



CENTRAL PLAZA HOTEL PLC.

Investors Newsletter - Q1/2007

May 2007

EXECUTIVE SUMMARY

CONSOLIDATED Q1/2007 OPERATING PERFORMANCE FOR THE CENTEL GROUP (compared with Q1/2006) IS AS FOLLOWS

- REVENUES - Baht 1,889.2 million (an INCREASE of 9.1% YoY)
- Net CONSOLIDATED PROFIT – BAHT 207.1 million (an INCREASE of 36.% YoY)

THIS IS PRIMARILY DUE TO A VERY POSITIVE GROWTH IN HOTELS BUSINESS REVENUES (of 24.4% YoY) RESULTING FROM THE OPENING OF 3 NEW HOTEL PROJECTS DURING LATE 2006, IMPROVED ARR, AND ONGOING EFFECTIVE CONTROLS ON OVERALL COSTS OF SALES AS WELL AS EXPENSES – WITH EBITDA INCREASING BY 28.1% YoY. HOWEVER, Q1/2007 FOODS BUSINESS REVENUES SHOWED A MARGINAL DECREASE (of 1.7%) YEAR-ON-YEAR.

CENTEL'S OVERALL Q1/2007 FINANCIAL RESULTS IS AS SHOWN BELOW.

(Baht - millions)	Q1 2007	Q1 2006	% change YoY
Hotels Business	894.9	720.1	+ 24.4%
Foods Business	<u>994.3</u>	<u>1,011.3</u>	<u>(1.7)%</u>
TOTAL REVENUES	1,889.2	1,731.4	+ 9.1%
EBITDA	548.8	428.5	+ 28.1%
NET PROFIT/(LOSS)	<u>207.1</u>	<u>151.5</u>	+ 36.7%
EPS @ Baht 0.15		@ Baht 0.17	
<u>Hotels Operations</u>			
• Avg Occ Rate (AOC)	75.1 %	77.6 %	
• Avg Room Rate (ARR)	Baht 3,847	Baht 3,445	
• Rev Par	Baht 2,890	Baht 2,675	+ 8%
<u>Food Business</u>			
• Total outlets @end Q1	465	433	+ 32 outlets
			+ 9 outlets since end Q4/06

Source : CENTEL Q1/2007 Financial Statements

PLEASE SEE ALSO DETAILED FINANCIAL PERFORMANCE SUMMARY BELOW

GENERAL BUSINESS CONDITIONS

POLITICAL & ECONOMIC ENVIRONMENT

As a result of the ongoing political uncertainties and confrontations (which will soon come to a climax with the imminent Constitutional Court verdict regarding the electoral fraud cases that may lead to the possible dissolution of one or more major political parties on May 30th) as well as the unresolved unrest in the deep Southern Provinces, consumer confidence in the economy continues to be eroded. Thus, sharp declines in both private and public investment spending has further slowed down the overall economic growth during the initial part of 2007 – with Q1/07 GDP growth to be approx 0.7% YoY.

This prevailing negative political and economic environment together with continued fluctuating fuel prices has caused official FY/2007 GDP growth estimates to be lowered to approximately 3.5% YoY – despite ongoing attempts by the interim Government to re-stimulate the economy through various fiscal measures and policies. However, once elections (scheduled for late 2007, after the completion of the new Constitution) is held, it is hoped that the political situation will have stabilised and the economic environment should then show signs of improvement from early 2008 onwards. This situation is reflected in the latest GDP YoY growth estimates shown below.

Thailand's GDP - % Growth YOY

FY/2005 actual	FY/2006 Act	2007 Projected	2008 Target
4.5%	4.7%	3.5 -3.8% (4.0 – 4.5 %)	4.5 -5.0% (4.0 -4.5%)

Source: K-bank research, and other published economic data

TOURISM & TRAVEL INDUSTRY OVERVIEW

In spite of the negative political and economic backdrop, which was further aggravated by the recent bombing incidents in Bangkok in late December 2006, Thailand's tourism and travel industry has in general remained stable but still most challenging - thanks to the positive spillover effects of the high-season from end 2006 as well as to the sustained extensive marketing promotions campaigns by both the Tourism Authority of Thailand (TAT) and key players in this industry sector.

Based on the apparent positive trends during Q1/2007 (estimated at approximately 2%YoY), the TAT remains confident of achieving its FY/2007 target of 14.8 million international tourists (equal to an increase of 7%YoY from 2006). The TAT also expects similar positive trends in domestic tourists and the achievement of 82.0 million domestic travelers (an increase of 3% YoY).

