

November 12, 2019

The President & Director,

The Stock Exchange of Thailand (SET)

LETTER OF CLARIFICATION for CENTEL's Operating Performance Results

for Q3/2019, ended September 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 results for Q3/2019, ended September 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 Results and for each respective Business Group
3. Financial Status of the Company
4. Factors that may impact ongoing business operations for 2019

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

1.1 Tourism Industry in Thailand

During Q3/2019, international tourist arrivals totaled 9.7 million, an increase 7.3% compared to the same period last year which is mainly due to the recovery of Chinese tourist arrivals that grew by 17.3% Year-on-Year (YoY). As such, this big increase was because of the previous year's low base resulting from the Phuket boat accident. At the same time, arrivals of Indian tourists continued to increase and grew by 28.3% compared to the same time last year.

For the YTD 9 month/2019 period, there was a total of 29.5 million international tourist arrivals, equal to a 3.5% increase YoY, which, again, resulted from the low base in the second half of the last year. As such, the top 5 international tourist arrivals groups were from : China, Malaysia, India, South Korea

and Laos that accounted for 28.9%, 10.0%, 5.0%, 4.7% and 4.7% of the total number of international tourist arrivals year-to-date, respectively, with the growth rates of 1.7%, 5.6%, 25.6%, 4.9% and 12.2%, respectively.

1.2 Tourism Industry in the Maldives

Total Q3/2019 tourist arrivals to the Maldives was 389,101, an increase of 9.9% compared to same period last year - mainly from the 11.6% YoY increase in European tourists, together with the 119.0% YoY increase in Indian tourists. In spite of the 4.9% YoY decrease, Total Chinese tourists were still the major group of tourists and accounted for 23.2% of the total number of tourist arrivals to the Maldives.

For the YTD 9 month/2019 period, there was a total of 1,251,690 tourist arrivals to the Maldives, an increase of 15.8% YoY. The top 5 tourists arrivals were from China, India, Italy, United Kingdom, and Germany, that accounted for 18.4%, 9.2%, 7.8%, 7.3% and 7.0% of the total tourist arrivals to the Maldives, respectively, with the growth rates of 3.7%, 105.1%, 31.7%, 9.2% and 9.3%, respectively.

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

2.1 Analysis of the Operating Results

CENTEL's – Operating Results for Q3/2019 and Q3/2018

(Amount - in Baht Million)	Q3/2019		Q3/2018		Changes YoY (Increase+/ Decrease-)	
	Amount	%	Amount	%	Amount	%
Revenues – hotel business ⁽¹⁾	1,882.2	37.9%	2,210.5	41.5%	(328.3)	-14.9%
Revenues – food business	3,082.5	62.1%	3,111.1	58.5%	(28.6)	-0.9%
Total revenues	4,964.7	100.0%	5,321.6	100.0%	(356.9)	-6.7%
Cost of sales – hotel business	717.3	14.4%	813.9	15.3%	(96.6)	-11.9%
Cost of sales – food business	1,499.0	30.2%	1,462.0	27.5%	37.0	2.5%
Total cost of sales ⁽²⁾	2,216.3	44.6%	2,275.9	42.8%	(59.6)	-2.6%
Less: Selling & General Administrative Expenses	1,956.3	39.4%	1,945.8	36.6%	10.5	0.5%
Add: Share of Profit - Investments (by the equity method)	8.3	0.2%	13.9	0.3%	(5.6)	-40.3%
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	800.4	16.1%	1,113.8	20.9%	(313.4)	-28.1%
Less: Depreciation & Amortization	(504.7)	-10.2%	(529.9)	-10.0%	(25.2)	-4.8%
Earnings before Interest and Tax (EBIT)	295.7	6.0%	583.9	11.0%	(288.2)	-49.4%
Less: Finance Costs	(51.9)	-1.0%	(54.2)	-1.0%	(2.3)	-4.2%
Less: Corporate Income Tax	(28.7)	-0.6%	(79.3)	-1.5%	(50.6)	-63.8%
Less: Profit from Non-Controlling Interests	(0.1)	0.0%	(8.7)	-0.2%	(8.6)	-98.9%
Net Profit	215.0	4.3%	441.7	8.3%	(226.7)	-51.3%

