

November 13, 2017

The President & Director,
The Stock Exchange of Thailand (SET)

**LETTER OF CLARIFICATION:
CENTEL's Q3/2017 & YTD 9 MONTHS /2017 OPERATING PERFORMANCE RESULTS**

This is to inform the SET that, according to the Financial Statements for the 3 months Q3/2017 period, as ended on September 30, 2017, the Company and Subsidiary Companies achieved Total Net Profit of Baht 368.5 million, an increase of Baht 46.6 million, or 14.5%, Year-on-Year (YoY) compared to the same period last year. As such, a detailed analysis regarding the operating performance results for Q3/2017 is as follows:

Operating Performance Results - Q3/2017 (vs Q3/2016)

(Baht – Million)	Q3/2017		Q3/2016		Changes YoY (Increase + / Decrease -)	
	Amount	%	Amount	%	Amount	%
Hotels Business Revenues	2,093.9	43.1%	2,096.0	44.4%	-2.1	-0.1%
Food Business Revenues	2,760.9	56.9%	2,621.8	55.6%	+139.1	+5.3%
Total Revenues	4,854.8	100.0%	4,717.8	100.0%	+137.0	+2.9%
Cost of Sales – Hotels Business ⁽¹⁾	(818.6)	(16.9%)	(858.9)	(18.2%)	-40.3	-4.7%
Cost of Sales – Food Business ⁽¹⁾	(1,270.8)	(26.2%)	(1,236.6)	(26.2%)	+34.2	+2.8%
Total Cost of Sales ⁽¹⁾	(2,089.4)	(43.0%)	(2,095.5)	(44.4%)	-6.1	-0.3%
Less: Selling & General Administrative Expenses	(1,775.1)	(36.6%)	(1,720.2)	(36.5%)	+54.9	+3.2%
Add: Share of Profit/(Loss) from Investments (by equity method)	9.1	0.2%	12.0	0.3%	-2.9	-24.2%
EBITDA	999.4	20.6%	914.1	19.4%	+85.3	+9.3%
Less: Depreciation & Amortization	(496.7)	(10.2%)	(459.6)	(9.7%)	+37.1	+8.1%
EBIT	502.7	10.4%	454.5	9.6%	+48.2	+10.6%
Less: Finance Costs	(53.9)	(1.1%)	(71.5)	(1.5%)	-17.6	-24.6%
Less: Corporate Income Tax	(93.2)	(1.9%)	(84.8)	(1.8%)	+8.4	+9.9%
Less: (Profit)/Loss Net from Non-Controlling Interests (by equity method)	(12.4)	(0.3%)	(1.6)	(0.1%)	+10.8	+677.9%
Core Operating Profit	343.2	7.1%	296.6	6.3%	+46.6	+15.7%
Extraordinary Items:						
Add: Revenues from Amortization of Deferred Rental Income CGBS	25.3	0.5%	25.3	0.5%	-	-
Net Profit/(Loss)	368.5	7.6%	321.9	6.8%	+46.6	+14.5%

(1) Costs of Sales EXCLUDES Depreciation and Amortization allocated to Costs of Sales

Overview of operating performance results for Q3/2017

The Central Plaza Hotel Public Company Limited and its Subsidiary Companies (“The Company”) achieved, for the Q3/2017 period, Total Consolidated Revenues of Baht 4,854.8 million, an increase of Baht 137.0 million (or 2.9%) YoY, comprising of Total Hotels Business Revenues of Baht 2,093.9 million and Total Food Business Revenues of Baht 2,760.9 million. This is equal to a total revenues of 43.1% and 56.9% for the Hotels Business and the Food Business (compared to 44.4% : 56.6% for Q3/2016) respectively. As such, Total Food Business Revenues increasing by Baht 139.1 million (or 5.3%) YoY while Total Hotels Business decreased marginally by Baht 2.1 million (or - 0.1%) YoY.

For Q3/2017, the Hotels Business achieved an Average Occupancy (OCC) of 83.5%, which is the highest OCC ever achieved to date by CENTEL (Q3/2016 : 83.2%). With regards to the Tourism industry, total international tourist arrivals in Q3/2017 was 8.8 million (Q3/2016 : 8.2 million), equal to a 6.0% increase YoY. This continuing and sustained tourist arrivals growth is a key enabling factor that supported the growth for the Company’s Hotels Business that achieved an increase in the average occupancy (OCC) from 82.6% (in Q3/2016) to 83.1% in Q3/2017 for those hotels properties located in Thailand. As for the Maldives hotels properties, a decrease in the average occupancy (OCC) from 91.9% (in Q3/2016) to 89.6% in Q3/2017, mainly resulted from the decreased average occupancy for the Centara Ras Fushi Resort and Spa Maldives Hotel, that was in line with the overall decreased average occupancy trend for the hotels industry in the Maldives.

