

## Executive Summary

The COVID-19 pandemic has severely hit Thai and global economy, especially the tourism and hospitality industry, which directly impacted to DTC's business and performance in 2Q20.

DTC recorded a net loss of THB 453 million in 2Q20, compared to net loss of THB 22 million in 2Q19. The loss was driven mainly by the drop of revenue from sales and services, resulting from temporary closure of hotels, schools, and food/catering outlets. The impact was lessened from the Company's continuing efforts from 1Q20 to revisit the business plans as well as organizational transformation to drive additional efficiency in order to achieve long-term sustainable cost savings. The implementation of cost control measures during the quarter resulted in 34% cost saving YoY. For 1H20, DTC reported net loss of THB 535 million, compared to net loss of THB 22 million in 1H19. Excluding the non-recurring restructuring expenses, the Company's net loss should have been at THB 406 million in 2Q20 and THB 488 million in 1H20.

Even though the Company's performance was affected from the external material adverse event, our management have handled the situation prudently and carefully. We have been focusing mainly on the financial health of the company including managing fixed and variable cost as well as liquidity management, while implementing the plans that least affected the welfare and morale of the employees. The Company expects to reduce costs and expenses by 20% in 2020 compared to 2019. The Company foresees the business recovery in 2H20 compared to 1H20 that our hotels, schools, and food outlets have been gradually in re-opening phases across the markets. Our food subsidiary, Epicure Catering, will also reaped benefits from the business expansion. In addition, the Company has continued our strategic projects, including the mixed-use project 'Dusit Central Park' as planned.

| Unit: Baht million                              | 2Q20        | 2Q19         | Change      |                 | 6M20         | 6M19         | Change        |                 |
|---|-------------|--------------|-------------|-----------------|--------------|--------------|---------------|-----------------|
| Hotel business                                  | 100         | 813          | -713        | -87.7%          | 967          | 1,984        | -1,017        | -51.3%          |
| Education business                              | 57          | 78           | -21         | -26.9%          | 165          | 195          | -30           | -15.4%          |
| Food business                                   | 17          | 121          | -104        | -86.0%          | 132          | 212          | -80           | -37.7%          |
| Others  | 250         | 257          | -7          | -2.7%           | 382          | 304          | 78            | 25.7%           |
| <b>Total revenue</b>                            | <b>424</b>  | <b>1,269</b> | <b>-845</b> | <b>-66.6%</b>   | <b>1,646</b> | <b>2,695</b> | <b>-1,049</b> | <b>-38.9%</b>   |
| EBITDA  | -207        | 149          | -356        | -238.9%         | 34           | 371          | -337          | -90.8%          |
| EBIT  | -410        | 33           | -443        | -1342.4%        | -371         | 140          | -511          | -365.0%         |
| <b>Net profit (loss) attributable to parent</b> | <b>-453</b> | <b>-22</b>   | <b>-431</b> | <b>-1959.1%</b> | <b>-535</b>  | <b>-22</b>   | <b>-513</b>   | <b>-2331.8%</b> |
| EPS (THB)                                       | -0.536      | -0.026       | -0.510      | -1926.0%        | -0.633       | -0.026       | -0.607        | -2291.9%        |

## Major Developments

### Hotel Business

At the beginning of April 2020, all 9 local and overseas owned hotels as well most of hotel management temporarily suspend its operations in response to COVID-19 following with country-specific governmental directives. Later, COVID-19 pandemic situation in Thailand saw positive signs, the government and government agencies eased restrictions to control the epidemic widespread of COVID-19 and issued measures to promote local travelling to accelerating tourism, from June 2020, the Company and Dusit group has opened three of its owned hotels including Dusit Thani Hua Hin, Dusit Thani Pattaya, and Dusit Suites Hotel Ratchadamri, Bangkok.

In June 2020, the Company made one more management agreement to operate the deluxe Dusit Beach Resort Guam located in the U.S. territory of Guam while terminated one management agreement in Kenya. Moreover, Elite Havens luxury villa rentals and management has expanded to Goa and Maharashtra, India.

At the end of the quarter, the Company's property portfolio now comprises of 333 properties (38 hotels and 395 villas) and 10,293 rooms.

### Education Business

Dusit Thani College and Le Cordon Bleu Dusit were temporarily closed since the end of March as per the Ministry of Education's directive.

### Food Business

International catering business by Epicure Catering (ECC) has been ceased operation since February (in Vietnam) and March (in Thailand and Cambodia) under the order of the Ministry of Education to close schools nationwide.

