

May 13, 2019

The President & Director,

The Stock Exchange of Thailand (SET)

LETTER OF CLARIFICATION for CENTEL's Performance Results for
Q1/2019, ended March 31, 2019.

Central Plaza Hotel Pcl. (the "Company" or "CENTEL") wishes to inform and clarify to the SET regarding the analysis of the Company's operating results for Q1/2019, ended March 31, 2019, with the following details:

1. Overview of the tourism industry in Thailand and the Maldives
2. Analysis of the Company's Consolidated Operating Results and Operating Results for each respective Business Group
3. Financial Status of the Company
4. Factors that may impact ongoing business operations, and business trend for 2019

1. Overview of the Tourism Industry Sector

1.1 Tourism industry in Thailand

In Q1/2019, total international tourist arrivals to Thailand were 10.8 million, a slight increase of 1.5% compared to the same period last year (or Year-on-Year/YoY), with the main groups of tourists from China and Europe decreasing by 2.1% and 2.5% YoY as well as accounting for 28.9% and 22.6% of the total number of tourist arrivals, respectively. However, tourists from Japan, Malaysia and Korea still

showed positive growth of 9.5%, 8.4% and 7.1%, respectively, compared to the same period last year; while tourists from India increased significantly by 25.0% YoY.

1.2 Tourism industry in the Maldives

In Q1/2019, tourist arrivals to the Maldives totaled 482,978, or a strong increase of 15.0% YoY, as a result of a rebound in tourists arrivals from China that increased by 5.6% YoY and accounted for 15.9% of total tourist arrivals, together with an 13.0% YoY increase of tourists from Europe that accounted for 55.8% of total tourist arrivals in this quarter – with the main groups of tourists being Italians, Germans and British that increased YoY by 27.4%, 13.6% and 10.7%, respectively.

2. Analysis of the Company's Consolidated Operating Results and Operating Results for each respective Business Group

2.1 Analysis of the Company's Consolidated Operating Results

Consolidated Operating Performance for Q1/2019 and Q1/2018

(Amount - in Baht Million)	Q1/2019		Q1/2018		Changes YoY (Increase+/Decrease-)	
	Amount	%	Amount	%	Amount	%
Revenues - hotel business ⁽¹⁾	2,755.6	48.8%	2,948.8	51.4%	(193.2)	-6.6%
Revenues - food business	2,887.4	51.2%	2,792.5	48.6%	94.9	3.4%
Total Revenues	5,643.0	100.0%	5,741.3	100.0%	(98.3)	-1.7%
Cost of sales - hotel business	867.0	15.4%	922.7	16.1%	(55.7)	-6.0%
Cost of sales - food business	1,389.9	24.6%	1,325.6	23.1%	64.3	4.9%
Total Cost of Sales ⁽²⁾	2,256.9	40.0%	2,248.3	39.2%	8.6	0.4%
Less: Selling & General Administrative Expenses	1,896.4	33.6%	1,849.6	32.2%	46.8	2.5%
Add: Share of Profit - Investments (by the equity method)	7.9	0.1%	21.0	0.4%	(13.1)	-62.4%
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	1,497.6	26.5%	1,664.4	29.0%	(166.8)	-10.0%
Less: Depreciation & Amortization	(510.5)	-9.0%	(496.0)	-8.6%	14.5	2.9%
Earnings before Interest and Tax (EBIT)	987.1	17.5%	1,168.4	20.4%	(181.3)	-15.5%
Less: Finance Costs	(53.6)	-0.9%	(49.3)	-0.9%	4.3	8.7%
Less: Corporate Income Tax	(139.0)	-2.5%	(182.4)	-3.2%	(43.4)	-23.8%
Less: Profit from Non-Controlling Interests	(49.2)	-0.9%	(53.7)	-0.9%	(4.5)	-8.4%
Core Operating Profit	745.3	13.2%	883.0	15.4%	(137.7)	-15.6%
Extraordinary Items:						
Insurance claims income, net of tax	80.6	1.4%	-	-	80.6	
Net Profit	825.9	14.6%	883.0	15.4%	(57.1)	-6.5%

(1) Includes income from the amortization of deferred rental income from the Centara Grand Beach Resort Samui, totaling Baht 24.7 million/Quarter.