As for the Food Business, overall there was a more positive trend during Q3/2017 compared to the same period last year, with achieved Same-Store-Sales (SSS) Growth of 1.9% and achieved Total-Systems-Sales (TSS) of 5.3%. This resulted from the ongoing sustained sales and marketing promotions campaigns carried out by the Company during this period; whereby the main brands that achieved revenues growth were: KFC, Mr. Donut and Pepper Lunch. As at the end of Q3/2017, the Food Business had a total of 846 outlets (an increase of 40 outlets, or + 5.0%, compared to the end of Q3/2016).

The Company achieved Total Consolidated EBITDA of Baht 999.4 million in Q3/2017, an increase of Baht 85.3 million (or +9.3%) YoY, resulting from the achieved growth in EBITDA for both the Food Business and the Hotels Business of 22.8% and 1.8% respectively. With regards to the EBITDA Margin, the Hotels Business achieved an EBITDA Margin of 28.5% (Q3/2016: 25.5%); while the Food Business achieved an EBITDA Margin of 14.6% (Q3/2016: 12.5%); and as such overall achieved Consolidated EBITDA Margin increased by 1.2 percentage points to 20.6% from 19.4% in Q3/2016. The Company booked achieved Total Consolidated Net Profit of Baht 368.5 million, an increase of 14.5% from the same period last year. This YoY increase in Total Net Profit was due to the overall operational business increase of the Company together with a more effective management of its borrowings that resulted in overall reduced interest costs.

Operating Performance Results - YTD 9 months /2017 vs YTD 9 months /2016

(Baht Million)	9 months /2017		9 months /2016		Changes YoY (Increase + / Decrease -)	
	Amount	%	Amount	%	Amount	%
	Hotels Business Revenues	6,829.5	45.7%	6,884.6	46.3%	-55.1
Food Business Revenues	8,120.5	54.3%	7,982.5	53.7%	+138.0	+1.7%
Total Revenues	14,950.0	100.0%	14,867.1	100.0%	+82.9	+0.6%
Cost of Sales – Hotels Business ⁽¹⁾	(2,465.7)	(16.5%)	(2,559.5)	(17.2%)	-93.8	-3.7%
Cost of Sales – Food Business ⁽¹⁾	(3,799.7)	(25.4%)	(3,755.8)	(25.2%)	+43.9	+1.2%
Total Cost of Sales ⁽¹⁾	(6,265.4)	(41.9%)	(6,315.3)	(42.4%)	-49.9	-0.8%
Less: Selling & General Administrative Expenses	(5,262.2)	(35.2%)	(5,186.3)	(34.9%)	+75.9	+1.5%
Add: Share of Profit/(Loss) from Investments (by equity method)	29.8	0.2%	63.5	0.4%	-33.7	-53.1%
EBITDA	3,452.2	23.1%	3,429.0	23.1%	+23.2	+0.7%
Less: Depreciation & Amortization	(1,443.9)	(9.7%)	(1,416.2)	(9.5%)	+27.7	+2.0%
EBIT	2,008.3	13.4%	2,012.8	13.5%	-4.5	-0.2%
Less: Finance Costs	(169.4)	(1.1%)	(232.5)	(1.6%)	-63.1	-27.2%
Less: Corporate Income Tax	(300.0)	(2.0%)	(349.5)	(2.4%)	-49.5	-14.1%
Less: (Profit)/Loss from Non-Controlling Interests (equity method)	(64.2)	(0.4%)	(72.3)	(0.5%)	-8.1	-11.3%
Core Operating Profit	1,474.7	9.9%	1,358.5	9.1%	+116.2	+8.6%
Extraordinary Items:						
Add: Revenues from Amortization of Deferred Rental Income CGBS	75.1	0.5%	75.1	0.5%	-	-
Net Profit/(Loss)	1,549.8	10.4%	1,433.6	9.6%	+116.2	+8.1%

(1) Costs of Sales EXCLUDES Depreciation and Amortization allocated to Costs of Sales

Overview of YTD 9 months /2017 Operating Performance Results

With regards to the operating performance results for the first 9 months /2017, the Company achieved Total Consolidated Revenues of Baht 14,950.0 million, an increase of Baht 82.9 million (or +0.6%) from the same 9 months period of 2016, with Total Food Business Revenues of Baht 8,120.5 million, an increase of Baht 138.0 million (or +1.7%) YoY together with Total Hotels Business Revenues of Baht 6,829.5 million, a decrease of Baht 55.1 million (or -0.8%) YoY. As such, the total revenues for the Hotels Business and Food Business was 45.6% : 54.4% (9 months/2016: 46.3% : 53.7%) respectively.

The Company achieved Total Consolidated EBITDA for the 9 months /2017 period of Baht 3,452.2 million, an increase of Baht 23.2 million (or +0.7%) from the same period last year; whereby the Food Business EBITDA increased by 7.6% while the Hotels Business EBITDA decreased by Baht 54.6 million (or -2.2%) YoY. Total Consolidated Net Profit for the 9 months /2017 period was of Baht 1,549.8 million, an increase of Baht 116.2 million (or +8.1%) YoY was from the Hotels Business of Baht 40.6 million (or +4.1%) and the Food Business of Baht 75.6 million (or +16.6%). An increase of Net Profit mainly resulting from the more effective debt management that enabled the Company to reduce total interests expenses together with the tax privileges from the exemption of income tax granted by the Government that helped save more corporate income tax.

