

Date: February 28, 2017

Subject: Management Discussion and Analysis ended December 31, 2016

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

The performance for the period ended 31 December 31,

Baht (Million)	4Q15	4Q16	yoy %	Year ended	Year ended	yoy%
				31 December 2015	31 December 2016	
Hotel business	1,247.6	1,162.7	-6.8%	4,555.0	4,599.0	1.0%
Hotel management business	37.9	45.5	20.2%	124.1	147.6	18.9%
Education business	140.1	119.5	-14.7%	406.8	401.6	-1.3%
Others	73.8	85.1	15.3%	270.7	264.2	-2.4%
Total revenue	1,499.4	1,412.9	-5.8%	5,356.6	5,412.4	1.0%
EBITDA	329.9	215.5	-34.7%	1,018.0	906.2	-11.0%
Depreciation	180.3	133.4	-26.0%	689.0	704.7	2.3%
EBIT	149.6	82.1	-45.1%	328.9	201.5	-38.7%
Finance costs, net	3.6	12.6	245.9%	36.4	60.1	65.0%
Income tax (income) expense	22.3	(11.4)	-151.1%	39.4	(11.6)	-129.3%
Profit for the period	123.6	80.9	-34.6%	253.1	152.9	-39.6%
Profit (Loss) attributable to non-controlling interests	15.9	6.1	-61.3%	53.9	38.8	-28.0%
Net profit (Loss) attributable to owner of the Company	107.7	74.8	-30.6%	199.2	114.1	-42.7%
EPS (Baht)	0.127	0.088		0.236	0.135	
Number of shares (million)	845.3	845.3		845.3	845.3	

Dusit Thani Public Company Limited (“**The Company**”) reports consolidated performance for the three-month period ended December 31, 2016 (4Q16), net profit of Baht 80.9 million and earnings per share of Baht 0.088, compared to the three-month period ended December 31, 2015 (4Q15), net profit of Baht 107.7 million and earnings per share of Baht 0.127, as follows:

The Company had total revenue of Baht 1,412.9 million, decreased by 5.8% yoy. Total revenues were mainly from hotel business of Baht 1,162.7 million, decreased by 6.8% yoy from Baht 1,247.6 million. The news of His Majesty King Bhumibol Adulyadej, passed away on October 13, 2016 and the government announced its mourning and cooperation to enterprises avoiding joyful events for 30 days, including the impact of control zero dollar Chinese tours.

The Company had gross profit for the three-month period ended December 31, 2016 of Baht 409.9 million, In line with Gross profit was 32.1% of revenue from sales and services, increased 30.1% yoy.

The Company had selling expenses totaling Baht 97.2 million, increased by 57.9% yoy, mainly from advertising and public relation. Administrative expenses were Baht 355.5 million, increased by 9.1% yoy as the Company continued investments in resources in order to support future business expansion. The

selling and administrative expenses represented 35.4% of revenue from sales and services in 4Q16, and 28.5% in 4Q15.

For 4Q16, the Company had earnings before interest, income tax, and depreciation and amortization (EBITDA) of Baht 215.5 million, decreased 34.7% yoy. The Company recorded tax income revenue of Baht 11.4 million in 4Q16, compared to income tax expense of Baht 22.3 million in 4Q15 due to the benefits from accumulated losses.

The Company had net profit of Baht 74.8 million, decreased from the same period of last year which was Baht 107.7 million and earnings per share was Baht 0.088.

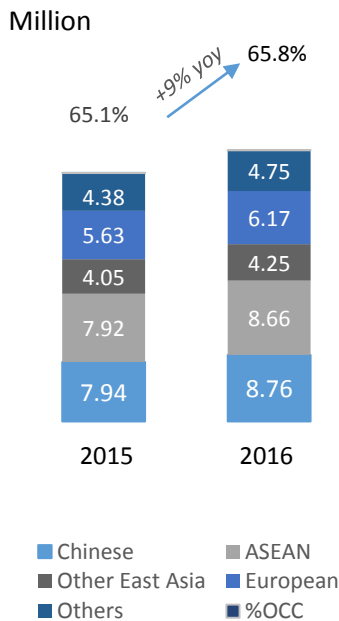
For the year ended December 31, 2016, net profit and earnings per share were Baht 114.1 million and Baht 0.135, respectively, compared Baht 199.2 million and Baht 0.236 for the year ended December 31, 2015. These financial statements comply with the effective Accounting Standards for the periods beginning 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 audited consolidated financial statements and related notes.

