

February 28, 2020.

The President & Director,

The Stock Exchange of Thailand (SET)

**LETTER OF CLARIFICATION for CENTEL's Operating Performance Results
for the Year ended December 31, 2019**

Central Plaza Hotel Pcl. (the "Company" or "CENTEL") wishes to inform and clarify to the SET with regard the analysis of the Company's operating performance results for Q4/2019 and Year 2019, ended December 31, 2019, with the following details:

1. Overview of the tourism industry in Thailand and the Maldives
 2. Analysis of the operating performance of the Company
and for each respective Business Group
 3. Financial Status of the Company
 4. Factors that may impact ongoing business operations for 2020
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1. Overview of the tourism industry in Thailand and the Maldives

1.1 Tourism industry in Thailand

In Q4/2019, there was a total of 10.3 million international tourist arrivals – an increase of 6.4% compared to the same period last year - or year-on-year (YoY), due to the recovery of both Chinese and Russian tourist arrivals that grew by 14.6% and 8.5% YoY, respectively. While arrivals from India still grew by 22.8% compared to the previous year.

For Year 2019, there was a total of 39.8 million international tourist arrivals - an increase of 4.2% YoY, with the overall increase being partly due to the low base for the second half of 2018. The 5 top most international tourist groups with the highest proportion of the total number of arrivals were from China, Malaysia, India, South Korea, and Laos, that accounted for 27.6%, 10.5%, 5.0%, 4.7% and 4.6% of the total number of international tourist arrivals and increasing YoY by 4.4%, 3.6%, 24.8%, 5.1% and 10.9%, respectively.

1.2 Tourism Industry in the Maldives

In Q4/2019, there was a total of 451,197 tourist arrivals to the Maldives - an increase of 11.7% YoY that resulted mainly from the increase in arrivals from Europe, which, in total, accounted for 53.0% of the total number of tourist arrivals and which increased by 14.0% compared to the previous year; together with the YoY increase in the number of arrivals from India that grew by 47.9% YoY, which compensated for 12% YoY decrease in tourist arrivals from China. Nevertheless, in Q4/2019, the top arrivals from China still accounted for 11.9% of the total number of tourist arrivals to the Maldives.

For Year 2019, there was a total of 1,702,887 tourist arrivals to the Maldives – an increase of 14.7% YoY, with the top 5 tourists coming from China, India, Italy, the UK, and Germany that respectively accounted for 16.7%, 9.7%, 8.0%, 7.4% and 7.4% of the total number of tourist arrivals and that increased YoY by 0.3%, 83.5%, 29.5%, 10.1% and 6.8%, respectively.

2. Analysis of the operating performance of the Company and for each respective Business Group

2.1 Analysis of the operating performance of the Company

CENTEL: Operating Performance of the Company for Q4/2019 & Q4/2018

(Amount - in Baht Million)	Q4/2019		Q4/2018		Changes YoY (Increase + / Decrease -)	
	Amount	%	Amount	%	Amount	%
	Revenues - hotel business ⁽¹⁾	2,257.3	42.1%	2,465.6	44.7%	(208.3)
Revenues - food business	3,099.8	57.9%	3,048.6	55.3%	51.2	1.7%
Total Revenues	5,357.1	100.0%	5,514.2	100.0%	(157.1)	-2.8%
Cost of sales - hotel business	770.3	14.4%	880.0	16.0%	(109.7)	-12.5%
Cost of sales - food business	1,492.7	27.9%	1,493.4	27.1%	(0.7)	0.0%
Total cost of sales ⁽²⁾	2,263.0	42.2%	2,373.4	43.0%	(110.4)	-4.7%
Less: Selling & General Administrative Expenses	2,006.4	37.5%	1,938.9	35.2%	67.5	3.5%
Add: Share of Profit (Loss) - Investments (by the equity method)	6.2	0.1%	(6.5)	0.0%	12.7	195.4%
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	1,093.9	20.4%	1,195.4	21.7%	(101.5)	-8.5%
Less: Depreciation & Amortization	(506.7)	-9.5%	(525.9)	-9.5%	19.2	3.7%
Earnings before Interest and Tax (EBIT)	587.2	11.0%	669.5	12.1%	(82.3)	-12.3%
Less: Finance Costs	(51.2)	-1.0%	(48.9)	-0.9%	2.3	4.7%
Less: Corporate Income Tax	(49.0)	-0.9%	(109.5)	-2.0%	(60.5)	-55.3%
Less: Profit from Non-Controlling Interests	(16.1)	-0.3%	(30.0)	-0.5%	(13.9)	-46.3%
Net Profit	470.9	8.8%	481.1	8.7%	(10.2)	-2.1%

(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 Expenses allocated as Cost of Sales

