

August 13, 2019

The President & Director

The Stock Exchange of Thailand (SET)

LETTER OF CLARIFICATION for CENTEL's Operating Performance Results
for Q2/2019, ended June 30, 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 performance for Q2/2019, ended June 30, 2019, with the following details:

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

1. Overview of the tourism industry in Thailand and the Maldives

1.1 The tourism industry in Thailand

In Q2/2019, international tourist arrivals totaled 9.0 million, an increase of 1.1% compared to the same period last year despite the decreases in the numbers of Russian and Chinese tourists by 9.5% and 8.2% respectively, which was compensated mainly by an increase in the number of Indian tourists by 23.4% Year-on-Year (YoY).

As such, for the first half of the year, the total number of international tourist arrivals was 19.7 million, an increase of 1.3% YoY. This mainly resulted from the overall increase in the numbers of Indian and Malaysian tourists, that grew by 24.1% and 6.8% respectively; while the number of Chinese tourists,

that accounted for 29% of total international tourist arrivals, decreased by 4.9% compared to the same period last year.

1.2 The tourism industry in the Maldives

In Q2/2019, tourist arrivals to the Maldives totaled 379,611, an increase of 23.9% YoY. This resulted from the growth in the number of tourists from all regions, with the top 3 growth in the numbers of tourists arrivals being from India, China and Italy that increased by 112.9%, 16.1% and 51.4% and that also accounted for 12.1%, 16.8% and 5.9% of total tourist arrivals to the Maldives, respectively.

For H1/2019 the total tourist arrivals to the Maldives was 862,589, an increase of 18.7% compared to the same period last year, with the total number of tourists from India growing by leaps and bounds as much as 99.9% YoY, together with tourists from China also growing by 10.1% YoY.

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

2.1 Analysis of the Operating Performance

CENTEL's Operating Results for Q2/2019 and Q2/2018

(Amount - in Baht Million)	Q2/2019		Q2/2018		Changes YoY (Increase+/Decrease-)	
	Amount	%	Amount	%	Amount	%
Revenues – hotel business ⁽¹⁾	2,000.7	38.3%	2,139.4	41.2%	(138.7)	-6.5%
Revenues – food business	3,224.9	61.7%	3,051.7	58.8%	173.2	5.7%
Total revenues	5,225.6	100.0%	5,191.1	100.0%	34.5	0.7%
Cost of sales – hotel business	743.2	37.1%	821.5	38.4%	(78.3)	-9.5%
Cost of sales – food business	1,552.2	48.1%	1,439.7	47.2%	112.5	7.8%
Total cost of sales ⁽²⁾	2,295.4	43.9%	2,261.2	43.6%	34.2	1.5%
Less: Selling & General Administrative Expenses	2,030.5	38.9%	1,933.6	37.2%	96.9	5.0%
Add: Share of Profit - Investments (by the equity method)	7.0	0.1%	6.9	0.1%	0.1	1.4%
Earning before Interest, Tax, Depreciation and Amortization (EBITDA)	906.7	17.4%	1,003.2	19.3%	(96.5)	9.6%
Less: Depreciation & Amortization	(515.2)	-9.9%	(507.4)	-9.8%	7.8	1.5%
Earning before Interest and Tax (EBIT)	391.5	7.5%	495.8	9.6%	(104.5)	-21.0%
Less: Finance Costs	(57.4)	-1.1%	(52.2)	-1.0%	5.2	10.0%
Less: Corporate Income Tax	(43.9)	-0.8%	(67.6)	-1.3%	(23.7)	-35.1%
Less: (Profit) Loss from Non-Controlling Interests	0.3	0.0%	(4.3)	-0.1%	4.6	107.0%
Net Profit from Normal Operation	290.5	5.6%	371.7	7.2%	(81.2)	-21.8%
Extraordinary Items:						
Less: Effect of Provision for long-term employee benefits per The new Labour Protection Act.	(58.1)	-1.1%	-	-	(58.1)	NA
Net Profit	232.4	4.4%	371.7	7.2%	(139.3)	-37.5%

(1) Includes income from the amortization of deferred rental income from the Centara Grand Beach Resort Samui, totaling Baht 25.1 million/Quarter.