Industry overview

Tourist arrivals to Thailand



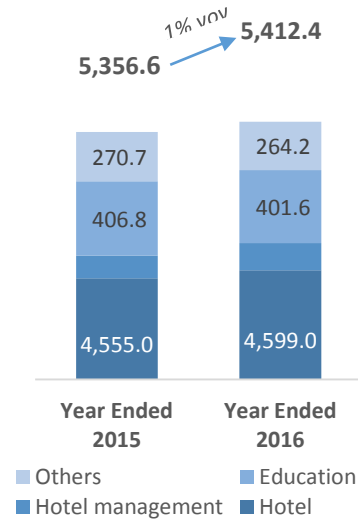
Foreign tourists increased since the beginning of the year. During 2016, 32.6 million tourists came to Thailand, increased by 9% yoy. The tourists highly increased during the first 3 quarters: 1Q16 increased by 15%, 2Q16 by 8% and 3Q16 increased by 13%, but decreased in 4Q16 by 1% from the news of the Beloved King Rama IX pass away in October 2016, and from the announcement of the Control and Suppression of zero dollars from China Tour

Key tourists led by Chinese (+10.3% yoy), ASEAN (+9% yoy), European (+9.6%), mainly from Russia, Spain, East Europe, German and France. For East Asian, such as Hong Kong, Japan, Taiwan and Korea had less increased (+5% yoy). The hotel occupancy rate in Thailand was 65.8%, compared to 65.1% yoy, while average Room Rate stood at Baht 1,343 per night, an increase of 11% yoy.

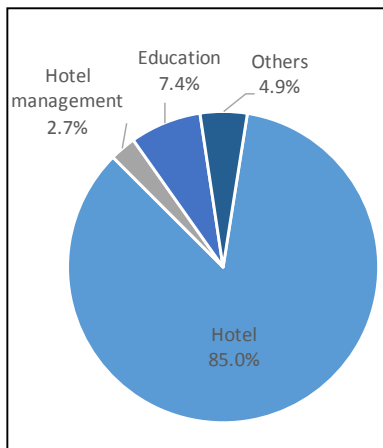
Source: Department of Tourism; Bank of Thailand

Revenues

The revenues Growth



Revenue contribution



The Company reported total revenue of Baht 5,412.4 million in 2016, up 1.0% yoy, primarily with details as follows:

Hotel business

The Company's revenue from hotel business grew 1% yoy from Baht 4,555.0 million in 2015 to Baht 4,599.0 million in 2016. This was largely by the performance of Dusit Thani Bangkok and Dusit Thani Manila after completion of the renovations.

Hotel management business

Hotel management revenue increased 18.9% yoy to Baht 147.6 million in 3Q16, primarily driven by the contribution from recently opened hotels, such as Dusit Thani Guam.

Education business

Revenue from education business decreased by 1.3% yoy to Baht 401.6 million in 2016. This was largely due to change of semester month according to ASEAN since 2016 of Dusit Thani College and Le Cordon Bleu Dusit Co., Ltd. In addition, the hotel school of Dusit Thani Hotel Studies Co., Ltd. opened in late 2015, now was the second year of the operations and its revenues were not covered its expenses.

Other businesses

Revenue from other business amounted Baht 264.2 million, decreased by 2.4% yoy from decreased in share of net profit from investments in associates (resulted from revalued of assets under Dusit Thani Freehold and Leasehold Property Fund).

Costs of sales and services and gross profits

Costs of sales and services were Baht 3,576.9 million in 2016, up 0.9% 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 2,915.2 million. This was a decrease of 0.5% yoy varied

according to the cost management which varied to the increase of revenue

- Cost of services – depreciation and amortization of Baht 661.7 million, up 2.8% yoy, mainly resulted from the completion of renovations
- Gross profit amounted to Baht 1,397.5 million in 2016, increase of 3.6% yoy. This translated to gross profit margin of 28.1% of revenue from sales and services, an improvement from 27.6% in 2015

Selling and administrative expenses and net profit

In 2016, selling expenses increased 4.3% yoy to Baht 404.6 million, largely as a result of advertising and public relation expenses. Administrative expenses of Baht 1,186.4 million for 2016 increased of 13.1% yoy as the Company continued investments in resources in order to support future business expansion. The selling and administrative expenses represented 32% of revenue from sales and services in 2016, and 29.3% in 2015.

