

February 28, 2017

The President and Director,

The Stock Exchange of Thailand (SET),

**CENTEL: Letter of clarification for comparable variances
in operating performance results for Full Year 2016 compared to Full Year 2015**

The CENTRAL PLAZA HOTEL Public Company Limited and Subsidiary Companies (CENTEL) wishes to inform the SET of its operating performance results for the Full Year (FY) 2016 period, ended 31 December 2016; whereby it achieved a Total Consolidated Net Profit of Baht 1,849.6 million, an increase of Baht 186.0 million or 11.2% Year-on-Year (YoY) compared to the full year 2015, with the following detailed analysis.

CENTEL: Operating Performance Results for FY/2016 compared to FY/2015

(in Baht Millions)	Full Year 2016		Full Year 2015		YoY Changes (Increase + / - Decrease)	
	Baht	%	Baht	%	Baht	%
Revenues – Hotels Business	9,268.2	46.7%	9,046.4	47.1%	+221.8	+2.5%
Revenues – Food Business	10,597.2	53.3%	10,169.7	52.9%	+427.5	+4.2%
Total Consolidated Revenues	19,865.4	100.0%	19,216.1	100.0%	+649.3	+3.4%
Costs of Sales – Hotels Business	(3,418.1)	(17.2%)	(3,321.6)	(17.3%)	+96.5	+2.9%
Costs of Sales – Food Business ⁽¹⁾	(5,009.2)	(25.2%)	(4,779.1)	(24.9%)	+230.1	+4.8%
Total Consolidated Costs of Sales ⁽¹⁾	(8,427.3)	(42.4%)	(8,100.7)	(42.2%)	+326.8	+4.0%
Less : Selling & General Administrative Expenses	(7,159.3)	(36.0%)	(6,947.1)	(36.2%)	+212.2	+3.1%
Add : Share of Profit/(Loss) from Investments (by the equity method)	35.9	0.2%	28.6	0.1%	+7.3	+25.6%
EBITDA	4,314.8	21.7%	4,196.9	21.8%	+117.9	+2.8%
Less : Depreciation and Amortization Costs	(1,684.6)	(8.5%)	(1,607.8)	(8.4%)	+76.7	+4.8%
EBIT	2,630.2	13.2%	2,589.1	13.5%	+41.1	+1.6%
Less : Finance Costs	(358.0)	(1.8%)	(404.6)	(2.1%)	-46.0	-11.5%
Less : Corporate Income Tax	(414.5)	(2.1%)	(431.0)	(2.2%)	-16.4	-3.8%
Less: Share of (Profit) / Loss from Non-Controlling Interests (by the equity method)	(106.6)	(0.6%)	(88.0)	(0.5%)	+18.5	+21.1%
CORE OPERATING NET PROFIT/(LOSS) from normal operations	1,751.1	8.8%	1,665.5	8.7%	+85.6	+5.1%
Extraordinary Items :						
Add : Share of Loss from Investments in the Property Fund (by the equity method)	(33.4)	(0.2%)	(102.2)	(0.5%)	-68.8	-67.3%
Special Income Contribution from Rental Adjustments	31.6	0.2%	-	-	+31.6	+100.0%
Add : Revenue from Amortization of Deferred Rental Income	100.3	0.5%	100.3	0.5%	-	-
CGBS						
NET CONSOLIDATED PROFIT/ (LOSS)	1,849.6	9.3%	1,663.6	8.7%	+186.0	+11.2%

Cost of Sales EXCLUDES Depreciation & Amortization Costs allocated to Costs of Sales

1. Overview : Full Year 2016 Operating Performance Results

In 2016, CENTEL achieved Total Consolidated Revenues of Baht 19,865.4 million (FY/2015 : Baht 19,216.1 Million), an increase of Baht 649.3 million, or 3.4%, YoY, with a total revenues mix for the Hotels Business and the Total Food Business of 47 : 53 respectively which is similar to that for FY/2015.

