



บริษัท โรงแรมเซ็นทรัลพลาซ่า จำกัด (มหาชน)
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May 15, 2017

The President & Director,

The Stock Exchange of Thailand (SET)

The Company wishes to inform the SET that the Company and its Subsidiary Companies has achieved the following operating performance results for the 3 months Q1/2017 financial period, ended March 31, 2017; whereby achieved Total Net Profit was Baht 783.0 million, an increase of Baht 25.3 million, or 3.3% Year-on-Year (YoY) compared to the same period last year. Details for the Q1/2017 operating performance results are as follows:

Analysis of CENTEL Operating Performance Results for Q1/2017 (vs Q1/2016)

(in Baht Millions)	Q1/2017		Q1/2016		Changes YoY (increase + / decrease -)	
	Amount	%	Amount	%	Amount	%
Hotels Business Revenues	2,734.2	51.4%	2,802.6	52.8%	-68.4	-2.4%
Food Business Revenues	2,586.8	48.6%	2,503.3	47.2%	+83.5	+3.3%
Total Consolidated Revenues	5,321.0	100.0%	5,305.9	100.0%	+15.1	+0.3%
Cost of Sales – Hotels Business	(860.2)	(16.2%)	(893.6)	(16.8%)	-33.4	-3.7%
Costs of Sales – Food Business ⁽¹⁾	(1,231.2)	(23.1%)	(1,187.2)	(22.4%)	+44.0	+3.7%
Total Cost of Sales⁽¹⁾	(2,091.4)	(39.3%)	(2,080.8)	(39.2%)	+10.6	+0.5%
Less: Selling & General Administrative Expenses	(1,777.6)	(33.4%)	(1,780.6)	(33.6%)	-3.0	-0.2%
Add: Share of Profit/(Loss) from Investments (by equity method)	14.3	0.3%	14.2	0.3%	+0.1	+1.0%
Total Consolidated EBITDA	1,466.3	27.6%	1,458.7	27.5%	+7.6	+0.5%
Less: Depreciation & Amortization	(408.1)	(7.7%)	(407.0)	(7.7%)	+1.1	+0.3%
EBIT	1,058.2	19.9%	1,051.7	19.8%	+6.5	+0.6%
Less: Finance Costs	(58.6)	(1.1%)	(82.1)	(1.5%)	-23.5	-28.7%
Less: Corporate Income Tax	(189.1)	(3.6%)	(173.0)	(3.3%)	+16.1	+9.4%
less (Profit) Loss (Net) From Non-Controlling Interests	(52.2)	(1.0%)	(63.6)	(1.2%)	-11.4	-18.1%
Core Operating Profit/(Loss)	758.3	14.2%	733.0	13.8%	+25.3	+3.5%
EXTRA ORDINARY ITEMS:						
Add: Revenues from Amortization of deferred rental Income CGBS	24.7	0.5%	24.7	0.5%	-	-
NET PROFIT/(LOSS)	783.0	14.7%	757.7	14.3%	+25.3	+3.3%

(1) Cost of sales EXCLUDES Depreciation & Amortization allocated to Costs of Sales

Overview of Q1/2017 Operating Performance Results

In Q1/2017, the Central Plaza Hotel Pcl. and its Subsidiary Companies (“Company”) achieved Total Consolidated Revenues of Baht 5,321.0 million (Q1/2016: Baht 5,305.9 million), an increase of Baht 15.1 million, or 0.3%, YoY. The increased revenues mainly came from the Food Business, that achieved a revenues growth of Baht 83.5 million, or 3.3%, YoY, while total Hotels Business revenues decreased by Baht 68.4 million, or 2.4%, YoY. As such, the total revenues mix for Hotels Business and the Food Business was 51:49, which differed marginally from that achieved in Q1/2016 at 53:47 respectively.