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

Q2/2019: The Company achieved Total Revenues of Baht 5,225.6 million (Q2/2018: Baht 5,191.1 million), an increase of Baht 34.5 million (or +0.7%) YoY as a result of the increase in revenue for the Food Business; whereby the total revenues mix between the Hotel Business and the Food Business was 38% : 62% (Q2/2018: 41% : 59%). While achieved Total Gross Profit remained flat at Baht 2,792.4 million when compared to the same period last year, and equaled to 54.9% of the revenues (excluding other income) which marginally decreased from the previous year (Q2/2018: 55.3%) due to the operating results for the Food Business.

The Company achieved EBITDA of Baht 906.7 million (Q2/2018: Baht 1,003.2 million), a decrease of Baht 96.5 million (or -9.6%) from Q2/2018, whereby this equaled to an EBITDA % Margin of 17.4%, which decreased from last year (Q2/2018: 19.3%), owing to the operating results for both the Hotel and Food Businesses. The Company achieved net profit from normal operation totaling Baht 290.5 million, a decrease of Baht 81.2 million (or -21.8%) YoY; whereby after taking into account an extraordinary item for provision relating to long term employee benefits obligations per The new Labour Protection Act. totaling Baht 58.1 million, the Company achieved net profit of Baht 232.4 million, or a decrease of 37.5% YoY.

CENTEL Operating Results for 6 months H1/2019 and H1/2018

(Amount - in Baht Million)	6 months H1/2019		6 months H1/2018		Changes YoY (Increase+/Decrease-)	
	Amount	%	Amount	%	Amount	%
Revenues – hotel business ⁽¹⁾	4,756.4	43.8%	5,088.3	46.5%	(331.9)	-6.5%
Revenues – food business	6,112.2	56.2%	5,844.1	53.5%	268.1	4.6%
Total revenues	10,868.6	100.0%	10,932.4	100.0%	(63.8)	-0.6%
Cost of sales – hotel business	1,610.2	14.8%	1,744.2	16.0%	(134.0)	-7.7%
Cost of sales – food business	2,942.1	27.1%	2,765.3	25.3%	176.8	6.4%
Total cost of sales ⁽²⁾	4,552.3	41.9%	4,509.5	41.2%	42.8	0.9%
Less: Selling & General Administrative Expenses	3,926.9	36.1%	3,783.2	34.6%	143.7	3.8%
Add: Share of Profit - Investments (by the equity method)	14.9	0.1%	27.9	0.3%	(13.0)	-46.6%
Earning before Interest, Tax, Depreciation and Amortization (EBITDA)	2,404.3	22.1%	2,667.6	24.4%	(263.3)	-9.9%
Less: Depreciation & Amortization	(1,025.8)	-9.4%	(1,003.4)	-9.2%	22.4	2.2%
Earning before Interest and Tax (EBIT)	1,378.5	12.5%	1,664.2	15.2%	(285.7)	-17.2%
Less: Finance Costs	(111.0)	-0.9%	(101.4)	-0.9%	9.6	9.4%
Less: Corporate Income Tax	(182.9)	-1.7%	(250.0)	-2.3%	(67.1)	-26.8%
Less: Profit from Non-Controlling Interests	(48.8)	0.4%	(58.0)	-0.5%	(9.2)	-15.9%
Net Profit from normal operations	1,035.8	9.5%	1,254.8	11.5%	(219.0)	-17.5%
Extraordinary Items:						
Add: Insurance claim (net of tax)	80.6	0.7%	-	-	80.6	NA
Less: Effect of Provision for long-term employee benefits per The new Labour Protection Act.	(58.1)	-0.5%	-	-	(58.1)	NA
Net Profit	1,058.3	9.7%	1,254.8	11.5%	(196.5)	-15.7%

(1) Includes income from the amortization of deferred rental income from the Centara Grand Beach Resort Samui, totaling Baht 49.8 million for H1/2019

