

Executive Summary 3Q22

The Erawan Group Public Company Limited (“the Company”) posted the continuously improving performance in 3Q22 driven by strong international tourist arrivals growth after the country reopening since 1 July 2022 together with our quality asset to support the needs of customers at all levels. This reflects the performance of all hotel segments to be stronger. HOP INN segment’s RevPAR remained perform above 2019 level, while performance of luxury, midscale and economy also significantly improved due to an increase of foreign tourists. As a result, we recorded total operating income at THB 1,283 million, an increase of 467 percent YoY and 32 percent QoQ. Earnings before interest, income tax and depreciation (“EBITDA”) were recorded at THB 320 million and a net loss of THB 12 million, significantly improving from a net loss of THB 139 million in 2Q22.

Consolidated Profit & Loss Statement as of 30 September 2022

THB Millions	3Q21	3Q22	% Chg	9M21	9M22	%Chg
Hotels' Operating Income	210	1,268	504%	815	2,847	249%
Rental and Service Income	17	15	-9%	51	49	-4%
Total Operating Income	227	1,283	467%	866	2,896	234%
Other Income	27	6	-79%	47	27	-43%
Total Income	254	1,289	408%	913	2,923	220%
Operating Expenses	(497)	(969)	-95%	(1,518)	(2,460)	-62%
EBITDA	(243)	320	232%	(605)	463	177%
Depreciation & Amortization	(229)	(220)	4%	(716)	(648)	9%
Operating Profit/(Loss)	(472)	100	121%	(1,321)	(185)	86%
Finance Costs	(126)	(114)	10%	(400)	(336)	16%
Pre-tax Profit / (Loss)	(598)	(14)	98%	(1,721)	(521)	70%
Taxes (Expense) Income	(73)	5	107%	(50)	20	140%
Minority Interest	45	(6)	-114%	93	10	-90%
Normalized Net Profit / (Loss)	(626)	(15)	98%	(1,678)	(491)	71%
Extraordinary Items						
Gain on sale assets	-	-	-	-	20	N/A
Share of Profit/ (Loss) from ERWPF	3	3	0%	4	15	279%
Loss on Impairment of Non-Financial Assets	-	-	-	(131)	(8)	94%
Net Profit / (Loss)	(623)	(12)	98%	(1,805)	(464)	74%
E.P.S. (Baht)	(0.1374)	(0.0025)	98%	(0.5397)	(0.1023)	81%

Thailand Tourism Industry

Thailand tourism industry in 3Q22 has continued to recover from the previous quarter as a result of the country reopening since 1 July 2022 leading to the growth of international tourist arrivals which recorded over 1 million arrivals per month. In 3Q22, the number of international tourist arrivals was 3.6 million, an increase of 128 percent QoQ which the top five nationalities were Malaysian, Indian, Laos, Vietnam, and Singaporean. In 9M22, the number of international tourist arrivals was 5.7 million, a 6,526 percent increase from 9M21.

Domestic tourism maintained its growth momentum from the previous quarter supported by “We Travel Together phase 4” during July to October 2022 and many long weekends which stimulate people to travel. In 3Q22, the number of domestic trips recorded at 50.3 million, increased by 1,169 percent YoY and 4 percent from the previous quarter.