(Please see details in chart shown below)

Thailand's Total International Tourists/Domestic Tourists
(in millions of visitors/% change YoY)

	FY/2005 Actual	FY/2006 Est/Act	FY /2007 Target	FY/2008 Projected
International Visitors	11.5 - 2.0%	13.8 + 20%	14.8 + 7% YoY	15.2 + 6% YoY
Domestic Tourists	78.0 - 78.5	79.5	82.0	84 -85.0

Source: TAT Statistics from TAT website, published data

Meanwhile, despite these immediate negative market factors (ie: political unrest, economic downturn, an adverse strong Baht parity impacting inbound international travelers), the Hotels & Travel industry sector continues to see improved Average Occupancy Rates as well as Average realised Room Rates,

together with sustained major investments activities for both new hotels properties and hotels management deals by most of the major international as well as top end local hotel chains – particularly in key travel destination throughout Thailand, namely the Andaman markets, Hua Hin, Chiangmai and Pattaya. Such new hotel projects cover the top-end boutique resorts market as well as the economical mid-market properties. Further, now that the Andaman resorts have fully recovered from the Dec 2004 tsunami tragedy, a distinct shift in business patterns has been observed – with a move away from Hua Hin and Samui destinations back towards the key Andaman resorts.

FOODS SERVICE & QSR SECTOR OVERVIEW

However, the declining consumer confidence and resulting consumer spending downturn has had a more immediate – although perhaps short term - impact on the Foods Services & QSR market sector, which continues to be highly competitive as major players continue to necessarily expand their outlet networks in new key strategic commercial locations, to develop and launch new menu offerings, and to maintain their respective aggressive marketing campaigns. Overall, this market sector is estimated to be still growing at a (more modest) 10 -12% annually – fueled mainly by continued outlets expansion and additional new entrants into the market.

CENTEL's OPERATING PERFORMANCE for Q1/2007 (vs Q1/06)

- **TOTAL Q1/2007 REVENUES GREW BY 9.1% YoY,**
- **NET PROFITS HAVE INCREASED 36.7% YoY.**

For the period Q1/2007, the CENTRAL PLAZA HOTEL plc and its Subsidiary Companies achieved total revenues of Baht 1,889.2 million (or a 9.1% YoY INCREASE when compared to Baht 1,731.4 million for Q1/2006) - which is mainly due to an overall increase of 24.4% YoY in Hotels Business Group revenues with the opening of the abovementioned 3 new hotel properties since late 2006, while the Foods Business Group showed a slight decrease in revenues of 1.7% YoY.

Thus, the CENTEL Group realised a total Net Profit of Baht 207.1 million (an INCREASE of Baht 55.6 million or 36.7% YoY) – primarily due to the Group's improved Hotels Business operations together with ongoing effective control of both its Costs of Sales as well as overall expenses.

Hotels Business operations

Apart from the ongoing contribution of existing properties that are located in key travel destinations throughout Thailand, the very positive revenues growth in the Hotels Business Group's revenues was due to the recent openings of 3 new hotels properties during 2006, namely

- Central Krabi Beach Resort, Krabi (192 rooms) in November 2006
- Central Karon Beach Resort, Phuket (335 rooms) in November 2006
- Central Kata Beach Resort, Phuket (128 rooms) in May 2006

Additionally, the Groups Hotels Business operations continue to show improved ARR, despite a marginal decline in AOC (vs Q1/2006) – as shown in the chart below. CENTEL's on-line sales has maintained its positive contribution with an achieved 60% growth in on-line reservations.

CENTEL'S HOTELS BUSINESS - OPERATIONS INDICATORS

	Q1/2007	Q1/2006
Avg Occ. Rate (AOC)	75.1 %	77.6 %
Avg Room Rate/night (ARR)	Bht 3,847	Bht 3,445
RevPar	Baht 2,890 (+ 8% YoY)	Baht 2,675

Source : CENTEL

Key markets overview – for CENTEL's operations

The **Bangkok** market continues to be positive despite a slight slow down in corporate business; after a positive high season, **Phuket's** market is weakening as the mid-year low season approaches – to be mitigated by proactive promotional campaigns – while some impact continues to be felt because of the ongoing renovations of some CENTEL properties; after a Quarter of full operations, the **Krabi** property is becoming positively positioned for the imminent high season; both **Pattaya** and **Samui** markets remain positive; **Hua Hin** approached the low season for international travelers but remain popular among local tourists although becoming increasingly competitive due to recent opening of many locally owned 'boutique' hotels as well as entry of new multinational chains; **Chiangmai** remains positive after the end of the International Floral & Fauna Exhibition due to increased corporate and Government business despite continuing entry of new boutique properties as well as international hotels since late 2006; and both **Haadyai** and **Mae Sot** markets continues to be struggling hard in the face of sharply declined private as well as Government business resulting from the ongoing political unrest.