Q4/2019: The Company achieved Total Revenues of Baht 5,357.1 million (Q4/2018: Baht 5,514.2 million) – a decrease of Baht 157.1 million (or -2.8%) YoY, with the proportion of Total Hotel Business Revenues to Total Food Business Revenues being 42% : 58% (Q4/2018 - 45% : 55%). While Total Gross Profit was Baht 2,912.5 million – a decrease of 3.2% YoY, and equaled to a Gross Profit Margin of 56.3% of Total Revenues (excluding other income) – an slight increase compared to the same period last year (Q4/2018: 55.9%) as a result of continuing and sustained effective costs management for both the Hotel and Food Businesses. The Company achieved Total EBITDA of Baht 1,093.9 million (Q4/2018 : Baht 1,195.4 million) – a decrease of Baht 101.5 million (or -8.5%) from Q4/2018, that is equal to an EBITDA Margin of 20.4% - a decrease from the same period last year (Q4/2019: 21.7%). This lower % EBITDA Margin resulted from the overall decrease in total revenues; while some Selling and Administrative Expenses were fixed costs, with the main components being: staff salaries and welfare benefits, rental fees paid under the extension of Rental Agreement for properties, buildings, and facilities assets of the Centara Grand Beach Resort & Villa, Hua Hin with the State Railways of Thailand (SRT), and the rental fees paid to the CTARAF property fund, together with expenses relating to the opening of additional new QSR outlets for the Food Business. As such, the Company achieved Total Net Profit of Baht 470.9 million – a decrease of Baht 10.2 million (or -2.1%) YoY.

CENDEL: Operating Performance of the Company for Year 2019 & Year 2018

(Amount - in Baht Million)	Year 2019		Year 2018		Changes YoY (Increase + / Decrease -)	
	Amount	%	Amount	%	Amount	%
Revenues - hotel business ⁽¹⁾	8,895.9	42.0%	9,764.3	44.9%	(868.4)	-8.9%
Revenues - food business	12,294.4	58.0%	12,003.9	55.1%	290.5	2.4%
Total revenues	21,190.3	100.0%	21,768.2	100.0%	(577.9)	-2.7%
Cost of sales - hotel business	3,097.8	14.6%	3,438.1	15.8%	(340.3)	-9.9%
Cost of sales - food business	5,933.7	28.0%	5,720.7	26.3%	213.0	3.7%
Total cost of sales ⁽²⁾	9,031.5	42.6%	9,158.8	42.1%	(127.3)	-1.4%
Less: Selling & General Administrative Expenses	7,889.7	37.2%	7,682.3	35.3%	207.4	2.7%
Add: Share of Profit - Investments (by the equity method)	29.4	0.1%	35.4	0.2%	(6.0)	-16.9%
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	4,298.5	20.3%	4,962.5	22.8%	(664.0)	-13.4%
Less: Depreciation & Amortization	(2,037.2)	-9.6%	(2,044.9)	-9.4%	(7.7)	-0.4%
Earnings before Interest and Tax (EBIT)	2,261.3	10.7%	2,917.6	13.4%	(656.3)	-22.5%
Less: Finance Costs	(214.0)	-1.0%	(204.6)	-0.9%	9.4	4.6%
Less: Corporate Income Tax	(260.7)	-1.2%	(438.8)	-2.0%	(178.1)	-40.6%
Less: Profit from Non-Controlling Interests	(64.9)	-0.3%	(96.7)	-0.4%	(31.8)	-32.9%
Net Profit from Normal Operations	1,721.7	8.1%	2,177.5	10.0%	(455.8)	-20.9%
Extraordinary Items:						
Add: Insurance claim (net of taxes)	80.6	0.4%	-	-	80.6	NA
Less: Provision of long-term employee benefits	(58.1)	-0.3%	-	-	(58.1)	NA
Net Profit	1,744.2	8.2%	2,177.5	10.0%	(433.3)	-19.9%

(1) Includes YTD income from the amortization of deferred rental income from the Centara Grand Beach Resorts Samui, totaling Baht 100.3 million.

(2) Cost of Sales excludes Depreciation and Amortization Expenses allocated as Costs of Sales

Year 2019: The Company achieved Total Revenues of Baht 21,190.3 million (FY/2018: Baht 21,768.2 million) - a decrease of Baht 577.9 million (or -2.7%) YoY due to the decrease in revenues for the Hotel Business; whereby the proportion of Total Hotel Business Revenues to Total Food Business Revenues was 42% : 58% (FY/2018: 45% : 55%). Total Gross Profit was Baht 11,591.3 million (FY/2018 : Baht 12,104.2 million) - a decrease of Baht 512.9 million (or -4.2%) YoY, together with a Gross Profit Margin of 56.2% that decreased slightly compared to the previous year (FY/2018: 56.9%) due to the operations of the Food Business.