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

6 months H1/2019: The Company achieved Total Revenues of Baht 10,868.6 million (H1/2018: Baht 10,932.4 million), a decrease of Baht 63.8 million (or -0.6%) YoY resulting from the lower revenues for the Hotel Business; whereby the total revenues mix between the Hotel Business and the Food Business was 44% : 56% (H1/2018: 47% : 53%) respectively. As such, Gross Profit was Baht 6,047.3 million (H1/2018: Baht 6,155.5 million), a decrease of Baht 108.2 million (or -1.8%) YoY, with Gross Profit Margin of 57.1% of the revenues (excluding other income) or a marginal decrease compared to the same period last year (H1/2018: 57.7%) due to the operating results for the Food Business.

The Company achieved EBITDA of Baht 2,404.3 million (H1/2018: Baht 2,667.6 million), a decrease of Baht 263.3 million (or -9.9%) YoY; whereby the EBITDA Margin was 22.1%, a decrease from same period last year (H1/2018: 24.4%) as a result of the operating results for both the Hotel and Food Businesses. The Company achieved net profit from normal operation of Baht 1,035.8 million, a decrease of Baht 219.0 million (or -17.5%) YoY; and after deducting extraordinary items relating to the provisions for long term employee benefits obligations per The new Labour Protection Act. totaling Baht 58.1 million made in Q2/2019 together with an insurance claims compensation for property damages totaling Baht 80.6 million (net of tax) received in Q1/2019, the Company then achieved net profit of Baht 1,058.3 million, a decrease of Baht 196.5 million (or -15.7%) compared to the same period last year.

2.2 Analysis of the operating results for the respective Business Groups

2.2.1 Hotel Business

As at June 30, 2019, the Company has a total of 71 hotel properties (with a total of 13,783 rooms) in its Hotel Business operations, comprising of 40 hotels (7,716 rooms) already in operation together with 31 hotels (6,067 rooms) still under development. Of the 40 hotels already in operation, 17 hotels (4,192 rooms) are owned and operated by the Company, while the remaining 23 hotels (3,524 rooms) are operated under the Company's Hotel Management Agreements.

Operating Performance: Hotel Business - own-operated hotels for Q2/2019

Occupancy Rate (OCC) %	Total performance			Total Performance (Excluded: Centara Grand Beach Resort Samui Jun 2019 and 2018)		
	Q2/2019	Q2/2018	Changes YoY	Q2/2019	Q2/2018	Changes YoY
Bangkok	76.6%	81.3%	-4.7%	76.6%	81.3%	-4.7%
Upcountry	70.2%	78.6%	-8.4%	69.9%	78.0%	-8.1%
Maldives	81.0%	79.4%	1.6%	81.0%	79.4%	1.6%
Thailand – Average	72.4%	79.5%	-7.1%	72.2%	79.2%	-7.0%
Total – Average	72.9%	79.5%	-6.6%	72.8%	79.2%	-6.4%

Average Room Rate (ARR) Baht	Total performance			Total performance (Excluded: Centara Grand Beach Resort Samui Jun 2019 and 2018)		
	Q2/2019	Q2/2018	Changes YoY	Q2/2019	Q2/2018	Changes YoY
Bangkok	2,879	2,947	-2.3%	2,879	2,947	-2.3%
Upcountry	3,466	3,337	3.9%	3,439	3,219	6.8%
Maldives	14,837	15,808	-6.1%	14,837	15,808	-6.1%
Thailand – Average	3,257	3,206	1.6%	3,234	3,123	3.6%
Total – Average	4,050	3,971	2.0%	4,051	3,931	3.1%