1. Analysis of Business Operations

(1) Revenues

(1.1) Hotels Business

As at September 30, 2017, the Company had a total of 54 hotel properties in its Hotels Business portfolio (with a total of 11,402 rooms), comprising of 37 hotels (7,080 rooms) already in operation together with 17 hotels (4,322 rooms) under development. As such, of those 37 hotels already in operation, 15 hotels (3,812 rooms) are owned and operated by the Company and 22 hotels (3,268 rooms) are properties operated under the Hotels Management Services Agreement.

Operational Statistics (KPIs) (own operated hotels)

Avg Occupancy (OCC)	Q3/2016	Q3/2017	Change YoY	YTD 9 months/2016	YTD 9 months/2017	Change YoY
Bangkok	84.6%	84.8%	0.2%	82.7%	80.7%	-2.0%
Provinces	81.7%	82.3%	0.6%	82.6%	83.0%	0.4%
Maldives	91.9%	89.6%	-2.3%	86.3%	82.4%	-3.9%
Total - Thailand	82.6%	83.1%	0.5%	82.6%	82.3%	-0.3%
Total - All	83.2%	83.5%	0.3%	82.9%	82.3%	-0.6%
Avg Room Rate (ARR)	Q3/2016	Q3/2017	% Change YoY	YTD 9 months/2016	YTD 9 months/2017	% Change YoY
Bangkok	3,229	3,322	2.9%	3,339	3,402	1.9%
Provinces	3,227	3,439	6.5%	3,892	4,112	5.6%
Maldives	16,644	16,059	-3.5%	19,277	18,682	-3.1%
Total - Thailand	3,228	3,403	5.4%	3,725	3,902	4.7%
Total - All	4,208	4,300	2.2%	4,796	4,880	1.8%
RevPAR	Q3/2016	Q3/2017	% Change YoY	YTD 9 months/2016	YTD 9 months/2017	% Change YoY
Bangkok	2,731	2,818	3.2%	2,762	2,747	-0.5%
Provinces	2,636	2,832	7.4%	3,214	3,412	6.2%
Maldives	15,290	14,394	-5.9%	16,629	15,394	-7.4%
Total - Thailand	2,665	2,827	6.1%	3,078	3,211	4.3%
Total - All	3,500	3,592	2.6%	3,974	4,017	1.1%

Overview of the Hotels Business operations for Q3/2017

For Q3/2017, the Hotels Business achieved Total Revenues of Baht 2,093.9 million, a decrease of Baht 2.1 million (or -0.1%) from Q3/2016, with this marginal decrease in revenues being mainly due to the reduced revenues achieved by the Centara Ras Fushi Resort and Spa, Maldives.

The overall achieved average occupancy (OCC) for Q3/2017 was 83.5%, an increase of 0.3 percentage points from the Q3 period last year, which is also the highest ever achieved OCC by CENTEL to date for a Q3 period. This was mainly due to the achieved occupancy for hotels located in Bangkok and also those located in the Provinces; while the achieved occupancy for the Maldives hotels decreased. The continuing increase in international tourist

arrivals coming to Thailand was a key factor in driving the ongoing growth in achieved average occupancy for the Hotels Business during Q3/2017, with total international tourists arrivals of 8.8 million (or an increase of 6.0% YoY) and in which arrivals of Chinese tourists rebounded and started to increase again after decreasing during the first half of 2017. As such, this increase in Chinese tourists helped in driving the increased average occupancy for hotels in Bangkok and key destinations in the Provinces – especially Pattaya. Tourist arrivals from Japan, Korea and India also continued to increase. However, overall tourist arrivals from Europe decreased – with arrivals from the UK, Germany and France declining by 1% - 2% YoY, while those arrivals from Russia grew by 5%YoY.

As for achieved average room rates (ARR), this increased by 2.2%YoY in Q3/2017, with ARR for those hotels in the Provinces increasing up to 6.5% YoY while ARR for those hotels in Bangkok increased by 2.9% YoY. This is in line with the business plan for this year, that aims to focus on achieving higher ARR. As such, ARR for hotels in most tourist destinations in Thailand have increased - except for Hadyai. However, ARR for the Maldives market has decreased by 3.5% YoY as a result of the current intensely competitive hotels business in that market mainly due to the oversupply of hotel rooms at the present time.

In terms of RevPAR (or Revenue per Available Room), there are an increase in RevPAR both Bangkok and Provinces hotels by 3.2% and 7.4 % respectively, mainly resulting from the achieved increased ARR. However, RevPAR for the Maldives hotels has decreased by 5.9% due to a decrease in both ARR and also OCC, that is in line with the overall hotels business trends in that market.

