

Executive Summary 1Q24

In 1Q24, the Erawan Group Public Company Limited ("the Company") achieved a strong performance, boosted by the high season and Chinese New Year coupled with the Company's effective pricing strategy. Thailand's international tourist arrivals continue to recover, reaching 9.4 million, an increase of 45 percent YoY. Overall, the Company reported a normalized total income of THB 1,990 million, an increase of 11 percent YoY, and normalized earnings before interest, income tax, and depreciation ("EBITDA") of THB 703 million, an increase of 21 percent YoY. The Company recorded a normalized net profit of THB 285 million, an increase of 21 percent YoY, and generated a net profit of THB 417 million, an increase of 75 percent YoY.

Consolidated Normalized Profit & Loss Statement as of 31 March 2024

THB Millions	1Q23	1Q24	% Chg
Hotel Operating Income	1,736	1,941	+12%
Rental and Service Income	17	34	+99%
Total Group Operating Income	1,753	1,975	+13%
Other Income	36	15	-57%
Total Revenues	1,789	1,990	+11%
Operating Expenses	(1,209)	(1,287)	+6%
EBITDA	580	703	+21%
% EBITDA Margin	32.4%	35.3%	+2.9% pts
Depreciation & Amortization	(218)	(236)	+8%
Operating Profit/(Loss)	363	467	+29%
Finance Costs	(135)	(171)	+27%
Pre-tax Profit / (Loss)	228	296	+30%
Taxes (Expense) Income	6	(0.04)	-101%
Minority Interest	1	(11)	-1245%
Normalized Net Profit / (Loss)	235	285	+21%
% Normalized Net Profit / (Loss) Margin	13.1%	14.3%	+1.2% pts

Consolidated Profit & Loss Statement as of 31 March 2024

THB Millions	1Q23	1Q24	% Chg
Total Revenues	1,792	2,122	+18%
EBITDA	584	835	+43%
Net Profit / (Loss)	239	417	+75%
E.P.S. (Baht)	0.0526	0.0920	+75%
Extraordinary Items			
Share of Profit/ (Loss) from Property Fund	3	3	-1%
Net difference of right-of-use assets and lease liabilities from lease modification	-	129	N/A

Thailand Tourism Industry

Thailand's tourism industry continued to recover strongly with the international tourist arrivals registering of 9.4 million, an increase of 45 percent YoY and 87 percent recovery compared to 1Q19, pre-COVID-19 period. The top 3 source markets in 1Q24 were Chinese, Malaysian, and Russian.

Philippines Tourism Industry

The Philippines recorded 1.7 million international tourist arrivals, an 18 percent increase YoY, representing a 75 percent recovery compared to 1Q19, pre-COVID-19 period. The top 3 source markets in 1Q24 were South Korean, American, and Chinese.

Japan Tourism Industry

Japan recorded 8.6 million international tourist arrivals, a 80 percent increase YoY, representing a 6 percent growth compared to 1Q19, pre-COVID-19 period. Over 80 percent of these international tourists are from Asian countries. The top 3 source markets in 1Q24 were South Korean, Chinese, and Taiwanese while Thai was ranked as 6th of their source markets.

