** from the insurance business was 182mn. The key components were (i) net claims paid of THB 284mn, (ii) operating expenses of THB 48mn, (iii) other underwriting expenses of THB 16mn, partially offset with (iv) life policy reserves of THB (186)mn mainly from maturity of contracts and valuation of present value of liability.

As of 30 June 2022, Rabbit Life contributed **total assets** of THB 7,388mn, mostly from investment in financial assets of THB 5,256mn and long-term loans to customers of THB 1,177mn. **Total liabilities** were THB 5,870mn, primarily from net long-term insurance contract liabilities of THB 4,108mn and net long-term investment contract liabilities of THB 1,673mn. The Capital Adequacy Ratio (CAR) was at 314%, higher than the minimum threshold of 140% set by the Office of Insurance Commission (OIC).

For other investments in the financial services business, which consists of (i) investment in JMART (136,119,587 shares at 30.3370 baht per share) and (ii) investment in SINGER (197,108,696 shares at 36.3005 baht per share), as of 11 August 2022, the closing price of JMART and SINGER in the market is 50.50 baht and 46.25 baht per share, respectively.

In this quarter, the Company received dividend payments from JMART of THB 144.3mn and SINGER of THB 108.4mn, totalling THB 252.7mn.

HOSPITALITY SEGMENT

	No. of Keys			ADR (THB/night) *			Occupancy (%) *			RevPAR (THB/night) *		
	2Q	2Q	+/-	2Q	2Q	+/-	2Q	2Q	+/-	2Q	2Q	+/-
	2022	2021		2022	2021		2022	2021		2022	2021	
Owned	3,899	3,967	(68)	2,663	2,112	551	52.0%	18.3%	33.7%	1,384	386	998
Leased	684	684	0	3,686	2,397	1,289	65.0%	33.8%	31.2%	2,395	809	1,586
Managed	4,356	4,168	188	3,676	1,950	1,726	59.7%	27.9%	31.8%	2,194	544	1,650
Total Operational	8,939	8,819	120	3,008	2,133	875	55.0%	22.2%	32.8%	1,654	474	1,180
Hotels in Pipeline	15,692	16,202	(510)									
Grand Total	24,631	25,021	(390)									

* Excludes ADR, Occupancy, and RevPAR of AHS managed hotels

The Company is disposing of ordinary shares of the Vienna House Hotel Group, which is expected to be completed within 2022. Figures and information for the Vienna House Hotel Group are still included in this section.

In 2Q 2022, total net **operational keys** were 8,939 keys, a net increase of 120 keys from 2Q 2021 mainly due to (i) the increase from new management contracts, largely from Eastin hotels in Southeast Asia and Travelodge Phuket Town. The increase was partly offset by (ii) the decrease in management contracts in Europe.

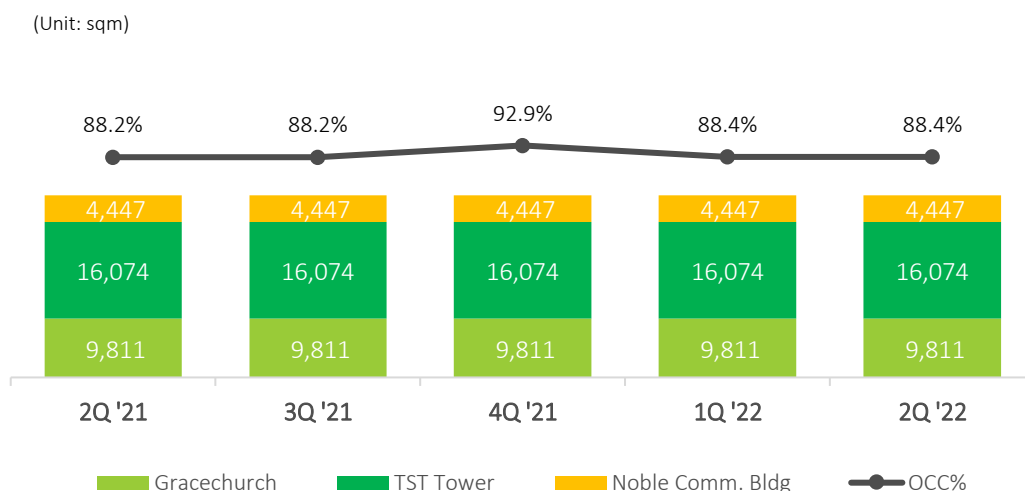
The Average Daily Rate (ADR) was THB 3,008 per night in 2Q 2022, rising by THB 875 per night chiefly owing to (i) increased room rates as the easing of COVID-19 control measures across Thailand and Europe. However, the increase was partially offset by (ii) the THB appreciation against EUR (THB appreciated from 38.18 THB/EUR in 2Q 2021 to 37.24 THB/EUR in 2Q 2022) since the majority of the Company's hotel revenues are still in Euros.