This increase in total revenues mainly came from the Food Business, which achieved total revenues of Baht 2,586.8 million (Q1/2016 Baht 2,503.3 million), or an increase of Baht 83.5 million compared to the same period last year. As such, achieved Total-System-Sales Growth (TSS) was + 3.1% (Q1/2016: +3.2%) and achieved Same-Store-Sales Growth was minus 1.3% (Q1/2016: minus 0.1%), with the revenues increase being derived from the KFC, Pepper Lunch, Katsuya, and Cold Stone Creamery brands. This was mainly due to the ongoing expansion of the QSR outlets for existing brands or from the reopening of outlets closed for renovation since last year; as well as from sales of premium products and CRG Plus loyalty cards, launch of set-menu offerings, and collection of loyalty points for use in buying products at special prices, together with sustained increased advertising and promotions campaigns via various media - such as TV, newspaper/magazines, and other communications channels, and together with ongoing new products and menu offerings development. Furthermore, total Food Business revenues continued to increase due to price adjustments for selected menu offerings for the KFC brand. As at the end of Q1/2017, the Company operated a total of 11 QSR brands together with a total of 820 QSR outlets, which consisted of a total of 286 outlets in Bangkok (equal to 34.9% of the total number of outlets) and 534 QSR outlets (or 65.1%) located in the Provinces.

In Q1/2017 the Company achieved total Hotels Business revenues of Baht 2,734.2 million (Q1/2016: Baht 2,802.6 million, equal to a decrease of Baht 68.4 million, or -2.4%, YoY, that was primarily due to the decrease in hotels revenues for the Maldives properties due to increased supply of hotel rooms that resulted in quite intense pricing competition and an overall decreased Q1/2017 RevPAR for the Maldives market of 11.8%YoY. Further, in Q1/2017 the Company also booked a special income from the receipt of an insurance claim compensation, totaling Baht 35.9 million for flood damages to the Centara Grand Beach Resort, Phuket during November 2016. Thus, if this special income was excluded, then total Hotels Business revenues would be Baht 2,694.6 million, equal to a decrease of Baht 108 million, or -3.9%, compared to the Q1 period last year.

The ongoing positive tourist industry trends continue to strongly support to the hotels operations sector in Thailand. Despite this February being 1 day less than last year, in Q1/2017 international tourist arrivals totaled 9.2 million (Q1/2016: 9.0 million), equal to an increase of 0.2 million or 1.7% YoY – with a growth of 6.2% for tourists from Europe (that included a 36.5%YoY increase in Russian tourists, while tourists from the UK decreased – 6.3%

compared to the same period last year); tourists from East Asia also decreased by 1.8% (that included a 7.2% decrease for tourists from China, a 7.1% decrease for tourists from Hong Kong, and a decrease of 8.1% for tourists from Malaysia); but tourists from Japan, Korea and the ASEAN markets still saw quite positive YoY increases. The significant growth of Russian tourists was very positive for the hotels business in Pattaya and Phuket, in which markets there has been very intense pricing competition over the past 2 years. In Q1/2017, the achieved Average Occupancy (OCC) for hotels in Thailand was 85.3%, a decrease of 1.8 percentage points from the same period last year; and the achieved average room rates (ARR) increased by 5%YoY, with the resultant RevPAR increasing 2.9%YoY. This growth in RevPAR was mainly due to the increased ARR, with hotels located in the Provinces being the key driver for this increase during Q1/2017. The Company signed a Hotel Management Services Agreement with 3 new hotel properties located in Thailand, in the AEC Region and in the Maldives that accounted for a total of 458 hotel rooms.

The Company achieved an increase in Total Consolidated EBITDA of Baht 7.6 million (or an increase of 0.5%) YoY, mainly resulting from increased gross profit for the Food Business together with a decrease of advertising and promotions expenses compared to the previous year, with the Food Business EBITDA increasing by 10.8%YoY (Q1/2016: +9.9%); while the Hotels business EBITDA increase by 12%YoY that included the booking of the flood insurance claim compensation for damages to the Phuket hotel, resulting in an EBITDA margin of 42.1% (Q1/2016: 41.7%). However, if the flood insurance compensation received was not included, then the Hotels Business EBITDA margin would be 40.7%, or a decrease of 1% compared to the same period last year; and Total Consolidated EBITDA would decrease by 4.8%YoY.

The Company achieved Total Consolidated Net Profit of Baht 783.0 million, an increase of Baht 25.3 million, (or +3.3%) YoY, mainly due to the decrease in total finance costs resulting from a more effective management of overall borrowings together with the receipt of the special insurance claim compensation received that enabled the Company to achieve an overall growth in Net Profit for Q1/2017. Nevertheless, the Company is still committed to maintaining achieved EBITDA margin in 2017 to be higher than that achieved in 2016.