(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

Q3/2019: The Company achieved Total Revenues of Baht 4,964.7 million (Q3/2018: Baht 5,321.6 million), a decrease of Baht 356.9 million (or -6.7%) YoY, with the total revenues mix of the Hotel Business and the Food Business of 38% : 62% (Q3/2018: 42% : 58%). While, Total Gross Profit was Baht 2,631.5 million, a decrease of 10.5% compared to the same period last year and is equal to a Gross Profit Margin of 54.3% of the Total Revenues (excluding other income), which decreased from the previous year (Q3/2018: 56.4%). The Company achieved Total EBITDA of Baht 800.4 million (Q3/2018: Baht 1,113.8 million), a decrease of Baht 313.4 million (or -28.1%) from Q3/2018, which equaled to an EBITDA Margin of 16.1%, which decreased from the same Quarter last year (Q3/2018: 20.9%). This lower rate of Profit Margin was due to the overall decrease in total revenues while certain Cost of Sales and Selling & General Administrative Expenses were fixed charge. The major items are payroll costs and staff benefits as well as with the increase in rental costs to Baht 103.3 million/year for the Centara Grand Beach Resort and Villas Hua Hin after the extension of the Rental Agreement with the State Railway of Thailand for one (1) more year ending on May 15, 2020, together with the increase in opening costs for new QSR outlets. As such, the Company achieved Q3/2019 Net Profit of Baht 215.0 million, a decrease of Baht 226.7 million (or - 51.3%) YoY.

CENDEL's – Operating Results for YTD 9 months 2019 and 2018

(Amount - in Baht Million)	9 months/2019		9 months/2018		Changes YoY (increase+/Decrease-)	
	Amount	%	Amount	%	Amount	%
Revenues – hotel business ⁽¹⁾	6,638.6	41.9%	7,298.7	44.9%	(660.1)	-9.0%
Revenues – food business	9,194.6	58.1%	8,955.3	55.1%	239.3	2.7%
Total revenues	15,833.2	100.0%	16,254.0	100.0%	(420.8)	-2.6%
Cost of sales - hotel business	2,327.5	14.7%	2,558.1	15.7%	(230.6)	-9.0%
Cost of sales - food business	4,441.0	28.0%	4,227.2	26.0%	213.8	5.1%
Total cost of sales ⁽²⁾	6,768.5	42.7%	6,785.3	41.7%	(16.8)	-0.2%
Less: Selling & General Administrative Expenses	5,883.2	37.2%	5,743.3	35.3%	139.9	2.4%
Add: Share of Profit - Investments (by the equity method)	23.2	0.1%	41.8	0.3%	(18.6)	-44.5%
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	3,204.7	20.2%	3,767.2	23.2%	(562.5)	-14.9%
Less: Depreciation & Amortization	(1,530.5)	-9.7%	(1,519.0)	-9.3%	11.5	0.8%
Earnings before Interest and Tax (EBIT)	1,674.2	10.6%	2,248.2	13.8%	(574.0)	-25.5%
Less: Finance Costs	(162.8)	-1.0%	(155.7)	-1.0%	7.1	4.6%
Less: Corporate Income Tax	(211.7)	-1.3%	(329.3)	-2.0%	(117.6)	-35.7%
Less: Profit from Non-Controlling Interests	(48.9)	-0.3%	(66.7)	-0.4%	(17.8)	-26.7%
Net Profit from operations	1,250.8	7.9%	1,696.5	10.4%	(445.7)	-26.3%
Extraordinary Items:						
Add: Insurance claim payment (Net of tax)	80.6	0.5%	-	-	80.6	NA
Less: Provision for long-term employee benefits	(58.1)	-0.4%	-	-	(58.1)	NA
Net Profit	1,273.3	8.0%	1,696.5	10.4%	(423.2)	-24.9%

(1) Includes YTD income from the amortization of deferred rental income from the Centara Grand Beach Resort Samui, totaling Baht 75.1 million.