The overall **Occupancy Rate (OCC)** was 55.0%, increasing from 22.2% in 2Q 2021, primarily driven by the increasing number of tourists and relief from the COVID-19 situation. Consequently, the **Revenue per Available Room (RevPAR)** increased by THB 1,180 per night to THB 1,654 per night in 2Q 2022.

The overall number of **hotel keys in the pipeline** stood at 15,692 keys, a net decrease of 510 keys from 2Q 2021. The decline was predominantly due to (i) the net decrease of 514 keys from managed hotels, mainly from the termination of hotel management contracts in foreign countries of 405 rooms and hotels in Thailand of 109 rooms.

OFFICE SEGMENT

BLENDED OFFICE PERFORMANCE METRICS
NET FLOOR AREA (NFA) & OCCUPANCY RATE



The office building's overall Net Floor Area (NFA) and occupancy rate in 2Q 2022 remained the same as the previous quarter. This quarter's overall occupancy rate for the office segment was 88.4%. The Noble commercial building and the TST Tower remained fully occupied, while the Gracechurch Street office building in London remained at 64% and is in the process of finding new tenants.

COMMERCIAL UNIT BUILDINGS

The Group invests in various commercial units in buildings across Bangkok to increase its recurring revenue. The commercial units have a total net rental area of 15,824 sqm. The overall occupancy rate for Commercial unit buildings remained the same as the previous quarter at 100%, and generates revenue of approximately THB 129.7mn per annum.

RESIDENTIAL SEGMENT

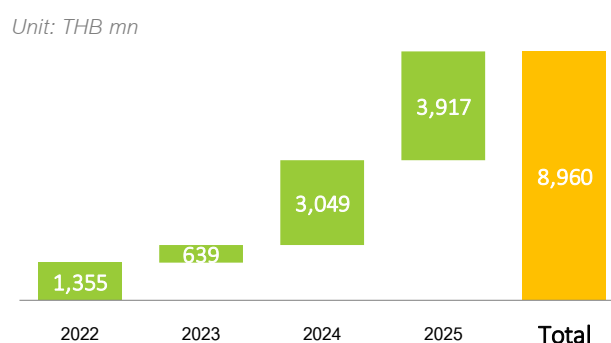
JV WITH SANSIRI:

Projects expected to transfer in 2022

Project	Presales Backlog (THB mn)
KHUN By Yoo	205
THE BASE Saphanmai	126
THE LINE Phahonyothin Park	1,024
Total	1,355

JV WITH SANSIRI AND NOBLE:

