

Executive Summary

In 1Q20, overall economy was largely affected by the coronavirus disease (COVID-19) outbreak globally, including the Thai economy, resulting a deep economic deceleration throughout the year. Thai economy has been pressured from number of factors, namely 1.) Tourism sector was shrinking from travel restriction measures to control the pandemic resulting in lower both local and foreign tourists 2.) Export sector was impacted from country lock down of the partner countries due to the discontinuance of production chain 3) Government spending and investment shrinkage due to the delay of government establishing and pending promulgation of 2020 capital expenditure and 4) Consumption and investment of private sector was shorten in the meantime household purchasing power weakened from income, unemployment, consumer confidence depression and high level of household debt though, there was some spending of consumer goods from the COVID-19 pandemic distress. However, the government sector has launched remedial measures to release the economic impact. Having considered the above-mentioned circumstances, the Bank of Thailand lowered the Thai economy growth outlook in 2020, from an increase of 1.5-2.5% to a decrease of 5.3%, as well as lower the policy rate to 0.75% to stimulate the economic and stabilized the financial system.

The Company effectively manages all businesses to mitigate the impact of COVID-19 outbreak.

The performance of Central Pattana Public Company Limited ("The Company" or "Central Pattana") in 1Q20 shows total revenue of THB 11,423 mn and net profit stood at THB 4,592 mn, mainly influenced by non-recurring items as well as revenue from residential business together with cost effective management. Excluding the non-recurring items, total revenue and net profit decreased by 0.5% and 8.7% respectively compared to the same period in the previous year (YoY) mainly caused by the impact of the COVID-19 situation that affected the Company's businesses.

As a result of COVID-19 pandemic situation, the Company has strictly complied with the announcement from government sector limiting risk area to protect the pandemic situation therefore, we temporary closed shopping malls totaling of 34 locations, comprising 33 malls in Thailand and 1 mall in Malaysia. The closure period is different for each location between 1-9 days as of the end of 1Q20. To facilitate safety and convenience for customers, the Company still provide necessary services in the shopping malls. The Company implement proactive measures to timely manage the situation rapidly changed by considering all stakeholders. The Company also has the policy of efficiency management in terms of maximizing cost saving and resource allocation together with manage a cashflow adequacy to operate business during this circumstance. Due to the extremely fluctuation of stock market in recent times, CPN Retail Growth Leasehold REIT (CPNREIT) decided to postpone the transaction of investing in 4 additional asset leases with the Company until CPNREIT is able to resume the fund raising in due course. The Company currently manages 34 shopping malls with the net leasable area (NLA) of approximately 1.8 mn sqm. As of 1Q20 the average occupancy rate for all domestic retail properties stood at 92%.

An operational management of business during COVID-19 pandemic situation

The Company provided utmost cooperation to strictly comply with the government measures by temporary closing most parts of the shopping mall to stop the COVID-19 outbreak.

Enable tenant remedy measurement who affected and take care employees thoroughly

Cost effective management and the review of CAPEX plan are carried out to maintain sufficient cash flow and liquidity to support ongoing operations

Temporary closure of 34 shopping malls to control the COVID-19 outbreak. As per announcement of government agency to protect the COVID-19 pandemic situation, the Company complied with the law by starting temporary close shopping mall from March 22, 2020 until further amendments based on government orders by significantly concern customer safety. The Company still provides necessary services for such as supermarket, convenience stores, banks, drug stores, food and beverages shops for take away and delivery, to name a few. Moreover, the Company adopted the best practices for social distancing by arranging areas for food and beverages delivery service and take away and implement Chat and Shop system, Call center, Pick-up Counters and drive through pick-up stations to facilitate safety and convenience for customers including preventive measures in our shopping malls.

The Company provided rent waivers to tenants that cannot remain open for business during the shutdown period announced by the government and provide rental discounts of 10-50% to tenants that remained open but are considerably affected by the current situation. In addition, the Company support employees by sponsoring additional COVID-19 insurance coverage and reallocate workforce to areas requiring business needs with no policy to reduce headcount as well as deploy Work-From-Home protocols to mitigate the risk of outbreak.

To combat the COVID-19 situation, the Company plans to mitigate the impact on revenue and profitability through various cost reduction initiatives. Reductions in operating costs and general administrative expenses, such as utility cost, certain outsourced services and excessive administrative costs at both business and head office levels have been identified based on the lower scalability of business operations and employee reallocation plan. Furthermore, the Company engaged with its business partners to realign certain terms and conditions to promote tighter cost control measures.

