

Executive Summary

Due to the COVID-19 pandemic, Thailand and many countries in the world have issued the preventive measures such as the closure of some businesses, temporary reduce or change the working hours and the implementation of social distancing. These situation and measures have widely impacted the world economy many businesses, also our operation. In 1Q20, the Company reported the net loss attributable to owners of the parent of Baht 82 million and the loss including attributable to non-controlling interest of Baht 78 million comparing to the net profit of Baht 1 million and Baht 50 million, respectively, in the same period last year.

During this pandemic period, the Company has carefully managed the situation in all areas including managing and controlling fixed and variable costs, monitoring company's liquidity, managing any policy relating to employees and revising the short-term plan to ensure the least impact to the Company. For the long-term plan, the Company has determined to proceed the significant strategy plan for the Dusit Central Park Project continuingly.

Unit: Baht million	1Q20	1Q19	Change	
Hotel business	875	1,171	-296	-25.3%
Education business	108	118	-10	-8.5%
Food business	116	90	26	28.9%
Others	163	46	117	254.3%
Total revenue	1,262	1,425	-163	-11.4%
EBITDA	241	222	19	8.6%
EBIT	39	107	-68	-63.6%
Net profit (loss) attributable to parent	-82	1	-83	-8300.0%
Net profit (loss) attributable to non-controlling interests	4	49	-44	-91.0%
Net profit (loss) for the period	-78	50	-127	-256.2%
EPS (THB)	-0.097	0.001	-0.098	-9948.0%

Major Developments

On 21 January 2020, Epicure Catering Co., Ltd ("Epicure"); the Company's subsidiary, entered into the purchase agreement to buy 100% shares in The Caterer Joint Stock Company, which it operates catering and beverage business in Vietnam, with the condition that the seller has to commit and follow the condition stated in the agreement before entering into this transaction. This investment with the total amount of USD 3.9 million or Baht 117 million has split into 3 transactions and it will be complete after completing the condition stated in the agreement. The first transaction; 51% of total share with the value of USD 2.04 million or Baht 61.2 million, was done in February 2020. As at 31 March 2020, Epicure has delayed the investment in this new subsidiary.

On 18 February 2020, the Company entered into the investment agreement with Metro Pacific Investments Corporation to develop Hotel and Condominium Project in Philippines. The Company will set up the new subsidiary company; 100% owned by the Company, in Philippines under the name "Dusit Philippines Corporation" with the with the registered capital of USD 0.352 million or Baht 10.91 million by 2Q20. In order to complete this investment, the Company has to follow the condition stated in the agreement. As of 31 March 2020, the establishment of this new company is still in progress, so the capital payment has not been done yet.

On 5 March 2020, Dusit Thani Philippines, Inc; the Company's subsidiary, entered into the agreement to sell investment in Dusit Hospitality Education Philippines, Inc.; an indirect associate company, to the third party in the total amount of 359,999,700 Peso or Baht 219.60 million. As of 31 March 2020, the contract party has postponed the transaction; therefore, this transaction has not been completed.

In March 2020, the Company opened a new hotel "dusitD2 Salwa Doha" in Qatar (233 rooms).

From 1 January 2020, the Group has initially adopted TFRS 16 and recorded an increase in right-of-use assets and lease liabilities.

1Q2020 Operating Results

Unit: THB mn	Revenue breakdown				EBITDA breakdown			
	1Q20	1Q19	Change		1Q20	1Q19	Change	
Hotel business	875	1,171	-296	-25.3%	198	245	-47	-19.2%
Education business	108	118	-10	-8.5%	22	23	-1	-4.3%
Food business	116	90	26	28.9%	23	15	8	53.3%
Others	163	46	117	254.3%	-2	-61	59	96.7%
Total revenue	1,262	1,425	-163	-11.4%	241	222	19	8.6%

In 1Q20, the Company has total revenue of Baht 1,262 million; decreased by THB 163 million or 11.4% YoY, which 69.3%, 8.6%, 9.2% and 12.9% of total revenue were from Hotel Business, Education Business, Food Business and Other Business, respectively.

Hotel Business

In 1Q20, the revenue from Hotel Business was Bath 875 million which it was decreased by 25.3% YoY due to the COVID-19 pandemic along with the slowdown in economy which it impacted to the overall hotel business. However, the Company had revenue from the new business; Dusit Suites Hotel Ratchadamri, Bangkok, opening in 2Q19.