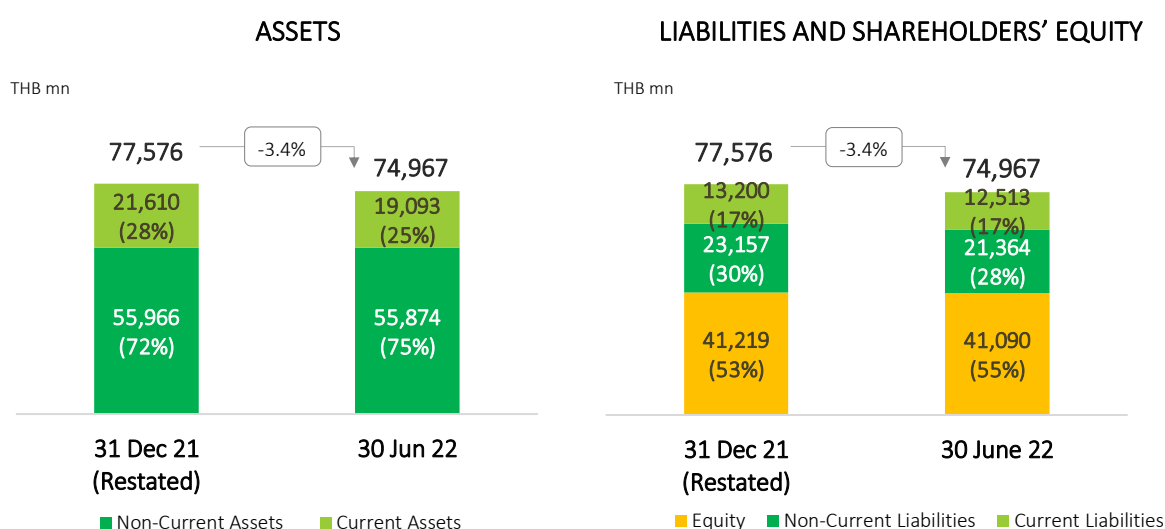
Total presales backlog



JV Projects with Sansiri: in 2Q 2022, there are 3 condominium projects on sale and ready-to-move-in, KHUN By Yoo, The BASE Saphanmai, and The LINE Phahonyothin Park, and there are 2 condominium projects under construction, The LINE Sathorn and The LINE Vibe. During 2022 – 2025, the presales backlog was THB 2,311mn.

JV Projects with Noble: in this quarter, there are 6 condominium projects on sale, Nue Noble Ratchada – Lat Phrao, Nue District R9, Nue Cross Kho Khot Station, Noble Curve, Noble Curate, and Noble Create. During 2022 – 2025, the presales backlog was THB 6,649mn.

FINANCIAL POSITION



Total Assets as of 30 June 2022 were THB 74,967mn, decreasing THB 2,609mn, or 3.4% from 31 December 2021. The decrease was chiefly due to a decline in (i) cash and cash equivalents mainly from repayments of loans from financial institutions and other investments, and (ii) assets held for sale largely from the disposal of Anantara Chiang Mai Resort and Spa in January 2022. However, the decrease was partially offset by an increase in (iii) investment properties and (iv) restricted bank deposits.

Total Liabilities as of 30 June 2022 were THB 33,877mn, decreasing 6.8% or THB 2,480mn from THB 36,357mn at the end of 2021. The decrease was attributed chiefly to (i) a net decrease in liabilities directly associated with assets held for sale mainly due to the disposal of aforesaid Anantara Chiang Mai Resort and Spa and (ii) a net decrease in long-term loans from financial institutions, partly offset by (iii) an increase in deposits and advances received, largely owing to rent received in advance from the Unicorn project.

Total Equity stood at THB 41,090mn at the end of 2Q 2022, decreasing by THB 129mn, or 0.3%, from THB 41,219mn at the end of 2021. The decrease was predominantly from a decrease in other components of shareholders' equity.