The Company achieved Total FY/2019 EBITDA of Baht 4,298.5 million (FY/2018: Baht 4,962.5 million) - a decrease of Baht 664.0 million (or -13.4%) YoY, with an EBITDA Margin of 20.3% - a decrease from the previous year (FY/2018: 22.8%) that resulted from softer operating results for both the Hotel and Food Businesses under an increasingly competitive market when compared to the previous year. The Company achieved Total Net Profit from Normal Operations of Baht 1,721.7 million - a decrease of Baht 455.8 million (or -20.9%). After including an indemnity payment from insurance (net after taxes) totaling Baht 80.6 million received in Q1/2019 and deducting an extraordinary item relating to the required provisions of long-term employee benefits in accordance with the new labour laws totaling Baht 58.1 million in Q2/2019, this resulted in the FY/2019 Net Profit of Baht 1,744.2 million - a decrease of Baht 433.3 million (or -19.9%) YoY.

2.2 Analysis of the Operating Results for each respective Business Group

2.2.1 Hotel Business

As at December 31, 2019, the Company had a total of 76 hotel properties (with a total of 14,758 rooms); whereby 43 hotels (8,093 rooms) are already in operation and another 33 hotel properties (6,665 rooms) are under development. Of the 43 hotels already in operation, a total of 18 hotels (4,476 rooms) are owned and operated by the Company, with the other 25 hotels (3,617 rooms) being operated under the Company's Hotel Management Agreements.

CENTEL: Hotel Business Operating Results - Q4/2019

Occupancy Rate (OCC) %	Total performance			Total performance (Excluded: Centara Grand Beach Resort Samui and Cosi Pattaya Wong Amat Beach)		
	Q4/2019	Q4/2018	% Change	Q4/2019	Q4/2018	% Change
Bangkok	81.6%	83.5%	-1.9%	81.6%	83.5%	-1.9%
Upcountry	75.5%	80.0%	-4.5%	75.8%	81.0%	-5.2%
Maldives	82.0%	92.1%	-10.1%	82.0%	92.1%	-10.1%
Thailand - Average	77.6%	81.1%	-3.5%	77.8%	81.8%	-4.0%
Total - Average	77.9%	81.8%	-3.9%	78.0%	82.5%	-4.5%

Average Room Rate ARR (Baht)	Total performance			Total performance (Excluded: Centara Grand Beach Resort Samui and Cosi Pattaya Wong Amat Beach)		
	Q4/2019	Q4/2018	% Change	Q4/2019	Q4/2018	% Change
Bangkok	2,979	3,239	-8.0%	2,979	3,239	-8.0%
Upcountry	3,816	3,984	-4.2%	3,843	3,929	-2.2%
Maldives	16,177	17,528	-7.7%	16,177	17,528	-7.7%
Thailand - Average	3,514	3,737	-6.0%	3,530	3,692	-4.4%
Total - Average	4,353	4,693	-7.2%	4,372	4,684	-6.7%

Revenue per Available Room (RevPar) (Baht)	Total performance			Total performance (Excluded: Centara Grand Beach Resort Samui and Cosi Pattaya Wong Amat Beach)		
	Q4/2019	Q4/2018	% Change	Q4/2019	Q4/2018	% Change
Bangkok	2,429	2,703	-10.1%	2,429	2,703	-10.1%
Upcountry	2,881	3,189	-9.7%	2,911	3,180	-8.5%
Maldives	13,262	16,141	-17.8%	13,262	16,141	-17.8%
Thailand - Average	2,727	3,033	-10.1%	2,745	3,020	-9.1%
Total - Average	3,389	3,840	-11.7%	3,411	3,862	-11.7%

Hotel Business: Q4/2019 Operating Results

Hotel Business (In Baht Million)	Q4/2019	Q4/2018	% Change
Revenues from the Hotel Business	2,115.9	2,373.3	-10.8%
Total Revenues (including other income)	2,257.3	2,465.6	-8.4%
Gross Profit	1,345.6	1,493.3	-9.9%
Gross Profit Margin %	63.6%	62.9%	0.7%
EBITDA	754.5	837.2	-9.9%
% EBITDA Margin	33.4%	34.0%	-0.6%
Net Profit	321.2	294.5	9.1%
% Net Profit Margin	14.2%	11.9%	2.3%

- **Q4/2019:**
 - The Hotel Business achieved Total Revenues of Baht 2,257.3 million - a decrease of Baht 208.3 million (or -8.4%) from Q4/2018, partly due to the closure, for major renovations, of the Centara Grand Beach Resort, Samui that resulted in a loss of revenues totaling approximately Baht 82.7 million compared to the previous year. If the loss of revenues from the closure for major renovations of this hotel was not included, then the overall decrease in Total Hotel Business Revenues would only be equal to 5.3% compared to the same period last year.