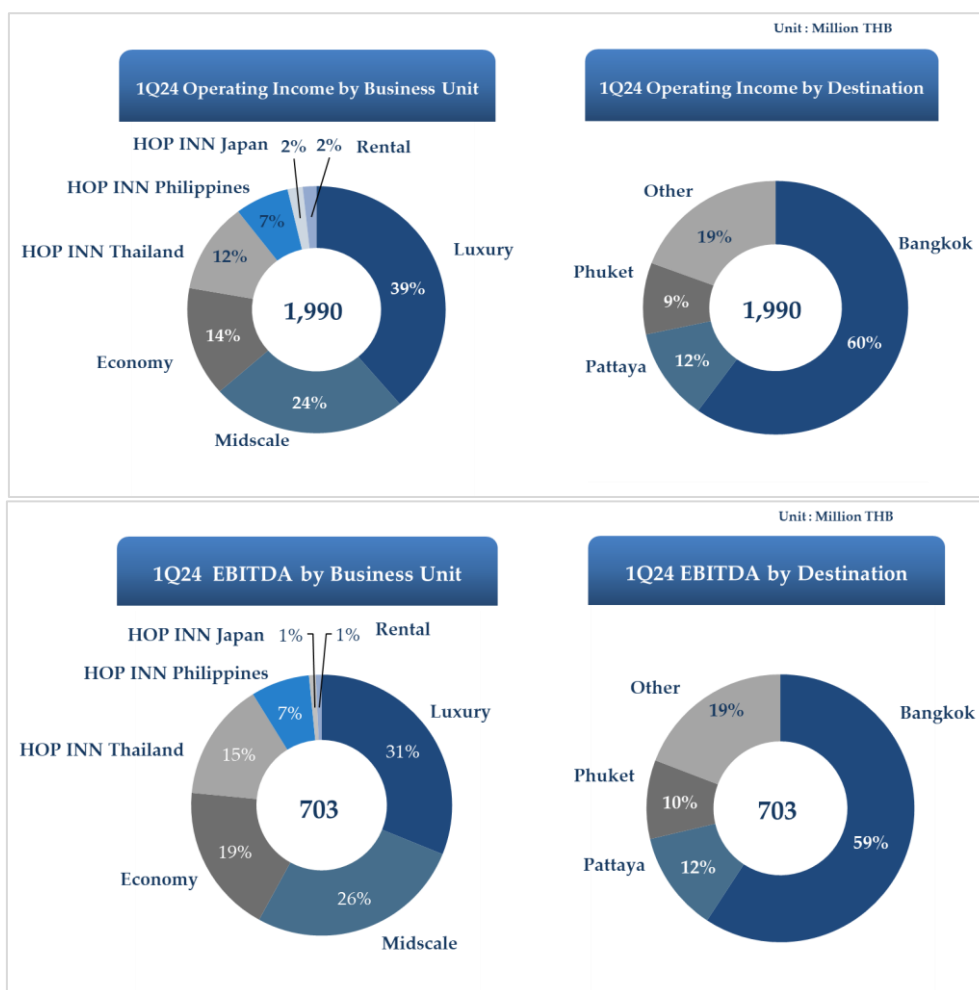
Company Highlight in 1Q24

- The Company opened a total of 5 new "HOP INN" locations with 391 rooms. These locations include 3 branches in Japan: Asakusa, Iidabashi, and Ueno, and 2 branches in Thailand: Ayutthaya and Suphanburi. As of 1Q24, the Company had 82 hotels and 10,699 combined room inventory under the portfolio.
- The Company opened 2 new restaurants at Erawan Bangkok Mall: Man Ho Bistro, a modern Chinese cuisine, and Chisana Nami, a Teppanyaki restaurant. Both restaurants are managed by JW Marriott Bangkok Hotel, extending its success of Man Ho Chinese Restaurant and Nami Teppanyaki Steakhouse.

Group Performance in 1Q24

The Company recorded a normalized total income of THB 1,990 million, representing a 11 percent increase YoY and a normalized EBITDA of THB 703 million, a 21 percent increase YoY driven by revenue growth and effective cost management. As such, the Company recorded a normalized net profit of THB 285 million, a 21 percent increase YoY while including an extra item which majority from a net difference of right-of-use assets and lease liabilities from lease modification of THB 129 million generated a net profit of THB 417 million, an increase of 75 percent YoY.

