



Veranda Resort

Public Company Limited

Management Discussion & Analysis

Q3/2023

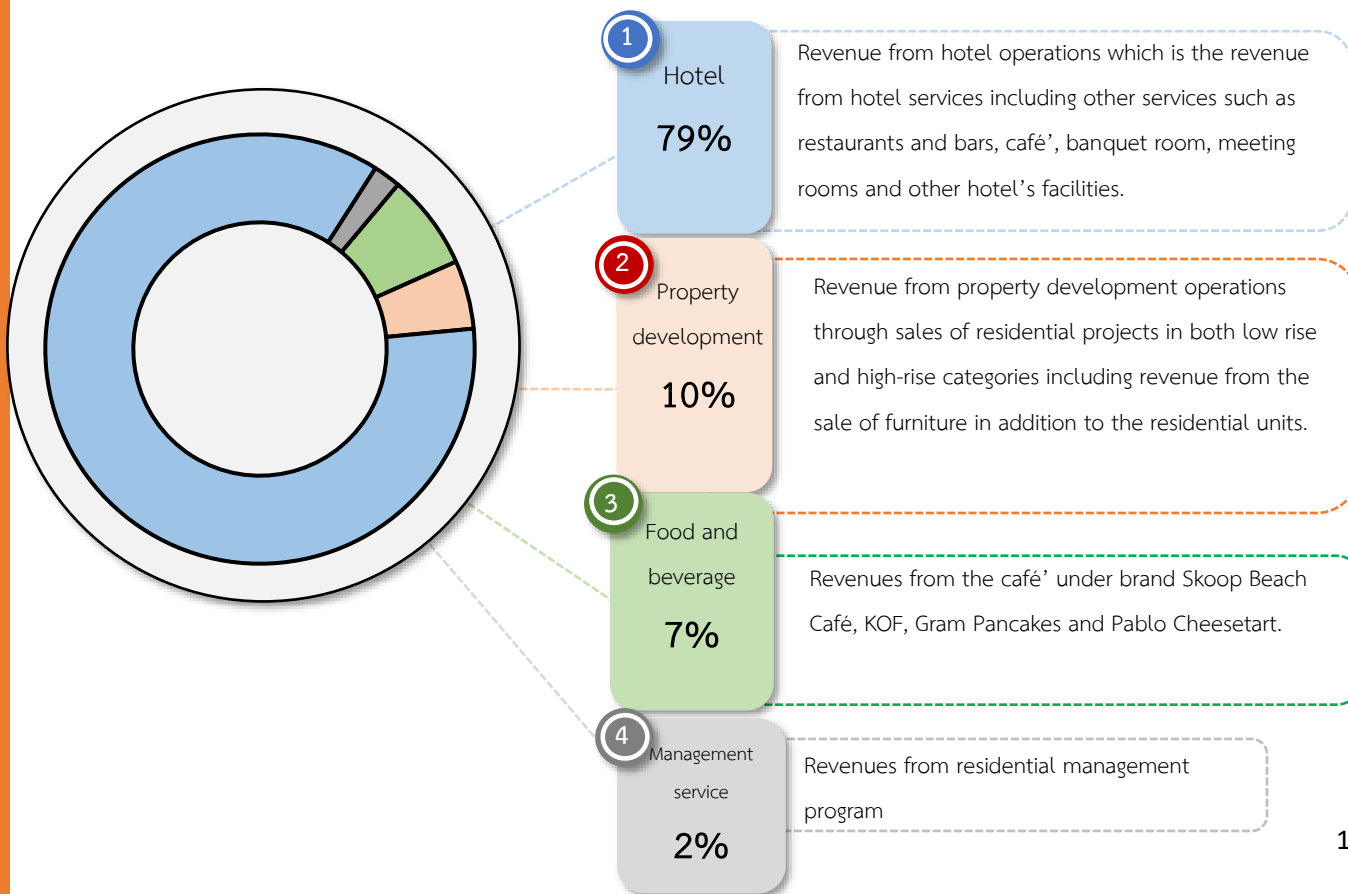


Revenue structure

In Q3/2023, The company generated total revenue of 329 THB mm with the main proportion came from revenue from hotel operations, 79% of total revenue, and revenue from property development operations accounted for 10% of total revenue. The following table shows the total revenue structure by business type for the three-month period and nine-month ended 30 September 2023.

Revenues	Q3/2023	%	Q3/2022	%	YoY	9M2023	9M2022	YoY
Revenue from hotel operations	258	79	255	77	+1%	821	631	+30%
Revenue from property development operations	34	10	31	9	+9%	87	189	-54%
Revenue from sales of food and beverage	23	7	29	9	-23%	70	87	-19%
Revenue from management service	7	2	7	2	+11%	23	19	+22%
Other income	7	2	8	3	-19%	25	35	-29%
Total revenue	329	100	330	100	-1%	1,026	961	+7%

* The rate of change calculations in this document are based on the unit digits.