Revenue per Available Room (RevPar) Baht	Total performance			Total performance (Excluded: Centara Grand Beach Resort Samui Jun 2019 and 2018)		
	Q2/2019	Q2/2018	Changes YoY	Q2/2019	Q2/2018	Changes YoY
Bangkok	2,207	2,395	-7.9%	2,207	2,395	-7.9%
Upcountry	2,433	2,622	-7.2%	2,404	2,512	-4.3%
Maldives	12,011	12,549	-4.3%	12,011	12,549	-4.3%
Thailand – Average	2,357	2,548	-7.5%	2,336	2,472	-5.5%
Total – Average	2,952	3,155	-6.4%	2,949	3,112	-5.2%

CENTEL's - Hotel Business Operating Results Q2/2019

Hotel Business (In Baht Million)	Q2/2019	Q2/2018	Changes YoY
Revenues from the Hotel Business	1,889.8	2,030.7	-6.9%
Total Revenues (including other income)	2,000.7	2,139.4	-6.5%
Gross Profit	1,146.6	1,209.2	-5.2%
Gross Profit Margin %	60.7%	59.5%	1.2%
EBITDA	543.1	607.1	-10.6%
% EBITDA	27.1%	28.4%	-1.3%
Net Profit from normal operation	105.4	173.4	-39.2%
Less: Provisions for long-term employee benefits per The new Labour Protection Act.	(27.2)	-	NA
Net Profit	78.2	173.4	-54.9%
% Net Profit Margin	3.9%	8.1%	-4.2%

● Q2/2019

- The Hotel Business achieved Total Revenues of Baht 2,000.7 million, a decrease of Baht 138.7 million (or -6.5%) from Q2/2018 due to the decrease in the number of Chinese tourist arrivals, that is an important group of tourists during the low season. This then resulted in a decrease in the Occupancy Rate (OCC); and despite being able to increase the Average Room Rate (ARR), the Average Revenue per Room (RevPar) still decreased, compared to the previous year. In addition, there was also the closure of the Centara Grand Beach Resort Samui for major renovation since June 1, 2019.

Further, in Q2/2019, RevPar decreased by 6.4% YoY to Baht 2,952, due to the decrease in OCC from 79.5% to 72.9% while ARR increased by 2.0% YoY to Baht 4,050. As such, if the operating results for the Centara Grand Beach Resort Samui was not taken into account, then the RevPAR would have decreased by only 5.3% YoY.

- Bangkok: RevPar decreased by 7.9% YoY to Baht 2,207, due to the decrease in OCC from 81.3% to 76.6%; while ARR was Baht 2,879 or a decrease of 2.3% YoY. The decrease in RevPar for the Centara Grand at Central Plaza Ladprao Bangkok arose from the decrease in ARR as a result of accommodating increased number of Chinese groups. While the decrease in RevPar for the Centara Grand and Bangkok Convention Centre at CentralWorld and for the Centra by Centara Government Complex and Convention Centre Chaeng Watthana arose from the decrease in OCC, that indirectly resulted from the fire incident at CentralWorld shopping mall in April as well as from the decreasing demand from Government agencies during the changeover of government.

- Upcountry: Overall achieved RevPar decreased by 7.2% YoY to Baht 2,433 as a result of the OCC decreasing from 78.6% to 70.2%. However, ARR increased by 3.9% YoY to Baht 3,466 as a result of the differences in operating results in each respective province as follows: hotels in Hua Hin and Had Yai achieved increased RevPar of 7% - 8% YoY; while hotels in Krabi, Pattaya and Phuket achieved decreased RevPar due to the lower OCC while achieving increased ARR, compared to the same period last year. The RevPar for the hotel in Samui decreased as a result of both lower OCC and lower ARR. As such, if the impact of the closure of the Centara Grand Beach Resort Samui for renovations was not taken into account, then the RevPar for Upcountry hotels would have decreased by only by 4.3% YoY.
 - Maldives: RevPar decreased by 4.3% YoY to Baht 12,011, as a result of the OCC increasing from 79.4% to 81.0% but with the ARR decreasing by 6.1% YoY to Baht 14,837. This was partly due to the appreciation of the Thai Baht by approximately 1.0%, compared to the same time last year. As such, if considered in terms of the US dollar, then the RevPar would have decreased by only 3.5% YoY.
- For Q2/2019, the Company achieved the Hotel Business's Gross Profit of Baht 1,146.6 million (Q2/2018: Baht 1,209.2 million), being an improvement and equal to a Gross Profit Margin of 60.7% of total revenues (Q2/2018: 59.5%). While the EBITDA Margin in Q2/2019 decreased YoY to 27.1% (Q2/2018: 28.4%), due to the softer operating results for the 5-star hotel property in the Maldives, compared to the same period last year.