Foods Business Operations

Total Q1/2007 Foods Business revenues decreased marginally by 1.7% compared to Q1/2006 - due to the current unstable political and uncertain economic environment, that has resulted in a slowdown in overall consumer spending. However, going forward, the Foods Business Group will continue its strategy of expanding its outlets network in key commercial locations as well as of ongoing developing new menu and products offerings.

During Q1/2007 this year, the Foods Business Group increased its outlets to a total of 465 – adding a total of 9 new outlets for the various QSR bands since end 2006. (Please see details in chart below).

CENTEL'S FOODS BUSINESS – NO. OF OUTLETS

	Q1 2007	Q1 2006
KFC	129	122
PIZZA HUT	25	25
AUNTIE ANNE'S	83	73
MISTER DONUT	180	168
BASKIN ROBBINS	48	45
TOTAL	465 (456 @ end Dec 06)	433

Source : CENTEL

CONSOLIDATED CENTEL OPERATING & FINANCIAL RESULTS for Q1/2007

For the period Q1/2007, while total revenues increased 9.1% YoY (compared to Q1/2006) due to the very positive growth for hotels business resulting from additional new properties coming on line, improved Hotels operations, and effective controls on COS and direct expenses (with YoY increase at only 2.9% YoY) the resulting EBITDA increased by a very positive 28.1% YoY.

However, overall depreciation & amortisation charges as well as interest costs have increased quite significantly YoY - due to the growth in overhead costs relating to investments made for the recent new hotels properties and ongoing outlets expansion of the Foods Business Group.

CENTEL'S Q1/2007 FINANCIAL RESULTS

And through its sustained effective controls on the manageable overhead costs and expenses, the CENTEL Group has been able to achieved a Q1/2007 NET PROFIT of Baht 207.1 million - or a 36.7% INCREASE YoY.

Overall NET CASHFLOW FROM OPERATIONS for this period remains quite healthy – at Baht 492.7 million, so as to facilitate funding further investment requirements throughout the rest of the year

(Baht - millions)	Q1 2007	Q1 2006	% change YoY
Hotels Business	894.9	720.1	+ 24.4%
Foods Business	994.3	1,011.3	(1.7)%
TOTAL REVENUES	1,889.2	1,731.4	+ 9.1%
Cost of Sales (COS) **	729.5	697.9	+4.5%
Expenses	610.9	605.0	+1.0%
TOT COST & EXP	1,340.4	1,302.9	+2.9%
EBITDA	548.8	428.5	+ 28.1%
Deprcn & Amrtsn	183.0	149.4	+ 22.5%
Interest Expenses	42.3	21.9	+93.2%
Income Tax	74.1	71.2	+4.1%
Less : Min. Interests	22.3	16.8	
Dividend - PPF	20.0	17.7	
Other - Gain /(Loss)	0	0	
NET PROFIT / (LOSS)	207.1	151.5	+ 36.7%
<i>Earning per Share</i>	<i>@ Baht 0.15</i>	<i>@ Baht 0.17</i>	

** COS EXCLUDES Depreciation & Amortisation allocated to COS

Source : CENTEL's Q1/2007 Audited Financial Statements

OUTLOOK FOR FY/2007 PERFORMANCE

Continuing to leverage CENTEL's extensive experience in both the Hotels Business as well as the Foods Services sectors and enhancement of its services quality levels, together with ongoing new hotel projects or facilities development in key travel destinations projects and deployment of effective business development activities within the Foods Business should sustain top line growth in 2007; while maintaining a focus on critical costs controls should result in continuing realised positive Net Profits growth. This is in order to facilitate the achievement stated FY/2007 targeted total revenues of Baht 7,700 – 8,000 million (or an increase of 10 -12%YoY) – with Hotels Business revenues at Baht 3,300 – 3,500 million and Foods Business revenues at Baht 4,400 – 4,500 million - as well as projected Net Profits approximately Baht 550 million (or a 25%+ increase YoY) - barring any as yet unforeseen negative political or economic impacts to the core businesses of the CENTEL Group.

Further immediate development of new hotel projects (ie: in CBD BANGKOK in 2007/8 and Pattaya in 2009) as well as in other key resort destinations for the longer term will also sustain targeted growth in long term top line revenues and operating results.

For more information, please contact

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