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

YTD 9 months/2019: The Company achieved Total Revenues of Baht 15,833.2 million, (YTD 9 months/2018 : Baht 16,254.0 million), a decrease of Baht 420.8 million (or -2.6%) compared to the same period last year resulting from the decrease in Hotel Business Revenues, with the total revenues mix of the Hotel Business and the Food Business being 42% : 58% (YTD 9 months/2018: 45% : 55%). The Gross Profit was Baht 8,678.8 million (YTD 9 months/2018: Baht 9,095.3 million), a decrease of Baht 416.6 million (or -4.6%) YoY; whereby this equaled to an Gross Profit Margin of 56.2%, a slight decrease compared to last year (YTD 9 months/2018: 57.3%). As such, the Company achieved Total EBITDA of Baht 3,204.7 million (YTD 9 months 2018: Baht 3,767.2 million), a decrease of Baht 562.5 million (or -14.9%) YoY, that equaled to an EBITDA Margin of 20.2%, a decrease compared to the last year (YTD 9 months/2018: 23.2%), that resulted from the softer operating performance for both Hotel Business and Food Business. The Company achieved Net Profit from Operations of Baht 1,250.8 million, a decrease of Baht 445.7 million (or -26.3%) YoY. After Extraordinary Items including a recognition of the insurance claims for flood damages (net of taxes) totaling Baht 80.6 million in Q1/2019 and a Provision for Long-term Employee Benefits in Q2/2019, as required by the recent new Labor Laws, totaling Baht 58.1 million, the Company achieved Net Profit of Baht 1,273.3 million, a decrease of Baht 423.2 million (or -24.9%) compared to the same period last year.

2.2 Analysis of the operating performance results of each respective Business Group

2.2.1 Hotel Business

As of September 30, 2019, the Company has a total of 75 hotels (with a total of 14,402 rooms) under management, comprising of 42 hotels (7,880 rooms) already in operation together with another 33 hotels (6,522 rooms) still under development. As such, of the total of 42 hotels already in operation, 17 hotels (4,192 rooms) are owned and operated by the Company and the other 25 hotels (3,688 rooms) are hotel properties operated under the Company's Hotel Management Agreements

CENDEL – Hotel Business: Q3/2019 Operating Performance

(for hotels owned and operated by the Company only)

Occupancy Rate (OCC) %	Total performance			Total performance (Excluded Centara Grand Beach Resort Samui)		
	Q3/2019	Q3/2018	% Change	Q3/2019	Q3/2018	% Change
Bangkok	78.3%	85.9%	-7.6%	78.3%	85.9%	-7.6%
Upcountry	72.6%	78.3%	-5.7%	72.6%	77.3%	-4.7%
Maldives	77.0%	76.2%	0.8%	77.0%	76.2%	0.8%
Thailand – Average	74.6%	80.8%	-6.2%	74.6%	80.3%	-5.7%
Total – Average	74.7%	80.5%	-5.8%	74.7%	80.0%	-5.3%

Average Room Rate – ARR (Baht)	Total performance			Total performance (Excluded Centara Grand Beach Resort Samui)		
	Q3/2019	Q3/2018	%Change	Q3/2019	Q3/2018	%Change
Bangkok	2,811	2,929	-4.0%	2,811	2,929	-4.0%
Upcountry	3,190	3,407	-6.4%	3,190	3,227	-1.1%
Maldives	14,880	17,371	-14.3%	14,880	17,371	-14.3%
Thailand – Average	3,053	3,240	-5.8%	3,053	3,117	-2.1%
Total – Average	3,825	4,056	-5.7%	3,825	3,981	-3.9%

Revenue per Available Room - RevPar (Baht)	Total performance			Total performance (Excluded Centara Grand Beach Resort Samui)		
	Q3/2019	Q3/2018	%Change	Q3/2019	Q3/2018	%Change
Bangkok	2,200	2,516	-12.6%	2,200	2,516	-12.6%
Upcountry	2,317	2,667	-13.1%	2,317	2,494	-7.1%
Maldives	11,461	13,241	-13.4%	11,461	13,241	-13.4%
Thailand – Average	2,276	2,618	-13.1%	2,276	2,502	-9.0%
Total – Average	2,858	3,266	-12.5%	2,858	3,184	-10.2%