Owned Hotel

	1Q20	1Q19	% Change
Occupancy %	58.5%	84.6%	-30.8%
ADR (THB/night)	4,467	4,357	2.5%
RevPar (THB/night)	2,615	3,688	-29.1%

Remark: The statistics does not include Dusit Thani Bangkok and Dusit Suites Hotel Ratchadamri, Bangkok.

In 1Q20, the Company had revenue of Baht 775 million from Owned Hotel Business which it was decreased by 28.6% YoY as a result of the following;

- Revenue from Owned Hotel in Thailand was decreased by 31.0% YoY due to the COVID-19 pandemic in China since the beginning of the year. This caused a significant decrease in revenue as Chinese tourist was one of the major clients of the Company. However, the Company had revenue from new Hotel; Dusit Suites Hotel Ratchadamri, Bangkok, opening in 2Q19.
- Revenue from Oversea Hotel was decreased by 25.0% YoY. The COVID-19 pandemic since the beginning of the year in Asian Countries such as China, South Korea and Japan where they were our major clients lowered the occupancy rate causing the decrease in revenue.

Hotel Management

In 1Q20, Revenue from Hotel Management was Baht 104 million; decreased by 27.1% YoY. This decrease was from lower occupancy rate as a result of COVID-19 pandemic and economy slowdown impacted to overall Tourism and Hotel Business.

Loss sharing from Investments

In 1Q20, the Company had loss sharing from Investment in Dusit Fudu Hotel Management (Shanghai) Co., Ltd. (Dusit Fudu) of Baht 4 million; 350.1% drop YoY. This huge drop was driven by a significant decrease in occupancy rate in Hotels managed by Dusit Fudu in China due to the COVID-19 pandemic since the beginning of the year 2020.

In 1Q20, the Company reported EBITDA from Hotel Business of Baht 198 million which it was decreased by 19.2% YoY. This decrease was driven by the COVID-19 pandemic and an increase in employee benefit according to the new labour protection act effective in 2Q19. However, the Company had the positive impact on EBITDA of Baht 155 million from the new TFRS 16 - Lease.

The depreciation and amortization in 1Q20 were Baht 149 million increased by 61.9% YoY as a result of the implementation of TFRS 16 - Lease in 1Q20 of Baht 84 million.

Education Business

In 1Q20, the Education Business generated the revenue of Baht 108 million, decreased by 8.5% YoY due to higher loss sharing from investment in Dusit Hospitality Education Philippines Inc driven by an increase in administrative expenses and the decrease in revenue from Dusit Thani College as result of COVID-19 pandemic causing the postpone in short-term courses.

EBITDA from Education Business in this quarter was Baht 22 million, 4.3% decreased YoY due to the reason mentioned above. However, Dusit Thani College has managed to reduce some expenses to alleviate the negative impact to the company such as a reduction on the consulting fee and utilities expenses. In addition to the expense's management, the Company had the positive impact on EBITDA from the new TFRS 16 - Lease in the amount of Baht 1.6 million.

Food Business

In 1Q20, Food Business reported the revenue of Baht 116 million increased by Baht 26 million or 28.9% YoY; This increase was driven by an increase in revenue from Epicure Catering Co., Ltd, which the Company invested in February 2019. This investment caused the growth in Food Business which the revenue from this business was 9.2% of total revenue. Even though, the business was not able to operate as normal due to the announcement to temporary close educational institutions from the Ministry of Education from COVID-19 pandemic causing the closure of education providers.

In 1Q20, EBITDA from Food Business was Baht 23 million, increased by 53.3% YoY from the increase in revenue from Epicure Catering Co., Ltd. and from the decrease in expenses related to investment occurred last year.

Other Businesses

In 1Q20, the Company had revenue of Baht 163 million from Other Businesses, increased by Baht 117 million YoY. This increase was mainly from the gain on exchange rate, share of profit from DREIT and the opening of Baan Dusit Thani which it was fully opened in the late 3Q19.

Other Businesses reported the loss of Baht 2 million in EBITDA, decreased by 96.7% YoY. In addition to the positive factors mentioned above, the new TFRS 16 - Leases caused another positive impact of

Baht 12 million to EBITDA; however, an increase in selling and administration expenses as a result of the opening of Baan Dusit Thai and consulting expenses for other projects in progress caused the negative impact to EBITDA.

