



CENTRAL PLAZA HOTEL plc.

CENTEL achieved a 120% *increase* in NET PROFIT for Q2/2011 period.

EXECUTIVE SUMMARY

The sustained recovery in Thailand's tourism and travel industry as well as the continuing positive YoY GDP growth and consumer sentiments during the first half of 2011 have all helped drive dramatic increases in CENTRAL PLAZA HOTEL plc. (CENTEL)'s overall Q2/2011 consolidated revenues and Net Profit – thus, achieving outstanding financial performance in both its Hotels Business and QSR/Food Business, namely :

For the Q2/2011 period :

- Total Q2/11 revenues of Baht 2,632 million – a 29.0% YoY INCREASE, driven by a 47% YoY growth in the Hotels Business and a 19% YoY growth in the Food/QSR Business - with sustained satisfactory Gross Profit levels
- Consolidated EBITDA of Baht 452.9 million - a significant 106% YoY INCREASE
- Consolidate NET PROFIT of Baht 42.5 million – a 120% YoY INCREASE.

(in Baht : million)	Q2/2011	Q2/2010	% YoY Change
Hotels Business Revenues	1,049.4	714.0	+ 47.0%
Food Business Revenues	1,582.6	1,326.5	+ 19.3%
TOTAL REVENUES	2,632.0	2,040.5	+ 29.0%
EBITDA	452.9	219.8	+ 106.0%
NET PROFIT/(LOSS)	42.5	(205.7)	+ 120.7%

Source : CENTEL's audited financial Statements

For the H1 (Jan – Jun) /2011 period :

- Total H1/2011 revenues of Baht 5,631.1 million – a 23.3% YoY INCREASE, driven by a 26% YoY growth in the Hotels Business and a 21% YoY growth in the Food/QSR Business, with sustained satisfactory Gross Profit levels
- Consolidated EBITDA of Baht 1,311.2 million - a solid 38.6% YoY INCREASE
- Consolidated NEW PROFIT of Baht 443.5 million – a very dramatic increase over the marginal (Baht 1.2 million) loss situation in Q2/2010, which was significantly impacted by the then extended political unrest and rallies

(in Baht : million)	H1/2011	H1/2010	% YoY Change
Hotels Business Revenues	2,569.4	2,042.4	+ 25.8%
Food Business Revenues	3,061.7	2,523.4	+ 21.3%
TOTAL REVENUES	5,631.1	4,565.8	+ 23.3%
EBITDA	1,311.2	867.4	+ 38.6%
NET PROFIT/(LOSS)	443.5	(1.2)	+ 36,958%

Source : CENTEL's audited Financial Statements

BUSINESS ENVIRONMENT**POLITICAL & ECONOMIC BACKGROUND**

With the more stable political situation and more hopeful expectations for the future once the planned early August general elections were announced, as well as continuing positive economic trends – especially relating to consumer sentiments, both Thailand's GDP growth (at 2.6% YoY for Q2/11) and major exports continued to grow (at 19% in Q2/11 versus 27% in Q1/11) together with ongoing overall investments despite the unexpected natural disaster in Japan and the still fluid economic recovery situation in some key exports markets of the US and Europe – although both are marginally lower than in previous quarters.

THAILAND GDP % YoY GROWTH
<ul style="list-style-type: none"> • Act Q1/10 + 3.2 % YoY (vs Act Q1/10 +12.0%) • Est/Act Q2/2011 + 2.6% (vs Q2/10 +9.2% YoY)
Projected (revised) FY/2011 + 3.5 - 4.0 % (vs Act FY/2010 + 7.8%)

Source : bank of Thailand , NESDB, K bank Research and press articles

However, inflation remains a worry for the overall Thai economy in 2011 – currently running at 3.5 – 4.1% (versus 2.8 – 3.2% during the last part of 2010) and projected to be 3.8 – 4.2% for 2011. Also, during the last half of 2011, the local political situation remains the biggest risk factor – even as the new Pheu Thai Government takes charge; and, globally, the latest rounds of debt crises in the US and Europe could trigger another worldwide recession that will, of course, have a negative impact on the potential exports for Thailand and on the overall 2011 Thai economy.

THE TOURISM & TRAVEL INDUSTRY

As a direct consequence of the more and sustained stable political situation, the tourism and travel industry sector recovered to its normal levels – whereby in Q2/2011 (usually a 'low tourism season'), total international visitors coming to Thailand was 4.35 million (a very solid 50% YoY INCREASE when compared to Q2/2010 when this industry was negatively impacted by the lengthy political unrest and rallies throughout Thailand and especially in the tourist/CBD area of Bangkok); and this resulted in a 28% YoY INCREASE for the H1/2011 period.