Apart from that, to the Company has preparation on cashflow adequacy for business continuity to mitigate the impact of COVID-19. As of March 31, 2020, the Company's net interest-bearing debt to equity equal to 0.38x which is under target at 1x and considerably lower than debt covenant at 1.75x. The Company also has cash and short-term investment amounting THB 13,996 mn and is in the process of reviewing its capital expenditure plan in the effort to curb investments in new projects and asset enhancement initiatives.

Temporary closure of 2 Hotels since April 1, 2020 due to COVID-19 outbreak both in Thailand and overseas earlier this year resulted in a significant drop in foreign tourist visitors and limit domestic travelers from country lockdown. Given the situation, the Company decided to temporarily close hotel operations and change its business plan by implementing cost saving according the change in revenue, whilst taking the opportunity to accelerate the renovation of Hilton Pattaya from May 2020 to November 2020 to enhance operational efficiency as well as prepare upon re-opening.

Diversification into Mixed-use Development Projects

In 1Q20, two new residential projects; ESCENT TOWN PHITSANULOK and NINYA KALLAPAPRUEK are launched as planned

The Company launched 2 new residential projects in the beginning of the year as planned. The projects accumulated ample interest from potential customers even though demand in the residential market is relatively subdued due to the impact of COVID-19. Nevertheless, the Company continues to transfer the completed projects to customers as planned.

Newly opened are ESCENT TOWN PHITSANULOK, a townhome project with 358 units and living space from 141-165 sq.m. per unit. The total project value is more than THB 1,000 mn and is located next to Centralplaza Phitsanulok, distinguished with the green area connecting between urban life and nature.

And NINYA KALLAPAPRUEK, a twin-home project with 144 units and living space of 154-230 sq.m. per unit. The total project value is more than THB 1,500 mn and is located next to main road close to Bangkae, Kanjanaphisek, Petchkasem road and express way amongst facilities such as markets, shopping centers, schools and hospitals.

Residential projects that are completed and transferred to customers at 7 locations, namely ESCENT Rayong, ESCENT Chiangmai and ESCENT Khonkaen where all units have been fully transferred. While, ESCENT VILLE Chiangmai, ESCENT VILLE Chiangrai, ESCENT Nakhon Ratchasima and PHYLL Pahol 34 have been completed the construction and under transfer process to customers.

Residential projects that are open for pre-sale and in the process of construction at 5 locations, namely 1.) ESCENT Ubonratchathani, currently has 80% pre-sales take up, will be completed and ready for transfer by 2020; 2.) ESCENT PARK VILLE Chiangmai currently has 50% pre-sales take up, will be completed and ready for transfer by 2020 and 3.) ESCENT TOWN PHITSANULOK has 11 units transferred, currently under the construction of additional units; 4) NINYA KALLAPAPRUEK is under construction, will be completed and ready for transfer by 2020, currently has some pre-sales; and 5) NIYHAM Boromratchachonnani, a single-detached housing project located on Boromratchachonnani Road, has already transferred 5 units which currently is in the process of construction and decorations to support future demands.

Financial and Operating Performance in 1Q20

	Number of projects and net leasable/salable area under CPN management as of 1Q 2020								Occ. Rate / Sales Rate (%)
	Total		CPN		CPNREIT ⁽¹⁾		CPNCG ⁽²⁾		
	No.	sq.m.	No.	sq.m.	No.	sq.m.	No.	sq.m.	
<i>Retail properties</i>									
Shopping malls - BMA	15	930,671	15	783,590	3	147,081			94
Shopping malls - Provinces ⁽⁴⁾	18	792,869	18	725,403	2	67,466			91
Total domestic retail properties	33	1,723,540	33	1,508,993	5	214,547			92
Shopping malls - International	1	84,727	1	84,727					82
Total retail properties	34	1,808,267	34	1,593,720	5	214,547			92
<i>Non-core businesses</i>									
Office buildings	7	172,254	5	56,193	2	34,389	7	81,672	95
Hotels	2	561 rooms	1	259 rooms	1	302 rooms			59
Residential (high rise)	7	2727 units	7	2727 units					89
Residential (low rise)	3	573 units	3	573 units					3
<i>Assets under GLAND</i>									
Office buildings	3	148,938	1	67,606	2	81,332			93
Residential (high rise)	1	1991 units	1	1991 units					99
Retail space in buildings		24,196		24,196					71