Operating Results: Hotel Business - for own-operated hotels 6 months H1/2019

Occupancy Rate (OCC) %	Total performance			Total performance (Excluded Centara Grand Beach Resort Samui Jun 2019 and 2018)		
	6 months H1/2019	6 months H1/2018	Changes YoY	6 months H1/2019	6 months H1/2018	Changes YoY
Bangkok	78.6%	83.8%	-5.2%	78.6%	83.8%	-5.2%
Upcountry	77.1%	82.2%	-5.1%	76.7%	82.0%	-5.3%
Maldives	85.9%	82.8%	3.1%	85.9%	82.8%	3.1%
Thailand – Average	77.6%	82.7%	-5.1%	77.4%	82.6%	-5.2%
Total – Average	78.1%	82.7%	-4.6%	77.9%	82.6%	-4.7%

Average Room Rate – ARR (Baht)	Total performance			Total performance (Excluded Centara Grand Beach Resort Samui Jun 2019 and 2018)		
	6 months H1/2019	6 months H1/2018	Changes YoY	6 months H1/2019	6 months H1/2018	Changes YoY
Bangkok	3,093	3,099	-0.2%	3,093	3,099	-0.2%
Upcountry	4,365	4,395	-0.7%	4,325	4,280	1.1%
Maldives	17,421	18,751	-7.1%	17,421	18,751	-7.1%
Thailand – Average	3,937	3,965	-0.7%	3,893	3,867	0.7%
Total – Average	4,845	4,862	-0.3%	4,839	4,815	0.5%

Revenue per Available Room - RevPar (Baht)	Total performance			Total performance (Excluded Centara Grand Beach Resort Samui Jun 2019 and 2018)		
	6 months H1/2019	6 months H1/2018	Changes H1/YoY	6 months H1/2019	6 months H1/2018	Changes YoY
Bangkok	2,430	2,596	-6.4%	2,430	2,596	-6.4%
Upcountry	3,365	3,613	-6.9%	3,319	3,508	-5.4%
Maldives	14,967	15,520	-3.6%	14,967	15,520	-3.6%
Thailand – Average	3,054	3,280	-6.9%	3,012	3,193	-5.7%
Total – Average	3,784	4,022	-5.9%	3,770	3,977	-5.2%

CENTEL's Hotel Business Operating Results for 6 months H1/2019

Hotels Business (In Baht Million)	6 months H1/2019	6 months H1/2018	Changes YoY
Revenues from the Hotel Business	4,534.0	4,864.8	-6.8%
Total Revenues (including other income)	4,756.4	5,088.3	-6.5%
Gross Profit	2,923.8	3,120.6	-6.3%
Gross Profit Margin %	64.5%	64.1%	0.4%
EBITDA	1,718.6	1,930.8	-11.0%
%EBITDA	36.1%	37.9%	-1.8%
Net Profit from normal operation	713.0	908.6	-21.5%
Add: Insurance claim (net of tax)	29.4	-	NA
Less: Provision of long term employee benefits per The new Labour Protection Act.	(27.2)	-	NA
Net Profit	715.2	908.6	-21.3%
% Net Profit Margin	15.0%	17.9%	-2.9%

○ 6 months /H1 2019:

- The Hotel Business achieved Total Revenues of Baht 4,756.4 million, a decrease of Baht 331.9 million (or -6.5%) YoY.

OCC decreased from 82.7% to 78.1%; while ARR decreased marginally by 0.3% YoY to Baht 4,845, resulting in the decrease in RevPar by 5.9% YoY to Baht 3,784. If the operating result for the Centara Grand Beach Resort Samui was not taken into account, then the RevPar would have decreased by only 5.2% YoY.

