

OHTL Public Company Limited and its subsidiaries

Management Discussion and Analysis for the second quarter ended 30 June 2020

<i>(Unit: Thousand Baht)</i>	2020	2019	Increased/ (Decreased)
Room revenue	337	33,079	(99.0%)
Food and beverage revenue	2,768	89,137	(96.9%)
Other revenues	25,475	55,671	(54.2%)
Hotel income	28,580	177,887	(83.9%)
Cost of sales and services	167,971	210,143	(20.1%)
Operating expenses	78,859	132,966	(40.7%)
Finance costs - Interest expense	21,365	5,013	326.2%
Net loss	185,535	163,997	13.1%

Financial performance during the second quarter ended 30 June 2020 showed a decrease of Baht 149.3 million or 83.9% compared to the same period last year, primarily due to world-wide travel restriction especially by the commercial plane since the end of March up to now resulting no international traveler, therefore Room revenues only derived from local customers. Food and Beverage revenue decreased by Baht 86.4 million or 96.9% mainly due to closure of the facilities in the hotel and therefore the hotel could not organize any functions including meetings resulted from self-quarantine measures to prevent the spreading of Coronavirus 2019 (Covid-19) transmission. In addition, the hotel has closed Spa and fitness center for three months. Consequently, the closure of the hotel's facilities had significantly affected the hotel revenues overall.

For expenditures, the Company carefully controlled costs and expenses. In Q2 2020, the Company recorded cost of sales and services at Baht 168.0 million in Q2 2020, decreased by Baht 42.2 million or 20.1% which was in line with the decrease of hotel income. Operating expenses decreased by Baht 54.1 million or 40.7% compared to Q2 2019 due to a decrease of the management fees, credit and collection fees and sales promotion amounted to Baht 23.4 million, which was resulted from the decrease of hotel income. Utility costs decreased by Baht 5.0 million and temporary office rental during for the renovation of River Wing building decreased by Baht 7.1 million compared to Q2 2019.

An additional finance cost of Baht 16.4 million or 326.2% was increased when compared to the same period last year incurred from interest payment for short-term and long-term loans that the Company had drawn down for the hotel operations and the River Wing renovation project.

Therefore, the Company reported an increase of net loss in Q2 2020 of Baht 21.5 million or 13.1% when compared to Q2 2019.

In Q2 2020, the Company have arranged the land valuation from previously measurement at cost to fair value, which gains were recognized in revaluation of land in other comprehensive income, and presented under shareholders' equity in the statement of financial position.

From the revaluation of land, total assets and other comprehensive income increased by Baht 3,011.4 million and deferred tax liabilities from gains on revaluation of land increased by Baht 602.3 million, which affected to the Company's total comprehensive income and total equity by Baht 2,409.1 million.

Ms. Siriwan Chamannarongsak

Finance Director