Overview of the Hotels Business for 9 months /2017 period

Total Hotels Business Revenues for the 9 months /2017 period was Baht 6,892.5 million, a decrease of Baht 55.1 million (or -0.8%), mainly resulting from the lower revenues achieved by the Maldives hotels – especially the 4-star properties.

Overall ARR for the 9 months /2017 period was 82.3%, a decrease of 0.6 percentage points, due to a decreased ARR for hotels in Bangkok (by -2.0 percentage points) and a decrease for hotels in the Maldives (by -3.9 percentage points), while ARR for hotels in the Provinces in Thailand increased marginally (by +0.4 percentage points). Total international tourist arrivals for the 9 months /2017 period was 26.1 million (the 9 months /2016 period: 24.8 million), equal to a growth of 5.1% YoY, with tourists from China increasing by only 1.1% as there was an actual decrease in total tourist arrivals from China for the first 4 months of 2017. However, during this first 9 months period of 2017, there were positive increases in tourist arrivals from Korea, Japan, and India of 15.2 %, 6.0% and 16.5% respectively; although overall tourist arrivals from Europe grew by 5% YoY, mostly due to a significant increase of total arrivals from Russia of +24.9% YoY while arrivals from other key European source markets (ie: the UK, Germany, and France) did not increase that much.

With regards to ARR, overall hotels in the Provinces in Thailand achieved, on average, an increase of 5.6% while only hotels in Hua Hin and Hadyai's ARR decreased while the hotels in Bangkok achieved, on average, an increase of 1.9% in their ARR. For the Maldives market, the current oversupply of hotels rooms effects to a decrease in ARR by 3.1% on average.

As for RevPAR, an overall increase of 1.1% YoY has been achieved, mostly resulting from a 6.2% YoY increase in hotels located in the Provinces – with only those hotel in Hua Hin and Hadyai seeing a decrease YoY in their respective RevPAR, due to both a decrease in their respective OCC and ARR. While hotels located in Pattaya, Phuket and Samui achieved spectacular increases in their RevPAR, again due to achieved increased OCC and ARR. For the hotels in Bangkok and the Maldives, RevPAR decreased by -0.5% and -7.4% respectively; whereby in the case of Bangkok it was due to decreased OCC, while for Maldives it was a combination of decreased OCC and ARR.

(1.2) Food Business

Operational Statistics (KPIs) for Q3/2017 vs Q3/2016 and 9 months /2017 vs 9 months /2016

	SSS		TSS	
	3Q/2016	3Q/2017	3Q/2016	3Q/2017
Top 4 Brands	0.1%	1.8%	3.2%	5.8%
Others	5.0%	2.0%	23.4%	1.7%
Average	0.5%	1.9%	5.5%	5.3%

	SSS		TSS	
	YTD9M/2016	YTD9M/2017	YTD9M/2016	YTD9M/2017
Top 4 Brands	1.1%	-2.3%	3.8%	1.1%
Others	4.8%	0.4%	22.0%	4.8%
Average	1.4%	-2.0%	5.8%	1.6%

Overview of the Food Business Operations for Q3/2017

Total Food Business Revenues for Q3/2017 was Baht 2,760.9 million, an increase of Baht 139.1 million, or approximately 5.3% YoY, with achieved Total-Systems-Sales (TSS) of 5.3% YoY (Q3/2016: 5.5%) and with the top 4 brands having an average TSS growth of 5.8% YoY. While achieved Same-Stores-Sales (SSS) growth of 1.9% YoY with the top 4 brands and the remaining 7 brands having an average SSS growth of 1.8% YoY and 2.0% YoY respectively. As such, the brands achieving growth in their sales were: KFC, Mister Donut, Auntie Anne's, Pepper Lunch, Katsuya, and Tenya. The main reasons for achieving this sales growth were continued expansion of the outlets network for the existing brands together with the reopening those outlets closed for renovation last year, sales of premium and CRG Gifts products, and the sustained marketing campaigns to promote value set-menu offerings or accumulation of loyalty points to redeem special priced products, together with advertising and PR campaigns in various media that included TV, print, magazines, etc. , combined with the ongoing development of new products and menu offerings. Additionally, the overall sales revenues increased also because of price adjustments made for the KFC brand.

As at the end of Q3/2017, the Company operated 11 brands with a total of 846 outlets, equal to a net increase of 40 net new outlets (or +5.0%) YoY compared to the end of Q3/2016, with 290 outlets (equal to 34.3 % of the total) being located in Bangkok together with 556 outlets (equal to 65.7%) located in the Provinces.

Overview of the Food Business Operations for 9 months /2017 period

Total Food Business Revenues for the 9 months/2017 period was Baht 8,120.5 million, an increase of Baht 138.0 million (or +1.7%) YoY, with the top brands achieving increased revenues being KFC, Pepper Lunch, Tenya and Katsuya.