Revenue per Available Room (RevPar) decreased by 11.7% YoY to be at Baht 3,389, due to the decrease in Q4/2019 Occupancy Rate (OCC) from 81.8% to 77.9%, while Average Room Rate (ARR) also decreased by 7.2% YoY to be at Baht 4,353.

- **Bangkok:** RevPar decreased by 10.1% YoY to be at Baht 2,429, due to the overall decrease in the OCC from 83.5% to 81.6%; while ARR was at Baht 2,979 - a decrease of 8.0% YoY. This decrease in the RevPar was due to the intense competitive environment resulting from the supply of new hotels.
- **Upcountry:** RevPar decreased by 9.7% YoY to be at Baht 2,881, due to the decrease in OCC from 80.0% to 75.5%. At the same time ARR decreased by 4.2% YoY to be at Baht 3,816, resulting mainly from the hotel operations in Phuket, Krabi and Pattaya; while the hotels in Hatyai and Mae Sot achieved improved RevPar compared to the previous year. As such, if the operations of the Centara Grand Beach Resort, Samui and of the COSI Pattaya Wong Amat Beach were not included, then the RevPar would have decreased by only 8.5% compared to the previous year.
- **Maldives:** RevPar decreased by 17.8% compared to last year to be at Baht 13,262, together with OCC decreasing from 92.1% to 82.0%; while ARR also decreased by 7.7% to be at Baht 16,177, which was partly due to the appreciation of the Thai Baht against

the US dollar by almost 8.0% compared to last year. As such, if considered in US dollar currency, then RevPar would have decreased by 11.0% YoY.

- The Company achieved Total Q4/2019 Gross Profit of Baht 1,345.6 million (Q4/2018: Baht 1,493.3 million) – a decrease of 9.9% from the previous year, and is equal to a Gross Profit Margin of 63.6% of total revenues (Q4/2018: 62.9%) with this improvement from the same period last year resulting from continuing and sustained effective costs management - especially for the Centara Grand & Bangkok Convention Centre at CentralWorld. While Total Q4/2019 EBITDA was Baht 754.5 million, with an EBITDA Margin of 33.4% - a decrease from the same period last year (Q4/2018: 34.0%) due to the closure, for major renovations, of the Centara Grand Beach Resort, Samui that resulted in a loss of operating revenues while still incurring and recognizing rental fees paid to the CTARAF property funds totaling Baht 46 million together with the increased new rental fees (totaling Baht 25.8 million) for the properties, buildings and hotel assets of the Centara Grand Beach Resort & Villa, Hua Hin paid in Q4/2019 under the extension of Rental Agreement.

CENTEL: Hotel Business Operating Results - Year 2019

Occupancy Rate (OCC) %	Total performance			Total performance (Excluded: Centara Grand Beach Resort Samui and Cosi Pattaya Wong Amat Beach)		
	2019	2018	% Change	2019	2018	% Change
Bangkok	79.2%	84.2%	-5.0%	79.2%	84.2%	-5.0%
Upcountry	75.6%	80.7%	-5.1%	75.4%	80.5%	-5.1%
Maldives	82.7%	83.5%	-0.8%	82.7%	83.5%	-0.8%
Thailand - Average	76.8%	81.8%	-5.0%	76.8%	81.8%	-5.0%
Total - Average	77.2%	81.9%	-4.7%	77.1%	81.9%	-4.8%

Average Room Rate (ARR) – Baht	Total performance			Total performance (Excluded: Centara Grand Beach Resort Samui and Cosi Pattaya Wong Amat Beach)		
	2019	2018	% Change	2019	2018	% Change
Bangkok	2,993	3,089	-3.1%	2,993	3,089	-3.1%
Upcountry	3,954	4,052	-2.4%	3,928	3,936	-0.2%
Maldives	16,513	18,093	-8.7%	16,513	18,093	-8.7%
Thailand - Average	3,619	3,728	-2.9%	3,595	3,637	-1.2%
Total - Average	4,477	4,620	-3.1%	4,472	4,576	-2.3%

Revenue per Available Room (RevPar) – Baht	Total performance			Total performance (Excluded: Centara Grand Beach Resort Samui and Cosi Pattaya Wong Amat Beach)		
	2019	2018	% Change	2019	2018	% Change
Bangkok	2,372	2,602	-8.8%	2,372	2,602	-8.8%
Upcountry	2,989	3,269	-8.6%	2,963	3,170	-6.5%
Maldives	13,654	15,102	-9.6%	13,654	15,102	-9.6%
Thailand - Average	2,780	3,051	-8.9%	2,759	2,975	-7.3%
Total - Average	3,456	3,786	-8.7%	3,450	3,748	-8.0%