For three-month period ended 30 September 2023, the Company's revenue decreased by 1 THB mm or representing an decreased rate of 1% compare to the same quarter of the previous year, mainly due to a decrease in revenue from sales of food and beverage.

For nine-month period ended 30 September 2023, the Company's revenue increased by 65 THB mm or representing an increased rate of 7% compare to the same period of the previous year, mainly due to an increase in revenue from hotel operation which cause by the recovery of the tourism industry with the number of foreign tourists coming to Thailand has continued to increase.

Revenues and gross profit from hotel operations

	Unit	For the three-month period ended 30 September			For the nine-month period ended 30 September		
		2023	2022	YoY	2023	2022	YoY
The number of operating hotels	Hotel	6	6		6	6	
The number of rooms	Room	675	675		675	675	
Occupancy rate	%	59	57	+2	62	47	+15
Average daily room rate	Baht/Room/Night	4,038	4,078	-1%	4,183	4,105	+2%
REVPAR	Baht/Room/Night	2,373	2,328	+2%	2,579	1,931	+34%
Revenues from hotel operations							
Room revenues	THB mm	146	146	-	473	363	+30%
Food and beverage revenues	THB mm	77	75	+2%	236	183	+29%
Revenues from other service	THB mm	35	34	+5%	112	85	+33%
Total revenues from hotel operations	THB mm	258	255	+1%	821	631	+30%

For three-month period ended 30 September 2023, the Company's revenue increased by 3 THB mm or representing an increased rate of 1% compare to the same quarter of the previous year, mainly due to growth from hotels in Bangkok. and Samui.

For nine-month period ended 30 September 2023, the Company's revenue increased by 190 THB mm or representing an increased rate of 30% compare to the same quarter of the previous year,

Gross profit from hotel operations

	Unit	For the three-month period ended 30 September			For the nine-month period ended 30 September		
		2023	2022	YoY	2023	2022	YoY
Revenues from hotel operations	THB mm	258	255	+1%	821	631	+30%
Cost from hotel operations	THB mm	131	121	+8%	397	316	+27%
Gross profit from hotel operations	THB mm	127	134	-5%	424	315	+35%
Gross profit margin from hotel operations	%	49	53	-4	52	50	+2
Gross profit from hotel operations after depreciation	THB mm	81	89	-9%	288	182	+58%

For three-month period ended 30 September 2023, the Company's gross profit decreased by 7 THB mm or representing decrease rate of 5% compare to the same quarter of the previous year mainly due to utility costs and also employee compensation costs that increased by hiring more staff to support high season period in the 4th quarter, gross profit margin from hotel operations decreased by 4%

For nine-month period ended 30 September 2023, the Company's gross profit increased 109 THB mm or representing increase rate of 35% compare to the same period of the previous year.

Earnings before interest tax depreciation and amortization (EBITDA) from hotel operations

Hotel Operations	Unit	For the three-month period ended 30 September			For the nine-month period ended 30 September		
		2023	2022	YoY	2023	2022	YoY
EBITDA	THB mm	61	75	-18%	225	164	+37%
EBITDA margin	%	24	29	-5	27	26	+1

For three-month period ended 30 September 2023, the Company's earnings before interest tax depreciation and amortization (EBITDA) is 61 THB mm, decreased by 14 THB mm or representing decrease rate of 18% compare to the same quarter of the previous year mainly due to higher selling and administrative expenses with EBITDA Margin at 24%.

For nine-month period ended 30 September 2023, the Company's EBITDA is 225 THB mm, increased by 61 THB mm or representing increase rate of 37% compare to the same period of the previous year with EBITDA Margin at 27%.

Revenue and gross profit from property development operations

	Project value	Transfer status					
		For the three-month period ended 30 September			For the nine-month period ended 30 September		
		2023	2022	YoY	2023	2022	YoY
Veranda Residence Hua-Hin	2,417	27	31	-13%	80	169	-53%
Veranda Residence Pattaya	1,899	7	-	+100%	7	12	-41%
Veranda Residence Chiang Mai	198	-	-	-	-	8	-100%
Total	4,514	34	31	+9%	87	189	-54%

For three-month period ended 30 September 2023, the Company's revenue from property development operations increased by 3 THB mm or representing increase rate of 9% compare to the same quarter of the previous year due to final unit transferred from Veranda Residence Pattaya Project.

For nine-month period ended 30 September 2023, the Company's revenue from property development operations decreased by 102 THB mm or representing decrease rate of 54% compare to the same period of the previous year.