- (1) Assets under CPNREIT comprises 1) 5 shopping malls, namely CentralPlaza Rama 2, CentralPlaza Rama 3, CentralPlaza Pinklao (including Pinklao Tower A & B office buildings), CentralPlaza Chiangmai Airport and CentralFestival Pattaya Beach ; 2) 1 hotel, namely Hilton Pattaya and 3) 2 office buildings under the management of GLAND, namely The Ninth Towers and Unilever House, the leasehold rights for both of which were transferred from GLANDRT in 1Q20.
- (2) Assets under CPNCG comprises 1 office building, namely The Offices at CentralWorld
- (3) Occupancy rate of all businesses (except for residential) was an average of occupancy rate in each quarter
- (4) Central Phuket, which consists of the Central Phuket Floresta and Central Phuket Festival, is counted as a single project

Overview

The Company has 4 business categories under management: 1) Shopping Center and office for rent; 2) Food center services; 3) Hotel; and 4) Residential for sale which includes the properties transferred to CPN Retail Growth Leasehold REIT ("CPNREIT") and CPN Commercial Growth Leasehold Property Fund ("CPNCG")

The Company managed 34 shopping centers (15 projects in Bangkok Metropolitan Area (BMA), 18 projects in the provinces, and 1 project overseas), 30 food centers, 7 office towers, 2 hotel properties, 12 residential project for sale comprise 9 high-rise residential projects and 3 low-rise residential projects 2 of which newly opened in 1Q20.

As of 1Q20, the average occupancy rate of the Company's domestic shopping malls stood at 92%, equal to the same period of previous year. Most of the shopping malls maintained high level of occupancy rate despite the impact from COVID-19 resulting in mall closure according to an implementation of remedy measure to maintain our tenants.

In 1Q20, same store rental revenue growth decreased to 2.9% YoY mainly from COVID-19 impact by providing tenants a rent waivers and discount as well as lower marketing activities and temporary close shopping malls. The same store rental revenue excludes that of 1.) new malls in 2019, namely Central i-City and Central Village; 2.) malls under major renovation during 2019 and 2020, namely CentralWorld, CentralPlaza Lardprao, CentralPlaza Chonburi, CentralPlaza Chiangrai, Central Phuket Festival, CentralFestival Pattaya Beach, Centralplaza Chiangmai and Centralplaza Rama2.

Same store rental revenue declined by 2.9% YoY

Summary of GLAND's results

As of March 31, 2020, the operating assets under GLAND comprise of; 1.) 3 office buildings (aggregate occupancy rate at 93%), which includes 2 office under management of CPN Retail Growth Leasehold REIT (CPNREIT) after transferring the leasehold rights from GLAND Office Leasehold Real Estate Investment Trust (GLANDRT) in 1Q20; 2.) 1 residential project for sale (a total of 1,991 units with 20 units remaining to be sold and transferred); 3.) leasable retail area within office buildings and residential project at 24,196 sq.m. (aggregate occupancy rate at 71%), and 4.) 4 undeveloped land plots, 2 of which are planned for mixed-use development projects and the other 2 planned for residential development.

In 1Q20, GLAND's contribution to the Company's financial result, excluding non-recurring items, shows total revenue of THB 453 mn and net profit stood at THB 77 mn. The difference versus GLAND's reported statement of comprehensive income mainly comes from the investment properties that the Company recorded at the time of acquisition of GLAND, which reflected the fair value of GLAND's investment properties at that time. As a result, the depreciation and amortization expenses from those investment properties, which represents most of GLAND's operating cost, is higher under the Company's book compared to GLAND's book, which are based on its original cost.

Non-recurring items

The Company has non-recurring items in 1Q20 compared to the previous year as follows:

- GLAND Office Leasehold Real Estate Investment Trust (GLANDRT) was dissolved and delisted from Stock Exchange of Thailand (GLAND has 15% ownership stake in GLANDRT) by complete assets transferred of The Ninth Towers Grand Rama 9 and Unilever House Grand Rama 9 to CPNREIT. The Company has recognized the transaction in consolidate financial statement as follows:
 - Income from GLANDRT leasehold asset divestment amount THB 270 mn was recognized in share of profit from associated companies
 - GLANDRT dissolve expense amount THB 227 mn was recognized in administrative expenses
 - Tax on GLANDRT dividend received amount THB 62 mn, the final dividend payment before dissolution and delisting of the Trust
- The Company recognized revenue from financial lease, a one-time revenue comply with accounting standard amount THB 2,796 mn which recognized in other income and THB 559 mn tax is recognized in the income tax expense. The transaction does not affect the Company's cash flow.
- The Company has recognized selling & administrative expense related to financial instruments, a non-recurring item, amount THB 115 mn.