Operating income and EBITDA by Business Unit and Destination for the 1Q24 as follows:



Performance by Business Unit

1. Hotel (Note: EBITDA by segment excludes non-property-specific expenses into account)

Statistics for hotel room operations for the 1Q24 follows:

3-month period (Jan-Mar)	No. of Rooms		Occupancy			ARR (THB/Night)			RevPAR (THB/Night)		
	1Q23	1Q24	1Q23	1Q24	+/-	1Q23	1Q24	+/-	1Q23	1Q24	+/-
Thailand	8,717	8,855	82%	83%	1%	1,901	2,081	9%	1,559	1,733	11%
Luxury Hotels	911	911	79%	83%	4%	6,614	7,030	6%	5,225	5,830	12%
Midscale Hotels	1,668	1,652	84%	79%	-5%	3,004	3,441	15%	2,523	2,725	8%
Economy Hotels	1,813	1,813	86%	90%	4%	1,513	1,721	14%	1,302	1,543	19%
Total Group (ex. HOP INN)	4,392	4,376	84%	84%	0%	3,079	3,418	11%	2,586	2,882	11%
Budget Hotels (HOP INN)	4,325	4,479	80%	82%	2%	656	718	9%	525	590	12%
The Philippines	1,471	1,471	74%	79%	5%	1,087	1,175	8%	804	934	16%
Japan	-	373	N/A	48%	N/A	0	2,919	N/A	0	1,404	N/A
Total Group	10,188	10,699	81%	82%	1%	1,793	1,972	10%	1,453	1,612	11%

1.1 Thailand hotels

In 1Q24, Thailand hotels performance continued growing driven by the growth of average room rates by 9 percent YoY which led to RevPAR growth of 11 percent YoY. Growth was witnessed across all segments from luxury to HOP INN segment.

1.1.1 Luxury, Midscale and Economy hotels

The strong performance of Luxury to Economy hotel segment in this quarter was driven by the recovery in tourism industry and our effective pricing strategy. This resulted in an increase of average room rate by 11 percent YoY while occupancy rate remains flat YoY at the rate of 84 percent. As a result, REVPAR grew 11 percent YoY. The Economy segment has the highest average RevPAR growth of 19 percent YoY due to the slower recovery compared to other segments while the RevPAR growth of luxury was at 12 percent YoY. Despite a drop in occupancy of midscale by 5 percent YoY as Holiday Inn Pattaya is being renovated during November 2023 to August 2024., RevPAR continued to grow by 8 percent YoY.

Overall, Thailand hotels (excluding HOP INN) posted total operating income in 1Q24 at THB 1,535 million, an increase of 9 percent YoY with the revenue from food and beverage of THB 353 million, on par with last year. EBITDA was THB 593 million, an increase of 24 percent YoY.

1.1.2 HOP INN Thailand

HOP INN Thailand posted a strong performance with the continuing support from domestic market. In 1Q24, RevPAR of this segment increased 12 percent YoY driven by the growth in both occupancy and average room rate at 2 percent and 9 percent YoY respectively.

In summary, HOP INN Thailand recorded total operating income in 1Q24 at THB 233 million, an increase of 11 percent YoY and EBITDA at THB 114 million, an increase of 11 percent YoY.

1.2 The Philippines hotels

The performance of Philippines hotels continued to recover in accordance with the recovery of Philippines tourism industry. RevPAR growth posted at 16 percent YoY in this quarter resulting from an increase in occupancy rate of 5 percent YoY and average room rate of 8 percent YoY.

In 1Q24, total operating income was THB 134 million, an increase of 14 percent YoY and EBITDA was THB 56 million, an increase of 19 percent YoY.

1.3 Japan hotels

In 1Q24, the Company completely launched and operated 4 HOP INN hotels which were invested in 2023. These 4 hotels were during the ramp up period and partially operated in this quarter. The occupancy and average room rate were 48 percent and THB 2,919 respectively. Total operating income was THB 37 million and EBITDA was THB 7 million.

In summary, the Company's overall hotel business in 1Q24 posted an operating income of THB 1,941 million, an increase of 12 percent YoY. Room revenue was recorded at THB 1,547 million and food and beverage revenue at THB 360 million with an increase of 15 percent and 1 percent YoY respectively while EBITDA was recorded at THB 703 million, a 21 percent increase YoY.

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 34 million in 1Q24, an increase of 99 percent YoY due to the resuming operation of Erawan Bangkok in June 2023 after closing for renovation since 2Q22.