Total Food Business revenues grew by Baht 427.5 million, or an increase of 4.2%, YoY and accounting for 65.8% of the overall increase in Total Consolidated Revenues of CENTEL, that was mainly derived from the addition of 38 new food outlets while Same-Stores-Sales (SSS) growth decreased by 0.7%. As at 31 December, 2016, the Food Business comprised of a total of 11 SR brands and 830 QSR outlets (as at 31 December, 2015: 792 QSR outlets).

Total Hotels Business revenues grew by Baht 221.8 million, or an increase of 2.5%, YoY due to the continued increase in total international tourists arrivals of 8.9%YoY during 2016, which drove an ongoing increase in the overall Average Occupancy Rate (OCC) to 81.9% - the highest OCC ever – together with a corresponding 3.0% increase in RevPAR.

Despite having to face numerous challenges during Q4/2016 in its hotels business operations, such as: a 3 week temporary closure of the Centara Grand Phuket Hotel due to flood damages; the increase in visa fees during October - November for international tourists from certain countries including China, that resulted in a significant drop in total Chinese tourists during the Quarter 4 period; and the temporary suspension of entertainment events as well as any advertising and promotions campaigns in the press or on TV and radio during the initial 30 royal mourning period for the late King, CENTEL still managed to achieve an increase in EBITDA of Baht 117.9 million, or 2.8%YOY, compared to 2015. This was the result of an increase in profitability of the Food Business that achieved an EBITDA margin of 13% (compared to 12.3 % in 2015); while the achieved EBITDA margin for the Hotels Business saw a marginal decrease to 31.7 % (compared to 32.6% in 2015). CENTEL achieved a Total Consolidated Net Profit of Baht 1,849.6 million, or an increase of 11.2 % from the previous year, resulting from more effective management and control of overall expenses and administrative costs. Currently, CENTEL is also in the process of making an insurance claim for the unexpected temporary closures of operations of the Centara Grand Phuket Hotel during the recent floods, and expects to receive this claim payment in Q1/2017.

2. Analysis of the operating performance results for Full Year 2016

(1) Revenues

1.1 Hotels Business

As at 31 December, 2016, CENTEL has a total of 52 hotels (with 10,980 rooms) in its Hotel Business portfolio, comprising of 37 hotels (7,027 rooms) in operation together with 15 hotel properties (3,953 rooms) still under development. Of the 37 hotels in operation, 15 hotels (3,812 rooms) are own-operated hotel properties and the other 22 hotels (3,215 rooms) are operated under the hotels management services agreements.

Hotel Business operations KPIs (own-operated hotels only)

Average Occupancy Rate (OCC)	Q4/2015	Q4/2016	YoY Change (% points)	FY 2015	FY 2016	YoY Change (% points)
Bangkok	80.9%	76.6%	-4.3%	81.3%	81.2%	-0.1%
Provinces	79.2%	79.4%	0.2%	79.6%	81.8%	2.2%
Maldives	83.5%	88.0%	4.5%	82.2%	86.7%	4.5%
Total - Thailand	79.7%	78.6%	-1.1%	80.2%	81.6%	1.4%
Total CHR	80.0%	79.2%	-0.8%	80.3%	82.0%	1.7%
Average Room Rate (ARR)	Q4/2015	Q4/2016	YoY Change (%)	FY 2015	FY 2016	YoY Change (%)
Bangkok	3,377	3,568	5.7%	3,248	3,394	4.5%
Provinces	4,145	4,039	-2.6%	4,017	3,928	-2.2%
Maldives	20,237	19,218	-5.0%	19,133	19,262	0.7%
Total - Thailand	3,909	3,901	-0.2%	3,778	3,767	-0.3%
Total CHR	5,033	5,025	-0.2%	4,809	4,851	0.9%
RevPAR	Q4/2015	Q4/2016	YoY Change (%)	FY 2015	FY 2016	YoY Change (%)
Bangkok	2,731	2,735	0.1%	2,642	2,755	4.3%
Provinces	3,282	3,209	-2.2%	3,197	3,213	0.5%
Maldives	16,901	16,903	0.0%	15,602	16,698	7.0%
Total - Thailand	3,116	3,066	-1.6%	3,028	3,075	1.6%
Total CHR	4,024	3,980	-1.1%	3,858	3,975	3.0%