Healthy food business under "Kauai" brand under the operation of Dusit Real Foods Co., Ltd. temporarily ceased services in mid-March 2020 and adjusted its strategy for delivery service in late April.

Ready-to-cook food distribution business under "Khong Thai" brand has been temporarily ceased.

### 2Q2020 and 6M2020 Operating Results

| Unit: THB mn         | Revenue breakdown |              |             |               | EBITDA breakdown |            |             |                |
|----------------------|-------------------|--------------|-------------|---------------|------------------|------------|-------------|----------------|
|                      | 2Q20              | 2Q19         | Change      |               | 2Q20             | 2Q19       | Change      |                |
| Hotel business       | 100               | 813          | -713        | -87.7%        | -257             | 44         | -301        | -684.1%        |
| Education business   | 57                | 78           | -21         | -26.9%        | -17              | -12        | -5          | -41.7%         |
| Food business        | 17                | 121          | -104        | -86.0%        | -26              | 26         | -52         | -200.0%        |
| Others               | 250               | 257          | -7          | -2.7%         | 93               | 91         | 2           | 2.2%           |
| <b>Total revenue</b> | <b>424</b>        | <b>1,269</b> | <b>-845</b> | <b>-66.6%</b> | <b>-207</b>      | <b>149</b> | <b>-356</b> | <b>-238.9%</b> |

In 2Q20, the Company reported total revenue of THB 424 million; decreased by THB 845 million or 66.6% YoY, which 23.6%, 13.4%, 4.0% and 59.0% of total revenue were from Hotel Business, Education Business, Food Business and Other Business, respectively.

| Unit: THB mn       | Revenue breakdown |              |               |               | EBITDA breakdown |            |             |               |
|--------------------|-------------------|--------------|---------------|---------------|------------------|------------|-------------|---------------|
|                    | 6M20              | 6M19         | Change        |               | 6M20             | 6M19       | Change      |               |
| Hotel business     | 967               | 1,984        | -1,017        | -51.3%        | -68              | 289        | -357        | -123.5%       |
| Education business | 165               | 195          | -30           | -15.4%        | 5                | 11         | -6          | -54.5%        |
| Food business      | 132               | 212          | -80           | -37.7%        | -3               | 41         | -44         | -107.3%       |
| Others             | 382               | 304          | 78            | 25.7%         | 100              | 30         | 70          | 233.3%        |
| <b>Total</b>       | <b>1,646</b>      | <b>2,695</b> | <b>-1,049</b> | <b>-38.9%</b> | <b>34</b>        | <b>371</b> | <b>-337</b> | <b>-90.8%</b> |

For 6M20, the Company reported total revenue of THB 1,646 million; decreased by THB 1,049 million or 38.9% YoY, which 58.7%, 10.0%, 8.0% and 23.3% of total revenue were from Hotel Business, Education Business, Food Business and Other Business, respectively.

### Hotel Businesses

Hotel Business generated the revenue of THB 100 million in 2Q20, decreased by 87.7% YoY and THB 967 million in 6M20, decreased by 51.3% YoY. The main factor of this decrease was from COVID-19 pandemic impact. It has caused the temporary closure of hotel in Thailand and overseas.

### Owned Hotels

|                    | 2Q20  | 2Q19  | % Change | 6M20  | 6M19  | % Change |
|--------------------|-------|-------|----------|-------|-------|----------|
| Occupancy %        | 15.6% | 70.2% | -77.7%   | 37.1% | 77.5% | -52.1%   |
| ADR (THB/night)    | 2,045 | 3,257 | -37.2%   | 3,957 | 3,854 | 2.7%     |
| RevPar (THB/night) | 320   | 2,287 | -86.0%   | 1,468 | 2,986 | -50.9%   |

*Remark: The statistics does not include Dusit Thani Bangkok and Dusit Suites Hotel Ratchadamri, Bangkok.*

In 2Q20, the Company had revenue from Owned Hotel Businesses of THB 100 million, decreased by 87.7% YoY and of THB 875 million in 6M20, decreased by 55.9% YoY as a result of the followings;

- Revenue from Owned Hotels in Thailand in 2Q20 was decreased by 89.0% YoY and in 6M20 by 52.5% YoY due to the temporary closure of 7 owned hotels from the beginning of 2Q20. At the end of 2Q20, Dusit Thani Pattaya Hotel, Dusit Thani Hua Hin Hotel and Dusit Suites Hotel Ratchadamri, Bangkok have reopened the business. However, for the 6M20, the revenue was increased by the opening of Dusit Suites Hotel Ratchadamri, Bangkok in 2Q19.
- Revenue from Oversea Hotels in 2Q20 decreased by 83.4% YoY and in 6M20 by 50.9% YoY due to the lockdown in response to prevent COVID-19 pandemic from the government of their countries.