Impact from the implementation of new financial reporting standards

From 1 January 2020, the Company has adopted Thai Financial Reporting Standard - Financial instruments group (TFRS9) and Thai Financial Reporting Standard (TFRS16) - Leases which impacted to the financial statement as follows (see details in the Notes to Financial Statements No. 3 "Impact from the Changes in Accounting Standards")

TFRS9 – Immaterial impact to financial position and statement of comprehensive profit and loss.

TFRS16 – Impact to financial position on 1 January 2020 as follows;

TFRS16 adoption brought about one-time adjustments that resulted in increases of assets and liabilities and decrease in shareholder's equity.

Unit: MTHB

	Inc (Dec)
Assets	
Investment properties	58,145
Leasehold rights	(20,783)
Deferred tax assets	804
Total increase (decrease) to assets	38,166
Liabilities	
Lease liability	46,856
Total increase (decrease) to liabilities	46,856
Shareholders' Equity	
Unappropriated retained earnings	(8,686)
Non-controlling interest	(3)
Total increase (decrease) to equity	(8,690)

TFRS16 adoption impact the company's profit before tax lower by THB 68 mn in 1Q20.

Impact to income statement on 1 January 2020 as follow;

Unit: MTHB

Decrease in rental expense	639
Increase in depreciation & amortization	(413)
Net decrease (increase) in cost of rental & services	227
Increase in interest expense	(295)
Net increase (decrease) to profit before tax	(68)

Overall Business Performance

The following management discussion excludes an impact of non-recurring items and new accounting standard applied as mentioned above.

Total revenue decreased 0.5% YoY while total cost increased 5.2% YoY.

Total Revenue

In 1Q20, the Company reported total revenue of THB 8,627 mn, a decrease of 0.5% YoY mainly from a decrease of revenue from rent and service.

Total Costs

In 1Q20, the Company reported total costs of THB 4,265 mn, an increase of 5.2% YoY mainly from an increase of cost of residential sale which in-line with an increase in revenue from residential sale.

Administrative Expenses

Total administrative expenses constituted expenses on personnel, marketing & promotion, rental expense of Hilton Pattaya Hotel based on the sublet agreement with CPNREIT, office supplies, professional fees, and depreciation and amortization of office equipment and hotel properties.

Total administrative expenses decreased 2.8% YoY.

In 1Q20, the Company reported total administrative expenses at THB 1,382 mn, a decrease of 2.8% YoY. A decrease is mainly attributed to lower personnel and other administrative expenses regarding to temporary close shopping malls as well as a decrease in rental expense incurred to CPNREIT for the sublet of Hilton Pattaya. CPN demonstrated prudent cost control measures to be in-line with a decrease in revenue to retain business normalcy in current situation. Hence, the administrative expenses to total revenue ratio stood at 15.9%, which is lower than the same period of previous year at 16.6%.

Gross Profit Ratio & Operating Profit Ratio

Gross profit ratio and operating profit ratio stood at 48% and 34.8%, respectively.

In 1Q20, the gross profit ratio, excluding other income, dropped to 48% from 51.8% in the same period of previous year mainly from higher cost of rent and services and cost of residential sale whilst operating profit ratio dropped proportionately to 34.8% from 37.5% YoY.

Net Profit

Net profit decreased 8.7% YoY.

In 1Q20, the Company reported a net profit of THB 2,557 mn, a decrease of 8.7% YoY mainly from mall closure however, the Company significantly implemented cost effective management to retain normal business operation by considering all stakeholders and retain return to shareholders.

Performance of rental and services business

Revenue from rental and services

In 1Q20, the Company recorded revenue from rental and services at THB 7,482 mn, a decrease of 3.6% YoY. The decrease is mainly attributed from rent waiver and discount to tenants along with company's policy to co-ordinate with government sector to assist tenants during mall closure period to control the COVID-19 outbreak. In addition, the Company deferred certain events and marketing activities during the period. Hence, revenue derived from marketing activities slightly declined.



Revenue from rental and services business decreased 3.6% YoY, cost increased 1.8% YoY while, gross profit margin stood at 48.4%.

Cost of rent and services

Costs of rent and services constituted utilities, security & cleaning services, on-site personnel, land rental, depreciation & amortization, repair & maintenance costs and insurance premium and property tax of properties owned for rental.