Hotel Business: 2019 Operating Results

Hotel Business (In Baht Million)	2019	2018	% Change
Revenues from the Hotel Business	8,438.6	9,364.0	-9.9%
Total Revenues (including other income)	8,895.9	9,764.3	-8.9%
Gross Profit	5,340.8	5,925.9	-9.9%
Gross Profit Margin %	63.3%	63.3%	-
EBITDA	2,918.8	3,429.8	-14.9%
% EBITDA margin	32.8%	35.1%	-2.3%
Net Profit from Operations	1,091.1	1,432.3	-23.8%
Add: Insurance claim	29.4	-	NA
Less: Provision of long-term employee benefits	(27.2)	-	NA
Net Profit	1,093.3	1,432.3	-23.7%
% Net Profit Margin	12.3%	14.7%	-2.4%

- **Year 2019:**

- The Hotel Business achieved Total Revenues of Baht 8,895.9 million – a decrease of Baht 868.4 million (or -8.9%) YoY, partly due to the closure, for major renovations, of the Centara Grand Beach Resort, Samui that resulted in the total loss of operating revenues of Baht 289.4 million, compared to the previous year. If the loss of operating revenues from the closure of this hotel for major renovations was not included, then the decrease in Total Hotel Business Revenues for the year would only be at approximately 6.2% YoY.

OCC decreased from 81.9% to 77.2% together with ARR that decreased by 3.1% YoY to be at Baht 4,477, which then resulted in RevPar decreasing by 8.7% compared to the same period last year to be at Baht 3,456. If the operating results of the Centara Grand Beach Resort, Samui and the COSI Pattaya Wong Amat Beach, were not included, then the RevPar would decrease only by 8.0% YoY.

- **Bangkok:** RevPar decreased by 8.8% YoY to be at Baht 2,372, due to the OCC also decreasing from 84.2% to 79.2%; while ARR was at Baht 2,993 – a decrease of 3.1% YoY. This decrease in the RevPar resulted from the overall decrease in MICE activities together

with the associated revenues and the increasingly intense competitive environment due to increase in the supply of new hotels.

- Upcountry: RevPar decreased by 8.6% to be at Baht 2,989, as a result from the OCC decreasing by 80.7% to 75.6%; while ARR also decreased by 2.4% to be at Baht 3,954. If the operating results of the Centara Grand Beach Resort, Samui and the COSI Pattaya Wong Amat Beach were not included, then the RevPar would have decreased by only 6.5% YoY.
 - Maldives: RevPar decreased by 9.6% YoY together with OCC also decreasing from 83.5% to 82.7%; while ARR decreased by 8.7% YoY to be at Baht 16,513, partly due to appreciation of the Baht against the US dollar. As such, if considered in US dollar currency, then the RevPar would have decreased by only 6.2% YoY.
- For Year 2019, the Company achieved Gross Profit of Baht 5,340.8 million (FY/2018: Baht 5,925.9 million) - a decrease of 9.9% from the previous year, due to the overall decrease in the Total Hotel Business Revenues; while, Gross Profit Margin remained at the same at 63.3% compared to the same period last year. EBITDA Margin for the Year 2019 was 32.8% of total revenues – a decrease compared to last year (FY/2018: 35.1%).

2.2.2 Food Business:

CENTEL: Food Business Operating Results - Q4/2019

Same Store Sales (SSS) Growth YoY	Q4/2019	Q4/2018
Top 4 brands	-6.2%	-1.6%
Other 7 brands	-7.2%	-2.1%
Total Average	-6.3%	-1.7%

Total Systems Sales (TSS) Growth YoY	Q4/2019	Q4/2018
Top 4 brands	0.2%	5.5%
Other 7 brands	11.0%	13.2%
Total Average	1.8%	6.5%

Total Number of QSR Outlets	Q4/2019	Q4/2018
KFC	279	258
Mister Donut	370	357
Auntie Anne's	182	163
Ootoya	50	43
Pepper Lunch	47	39
Cold Stone	17	18
The Terrace	10	9
Chabuton	19	17
Yoshinoya	19	20
Tenya	15	8
Katsuya	36	24
Aroi Dee	15	0
Suki House	3	0
Soft Air	1	0
Kowloon	1	0
Total	1,064	956

Food Business (in Baht Million)	Q4/2019	Q4/2018	% Change
Sales Revenues	3,059.6	3,009.0	1.7%
Total revenues (including other income)	3,099.8	3,048.6	1.7%
Gross Profit	1,566.9	1,515.6	3.4%
Gross Profit margin %	51.2%	50.4%	0.8%
EBITDA	339.4	358.2	-5.3%
% EBITDA margin	10.9%	11.8%	-0.9%
Net Profit	149.7	186.6	-19.8%
% Net Profit margin	4.8%	6.1%	-1.3%