### Hotel Management

Revenue from Hotel Management was THB 3 million in 2Q20, decreased by 97.7% YoY and was THB 99 million in 6M20, decreased by 44.4% YoY. This decrease was from the temporary closure of managed hotels as a result of COVID-19 pandemic.

### Loss sharing from Investments

The Company had loss sharing from Investment in Dusit Fudu Hotel Management (Shanghai) Co., Ltd. (Dusit Fudu) of THB 3 million in 2Q20; loss was decreased by 29.4% YoY and of THB 7 million in 6M20; loss was decreased by 42.6% YoY. This improvement was driven by decreases in administrative expenses and finance cost.

In 2Q20, the Company reported EBITDA from Hotel Business of THB -257 million, decreased by 684.1% YoY and in 6M20 of THB -68 million, decreased by 123.5% YoY. This decrease was driven by the temporary closure of Hotels and the employee benefit expense from an organizational restructuring. However, the Company had the positive impact on EBITDA from the new TFRS 16 - Lease of THB 117 million and THB 272 million in 2Q20 and 6M20, respectively.

The depreciation and amortization in 2Q20 were THB 149 million increased by 64.1% YoY and in 6M20 were THB 298 million increased by 63.0% YoY as a result of the implementation of TFRS 16 - Lease of THB 83 million and THB 167 million in 2Q20 and 6M20, respectively.

### Education Business

Education Business generated the revenue of THB 57 million in 2Q20, decreased by 26.9% YoY and of THB 165 million in 6M20, decreased by 15.4% YoY due to the loss sharing from Le Cordon Bleu Dusit which temporarily closed during 2Q20 and the decrease in revenue from Dusit Thani College as result of COVID-19 pandemic causing the postponement of short-term courses.

EBITDA from Education Business was THB -17 million in 2Q20, decreased by 41.7% YoY and THB 5 million in 6M20, decreased by 54.5% YoY mainly due to the decrease in revenue. However, Dusit Thani College managed to reduce some expenses to alleviate the negative impact to the company such as a reduction on the consulting fee and utilities expenses. In addition to the expense's management, the

Company had the positive impact on EBITDA from the new TFRS 16 - Lease in the amount of THB 2 million and THB 3 million in 2Q20 and 6M20, respectively.

### **Food Business**

Food Business reported the revenue of THB 17 million in 2Q20, decreased by THB 104 million or 86.0% YoY and of THB 132 million in 6M20, decreased by 37.7% YoY. This decrease was driven by a decrease in revenue of Epicure Catering Co., Ltd. as a result of the temporary closure according to the announcement from the Ministry of Education on temporary closure from COVID-19 pandemic.

As a result of the mentioned revenue decrease above, EBITDA from Food Business was THB -26 million in 2Q20, decreased by 200.0% YoY and THB -3 million in 6M20, decreased by 107.3% YoY.

### **Other Businesses**

The Company had revenue from Other Businesses of THB 250 million in 2Q20, decreased by THB 7 million or 2.7% YoY mainly due to the decreases of service income of Dusit Hospitality Services and dividend income and Arrangement fee income of THB 232 million compared to a gain from sales of long-term investment of THB 216 million in 2Q19.

The revenue in 6M20 was THB 382 million, increased by THB 78 million or 25.7% YoY from gain on foreign exchange rate, profit sharing from investment in associates (DREIT) (DREIT had additional property, Dusit Thani Maldives, by the end of 3Q19), revenue from Baan Dusit Thani (fully operated in 3Q19) and Arrangement fee income in 2Q20 compared to gain on sales of long-term investment in the same period last year.

EBITDA in 2Q20 was THB 93 million, increased by 2.2% YoY from the positive impact; THB 11 million, of the new TFRS 16 - Leases net against the expense in operational restructuring in order to reduce long-term expenses and the lower other revenues as mentioned above.