- Bangkok: RevPar decreased by 6.4% YoY to Baht 2,430, due to the OCC decreasing from 83.8% to 78.6%. While the RevPar was Baht 3,093, a marginal decrease of only 0.2% YoY. This decrease in RevPar is a result of the slowdown in demand for MICE business during the period of general election in Q1/2019, especially from the government agencies, together with the indirect effect from the fire at the CentralWorld shopping mall in Q2/2019.
- Upcountry: RevPar decreased by 6.9% YoY to Baht 3,365 as a result of the OCC decreasing from 82.2% to 77.1%. which was due to the decrease in the numbers of Chinese and European tourist arrivals, who were important tourist groups during this period. While ARR decreased marginally by 0.7% YoY to Baht 4,365. However, if the operating result for the Centara Grand Beach Resort Samui was not taken into account, then the RevPar for Upcountry hotels would have decreased by only 5.4% YoY.

Number of QSR Outlets	Q2/2019	Q2/2018
KFC	272	247
Mister Donut	364	338
Auntie Anne's	173	151
Ootoya	46	43
Pepper Lunch	41	35
Cold Stone	18	19
The Terrace	9	9
Chubuton	19	18
Yoshinoya	21	18
Tenya	11	7
Katsuya	28	23
Aroi Dee	4	-
Suki House	1	-
Total	1,007	908

Food Business (in Baht Million)	Q2/2019	Q2/2018	Changes YoY
Sales Revenues	3,198.0	3,025.8	5.7%
Total Revenues (including other income)	3,224.9	3,051.7	5.7%
Gross Profit	1,645.8	1,586.1	3.8%
Gross Profit Margin %	51.5%	52.4%	-0.9%
EBITDA	363.6	396.2	-8.2%
% EBITDA	11.3%	13.0%	-1.7%
Net profit from normal operation	185.1	198.4	-6.7%
Less: Provision for long-term employee benefits per The new Labour Protection Act.	(30.9)	-	NA
Net Profit	154.2	198.4	-22.3%
% Net Profit Margin	4.8%	6.5%	-1.7%

○ Q2/2019:

- The Company achieved Total Food Business Revenues of Baht 3,224.9 million, an increase of Baht 173.2 million (or +5.7%) from Q2/2018, which revenues growth for this Quarter was mainly due to the expansion of QSR outlets.

As at the end of Q2 /2019, there was a total of 1,007 QSR outlets, a net increase of 99 outlets YoY. As such, Total Systems Sales (TSS) growth was 5.7% YoY (Q2/2018: 10.0%), despite the Same-Store-Sales (SSS) growth having decreased by 1.8% (Q2/2018: 0%). The partial improvement of the commercial space being undertaken at the Central Ladrao

shopping mall affected the sales revenues of the KFC, Pepper Lunch and Yoshinoya outlets in June due to the temporary closure of these outlets, and resulted in the decrease in SSS growth of these 3 QSR brands by 0.6%. If the closure of these outlets of the 3 QSR brands was not taken into account, then the SSS growth would have decreased by only 1.2% (instead of having decreased by 1.8%). Nevertheless, the SSS growth showed an improving trend, when compared to Q1/2019 - with those QSR brands showing improved performance being: Mister Donut and Auntie Anne's. Their SSS growths turned to be positive in June as a result of new product offerings and continued sales promotion activities. For The Terrace, Ootoya and Katsuya, their SSS continued to achieve positive growth. In Q2/2019, the Company launched and opened 1 outlet for the new QSR brand concept: Suki House.

The Company's Gross Profit for the Food Business increased by Baht 59.7 million (or +3.8%) YoY in line with the increase in total revenues. However, the Gross Profit Margin decreased by 0.9% YoY, due to the "value promotions" campaign to drive sales revenues. EBITDA and Net Profit decreased as a result of the negative SSS growth, while the fixed costs, such as labour costs, increased, together with the increase in depreciation and amortization costs from the expansion of new QSR outlets.

