

The 1st quarter of 2017, net profit was Baht 124 million

Cash and cash equivalents, ending 1st Quarter 2017 amounted to Baht 784 million

Overview

The Company and subsidiaries reported its total revenue in the amount of THB 1,510 million, decreased by THB 125 million, or 8% yoy. The increase of new hotels in the Maldives has resulted in the excessive supplies comparing to the numbers of tourists arrivals. The average occupancy rate decreased significantly from last year. The revenue from the hotel in Philippines also declined, which caused the average occupancy rate and the average room rate to drop because of highly competitive market and tourists also have more choices to select the type of accommodation.

Revenue from hotel management reported a growth of 15 % yoy. Earnings before Interest, taxes and depreciation were THB 329 million, decreased by 19.4% yoy.

The Company's net profit is THB 124 million with the earnings per share of THB 0.147.

At the end of 1st Quarter 2017, the financial structure remained strong and stable with cash and cash equivalents, including short-term investments of THB 1,233 million, close to the end of 2016 at THB 1,228 million despite the fact that the Company and subsidiaries repaid of short-term and long-term loans included interest in the amount of THB 100 million.

	Baht (Million)			
	1Q2017	+/-	%	1Q2016
			%	
Hotel business	1,277.5	(120.7)	-8.6%	1,398.3
Hotel management business	40.6	5.4	15.2%	35.2
Education business	119.5	5.1	4.5%	114.4
Others	72.0	(15.2)	-17.4%	87.2
Total revenue	1,509.6	(125.4)	-7.7%	1,635.0
EBITDA	328.8	(79.3)	-19.4%	408.1
EBIT	165.8	(53.6)	-24.4%	219.4
Profit for the period	139.2	(45.8)	-24.7%	185.0
Net profit (Loss) attributable to owner of the Company	123.8	(30.0)	-19.5%	153.9
EPS (Baht)	0.147			0.182

Revenue from hotel business is 84.6% of total revenue in the 1st Quarter of 2017 and the hotel management business grew 15% yoy.

Hotel Business

The Company's hotel business revenue was THB 1,277.5 million, a decrease of THB 120.7 million, or 8.6%, mainly from:

- Overseas hotels: The increase of new hotels in the Maldives more than the number of tourists resulted in significantly drop of average occupancy rate from the last year. The number of Chinese tourists, the main tourist segment, also declined compared to last year. Dusit Thani Manila's revenue was lower than the previous year as Dusit Thani Manila had to lower the rate in order to maintain market share. The decline came from e-commerce segment, which the hotel already rectified the situation by adjusting its pricing strategy.
- Hotels under Property Fund, Revenue from Dusit Thani Hua Hin decreased revenue due to the slowdown of Indian customers and more new hotels in HuaHin area.

*Income from education
business was Baht 120 million
baht, an increase of 4.5% yoy*

Hotel Management Business

The Company earned THB 40.6 million from hotel management service, increased by THB 5.4 million or 15.2% yoy with the main source of income coming from Dusit Thani, Guam. As the Company implemented a strategy of reducing the investment in owned real estate and increasing our focus on the management and franchise business.

Education Business

The Company's income from education business was THB 119.5 million, increased by THB 5.1 million, or 4.5% yoy, resulted from revenue from Dusit Thani College. The growth mainly contributed from 3-month and 6-month short courses in cuisines and pastry, as well as the mini MBA.

Other Business

Income from other businesses amounted to THB 72 million, a decrease of THB 15.2 million or 17.4% yoy, resulted from the decrease in share of net profit from investment by equity method – Dusit Thani Property Fund by THB 6.4 million as well as loss from currency exchange. Other income of various hotels also dropped.