Overview of the Hotels Business in 2016

For 2016, the Hotels Business achieved total revenues of Baht 9,268.2 million, an increase of Baht 221.8 Million, or +2.5%, from the previous year. This total revenues growth resulted from the increase in achieved Average Occupancy Rate (OCC) of 1.7 percentage points together with the increase in achieved Average Room Rates (ARR) of 0.9%YoY due to the increase in achieved RevPAR of 3.0%YoY.

During 2016, total international tourists arrivals was 32.6 million, achieving a continuing increase of 8.9% from the previous year, which comprised of a 9.1%YoY increase in ASEAN visitors together with a 10%YoY increase in Chinese tourists and a 9.6%YoY increase in tourists from Europe. Further, the total number of tourists from Russia increased by 23%YoY from the small base in 2015 that was due to problems relating to low global crude oil prices, devaluation of the Russian currency and its internal economy. Nevertheless, despite the significant increase in this total number of visitors from Russia in 2016, it is still far lower than those coming to Thailand during 2013 - 2014 that reached as much as 1.6 – 1.7 million a year and grew at more than 32%YoY. The growth in the total number of international tourists last year occurred mostly during the first 9 months of the year that totaled 12.3%YoY; while in Quarter 4 total international arrivals decreased by 1% YoY, resulting from a 21% decrease in total Chinese tourists mainly due to the negative impact from the visa fees increase applicable for visitors coming from 18 countries including China from 27 September, 2016 onwards.

During Q4/2016, the Hotels Business was affected by 3 significant negative events that resulted in a decrease in achieved OCC of 1.1 percentage points; namely: 1) It was the initial period of royal mourning in Thailand for the late King; 2) extensive floods that resulted in the temporary closure of operations of the Centara Grand Phuket Hotel for 3 weeks starting in late October from October 28 to November 20; and 3) announced visa fees increase for visitors from 18 countries including China from 27 September, 2016, whereby, despite the Government then subsequently waived this visa fee increase as of December 1 onwards. the total number of Chinese tourists arrivals for Q4/2016 still decreased by 21%YoY from the same Quarter last year. As such, tourists from China is a major international tourist group for Thailand; and it can be seen that the achieved OCC in Q4/2016 for hotels located in Bangkok was the most affected and decreased by 4.2 percentage points, while overall RevPAR in Q4/2016 for hotels located in Thailand decreased by 1.6% YoY. Operating indicators for those hotels located in the Maldives did not change compared to the previous year, mainly due to increased competition relating to room rates, especially with regards to 4 star hotels.

Nevertheless, despite the various operational challenges that occurred during Q4/2016, CENTEL still managed to achieved an overall FY/2016 OCC of 82% for its hotels, which is the highest OCC ever achieved and comprises of an overall OCC increase of 2.2 percentage points YoY for hotels located in the Provinces and 4.5 percentage points for hotels located in the Maldives, but an OCC decrease of 0.1 percentage points YoY for hotels located in Bangkok.

As for achieved Average Room Rates (ARR), in 2016 overall achieved ARR increased by 0.9 %YoY, with hotels located in Bangkok being able to increase their ARR by 4.5%YoY, while achieved ARR for hotels located in the Provinces decreased by 2.2%YoY. Competition – especially for the Phuket market continued to pressure room rates, particularly for the 4-star hotels segment. The Maldives market was able to increase overall ARR by 0.7%YoY due to the competitive environment with regards to supply of hotel rooms in that market . Nevertheless, with regards to RevPAR, overall achieved RevPAR increased by 3.0%YoY; whereby achieved RevPAR for hotels located in Bangkok increasing by 4.3%YoY, for hotels located in the Provinces increasing by 0.5%YoY, and for hotels in the Maldives increasing by 7.0%YoY. As such, this increased RevPAR was due to the increase in achieved ARR for hotels located in Bangkok together with achieved OCC for those hotels located in the Provinces and the Maldives.