(2) Cost of Sales *excludes* depreciation and amortization costs allocated as Cost of Sales

Q1/2019: The Company achieved Total Consolidated Revenues of Baht 5,643.0 million, (Q1/2018: Baht 5,741.3 million), a decrease of Baht 98.3 million (or -1.7%) compared to the previous year (YoY), as a result of a decrease in the Hotel Business revenues; whereby the respective revenues mix for the Hotel Business and the Food Business was 49% : 51% (Q1/2018: 51% : 49%); While, Consolidated Gross Profit was Baht 3,255.0 million (Q1/2018: Baht 3,360.2 million), a decrease of 3.1% YoY. The Company achieved Consolidated EBITDA of Baht 1,497.6 million (Q1/2018: Baht 1,664.4 million), a decrease of Baht 166.8 million (or -10.0%) from Q1/2018; whereby the EBITDA Margin decreased to 26.5% (Q1/2018: 29.0%), resulting from the decreases in the margin for both businesses. As such, the Company achieved Core Operating Profit of Baht 745.3 million (Q1/2018: Baht 883.0 million), a decrease of Baht 137.7 million (or -15.6%) YoY. However, the Company recognized the revenue of insurance claims, totaling Baht 80.6 million, net of tax, resulting from fire damages that occurred at the CentralWorld shopping mall, Big C Rajdamri, and Center One in 2010; which then resulted in the total Consolidated Net Profit of Baht 825.9 million, a decrease Baht 57.1 million (or -6.5%) compared to the same period last year.

2.2 Analysis of Operating Results for each respective Business Group

2.2.1 Hotel Business

As at March 31, 2019, in the Hotel Business, CENTEL has 68 hotels (with a total of 13,477 rooms); whereby this is comprised of 39 hotels (7,563 rooms) that are already in operation together with 29 hotels (5,914 rooms) being still under development. Of the 39 hotels already in operation, 17 hotels (4,184 rooms) are own-operated hotel properties and the remaining 22 hotels (3,379 rooms) are hotels operated under the Company's Hotel Management Agreements.

Operating Results for own-operated hotels in Q1/2019

Occupancy Rate (OCC)	Total Performance		
	Q1/2019	Q1/2018	Changes YOY
Bangkok	80.5%	86.3%	-5.8%
Upcountry	83.9%	85.9%	-2.0%
Maldives	90.9%	86.2%	4.7%
Thailand - Average	82.8%	86.0%	-3.2%
Total - Average	83.3%	86.0%	-2.7%

Average Room Rate (ARR) (Baht)	Total Performance		
	Q1/2019	Q1/2018	Changes YOY
Bangkok	3,299	3,244	1.7%
Upcountry	5,111	5,366	-4.8%
Maldives	19,746	21,492	-8.1%
Thailand - Average	4,530	4,671	-3.0%
Total - Average	5,541	5,690	-2.6%

Revenue per Available Room (RevPar) (Baht)	Total Performance		
	Q1/2019	Q1/2018	Changes YOY
Bangkok	2,657	2,798	-5.0%
Upcountry	4,288	4,608	-6.9%
Maldives	17,956	18,524	-3.1%
Thailand - Average	3,750	4,017	-6.7%
Total - Average	4,615	4,894	-5.7%