During the 9 months /2017 period the Same-Stores-Sales (SSS) growth decreased by -2.0% YoY, with the SSS of these 4 brands KFC, Mister Donut, Auntie Anne's, and Ootoya decreasing by -2.3% YoY, while the remaining 7 brands achieved a SSS growth of +0.4% YoY. Overall SSS growth for Bangkok outlets decreased at a lower rate compared to those outlets located in the Provinces. However, Total-Systems-Sales (TSS) growth for the top 4 brands grew by 1.1% YoY, while the TSS growth of the remaining 7 brands grew at 4.8% YoY.

(2) Cost of Sales and Gross Profit

For Q3/2017, the Company and Subsidiary Companies had Total Cost of Sales of Baht 2,089.4 million, (Q3/2016 :Baht 2,095.5 million), which resulted in a Total Gross Margin of 56.3% (Q3/2016: 54.8%); and for the 9 months /2017 period ended September 30, 2017 the Company and Subsidiary Companies had Total Cost of Sales of Baht 6,265.4 million (9 months /2016 period ended September 30, 2016: Baht 6,315.3 million) which resulted in a Total Gross Margin of 57.2% (9 months /2016 period: 56.8%), with details for each respective business group as follows:

Business Group	Cost of Sales (Baht Million)	Gross Profit (Baht Million)	Gross Margin (%)	Cost of Sales (Baht Million)	Gross Profit (Baht Million)	Gross Margin (%)	% Changes YoY
	Q3/2017			Q3/2016			Cost of Sales
Hotels Business	818.6	1,219.7	59.8%	858.9	1,177.6	57.8%	-4.7%
Food Business	1,270.8	1,474.1	53.7%	1,236.6	1,367.8	52.5%	+2.8%
Total*	2,089.4	2,693.8	56.3%	2,095.5	2,545.4	54.8%	-0.3%
	YTD 9 months /2017			YTD 9 months/2016			
Hotels Business	2,465.7	4,118.5	62.6%	2,559.5	4,110.6	61.6%	-3.7%
Food Business	3,799.7	4,268.1	52.9%	3,755.8	4,178.3	52.7%	+1.2%
Total*	6,265.4	8,386.6	57.2%	6,315.3	8,288.9	56.8%	-0.8%

*Note: Costs of Sales EXCLUDES Depreciation and Amortization allocated to Costs of Sales

Hotels Business

For Q3/2017, the Company and Subsidiary Companies had Total Costs of Sales for the Hotels Business of Baht 818.6 million, consisting of direct costs, such as: costs in providing guest rooms services together with costs of F&B, salaries and welfare benefits for direct staff, and consumables; and, which relative to total sales and services revenues of this business, resulted in a Gross Margin of 59.8% (Q3/2016: 57.8%).

For the 9 months /2017 period ended September 30, 2017, the Company and Subsidiary Companies had Total Cost of Sales for the Hotels Business of Baht 2,465.7 million, which, relative to total and service revenues, resulted in a Total Gross Margin of 62.6% (9 months /2016: 61.6%).

Food Business

In Q3/2017, the Company and Subsidiary Companies had Total Costs of Sales for the Food Business of Baht 1,270.8 million, consisting of direct costs, such as: food and beverage materials costs, salaries and welfare benefits for direct staff, and consumables, which, relative Total Foods Business revenues, resulted in a Total Gross Margin of 53.7% (Q3/2016: 52.5%). The Gross Margin increased YoY, resulting mainly from decreased selling expenses because of changes to menu items in the set-menu offerings, the ongoing sales promotions campaigns, and changing of the packaging material/serving plates for the core brands together with price adjustments made for some products.

For the 9 months /2017 period, ended September 30, 2017, the Company and Subsidiary Companies had Total Food Business Cost of Sales of Baht 3,799.7 million, which, relative to Total Food Business Sales, resulted in a Total Gross Margin of 52.9% (9 months /2016 : 52.7%), which was a very marginal increase compared to the same period last year.

(3) Selling and General Administrative Expenses

Selling and General Administrative Expenses is comprised of staff salaries and welfare benefits, hotel management expenses, facilities rental costs, costs for credit cards usage, together with franchise and royalty fees, and advertising expenses.

As such, for Q3/2017, the Company and Subsidiary Companies had Total Selling and General Administrative Expense of Baht 1,775.1 million, an increase of Baht 54.9 million, which, relative to Total Consolidated Revenues, equals to 36.6% of total consolidated revenues (Q3/2016: 36.5%). This Total Selling and General Administrative Expenses increase YoY was due to both the Hotels Business and the Food Business having more marketing promotions and advertising expenses so to drive increased sales revenues together with the expansion of the outlets network compared to the same period last year by (net) 40 outlets.

For the 9 months /2017 period, ended September 30, 2017 the Company and Subsidiary Companies had Total Selling and General Administrative Expense of Baht 5,262.2 million, an increase of Baht 75.9 million (or +1.5%) YoY, which, relative to Total Consolidated Revenues, equals 35.2% of total sales revenues (9 months /2016: 34.9%).