- **Q4/2019:**

- The Food Business achieved Total Revenues of Baht 3,099.8 million – an increase of Baht 51.2 million (or +1.7%) from Q4/2018. This increase in total revenues in this Quarter compared to the same Quarter last year resulted mainly from the ongoing expansion of new QSR outlets; whereby, as at December 31, 2019, the Company has a total of 1,064 QSR outlets – a net increase of 108 new QSR outlets from the previous year. The Consumers' Confidence Index for Q4 this year continued to decline from the previous Quarter and was the lowest for 2019; whereby it is reflected in the Same-Stores-Sales (SSS) Growth rate for Q4/2019, which continued to decrease by 6.3% compared to the same Quarter last year. This decreased SSS growth resulted from the 3 key QSR brands: KFC, Mister Donut, Auntie Anne's together with mid-size Japanese QSR brands. As for the KFC brand, its SSS growth in Q4/2019 continued to decrease at a relatively higher rate when compared to other QSR brands due to the fact that ongoing major sale promotion campaigns were not able to increase the expected sale volume as planned. While, the SSS growth rate of the Terrace, Ootoya and

Katsuya still continued to show positive trends as a result of the ongoing launch of new products and sustained sales promotion campaigns. Furthermore, the Company also still continued to achieve increased sales transactions via the various food delivery channels, which is in line with the overall current market trend for the food services industry.

The Company achieved an increase in Q4/2019 Gross Profit of Baht 51.3 million (or +3.4%) YoY with an overall increase in the Gross Profit Margin of 0.8% YoY, resulting partly from the decrease in food raw materials costs, changes in the sale promotion campaigns and menu mix; whereby this increase in Gross Profit was achieved together by various QSR brands. Nevertheless, the increased in Gross Profit Margin was not sufficient to compensate for the overall increases in fixed costs - such as: staff costs, depreciation and amortization costs, and other expenses, together with the decrease in SSS; whereby the Q4/2019 EBITDA and Net Profit decreased from Q4/2018 by Baht 18.8 million and Baht 36.9 million, respectively.

On December 2, 2019, the Company invested in Green Food Factory Co., Ltd. ("Green Food Company") for a 51% shareholding, whereby Green Food Company operates a food retail outlets business under the "Salad Factory" brand and, as at December 31, 2019 the Green Food Company operated a total of 7 Salad Factory outlets. On December 19, 2019 the Company signed a 40% Joint Venture agreement with PTT Oil and Retail Pcl. to jointly operate the Café Amazon retail outlets in the Republic of Vietnam, which is an initial expansion into the overseas market.

CENTEL: Food Business Operating Results - Year 2019

Same Store Sales (SSS) Growth YoY	2019	2018
Top 4 brands	-5.1%	0.4%
Other 7 brands	-5.0%	-2.8%
Total Average	-5.1%	0.1%

Total Systems Sales (TSS) Growth YoY	2019	2018
Top 4 brands	1.4%	8.2%
Other 7 brands	8.9%	16.2%
Total Average	2.5%	9.3%

Food Business (in Baht Million)	2019	2018	% Change
Sales Revenues	12,184.2	11,899.0	2.4%
Total revenues (including other income)	12,294.5	12,003.9	2.4%
Gross Profit	6,250.5	6,178.3	1.2%
Gross Profit Margin %	51.3%	51.9%	-0.6%
EBITDA	1,379.7	1,532.7	-10.0%
% EBITDA margin	11.2%	12.8%	-1.6%
Net Profit from Operations	630.6	745.2	-15.4%
Add: insurance claim (net of taxes)	51.2	-	NA
Less: Provision of long-term employee benefits	(30.9)	-	NA
Net Profit	650.9	745.2	-12.7%
% Net Profit margin	5.3%	6.2%	-0.9%

- **Year 2019**

- The Company achieved Total FY/2019 Food Business Revenues of Baht 12,294.5 million – an increase of Baht 290.6 million (or +2.4%) compared to the year 2018. This increase in total revenues for the year 2019 resulted mainly from the ongoing expansion of new QSR outlets; whereby, there was a total net increase of 108 new QSR outlets for the Food Business. While Same-Store-Sales (SSS) growth decreased by 5.1% YoY (FY/2018: +0.1%), which is in line with the trend of the Consumers' Confidence Index that continued to decrease since March 2019 onwards. The decrease in SSS came mainly from these brands: KFC, Mister Donut, Auntie Anne's, Yoshinoya and Chabuton; while Ootoya, The Terrace, and Katsuya achieved ongoing positive SSS growth. This year, the Company launched 3 new QSR brand concepts, namely: Aroi Dee – focusing on a quality one-plate meal fast food concept; Suki House; and a soft serve ice-cream concept under the brand Soft Air; whereby Aroi Dee has plans for the ongoing expansion of its outlets network.

