

No. L015/2019

6<sup>th</sup> August 2019

Subject : The explanation of operating results for the 2<sup>nd</sup> quarter 2019  
Attention : The President  
The Stock Exchange of Thailand

Dear Sir,

For the second quarter ended 30<sup>nd</sup> June 2019, Laguna Resorts & Hotels Public Company Limited suffered a net loss of Baht 84 million as compared to a Baht 38 million loss for the same period last year. The Company's business in Quarter 2 is traditionally softer compared to Quarter 1 and 4 due to low tourist arrivals in Phuket during this time of the year.

Total revenue for the three-month period decreased by Baht 217 million as compared to the same period last year due largely to the following:

- The overall revenue from hotel operations which comprise of hotel, golf and retail operations decreased by Baht 52 million over the prior year as a result of the decrease in occupancy of Laguna Phuket hotels and Banyan Tree Bangkok.
- Revenue from property development operations which comprise of property sales and the sale of holiday club memberships decreased by Baht 246 million. The difference is largely attributed to the revenue recognition of property sales projects namely Cassia Phuket and Laguna Residences which were lower when compared to the same period last year. At the time of this report, there is a total of Baht 4,034 million in property sales revenue which will be recognized in the future barring any cancellations.
- Revenue from office rental operations which includes retail leasing decreased by Baht 5 million due largely to the property tax reimbursement of Thai Wah Tower 1 which is charged in the 1<sup>st</sup> quarter as compared to last year which was charged in 2<sup>nd</sup> quarter.
- Other income increased by Baht 87 million from gain from changing fair value of investments in this quarter.

Total expenses decreased by Baht 188 million as compared to the same period last year which is generally caused by the following:

- Cost of hotel operations decreased by Baht 9 million which is in line with the lower hotel revenue.
- Cost of property development operations decreased by Baht 147 million as lower property sales were recognized during the period.

- Cost of office rental operations decreased by Baht 4 million as property tax is charged in the 1<sup>st</sup> quarter as compared to the prior year which was charged in the 2<sup>nd</sup> quarter.
- Selling expenses decreased by Baht 15 million as a result of lower property development operations selling expenses.
- Administrative expenses decreased by Baht 13 million due mainly to a decrease in rental expenses and allowance for bad & doubtful debts.

Share of loss from investment in associates increased by Baht 3 million mainly relates to share of loss from Thai Wah Plc.

Finance cost decreased by Baht 10 million as compared to the same period last year as capitalized interest of Cassia 3, Banyan Tree expansion and Banyan Tree Grande Residences projects.

Income tax expense increased by Baht 18 million due mainly to gain on revaluation of investment properties in this quarter.

Gain attributable to non-controlling interests of the subsidiaries increased by Baht 5 million which is primarily caused by the profit of Gallery sales operations and Laguna Service Co., Ltd.

For the reasons stated above, the company's loss is higher as compared to the same period last year.

Sincerely Yours,

(Mr. Kuan Chiet)

Vice President – Finance & Administration