1.2 Food Business

Food Business growth KPIs

Quarter	Same Stores Sales (SSS)		Total System Sales (TSS)	
	Q4/2015	Q4/2016	Q4/2015	Q4/2016
Top 4 Brands	0.2%	-6.1%	1.6%	-2.2%
Other 7 brands	0.6%	0.0%	3.8%	16.6%
Average	0.2%	-5.6%	1.9%	-0.1%

Full Year	Same Stores Sales (SSS)		Total System Sales (TSS)	
	FY 2015	FY 2016	FY 2015	FY 2016
Top 4 Brands	-1.4%	-1.2%	1.3%	2.3%
Other 7 brands	6.1%	3.7%	7.5%	20.5%
Average	-0.7%	-0.7%	2.0%	4.3%

Overview of the Food Business in Full Year 2016

In 2016, CENTEL achieved total Food Business revenues of Baht 10,597.2 million, an increase of Baht 427.5 million, or 4.2%, YoY from 2015; with an achieved Total-System-Sales (TSS) growth of 4.3%YoY (2015: 2.0 %), while the achieved Same-Store-Sale (SSS) growth decreased by 0.7%YoY (2015: -0.7%); whereby TSS growth was achieved by all SR brands except for Mister Donut and Ootoya that both saw a decrease in their respective TSS. This revenues increase mainly resulted from the continuing expansion of new QSR outlets or the reopening of existing outlets closed for renovation since last year, sustained marketing promotions campaigns to collect loyalty points that are redeemable for purchasing goods at special prices, and increased advertising and public relations campaigns on TV and other media, as well as ongoing development of new products and menu offerings together with price adjustments for some QSR brands. As at 31 December, 2016, CENTEL had 11 QSR brands in its Food Business portfolio together with a total of 830 QSR outlets - equal to a net increase of 38 outlets from 2015; whereby the total new 24 outlets opened in Q4/2016 drove the overall total revenues increase, while SSS growth saw a decrease of 5.6%YoY in this last Quarter of the year due to Thailand being in the initial royal mourning period for the late King.

(2) Cost of Sales and Gross Profit

In 2016, the Company and Subsidiary Companies had Total Cost of Sales of Baht 8,427.3 million (2015: Baht 8,100.7 million), representing an overall average Gross Margin of 55.5% (2015: 55.8%), with the following details by business groups.

Business Group	Revenues (Excluding other income)	Cost of Sales (Baht million)	Gross Profit (Baht million)	Gross Margin (%)	Revenues (Excluding other income)	Cost of Sales (Baht million)	Gross Profit (Baht million)	Gross Margin (%)	% YoY Change in Cost of Sales
	FY 2016				FY 2015				
Hotels Business	8,919.1	3,418.1	5,501.0	61.7%	8,728.2	3,321.6	5,406.6	61.9%	+2.9%
Food Business	10,529.1	5,009.2	5,519.9	52.4%	10,094.5	4,779.1	5,315.4	52.7%	+4.8%
Total *	19,448.2	8,427.3	11,020.9	55.5%	18,822.7	8,100.7	10,722.1	55.8%	+4.0%

*Note: Cost of Sales and Gross Profit EXCLUDES Depreciation & Amortization Costs allocated to Costs of Sales

Hotels Business

In 2016, the Company and Subsidiary Companies had Total Costs of Sales for the Hotels Business of Baht 3,418.1 million, which represents a Total Gross Margin of 61.7% when compared to the total Hotels Business' sales and services revenues (2015: 61.9%) which is almost the same as for the previous year.