Other Businesses reported the EBITDA of THB 100 million in 6M20, increased by 233.3% YoY due to the increase in revenue mentioned above and the implementation of new TFRS 16- Lease generating the positive impact of THB 23 million. However, the Company had expense related to the operational restructuring and other professional fees from the ongoing projects.

### **Earnings before Interest, Corporate Income Tax, Depreciation and Amortization (EBITDA)**

The Company's EBITDA was THB -207 million in 2Q20; decreased by 238.9% YoY and THB 34 million in 6M20; decreased by -90.8% YoY. This decrease was a result of the decrease in EBITDA in every business mentioned above net against the positive impact from the implementation of new TFRS - 16 Lease in 2Q20 and 6M20 of THB 134 million and THB 298 million, respectively.

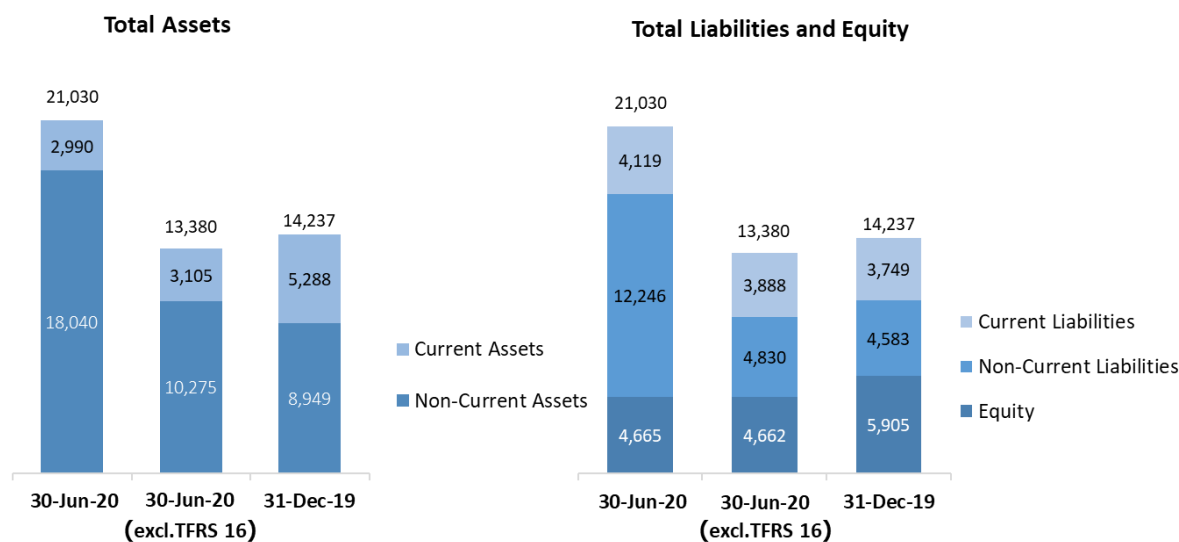
### **Finance Costs**

Finance Costs in 2Q20 was THB 106 million, increased by 245.7% YoY and THB 214 million in 6M20, increased by 281.0% YoY due to the new TFRS 16 - Lease of THB 75 million and THB 150 million, respectively, and an increase in short-term and long-term loans.

### **Net Profit**

The Company reported the net loss of THB 453 million in 2Q20; decreased by 1959.1% YoY and THB 535 million in 6M20; decreased by 2331.8% YoY due to the COVID-19 pandemic offset with positive impact from the new TFRS 16 – Lease of THB 19 million and 14 million, respectively.

Without the extraordinary item of employee benefit expense for the organizational restructuring as mentioned, the Company reported the net loss of THB 406 million and THB 488 million for 2Q20 and 6M20, respectively.



### Assets

As of 30 June 2020, the Company reported the total assets of THB 21,030 million, increased by THB 6,793 million or 47.7% from the total assets as of 31 December 2019.

- Current Assets were decreased by THB 2,298 million as major results of a decrease in cash and cash equivalent for investing in equipment and construction in process for "Dusit Central Park" and project "ASAI Bangkok Chinatown" projects, a capital reduction of the subsidiary in the Republic of Maldives. And a decrease in other current financial assets from sales of investment in trading securities.
- Non-current assets were increased by THB 9,091 million as major results of the new TFRS 16 – Lease implementation of THB 7,507 million, an increase in deposit and advance payment for "Dusit Central Park" and "ASAI Bangkok Chinatown" projects and an increase in subsidiaries' property, plant and equipment.