1. Analysis of Operating Performance Results for Q1/2017

(1) Consolidated Revenues

(1.1) Hotels Business

As at March 31, 2017 there is a total of 55 hotel properties (11,487 rooms) in the Company's hotels business portfolio, consisting of 37 hotels (7,091 rooms) already in operation together with another 18 hotels (4,409 rooms) under development. Of the 37 hotels already in operation, 15 hotels (3,812 rooms) are company-owned and another 22 hotels (3,279 rooms) operating under the Hotels Management Services Agreements

Hotels Business KPIs (own operated hotels only)

			Changes YoY (percentage points)
Average Occupancy (OCC) - %	Q1/2016	Q1/2017	
Bangkok	85.0%	84.0%	-1.0%
Provinces	88.0%	85.9%	-2.1%
Maldives	85.3%	80.6%	-4.7%
Total –Thailand	87.1%	85.3%	-1.8%
Total –All	87.0%	85.0%	-2.0%
Average Room Rates (ARR) – Baht	Q1/2016	Q1/2017	% Changes YoY
Bangkok	3,411	3,426	0.5%
Provinces	5,056	5,379	6.4%
Maldives	24,587	22,942	-6.7%
Total – Thailand	4,571	4,798	5.0%
Total –All	5,870	5,936	1.1%
RevPAR – Baht	Q1/2016	Q1/2017	% Changes YoY
Bangkok	2,898	2,879	-0.6%
Provinces	4,448	4,618	3.8%
Maldives	20,982	18,500	-11.8%
Total –Thailand	3,980	4,093	2.9%
Total –All	5,104	5,046	-1.1%

Total Hotels Business revenues for Q1/2017 decreased by Baht 68.4 million (or -2.4%) YoY, which mainly resulted from the decrease in revenues for the Maldives properties due to the increase in supply of hotels rooms and resultant intense room price competition in the Maldives market. As such, the achieved OCC in the Maldives decreased by 4.7 percentage points together with a decrease of 6.7% in achieved ARR, leading to a corresponding decrease in RevPAR of approximately 11.8%.

As for the tourism industry in Thailand, there was a total of 9.2 million international tourist arrivals in Q1/2017, an increase of 1.7% compared to the same period last year, despite there being 1 day less this February compared to last year. There was a breakthrough increase YoY (of 36.5%) for tourists from Russia together with the following YoY increases in Q1/2017 tourist arrivals from India (at +18.1%), Japan (+7.3%), South Korea (+8.8%), and the USA (+7.9%). Nevertheless, tourists from China continued to decrease by -7.2% YoY, which is the second consecutive Quarterly decrease; while tourists arrivals from other markets also showed some YoY decrease – namely: Malaysia (-8.1%) and the UK (-6.3%).

For Q1/2017, hotels in Thailand achieved an overall OCC of 85.3%, a decrease of 1.8 percentage points YoY; while achieved ARR on average increased by 5%YoY, leading to a resultant 2.9% YoY increase in achieved RevPAR, with the main increase being driven by those hotels located in the Provinces.

As such, hotels located in the Provinces achieved an ARR of 85.9%, a decrease of 2.1 percentage points YoY and achieved ARR increased 6.4%YoY and RevPAR increased by 3.8%YoY, with those hotels in Pattaya and Phuket delivering outstanding increases subsequent to having faced very intense rooms price competition and pressure during the past 2 years. As mentioned above, the main reason behind this recent increase was the continuing revived growth in the total number of Russian tourists. As for hotels in other Provinces, they also delivered somewhat positive increases in their achieved ARR, with only the Hua Hin and Hat Yai hotel properties that have not yet delivered much increase in their respective ARR. This is due to the increased in the overall supply of hotel rooms and intense competition Hua Hin; while the political unrest in the Southern Thai provinces has resulted in a decline in tourists from Malaysia, who is a one of the main targeted tourist groups for the Hat Yai hotels.