Earnings before Interest, Corporate Income Tax, Depreciation and Amortization (EBITDA)

In 1Q20, the Company's EBITDA was Baht 241 million increased by 8.6% YoY as a result of the increase in EBITDA in Food Business and Other Businesses mentioned above and also the positive impact from the implementation of new TFRS - 16 Lease.

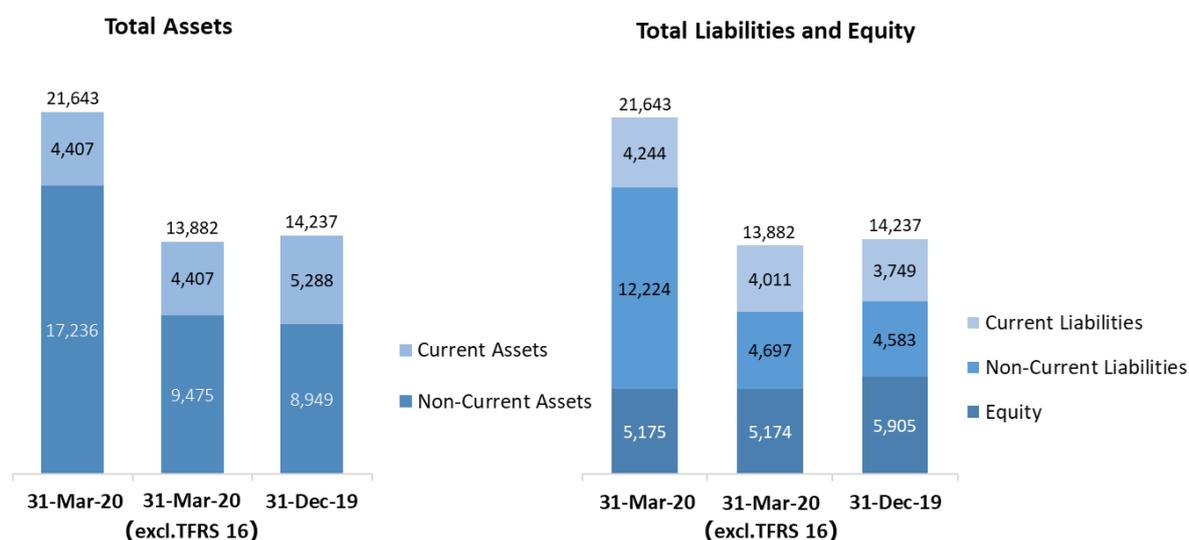
Finance Costs

Finance Costs in 1Q20 was Baht 108 million increased by 323.5% YoY due to the new TFRS 16 - Lease of Baht 75 million and an increase short-term and long-term loan from Financial Institutions.

Net Profit

In 1Q20, the Company reported the net loss including attributable to non-controlling interest of Baht 78 million decreased by 256.2% YoY due to the COVID-19 pandemic offset with positive impact from the new TFRS 16 – Lease of Baht 2 million.

The net profit attributable to owners of the parent was less than the net profit as a result of excluding the net profit attributable to non-controlling interest.



Assets

As of 31 March 2020, the Company reported the total assets of Baht 21,643 million, increased by Baht 7,406 million or 52.0% from the total assets as of 31 December 2019.

- Current Assets were decreased by Baht 881 million as a result of a decrease in Cash and Cash Equivalent for investing in Property, plant and equipment, capital reduction of the subsidiary in the Republic of Maldives, a sale of trading securities and a convert from prepaid rental on building to right-of-use assets (non-current assets).
- Non-current assets were increased by Baht 8,287 million as a result of the new TFRS 16 – Lease implementation of Baht 7,724 million and an increase in subsidiaries' property, plant and equipment.

Liabilities

As of 31 March 2020, total liabilities were Baht 16,468 million increased by Baht 8,136 million or 97.7% from the total liabilities as of 31 December 2019.

- Current Liabilities was increased by Baht 495 million mainly from the increase in short-term loans from financial institutions to use as the working capital and as the Bridging Finance for the new projects and the new TFRS 16 – Lease implementation of Baht 233 million.
- Non-current liabilities were increased by Baht 7,641 million from the increase in debentures and the implementation of the new TFRS 16 – Lease implementation of Baht 7,527 million.

Shareholders' Equity

As of 31 March 2020, Shareholders' Equity of Baht 5,175 million, decreased by 12.4% from the amount as of 31 December 2019, consisted of the equity attributed to owners of the parent of Baht 4,454 million, and the non-controlling interest of Baht 721 million.