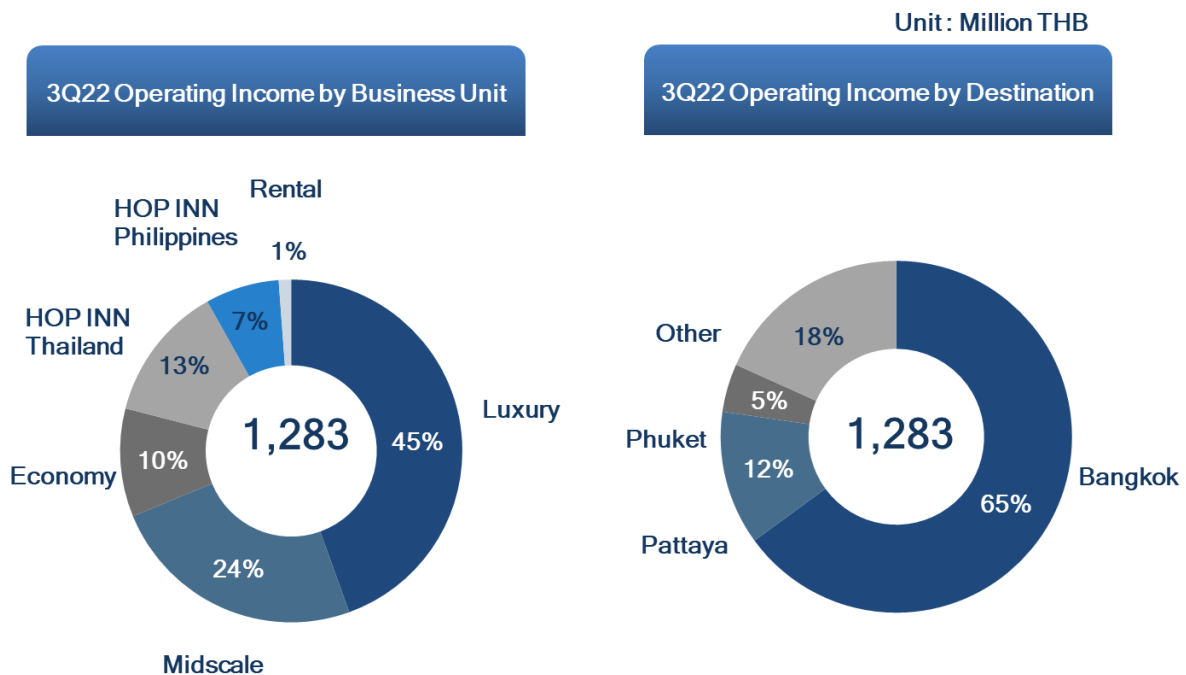
Company Highlight

In July 2022, The Company opened new “HOP INN” hotels in Nakorn Ratchasima, the second branch with 79 rooms, with positive responses from customer, leading to 48 “HOP INN” hotels in 36 provinces in Thailand as of 3Q22. In addition, we are under development of 3 HOP INN hotels Thailand with target to open in 4Q22 in accordance with our growth strategy to continue expand this segment with extensive network.

Group Performance in 3Q22 and 9M22

The continuous growth of the Thailand tourism industry as abovementioned resulted in an improvement in our performance. In 3Q22, the Company reported total operating income of THB 1,283 million, an increase of 467 percent YoY and 32 percent QoQ and posted EBITDA at THB 320 million, improving from EBITDA loss of THB 243 million in 3Q21 and increased 106 percent from positive EBITDA of THB 155 million in 2Q22. The Company recorded net loss of THB 12 million which significantly decreased from net loss of THB 623 million in 3Q21 and THB 139 million in 2Q22.

For 9M22, the Company reported total operating income of THB 2,896 million, an increase of 234 percent YoY and EBITDA at THB 463 million, an increase of 177 percent YoY and net loss of THB 464 million, a decrease of 74 percent YoY.



Performance by Business Unit

1. Hotel (Note: EBITDA by segment is calculated without taking non-property-specific expenses into account)

Statistics for hotel room operations for the 3Q22 and 9M22 as follows:

3-month period (Jul-Sep)	No. of rooms		Occupancy			ARR (THB/Night)			RevPAR (THB/Night)		
	3Q21	3Q22	3Q21	3Q22	+/-	3Q21	3Q22	+/-	3Q21	3Q22	+/-
Thailand	9,020	8,332	17%	70%	53%	812	1,591	96%	138	1,121	714%
Luxury Hotels	989	911	13%	80%	67%	2,263	4,944	119%	292	3,955	1256%
Midscale Hotels	1,668	1,668	10%	66%	56%	1,163	2,409	107%	114	1,586	1293%
Economy Hotels	2,686	1,813	9%	62%	52%	644	1,130	76%	60	696	1069%
Total Group (ex. HOP INN)	5,343	4,392	10%	67%	57%	1,184	2,552	116%	119	1,710	1332%
HOP INN Hotels	3,677	3,940	27%	74%	47%	610	622	2%	164	462	181%
The Philippines	843	1,471	60%	59%	-1%	855	1,044	22%	513	620	21%