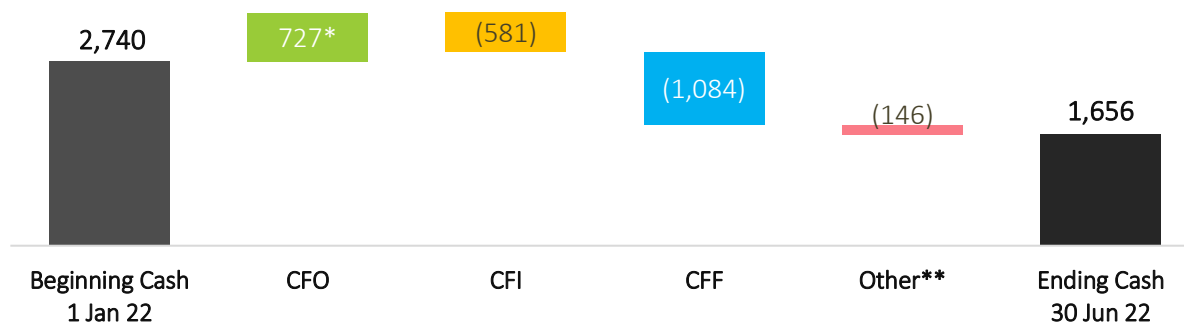
CAPITAL STRUCTURE

As of 30 June 2022, U City's total interest-bearing debt was THB 17,285mn, net decreasing by THB 878mn from THB 18,163mn at the end of 2021. The net decrease resulted from the partial repayment of long-term loans from financial institutions. The net interest-bearing debt to equity ratio was 0.35x, a decrease from 0.37x at the end of 2021.

In 2Q 2022, the Company spent THB 2,399mn on capital expenditures and investments (six months period of 2022 equal to THB 4,291mn), primarily for purchases in long-term financial assets, investment properties, property, plant and equipment, as well as other investments.

CASH FLOW

THB mn



*CFO before income tax and net interest expenses was THB 1,503mn.

**Includes translation adjustment and cash & cash equivalents of subsidiaries which classified as assets held for sale and subsidiaries as of the date of sale.

As of 30 June 2022, cash and cash equivalents were THB 1,656mn, decreasing THB 1,084mn from THB 2,740mn at the beginning of the year.

Cash from operating activities before income tax and net interest expenses was THB 1,503mn. This was derived from a profit before tax of THB 638mn, being supplemented by non-cash reconciling items of THB 406mn and changes in net working capital of THB 459mn. After deducting net cash paid for interest expenses of THB 733mn and cash paid for income tax of THB 43mn, **net cash from operating activities** was THB 727mn.

Net cash used in investing activities was THB 581mn. The key activities were: (i) cash paid for investment properties of THB 778mn, largely due to an investment in The Unicorn, (ii) net cash paid for purchasing of long-term financial assets of THB 611mn mainly from investment in corporate debentures, (iii) cash paid for the investment in joint ventures and additional capital of joint ventures of THB 257mn, (iv) cash paid for investments in property, plant and equipment of THB 113mn, partly offset with (v) a decrease in long-term loans to related parties of THB 1,365mn.

Net cash used in financing activities was THB 1,084mn. The key components were: (i) the net repayment of long-term loans from financial institutions of THB 782mn and (ii) cash paid for repayment of liabilities under finance lease agreements of THB 301mn.



BUSINESS PLAN AND OUTLOOK

The overall Thai economy is expected to recover in 2022 due to the diminished impact of COVID-19 and opening of the country to tourists. This year's economic growth rate is predicted to be higher compared to the preceding period. This is the key to supporting revenue growth and net profit margin for our financial and insurance services, which are our core businesses. With the business recovery from the COVID-19 pandemic, higher GDP growth, the ageing society, and increased awareness on the importance of broad insurance coverage, these are positive contributors to support the recovery of life insurance premiums, the main income of the life insurance business. Moreover, an increase in interest rates will be another contributor to higher rates of return on investment, lower reserve requirements, and the company's capacity to offer new products with more attractive rates of return.

In this quarter, our financial services and insurance businesses can generate profits for the Company of THB 238mn. Furthermore, we have rebranded Advance Life Assurance PCL or "A LIFE" to Rabbit Life Insurance PCL or "Rabbit Life" in order to reposition its brand to be contemporary and appealing to new customers. Rabbit Life is now ready to join and utilise the readiness of BTS Group's 3M platforms (MOVE, MIX, and MATCH). Within this year, Rabbit Life plans to launch eight new products and we are confident these new products will feature and highlight its brand to raise awareness and capture the attention of people. Rabbit Life aims to expand its insurance market share from 0.2% to 5% in the next three years and expect to become one of the industry's leaders in the future.

For the real estate business, the Company is continuing the asset divestment as planned.

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(Ms. Soraya Satiangoset)

Director, Executive Director, Acting Chief Executive Officer,
and Chief Financial Officer