Food Business

In 2016, the Company and Subsidiary Companies had Total Costs of Sales for the Food Business of Baht 5,009.2 million, comprising of direct costs, such as: food and beverage materials costs, salaries and welfare benefits for direct staff, and consumables, which represents a Total Gross Margin of 52.4% of total Food Business sales (2015 : 52.7%) which is a marginal decrease from the previous 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. In 2016, the Company and Subsidiary Companies had Total Selling and General Administrative Expenses of Baht 7,159.3 million, an increase of Baht 212.2 million or 3.1% YoY, representing 36.0% of Total Consolidated Revenues (2015: 36.2%). This YoY increase in Total Selling and General Administrative Expenses was due to increased advertising and sales promotions expenses for both the Hotels and Foods Businesses aimed at boosting sales, together with expenses relating to the expanded QSR outlets network during the year by a total of 38 new outlets and losses from the disposal of some assets, totaling Baht 26.0 million, resulting from the major renovation of a hotel subsidiary company.

(4) Share of Profit, by the equity method, from investments (excluding losses from a revaluation of assets and special income contribution from rental adjustments)

For 2016, the Company and Subsidiary Companies recognized a share of profit, by the equity method, made from investments totaling Baht 35.9 million, an increase of Baht 7.3, or 25.6%, from the previous year.

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

For 2016, the Company and Subsidiary Companies recognized a share of Net Profit, by the equity method, from Non-Controlling Interests totaling Baht 106.6 million (2015: Baht 88.0 million), an increase of Baht 18.5 million or 21.1% YoY, resulting from the better of operating performance from subsidiary company.

(6) Net Profit

For 2016, the Company and Subsidiary Companies achieved a Total Net Profit of Baht 1,861.6 million, an increase of Baht 198.0 million or 11.9%YoY and equal to 9.4% (2015: 8.4%) of Total Consolidated Revenues as a result of the increase in the overall increased operating results of the Company together with a more effective finance cost and tax management.

3. Analysis of the Company's Financial Status for 2016 and 2015

Assets

Financial Status (Baht million)	@ 31 December 2016	@ 31 December 2015	% Change YoY
Current Asset	3,043	2,335	+30%
Non-Current Asset	21,354	22,108	-3%
TOTAL ASSET	24,397	24,443	-0.2%

Total Assets of the Company and Subsidiary Companies, as at the end of 2016 and 2015, was Baht 24,396.8 million and Baht 24,443.5 million respectively, a decrease of Baht 6 46.7 million from the end of 2015 or 0.1%. YoY.

Total Current Assets, as at the end of 2016 and 2015, was Baht 3,042.7 million and Baht 2,335.4 million - or equal to 12.5% and 9.6% of Total Assets -- respectively. Current Assets consist of these key assets items:

- (1) Cash or Cash equivalent, as at the end of 2016 and 2015, totaled Baht 1,089.3 million and Baht 448.3 million – or equal to 4.5 % and 1.8% of Total Assets – respectively
- (2) Trade and Other Receivables (Net), as at the end of 2016 and 2015, totaled Baht 523.3 million and Baht 492.6 million – or equal to 2.1% and 2.0% 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 the end of 2016 and 2015, was Baht 21,354.1 million and Baht 22,108.1 million – or equal to 87.5% and 90.4% of Total Assets – respectively. Non-Current Assets consist of mainly of property, buildings and equipments, which, as at the end of 2016 and 2015, had a totaled Baht 18,288.2 million and Baht 18,915.5 million respectively, an overall decrease of 3.3%YoY due to the applied depreciation and amortization costs during the year.