9-month period (Jan-Sep)	No. of rooms		Occupancy			ARR (THB/Night)			RevPAR (THB/Night)		
	9M21	9M22	9M21	9M22	+/-	9M21	9M22	+/-	9M21	9M22	+/-
Thailand	9,020	8,332	22%	60%	38%	843	1,361	61%	188	815	334%
Luxury Hotels	989	911	16%	63%	47%	2,352	4,383	86%	369	2,759	648%
Midscale Hotels	1,668	1,668	14%	51%	37%	1,391	2,111	52%	199	1,073	440%
Economy Hotels	2,686	1,813	12%	44%	32%	630	1,010	60%	75	448	497%
Total Group (ex. HOP INN)	5,343	4,392	13%	50%	37%	1,258	2,228	77%	168	1,120	567%
HOP INN Hotels	3,677	3,940	35%	72%	36%	614	616	0%	216	441	104%
The Philippines	843	1,471	48%	57%	8%	841	988	18%	407	559	38%

1.1 Thailand hotels

The continuous strong recovery of Thailand tourism industry in 3Q22 driven by an increase of international tourist arrivals was key factor for the improving of our hotel performance with witness for both occupancy and average room rate across all hotel segments. As a result, the average occupancy rate in this quarter recorded at 70 percent, increased by 53 percent YoY and the average room rate increased by 96 percent YoY, leading to an increase in RevPAR of 714 percent YoY.

1.1.1 Luxury, Midscale and Economy hotels

In 3Q22, Thailand hotel (exclude HOP INN) recorded strong performance recovery from 3Q21 and 2Q22 on the back of an increase in international tourists since the beginning of 2022. Both the occupancy rate and the average room rate had been growing resulting to an increase in RevPAR of 1,332 percent YoY and 47 percent QoQ. The improvement had seen in all hotel segments, particularly in the luxury segment where its RevPAR had already returned to pre-pandemic level in 2019. Destination wise, hotels in Bangkok continued to post strong improvement in RevPAR of 51 percent QoQ, particularly in luxury and midscale segments.

Food and beverage revenues was also growing in this quarter, banquet revenue grew by 41 percent QoQ driven by the increasing of events e.g. meeting, conference and weddings while F&B outlet revenue grew by 23 percent QoQ supported by higher occupancy rate and the support of domestic demand. As such food and beverage

revenue in this quarter generated a growth of 569 percent YoY and 27 percent QoQ and for 9M22, food and beverage revenues increased by 221 percent YoY driven by growth from both banquet of 570 percent YoY and F&B outlet of 175 percent YoY.

Overall, total Thailand hotels (exclude HOP INN) posted total operating income in 3Q22 at THB 1,014 million, an increase of 36 percent QoQ and EBITDA at THB 267 million, increased by 149 percent QoQ. For 9M22, total operating income was THB 2,188 million, an increase of 348 percent YoY and EBITDA was THB 310 million.

1.1.2 HOP INN Thailand

In 3Q22, HOP INN Thailand continued performing well on the support of strong domestic travel which already returned to a pre-pandemic level in 2019 since 2Q22 and continue in this quarter with RevPAR grew by 8 percent compared to 3Q19. In addition, a new HOP INN hotel was opened in Nakorn Ratchasima (second branch) in July 2022 to serve the increasing demand of business and tourism travelers.

In summary, HOP INN Thailand posted total operating income for 3Q22 at THB 165 million, an increase of 6 percent QoQ and EBITDA at THB 78 million, an increase of 5 percent QoQ. For 9M22, total operating income was THB 456 million, an increase of 113 percent YoY and EBITDA was THB 214 million, an increase of 432 percent YoY.

1.2 The Philippines hotels

In 3Q22, overall the Philippines tourism industry gradually improved mainly from the support of domestic tourists which was the main contribution to our hotel whereas international customers was increasing gradually. The RevPAR growth was 10 percent QoQ and 21 percent YoY on the back of the increase in both occupancy rate and average room rate.

Total operating income in 3Q22 was THB 90 million, an increase of 44 percent YoY and EBITDA was THB 30 million, an increase of 15 percent YoY. For 9M22, total operating income was THB 202 million, an increase of 79 percent YoY resulting in an EBITDA of THB 71 million, an increase of 61 percent YoY.