(4) Share of Profit from Investments (by the equity method)

In Q3/2017, the Company and Subsidiary Companies received a share of profits from investments (by the equity method) of Baht 9.1 million; namely, a decrease of Baht 2.9 million from Q3/2016 (or equal to -24.2%YoY), because the profits from investment in CTARAF property investment fund decreased compared to the same period of the previous year.

For the 9 months /2017 period ended September 30, 2017, the Company and Subsidiary Companies received a share of profits (by the equity method) totaling Baht 29.8 million; namely, a decrease of Baht 33.7 million, or -53.1%, from the same period of the previous year as a result of the fact that last year CTARAF property fund

received a special contribution income relating to a reduction in rental fees, whereby the Company received a share of this special income totaling Baht 31.6 million.

(5) **Finance Costs**

In Q3/2017, the Company and Subsidiary Companies had total finance costs of Baht 53.9 million (Q3/2016: Baht 71.5 million). This total Finance Costs decreased by Baht 17.6 million, or -24.6%, YoY, due to the overall reduced interest expenses because the Company has managed its loans portfolio in a more effective manner.

For the 9 months /2017 period, ended September 30, 2017, the Company and Subsidiary Companies had total finance costs of Baht 169.4 million (9 months /2016: Baht 232.5 million). This total finance costs decreased by Baht 63.1 million, or by -27.2%, due to the overall reduced interest expenses when compared to the same period last year as a result of the Company having managed its loans portfolio in a more effective manner.

(6) **Corporate income tax**

In Q3/2017, the Company and Subsidiary Companies had total corporate income tax of Baht 93.2 million (Q3/2016: Baht 84.8 million); namely, an increase of Baht 8.4 million, or +9.9%, from the same period last year as a result of having achieved increased profits.

For the 9 months /2017 period, ended September 30, 2017, the Company and Subsidiary Companies had total corporate income tax of Baht 300.0 million (9 months /2016: Baht 349.5 million); namely, a decrease of Baht 49.5 million, or -14.1%, YoY as a result of the utilization of the investment promotions tax privileges from the establishment of international headquarters project and exemption of income tax for income spent for this capital expenditure.

(7) **Net Profit**

For Q3/2017 the Company and Subsidiary Companies had Total Consolidated Net Profit of Baht 368.5 million, an increase of Baht 46.6 million, or +14.5%, YoY, whereby this is equal to a Net Profit Margin of 7.6 % of total revenues or an increase from the Net Profit Margin of 6.8% achieved for the same period last year, resulting from the improved operations of the Company together with the more effective management its loans portfolio and corporate income tax.

For the 9 months /2017 period, ended September 30, 2017, the Company and Subsidiary Companies had Total Consolidated Net Profits of Baht 1,549.8 million, an increase of Baht 116.2 million, or +8.1%, from the same period last year, whereby this is equal to a Net Profit Margin of 10.4% of total revenues or a slight increase from the Net Profit Margin of 9.6% for the same period last year, resulting from decreasing in interest expense due to the more effective management its loans portfolio and government investment incentives make it possible to save more on tax expense.

2. Analysis of Financial Status – in 2017 and 2016

Assets

Financial Status - (Baht Million)	As at September 30, 2017	As at December 31, 2016	% Change
Current Assets	2,993	3,043	-1.6%
Non-Current Assets	21,080	21,354	-1.3%
Total Assets	24,073	24,397	-1.3%

The Total Assets of the Company and Subsidiary Companies as at September 30, 2017 and the end of 2016 were Baht 24,073.2 million and Baht 24,396.8 million respectively, a decrease of Baht 323.6 million, or -1.3% from the end of 2016, with the decrease mainly being a reduction in the inventory on hand, trade and other current receivables as well as in property, plant and equipment.

Current Assets as at September 30, 2017 and the end of 2016 were Baht 2,993.4 million and Baht 3,042.7 million respectively and equal to 12.4% and 12.5% of Total Assets respectively. The Current Assets of the Company consist of the following important items:

- (1) Cash and cash equivalent as at September 30, 2017 and the end 2016 were Baht 1,277.0 million and Baht 989.3 million respectively, and equal to 5.3% and 4.1% of Total Assets respectively.
- (2) Trade Receivables from operations (net) as at September 30, 2017 and the end of 2016 were Baht 375.9 million and Baht 424.5 million respectively, and equal to 1.6% and 1.7% of Total Assets respectively. The Company has trade receivables that is a very small portion of the Total Assets, since the Food Business is mostly all a total cash-based business and while the Hotels Business offers an approximate credit of 15 - 30 days to its sales agents and the managed hotel properties has actual average collections, whereby actual collections is equal to approximately only 15 days.

