



(English Translation)

Ref SS. 0354 / 2016

16 May 2016

Subject : Clarification of 1Q-2016 Operating Result

To : President
The Stock Exchange of Thailand

Sansiri Public Company Limited (SIRI) would like to clarify the operating result for the quarter ended 31 March 2016 of the Company and its subsidiaries as follows.

Total revenue in 1Q-2016 amounted to 7,686 Million Baht, increasing by 10 percent from 6,971 Million Baht in 1Q-2015. An increase in total revenue was driven by a 13 percent increase in the revenue from project sales, which was the core revenue, as well as a 154 percent and a 17 percent increase in revenue from business management and revenue from other services, respectively. In 1Q-2016, Sansiri and its subsidiaries reported net profit of 556 Million Baht, an increase of 3 percent from net profit of 541 Million Baht in 1Q-2015.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale of 1Q-2016 and 1Q-2015 is as follows:

	1Q-2016		1Q-2015	
	Million Baht	%	Million Baht	%
Single-detached houses	1,732	24.6	2,041	32.8
Townhouses / Home Office	281	4.0	226	3.6
Condominiums	5,024	71.4	3,956	63.6
Others	4	0.1	1	0.0
Total	7,041	100.0	6,224	100.0



In 1Q-2016, Sansiri and its subsidiaries reported a 13 percent increase in revenue from project sales from that of 1Q-2015. The increase in revenue was driven by the significant increase in revenue from condominium projects. To the total revenue from project sales in 1Q-2016, 5,024 Million Baht revenue from condominium projects contributed 71.4 percent, 1,732 Million Baht revenue from single-detached house projects contributed 24.6 percent, and 281 Million Baht revenue from townhouse projects contributed 4.0 percent.

Revenue from single-detached house projects in 1Q-2016 amounted to 1,732 Million Baht, a 15 percent decrease from 2,041 Million Baht in 1Q-2015. Revenue from single-detached house was mainly from three projects, including Setthasiri Charun-Pinklao, Setthasiri Krungthep Kreetha, and Habitia Motif Panyaindra, altogether contributed 592 Million Baht or 8 percent of total revenue from project sales. Revenue from townhouse project increased from 226 Million Baht in 1Q-2015 to 281 Million Baht in 1Q-2016 due to the inventory management of the projects in Rama II area. The revenue of 110 Million Baht came from Habittown Nest Thakham-Rama 2 and Town Avenue Cocos Rama 2 Soi.50. In addition, Revenue from condominium projects increased significantly by 27 percent from 3,956 Million Baht in 1Q-2015 to 5,024 Million Baht in 1Q-2016. In this regards, the main contributors to revenue from condominium projects were from the transfer of ownership starting in 1Q-2016 of the two new completed projects, including The Base Central Pattaya and HASU HAUS. Their revenue contributed 2,050 Million Baht or 29 percent of total revenue from project sales.

Revenue from Property Services

The revenue from project for rent decreased from 18 Million Baht in 1Q-2015 to 15 Million Baht in 1Q-2016 while the revenue from business management increased significantly from 167 Million Baht in 1Q-2015 to 425 Million Baht in 1Q-2016, or increased by 154 percent. The increase was driven by an increase in revenue from turnkey construction management of joint venture. Furthermore, revenue from other services including hotel business and education business was 93 Million Baht, a 17 percent increase from 79 Million Baht in 1Q-2015.



Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 1Q-2016, cost of project sales amounted to 4,905 Million Baht, a 13 percent increase from that of 1Q-2015, in accordance with an increase in revenue from project sales. Gross profit margin of project sales increased slightly from 30.1 percent in 1Q-2015 to 30.3 percent in 1Q-2016. Cost of projects for rent in 1Q-2016 decreased to 10 Million Baht from 12 Million Baht in 1Q-2015, whereas cost of business management increased from 120 Million Baht in 1Q-2015 to 320 Million Baht in 1Q-2016. In addition, cost of other services including hotel business and education business increased by 14 percent from 1Q-2015.

Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 1Q-2016 at 1,397 Million Baht or 18.2 percent of total revenue, a decrease from 18.8 percent of total revenue in 1Q-2015. A 680 Million Baht of selling expense and a 653 Million Baht of administrative expense increased from those of 1Q-2015. Nonetheless, the expense as percentage of total revenue decreased. In 1Q-2016, the selling expense accounted for 8.9 percent of total revenue, a decrease from 9.4 percent in 1Q-2015 while the administrative expense accounted for 9.3 percent of total revenue, a decrease from 9.5 percent in 1Q-2015.

Financial Expense

In 1Q-2016, financial expense was at 169 Million Baht, decreased from 188 Million Baht in 1Q-2015 mainly due to the use of acquired land plots to develop projects as well as the increase in number of sold units of completed projects. As a result, the financial expenses decreased.

Net Profit

Sansiri and its subsidiaries reported net profit of 556 Million Baht in 1Q-2016, an increased from 541 Million Baht in 1Q-2015. In this regard, the net profit margin decreased from 7.8 percent of total revenue in 1Q-2015 to 7.2 percent of total revenue in 1Q-2016. The decline was mainly due to the slight decrease in the gross profit margin, altogether with the increase in share of losses from investment in subsidiary. As the joint venture projects are under the development, the revenue is not yet reported. In addition, an effective corporate income tax in 1Q-2016 was at 22.2 percent of earnings before corporate income tax.



Assets

Total assets of Sansiri and its subsidiaries as of 31 March 2016 amounted to 69,627 Million Baht, an increase of 176 Million Baht from that of 31 December 2015. Current assets as of 31 March 2016 was at 59,473 Million Baht, increased by 339 Million Baht from that of 31 December 2015 due to the increase in property development for sale. Total non-current assets as of 31 March 2016 was at 10,154 Million Baht, a decrease of 162 Million Baht from that of 31 December 2015 due to the decrease in investment in joint venture and the decrease in land, building, and equipment.

Liabilities

Total liabilities of Sansiri Group amounted to 41,934 Million Baht as of 31 March 2016, a decrease of 319 Million Baht from that of 31 December 2015. Total current liabilities amounted to 19,864 Million Baht or decreased by 85 Million Baht while total non-current liabilities decreased by 234 Million Baht to 22,069 Million Baht. A decrease in total liabilities was mainly from a decrease in long-term loans. In this regard, the interest bearing debt increased from 33,369 Million Baht as of 31 December 2015 to 33,549 Million Baht as of 31 March 2016. The debt-to-equity ratio was 1.51 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.21 times. In this regard, Sansiri has been operating under restrictive financial covenants with gearing ratio less than 2.5 to 1.

Shareholders' Equity

Shareholders' Equity as of 31 March 2016 amounted to 27,694 Million Baht, an increase of 496 Million Baht from as of 31 December 2015, mainly driven by the 1Q-2016 net profit of 556 Million Baht.

Cashflow

For 1Q-2016, beginning cash balance was 2,672 Million Baht, with net cash from operating activities of 161 Million Baht, net cash from investing activities of 99 Million Baht, and net cash used in financing activities of 214 Million Baht, resulting in the ending cash balance of 2,651 Million Baht. In this regard, profit from operating activities before changes in operating assets and liabilities was at 5,982 Million Baht. Cash outflow as development costs for property development for sale amounted to 5,126 Million Baht. For investing activities, loans to related parties and payment on purchase of investments in joint ventures amounted to 365 Million Baht and 50 Million Baht, respectively. For financing activities, cash outflow for loan repayment including interest payment to financial institutions were 2,143 Million Baht.



Liquidity Ratio

The liquidity ratio of Sansiri Group increased from 2.96 times as of 31 December 2015 to 2.99 times as of 31 March 2016 mainly due to the 0.6 percent increase in total current assets while total current liabilities decreased by 0.5 percent from that of 31 December 2015.

Return on Equity

As of 31 March 2016, annualised return on equity was 8.10 percent, decreased from 13.48 percent as of 31 December 2015 mainly due to the decrease in net profit in 1Q-2016 as well as a decreased in annualised return on assets in 1Q-2016, which was at 7.24 percent and 3.20 percent respectively. Furthermore, the debt-to-equity ratio decreased from 1.55 times as of 31 December 2015 to 1.51 times as of 31 March 2016 as well.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director