Hotel Business - Operating Results in Q1/2019

Hotel Business (in Baht Million)	Q1/2019	Q1/2018	Changes YOY
Revenues from the Hotel Business	2,644.4	2,834.1	-6.7%
Total Revenues (including other income)	2,755.6	2,948.8	-6.6%
Gross Profit	1,777.4	1,911.4	-7.0%
Gross Profit Margin %	67.2%	67.4%	-0.2%
EBITDA	1,175.5	1,323.7	-11.2%
EBITDA Margin %	42.7%	44.9%	-2.2%
Net Profit from core operations	607.6	735.2	-17.4%
% Net Profit from operations	22.0%	24.9%	-2.9%
Add: Insurance claims income, net of tax	29.4	-	
Net Profit after extra items	637.0	735.2	-13.4%
% Net Profit after extra items	23.1%	24.9%	-1.8%

Q1/2019

- Total Hotel Business Revenues were Baht 2,755.6 million, a decrease Baht 193.2 million (or - 6.5%) from Q1/2018, partly because of the closure, for renovations, of 36 rooms at the Centara Grand Beach Resort Samui since May 2018; whereby the RevPar decreased by 5.7% to be at Baht 4,615, that was mainly due to a decrease in the Occupancy Rate (OCC) from

86.0% to 83.3% in Q1/2019, together with the Average Room Rate (ARR) decreasing by 2.6% to be at Baht 5,541.

- **Bangkok:** RevPar decreased by 5.0% to be at Baht 2,657, and Occupancy Rate (OCC) also decreased from 86.3% to 80.5%. However, Average Room Rate (ARR) increased by 1.7% compared to the previous year to be at Baht 3,299. The abovementioned decline in the RevPAR resulted from the decrease in Meetings, incentives, conferences and exhibitions (MICE) business during the period of General Election; while the overall MICE business during last year showed significant growth. The decrease in RevPar is derived from both the Centara Grand and Bangkok Convention Centre at CentralWorld and the Centra by Centara Government Complex Hotel and Convention Centre Chaeng Wattana, where the main customers are Government Agencies. Furthermore, the Centra by Centara Government Complex Hotel and Convention Centre Chaeng Wattana was still in the process of being renovated since the end of 2018 to mid-March 2019.
- **Upcountry:** RevPar decreased by 6.9% to be at Baht 4,288, resulting from a decrease in the Occupancy Rate (OCC) from 85.9% to 83.9%, while the Average Room Rate (ARR) also decreased by 4.8% to be at Baht 5,111. The decrease in RevPar resulted from the decrease in the number of Chinese and European tourists, who are the key customers during the high-season period, in a similar trend as the overall tourism industry of Thailand as aforementioned, and consequently affected the overall operating results of the hotels located in Krabi, Samui, Phuket, and Pattaya.
- **Maldives:** RevPar decreased by 3.1% to be at Baht 17,956. This resulted from the Average Room Rate (ARR) decreasing by 8.1% to be at Baht 19,746, while the Occupancy Rate (OCC) increased from 86.2% to 90.9%. In terms of the US Dollar currency, RevPar decreased by 3.2% compared to the same period last year.

In Q1/2019, the Company achieved Total Gross Profit for the Hotel Business of Baht 1,777.4 million (Q1/2018: Baht 1,911.4 million), with a slight decrease in Gross Margin to be at 67.2% (Q1/2018: 67.4%). While the EBITDA Margin was 42.7%, a decrease when compared to last year (Q1/2018: 44.9%) resulting from decreases in the RevPar and Total Hotel Business

Revenues. The Company achieved a Net Profit from Core Operations of Baht 607.6 million, a decrease of 17.4% YoY. However, the Company had an extraordinary income from the insurance claims, totaling Baht 29.4 million, net of tax, relating to the fire at the CentralWorld shopping mall in 2010; which then resulted in a Net Operating Profit (after Extraordinary Items) of Baht 637.0 million, or a decrease of 13.4% YoY.