### Liabilities

As of 30 June 2020, total liabilities were THB 16,365 million, increased by THB 8,033 million or 96.4% from the total liabilities as of 31 December 2019.

- Current Liabilities were increased by THB 370 million mainly from the increase in short-term loans from financial institutions to use as the working capital and as the Bridging Finance for the new projects, the new TFRS 16 – Lease implementation of THB 231 million, the increase in accrued employee benefit expenses and the subsidiaries' accrued income tax from postpone annual income tax payment according to the Revenue Department announcement. On the other hand, trade and other current payables decreased as various business activities were temporarily suspended.

- Non-current liabilities were increased by THB 7,663 million from the increase in lease liabilities from the implementation of the new TFRS 16 – Lease of THB 7,416 million and increase in long-term loans.

### **Shareholders' Equity**

As of 30 June 2020, Shareholders' Equity of THB 4,665 million, decreased by THB 1,240 million or 21.0% from the Shareholders' Equity as of 31 December 2019, consisted of the equity attributed to owners of the parent of THB 3,973 million and the non-controlling interest of THB 692 million due to lower on operating results, dividend payment and capital reduction of subsidiaries.

### **Cash Flows**

As of 30 June 2020, the Company reported cash and cash equivalents of THB 803 million, decreased by THB 1,857 million (before gain from foreign currencies of THB 60 million) from THB 2,600 million as of 31 December 2019.

### **Use of Funds**

The Company reported net cash outflows of THB 1,857 million, mainly consisting of the followings;

- Net cash outflow from operating activities THB 345 million consisting of cash inflow from sales and services, offsetting with cash outflow for expenses and income tax payment from the operating results of impact from COVID-19 pandemic
- Net cash outflow from investing activities of THB 1,500 million from
  - Cash outflow for purchases equipment and advance for construction of THB 1,503 million for "Dusit Central Park" and "ASAI Bangkok Chinatown" projects
  - Cash outflow from capital reduction of the subsidiary in the Republic of Maldives of THB 432 million
  - Cash outflow on the additional investment in Epicure Catering Co., Ltd. of THB 146 million
  - Cash inflow from net financial assets of THB 479 million
  - Cash inflow from capital reduction on investment in associate of THB 17 million
- Net cash outflow from financing activities of THB 12 million mainly consisting of the repayment of short-term loan of THB 2,450 million, the payment of lease liabilities of THB 289 million, dividend payment of THB 245 million, interest payment of THB 54 million, and repayment of long-term loan of THB 42 million offsetting with the proceed of short-term loans from financial institutions THB 2,780 million and the proceed of long-term loan of THB 289 million

