

STRENGTH TO STRENGTH IN HOTELS AND RESTAURANTS

EXECUTIVE Q&A

SHAREINVESTOR

Central Plaza Hotel Plc (CENTEL) was established in 1980 and manages and operates a chain of first-class hotels throughout Thailand and the region through Centara Hotels & Resorts (CHR). It is a core business unit of the Central Group of Companies, founded by the Chirathivat family, the owner, developer and operator of commercial malls, retail businesses, Central department stores and trading businesses throughout Thailand. CENTEL was listed on the SET in 1990, and currently has registered capital of 1.35 billion baht. President Gerd Kurt Steeb discusses the company's strategy and outlook.

BUSINESS:

Please explain Centel's business model.

Centel has two separate business units, one is Centara Hotels & Resorts (Formerly Central Hotels and Resorts) which owns and operates hotels and resorts in Thailand and the region, and the other business unit is Central Restaurant Group (CRG). The two are separately managed. We both own and operate hotels. On a revenue basis the food business represents 55% of our revenues and the remaining 45% comes from the hotel and resorts business.

For the hotel business, will Centel look to expand into managing hotels or will it focus more on fully developing hotels itself?

Our strategy over the past five years was to build our reputation through developing and operating hotels in key destinations and perform better than the hospitality market average. Thankfully we have been able to achieve this through a lot of

hard work and we are No.1 in the number of hotels and hotel rooms in Thailand. We have opened our own sales offices in London, Tokyo, Australia, Hong Kong, China and Central Europe to expand awareness of our brand. Recently at the World Travel Mart in London, the Centara brand was nominated, out of three brands, as one of the most well-known hotels in Southeast Asia. Now that we have been able to prove our credentials and with our reputation well-established, our objective is to grow quickly in the hotel business through management contracts and we will also look at expanding into mid-range hotels.

For the hotel business, how have average room rates (ARR) and occupancy rates compared versus the industry?

Our hotels are performing better than the industry here in Thailand. During the last 18 months our ARR did not drop and occupancy rates only dropped slightly. We have taken measures to improve our ARR going forward. A simple example is our hotel in Phuket, where we added pools to the villas as the market had a demand for it, and as such were able to achieve a higher ARR.

For the food business, what brands does Centel currently have?

The food brands in the CRG portfolio today are KFC, Mister Donut, Auntie Anne's, Pepper Lunch and Beard Papa's. Today we have a total of 500 outlets in

Thailand.

Are there plans to include new food retail brands in Thailand or will the group continue to focus on its current portfolio?

We plan to further expand with new brands and opening new outlets of the current brands. The new brands we plan to add include the Ramen Shop (Chabuton) which is the first ramen restaurant to be listed in the Michelin Guide in 2007, we also have Super-Premium Ice Cream which is world-renowned with more than 1,400 outlets worldwide, Osaka Style Shabu Shabu, which we developed ourselves, and finally Lifestyle Ice Cream for the New Generation which is also developed by CRG.



Steeb: Ramen, ice cream to be added

FINANCIAL:

Centel's financial performance in 2009 was poor. What were the reasons for this?

Every hotel and retail food business performed relatively poorly in 2009 because of local politics and the global economy, but when comparing our performance versus the market and competitors we believe we outperformed others.

MISCELLANEOUS:

What are the biggest risks facing your business?

For both businesses the key risks are politics and the global and local economic situation. As we expect an improvement in both areas by the fourth quarter of 2010 we are taking the necessary steps today to ensure that we are well-positioned for recovery and future growth in our business organisation.

With the addition of a property fund, is Centel selling more hotels to the property fund?

Yes we do plan on selling more hotels to the property fund in time, the current CTARAF has performed well, and with its guaranteed yield of 9% for four years it has been well-received by investors.

Where do you see Centel in five years from now?

For the hotel business, in the next five years we plan to own and operate a total of 77 hotels. Each year we plan to develop and fully own one new hotel with the remainder coming from management contracts. This expansion will be done in Southeast Asia, India, the Maldives and China. For the food business we aim to expand to 800 outlets with our current brands and new brands under our portfolio.

The Executive Q&A Series is presented by ShareInvestor, Asia's leading financial internet media & technology company, and the largest investor relations network in the region with more than 400 listed clients. The interview is conducted by Pon Van Compermolle, managing partner of GVC Capital, an investment advisory firm focused on small-mid caps in Thailand. For more information, e-mail pon@gvc-capital.com or howard@shareinvestor.com or visit www.ThaiListedCompany.com