Operating Performance for the Food Business for 6 months H1/2019

Same Store Sales (SSS) Growth	6 months H1/2019	6 months H1/2018
Top 4 brands	-2.7%	-0.1%
Other 7 brands	-3.4%	-2.1%
Total Average	-2.8%	-0.3%

Total Systems Sales (TSS) Growth	6 months H1/2019	6 months H1/2018
Top 4 brands	4.0%	7.8%
Other 7 brands	8.5%	17.2%
Total Average	4.6%	9.0%

Food Business (in Baht Million)	6 months H1/2019	6 months H1/2018	Changes YoY
Sales Revenues	6,065.6	5,800.2	4.6%
Total revenues (including other income)	6,112.2	5,844.1	4.6%
Gross Profit	3,123.5	3,034.9	2.9%
Gross Profit Margin %	51.5%	52.3%	-0.8%
EBITDA	685.7	736.8	-6.9%
% EBITDA	11.2%	12.6%	-1.4%
Net profit from normal operation	322.8	346.2	-6.8%
Add: Insurance claim (net of tax)	51.2	-	NA
Less: Provision for long-term employee benefits per The new Labour Protection Act.	(30.9)	-	NA
Net Profit	343.1	346.2	-0.9%
% Net Profit margin	5.6%	5.9%	-0.3%

- 6 months H1/2019 :

For H1/2019, the Company achieved Total Food Business Revenues of Baht 6,112.2 million, an increase of Baht 268.1 million (or +4.6%) YoY. The increased Food Business revenues during H1/2019 was mainly due to the expansion of new QSR outlets, with a net increase of 99 new QSR outlets YoY. While, Same-Store-Sales (SSS) growth decreased by 2.8% YoY (H1/2018: -0.3%) mainly owing to Mister Donut, Auntie Anne's, Yoshinoya and Chabuton. Nevertheless, the main QSR brands: Mister Donut and Auntie Anne's recovered to achieve positive SSS growth in June as a result of new products offerings, together with continued sales promotion activities. The SSS growths for The Terrace, Ootoya and Katsuya continued to be positive. In this year, the Company has launched 2 new QSR brands: Aroi Dee – focused on selling a la carte menu with good quality, and Suki House; whereby there are plans to expand further new outlets for these 2 new QSR brands.

The Company achieved a Total Food Business Gross Profit of Baht 3,123.5 million, an increase of Baht 88.6 million (or +2.9%) YoY in line with the increase Total Food Business Revenues. However, the Gross Profit Margin decreased by 0.8% YoY, due to the "value promotions" campaign being undertaken to drive sales revenues. EBITDA and Net Profit decreased as a result of the negative SSS growth, while the fixed costs, such as labour costs, increased, together with the increase in depreciation and amortization costs from the expansion of new QSR outlets.

3. Financial Status of the Company:

Financial Position and Cash Flows

As at June 30, 2019, the Company has Total Assets of Baht 26,093.2 million, a decrease of Baht 354.3 million (or -1.3%) from the end of 2018, due mainly to the decrease in Cash and Cash Equivalents totaling Baht 494.0 million together with the decrease in the net book values of Property, Plant and Equipment, and the Leasehold Rights - partly due to depreciation and amortization costs during the period.

Total Liabilities of Baht 12,566.7 million, a decrease of Baht 461.1 million (or -3.5%) from the end of 2018, due to the decrease in trade and other payables totaling Baht 288.0 million.

The Company has Total Shareholders' Equity of Baht 13,526.5 million, an increase of Baht 106.8 million (or +0.8%) from the end of 2018, which is mainly the result of Net Profit during the period of Baht 1,058.3 million netting of a dividend payment totaling Baht 877.5 million.