In summary, the overall hotel business in 3Q22 posted an operating income of THB 1,268 million, an increase of 504 percent YoY and 32 percent QoQ breaking down into a room revenue of THB 943 million and food and beverage of THB 294 million. EBITDA was recorded at THB 375 million, improving from EBITDA loss of THB 213 million in 3Q21 and positive EBITDA of THB 207 million in 2Q22. For 9M22, the operating income was THB 2,847 million, an increase of 249 percent YoY and EBITDA at THB 595 million compared to EBITDA loss of THB 624 million in 9M21.

2. Rental Properties

The Company owns and operates Erawan Bangkok, a luxury retail property adjacent to Grand Hyatt Erawan Hotel, and manages Ploenchit Center as a property manager.

Income from rental and service was recorded at THB 15 million in 3Q22, a 12 percent increase from 2Q22 mainly due to the improving performance of Ploenchit center but decreased by 9 percent from 3Q21 due to the temporary closure of Erawan Bangkok for renovation since 2Q22.

Other Items in P&L

- **Depreciation & Amortization:** The Company recorded depreciation & amortization expense at THB 220 million in 3Q22, decreased by THB 9 million from 3Q21 mainly due to the decrease in depreciation of 5 hotels divestment in 4Q21 and 2Q22. In 9M22, we recorded this expense at THB 648 million, dropped by THB 68 million from 9M21.
- **Finance Costs:** The Company recorded finance costs at THB 114 million in 3Q22, a THB 12 million decreases from 3Q21 as result of the decreasing of interest-bearing debt from the utilization of the proceeds from assets divestment to repay loans from financial institutions. In 9M22, the Company recorded this expense at THB 336 million, a 64 million YoY decrease.
- **Extraordinary Items:**
 - **Investment in ERWPF:** the Company recorded a share of profit from 20 percent investment in ERWPF at THB 3 million in 3Q22 and THB 15 million in 9M22

Financial Status

Financial Ratio (times)	FY 2021	3Q22
Interest Bearing Debt to Equity*	1.9	1.9

*Note : Exclude impact from TFRS16

As at 3Q22, the Company recorded operating cash flow before change in operating asset and liabilities at THB 468 million. Although the operating income has been improved, the Company continued to focus on preserving liquidity and managing cash flow as our priority under these current circumstances. Our cash on hand at the end of 3Q22 was recorded at THB 1,108 million and have unutilized credit facilities approx. THB 6,147 million.

As at 3Q22, total assets were at THB 21,434 million, decreased from THB 22,450 million at the end of 2021 as a result of the divestment of 3 ibis hotels. The total liabilities were at THB 15,868 million, a decrease from THB 16,427 million at the end of 2021 as a result of the utilization of the proceeds from assets divestment to repay loans from financial institutions. The total equity was THB 5,566 million, decreased from THB 6,023 million at the end of 2021 due to retained loss from operations. Interest bearing debt to equity was at 1.9X which was the same level as 2021.

Business Outlook

The number of international tourist arrivals to Thailand during the 9M22 has posted strong growth since the country reopening at the beginning of the year and expected to continue in 4Q22 which is the high season for traveling. The government had targeted the number of tourists in 4Q22 at 1.5 million per month together with 5.7 million arrivals in 9M22 therefore, total tourist arrivals are expected to reach target of 10 million at the end of this year. Domestic travel is also doing well and continues to grow. As such, the Company remains confident in the continuous recovery outlook driven by positive factors as abovementioned and expected that our operating revenue growth to be double from last year with total group's occupancy rate in 2022 to be higher than 60 percent and RevPAR growth of 65 percent compare to 2019.

However, the Company also focuses on the analysis and monitoring the key risks affecting the Company recovery including energy cost, inflation, and interest rates which are in upward trend as these factors may affect in both the decision making to travel of customers and the Company's performance. Due to the uncertainty of the situation, the Company is ready to consider changing various measures, taking into account the situation and liquidity of the company as main factors.

According to our growth strategy, in 9M22 the Company opened 6 new hotels as planned and have 6 hotels under development both in Thailand and the Philippines. This aligns with our growth strategy to expand extensive network as well as maintain the hotel service standard to be the most consistent budget hotel network.

Sincerely yours,

Woramon Inkatanuvat
Executive Vice President and Chief Financial Officer