

Date: August 11, 2016

Subject: Management Discussion and Analysis 2Q16

To: The President and Director of the Stock Exchange of Thailand

Dusit Thani Public Company Limited (“The Company”) reports consolidated net loss and loss per share of Baht 41.3 million and Baht 0.049, respectively, for the three-month period ended June 30, 2016 (2Q16), compared to Baht 66.3 million and Baht 0.078 for the three-month period ended June 30, 2015 (2Q15).

For the six-month period ended June 30, 2016 (1H16), consolidated net income and earnings per share were Baht 112.6 million and Baht 0.133, respectively, compared to Baht 131.5 million and Baht 0.156 for the six-month period ended June 30, 2015 (1H15). These financial statements comply with the effective Accounting Standards for the periods beginning on or after January 1, 2016.

On May 16, 2016, the Company registered the change of par value from Baht 10 per share to Baht 1 per share. Consequently, the number of paid-up ordinary shares increased from 85 million shares to 850 million shares.

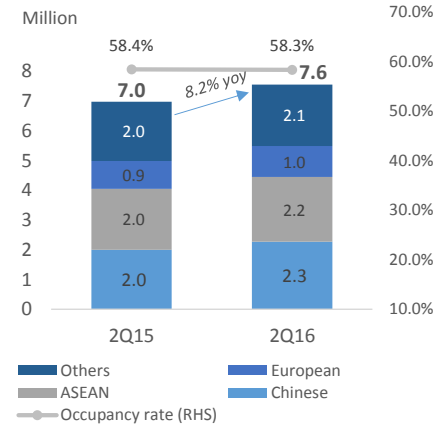
The following discussion and analysis of our operations and related financial results should be read in conjunction with the reviewed consolidated financial statements and related notes.

Statement of income highlights

| Baht (Million) | 2Q15 | 2Q16 | yoy % | 1H15 | 1H16 | yoy% |
|---|----------------|----------------|--------------|----------------|----------------|---------------|
| Hotel business | 938.3 | 1,006.9 | 7.3% | 2,279.8 | 2,405.2 | 5.5% |
| Hotel management business | 24.5 | 40.4 | 64.9% | 62.0 | 75.7 | 22.0% |
| Education business | 89.7 | 93.7 | 4.4% | 220.9 | 217.2 | -1.7% |
| Other | 52.3 | 53.7 | 2.7% | 131.2 | 136.8 | 4.3% |
| Total revenue | 1,104.7 | 1,194.7 | 8.1% | 2,693.9 | 2,834.8 | 5.2% |
| EBITDA | 107.4 | 141.7 | 31.9% | 526.6 | 549.8 | 4.4% |
| Depreciation | 169.2 | 192.4 | 13.7% | 333.9 | 381.2 | 14.1% |
| EBIT | (61.8) | (50.7) | 18.0% | 192.6 | 168.7 | -12.5% |
| Finance costs | 5.3 | 3.9 | -26.8% | 16.1 | 22.9 | 42.6% |
| Income tax (income) expense | 1.3 | (5.7) | -542.0% | 16.8 | 9.7 | -42.2% |
| Profit (Loss) for the period | (68.4) | (48.9) | 28.5% | 159.8 | 136.0 | -14.9% |
| Profit (Loss) attributable to non-controlling interests | (2.1) | (7.7) | -266.3% | 28.3 | 23.5 | -17.0% |
| Net profit (Loss) attributable to owner of the Company | (66.3) | (41.3) | 37.7% | 131.5 | 112.6 | -14.4% |
| EPS (Baht) | (0.078) | (0.049) | | 0.156 | 0.133 | |
| Number of shares (million) | 845.3 | 845.3 | | 845.3 | 845.3 | |

Industry overview

Tourist arrivals to Thailand

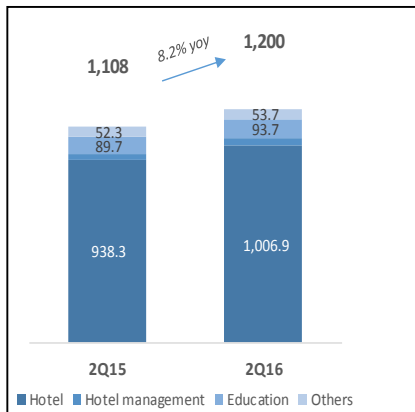


While the April-June quarter is a seasonally soft quarter, Thailand welcomed 7.6 million foreign tourists in 2Q15, or an increase of 8.2% yoy, led mostly by Chinese (+13.4% yoy), ASEAN (+6.3% yoy), Russian (+37.8% yoy), and Indian (+13.1% yoy). In 2Q16, hotel occupancy rate in Thailand was 58.3%, compared to 58.4% in 2Q15, while average Room Rate stood at Baht 1,854 per night, an increase of 2.8% yoy.