In 1Q20, the Company reported cost of rent and services at THB 3,859 mn, an increase of 1.8% YoY due to the following factors:

- Higher operating and depreciation costs of newly opened malls and renovated projects in 2019, namely Central i-City, Central Village, CentralWorld, CentralPlaza Chiangrai, CentralPlaza Chonburi, CentralPlaza Ladprao, Central Phuket Festival and CentralFestival Pattaya Beach.
- Utility costs, a major component (accounts for approximately 30% of cost of rent and services) for shopping mall operations, decreased from the same period a year earlier mainly from temporary close shopping malls and from the Company's continuous effort to conserve energy and utilities in operations. Hence, the same-store utility cost decreased 8.2% YoY.
- Higher maintenance, repair and personnel expenses to support the expansion of new shopping malls and renovated malls.

Gross profit of rental and services business

The gross profit ratio for the rental and services business, which is the Company's core business, stood at 48.4% decreased from 51.1% in the same period of previous year mainly from a decrease in revenue and an increase in cost. Nevertheless, the Company continues to implement effective and cost management and prudent cost control measures to maintain its profitability. Same store gross profit margin increased 1.8% YoY while same store operating profit margin decreased 0.5% YoY mainly from administrative expenses.

Performance of food center services business

Revenue from food center services

Due to the adoption of Thai Financial Reporting Standard 15 (TFRS 15) on Revenue from Contracts with Customers, effective on January 1, 2019 onwards, the Company has amended the recognition of revenue from food and beverages in 2019 to accurately reflect the business nature of food center services. Hence, the information in the previous year have been adjusted for appropriate comparison.

In 1Q20, the Company recorded revenue from food center services at THB 160 mn, a decrease of 21.4% YoY mainly from temporary close shopping mall. However, some restaurants are provided under take-away and delivery format.

Cost of food center services

The Company has amended the recognition of cost of food and beverages in 2019 in compliance with TFRS 15, consistent with the revenue from food center services.

In 1Q20, the Company reported costs of food center services at THB 91 mn, equal to the same period of previous year as certain operating cost cannot be immediately reduced during the change in situation. Nevertheless, the Company has prepared cost saving initiatives and expected to see the effect in up-coming quarter.



Revenue from food center services business decreased 21.4% YoY, cost equal to previous year while, gross profit margin stood at 43%.

Gross profit of food center services business

The gross profit ratio for the food center services business stood at 43% decreased from 55.2% in the same period of previous year mainly from lower revenue as mentioned earlier.



Revenue from Hotel business decreased 32.9% YoY, cost decreased 23.8% YoY while, gross profit margin stood at 63.6%.

Performance of hotel business

Revenue from hotel operations

The Company adopted a new hotel revenue and cost recognition from 2019 onwards in which net revenue from services was reported as gross revenue and cost on cash basis, resulting an increase both in revenue and cost items.

Hotel operations are considered non-core businesses. In 1Q20, revenue from hotel operations was THB 207 mn, a decrease of 32.9%. Overall hotel performance was dropped as lower tourists from COVID-19 outbreak globally since the beginning of the year. Given the outbreak situation, the Company announced a temporary closed of 2 hotels since April 2020 and took the opportunity to accelerate the renovation of Hilton Pattaya Hotel as mentioned earlier.

In 1Q20, the average room occupancy at Hilton Pattaya Hotel stood at 61%, lower than the previous year at 93%, as tourism softened. The average room occupancy at Centara Hotel and Convention Center Udonthani stood at 56%, lower than the previous year at 76%. The average room rate of both hotels also trended slightly lower from that of last year.

Cost of hotel operations

The Company adopted a new hotel revenue and cost recognition from 2019 onwards, resulting an increase both in revenue and cost items.

In 1Q20, the Company reported costs of hotel operations at THB 75 mn, a decrease of 23.8% YoY due mainly to the closure period as above-mentioned. Both hotels showed effective cost control conform the changing situation.

Gross profit of hotel operations

The gross profit ratio for the hotel business stood at 63.6%, a decrease from 67.9% in the same period of previous year in-line with expectation.

Performance of real estate business

Revenue from sales

In 1Q20, the Company has residential project for sale which are sold out and transferred 4 projects, completed construction 3 projects and under development 2 projects and 3 low-rise projects.

In 1Q20, the Company recorded revenue from sales at THB 350 mn, an increase of 146% YoY due to higher magnitude of transfers of condominium units, namely at ESCENT VILLE Chiangmai, ESCENT VILLE Chiangrai, ESCENT Nakhon Ratchasima, Phyll Pahol 34 and Belle Grand Rama 9, as well as the newly-launched ESCENT TOWN PITSANULOK. Hence, the residential transfers met the Company's target.