4. Financial Liquidity and Sources of Capital Funds

(1) Liquidity and Cash Flow

Cash Flow from operations of the Company and Subsidiary Companies, in 2016 and 2015, totaled Baht 4,177.6 million and Baht 4,111.2 million respectively, an increase of Baht 66.4 million. Cash Flow for investment activities, in 2016 and 2015, used a total of Baht 1,567.4 million and Baht 1,766.4 million respectively, due to additional investments in fixed assets relating to the construction of buildings and purchase of equipments together with payments for lease rights. Cash Flow from financing activities, for 2016 and 2015, used a total of Baht 1,911.0 million and Baht 3,300.6 million respectively, whereby in 2016 a dividend payment was made totaling Baht 766.6 million together with a repayment of long term loans totaling Baht 2,205.2 million.

(2) Liquidity Ratio

Financial Ratio (times)	@ 31 December 2016	@ 31 December 2015
Liquidity Ratio	0.7	0.3
Interest bearing Debt : Shareholders Equity	0.7	0.9

As at the end of 2016 and 2015, the Company and Subsidiary Companies had a Liquidity Ratio of 0.7 times and 0.3 times respectively; whereby this Liquidity Ratio increase, when compared to 2015, was mainly due to the increase in cash and cash equivalent and decrease in current liabilities from more effective debt management. 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 the end of 2016 (0.9 times as at the end of 2015); 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 million)	@ 31 December 2016	@ 31 December 2015	% Change YoY
Current Liabilities	4,706	7,644	-38%
Non-Current Liabilities	8,574	6,879	+24%
Total Liabilities	13,280	14,523	-9%
Total Shareholders Equity	11,117	9,920	+12%
Total Liabilities and Total Shareholders Equity	24,397	24,443	-0.2%

Liabilities

Total Liabilities of the Company and Subsidiary Companies, as at the end of 2016 and 2015, was

Baht 13,279.5 million and Baht 14,522.7 million respectively, with

Total Current Liabilities consisting of :

- (1) Trade Payables, as at the end of 2016 and 2015, totaling Baht 817.1 million and Baht 734.6 million – or equal to 6.2% and 5.1% of Total Liabilities - respectively
- (2) Debentures with a 1 year maturity that decreased by Baht 2,300.0 million YoY, due to a repayment of Debentures having been made during 2016 totaling Baht 3,300 million; and

Total Non-Current Liabilities of the Company and Subsidiary Companies, as at the end of 2016 and 2015, was Baht 8,573.9 million and Baht 6,879.1 million; whereby the Company issued additional Debentures to replace those Debentures that matured and came due totaling Baht 3,300 million together with new debentures Baht 980.0 million for use in repaying long term debts from a financial institution. As such, this facilitated a more effective management of its overall finance costs together with extending the overall terms in repaying its debts.

Shareholders Equity

As at the end of 2016, the Company and Subsidiary Companies had a Total Shareholders Equity of Baht 11,117.3 million, an increase of Baht 1,196.5 million, or 12.1%YoY, from the end of 2015 that resulted from the achieved Net Profit for full year 2016.

5. Debt Covenants and Obligations, and Management of Contingent Liabilities

As at the end of 2016, the CENTEL Group of Companies had NO debt covenants or obligations and management of any contingent liabilities

6. Factors Impacting Future Business Operations

The Hotels Business is expected to benefit from the ongoing positive factor relating to the sustained growth in total international tourists arrivals - especially tourists from China that is expected to continue to increase. At the same time, the main Europe source markets should continue to increase at a moderate level, and tourists from Russia should continue to increase during 2017. Based on the projections of the Economic Intelligent Center, Siam Commercial Bank, total international tourists arrivals for full year 2017 is expected to increase by 8.4% from 2016. However, various external issues - such as: widespread diseases or epidemics, natural disasters (ie: floods), and political problems or unrest – still remain key risk factors that would negatively affect the overall hotels business industry. Nevertheless, from past experience such impacts will be short lived; while in having its total hotels business revenues spread out into various locations in the Provinces, will to a certain extent minimize then overall negative impacts from such situations for the Company