As for the hotels located in Bangkok, the achieved Q1/2017 ARR was 84.0%, a decrease of 1.0 percentage point YoY; while achieved ARR increased by +0.5%\ YoY, resulting in the RevPAR for Bangkok hotels to subsequently decrease marginally by -0.6% YoY.

(1.2) Food Business

Food Business KPIs – Sales Growth % YoY

	<i>Same Stores Sales (SSS)</i>		<i>Total Systems Sales (TSS)</i>	
	<i>Q1/2016</i>	<i>Q1/2017</i>	<i>Q1/2016</i>	<i>Q1/2017</i>
4 Core brands	-0.2%	-1.5%	1.8%	1.7%
7 other brands	4.1%	0.6%	14.5%	13.8%
Average – all brands	-0.1%	-1.3%	3.2%	3.1%

Total Food Business revenues for Q1/2017 increased by Baht 83.5 million, or 3.3% compared to the same Quarter last year. This is mainly due to the growth in the total number of QSR outlets for the existing QSR brands or reopening of those outlets closed for renovation since last year, sales of premium products or CRG Plus Loyalty Cards, promotional set menu offerings or collection of loyalty points for redeeming to buy products at special prices, sustained advertising, and additional marketing promotional campaigns via TV, newspapers/magazines or other channels of communications, together with ongoing new products launch and new menu offerings development. Additionally, this revenue increase came from price adjustments for some KFC menu offerings; whereby those core QSR brands that delivered overall increased revenues in Q1/2017 were KFC, Auntie Anne's, Pepper Lunch, Cold Stone Ice Cream, Tenya, Katsuya and Yoshinoya. As at end Q1/2017, the Company operated a total of 11 QSR brands, with a total of 820 QSR outlets – equal to a net new total of 20 QSR outlets compared to end Q1/2016

During Q1/2017, GDP economic growth and overall consumer confidence have not yet clearly recovered to their normal levels, thus resulting in Same-Store-Sales Growth of minus -1.3%, that corresponded to the overall food business industry sector's growth.

(2) Cost of Sales and Gross Profit

In Q1/2017, the Company and Subsidiary Companies had Total Cost of Sales of Baht 2,091.4 million (Q1/2016: Baht 2,080.8 million), representing an overall average Gross Margin of 59.5% (Q1/2016: 59.9%), with the following details by business groups.

Business Group	Q1/2017				Q1/2016				% Changes YoY Cost of Sale
	Core Revenues (Bht - Mln)	Cost of Sales (Bht -Mln)	Gross Profit (Baht - Mln)	Gross Margin (%)	Core Revenues (Bht – Mln)	Cost of Sales (Bht - Mln)	Gross Profit (Bht -Mln)	Gross Margin (%)	
Hotels Business	2,595.6	860.2	1,735.3	66.9%	2,702.6	893.6	1,809.0	66.9%	-3.7%
Food Business	2,571.1	1,231.2	1,340.0	52.1%	2,489.3	1,187.2	1,302.2	52.3%	+3.7%
Total*	5,166.7	2,091.4	3,075.3	59.5%	5,191.9	2,080.8	3,111.1	59.9%	+0.5%

*Note : Cost of sales EXCLUDES Depreciation & Amortization allocated to Costs of Sales

Hotels Business

In Q1/2017, the Company and Subsidiary Companies had Total Costs of Sales for the Hotels Business of Baht 860.2 million, consisting of direct costs, 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 resulted in a Total Gross Margin of 66.9% (Q1/2016: 66.9%) when compared to the total Hotels Business sales and services revenues.

Food Business

For Q1/2017, the Company and Subsidiary Companies had total Cost of Sales for the Food Business of Baht 1,231.2 million, comprising of direct costs, such as: food and beverage materials costs, salaries and welfare benefits for direct staff, and consumables; and resulted in a Gross Margin of 52.1% (Q1/2016: 52.3%) relative to the total Food Business revenues, which is only a very marginal decrease form 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 QSR franchise and royalty

fees, and advertising expenses. For Q1/2017, the Company and Subsidiary Companies had Total Selling and General Administrative Expenses of Baht 1,777.6 million, a marginal decrease of Baht 3.0 million or 0.2%YoY, compared to the same period last year, and representing 33.4% (Q1/2016: 33.6%) of Total Consolidated Revenues.