Cash Flows

As of 31 March 2020, the Company reported cash and cash equivalents of Baht 2,281 million, decreased by Baht 403 million (before reflecting gain from foreign currencies of Baht 83 million) from Baht 2,600 million as of 31 December 2019.

Source of Funds

The Company had net cash inflow of Baht 190 million consisting of the followings;

- Cash inflow from financing activities mainly consisting of the proceed of short-term loans from financial institutions Baht 2,238 million offsetting with the repayment of short-term loan of Baht 1,930 million, the proceed of long-term loan of Baht 130 million, repayment of long-term loan of Baht 29 million interest payment Baht 35 million and the payment of lease liabilities of Baht 185 million.

Use of Funds

The Company reported net cash outflow from investing activities of Baht 593 million, mainly consisting of the followings;

- Net cash received from operating activities Baht 127 million consisting of cash inflow from sales and services, offsetting with cash outflow for expenses and income tax payment
- Net cash outflow from investing activities of Baht 466 million from
 - Cash outflow from capital reduction of the subsidiary in the Republic of Maldives of Baht 432 million
 - Cash outflow on the additional investment in Epicure Catering Co., Ltd. of Baht 146 million
 - Cash outflow for purchases of property plant and equipment and other intangible assets of Baht 289 million
 - Cash inflow from net financial assets of Baht 415 million
 - Cash inflow from sales of property, plant and equipment of Baht 15 million
 - Cash inflow from capital reduction on investment in associate of Baht 17 million

Dusit Thani PLC
Management Discussion and Analysis
For 1Q20

Unit: THB mn	31-Mar-20	% to total assets	31-Dec-19	% to total assets	Chg
Cash and cash equivalents	2,281	10.5%	2,600	18.3%	-12.3%
Current investments	518	2.4%	933	6.6%	-44.5%
Trade and other receivables	1,408	6.5%	1,465	10.3%	-3.9%
Other current assets	200	0.9%	290	2.0%	-31.0%
Total current assets	4,407	20.4%	5,288	37.1%	-16.7%
Investments in associates	1,846	8.5%	1,814	12.7%	1.8%
Property, plant and equipment	3,738	17.3%	3,475	24.4%	7.6%
Prepaid rental expenses	-	0.0%	1,381	9.7%	-100.0%
Right-of-use assets	9,210	42.6%	-	0.0%	-
Other non-current assets	2,442	11.3%	2,279	16.0%	7.2%
Total non-current assets	17,236	79.6%	8,949	62.9%	92.6%
Total assets	21,643	100.0%	14,237	100.0%	52.0%
Short-term loans from financial institutions	2,070	9.6%	1,762	12.4%	17.5%
Trade and other payables	1,227	5.7%	1,380	9.7%	-11.1%
Current portion of long term loans	102	0.5%	96	0.7%	6.3%
Other current liabilities	845	3.9%	511	3.6%	65.4%
Total current liabilities	4,244	19.6%	3,749	26.3%	13.2%
Long term loans	1,730	8.0%	1,602	11.3%	8.0%
Lease liabilities	7,527	34.8%	-	0.0%	-
Debentures	999	4.6%	998	7.0%	0.1%
Deferred rental revenue	502	2.3%	508	3.6%	-1.2%
Other non-current liabilities	1,466	6.8%	1,475	10.4%	-0.6%
Total non-current liabilities	12,224	56.5%	4,583	32.2%	166.7%
Total liabilities	16,468	76.1%	8,332	58.5%	97.6%
Equity attributable to owners of the Company	4,454	20.6%	4,726	33.2%	-5.8%
Non-controlling interests	721	3.3%	1,179	8.3%	-38.8%
Total shareholders' equity	5,175	23.9%	5,905	41.5%	-12.4%

Key Financial Ratio			
Profitability ratio	31-Mar-20	31-Mar-20 (excl. TFRS 16)	31-Dec-19
Gross profit margin	35.6%	26.3%	36.0%
EBITDA margin	19.1%	5.8%	15.6%
Net profit margin	-6.5%	-6.7%	0.1%
Efficiency ratio	31-Mar-20	31-Mar-20	31-Dec-19
Return on equity	5.0%	5.0%	1.2%
Return on asset	5.0%	5.9%	2.5%
Liquidity ratio	31-Mar-20	31-Mar-20	31-Dec-18
Current ratio (time)	1.04	1.10	1.06
Leverage ratio	31-Mar-20	31-Mar-20	31-Dec-18
Interest bearing debt to equity (time)	2.84	1.10	0.56
Net interest bearing debt to equity (time)	2.21	0.47	0.20
Debt to equity (time)	3.70	1.96	1.22
	31-Mar-20	31-Mar-20	31-Dec-19
Interest coverage ratio (time)**	0.36	-1.03	4.22

** =EBIT/Interest expense

In 2020, even though COVID-19 pandemic has affected the operation performance, the company still reported better EBITDA which was driven by the TFRS 16 – Lease implementation.