Hotel Business: Q3/2019 Operating Results

Hotel Business (In Baht Million)	Q3/2019	Q3/2018	% Change
Revenues from the Hotel Business	1,788.6	2,125.9	-15.9%
Total Revenues (including other income)	1,882.2	2,210.5	-14.9%
Gross Profit	1,071.4	1,312.0	-18.3%
Gross Profit Margin %	59.9%	61.7%	-1.8%
EBITDA	445.8	676.2	-34.1%
% EBITDA Margin	23.7%	30.6%	-6.9%
Net Profit	56.9	229.2	-75.2%
% Net Profit Margin	3.0%	10.4%	-7.4%

- Q3/2019:

- The Hotel Business achieved Total Revenues of Baht 1,882.2 million, a decrease of Baht 328.3 million (or -14.9%) compared to Q3/2018, partly due to the closure for major renovation of the Centara Grand Beach Resort Samui resulting in a loss of revenues of Baht 111.8 million compared to the same period last year. However, if this loss of revenues from the closure for renovation was excluded, then the decrease in Total Hotel Business Revenues would be equal to only 10.5% YoY.

RevPar decreased by 12.5% to Baht 2,858, due to the decline in Occupancy Rate (OCC) from 80.5% to 74.7% in Q3/2019. At the same time, Average Room Rate (ARR) decreased by 5.7% YoY to Baht 3,825. However, if the operating result of the Centara Grand Beach Resort Samui was excluded, the RevPar would decrease by only 10.2% YoY.

- Bangkok: RevPar decreased by 12.6% YoY to Baht 2,200, resulting from the decline in OCC from 85.9% to 78.3%, while ARR was Baht 2,811 or a decrease of 4.0% YoY. This decrease in RevPar resulted mainly from the operating performance of the Centara Grand & Bangkok Convention Centre at CentralWorld due to the decrease in convention business and associated revenues.
- Upcountry: RevPar decreased by 13.1% YoY to Baht 2,317, as a result of OCC declining from 78.3% to 72.6%, together with ARR decreasing by 6.4% to Baht 3,190; whereby the operating performance in each respective province were different as follows: despite the decreased RevPar in Phuket, Pattaya, Krabi and Koh Samui, RevPar for hotels in Hua Hin increased by

approximately 4% YoY; while RevPar for Hatyai remained the stable. As such, if the operating performance of the Centara Grand Beach Resort Samui was excluded, then the RevPar for all upcountry hotels would only decrease by 7.1% YoY.

- Maldives: RevPar decreased by 13.4% compared to last year to Baht 11,461, with OCC increasing marginally from 76.2% to 77.0% while ARR decreased by 14.3% to Baht 14,880 partly due to the appreciation of the Thai Baht by approximately 7.0% YoY against the US dollar. As such, if considered in US dollar terms, RevPar has decreased by only 7.1% YoY.

- Q3/2019: The Hotel Business achieved Gross Profit of Baht 1,071.4 million (Q3/2018: Baht 1,312.0 million), a decrease of 18.3% from the same period last year and equal to a Gross Profit Margin of 59.9% of Hotel Business Revenues (Q3/2018: 61.7%). While Hotel Business EBITDA was Baht 445.8 million, with an Q3/2019 EBITDA Margin of 23.7% - a decrease from the same time last year (Q3/2018: 30.6%). The decreases in both Gross Profit and Profit Margin resulted from the decrease in Hotel Business Revenues, especially with regard to the softer operating performance of Centara Grand & Bangkok Convention Centre at CentralWorld and Centara Grand Island Resort & Spa Maldives, compared to the same period last year. Furthermore, the closure for major renovation of Centara Grand Beach Resort Samui resulted in no revenue, while payment of rental cost was still being made to Centara Hotels & Resorts Leasehold Property Fund (CTARAF) totaling Baht 47.0 million in Q3/2019. Also, there were the increase in rental cost of Centara Grand Beach Resort & Villas Hua Hin after the Rental Agreement was extended with the State Railway of Thailand for one(1) more year, totaling Baht 25.8 million in Q3/2019.