Other Items in P&L

- **Depreciation & Amortization:** The Company recorded depreciation & amortization expense of THB 236 million in 1Q24, an increase of 8 percent YoY mainly due to higher depreciation of building and equipment and Right-of-use land and buildings from a hotels in Japan.
- **Finance Costs:** The Company recorded finance costs of THB 171 million in 1Q24, an increase of 27 percent YoY due to an increase in the interest-bearing debt from hotels investment in Japan and a rising interest rate trend.

- **Extraordinary Items:**

Investment in Erawan Hotel Growth Property Fund (ERWPF) : The Company recorded a share of profit from 20 percent investment in ERWPF at THB 3 million in 1Q24.

A net difference of right-of-use assets and lease liabilities from lease modification: The Group recorded a net difference of right-of-use assets and lease liabilities from lease modification amounting to THB 129 million by reassessing the lease period according to the assets buyback transaction from ERWPF and such lease agreement between a subsidiary and ERWPF will be terminated.

Financial Status

In 1Q24, the Company reported operating cash flow before changes in operating assets and liabilities at THB 704 million, a 24 percent increase YoY on the back of improving operating performance. In 1Q24, cash flow from the acquisition of property, plant, and equipment and intangible assets were THB 497 million, mainly to support new hotel investment in Japan, Thailand, and Philippines in accordance with our long-term growth strategy. This resulted in cash on hand at the end of 1Q24 of THB 1,296 million and available unutilized credit facilities of approximately THB 6,418 million and JPY 476 million.

As at 1Q24, total assets were THB 23,907 million, which increased from THB 23,675 million at the end of 2023 mainly from new hotel investments in Japan and Thailand. Total liabilities decreased from THB 17,305 million at the end of 2023 to THB 17,075 million which was mainly from the termination of lease agreement with ERWPF and the completion of buyback assets from the fund on 30 April 2024. Total equity was THB 6,832 million, increased from THB 6,370 million at the end of 2023 due to net profit generated in 1Q24.

Key Financial Ratios

	4Q23	1Q24
Current ratio (times)	0.6	0.5
Return on Equity (%)	12.3	14.4
Interest Baring Debt to Equity (times)*	1.7	1.6
	1Q23	1Q24
Gross Profit Margin (%)	55.8	59.8

*Note: Exclude impact from TFRS16

- **Current ratio** as at 1Q24 was at 0.5 time which was in line with 0.6 time at 4Q23.
- **Return on Equity** improved to 14.4 percent in 1Q24 which was increased from 12.3 percent in 4Q23 on the back of strong operating performance.
- **The interest-bearing debt to equity ratio** was recorded at 1.6 times in 1Q24 which was in line with 1.7 times in 4Q23.
- **Gross Profit Margin** was at 59.8 percent in 1Q24, increased from 55.8 percent in 4Q23 due to a strong recovery performance together with the efficiency of cost management.

Business Outlook

Thailand's tourism industry for the remaining 9 months is expected to continually grow and achieve the government target of 35 million international arrivals with positive trend especially on recovery of Chinese. In 2024, the Company set a target of total revenue growth of 15 percent YoY with an occupancy rate of 80-82 percent and average room rate growth of 5-7 percent.

On the investment expansion, the Company continues to develop new projects as outlined in our long-term plan by focusing on investment in budget hotel segment and increase the contribution on revenue and profit from international to generate stabilize growth in the long term. This is together with the improvement of 3-5 star hotels segment in order to increase its competitiveness to be able to respond to the change in customer demand and market. In 1Q24, there are 15 new developing HOP INN hotels, consisting of 12 hotels in Thailand and 3 hotels in the Philippines.

However, during the last 9 months of 2024, there still be factors that may affect the Company's operating results, such as the global economic situation, international war, climate change, and government policies. The Company will closely monitor these factors and adjust its strategies to suite the ever-changing situation by considering the situation and liquidity of the company as priority.

Sincerely yours,

Apinya Ngamapichon
Executive Vice President and Chief Financial Officer