Cost of sales

Revenue from sales increased 146% YoY, cost increased 220% YoY while, gross profit margin stood at 31.9%.

In 1Q20, the Company reported costs of sales at THB 239 mn, an increase of 220% YoY mainly from a cost adjustment to the Belle Grand Rama 9 to accurately reflect the project's cost of sale from 4Q19 onwards.

Gross profit of real estate business

The gross profit ratio excludes other income for residential business stood at 31.9%, decrease from 47.6% in the same period of previous year mainly from a cost adjustment to the Belle Grand Rama 9 to accurately reflect the project's cost of sale.

Table 2: Summary of Profit & Loss Statement

<i>Unit: million THB</i>	1Q 2019	4Q 2019	1Q 2020	YoY (%)	QoQ (%)
Revenue from rent and services	7,758	8,183	7,482	(4%)	(9%)
<i>Retail</i>	7,406	7,813	7,136	(4%)	(9%)
<i>Office</i>	353	369	346	(2%)	(6%)
Revenue from hotel operations	309	274	207	(33%)	(25%)
Revenue from food center services	204	218	160	(21%)	(27%)
Revenue from real estate sales	142	1,675	350	146%	(79%)
Other income	306	723	3,223	953%	346%
Total revenues	8,719	11,073	11,423	31%	3%
<i>Excluding non-recurring items</i>	8,674	10,819	8,627	(1%)	(20%)
Cost of rent and services	3,790	3,648	3,633	(4%)	(0%)
<i>Retail</i>	3,678	3,558	3,536	(4%)	(1%)
<i>Office</i>	113	91	97	(14%)	7%
Cost of hotel operations	99	93	75	(24%)	(19%)
Cost of food center services	91	108	91	(0%)	(15%)
Cost of real estate sales	75	1,130	239	220%	(79%)
Total cost of operations	4,055	4,978	4,038	(0%)	(19%)
<i>Excluding non-recurring items</i>	4,055	4,978	4,265	5%	(14%)
Selling, general and admin expense	1,421	1,945	1,724	21%	(11%)
Operating profits	3,243	4,151	5,661	75%	36%
<i>Excluding non-recurring items</i>	3,198	3,897	2,981	(7%)	(24%)
Net finance cost/income tax/others	396	480	1,069	170%	123%
Net profit	2,847	3,671	4,592	61%	25%
<i>Excluding non-recurring items</i>	2,802	3,468	2,557	(9%)	(26%)
Earnings per basic share (THB)	0.63	0.82	1.02	61%	25%
<i>Excluding non-recurring items</i>	0.62	0.77	0.57	(9%)	(26%)

Capital Structure

Weighted average financing cost as of March 31, 2020 stood at 2.65%

As of March 31, 2020, the Company reported total interest-bearing debt of THB 42,762 mn, an increase from the balance as of December 31, 2019 of THB 34,029 mn, mainly due to the higher short-term and long-term borrowings from financial institutions. The weighted average financing cost as of March 31, 2020 stood at 2.65%, lower than 2.91% as of December 31, 2019. Fixed interest rates debt comprises 74% of total interest-bearing debt whilst floating interest rates make up the remaining 26%.

Net debt to equity ratio stood at 0.38x

Net interest-bearing debt to equity ratio stood at 0.38 times, equal to the ratio at the end of 2019, Although the Company has higher interest-bearing debt amount, the Company also recognized higher retain earnings.

The Company emphasizes on the importance of effective management of its capital structure to be resilient towards the volatile money market and capital market, as well as maintain its financing cost at an optimum level for its businesses going forward.

Dividend

On May 15, 2020, the Board of Directors approved interim dividend payment of THB 0.80 per share to be paid from the 2019 net profit, which is lowered from THB 1.30 as announced on February 20, 2020. Whilst there is much uncertainty from the COVID-19 outbreak that will impact the current and future business operation, in which the Company has to prudently prepare the business plan and maintain sufficient liquidity in face of unforeseeable circumstances, the Company is adamant in maintaining shareholders' return and return at present and in the long-term.

Shares Repurchase Project

On February 20, 2020, the Board of Directors passed a resolution of Shares Repurchase Project for a purpose of financial structure management. The number of shares repurchase will not exceed 77 mn shares or no more than 1.7% of the Company's number of paid-up shares capital, or not exceed the limit of THB 5,000 mn total transaction amount. The repurchases will be made on the Stock Exchange of Thailand during March 6, 2020 to September 5, 2020. As of March 31, 2020, the Company partially complete the share repurchase transaction of 17.15 mn shares, accounted for 0.38% of total paid-up shares, at a total cost of THB 761 mn.