Hotel Business: YTD 9 months/ 2019 Operating Performance

(for hotels owned and operated by the Company only)

Occupancy Rate - % OCC	Total performance			Total performance (Excluded Centara Grand Beach Resort Samui)		
	9 months 2019	9 months 2018	% Change	9 months 2019	9 months 2018	% Change
Bangkok	78.5%	84.5%	-6.0%	78.5%	84.5%	-6.0%
Upcountry	75.6%	80.9%	-5.3%	75.3%	80.3%	-5.0%
Maldives	82.9%	80.6%	2.3%	82.9%	80.6%	2.3%
Thailand – Average	76.6%	82.1%	-5.5%	76.4%	81.8%	-5.4%
Total – Average	77.0%	82.0%	-5.0%	76.8%	81.7%	-4.9%

Average Room Rate – ARR (Baht)	Total performance			Total performance (Excluded Centara Grand Beach Resort Samui)		
	9 months 2019	9 months 2018	% Change	9 months 2019	9 months 2018	% Change
Bangkok	2,998	3,041	-1.4%	2,998	3,041	-1.4%
Upcountry	3,999	4,075	-1.9%	3,957	3,938	0.5%
Maldives	16,625	18,311	-9.2%	16,625	18,311	-9.2%
Thailand – Average	3,654	3,725	-1.9%	3,617	3,619	-0.1%
Total – Average	4,519	4,596	-1.7%	4,507	4,540	-0.7%

Revenue per Available Room - RevPar (Baht)	Total performance			Total performance (Excluded Centara Grand Beach Resort Samui)		
	9 months 2019	9 months 2018	% Change	9 months 2019	9 months 2018	% Change
Bangkok	2,352	2,569	-8.4%	2,352	2,569	-8.4%
Upcountry	3,024	3,296	-8.3%	2,981	3,166	-5.8%
Maldives	13,785	14,752	-6.6%	13,785	14,752	-6.6%
Thailand – Average	2,798	3,058	-8.5%	2,764	2,960	-6.6%
Total – Average	3,479	3,768	-7.7%	3,463	3,710	-6.7%

Hotel Business: YTD 9 months/2019 Operating Results

Hotel Business (in Baht Million)	9 months 2019	9 months 2018	% Change
Revenues from the Hotel Business	6,322.7	6,990.7	-9.6%
Total Revenues (including other income)	6,638.6	7,298.7	-9.0%
Gross Profit	3,995.2	4,432.6	-9.9%
Gross Profit Margin %	63.2%	63.4%	-0.2%
EBITDA	2,164.4	2,592.7	-16.5%
% EBITDA Margin	32.6%	35.5%	-2.9%
Net Profit from operations	769.9	1,137.8	-32.3%
Add: insurance claim (net of tax)	29.4	-	NA
Less: Provision of long-term employee benefits	(27.2)	-	NA
Net Profit	772.1	1,137.8	-32.1%
% Net Profit Margin	11.6%	15.6%	-4.0%

● YTD 9 months/2019

- Total Hotel Business Revenues was Baht 6,638.6 million, a decrease of Baht 660.1 million (or -9.0%) compared to last year, partly due to the closure for major renovation of Centara Grand Beach Resort Samui that resulted in total lost revenues of approximately Baht 206.7 million YoY. If this lost revenues from the closure for renovation is excluded, Total Hotel Business Revenues for this period would decrease by approximately 6.6% compared to the same period last year.

OCC declined from 82.0% to 77.0%; while ARR decreased 1.7% YOY to Baht 4,519, resulting in RevPar decreasing by 7.7% YoY to Baht 3,479. If the operating results for Centara Grand Beach Resort Samui was excluded, RevPar would decrease by only 6.7% YoY.

- Bangkok: RevPar decreased by 8.4% to Baht 2,352, due to the decrease in OCC from 84.5% to 78.5%; while ARR was at Baht 2,998, a decrease of 1.4% YoY. The decrease in RevPar mainly resulted from the operating results of Centara Grand & Bangkok Convention Centre at CentralWorld and Centra by Centara Government Complex Hotel & Convention Centre Chaeng Watthana due to the decrease in convention business and associated revenues.
- Upcountry: RevPar decreased by 8.3% to Baht 3,024, resulting from OCC declined from 80.9% to 75.6%. While ARR decreased by 1.9% YoY to Baht 3,999. If the operating result of the Centara Grand Beach Resort Samui was excluded, RevPar would decrease by 5.8% YoY.