Dusit Thani PLC  
Management Discussion and Analysis  
For 2Q20 and 6M20

Statement of Financial Position

| Unit: THB mn                                 | 30-Jun-20     | % to total assets | 31-Dec-19     | % to total assets | Chg           |
|--|---------------|-------------------|---------------|-------------------|---------------|
| Cash and cash equivalents                    | 803           | 3.8%              | 2,600         | 18.3%             | -69.1%        |
| Current investments                          | 460           | 2.2%              | 933           | 6.6%              | -50.7%        |
| Trade and other receivables                  | 1,377         | 6.5%              | 1,387         | 9.7%              | -0.7%         |
| Other current assets                         | 350           | 1.7%              | 368           | 2.6%              | -4.9%         |
| <b>Total current assets</b>                  | <b>2,990</b>  | <b>14.2%</b>      | <b>5,288</b>  | <b>37.1%</b>      | <b>-43.5%</b> |
| Investments in associates                    | 1,802         | 8.6%              | 1,814         | 12.7%             | -0.7%         |
| Property, plant and equipment                | 4,027         | 19.1%             | 3,475         | 24.4%             | 15.9%         |
| Prepaid rental expenses                      | -             | 0.0%              | 1,381         | 9.7%              | -100.0%       |
| Right-of-use assets                          | 8,978         | 42.7%             | -             | 0.0%              | -             |
| Advance payment for construction             | 582           | 2.8%              | -             | 0.0%              | -             |
| Other non-current assets                     | 2,651         | 12.6%             | 2,279         | 16.0%             | 16.3%         |
| <b>Total non-current assets</b>              | <b>18,040</b> | <b>85.8%</b>      | <b>8,949</b>  | <b>62.9%</b>      | <b>101.6%</b> |
| <b>Total assets</b>                          | <b>21,030</b> | <b>100.0%</b>     | <b>14,237</b> | <b>100.0%</b>     | <b>47.7%</b>  |
| Short-term loans from financial institutions | 2,092         | 9.9%              | 1,762         | 12.4%             | 18.7%         |
| Trade and other payables                     | 1,038         | 4.9%              | 1,380         | 9.7%              | -24.8%        |
| Current portion of long term loans           | 104           | 0.5%              | 96            | 0.7%              | 8.3%          |
| Current portion of lease liabilities         | 231           | 1.1%              | -             | 0.0%              | -             |
| Other current liabilities                    | 654           | 3.1%              | 511           | 3.6%              | 28.0%         |
| <b>Total current liabilities</b>             | <b>4,119</b>  | <b>19.6%</b>      | <b>3,749</b>  | <b>26.3%</b>      | <b>9.9%</b>   |
| Long-term loans                              | 1,859         | 8.8%              | 1,602         | 11.3%             | 16.0%         |
| Lease liabilities                            | 7,416         | 35.3%             | -             | 0.0%              | -             |
| Debentures                                   | 999           | 4.8%              | 998           | 7.0%              | 0.1%          |
| Deferred rental revenue                      | 495           | 2.4%              | 508           | 3.6%              | -2.6%         |
| Other non-current liabilities                | 1,477         | 7.0%              | 1,475         | 10.4%             | 0.1%          |
| <b>Total non-current liabilities</b>         | <b>12,246</b> | <b>58.2%</b>      | <b>4,583</b>  | <b>32.2%</b>      | <b>167.2%</b> |
| <b>Total liabilities</b>                     | <b>16,365</b> | <b>77.8%</b>      | <b>8,332</b>  | <b>58.5%</b>      | <b>96.4%</b>  |
| Equity attributable to owners of the Company | 3,973         | 18.9%             | 4,726         | 33.2%             | -15.9%        |
| Non-controlling interests                    | 692           | 3.3%              | 1,179         | 8.3%              | -41.3%        |
| <b>Total shareholders' equity</b>            | <b>4,665</b>  | <b>22.2%</b>      | <b>5,905</b>  | <b>41.5%</b>      | <b>-21.0%</b> |

| <b>Key Financial Ratio</b>                  |                  |                                      |                  |
|---|------------------|--------------------------------------|------------------|
| <b>Profitability ratio</b>                  | <b>30-Jun-20</b> | <b>30-Jun-20<br/>(excl. TFRS 16)</b> | <b>30-Jun-19</b> |
| Gross profit margin                         | 12.5%            | 6.2%                                 | 31.9%            |
| EBITDA margin                               | 2.0%             | -12.7%                               | 13.8%            |
| Net profit margin                           | -32.5%           | -32.5%                               | -0.8%            |
| <b>Efficiency ratio</b>                     | <b>30-Jun-20</b> | <b>30-Jun-20</b>                     | <b>30-Jun-19</b> |
| Return on equity                            | -4.4%            | -2.8%                                | 0.8%             |
| Return on asset                             | 2.4%             | 2.7%                                 | 2.6%             |
| <b>Liquidity ratio</b>                      | <b>30-Jun-20</b> | <b>30-Jun-20</b>                     | <b>31-Dec-19</b> |
| Current ratio (time)                        | 0.73             | 0.80                                 | 1.41             |
| <b>Leverage ratio</b>                       | <b>30-Jun-20</b> | <b>30-Jun-20</b>                     | <b>31-Dec-19</b> |
| Interest bearing debt to equity (time)*     | 3.20             | 1.27                                 | 0.94             |
| Net interest bearing debt to equity (time)* | 2.88             | 0.95                                 | 0.20             |
| Debt to equity (time)*                      | 4.12             | 2.20                                 | 1.76             |
|   | <b>30-Jun-20</b> | <b>30-Jun-20</b>                     | <b>30-Jun-19</b> |
| Interest coverage ratio (time)**            | -1.92            | -6.61                                | 2.50             |

\* Calculated from equity attributable to owners of the Company

\*\* =EBIT/Interest expense

As of 30 June 2020, the Company had Interest bearing debt to equity attributable to owners of the Company (IBD/E) ratio at 3.20 times and IBD/E ratio excluding TFRS 16 - Lease at 1.27 times which complied with debenture's covenant and company's policy to have IBD/E ratio not exceed 1.75 and 1.50 times, respectively. The increase in liabilities was for the funding for the company's new projects.