2.2.2 Food Business

Operating Results for food business in Q1/2019

Same Store Sales (SSS) Growth	Q1/2019	Q1/2018
Top 4 brands	-3.8%	-0.3%
Other 7 brands (Excluding Aroi Dee)	-3.5%	-3.0%
Total Average	-3.8%	-0.6%

Total Systems Sales (TSS) Growth	Q1/2019	Q1/2018
Top 4 brands	2.6%	7.1%
Other 7 brands (Excluding Aroi Dee)	8.4%	13.4%
Total Average	3.4%	7.9%

Number of QSR Outlets	Q1/2019	Q1/2018
KFC	269	246
Mister Donut	365	337
Auntie Anne's	172	148
Ootoya	46	44
Pepper Lunch	42	33
Cold Stone	18	20
The Terrace	9	9
Chabuton	19	18
Yoshinoya	22	16
Tenya	10	7
Katsuya	28	21
Aroi Dee	3	-
Total QSR outlets	1,003	899

Food Business (in Baht Million)	Q1/2019	Q1/2018	Changes - YOY
Sales Revenues	2,867.5	2,774.4	3.4%
Total Revenues (including other income)	2,887.4	2,792.5	3.4%
Gross Profit	1,477.6	1,448.8	2.0%
Gross Profit Margin %	51.5%	52.2%	-0.7%
EBITDA	322.1	340.6	-5.4%
% EBITDA Margin	11.2%	12.2%	-1.0%
Net Profit from operations	137.7	147.8	-6.8%
% Net Profit from operations	4.8%	5.3%	-0.5%
Add: Insurance claims income, net of tax	51.2	-	
Net Profit after extra items	188.9	147.8	27.8%
% Net Profit after extra items	6.5%	5.3%	1.2%

Q1/2019:

- The Company achieved Total Food Business Revenues of Baht 2,887.4 million, an increase of Baht 94.9 million (or +3.4%) compared to Q1/2018, resulting from the increase in the Total-System-Sales (TSS) growth of 3.4% YoY (Q1/2018: 7.9%) due to the expansion of new 104 QSR outlets (net) (or +11.6%) compared to the end of Q1/2018; whereby the total number of QSR outlets is now is at 1,003 as at the end of Q1/2019. As such, Same-Store-Sales (SSS) growth decreased by 3.8% YoY (Q1/2018: decreased by 0.6%), resulting from the decrease in SSS growth for both outlets in Bangkok and those located in the provinces. However, KFC, The Terrace and Katsuya still achieved positive SSS growth.

- The Company achieved Total Food Business Gross Profit, in Q1/2019, of Baht 1,477.6 million (Q1/2018: Baht 1,448.8 million), an increase of Baht 28.8 million (or +2.0%) YoY; with a Gross Profit Margin of 51.5% (Q1/2018: 52.2%) or a marginal decrease, resulting from the set menu offerings that have high cost of sales together with the increased cost of raw materials and transportation. Total EBITDA was Baht 322.1 million, a decrease of 5.4% YoY, with an EBITDA Margin of 11.2% that decreased slightly YoY (Q1/2018: 12.2%). The Company achieved a Net Operating from operations of Baht 137.7 million, a decrease of 6.8%YoY. However, the Company had an extraordinary income, totaling Baht 51.2 million, net of tax, from the recognised revenue of insurance claims for fire damages occurring at the CentralWorld shopping mall, Big C Rajdamri and Centre One in 2010; whereby, after this Extraordinary Item, the Net Profit was Baht 188.9 million, an increase of Baht 41.1 million, or 27.8%, YoY.

3. Financial Status of the Company:

Financial Status and Cash Flows

As at March 31, 2019: The Company had Total Assets of Baht 27,068.6 million, an increase from the end of 2018 of Baht 621.2 million (or +2.3%), due to the increase in Cash and cash equivalents of Baht 417.3 million and Current investment of Baht 178.1 million. While, the total Property, Plant, and Equipment, together with Leasehold rights decreased, partly because of the normal depreciation and amortization costs incurred during the quarter.