Company's financial position was still strong with the D/E ratio including and excluding TFRS 16 – Lease effect of 2.84 and 1.10 times, respectively which it was still under the company's policy to have D/E ratio not higher than 1.50 times and it was less than 1.75 times for Bond's policy. This increase in D/E ratio was from funding for the new company's projects.

2020 Outlook

In addition to the domestic and the global economic slowdown, the coronavirus disease (COVID-19) pandemic severely affects the tourism industry. The World Tourism Organization has assessed the likely impact of the COVID-19 that international tourist arrivals will be down by 20%- 30% to 1.02-1.17 billion in 2020 compared to 1.46 billion in 2019. For Thailand, the Ministry of Tourism and Sports reported 6.7 million international tourist arrivals in 1Q20, a decrease of 38% compared to the same period last year. The number of Chinese tourists, one of the main visitors to Thailand, plunged by 60%. The drastic drop in the number of tourists and hotel booking cancellations significantly impacted the Company's performance. In this regard, the Company has strategically adjusted the business operation as follows:

Hotel Business:

- Since early April, the Company has temporarily closed 7 owned hotels in Thailand (Dusit Thani Pattaya and Dusit Thani Laguna Phuket were temporarily closed with immediate effect following government directives. To cooperate with the Thai government and various government agencies, the 5 remaining hotels namely Dusit Thani Hua Hin, DusitD2 Chiang Mai, Dusit Princess Chiang Mai, Dusit Princess Srinakarin Bangkok, and Dusit Suites Hotel Ratchadamri Bangkok, have no longer accepted new bookings.)
- Overseas owned hotels may also be temporarily closed depending on the local situation and respective government policy. Dusit Thani Manila has been temporarily closed as per the Philippine government's measures. Dusit Thani Maldives has been temporarily closed since the government has banned on entry into Maldives.
- The temporary closure of hotels under management agreements depends on the decision of the hotel owners.
- Postponed the new hotel opening and prepared team for prompt opening in accordance with the COVID-19 situation of each country.
- Accelerated the renovation of properties and prepared the post COVID-19 operations for the re-opening of the hotels.

Based on the current situation that the number of new infected cases in Thailand tends to decrease while there are a lot of cases in other countries, the Company expects that the recovery of Thailand tourism industry in 3 phases. Phase 1: The next 6 months from now, it is expected to be the time for domestic travelers. The Company therefore adjusted the marketing strategy by launching the promotional campaigns focusing more on the domestic market. Phase 2: At the end of 2020 or the beginning of 2021, it is expected to see flows of international tourist arrivals to Thailand particularly from those countries in the region that have quickly recovered from COVID-19 such as China and neighboring countries. Phase 3: Around mid-2021, it is expected to see international tourist arrivals from far away countries such as Europe, the USA, etc. Regarding the Company's plan to re-open the hotels, the Company will gradually proceed in accordance with the situation and government policy of each area. For example, some hotels may re-open the restaurant first. Some hotels in the areas that lifted the lockdown or not required cooperation to close, the Company will be ready to re-open the hotels immediately.

Education Business:

- Dusit Thani College and Le Cordon Bleu Dusit were temporarily closed since the end of March as per the Ministry of Education (MOE)'s directive. The schools will re-open in early July in accordance with the MOE's notification. During Dusit Thani College closure, online teaching was taking place. Upskill and Reskill short-courses are

prioritized to be adjusted for online-based learning serving the increasing demand of the market. Since January, the Education-Hotel integration between Dusit Thani College and Dusit Princess Srinakarin has been implemented with adjustment of the new learning system, i.e., online-based lectures on theories, basic practice at the college, and on-site practicing at the hotel.

- Restructuring of education business in the Philippines is currently waiting for Dusit Thani Philippines, Inc. (DTPI), an indirect subsidiary of the Company in the Philippines, to proceed the selling of Dusit Hospitality Education Philippines (DHMC) shares to a major shareholder of DHMC. DHMC operates Dusit Hospitality Management College in the Philippines.