Table 3: Summary of Financial Position

<i>Unit: million THB</i>	End of FY 2019	End of 1Q 2020	YTD (%)
<i>Current assets</i>			
Cash and current investments	3,055	13,996	358%
Other current assets	13,324	13,309	(0%)
Total current assets	16,378	27,305	67%
<i>Non-current assets</i>			
Investment properties ⁽¹⁾	104,503	149,450	43%
Leasehold rights	20,783	0	(100%)
Property & equipment (PP&E)	1,597	1,563	(2%)
Other non-current assets	26,672	41,091	54%
Total non-current assets	153,555	192,103	25%
Total assets	169,933	219,409	29%
<i>Current liabilities</i>			
Interest-bearing debt - 1 year	8,865	16,243	83%
Other current liabilities	12,210	13,788	13%
Total current liabilities	21,075	30,031	42%
<i>Non-current liabilities</i>			
Interest-bearing debt	25,164	26,518	5%
Other non-current liabilities	43,232	87,567	103%
Total non-current liabilities	68,396	114,086	67%
Total liabilities	89,471	144,117	61%
<i>Shareholders' equity</i>			
Retained earnings - unappropriated	61,457	57,449	(7%)
Other shareholders' equity	19,005	17,842	(6%)
Total shareholders' equity	80,462	75,292	(6%)

⁽¹⁾ Investment Properties are booked at cost and depreciated with the straight-line basis over the life of the assets. The estimated fair value as of December 31, 2019 is THB 252,051 mn (THB 219,161 mn as of December 31, 2018), as stated in the disclosure notes to the main financial statements no. 14 under "Investment Properties".

Table 4: Key Financial Ratios

	1Q 2019	4Q 2019	1Q 2020	YoY (%)	QoQ (%)
Profitability Ratio					
Gross profit margin (%)	52%	52%	51%	(1%)	(1%)
<i>Rent and services ⁽¹⁾</i>	51%	55%	51%	0%	(4%)
<i>Hotel operations</i>	68%	66%	64%	(4%)	(3%)
<i>Food center services</i>	55%	51%	43%	(12%)	(8%)
<i>Real estate sales</i>	48%	33%	32%	(16%)	(1%)
Operating profit margin (%)	37%	37%	50%	12%	12%
<i>Excluding non-recurring items</i>	37%	36%	35%	(2%)	(1%)
Net profit margin (%)	33%	33%	40%	8%	7%
<i>Excluding non-recurring items</i>	32%	32%	30%	(3%)	(2%)
Return on equity ⁽²⁾ (%)	16%	15%	18%	2%	3%
<i>Excluding non-recurring items</i>	15%	15%	15%	(0%)	(0%)
Efficiency Ratio					
Return on assets ⁽²⁾ (%)	8%	7%	7%	(1%)	(0%)

	1Q 2019	End of FY 2019	1Q 2020	YoY (Unit)	YTD (Unit)
Liquidity Ratio					
Current ratio (times)	0.64	0.78	0.91	0.27	0.13
Quick ratio (times)	0.13	0.14	0.47	0.34	0.33
Financial Policy Ratio					
Liabilities to equity ratio (times)	1.12	1.11	1.91	0.79	0.80
Net interest-bearing debt to equity ratio ⁽³⁾ (times)	0.35	0.38	0.38	0.03	0.00

(1) In 1Q20, excluding the impact of TFRS16, gross profit margin for rental and services stood at 48%

(2) Return on assets and return on equity are calculated based on net profit in the last twelve months

(3) Interest bearing debt to equity net of cash and cash equivalent and short-term investments

Ensuring the well-being of all stakeholders to cope with COVID-19 outbreak is the Company's priority.

"Central's Hygiene and Safety Plan" will trailblaze the New Normal lifestyle in shopping centers.

Outlook for 2020 Performance

Regarding to an uncertainty of COVID-19 situation, which will impact various dimensions of business, the Company has implemented guidelines that emphasizes on cleanliness and highest safety standard in accordance with international benchmark and consistent with the guidelines from the government. The Company takes into consideration the well-being of all stakeholders, including communities, business partners, tenants, and customers to maintain business sustainability. In addition, the Company makes the best effort to carefully manage business to protect shareholder's long-term benefit amidst challenging times.