For the 6 months H1/2019, ended June 30, 2019, the Company had Net Cash Flow from operating activities totaling Baht 2,093.6 million, a decrease compared to the same period last year; Net Cash Flow used in investing activities of Baht 1,497.5 million, an increase of Baht 559.6 million (or +59.7%) YoY, which mainly resulted from the purchase of property, plant and equipment totaling Baht 851.2 million, the short-term investment totaling Baht 434.3 million as well as the investment and loan to a joint venture totaling 170.9 million. While, the Company also had Net Cash Flow used in Financing activities totaling Baht 1,065.8 million, an increase compared to the same period last year, which was mainly used for dividend payment totaling Baht 877.5 million and interest payments totaling Baht 108.6 million.

Analysis of Financial Ratios

Financial Ratios as at	Q2/2019	2018
Liquidity Ratio (times)	0.9	1.1
Net Debt* to Equity Ratio (times)	0.7	0.7
Interest-bearing Debt to Equity Ratio (times)	0.5	0.5

Remarks: * Excludes deferred income

The Company had a slight decrease in its liquidity from the end of 2018 with Liquidity Ratio of 0.9 times at the end of Q2/2019, as a result of the decrease in its Current Assets (with regards to Cash on hand) together with the increase in its Current Liabilities (mainly with regards to the maturity of Debentures coming due for payment within 1 year). At the end of Q2/2019, Net Debt to Equity Ratio and Interest-bearing Debt to Equity Ratio remained the same at 0.7 times and 0.5 times, respectively.

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

- Factors that may impact ongoing business operations

- Progress made in the construction of the COSI Hotel Pattaya, Naklua hotel project – as at June 2019, only the interior decoration work remains; and it is estimated that the hotel grand opening will be able to take place in Q4/2019.
- The Food Business continues to grow; while there is ongoing and increasingly intense competition in the food service business as a result of many new players coming into the market. The growth in food delivery services has created new sales channels to serve customers and, at the same time, increase competition amongst the food service operators. This increased competition has resulted in the food service operators in undertaking sales and marketing promotions campaign that focus on value for money as well as the endeavor to continuously develop new innovative menu offerings.

For the cost of food raw materials, despite the African Swine Fever has not been found in Thailand; but there is a gradual increasing trend for pork meat prices. Thus, the Company has made agreements with pork meat suppliers that determines the quantity required as well as the prices in order to minimize the potential impact and more efficient cost management.

The potential increase in minimum wage in the future, as per the new Government's policy, could increase operating costs, since the labour cost is a key component in the business operations.

- Business trends for 2019

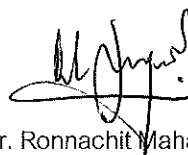
- Hotel Business: RevPar growth (excluding Centara Grand Beach Resort Samui and new COSI Hotel Pattaya) is estimated to decrease by 4% – 5% YoY mainly as a result of the decrease in OCC. This revised estimate is based on the actual operating performance for the H1/2019 period, that has proven to be softer than previously projected. Furthermore, the overall extent for the recovery in the total number of international tourist arrivals – especially Chinese tourists – is still not exactly clear.

- Food Business: The Company has plans to focus on increasing food business sales through increasing food delivery sales – both via “1312 Food Hunt” that is the Company's own on-line food delivery application as well as via other third-party food aggregators. Further, to stimulate and drive food business sales revenues, the Company has ongoing plans to introduce and launch new menu offerings as well as to focus on undertaking sustained sales promotions campaigns that focus on value for money so as to continuously attract consumers.

The Company expects that the overall food business growth, in 2019, to be at 5% – 7% YoY, which will mainly come from the ongoing expansion of new QSR outlets – by a net 115 -120 new outlets; while there will have no growth in SSS for this year. As such, expansion of new QSR outlets will focus on these key brands: KFC, Mister Donut, Auntie Anne’s, Ootoya, and Katsuya, together with the introduction of new QSR brands: Aroi Dee and Suki House. At the same time, the Company will continue to search for the potential investment opportunities in food business to increase more variety to the existing food portfolio. The expected overall food business growth of 5% - 7% does not include the operating results of any new QSR brands that may be launched in the future.

For your information accordingly,

Respectfully Yours,



(Dr. Ronnachit Mahattanapreut)

SVP, Finance and Administration