



(English Translation)

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15 August 2016

Subject : Clarification of 2Q-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 30 June 2016 of the Company and its subsidiaries as follows.

Total revenue in 2Q-2016 amounted to 8,238 Million Baht, decreasing by 19 percent from 10,167 Million Baht in 2Q-2015. The decrease in total revenue was caused by a 22 percent decrease in revenue from project sales, which was the core revenue, compared to that of 2Q-2015. As a result, total revenue as of 6M2016 amounted to 15,924 Million Baht, a 7 percent decrease compared to that of 6M2015. Nonetheless, revenue from business management increased significantly by 115 percent compared to that of 2Q-2015. In 2Q-2016, Sansiri and its subsidiaries reported net profit of 622 Million Baht, a decrease of 31 percent from net profit of 901 Million Baht in 2Q-2015, making the net profit as of 6M2016 decreased from 1,442 Million Baht in 6M2015 to 1,178 Million Baht.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale as of 2Q-2016, 2Q-2015, 6M2016 and 6M2015 is as follows:

Product Type	2Q-2016		2Q-2015		6M2016		6M2015	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached houses	2,709	37.1	2,710	28.9	4,441	30.9	4,751	30.4
Townhouses / Home Office	272	3.7	811	8.6	553	3.9	1,036	6.6
Condominiums	4,333	59.3	5,866	62.5	9,357	65.2	9,822	62.9
Others	(4)	(0)	-	-	-	-	1	0.0
Total	7,311	100.0	9,387	100.0	14,351	100.0	15,610	100.0



In 2Q-2016, Sansiri and its subsidiaries reported a 22 percent decrease in revenue from project sales from that of 2Q-2015. The decrease in revenue was caused by the decrease in revenue from townhouse and condominium projects. As a result, the revenue from project sales as of 6M2016 decreased by 8 percent compared to that of 6M2015. To the total revenue from project sales in 2Q-2016, 4,333 Million Baht revenue from condominium projects contributed 59.3 percent, 2,709 Million Baht revenue from single-detached house projects contributed 37.1 percent, and the revenue of 272 Million Baht from townhouse projects contributed 3.7 percent.

Revenue from single-detached house projects in 2Q-2016 was close to the amount compared to that of 2Q-2015. In 2Q-2016, the revenue from single-detached house was mainly from three projects, including Setthasiri Charun-Pinklao, Setthasiri Pattanakarn, and Setthasiri Krngthep Kreetha, which altogether contributed 1,019 Million Baht or 14 percent of total revenue from project sales.

In 2Q-2016, revenue from townhouse projects amounted to 272 Million Baht decreased from 811 Million Baht in 2Q-2015. The major contributor was 210-million baht revenue from two townhouse projects, namely Town Avenue 60's Vibhavadi 60 and Town Plus Prachauthit, which altogether contributed 99 Million Baht of total revenue from project sales.

Similarly, revenue from condominium projects decreased by 26 percent from 5,866 Million Baht in 2Q-2015 to 4,333 Million Baht in 2Q-2016. In 2Q-2016, the revenue from condominium projects amounted to 2,174 Million Baht or 30 percent of total revenue from project sales. In this regard, the BASE Central Pattaya, dcondo Campus Resort Rangsit, dcondo Nim, and HASU HAUS were the four highest contributors in 2Q-2016 respectively.

Revenue from Property Services

In 2Q-2016, the revenue from projects for rent amounted to 15 Million Baht, decreasing slightly from 16 Million Baht in 2Q-2015. As a result, the revenue from projects for rent as of 6M2016 decreased by 9 percent compared to the same period of last year whereas the revenue from business management amounted to 764 Million Baht, a significant increase of 115 percent from 356 Million Baht compared to the same period of last year. The main factor was revenue from property management of joint venture. As a result, as of 6M2016, the revenue from business management increased significantly by 127 percent compared to the same period of last year. In addition, revenue from other services, including revenue from hotel business, and education business, was 42 Million Baht, decreased from 50 Million Baht in 2Q-2015.



Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 2Q-2016, cost of project sales amounted to 5,054 Million Baht, a 26 percent decrease from that of 2Q-2015, in accordance with a decrease in revenue from project sales. Similarly, cost of project sales as of 6M2016 decreased by 11 percent when compared to the same period of last year. Gross profit margin of project sales increased from 27.6 percent in 2Q-2015 to 30.9 percent in 2Q-2016, making gross profit margin as of 6M2016 increased to 30.6 percent. For the cost of projects for rent in 2Q-2016, it decreased by 10 percent from 2Q-2015 to 10 Million Baht in accordance with a decrease in revenue from projects for rent, while cost of business management increased from 234 Million Baht in 2Q-2015 to 523 Million Baht in 2Q-2016 and increased significantly by 138 percent compared to that of 6M2015 in accordance with an increase in revenue from business management. In addition, cost of other services including hotel business and education business decreased by 5 percent from 2Q-2015. Nonetheless, cost of other services as of 6M2016 increased by 4 percent compared to the same period of last year as a result of an increase in cost of other services of 14 percent in 1Q-2016

Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 2Q-2016 at 1,551 Million Baht, accounted for 18.8 percent of the total revenue, an increase from 16.7 percent in 2Q-2015. Similarly, the selling and administrative expense as of 6M2016 increased to 18.5 percent from 17.5 percent compared to the same period of last year. The selling expenses in 2Q-2016 were at 862 Million Baht or 10.5 percent of total revenue, increased from 930 Million Baht or 9.2 percent of total revenue in 2Q-2015 due to the increasing expenses related to marketing activities, such as advertising media and marketing activities for international market penetration. The main reasons were to create brand awareness and to expand customer base to foreign countries. As a result, the selling expenses as of 6M2016 had increased, accounted for 9.7 percent of total revenue. In 2Q-2016, the administrative expenses (including management benefit expenses) amounted to 689 Million Baht decreased from 763 Million Baht in 2Q-2015. Nonetheless, the administrative expenses compared to total revenue had increased from 7.5 percent of total revenue in 2Q-2015 to 8.4 percent of total revenue in 2Q-2016 as a result of a decline in total revenue. As of 6M2016, the administrative expense accounted for 8.8 percent of total revenue, an increase from 8.3 percent of total revenue as of 6M2015.



Financial Expense

Financial expense decreased from 213 Million Baht in 2Q-2015 to 171 Million Baht in 2Q-2016, due to the developing land plots process and the increase in project sales of complete projects, resulting in the decrease in financial expense.

Net Profit

For 2Q-2016, Sansiri and its subsidiaries reported net profit of 622 Million Baht, a decline from net profit of 901 Million Baht in 2Q-2015. A net profit margin of 7.6 percent of total revenue in 2Q-2016 decreased from 8.9 percent of total revenue in 2Q-2015 as a result of an increase in selling and administrative expense. In addition, Sansiri reported an operating profit margin in 2Q-2016 of 11.2 percent of operating profit and an effective corporate income tax in 2Q-2016 was at 23.4 percent of earnings before corporate income tax.

Assets

Total assets of Sansiri and its subsidiaries as of 30 June 2016 amounted to 68,054 Million Baht, a decrease of 1,397 Million Baht from that of 31 December 2015. Current assets as of 30 June 2016 was at 57,511 Million Baht, decreased from 59,135 Million Baht as of 31 December 2015 due to the decrease in cash and cash equivalents as well as the decrease in cost of property development for sales. Nonetheless, Total non-current assets as of 30 June 2016 was at 10,543 Million Baht, increased by 227 Million Baht from that of 31 December 2015 due to an increase in current portion of loans to related parties.

Liabilities

Total liabilities of Sansiri Group amounted to 41,523 Million Baht as of 30 June 2016, a decrease of 729 Million Baht from that of 31 December 2015. Total current liabilities was at 21,733 Million Baht, an increase of 1,784 Million Baht from that of 31 December 2015 due to the increase in short-term loans and unsecured debentures due within one year. On the other hand, non-current liabilities decreased by 2,513 Million Baht from that of 31 December 2015 to 19,790 Million Baht mainly due to the decrease in long-term loans and the unsecured debentures. The interest bearing debt decreased from 33,369 Million Baht as of 31 December 2015 to 32,987 Million Baht as of 30 June 2016. The debt-to-equity ratio was 1.57 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.24 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 30 June 2016 amounted to 26,531 Million Baht, a decrease of 668 Million Baht from that of 31 December 2015, mainly from dividend payment of 1,714 Million Baht.

Cashflow

For the year 2016, beginning cash balance was 2,672 Million Baht with net cash provided from operating activities of 2,770 Million Baht, net cash used in investing activities of 509 Million Baht, and net cash used in financing activities of 2,857 Million Baht, resulting in the ending cash balance of 1,932 Million Baht as of 30 June 2016. For operating activities, profit from operating activities before changes in operating assets and liabilities was at 12,251 Million Baht. In this regard, cash outflow as development costs for property development for sales amounted to 8,797 Million Baht. For investing activities, loans to related parties and investments in joint venture amounted to 854 Million Baht and 50 Million Baht respectively. For financing activities, cash outflow for loan repayment including interest payment to financial institutions amounted to 3,798 Million Baht.

Liquidity Ratio

The liquidity ratio of Sansiri Group decreased from 2.96 times as of 31 December 2015 to 2.65 times as of 30 June 2015 as total current assets declined by 3 percent due to the decrease in cash and cash equivalents as well as the decrease in cost of property development for sales, whereas total current liabilities increased by 9 percent from that of 31 December 2015, including the increase in short-term loans and unsecured debentures due within one year amounted of 1,110 Million Baht and 1,999 Million Baht respectively.



Return on Equity

As of 30 June 2016, annualised return on equity was 8.77 percent, a decrease from 13.48 percent as of 31 December 2015 mainly due to a decrease in net profit margin from 8.41 percent as of 6M2015 to 7.40 percent as of 6M2016. The annualised return on assets as of 6M2016 was at 3.43 percent while the debt-to-equity ratio increased slightly from 1.55 times as of 31 December 2015 to 1.57 times as of 30 June 2016.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director