The Company initiate "Central's Hygiene and Safety Plan" to enhance cleanliness and highest safety measures practical for shopping centers, shops, tenants, and all employees to minimize the risk of COVID-19 outbreak as well as provide maximum security. Moreover, the Company formulated a master plan to prepare for the "New Normal" lifestyle that covers in 5 main dimensions, with more than 75 detailed measures to be implemented: 1) Extra Screening 2) Social Distancing 3) Safety Tracking 4) Deep Cleaning and 5) Touchless Experience. The Company demonstrated the plan at CentralPlaza Nakhon Si Thammarat, which received positive responses and a strong start to regain customer's confidence.

Although the situation has recently improved and the shopping centers, the Company's core business, are expected to re-open according to government orders, the Company expects the recovery of businesses within the shopping centers to vary from one tenant to another, especially the smaller business owners that may require more time to recover. Hence, the Company does not expect its performance to return to precedented levels within this year. At the same time, the Company closely monitors the development of the situation whilst maintain a flexible business plan to suit the changing environment, is committed to support its tenants and business partners to ensure their viability in this situation, as well as progress with its cost reduction initiatives, to mitigate the impact of the absence of revenue towards its profitability performance in the best possible manner.

Five-Year Business Plan

The Company is in the processing of reviewing its 5-year (2020-2024) investment plan and business objectives by reviewing all development projects, particularly on mixed-use development, such as shopping malls, enhancement of existing shopping malls, residential projects, hotels and offices, both announced and unannounced, to provide adequate levels of cash flow and liquidity as the COVID-19 outbreak is expected to impact the macroeconomy and industries that the Company is directly and indirectly involved in.

Nonetheless, the Company maintains its confidence in its growth strategy under the vision of the "Center of Life", such that its business operations will continue to be the center of happiness, create new experiences, and become the safe and health-conscious place for people in multiple communities and lifestyle preferences. The Company is studying potential new concepts to accommodate the lifestyle needs of customers and the more dynamic operations by tenants as they embrace living under the New Normal.

Furthermore, the Company studied the M&A opportunities to invest in high growth potential assets and good return on investment as well as expand its business the Southeast Asian countries, especially Malaysia and Vietnam to access new revenue stream and accommodate its sustainable growth aspiration.

Table 5: Progress of Future Projects

Project	Area	Complete by	2020				2021			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<i>Domestic - Provinces</i>										
Central Ayutthaya	TBC	2021	In the process of reviewing the investment plan							
Central Si Racha	TBC	2021								
Central Chanthaburi	TBC	2022								
<u>Residential - Condominium</u>										
<i>Domestic - BMA</i>										
PHYLL PHAHOL 34	358	4/2019	Pre-sales ~40% Transferred 22%							
<i>Domestic - Provinces</i>										
ESCENT NAKHONRATCHASIMA	380	3/2019	Transferred 95%							
ESCENT VILLE CHIANGRAI	312	2/2019	Transferred 99%							
ESCENT VILLE CHIANGMAI	450	2/2019	Transferred 100%							
ESCENT UBONRATCHATHANI	395	4/2020	Pre-sales ~80% ★ Ready for transfer							
ESCENT PARK VILLE CHIANGMAI	450	4/2020	Pre-sales ~50% ★ Ready for transfer							
<u>Residential - Single House</u>										
<i>Domestic - BMA</i>										
NIYHAM BOROMRATCHACHONNANI	71	4/2018	★ Transferred 5 units							
ESCENT TOWN PHITSANULOK	358	1/2020	★ Transferred 11 units							
NINYA KALLAPAPRUEK	144	1/2020	★ In the process of construction to transfer pre-sold units							
<u>Joint Mixed-use Development</u>										
<i>Domestic - BMA</i>										
Dusit Central Park *		2023-24	In the process of decommission existing project and reviewing the investment plan							

* Joint venture project with Dusit Thani Public Company Limited on a 23-rai land at the corner of Silom Road - Rama 4 Road and comprises:

- 1.) Central Park : a retail property with a total of 80,000 sq.m. leasable area in which the Company has 85% stake in the project.
- 2.) Central Park Offices : an office building with a total of 90,000 sq.m. leasable area in which the Company has 100% stake in the project.
- 3.) Dusit Thani Hotel Bangkok : a 250-room hotel in which the Company has 40% stake in the project.
- 4.) Residential project under the names "Dusit Residences" and "Dusit Parkside" : a combined total of 389 units in which the Company has 40% stake in the project.