As for the Food Business, there is a trend of increased stability together with some degree of uncertainty for the overall operating performance that mainly depends on overall consumer confidence, further implementation of economic stimulus initiatives, Public Sector spending, and achieved exports together with ongoing appropriate sales and marketing promotions campaigns by the Company aimed at boosting future total sales revenues. The Company expects that the appointment of new additional franchises or business partners by the Yum Restaurant International (Thailand) Co. Ltd. to operate an additional 130 KFC outlets located in Bangkok and Southern provinces together with bidding for the remaining planned outlets will not have any significant negative impact for the Company's planned future expansion of its KFC outlets network.

Outlook for 2017

For 2017, the Company will still focus on growing its business through organic growth together with improving overall profit margins, through undertaking advance purchase contracts for key raw material items so as to reduce risks of any price volatility for such items during the year as well as managing its debts and borrowings more effectively. Additionally, the Company expects to see efficiency and effectiveness from having established its International Headquarters, IHQ since July 2016.

With regards to the Hotels Business, an approximate 3% – 4%YoY in the achieved RevPAR is expected mainly as a result of increasing its ARR based on the key factor of sustained growth in total international tourists arrivals that will positively support the overall hotels industry in Thailand. As such, this projection has also taken into account the impact from the planned major renovations of the Centara Grand at Central World during the last half of 2017 hotel properties during the year.

Future expansion plans for the hotels business will still place importance on the hotels management services activities in both Thailand and overseas, so as to effectively manage overall associated operational risks and also to enable the achievement of improved profitability for the Company since the profit margin from hotels management services is high. During 2017, the Company plans to launch 2 new hotel properties under its hotels management service agreements portfolio in the Middle East, which will be the first hotels to be operated by the Company in this Region. These 2 new hotels will be located in Muscat, Oman and in Doha, Qatar.

Additionally, the Company still plans to invest in own operated hotel assets in both Thailand and overseas, so as to enable the achievement of increased total revenues and profits in the future, while taking into consideration the overall importance of the associated risk factors, return on investments and overall financial discipline. Currently, the Company is in the process of constructing the 151 room COSI Samui Hotel with a total investment of Baht 350 million, which is expected to be completed within late 2017 and in operation for the full year 2018. While for the 300 room COSI Pattaya Hotel with a total investment of Baht 600 million, the Company plans to start construction during 2017 so as to be in operation in 2019. In December 2016, the Company entered into a 40% / 60% Joint Venture Agreement with Nakheel, a major property development company in Dubai, UAE, to construct the new 550 room Centara Deira Island Beach Resort Dubai with a total investment of US 160 million which will start operations in 2019.

This hotel will be the first hotel property investment to be made by the Company in the Middle East, and will be the initial steps in potential future joint investments in the Middle East together with its new Nakheel business partner.

With regards to the Food Business, a Total Systems Sales (TSS) growth of between 5% - 6% is projected, mainly through opening additional QSR outlets totaling approximately 35-40 new outlets in 2017 – or equal to approximately 4% – 5 %YoY. As such, the Company still plans to maintain the expansion of its QSR outlets network, which will mainly be located in shopping malls; while at the same, the Company still place importance on overall effective management of both associated and operating expenses. This will then facilitate and enable the achievement of both total sale revenues and profit margins growth.

Additionally, there may also be additional supporting positive factors for undertaking inorganic growth, though possible Mergers & Acquisitions and/or Joint Ventures activities, whereby the key factors relate to successful negotiations being achieved; and as such it is not yet possible to clearly identify any associated timeframe for such activities.

With regards to its future expansion plans, the Company expects to finance this business growth both from operating cash flows together with additional borrowings, as well as to still be able to maintain overall financial discipline in controlling the Ratio of Interest Bearing Debts to Equity at not more than 1.5 times.

For your information accordingly;

Respectfully Yours,



(Dr. Ronnachit Mahatanapruet)
SVP, Finance and Administration