Gross profit from property development operations

	Unit	For the three-month period ended 30 September			For the nine-month period ended 30 September		
		2023	2022	YoY	2023	2022	YoY
Revenues from property development operations	THB mm	34	31	+9%	87	189	-54%
Cost from property development operations	THB mm	25	22	+9%	69	140	-51%
Gross profit from property development operations	THB mm	9	9	-	18	49	-62%
Gross profit margin from property development operations	%	28	28	-	21	26	-5

For three-month period ended 30 September 2023, the Company's gross profit from property development operations is 9 THB mm with gross profit margins 28%

For nine-month period ended 30 September 2023, the Company's gross profit from property development operations is decreased by 31 THB mm or representing decrease rate of 62% compare to the same period of the previous year due to decrease in revenue with gross profit margin 21%

Selling expenses and administrative expenses

	Unit	For the three-month period ended 30 September			For the nine-month period ended 30 September		
		2023	2022	YoY	2023	2022	YoY
		THB mm	THB mm	%	THB mm	THB mm	%
Selling expenses	THB mm	42	39	+7%	126	110	15%
Selling expenses to total revenue	%	13	12	+1	12	11	+1
Administrative expenses	THB mm	57	53	+8%	168	149	13%
Administrative expenses to total revenue	%	17	16	+1	16	15	+1

For three-month period ended 30 September 2023, the Company's selling expenses increased by 3 THB mm or representing increase rate of 7% and administrative expenses increased by 4 THB mm or representing increase rate of 8% compare to the same quarter of the previous year due to hiring sales staff and oversea sales representative.

For nine-month period ended 30 September 2023, the Company's selling expenses increased by 16 THB mm or representing increase rate of 15% compare to the same period of the previous year and administrative expenses increased by 19 THB mm or representing increase rate of 13% compare to the same period of the previous year.

Earnings before interest tax depreciation and amortization (EBITDA)

	Unit	For the three-month period ended 30 September			For the nine-month period ended 30 September		
		2023	2022	YoY	2023	2022	YoY
		EBITDA	THB mm	60	78	-23%	219
EBITDA Margin	%	18	24	-6	21	20	+1

For three-month period ended 30 September 2023, the Company's earnings before interest tax depreciation and amortization (EBITDA) decreased by 18 THB or representing a decreased rate of 23% compare to the same quarter of the previous year due to increase in costs and expenses of hotel operations.

For nine-month period ended 30 September 2023, the Company's EBITDA increased by 23 THB or representing increased rate of 12% compare to the same period of the previous year due to recovery in revenue from hotel operation.

Depreciation and amortization

For three-month period ended 30 September 2023, the Company's depreciation and amortization is 58 THB, increased by 2 THB mm compare to the same quarter of the previous year and for nine-month period ended 30 September 2023, the Company's depreciation and amortization is 172 increased by 3 THB mm compare to the same period of the previous year mainly due to hotel renovation.

Financial expenses

For three-month period ended 30 September 2023, the Company's financial expenses is 26 THB mm increased by 9 THB mm or representing an increased rate of 52% compare to the same quarter of the previous year

For nine-month period ended 30 September 2023, the Company's financial expenses is 76 THB mm increased by 24 THB mm or representing an increased rate of 47% compare to the same period of the previous year due to interest expenses from debentures for future business expansion and higher MLR according to the Bank of Thailand's financial policy.

Net profit (loss)

	Unit	For the three-month period ended 30 September			For the nine-month period ended 30 September		
		2023	2022	YoY	2023	2022	YoY
		Net profit(loss)	THB mm	-20	2	n/a	-28
Net profit(loss) Margin	%	-	1	-1	-	-	-

For three-month period ended 30 September 2023, the Company's net loss is 20 THB mm and for nine-month period ended 30 September 2023, the Company's net loss is 28 THB due to decrease in revenue from property development and revenue from food and beverage restaurant including increased costs and expenses of hotel operations and also increased financial cost.

Financial Statement

Total assets	THB mm	30 Sep 2023	31 Dec 2022	Change %
Total liabilities	THB mm	4,702	4,757	-1
Total equity	THB mm	2,799	2,826	-1
D/E	times	1,903	1,931	-1
IBD/E	times	1.47	1.45	
Total assets	THB mm	1.24	1.24	

As 30 September 2023, the Company has total assets of 4,702 THB mm, decrease from 31 December 2022 by 55 THB mm or 1%, mainly due to

- Cash and cash equivalents decreased by repayment of loans from financial institutions as scheduled.
- Property development for sale decreased by the transfer of ownership of a residential unit in the Veranda Residence Hua Hin project.

As 30 September 2023, the Company has total liabilities 2,799 THB mm, decrease from 31 December 2022 by 27 THB mm or 1%, mainly due to decreased in long-term loans from financial institutions cause by repayment of the loan as scheduled.

As 30 September 2023, the Company has total equity 1,903 THB mm, decrease from 31 December 2022 by 28 THB mm by net loss in nine-month period of 2023.

As 30 September 2023, the Company D/E ratio is 1.47 times and the IBD/E ratio is 1.24 times that within the financial covenants of the bank and the terms of the debentures.