For 1H16, 16.6 million foreign tourists visited Thailand, up 12.0% yoy, again driven largely by Chinese (+22.3% yoy), ASEAN (+9.8% yoy), Russian (+18.2% yoy), and Indian (+12.5% yoy), mirroring the trends in 2Q16. Chinese tourists continued to contribute the largest share of total foreign tourist arrivals in 1H16 at 29.5%, up from 27.1% in 1H15.

Revenues

2Q16 revenue growth (%)



The Company reported total revenue of Baht 1,194.7 million in 2Q16, up 8.1% yoy, primarily with details as follows:

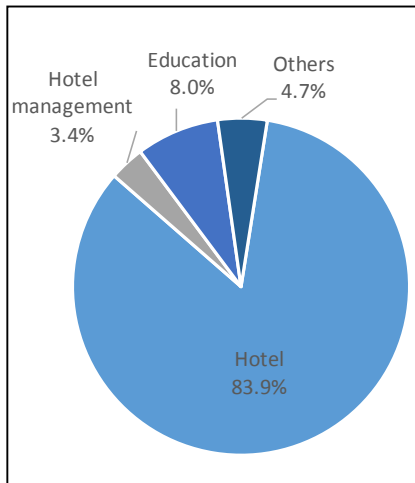
Hotel business

The Company's revenue from hotel business grew 7.3% yoy from Baht 938.3 million in 2Q15 to Baht 1,006.9 million in 2Q16. This was largely driven by (i) strong performance from several hotels in Thailand, led by our Bangkok properties (ii) the completion of the renovation at Dusit Thani Manila.

Hotel management business

Hotel management revenue climbed 64.9% yoy to Baht 40.4 million in 2Q16, primarily driven by current year fees contribution from recently opened hotels.

2Q16 revenue contribution



Education business

Revenue from education business climbed 4.4% yoy to Baht 93.7 million in 2Q16. This was largely due to the performance of Dusit Thani College.

Other businesses

Revenue from other sources amounted to Baht 53.7 million in 2Q16, a 2.7% increase yoy due to an increase in fees from other services provided to our management properties offset by lower share of net profit from investments by the equity method.

Costs of sales and services and gross profits

Costs of sales and services were Baht 856.7 million in 2Q16, up 8.2% yoy. The amount comprised the following:

- Direct costs of sales and services, e.g. cost of room service, cost of food and beverages, salary and employee benefits, etc. of Baht 675.3 million. This was an increase of 6.5% yoy due primarily to the increase of revenues.
- Cost of services – depreciation and amortization of Baht 181.5 million, up 14.8% yoy, mainly resulted from the completion of several renovations.

Gross profit amounted to Baht 226.5 million in 2Q16, or an increase of 10.3% yoy. This translated to gross profit margin of 20.9% of revenue from sales and services, a slight improvement from 20.6% in 2Q15.

Selling and administrative expenses and net loss

In 2Q16, selling expenses decreased 4.5% yoy to Baht 98.7 million, largely as a result of advertising and public relation expenses. Administrative expenses of Baht 279.0 million for the quarter increased of 7.2% yoy as the Company continued investments in resources in order to support future business expansion. The selling and administrative expenses represented 34.9% of revenue from sales and services in 2Q16, improving 36.5% in 2Q15.

Earnings before interest, income tax, and depreciation and amortization (EBITDA) of Baht 141.7 million for the quarter was an increase of 31.9% yoy. The Company recorded income tax income of Baht 5.7 million in 2Q16, compared to income tax expense of Baht 1.3 million in 2Q15 due to the benefits from accumulated loss brought forward. Net loss for the Company was Baht 41.3 million, an improvement from net loss of Baht 66.3 million in 2Q15. This translated into loss per share of Baht 0.049 for the quarter.