Property Development Business:

- Mixed-use project, "**Dusit Central Park**": Continued on-track demolition of hotel buildings and piling works with the plan to be completed in June and December 2020, respectively. Residential project sales is planned to started around mid-2020. Sales gallery and mock-up rooms are on progress and to be completed in July. The schedule of project completion remains unchanged.
- The high-end condominium development project, "**The Hampton Sriracha by Origin and Dusit**": Postponed the pre-sale plan due to the lower market demand from economic slowdown and COVID-19 impact.
- **Condominium and hotel development projects in the Philippines under a JV with Metro Pacific Investments Corporation (MPIC)**: The project progress is currently waiting for the shareholding restructuring of its subsidiary and affiliated companies in the Philippines due to the temporary closure of government offices from COVID-19.

Food business:

- **International catering business** by Epicure Catering (ECC) has been ceased operation since February (in Vietnam) and March (in Thailand and Cambodia) under the order of the Ministry of Education to close schools nationwide. ECC's operation in Vietnam has gradually return to service since May while its operation in Thailand is expected to resume in August 2020. Regarding its investment in The Caterers Joint Stock Company (Caterers), a leader in the food and beverage management service business in Vietnam, currently ECC is negotiating on the new investment structure due to the effect of COVID-19 which is expected to be completed in 3Q20.
- **Healthy food business under "Kauai" brand** under the operation of Dusit Real Foods Co., Ltd. temporarily ceased services in mid-March due to the closure of Virgin Active 101 where Kauai restaurant is located. Bangkok Metropolitan Administrator ordered temporary closure of fitness centers to prevent the spread of COVID-19. Later in late April, Dusit Real Foods has adjusted its strategy for delivery service only. At present, the company is adjusting its business expansion plan to postpone the opening of new outlets this year.
- **Ready-to-cook food distribution business under "Khong Thai" brand** has been affected by COVID-19. The partner's production factory was temporarily shut down. The white tablecloth restaurants in the USA, which is the initial main market for Khong Thai products, is only open for take away. Currently, the Company is redefining the business plan.

- **Restaurant "Baan Dusit Thani"** has been operated as home-delivery service only.

Since the beginning of 2020, the Company has started the **"Organizational Transformation"** project which emphasizes on increasing operational efficiency and work process whereby the Group CEO also assumes an additional role of Chief Transformation Officer with great support from Technology Transformation Leader and Business Transformation Leader. This is to (1) pursue business and technological excellence while seeking to disrupt ourselves (2) maximize our value-driven proposition to our guests and customers, (3) build a performance-based culture for agile organizational sustainability.

Right after COVID-19 outbreak, the company made further strategic operation adjustment as follows:

- **Financial management** (Income statement, balance sheet, and cash flow statement)
 - Preserved financial liquidity: At end 1Q20, the Company had cash and short-term investments around THB 2,800 million with more than THB 1,200 million undrawn credit facilities. In addition, the Company is in the process of arranging for more source of funds through project finance on projects that the Company has already operated.
 - Reduced the proportion of fixed costs. Avoided unnecessary expenses. Cut salary of all executives and some levels of employee. Reduced office hours at corporate office by implementing work from home.
 - Looked for additional income such as operating a food delivery business
 - Continued to manage asset rationalization to increase cash liquidity in order to support current and long-term situation
 - Conducted prudent risk management
- **Raised customer and employee safety and hygiene standards**, including physical distancing, safety and hygiene and contactless in restaurants and hotels, by training staff to understand the New Normal or the new standard in response to the changing services after COVID-19.
- **Increased campaigns to promote sustainable social contribution activities** such as
 - "Food for Heroes" to provide services for customers who wish to support and encourage heroes (healthcare workers) who help fight COVID-19.
 - "DUSIT Care Card" gives the opportunity to those interested to buy a voucher to stay at Dusit hotels and resorts in Thailand that participate in the special price list. The Company will donate money from the sale of gift vouchers to support Thai Red Cross Society and Thai Elephant Alliance Association.

Currently, the Company is in the process of reviewing 2020 investment plan and lower business expansion target to preserve cash for the Company's liquidity as top priority in order to serve the best interest to our stakeholders.

Please be informed accordingly

Sukit Ngamsangapong
Authorized person to disclose information