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

For Q1/2017, the Company and Subsidiary Companies recognized a share of profit, by the equity method, from investments totaling Baht 14.3 million, an increase of Baht 0.1 million, or 1.0%, for the same period last year; due to the increased investments in the CTARAF property funds for the leasehold rights during the previous year.

(5) Share of Net Profit, by the equity method, from investments in Non-Controlling Interests

For Q1/2017, the Company and Subsidiary Companies recognized a share of Net Profit, by the equity method, from investments in Non-Controlling Interests totaling Baht 52.2 million (Q1/2016: Baht 63.6 million), a decrease of Baht 11.4 million, or 18.1% YoY for the same period last year.

(6) Net Profit

For Q1/2017, the Company and Subsidiary Companies achieved a Total Net Profit of Baht 783.0 million, an increase of Baht 25.3 million, or 3.3%, YoY, that equal to 14.7% of Total Consolidated Revenues, which is a slight increase compared to Q1/2016: 14.3%.

2. Analysis of the Company's Financial Status for 2017 and 2016

Assets

Financial Status (Baht –Millions)	As at Mar 31, 2017	As at Dec 31, 2016	% Changes
Current Assets	3,917	3,043	+29%
Non-Current Assets	21,057	21,354	-1%
TOTAL ASSETS	24,974	24,397	2%

Total Assets of the Company and Subsidiary Companies, as at the March 31, 2017 and the end of 2016, was Baht 24,974.3 million and Baht 24,396.8 million respectively, that is an increase of Baht 577.5 million, or 2.4%, from the end of 2016. This is mainly comprised of the increase in cash or cash equivalent, trade receivables and other current debtors.

Total Current Assets, as at March 31, 2017 and the end of 2016 was Baht 3,917.4 million and Baht 3,042.7 million respectively, equal to 15.7% and 12.5% of Total Assets respectively. Current Assets consist of these key assets items:

- (1) Cash or Cash equivalent, as at the March 31, 2017 and the end of 2016, totaling Baht 1,160.8 million and Baht 989.3 million respectively, or equal to 4.6% and 4.1% of Total Assets respectively.
- (2) Trade and Other Receivables (Net), as at March 31, 2017 and the end of 2016, totaling Baht 483.0 million and Baht 424.5 million, or equal to 1.9% and 1.7% of Total Assets respectively. The portion of the Company's Trade and Other Receivables is quite small when compared to Total Assets, which is due to the fact that the Food Business is virtually a total cash-based business while the Hotels Business offers an approximate credit of 15 - 30 days to its sales agents and those properties it manages and actual average collections is equal to approximately only 15 days.

Total Non-Current Assets (Net), as at March 31, 2017 and the end of 2016, totaled Baht 21,056.9 million and Baht 21,354.1 million, or equal to 84.3% and 87.5.4% of Total Assets respectively. Non-Current Assets consist mainly of property, buildings and equipments, which, as at the March 31, 2017 and the end of 2016 totaled Baht 18,009.5 million and Baht 18,288.2 million respectively, or an overall decrease of 1.5% due to the applied depreciation and amortization costs during the year.

3. Financial Liquidity and Sources of Capital Funds

(1) Liquidity and Cash Flow

Cash Flow from operations of the Company and Subsidiary Companies, as at the end of March 31, 2017 and 2016, totaled Baht 1,213.3 million and Baht 1,220.1 million respectively, or an decrease of Baht 6.8 million YoY.

Cash Flow for investment activities, as at March 31, 2017 and 2016, represented the use of a total of Baht 915.0 million and Baht 353.5 million respectively, due to additional investments in fixed assets relating to the construction of buildings and the purchase of equipments together with payments for leasehold rights.

Cash Flow from financing activities, for the 3 months Q1/2017 period ended as at March 31, 2017 and 2016, represented the use of a total of Baht 232.4 million and Baht 514.6 million respectively, whereby for the Q1/2017 period, as at March 31, 2017, the Company repaid short term loans totaling Baht 622.2 million, together with a repayment of long term loans totaling Baht 29.8 million.