## 2020 Outlook

The COVID 19 epidemic has severely affected the global tourism industry. The announcement on travel restrictions and closures of airports and borders of many countries around the world since March 2020 resulted in drastically drop of international tourist arrivals. The latest forecast from the World Tourism Organization (WTO) in May showed a further cut of estimated international tourist arrivals in 2020 to be approximately 320-640 million, representing 60%-80% drop from 1,460 million in 2019. This revision is much lower than WTO's previous forecast of 20%-30% drop in March. The number of international tourist arrivals to Thailand in 1H20 was only 6.7 million, a 66% decrease from 1H19. There were zero international tourist arrivals to Thailand in 2Q20 due to the government order to temporary ban incoming aircrafts to enter to Thailand in order to prevent the epidemic of COVID-19.

Like the other operators in the tourism industry, DTC was directly impacted by the COVID-19 pandemic. In 1H20, DTC's sales and service revenue significantly dropped from the temporary closure of hotels and schools according to the government orders. The Company's international school catering business was also adversely affected by school closures. However, DTC has adjusted operational, financial, and investment plans to mitigate the COVID-19 impact and to grow business in the long run.

Given the current situation, the Company anticipates that it will take approximately 3 years to see revenues come back to before COVID-19 level.

**Phase 1 : Domestic tourism**

With international borders still closed to travellers, the domestic market is the first to return. Travellers, though, are still on their guard, and the majority will only stay at hotels with proven standards of health and safety, such as SHA Certification. With less disposable income, travellers are looking for value too – especially families – and the majority will choose destinations they can easily drive to instead of locations that require flights. The TAT and government has launched stimulus packages in a bid to revive the market.

**Phase 2 : Small travel clusters (when the situation starts to improve)**

When the borders open, international travel will continue to be strictly monitored and regulated to prevent outside cases of COVID-19 from entering the country. International travel will initially be for special purposes only – such as government visits, emergency medical treatment, repatriating families, and essential business. The 'Travel Bubble' concept, originally proposed to cover countries with no locally transmitted cases of COVID-19, will change to 'city-to-city' as this is easier to track and control.

**Phase 3 : Travel ban relief (when a vaccine is available)**

When a vaccine is available, regional travel will return driven by millennial travellers hungry for new experiences. The massive populations of China and India – both with burgeoning middle classes – will continue to be huge source markets for destinations within Asia. And the region's diverse portfolio of tourism products – leisure, MICE, medical, wellness and spa, sports, eco-tourism, religious tourism etc. – will ensure it is well placed for recovery.

Our view on the post COVID-19 hospitality landscape are as follows:

- More consolidation of hotels
- A balanced portfolio of owned, leased, and managed models
- More industry partnerships
- New hygiene, safety & security measures
- More technology driven
- Greater sustainability and local experiences
- Wellness & holistic health experience

With this view, we have adjusted our **hotel business** operation including the introduction of ‘**Dusit Care – Stay with Confidence**’ – a new programme of services designed to go beyond enhanced hygiene protocols to deliver additional convenience, experience and value while ensuring guests always feel safe and reassured. Available at all Dusit Hotels & Resorts worldwide, the new services cover Flexible Stays, Safety and Well-Being, Local Experience, Technology, and Dusit Care Kits. In addition, hotels under Dusit International in Thailand has been **awarded the Amazing Thailand Safety and Health Administration (SHA) certification** from the Tourism Authority of Thailand (TAT). SHA certification helps ensure the guests about our sanitation and safety standards of products and services to reduce risk and prevent the spread of COVID-19.

After temporary closure most of our hotels since April 2020, the Company has **re-opened most of our hotels** since early June 2020 starting with owned hotels i.e., Dusit Suites Ratchadamri Hotel Bangkok, Dusit Thani Pattaya, and Dusit Thani Hua Hin. Later in July, hotels under hotel management agreements gradually re-opened i.e., dusitD2 Khao Yai, dusitD2 Ao Nang Krabi, Dusit Thani Beach Resort Krabi and Pathumwan Princess MBK Center. Recently in August, the Company re-opened more owned hotels which are Dusit Princess Srinakarin and Dusit Thani Maldives.

Owned hotels in the Philippines, Dusit Thani Manila, is currently a state quarantine hotel. Due to the main customers are international tourists, our owned hotels in Phuket and Chiang Mai (Dusit Thani Laguna Phuket, dusitD2 Chiang Mai, and Dusit Princess Chiang Mai) have remained close with plan to re-open in October 2020.