The Company achieved Food Business Gross Profit of Baht 6,250.5 million - an increase of Baht 72.2 million (or +1.2%) YoY. This increase in the Gross Profit at a lower rate than the increase in Total Food Business Revenues was partly due to the decrease in the Gross Profit Margin by 0.6% that resulted from undertaking various sales promotion campaigns to drive both dine-in and delivery sales. EBITDA and Net Profit decreased from the previous year owing to the negative SSS growth, together with the increased Gross Profit Margin that was not sufficient to compensate for expenses - especially fixed costs such as: increasing payroll costs, and increased depreciation and amortization costs resulting from the ongoing expansion of new QSR outlets.

Based on the current sales revenues trends, the Company still sees the importance of continued and more effective costs management measures, as well as has undertaken such

measures on a continuing basis - especially with regards to payroll costs and electricity expenses, so as to sustain the achievement of Net Profits at the maximum possible level.

3. Financial Status of the Company

Financial Position and Cash Flows

As at December 31, 2019, the Company had Total Assets of Baht 27,589.6 million - an increase of Baht 1,142.2 million (or +4.3%) compared to the end of 2018, as a result of the increase in cash or cash equivalents totaling Baht 742.2 million together with increased joint venture investments totaling Baht 521.1 million; and Total Liabilities of Baht 13,446.0 million - an increase of Baht 418.2 million (or +3.2%) from the end of 2018, mainly due to the increase of overdraft facilities used together with short-term loans from financial institutions totaling Baht 421.2 million.

The Company had Total Shareholders' Equity of Baht 14,143.6 million - an increase from the end of 2018 of Baht 723.9 million (or +5.4%), mainly resulting from the Net Profit of Baht 1,744.2 million (for FY/2019) and netted off by a dividend payment of Baht 877.5 million.

For the year ended December 31, 2019, the Company had

- Net Cash from Operating activities totaling Baht 3,813.3 million - a decrease of Baht 399.8 million compared to the same period last year,
- Net Cash used in Investing activities totaling Baht 2,593.7 million - a slight decrease of Baht 75.5 million (or -2.8%), with the major portion being used to purchase property, plant and equipment totaling Baht 1,964.0 million, together with investment in and loans to joint ventures totaling Baht 559.1 million.
- While Net Cash used in Financing activities totaling Baht 463.2 million - a decrease of Baht 528.3 million compared to the same period last year, with the major portion being used in paying dividends totaling Baht 877.5 million and paying interest expense totaling Baht 210.1 million.

Financial Ratios Analysis

Financial Ratios	2019	2018
Current Ratio (times)	0.9	1.1
Net Debt/ Equity Ratio (times)*	0.7	0.7
Interest Bearing Debt/ Equity (times)	0.5	0.5

*Note: Excludes deferred income

For the year 2019, the Company has

- A Current Ratio is at 0.9 times as at December 31, 2019, slightly lower than for 2018, resulting mainly from the increased portion of Debentures coming due and payable within a 1 year as well as from the current portion of long-term loans from financial institutions to be repaid within 1 year, together overdrafts and short-term loans from financial institutions.
- Net Debt/Equity (D/E) Ratio and Interest Bearing Debt/Equity Ratio have remained the same at 0.7 times and 0.5 times, respectively, as at December 31, 2019.

4. Factors that may impact ongoing business operations

- Factors that may impact ongoing business operations for 2020

Hotel Business

- The COSI Pattaya, Wong Amat Beach Hotel (282 rooms) started partial operations in Q4/2019, and is scheduled to be in full operation mode in Q2/2020. Guest feedback to date has been very encouraging.
- The Centara Grand Beach Resort, Samui is expected to restart full operation in 2021 after having been closed for major renovations since June 1, 2019; and is being re-positioned from the former Upper Upscale positioning to luxury with the room inventory decreasing from 203 rooms to 184 rooms as a new larger room category is introduced. Nevertheless, it is expected that the Average Room Rates (ARR) will be adjusted significantly upwards as result of the hotel being upgraded and re-positioned.
- A staggered re-opening of the newly refurbished rooms for the renovated Centara Grand & Bangkok Convention Centre at CentralWorld has been undertaken, on a continuing basis, since August 2019, and is expected to be fully completed by Q2/2021. The new renovated room category is yielding room rates more than 30% higher than the non-renovated room and have been very well received by the guests, who have stayed in them.
- The renewal of Rental Agreement for the property, buildings and hotel assets of the Centara Grand Beach Resorts & Villas, Hua Hin with the State Railways of Thailand (SRT) upon the expiration of the existing Rental Agreement as at May 15, 2020.