Statement of financial position highlights

The consolidated statement of financial position of the Company and subsidiaries as at June 30, 2016, compared to December 31, 2015 can be summarized as follows:

| Baht (Million) | 31-Dec-15 | 30-Jun-16 | Change |
|--------------------------------------|----------------|----------------|-------------|
| Cash and cash equivalents | 714.2 | 663.1 | -7% |
| Short-term investments | 380.2 | 382.0 | 0.5% |
| Trade and other receivables | 475.0 | 428.0 | -10% |
| Inventories | 79.6 | 71.6 | -10% |
| Other current assets | 168.0 | 153.1 | -9% |
| Total current assets | 1,817.1 | 1,697.7 | -7% |
| Investment in associates | 1,404.7 | 1,429.4 | 2% |
| Property, plant and equipment | 5,107.9 | 4,800.8 | -6% |
| Other non-current assets | 1,066.0 | 1,012.9 | -5% |
| Total assets | 9,395.7 | 8,940.9 | -5% |
| Bank overdrafts and short-term loans | 867.4 | 894.2 | 3% |
| Trade and other payables | 962.4 | 744.3 | -23% |
| Other current liabilities | 90.0 | 83.2 | -7% |
| Total current liabilities | 1,919.8 | 1,721.8 | -10% |
| Long-term loans | 1,177.1 | 991.9 | -16% |
| Other non-current liabilities | 894.3 | 913.8 | 2% |
| Total liabilities | 3,991.2 | 3,627.6 | -9% |
| Total equity | 5,404.5 | 5,313.3 | -2% |
| Total liabilities and equity | 9,395.7 | 8,940.9 | -5% |

Net assets position of the Company decreased from end of year 2015, from Baht 5,404.15 million to Baht 5,313.3 million.

At the end of 1H16, the Company's **total assets** are Baht 8,940.9 million, a decrease of Baht 454.8 million compared to year end 2015.

Key movements are as follows:

- Cash and cash equivalent decreased by Baht 51.1 million (refer cash flows highlights below)
- Trade and other receivables decreased by Baht 47.0 million, inventories by Baht 8.0 million, which were in line with trading trends
- Property, plant and equipment decreased by Baht 307.1 million (net), reflecting periodic depreciation and amortization charges offset by additions of property, plant and equipment at various properties as a result of renovation activities.

Total liabilities at period end of Baht 3,991.2 million, had decreased by Baht 363.6 million due to:

- Trade and other payables decreasing by Baht 218.1 million in line with trading
- Long-term loans decreased by Baht 185.2 million from repayment of loan principal according to the loan agreements.

Equity sees a net downward movement of Baht 91.0 million primarily as a result of the payment of the 2015 dividend to shareholders of the Company

Cash flows

- Cash balance as at end of June 2016 was Baht 663.1 million after starting the year with Baht 714.2 million – a net decrease of Baht 51.1 million or -7% (including some exchange rate differences)
- Cash generated from operations amounted to Baht 396.6 million versus same period last year of Baht 163.7 million.
- We used net cash of Baht 176.6 million for investment related activities. Key movements in investment activities for the first six months were:
 - Investments made for the purchase of an additional 5% of shares in a subsidiary for Baht 87.1 million
 - Investments in additional property, plant and equipment in respect to its own hotels for renovations
- We used Baht 260.2 million (net) in cash for financing related activities mainly to:
 - Net decrease of Baht 122.7 million in borrowings
 - Pay dividends mainly to the Company's shareholders of Baht 102 million.

Key financial ratios

| | 2015 | 2Q16 |
|----------------------------------|-------|-------|
| Gross margin | 27.6% | 27.4% |
| EBITDA margin | 20.8% | 21.3% |
| Net profit margin | 3.7% | 4.0% |
| Return on equity* | 4.4% | 2.4% |
| Return on asset* | 3.6% | 1.8% |
| Current ratio (x) | 0.9 | 1.0 |
| Debt/Equity (x) | 0.7 | 0.7 |
| Interest-bearing debt/Equity (x) | 0.4 | 0.4 |
| Interest coverage (x) | 19.3 | 14.2 |
| Book value per share (Baht) | 5.4 | 5.4 |

* Annualized