Although, a dramatic change in the mix of travelers source markets and economic characteristics is seen – with more tourists coming from South Asia, Russia, China and ASEAN countries, and with most opting for the mid-market 3 or 4 star hotel properties. While at the same time, many domestic travelers are attracted towards the more smaller boutique resort properties. (Please see chart below for details of international tourists and domestic trips for Q2 & H1/2011 period)

As this industry is a key GDP driver for the Thai economy, the Tourism Authority of Thailand (TAT) is putting together a new 5-year Thailand tourism strategic plan - that includes the development of as well as a more focused marketing/promotions plan for 6 key tourism destinations 'clusters of offerings', a more focused targeting/attracting of potentially high spending source market travelers, and a more proactive promotions plan for domestic tourists.

Meanwhile, supported and encouraged by the dramatic upturn and sustained recovery of the tourism & travel industry as well as the marked change in source market mix and types of visitors, Thailand's hotel business sector has seen the one of best 2 quarterly periods performance results ever; and it is also becoming more focused on developing smaller and mid-market hotel properties. Thailand has not seen this high level of new hotels developments (by both the international and local chain operators/management firms and the independent local developers) since 2006 – with almost 40,000 new hotel rooms coming on stream (at all market segments, but mostly in the 3 – 4 star categories) in Bangkok over the next 3 years. The same is true of the key destinations resorts of Phuket, Pattaya, Chiangmai and Hua Hin/Chaam. Thus, many in the industry expect a very competitive and keen price-cutting situation in the short to medium term as all (existing and new) hotels properties try to maximise their average occupancy rates – although at the detriment of the average rooms rates realised.

THAILAND 's TOURISM & HOTELS SECTOR	
Est/Act	Q2/2011 International arrivals : 4.35 million (+ 50.1% YoY vs Q2 /2010)
Est/Act	H1/2011 International arrivals : 9.69 million (+ 28.1% YoY vs H1/2010)
FY/2011 International arrivals 17.8 - 18.2 mn @ bht 700 billion revenues (+ 12 -15% YoY vs 15.9 mn in 2010 @ Bht 590 billion revenues)	
with significant changes in source markets mix (ie: less European/Japanese and more S Asia, China, ME & Russia markets)	
Targeted Domestic Trips : FY/2011 : 104 -105 million	
Est/Act Domestic Trips 100.0 million / Bht 403 billion revenue (+ 15 – 18 %YoY)	

Source : Bank of Thailand, TAT, K Bank Research, CENTEL and press articles

FOOD SERVICES/QSR BUSINESS

All major players saw continued significantly positive operating results due to much improved consumer sentiments and spending. And, unless any further local political unrest occurs, this positive consumer confidence will continue throughout 2011. However, continued inflation and rising food costs may limit, to some extent, future consumer spending.

The overall foods service/QSR business environment is expected to remain very positive, to sustain its overall 12 -15% YoY growth, and to remain highly competitive as more and more new local and international brand concept is expected to enter this already competitive business sector – in which Japanese food concepts seem to be the ‘flavour of the year’. Therefore, those food services operators with extensive experience and capability to implement sustained innovative new menu offerings as well as marketing & promotions campaigns will continue to do well.

CENTEL's PERFORMANCE RESULTS for Q2 & H1 (Jan – Jun)/2011

CENTEL's HOTELS BUSINESS

As at end June, 2011, CENTEL had 32 operating properties – within various ‘brands’/formats - in its Hotels Business portfolio - mostly located in key travel and resort destinations in Thailand.

While most properties are owned and operated by CENTEL, in order to achieve breakthrough growth in its Hotels Business revenues there is a strategy in place to focus on acquiring more managed properties in its hotel portfolio – especially in key overseas markets, from which currently hotels management services fees account for 29% of total management fees revenue and whereby, in order to achieve a more balanced revenue stream, these overseas fees will become over than 50% of the total management fees received by 2014. Further, in order to diversify business risks, overseas hotels properties (now accounting for only 10 – 15% of total properties) will also grow to 35 - 40% by 2014.