In terms of new hotel opening, the Company **revised the number of hotel openings** to 5 hotels in 2020. Following the opening of dusitD2 Salwa Doha in Qatar (March), Dusit Beach Resort Guam in USA was opened (June) and Dusit Thani Wellness Resort Suzhou was opened in China (July).

Currently, the Company is **working on the holistic wellness project with potential strategic partner**. Wellness business is already part of the Company’s long-term strategic plan for business diversification. The Company has speeded up this project in responsive of promising New Normal demand due to the future trend of tourism industry.

Should the domestic tourism have been recovered from government stimulus packages and Thailand be free from the second wave of COVID-19, the Company expects to see hotel revenue improve in 2H20 compared to 1H20 particularly the high season in the last quarter of the year.

Our view on **education business** was in the same direction as our hotel business. Despite a lower YoY performance of DTC’s education business in 1H20 due to a temporary closure of Dusit Thani College and Le Cordon Bleu Dusit as per the government’s directive, the Company expects to see business improvement in 2H20. Dusit Thai College has re-opened in July with more efficient online programme as well as the upskill and reskill short courses that serving the increasing market demand. The higher YoY number of new student enrollments so far is expected to turnaround the Company’s education business revenue in 2H20 compared to 1H20.

Restructuring of education business in the Philippines remains waiting for Dusit Thani Philippines, Inc. (DTPI), an indirect subsidiary of the Company in the Philippines, to proceed the selling of Dusit Hospitality Education Philippines (DHMC) shares to a major shareholder of DHMC. DHMC operates Dusit Hospitality Management College in the Philippines.

With regards to **property development business**, due to the lower market demand from economic slowdown and COVID-19 impact, the Company postponed our plans on existing JV with Origin Property (ORI) for the development of high-end condominium development project 'The Hampton Sriracha by Origin and Dusit' and also postponed the JV with Metro Pacific Investments Corporation (MPIC) for the development of condominium and hotel projects in the Philippines for one year. 'Dusit Central Park', a mixed-use project JV with Central Pattana, currently completed the demolition of buildings above ground and on-progress piling works that scheduled to be completed at the end of 2020. The sales gallery and mock-up rooms of Dusit Residences and Dusit Park Side will be opening in August. Residence sales will be prioritized for those clients that previously registered their interest since last year with marketing plan to target new clients from China, Hong Kong, and Singapore next year when demand tends to improve.

The Company's **food business** in 2H20 will be driven by the **international school catering business** of Epicure Catering after operation ceased since February (in Vietnam) and March (in Thailand and Cambodia) under the order of the government. ECC's operation has resumed in August 2020 onwards. Regarding its investment in The Caterers Joint Stock Company, a leader in the food and beverage management service business in Vietnam, ECC already completed the new investment structure with a deal closing plan in 3Q20.

Our **healthy food business under 'Kauai' brand** continues to provide delivery service. The company's **restaurant 'Baan Dusit Thani'** has come back for full services since early May after operated as home-delivery service during the country lockdown period. Currently, the Company is redefining the business plan of **ready-to-cook food distribution business under 'Khong Thai' brand**.

Besides aforementioned business operational adjustment, the Company also **prudently managed our financial management** particularly **implementing the cost cutting measures** including lowering salary of executives, professional fees and other administration expenses as well as negotiating with counterparties to delay or postpone payments. Since the beginning of 2020, the **organizational transformation** has been put in place to respond the future business model and to enhance operational efficiency, to reduce redundancy, and to save cost and expense in the long term. The Company has also **adjusted CAPEX plan and delayed the new investments**, for example, the JV with ORI, the JV with MPIC, and the luxury villa management expansion plan to Australia of our subsidiary Elite Havens.

Our **priority also to preserve financial liquidity**. As of 30 June 2020, the Company had cash and short-term investments around THB 1,260 million with approximately THB 1,250 million undrawn credit facilities. Recently, the Company has got the approval from a financial institution for the project finance approximately worth THB 1,400 million that is currently in the process of drafting the agreement. In terms of leverage, the Company's interesting bearing debts (excluding TFRS 16 - lease liability) to total shareholder equity remained below 1.75 times which is complied with the debenture covenant. In order to thoroughly consider liquidity management to support current and long-term situation, asset rationalization will be implemented as one of our five foundations.

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Please be informed accordingly

Sukit Ngamsangapong  
Authorized person to disclose information