



**Dusit Thani**

PUBLIC COMPANY LIMITED  
REG. NO. 0107536000617

Translation

November 13, 2015

Subject: Clarification for the operating results exceeding 20% from the same period of last year

Attention: Managing Director

The Stock Exchange of Thailand

The Company hereby reports the performance of the consolidated financial statements for the three-month and nine-month periods ended September 30, 2015 compared with the three-month and nine-month periods ended September 30, 2014. These financial statements have complied with the effective Accounting Standards for the periods beginning on or after January 1, 2015.

For the three-month and nine-month periods ended September 30, 2015, the Subsidiary had increased its investment in DMS Property Investment Pvt. Ltd. by 1,925,000 shares or 5%, bringing its total investment to 60%. The Company also has reclassified the investment in jointly controlled entities to joint ventures to comply with TFRS 11. As a consequence, the Group has changed the accounting policy for the investment in joint venture from proportionate consolidation to the equity method. These joint ventures are Le Cordon Bleu Dusit Co., Ltd., Dusit Bird Hotels Pvt. Ltd. and Dusit Fudu Hotel Management (Shanghai) Co., Ltd. The effects of such changes impacted the recognition of assets, liabilities and comprehensive income of the Group.

### **Overview - Market**

For the hotel sector, tourism in Thailand has bounced back from last year's political issues, but we have seen some changes in trends. European source markets have decreased and this has been replaced by Asian tourists. This trend has resulted in an overall general increase in occupancy, but restricted year on year revenue growth reflecting shorter stays by Asian travelers. The 3<sup>rd</sup> quarter 2015 also sees negative effects from the Bangkok bomb blast and the severe tropical storms causing flooding in Pattaya.

## **Financial Performance**

The performance for the three-month period ended September 30, 2015 compared to the same period of 2014:

The Company has total revenues of Baht 1,172.66 million, increased from the same period of 2014 by Baht 54.01 million or 4.83%, mainly from the hotel business. Hotel revenues of Baht 1,018.40 million, increased from the same period of last year by Baht 106.17 million or 11.64%, led by higher occupancy as this year sees a general recovery in tourism following last year's political unrest.

Net loss of the Company was Baht 40.07 million, or Baht (0.47) per share versus last year's Baht 83.54 million loss.

The performance for the nine-month period ended September 30, 2015 compared to the same period of 2014:

### **1. Revenues**

The Company has total revenues of Baht 3,866.52 million, increased from the same period of last year by Baht 139.75 million, or 3.75%, consisted of the following:

#### **Hotel business**

The Company's revenues from the hotel business of Baht 3,265.43 million, increased from the same period versus last year by Baht 210.04 million or 6.87%, reflecting higher occupancy following a recovery in tourism in Thailand following last year's political unrest.

#### **Hotel management business**

The Company had management service income from other hotels in Thailand and overseas of Baht 86.26 million, increasing by Baht 6.48 million or 8.12%, attributable mainly to hotels based in the Middle East.

#### **Education business**

The Company had revenue from education business of Baht 314.12 million, increased from the same period of last year 2.30%, comprised revenues from Dusit Thani College, management service in education to Lyceum of the Philippines University and share of profit from Le Cordon Bleu Dusit Co., Ltd., joint arrangement by recognition of share of net profit from investments by the equity method, and from Dusit Thani Hotel School opened classes on September 14, 2015.

#### **Other business**

Other business revenues of Baht 200.71 million, decreased from the same period of last year by Baht 83.83 million, as follows:

- The share of net profit from investments by the equity method - Dusit Thani Freehold and Leasehold Property Fund of Baht 46.07 million, decreased from the same period of last year by Baht 29.85 million.

- For the same period in 2014, the Company received a one off compensation from an insurance claim of Baht 35.35 million.

- In addition, the Company had realized the deferred gain on the sale of a hotel to Dusit Thani Freehold and Leasehold Property Fund in late 2010 of Baht 6.90 million.

## **2. Cost of sales and services and gross profit**

The Company had cost of sales and services of Baht 2,119.96 million, 60.00% of revenues from sales and services, comparison to the same period of last year, was 63.46%, due to a focus on cost management. Cost of services – depreciation and amortization was Baht 474.65 million, increased from the same period of last year by Baht 20.83 million, mainly from completed renovation works in several hotels.

Gross profit grew by 23.83% year on year to Baht 939.40 million and margins improved by 3.73% to 26.59% of revenues from sales and services.

## **3. Selling and administrative expenses**

The Company had selling expenses of Baht 326.42 million, increased from the same period last year by Baht 23.17 million and administrative expenses of Baht 722.85 million, decreased from the same period of last year by Baht 60.20 million, mainly from employee relations expenses and other administrative expenses. In addition, in the same period of last year, the Company had rental guarantee expenses with DTCPF of Baht 42.74 million and such obligation has now finished. However, the new hotel school under Dusit Thani Hotel Studies Co., Ltd. is now operational, which has contributed to the increase in expenses for the current period.

After deducting cost of sales and selling and administrative expenses, interest, income tax, depreciation and amortization and profit of non-controlling interest, net profit of the Company was Baht 91.44 million, compared to last year's same period loss of Baht 53.76 million. The earnings per share was Baht 1.08.

## **Financial Position**

The consolidated statement of financial position of the Company and subsidiaries as of September 30, 2015 compared with the balances as of December 31, 2014 is as follows:

**Total Assets** were Baht 9,252.57 million, increased by Baht 240.18 million, as a result of the following key movements:

- The increase of investments in associates by Baht 58.89 million, due to an investment in the Philippines of Baht 96.74 million, recognized share of net profits from investments in associated e period of Baht 44.50 million and dividend received of Baht 82.36 million.
- The Baht 286.00 million increase of property, plant and equipment and investment property attributable to the renovation of several hotels and the setup of a new vocational school.

- Cash and cash equivalents and short-term investments decreased by Baht 29.55 million, resulting from renovations and acquisition of equipment for hotels and school
- The Baht 101.37 million decrease of trade and other receivables, inventory and prepayments as a result of general trading in the ordinary course of business.

**Total Liabilities** were Baht 3,944.21 million, increased by Baht 143.93 million, as a result of the following key movements:

- The increase of bank overdraft and short-term loans from financial institutions by Baht 25.48 million, for working capital requirements.
- The increase in loans to fund the renovation of hotels and schools by Baht 338.29 million.
- The increase of employee benefit obligations by Baht 18.50 million, which was in accordance with the principal actuarial assumptions.
- The decrease of trade and other payables, accruals, unearned revenue in line with general trading of Baht 154.10 million, (including an increase of Baht 23.82 million of the payables as a result of acquisitions of assets).
- The decrease of current liabilities of Baht 86.31 million as the rental guarantee payable to DTCPF expired end of last year.

**The Equity attributable to owners of the Company** was Baht 4,507.94 million, increased by Baht 64.65 million, resulted from the operations profit of Baht 91.44 million, the measurement loss on available-for-sale investments (fair value) of Baht 10.75 million, the rate exchange conversion difference on the foreign operations of Baht 67.79 million the acquisition of non-controlling interests without a change in control of Baht 0.62 million and dividends payment of the Company by Baht 85.00 million. The non-controlling interest was Baht 800.42 million, increased by Baht 31.60 million.

#### **Financial ratios**

- Debt (excluding deferred rental revenue) to Equity was 0.62 : 1
- Debt (interest bearing debt) to Equity was 0.41 : 1
- Return on Assets (ROA) was 1.96%
- Return on Equity (ROE) was 2.04%
- Book value was Baht 53.33 per share