Yoshinoya	21	19
Tenya	13	8
Katsuya	31	23
Aroi Dee	7	-
Suki House	2	-
Soft Air	1	-
Total	1,029	922

Food Business: Q3/2019 Operating Results

Food Business (in Baht Million)	Q3/2019	Q3/2018	% Change
Sales Revenues	3,059.1	3,089.8	-1.0%
Total Revenues (including other income)	3,082.5	3,111.1	-0.9%
Gross Profit	1,560.1	1,627.8	-4.2%
Gross Profit Margin %	51.0%	52.7%	-1.7%
EBITDA	354.6	437.6	-19.0%
% EBITDA Margin	11.5%	14.1%	-2.6%
Net Profit	158.1	212.5	-25.6%
% Net Profit Margin	5.1%	6.8%	-1.7%

- Q3/2019:
 - With regard to the operating performance results for Q3/2019, the Company achieved Total Food Business Revenue of Baht 3,082.5 million, a decrease of Baht 28.6 million (or -0.9%) from Q3/2018. The decrease in the total revenues resulted mainly from the decline in the growth rate of Same Stores Sales (SSS) that saw a decrease of 8.4%YoY. This decrease in SSS growth was in line with the decline in overall level of consumer confidence index in Q3/2019 that continued from the previous quarter; whereby it was at the lowest ever level of consumer confidence index for this year. The decrease in SSS growth came from key QSR brands: KFC, Mister Donut, and some of the Japanese QSR brands that were affected by the closure for renovation of the outlets located in Central Plaza Ladprao during this quarter. As such, these QSR brands, including KFC, Pepper Lunch, Yoshinoya, and Chabuton, were affected for the 1-2 month period, which accounted for 0.4% of the decrease in overall SSS growth during the quarter. Additionally, the decline rate in SSS for KFC was higher than the other brands since sales promotions activities for KFC during Q3/2018 was successful in drive up very high sales revenues, while the promotions activities undertaken in Q3/2019 did not help to drive up sales

revenues as expected and resulted in decreased SSS growth as well as sales revenues. As for the Terrace, Ootoya, and Katsuya, these QSR brands still achieved ongoing positive SSS growth through launching new menu offerings and undertaking sales promotions campaigns. The Company's growth trend of sales through food delivery platforms is expected to continue in line with the overall food delivery service business. In September, the Company launched a new soft serve ice cream brand, named Soft Air, that has been developed by the Company, targeting the mass market through offering a different varieties of taste options at affordable price points. With regard to the QSR outlets expansion, the Company continued to expand new QSR outlets, as at the end of Q3/2019, there was a total of 1,029 QSR outlets in operation – equal to a net total of 107 new QSR outlets compared to the same period last year.

- o The Company achieved Total Food Business Gross Profit of Baht 1,560.1 million, that decreased by Baht 67.7 million (or -4.2%) compared to the same period last year, which was in the same trend as the lower Total Food Business Revenues; whereby in undertaking the 'value promotion' sales campaigns to stimulate higher sales revenues has resulted in the overall gross profit to decrease at a higher rate than the decrease in total sales revenues. With regard to Food Business EBITDA and Net Profit that have decreased compared to Q3/2018, this has resulted from the negative growth rate of SSS and the decrease in gross profit margin; while, fixed costs such as payroll cost and depreciation and amortization costs have also increased due to the ongoing expansion and launch of new QSR outlets.

Food Business: 9 months/2019 Operating Performance

Same Store Sales (SSS) Growth % YoY	9 months 2019	9 months 2018
Top 4 brands	-4.8%	1.1%
Other 7 brands (Excluded Aroi Dee, Suki House and Soft Air)	-4.3%	-3.0%
Total - Average	-4.7%	0.7%

Total Systems Sales (TSS) Growth % YoY	9 months 2019	9 months 2018
Top 4 brands	1.8%	9.2%
Other 7 brands (Excluded Aroi Dee, Suki House and Soft Air)	8.1%	17.3%
Total - Average	2.7%	10.2%

Food Business: YTD 9 months/2019 Operating Results

Food Business (in Baht Million)	9 months 2019	9 months 2018	% Change
Sales Revenues	9,124.6	8,890.0	2.6%
Total revenues (including other income)	9,194.6	8,955.3	2.7%
Gross Profit	4,683.6	4,662.8	0.4%
Gross Profit Margin %	51.3%	52.4%	-1.1%
EBITDA	1,040.3	1,174.5	-11.4%
% EBITDA Margin	11.3%	13.1%	-1.8%
Net Profit from operations	480.9	558.7	-13.9%
Add : Insurance claim (net of tax)	51.2	-	NA
Less: Provision of long-term employee benefits	(30.9)	-	NA
Net Profit	501.2	558.7	-10.3%
% Net Profit margin	5.5%	6.2%	-0.7%