CENTEL's overall actual Q2/2011 and H1/2011 consolidated financial performance were primarily driven by breakthrough (year-on-year) increases in the Hotel Business revenues and other key operating results (including improved Gross Profits due to improved ARR realised) - as with the overall tourism & travel industry as a whole, namely :

- **Q2/2011 Total revenues : Baht 1,049.4 million (+ 47.0% YoY)**
- **H1/2011 Total revenues : Baht 2,569.4 million (+ 25.8% YoY)**

CENTEL's HOTEL BUSINESS INDICATORS : Q2/2011	
Avg Occupancy (AOC)	58 % (vs 48 % in Q2/10)
Avg Room Rates (ARR)	Bht 3,228 (vs Bht 2,815 in Q2/10)
RevPAR	Bht 1,875 (vs Bht 1,351 in Q2/10)

Note: Industry Q2/11 avg AOC 52 % (vs 39 % in Q2/2010)

Industry Q2/11 avg ARR Bht 1,659 (vs Bht 1,596 in Q2/10)

Source :CENTEL

As with the overall tourism & travel industry's visitors profile, over the past year or so, source markets for CENTEL's Hotels Business has seen a marked changed more towards the Asian (India, China, Taiwan, ASEAN countries) markets - now accounting for 33% of total guests – as well as Australia and ME.

At the same time, while Bangkok properties still dominate (accounting for almost 40% of total – especially with the full recovery of the CENTARA GRAND & BANGKOK CONVENTION CENTRE @ the CENTRAL WORLD and full refurbishment of the SOFITEL CENTARA GRAND LARDPRAO property) overall sales revenues for CENTEL's Hotels Business - with Pattaya and Phuket (where CENTEL has recently launched new Centara Grand Beach Resorts) coming in 2nd and 3rd respectively, while Samui and Hua Hin destinations have seen a corresponding slide in revenues contribution. Key destinations outlook is as follows :

- **PHUKET**, while still a competitive market, will remain strong and solid revenues contributor
- **PATTAYA**, while changing into a more family-friendly/oriented destination resort and becoming increasingly competitive, will also continue to be a solid source of 'high' season revenues – from international as well as local travelers.
- **SAMUI**, becoming very competitive as new properties come on stream, although it remains a sound market.
- **HUA HIN**, as with Pattaya, this destination will be a solid source of revenues – especially from local travelers.

CENTELs' FOOD BUSINESS

CENTEL's Food Business revenues and other key operating results (including sustained improved Gross Profits due to effective costs management) also played a key role in CENTEL achieving its overall solid Q2/2011 and H1/2011 performance results - as summarised below. KFC remains the dominant source of revenues (approximately 60% of total sales) followed by MISTER DONUT(23 - 25%) and AUNTIE ANNE's (8 – 9%).

In order to capture the current strong demand for Japanese food and diversify its QSR portfolio, CENTEL has recently introduced 2 Japanese QSR brand concepts (CHTUBON and RYU), and over the next 2 years will also launch 2 more (OOTOYA – 36 outlets and YOSHINOYA). Apart from sustained development of new innovative menu offerings, continued marketing campaigns, adding new QSR concepts and sustained outlets expansion will be Food business key strategies.

- **Q2/2011 Total revenues : Baht 1,049.4 million (+ 47.0% YoY)**
- **H1/2011 Total revenues : Baht 2,569.4 million (+ 25.8% YoY)**

CENTEL's FOOD BUSINESS INDICATORS - Q1/2011

- **Total Systems Sales (TSS) :**
Q2/2011 + 19.0% YoY / H1/2011 + 21.1% YoY
- **Same Stores Sales (SSS) :**
Q2/2011 + 10.9% YoY / H1/2011 + 14.2% YoY

CENTEL's QSR OUTLETS @ Q2/2011

• KFC	159
• PEPPER LUNCH	10
• CHATBUTTON	3
• RYU	1
• MISTER DONUT	250
• AUNTIE ANNE's	81
• BEARD PAPA's	10
• COLDSTONE CREAMERY	5
TOTAL QSR OUTELS	519

(vs 512 at end Q1/11 and 487 at Q2/10)

Source : CENTEL

FINANCIAL SUMMARY Q2 & H1/2011

The much improved political and sustained positive economic environment together with effective internal operations and costs management, BOTH helped drive CENTEL's continued Hotels Business (increased rooms revenues) as well as Food Businesses (sustained improved SSS and TSS sales) revenues - with total revenues increases of a 29%YoY and 23% YoY increase for Q2/2011 and H1/2011 respectively – and overall performance results. [Please see also detailed summary chart below] :

- **Total consolidated revenues (with current revenues : 45% Hotels vs 55% Food Business)**
 - **Q2/2011 : Baht 2,632.0 million (a 29.0% YoY increase)**
 - **H1/2011 : Baht 5,631.1 million (a 23.3% YoY increase)**