Non-Current Assets as at September 30, 2017 and the end of 2016 were Baht 21,079.7 million and Baht 21,354.1 million respectively, and equal to 87.6% and 87.5% of Total Assets respectively. Non-Current Assets primarily consist of property, plant and equipment; whereby, as at September 30, 2017 and the end of 2016, these items were Baht 17,778.5 million and Baht 18,288.2 million respectively, a decrease of 2.8% as a result of the depreciation and amortization costs recorded during the financial period.

3. Financial Liquidity and Sources of Capital Funds

(1) Liquidity and Cash Flow

Cash Flow from Operations of the Company and Subsidiary Companies for the 9 months period, ended September 30, 2017 and 2016 were Baht 3,374.4 million and Baht 3,024.9 million respectively, an increase of Baht 349.5 million compared to the same period last year.

Cash Flow from Investing activities of the Company and Subsidiary Companies for the 9 months period, ended September 30, 2017 and 2016 include total investments of Baht 1,246.7 million and Baht 907.7 million

respectively in new fixed assets – namely: construction of buildings and facilities, purchase of equipment, and payments for leasehold rights of Lagoon in Maldives with a total cost of Baht 365 million.

As for Cash Flow from Financing activities of the Company and Subsidiary Companies for the 9 months period, ended September 30, 2017 and 2016 included the total use of Baht 1,860.8 million and Baht 1,474.2 million respectively. As such, during the 9 months period, ended September 30, 2017, the Company repaid Debentures totaling Baht 1,000.0 million and also paid dividends totaling Baht 742.5 million; and at the same time borrowed Baht 1,129.0 million from local financial institutions.

(2) Liquidity Ratio & D/E Ratio

Financial Ratios (Times)	As at September 30, 2017	As at December 31, 2016
Liquidity Ratio	0.9	0.7
Ratio of Interest Bearing Debts to Shareholders Equity	0.6	0.8

As at September 30, 2017 and the end of 2016, the Company and Subsidiary Companies had a Liquidity Ratio of 0.9 times and 0.7 times respectively, with this increase in the Liquidity Ratio from the end of 2016 primarily resulting from the repayment of short term loan and borrowings from financial institutions totaling Baht 620.2 million.

As for the Ratio of Interest bearing debts to Shareholder Equity of the Company and Subsidiary Companies as at September 30, 2017, this was 0.6 times (2016: 0.8 times); as such the Company and Subsidiary Companies still has adequate liquidity to repay its overall debt obligations and associated interests costs.

(3) Sources of Capital Funds

Financial Status (Baht – Million)	As at September 30, 2017	As at December 31, 2016	% Change
Current Liabilities	3,175	4,706	-32.5%
Non-Current Liabilities	9,278	8,574	8.2%
Total Liabilities	12,453	13,280	-6.2%
Total Shareholders Equity	11,620	11,117	4.5%
Total Liabilities & Shareholders Equity	24,073	24,397	-1.3%

Liabilities

The Liabilities of the Company and Subsidiary Companies as at September 30, 2017 and the end of 2016 were Baht 12,453.5 million and Baht 13,279.5 million respectively, whereby Current Liabilities of the Company consist of :

- (1) Trade Payables as at September 30, 2017 and the end of 2016 were Baht 630.0 million and Baht 817.1 million respectively, and equal to 5.0% and 6.2% of Total Liabilities respectively.
- (2) Current portion of debentures decreased by Baht 1,000.0 million.
- (3) Bank overdrafts and short term loans from financial institutions decreased by Baht 536.0 million
- (4) Current portion of long-term borrowings from financial institutions increased by Baht 104.0 million

Non-Current Liabilities of the Company and Subsidiary Companies as at September 30, 2017 and the end of 2016 were Baht 9,278.8 million and Baht 8,573.9 million respectively, with the Company having increased long term loans from financial institutions totaling Baht 702.8 million as a result of increase borrowings Baht 1,129.0 while repayment by Baht 241.6 million.

Shareholders Equity

As at September 30, 2017 the Company and Subsidiary Companies had Total Shareholder's Equity of Baht 11,619.6 million, or an increase from the end of 2016 of Baht 502.3 million, or +4.5%, resulting from the achieved Total Net Profit for the 9 month period of January – September , 2017 as well as from the Company having also paid dividends totaling Baht 742.5 million

4. Factors impacting future Business Opportunities

It is expected that the Hotels Business will continue to benefit from the positive trends of the tourist industry in Thailand with regards to the ongoing projected increase in total tourist arrivals from Asia. At the same time, tourist arrivals from the main source markets in Europe will still continue to show only mid-level growth.

However, various external risk factors that may impact the hotels business still remain – such as: epidemics, natural disasters (e.g. floods), and tense political situations. Nevertheless, from past experience, such negative impacts will be for the short term only; while given the dispersed and widespread hotel properties locations of the Hotels Business throughout the various geographical regions, any negative impacts from such risks will tend to become minimized.