(2) Liquidity Ratio

Financial Ratio (times)	As at Mar 31, 2017	As at Dec 31, 2016
Liquidity Ratio	0.9	0.7
Interest-bearing Debt : Shareholders Equity	0.7	0.7

As at March 31, 2017 and the end of 2016, the Company and Subsidiary Companies had a Liquidity Ratio of 0.9 times and 0.7 times respectively; whereby this Liquidity Ratio increased compared to the end of 2016, mainly due to the Company having made repayments for short term loans totaling Baht 622.2 million. As for the Ratio of Interest Bearing Debts to Shareholders Equity of the Company and Subsidiary Companies, it was at 0.7 times as at March 31, 2017 (as at December 31, 2016 : 0.7 times); whereby the Company and Subsidiary Companies still has adequate liquidity to service its debts and associated interests.

(3) Sources of Capital Funds

Financial Status (Baht – Millions)	As at Mar 31, 2017	As at Dec 31, 2016	% Changes
Current Liabilities	4,187	4,706	-11%
Non-Current Liabilities	9,116	8,574	6%
Total Liabilities	13,303	13,280	0.2%
Total Shareholders Equity	11,671	11,117	5%
TOTAL LIABILITIES And SHAREHOLDERS EQUITY	24,974	24,397	2%

Total Current Liabilities of the Company and Subsidiary Companies, as at March 31, 2017 and the end of 2016, totaled Baht 13,303.5 million and 13,279.5 million respectively, consisting of :

- (1) Total Trade Payables, as at March 31, 2017 and the end of 2016, totaling Baht 700.3 million and Baht 817.1 million, or equal to 5.3% and 6.2% of Total Liabilities, respectively
- (2) Back overdrafts and short term loans decreased by baht 546.3 million due to the repayment of short term loans.

Total Non-current Liabilities of the Company and Subsidiary Companies, as at March 31, 2017 and the end of 2016, totaled Baht 9,116.4 million and Baht 8,573.9 million respectively, with the Company's long term loans from financial institutions net increasing by Baht 576.9 million.

Shareholders equity

As at the March 31, 2017, the Company and Subsidiary Companies had Total Shareholders Equity of Baht 11,670.8 million, an increase of Baht 553.5 from the end of 2016, of an increase of 5.0% due to the achieved Net Profit for Q1/2017

4. Factors Impacting Future Business Operations

It is expected that the Hotels Business will continue to benefit from the positive trends of the tourist industry sector in Thailand with regards to the ongoing projected increase in total international tourist arrivals this year. whereby total arrivals from the ASEAN countries will still continue to increase despite the continued decrease in total tourists arrivals from China for the past 2 Quarters, which is expected only to be a short term problem. As for tourist arrivals from Europe, only mid-level growth is expected. While the Company expects that there will not be any significant impact from the BREXIT situation on tourist arrivals from the UK; nevertheless, the Company is closely monitoring the situation. While with regards to tourists arrivals from Russia, it is expected that the recent revived growth trends will continue during 2017, since in Q1/2017 the total arrivals to Thailand from Russia is still as much as 30% below that of 2014. From the estimates made by the Economist Economic Intelligent Center, it is expected that total full year 2017 international arrivals to Thailand will grow by 8.4%YoY. However, various external risk factors remain – such as: epidemics, natural disasters (eg: floods), and tense political situations, tensions – that may impact the hotels business. Nevertheless, from past experience, such negative impacts will be for the short term only; while given the dispersal and spread of the Hotels Business throughout the various geographical regions, any negative impacts from such risks will tend to become minimized over time.

With regards to the hotels operations in the Maldives during Q1/2017, the decreasing operating results from the 2 Maldives hotel properties during Q1/2017 have had a negative impact for the Company's overall Hotels Business operations business. This is due to the increasingly competitive business environment there, with a total Q1/2017 tourist arrivals growth in the Maldives of 4.3% YoY, while the total number of beds in operation increased by 18.5%. Nevertheless, it is expected that the total supply of hotels rooms has reach it maximum in Q1/2017, which is the high tourist season. Thereafter, the new supply will slowdown during the remainder of 2017, which, based on the statistics for 2016 the overall growth in supply of total hotel rooms will slow down to only 3.4% (compared to 2015 which grew at an average of 8.0% from 2014). This will then reduce the intensity of the overall competitive environment in this market for the remainder of this year. The Company is closely monitoring the situation, and regularly adjusts its marketing plans as appropriate to the situation accordingly, It is further expected that the overall trend for the increase in RevPAR during Q2/2017 in the Maldives tends to be more positive than in Q1/2017