- YTD 9 months/2019:
 - With regard to the operating performance results for the YTD 9 months/2019, the Company achieved Total Food Business Revenues of Baht 9,194.6 million, an increase of Baht 239.3 million (or +2.7%) compared to the same period in 2018. The growth of Food Business during the 9-month/2019 period resulted from the ongoing QSR outlets expansion that saw a net 107 new QSR outlets compared to the same period last year. Same Stores Sales (SSS) growth declined by 4.7% YoY (9 months/2018: +0.7%). KFC, Mister Donut, Auntie Anne's, Yoshinoya, and Chabuton had negative SSS growth; while Ootoya, The Terrace, and Katsuya had ongoing positive SSS growth. This year, the Company has launched 3 new QSR brand concepts; namely, Aroi Dee – showcasing quality one-dish meals; Suki House; and Soft Air – a soft serve ice cream; whereby the Company has plans for the ongoing outlets expansion for all 3 new brands.
 - The Food Business has achieved Gross Profit of Baht 4,683.6 million, an increase of Baht 20.8 million (or +0.4%). This growth in the Gross Profit at a lower rate than the overall increase in Food Business revenues partly resulted from the undertaking various sales and marketing promotions together with 'value-focused' promotions campaigns aimed to drive up total sales revenues. With regard to Food Business EBITDA and Net Profit that have decreased from the previous year, this resulted from the negative growth of Same Stores Sales (SSS) together with the decrease in Gross Profit Margin, especially given the ongoing fixed costs such as, increased payroll costs, and depreciation and amortization costs that has increased from the opening of new QSR outlets.
 - From the current total revenues trend, the Company envisages the increasing importance of effective cost management, and has, thus, continued to implement this – especially with

regards to payroll costs together with utilities/electricity costs, so as to maintain a maximum degree of profitability as possible.

3. Financial Status of the Company

Financial Position and Cash Flow

As at September, 2019, the Company has Total Assets of Baht 26,450.7 million, almost the similar level as at the end of 2018, with the major component being property, plant and equipment totaling Baht 17,551.1 million, together with Leasehold Rights totaling Baht 1,716.4 million, and Current Investment totaling Baht 1,475.0 million; as well as Total Liabilities of 12,745.2 million, a decrease from the end of 2018 of Baht 282.6 million (or -2.2%) resulting mainly from the decrease in Trade and Other Payables of Baht 215.2 million.

The Company has Total Shareholders' Equity of Baht 13,705.5 million, an increase from the end of 2018 of Baht 285.8 million (or +2.1%) resulting mainly from the Net Profit, during the YTD 9-month/2019 period, of Baht 1,273.3 million and net of the dividend payment of Baht 877.5 million.

As for the YTD 9-month/2019 period, ended September 30, 2019, the Company achieved Net Cash Flow from Operations of Baht 2,762.8 million, a decrease of Baht 353.0 million compared to last year; Net Cash Flow used in Investing activities of Baht 2,236.8 million, an increase of Baht 697.9 million, (or +45.4% YoY), of which the major portion was for the purchase of property, plant and equipment that totaled Baht 1,367.3 million and equaled to an increase of Baht 526.3 million compared to last year; and, at the same time, Net Cash Flow used in Financing activities of Baht 914.6 million, a decrease of Baht 152.0 million compared to last year, of which a major portion was used for the dividend payment totaling Baht 877.5 million together with interest payments of Baht 177.4 million.

Financial Ratios Analysis

Financial Ratios	Q3/2019	2018
Liquidity Ratio (times)	0.9	1.1
Net Debt* to Equity Ratio (times)	0.7	0.7
Interest-bearing Debts to Equity Ratio (times)	0.5	0.5

**Note: Excludes deferred income*

The Company had a slight decline in its Liquidity Ratio at 0.9 times when compared to the end of 2018, that was mainly due to the decrease in Total Current Assets relating to cash on hand as well as to an increase in its Current Liabilities relating to the portion of Debentures coming due within 1 year together with a portion of its Long Term Loans also coming due for repayment within 1 year. As at the end of Q3/2019, the Net Debt to Equity Ratio and the Interest-bearing Debts to Equity Ratio were 0.7 times and 0.5 times, respectively.