Food Business

- The Food Business has continued to grow, with the main supporting factors being: increased commercial retail space becoming available in shopping malls, together with the food delivery businesses, which have grown significantly and that have been key supporting factors driving

the growth of food services business operators. However, this has also greatly increased market competition within the food services industry. As such, many new food service operators coming into the market, as well as the existing food services operators, who previously used to be able to sell only at their physical retail outlets, can now be able to expand their market reach through selling via the various food services aggregators such as: Food Panda, Grab, and Get. This increased and intense competition has resulted in food service operators having to undertake sales promotion campaigns that focus on 'value for money' together with developing and launching new food menu offerings on a continuing basis to drive sales. Additionally, the economic trends, both domestically and globally, have a major effect on the consumer confidence and the food business sales. Furthermore, the PM25 situation and the COVID-19 virus epidemic crisis, that started in China in January 2020 and has spread quickly to other countries, are also expected to be key factors supporting the continuing growth of the food delivery businesses.

For the costs of food raw materials, the epidemic is a risk factor - such as: the African Swine Fever disease that is found in pigs. Despite not having been found in Thailand, the price of pork meat has risen steadily. The Company has made agreements with pork meat suppliers that has determined both the required quantity and price levels in advance, so as to minimize the potential impact and to manage such costs more effectively.

The increase in minimum wages in accordance with future Government policies will result in increased overall operating costs, since payroll cost is one of the key operating costs. Nevertheless, the Company expects that the increase in minimum wages to be implemented in 2020 will not have a significant impact on the overall payroll cost of the Company.

- Major Change in Accounting Standard

Thai Financial Reporting Standards 16 Leases ("IFRS 16") will be adopted for the accounting period beginning on or after January 1, 2020 onwards, which requires lessees to recognize assets (right-to-use assets) and liabilities for the leases with a term of more than 12 months - with the exception of low-value leases. The lessees have to record depreciation from right-to-use asset and interest expenses from discounted lease liability, accordingly.

This differs from the accounting practice prior to January 1, 2020, under Thai Accounting Standard 17 (revision 2018) Leases; whereby the leases being qualified as operating leases were usually expensed on a straight-line basis.

The Company, as a lessee, currently has a high proportion of Leases to operate the businesses in both Hotel Business (more than 50% of its total Hotel Business revenues) and Food Business. As such, the adoption of TFRS 16 - Leases will result in a positive impact to EBITDA and a negative impact to both finance costs and net profit when compared to the accounting practice in the past; as well as will cause a significant increase in interest bearing debt.

Nevertheless, the current terms and conditions of the Loan Agreements and Debentures indicate that the calculation of related financial ratio shall exclude interest bearing debt from Leases or be based on the accounting standard as of issuance dates in the past. Hence, the changes in accounting standard will have no impact on the current terms and conditions of the Loan Agreements and Debentures.

- Business trends for 2020

- Hotel Business: The COVID-19 virus epidemic has seriously impacted hotel business operations in Thailand and overseas. If the virus can be controlled and contained within June this year, then only the RevPar for the first half of 2020 will be affected; a recovery is expected to occur during the second half of the year after the revival and return of international tourists arrivals and with meetings and events rescheduled from H1 to H2. Notwithstanding this, the organic RevPar for FY/2020 (excluding the Centara Grand Beach Resort Samui and the COSI Pattaya Wong Amat Beach) is expected to decrease by between 10% - 15% YoY, due to the decreases in OCC and ARR.
- Food Business: The Company plans to focus on expanding more of its Food Business sales through the food delivery sales channels - both via the '1312 Food Hunt' that is its own proprietary on-line food delivery application as well as via other various food aggregators. The Company still plans to launch new food menu offerings and products; as well as undertake sustained sales promotion campaigns that stress 'value for money' aiming to attract customers continuously. The Company expects to increase in Total FY/2020 Food Business Revenues by approximately 6% - 8% YoY, mainly through ongoing expansion of its QSR outlets by approximately 90 - 100 this year. As for Same-Store-Sales (SSS) this year, it is expected to increase from last year by approximately 2%. The planned QSR outlets expansion will be focusing on the 4 key QSR brands, Katsuya, and the new brand Aroi Dee, together with the expansion in new business models aiming to increase efficiency in management. At

the same time, the Company will still explore business opportunities through buying new QSR brand concepts to strengthen the variety of its Food Business portfolio. As such, the expected 6% - 8% YoY increase in its Food Business revenues, as stated above, does not include sales revenues from any future new QSR brands that may be acquired by the Company.

For your information accordingly;

Respectfully Yours,



(Dr. Ronnachit Mahattanapreut)

SVP, Finance and Administration