As for the food services business, the overall industry trend is stable but positive, although some small degree of operational uncertainty remains - with the Company's potential Food Business revenues growth being dependent on overall consumer confidence, the Government's economic stimulus to boost consumer consumption, overall Public Sector spending, various effective advertising and marketing promotions campaigns as appropriate by the Company by the QSR operators; whereby these are all key factors to successfully help future drive sales. Further, the Company does not expect that the official appointment of a new additional franchise or business partner by Yum Restaurant International (Thailand) Co. to join and manage the 130 franchised outlets located in Bangkok and

suburban Provinces and also those located in the Southern provinces, together with the open bidding for other additional franchise outlets, will have any significant impacts on the Company's future activities in managing or expanding its associated QSR outlets.

Outlook for 2017

For 2017, the Company is still focused on achieving Organic Growth, through focusing on improving overall achieved Profit Margins, advance purchase of key raw materials so as to minimize the risk of volatile raw material prices during the year, and more effective management of debts and bank borrowings. In addition, it will see efficiency and effectiveness from having established its International Headquarters, IHQ since July 2016.

For the Hotels Business, the projected increase in achieved RevPAR for full year 2017 at 3% - 4% YoY, is based on focusing on increased achieved ARR due to on the ongoing increasing trends in the tourism industry sector in Thailand that will positively support hotels operations in Thailand. Nevertheless, this projection already takes into account the possible impact from the planned major renovations of the Central Grand at Central World during 2017. Currently, the Company is still estimating the increased RevPAR for the Maldives properties in Quarter 2, and will review this projection on a Quarterly basis so as to make any appropriate revisions based on the overall economic situation at that time.

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. This is because a higher Profit Margin is able to be achieved from this activity. In 2017, the Company plans to open 2 new hotel properties, under the Hotels Management Services activity, in the Middle East : namely, in Muscat, Oman (in Q2/2017) and in Doha, Qatar (in Q3/2017). Additionally, the Company also plans to develop and invest in other hotel assets in Thailand and overseas so as to grow overall future business revenues and profits; but through taking into careful consideration these key factors: the associated risks, potential financial returns, and financial discipline. Currently, the Company is in negotiations with a business –partner regarding the development and construction of the (150 rooms) COSI Samui Hotel with an investment of Baht 350 million that is expected to be completed by the end of 2017 and be fully operation for full year 2018. At the same time, the development and construction of the (300 rooms) COSI Pattaya Hotel, with an investment of Baht 620 million, is expected to start in 2017 and be operation in 2019; and as for the planed development of the (550 rooms) Centara Deira Island Beach Resort, Dubai, with an investment of US\$ 160 million, through a Joint venture activity with the Nakheel Property development of Dubai. Group for which an JV MOU was executed in December 2016. And a detail JV Agreement, based on a 40% investment by the Company is being negotiated for execution. This new JUV property is expected to be in operation by the end of 2019.

As for the Food Business, it is expected that overall TSS growth of 5% - 6% YoY will be achieved, through ongoing planned expansion of approximately 35 – 40 new QSR outlets in 2017 (or equal to 4 – 5 % outlets growth from full year 2016). As such, this continued QSR outlets expansion will be focused mainly on establishing new outlets in shopping malls; while also giving importance to continued effective costs management , so as to support the ongoing increased targeted revenues goals as well as enable achievement profits goals.

Additionally, there are also opportunities for Inorganic Growth from undertaking possible M&A and JV activities, for which successful execution will largely depend largely upon the final negotiations, details about the exact timing and nature of the activities cannot, for now, be clearly defined as yet.

With regards to future business expansion activities, the Company expects to be able to support and finance these activities from both its operating cash flows and additional bank borrowings as necessary, while still be able to maintain overall financial discipline and Debt : Equity Ratio at not more than 1.5 times.

For your information accordingly;

Respectfully Yours,



(Dr. Ronnachit Mahatanapruet)
SVP, Finance and Administration