4. Factors that may impact ongoing business operations for 2019

Factors that may impact ongoing operations in 2019-2020

Hotel Business

- COSI Pattaya Naklua Beach (282 rooms) will be opened in Q4/2019, and its full year revenues will be recognized in 2020.
- Centara Grand Beach Resort Samui is expected to reopen for operations in Q4/2019 after having been closed for major renovations since June 1, 2019; where the hotel has been transformed from a Upper Upscale hotel to an Entry-level luxury hotel.
- Ongoing rooms renovations has also been implemented, on a staggered basis, for the Centara Grand & Bangkok Convention Centre at CentralWorld since August 2019 and will continued throughout 2020.
- The Renewal of Rental Agreement, for Centara Grand Beach Resort & Villas Hua Hin, with the State Railway of Thailand after the Agreement will be expired on May 15, 2020.

Food Business

- The overall food service market continues to grow, where the key factors supporting this ongoing growth are: the increasing food service retail space available and located within the various commercial shopping malls, and also the active food delivery service business that is growing aggressively. While at the same time there has been increased and more intense competition within the food service market due to the entry of many new food services operators together with the fact that the existing operators, who have been limited to selling from their existing stores or outlets, can now expand their market reach increase their sales revenues via the newly established food delivery services "aggregators", of whom there are various players – such as Food Panda, Grab, Get. This increasingly intense competition has necessitated food services operators to roll out, on a sustained basis, various 'value-focused' marketing promotions campaigns and sales activities to launch ongoing new menu offerings so as to drive increased sales revenues. Additionally, both the current slower Thai domestic market sentiment and global economic trends play a major part in impacting the overall consumer confidence within the food services business.
- With regard to cost of raw food materials, various potential food-related epidemics – such as the African swine flu found in pigs which, although not yet found to be present in Thailand,

has tended to push up overall costs of raw pork meat accordingly. The Company has made an agreement with the raw pork meat suppliers that determines the overall quantity and forward contract prices of raw pork meat, in order to reduce the associated operational risks and impacts as well as to manage its raw food material costs in a more effective manner.

- The increasing minimum wages, as may be imposed by a Government policy in the future, will affect and increase the overall overhead costs of the Company, since wages and salaries are major cost components of our business operations.

- Business Trends for 2019

An adjustment has been made to the previous business performance projections, based on the achieved actual Q3/2019 and YTD/2019 operating performance results that have been softer than expected; as well as because the trends for recovery during Q4/2019 still remains unclear. As such, details of these revised projections are as follows:

- Hotel Business: Adjusted RevPar growth (excluding Centara Grand Beach Resort Samui and COSI Pattaya Naklua Beach) to be decreased by 6% – 9% YoY, mainly due to the decline in Occupancy Rate (OCC)
- Food Business: The Company plans to stress on increasing its food sales revenues with more sales achieved through the Company's food platform: namely, '1312 Food Hunt', that is the Company's own on-line delivery application, and also via the other major food delivery 'aggregators'; as well as to drive increased food sales revenues through launching ongoing new menu offerings together with continuing roll-outs of sales and 'value-focused' marketing promotions campaigns to attract consumers on a sustained basis.

The Company also expects to achieve overall FY/2019 Total Food Business Revenues growth of 3% - 5% YoY. mainly through continued expansion of a net total of new 110 - 115 QSR outlets. With regard to Same Stores Sales (SSS) growth, an overall SSS growth is expected to decrease by 3% - 4% YoY. As such, the ongoing new QSR outlets expansion will focus on the existing 4 core bands, together with Katsuya and the newly launched Aroi Dee. At the same time, the Company will still continue to explore further new business opportunities in launching additional new food service/QSR brands, so as to enable and strengthen the Company's overall Food Business portfolio to offer more variety; whereby the overall Food Business Revenue growth is expected to be 3% - 5%YoY - excluding any new food services/QSR brand yet to be launched in the future.

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