Earnings before interest, income tax, and depreciation and amortization (EBITDA) of Baht 906.2 million for 2016, decreased 11.0% yoy. The Company recorded income tax expense of Baht 11.6 million in 2016, compared to income tax expense of Baht 39.4 million in 2015 due to the benefits from accumulated losses.

Net profit for the Company was Baht 114.1 million, decrease from net profit of Baht 199.2 million in 2015. This translated into earnings per share of Baht 0.135 for 2016.

Statement of financial position highlights

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

Baht (Million)	31 December 2015	31 December 2016	Change
Cash and cash equivalents	714.2	870.3	22%
Short-term investments	380.2	357.7	-5.9%
Trade and other receivables	475.0	462.6	-3%
Inventories	79.6	77.0	-3%
Other current assets	168.0	145.3	-14%
Total current assets	1,817.1	1,912.9	5%
Investment in associates	1,404.7	1,370.3	-2%
Property, plant and equipment	5,107.9	4,689.6	-8%
Other non-current assets	1,058.8	1,060.1	0%
Total assets	9,388.5	9,033.0	-4%
Bank overdrafts and short-term loans	867.4	623.9	-28%
Trade and other payables	955.2	972.6	2%
Other current liabilities	90.0	97.9	9%
Total current liabilities	1,912.6	1,694.3	-11%
Long-term loans	1,177.1	1,052.6	-11%
Other non-current liabilities	894.3	932.0	4%
Total liabilities	3,984.0	3,678.9	-8%
Total equity	5,404.5	5,354.1	-1%
Total liabilities and equity	9,388.5	9,033.0	-4%

Net assets position of the Company decreased from end of year 2015, from Baht 5,404.5 million to Baht 5,354.1 million.

As at December 31, 2016, the Company's **total assets** are Baht 9,033.0 million, a decrease of Baht 355.5 million. Key movements are as follows:

- Property, plant and equipment decreased by Baht 418.5 million (net), reflecting periodic depreciation according to useful charges offset by additions of equipment at various properties as a result completion of renovation activities

Total liabilities at period end of Baht 3,678.9 million, had decreased by Baht 305.1 million due to

- Bank overdraft and short-term loan decreasing Baht 243.5 million
- Long-term loans decreasing by Baht 124.5 million from repayment of loan principal according to the loan agreements of DMS Property Investment Pvt. Ltd.

Equity sees a net downward movement of Baht 50.4 million as a result of performance profit of Baht 152.9 million, acquisition of non-controlling interest without a change of control (loss) of Baht 87.1 million, dividend payment of Baht 105.3 million, gain on change in fair value of available-for-sale investment of Baht 6.8 million, loss on foreign currency translation differences for foreign operations of Baht 22.1 million and defined benefit plan actuarial gains of Baht 4.4 million.

Cash flows

- Cash balance as at December 31, 2016 was Baht 870.3 million after starting the year with Baht 714.2 million – a net increase of Baht 156.1 million or +21.9% (including some exchange rate differences)
- Cash generated from operations amounted to Baht 1,020.4 million, increased from last year by Baht 157.2 million, resulted from:
 - Trade and other payable by Baht 138.0 million
 - Liabilities under rental guarantee to DTCPF by Baht 86.3 million
 - Operating gain before changes in operating assets and liabilities decreased by Baht 66.8 million
- We used net cash of Baht 344.5 million for investment related activities. Key movements in investment activities for 2016 were:
 - Investments in additional property, plant and equipment in respect to its own hotels for renovations of Baht 348.5 million
 - Investments made for the purchase of an additional 5% of shares in a subsidiary for Baht 87.1 million
- We used Baht 510.4 million (net) in cash for financing related activities mainly to :
 - Net decrease of Baht 331.2 million in borrowings, by the Company decreased Baht 103.0 million, DMS Property Investment Pvt. Ltd. Decreased Baht 225.6 million and other subsidiaries decreased by Baht 2.6 million.
 - Pay dividends mainly to the Company's shareholders of Baht 105.3 million.
 - Pay interest of Baht 72.8 million

Key financial ratios

	Year 2015	Year 2016
Gross margin	27.56%	28.09%
EBITDA margin	20.80%	18.22%
Net profit margin	3.71%	2.10%
Return on equity	4.41%	2.49%
Return on asset	3.58%	2.19%
Current ratio (x)	0.95	1.13
Debt/Equity (x)	0.74	0.69
Interest-bearing debt/Equity (x)	0.38	0.31
Interest coverage (x)	19.27	14.73
Book value per share (Baht)	5.43	5.43