As for the Food Business, the overall industry trend has become more stable; although some small degree of operational uncertainties still remain and are dependent on the overall consumer confidence, the Government's economic stimulus to boost overall consumer consumption, Public Sector investments spending, and the various effective advertising and marketing promotions campaigns undertaken as appropriate by the Company. As such, all are key factors to successfully help to drive an increased sales revenues in the future. Further, the Company does not expect that the official appointment of a new additional franchisee or new business partner by Yum Restaurants International (Thailand) Co., Ltd. to join and manage franchised KFC outlets will have any negative impact for the Company in managing and expanding its KFC outlets network in the future.

Outlook for Q4/2017

The Hotels Business is projected to continue to increase in Quarter 4 – especially those in the Provinces that are able to increase room rates. Furthermore, during late last year, the Centara Grand Beach Resort Phuket had to be closed for 3 weeks in November as it was affected and damaged by the floods there. Additionally hotels in both

Bangkok and the Maldives have recovered. And despite achieved sales revenues from meetings and seminars of hotels in Bangkok have slowdown during October, the trend for November and December has become more positive; while the RevPAR for the Maldives hotels have decreased, the ongoing trend is now more positive compared to the first half of this year. As such, the overall expectation for the Hotels Business is that average RevPAR for full year 2017 will still increase by at 2% - 3% YoY.

In December 2017, the Company will launch and open a new hotel – namely: the 151 room COSI Chawaeng Samui, that is positioned as an 'affordable lifestyle hotel' and is the first COSI brand hotel property to be launched.

The Food Business has rebounded during Quarter 3/2017 especially in September as a result of the overall improved domestic consumption in both Bangkok and the Provinces. Nevertheless, despite some business slowdown during October, it is expected that there will be ongoing improvements during November and December as a result of continued stimulus initiatives by the Government to boost both the tourism industry and overall domestic consumption as well as from the planned increased sales and marketing promotions campaigns to be undertaken by the Company together with plans to add almost 40 new outlets during Quarter 4/2017. As such, all these positive factors are expected to drive both increased growth for both Same-Stores-Sales (SSS) and Total-Systems-Sales (TSS), that will then enable the achievement of overall growth of the Food Business in a significant manner; whereby the Company is projecting to still achieve an overall TSS growth of 5% - 6% YoY.

Outlook for 2018

For 2018, the Company will still focus on achieving improved Profit Margin; namely: management of room rates for the Hotels Business, while negotiations and signing of purchase agreements for key raw material in advance for the Food Business so as to reduce the risk of volatility in the price of food raw materials during the year, together with continued effective management of its borrowings.

The Hotels Business will still focus on increasing room rates that will enable improved profitability; whereby in 2018 the Company expects to increase its average RevPAR by 3% – 4% YoY; whereby this projection already takes into account the planned staggered closure and major renovation of rooms of the Centara Grand at Central World during 2018. While, at the end of the year the Company will start to book revenues for the new 151 room COSI Chawaeng Samui Hotel.

Future activities plans for the Hotels Business will still place importance on the Hotels Management Services activities – both in Thailand and overseas, so as to effectively manage any associated risks and enable the Company to achieve its targeted profit goals due to fact that revenues from managing hotels have a high profit margin. Additionally, the Company will still continue with its existing Hotels Business development and assets investment plans so as to grow total sales revenues and increase overall net profit, through taking into key consideration the associated risks, targeted returns on investments, and continued financial disciplines. Currently the Company is in negotiations with the Dhanarak Asset Development (DAD) on details of the Agreement to lease and manage the 204 room Centara

Hotel and Convention Center located at the Government Complex, Chaengwattana, for which rights the Company won the bidding in September and which Agreement the Company expects to sign by the beginning of 2018. As such the total amount of associated investments will be approximately Baht 1,200 – 1,300 million. As for the new 300 room COSI Pattaya project, the total amount of investment will be Baht 620 million; whereby the Company will start construction at the end of 2017 and will launch its operations in 2019 accordingly.

As for the Food Business, it is expected that continuing increase growth in the overall SSS and TSS will be achieved through these supporting positive factors: ongoing recovery and improved domestic consumption and the projected ongoing overall economic growth, together with the planned public sector investments spending and upcoming general elections at the end of the year. As such, the Company plans to still continue the expansion of its outlets network, with a focus on mainly establishing new outlets in shopping malls, while also giving importance to continued effective costs management so as to both support the ongoing targeted increased sales revenues and also to enable the achievement of targeted net profits.

Additionally, there are also other supporting factors for Inorganic Growth through possible mergers and acquisitions of businesses or Joint Ventures activities (M&A and JVs), for which successful execution will largely depend upon the final negotiations; whereby, at this point in time, details about the exact timing and nature of the activities cannot be clearly determined as yet.

With regards to future business expansion, the Company expects that it will be able to make use of cash flow from operations together with acquiring additional borrowings for any new investments; whereby it will still be able to maintain overall financial discipline and control a Debt : Equity Ratio at not more than 1.5 times.

For your information accordingly,

Respectfully Yours,

(Dr. Ronnachit Mahattanapruet)
SVP, Finance and Administration