Note: Projected revenues mix will move 40 – 45% Hotels and 55 – 60% Food Business over next 3 years.
- **Continued solid Gross Profits in both Business Groups**
- **Much improved EBITDA**
 - **Q2/2011 : Baht 452.9 million or 17.2% of total revenues (a 106% YoY increase)**
 - **H1/2011 : Baht 1,311.1 million or 23.3% of total revenues (a 51.2% YoY increase)**
- **Total Net Profit**
 - **Q2/2011 : Baht 42.5 million (a 120.7% YoY increase)**
 - **H1/2011 : Baht 443.5 million vs Bht 1.2 million LOSS in H1/2011**
- **Net Cash flow from operations of Baht 950.6 million (vs Baht 717.8 million as at end H1/2010)**

CENTELS' FINANCIAL PERFORMANCE RESULTS – Q2/2011 & H1/2011

(Baht millions)	Q2/2011	Q2/2010 restated	% YoY Change	H1 /2011	H1/2010 restated	% YoY change
Hotels Business	1,049.4	714.0		2,569.4	2,042.4	+ 25.8%
Food Business	1,582.6	1,326.5	+ 19.3%	3,061.7	2,523.4	+ 21.3%
Total Revenues	2,632.0	2,040.5	+ 29.0%	5,631.1	4,565.8	+ 23.3%
Costs of sales	1,213.2	950.8	+ 27.6%	2,416.1	1,971.6	+ 22.5%
GROSS PROFIT % Total revenues	1,354.8 52.6%	1,030.3 52.0%	+ 31.5%	3,066.1 55.9%	2,473.7 55.6%	+ 23.9%
Gen Selling & Admin Exp Gain/(Loss) - PFPO, CKR, CKT, RML	961.8 (4.1)	842.9 (27.0)	+ 14.1%	1,949.3 45.6	1,720.1 (6.6)	+ 13.3%
EBITDA % Total revenues	452.9 17.2 %	219.8 10.8 %	+106.0%	1,311.2 23.3 %	867.4 19.0 %	+ 51.2%
Less: Depreciation & Amtsn Interest Expenses Dividends - PPF units Income Tax	271.3 93.6 2.8 62.9	300.1 73.2 3.0 54.7	- 9.6% + 27.9% + 15.0%	547.5 179.1 5.8 152.8	594.9 145.4 6.2 121.3	- 8.0% + 23.2% + 26.0%
PROFIT before MI & Extraordinary Items	22.3	(211.1)	+110.5%	426.0	(0.4)	+106,475%
Gain/(Loss)- MI & Pre Acq. (Loss) - g' tee PFPO provision Extra equity gain - PFPO Plugin CMBR Profit b/f 2010 Amortsn deferred PFPO rent	(4.7) 0 0 0 25.0	(3.4) 0 (16.2) 0 25.0		(25.1) (9.6) 2.4 0 49.8	(25.9) (12.0) (13.2) 0 49.9	
NET PROFIT / (LOSS) % Total revenues	42.5 1.6%	(205.7) (10.1%)	+ 120.7%	443.5 7.9%	(1.2)	+ 36,958%

Source : CENTEL's audited financial statements

OUTLOOK for Full Year 2011 and beyond.

With the abovementioned record breaking positive achievements for the Q2/2011 and H1/2011 periods and given the expected continuing positive growth business environment, CENTEL's expects that, for full year 2011, it will be in a good position to achieve its FY/2011 targeted consolidated revenues of Baht 11,000 million as well as other key operational performance objectives for the year – through the continuation of its key strategies of :

- increasing its investment programmes (with budgeted CAPEX totaling Bht 1.68 billion) for hotels facilities and QSR/foods outlets renovations – as well as for the coming 3 – 4 years
 - diversifying its hotels business portfolio in key travel destinations within Thailand as well as overseas, as well as broadening its customer base - by adopting a multi-branding and multi-market segmentation tactics
 - expanding its hotels management services operations as well as continuing to develop innovative, cost effective sales and marketing channels (eg: CENTEL's direct on-line reservations capabilities)
 - enhancing its Food Business operations through continued new "brand concepts" offerings, together with sustained innovative menu offerings in each respective QSR brand together with continued outlets expansion - as well as continuing into the next 3 – 4 years with the objective of having between 700 - 800 outlets by 2015
 - maintaining effective costs management programmes, in order to improve gross margins and overall profitability levels

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