Total Liabilities was Baht 12,806.6 million, a decrease from the end of 2018 of Baht 221.2 million (or -1.7%), mainly due to the decrease in Trade and other payables of Baht 200.4 million

The Company had Total Shareholders' Equity of Baht 14,262.0 million, an increase from the end of 2018 of Baht 842.4 million (or +6.3%), mainly resulting from the Net Profit for Q1/2019 of Baht 825.9 million.

As at March 31, 2019, the Company had Net cash from operating activities of Baht 1,309.5 million, an increase of Baht 157.6 million (or an increase of 13.7%), mainly as a result of the decrease in Trade and other payables totaling Baht 155.9 million, compared to a decrease of Baht 331.6 million in Q1/2018. Net cash used in investing activities was Baht 729.9 million, mainly consisting of cash paid for property, plant and equipment totaling Baht 449.0 million and an increase in current investments of Baht 178.1 million. While the Company had Net cash used in financing activities of Baht 140.8 million, mainly used in paying interest expense totaling Baht 65.6 million and for repaying long-term loans from financial institutions totaling Baht 132.8 million; while there was an increase in long-term loans from financial institutions totaling Baht 57.6 million.

Analysis of Financial Ratios

Financial Ratios	31 Mar 2019	31 Dec 2018
Liquidity Ratio (times)	1.1	1.1
Net Debt* to Equity Ratio (times)	0.6	0.7
Interest Bearing Debt to Equity Ratio (times)	0.5	0.5

Remarks: * Excludes deferred income

As at March 31, 2019, the Company had a Liquidity Ratio of 1.1 (the same as at the end of 2018); while the Net Debt to Equity Ratio decreased to be at 0.6 times (compared to the end of 2018), mainly due to the decrease in the overall liabilities together with the increase in cash or cash equivalents.

4. Factors that may impact ongoing business operations, and business trend for 2019.

● Factors that may impact business operations

- The COSI Pattaya, Na Klua Hotel (282 rooms) is expected to be completed and in operation by September 2019.
- With regard to the fire that occurred at the CentralWorld shopping mall, on April 10, 2019, no damage occurred at the Centara Grand and Bangkok Convention Centre at CentralWorld.
- There are still plans to undertake the renovation of 2 hotels in 2019 as follows:
 - Centara Grand and Bangkok Convention Centre at CentralWorld (512 rooms): the renovation work will start during Q3/2019, and is expected to take approximately 20 months to be completed.
 - Centara Grand Beach Resort Samui (203 rooms) will be completely closed for renovations starting from June 2019, with this renovation work taking approximately 12 months to be completed.

● Business directions for 2019

- Hotels Business: Despite a decline in the overall operating performance for Q1/2019, a recovery trend is expected during the second half of this year from the relatively low-base operating performance for the previous year; as well as from the extension of free Visa on Arrival until the end of October this year and a tax stimulus package to drive the overall domestic tourism. As such, the Company has revised its 2019 operating results downwards; whereby RevPar is expected to be the same as that achieved in 2018. However, Total Hotel Business Revenues may decrease compared to the previous year, due to the closure for renovations of the Centara Grand Beach Resort Samui during the second half of this year, together with the decrease in MICE business revenue compared to the last year.
- Food Business: With respect to the Food Business, given the sluggish operating results in Q1/2019 without any clear supportive external factors to drive the recovery of domestic economy together with the continuing intense competition, the Company expects Same Store Sales (SSS) growth to now be flat. The overall Total-System-Sales (TSS) growth is expected to be approximately 5% - 6% YoY and the net growth in the total number of QSR outlets is expected to be 8% - 9% YoY.

For your information accordingly,

Respectfully Yours,

A handwritten signature in black ink, appearing to be 'Ronnachit Mahattanapreut', written in a cursive style.

(Dr. Ronnachit Mahattanapreut)

SVP, Finance and Administration