Total cost of sales and services was THB 938 million, including depreciation and amortization costs at 16%

The Company reported the total cost of sales and services in the amount of THB 937.6 million, lowered by THB 78.6 million, or 7.7% yoy. Cost of sales and services consisted of:

- Cost of sales and services, comprised room service costs, cost of food and beverages, cost of teaching, salaries and employee benefits totaling THB 784.5 million, decreased by THB 53.9 million or 6.4% yoy, in line with lower revenue.
- Cost of services-depreciation and amortization was THB 153.1 million, decreased by THB 24.7 million, or 13.9% yoy, due to the change in useful lives of building and equipment of Dusit Thani Manila to reflect the real future economic benefits and to be in line with Group policy.

Gross profit for the 1st quarter 2017 was THB 447 million, a decrease of 7% yoy

The Company's gross profit was THB 446.5 million, decreased by THB 34.2 million, or 7.1% yoy. This year gross profit margin at 32.3% of revenues from sales and service is higher than the same quarter last year at 32.1% as mentioned above.

Selling and administrative expenses were THB 393 million, an increase of 2%, due to the organizational restructure and the establishment of new departments to support business expansion

The Company and subsidiaries' selling expenses amounted to THB 85.8 million, decreased by THB 12.4 million, or 12.6% yoy. Administrative expenses increased by THB 19.8 million or 6.9% yoy, with the total of THB 307.3 million. The increase in expenses was mainly related to human resources to support business expansion. Selling and administrative expenses was 28.4% of revenue from sales and services, compared to 25.7% in the same quarter last year.

Earnings before interest, income tax and depreciation (EBITDA)

The company has earnings before interest, income tax and depreciation (EBITDA) amounted to THB 328.8 million, decreased by THB 79.3 million, or 19.4% yoy. After the deduction of interest, income taxes, depreciation and the profits for non-controlling interests, the Company's net profit was THB 123.8 million, decreased by THB 30.0 million, or 19.5% yoy. Earnings per share was THB 0.147.

Financial Position

Major items of the Company and its subsidiaries' consolidated financial statements

	<i>Baht (Million)</i>		
	31 December		
Baht (Million)	1Q17	2016	1Q16
Total assets	8,825.1	9,033.0	9,299.2
Cash and cash equivalents	784.4	870.3	762.7
Short-term investments	448.4	357.7	380.3
Trade and other receivables	437.7	462.6	480.6
Property, plant and equipment	4,513.7	4,689.6	4,948.7
Total liabilities	3,376.7	3,678.9	3,816.3
Bank overdrafts and loans	1,543.3	1,679.6	1,988.4
Trade and other payables	801.5	972.6	827.1
Total equity	5,448.5	5,354.1	5,485.6
Equity attributable to owners of the Company	4,698.9	4,589.0	4,729.1
Non-controlling interests	749.6	765.1	756.4

Total assets decreased by THB 208 million, mainly from depreciation of buildings and equipment

Total assets were THB 8,825.1 million, a decrease of THB 207.9 million or 2.3%. Significant changes were caused by:

- Property, plant and equipment value decreased by THB 175.9 million due to depreciation.
- Short-term investments increased from investment in fixed deposit of Dusit Thani College.

The 1st quarter 2017, subsidiaries repaid long-term loans amounting to USD 1 million and 3.5 million pesos

Total liabilities were THB 3,376.7 million, a decrease of THB 302.2 million, or 8.2%. Significant changes were caused by:

- Short-term loans decreased by THB 35.8 million and the long-term loans decreased by THB 100.1 million due to the repayment of principal under loan agreements of subsidiaries.
- Trade and other payables decreased by THB 171.1 million, mainly from accrued income from Dusit Thani College, which decreased by THB 72.9 million. Deposit decreased by THB 35.5 million, trade accounts payable decreased by THB 10.9 million, accrued expenses decreased by THB 18.3 million.

Description	Q1/2017	Q1/2016
Gross margin	32.26%	32.11%
EBITDA margin	23.76%	27.26%
Net profit margin	8.20%	9.41%
Return on equity	1.78%	3.06%
Return on asset	1.63%	3.22%
Current ratio (x)	1.24	1.02
Debt/Equity (x)	0.66	0.68
Interest-bearing debt/Equity (x)	0.28	0.36
Interest coverage (x)	14.50	21.03
Book value per share (Baht)	5.56	5.59