Quarterly Newsletter

SANSIRI

Ticker Symbol : SIRI Reuters : SIRI.BK Bloomberg : SIRI TB Primary Exchange : The Stock Exchange of Thailand

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Key Stock Data

2Q09	1 Apr 09	30 Jun 09	% change
SIRI Price (Baht / Share)	1.62	2.86	76.5%
Property Sector Index	54.89	84.43	53.8%
SET index	430.09	597.48	38.9%
Avg Daily Turnover (Mil Baht)		18.39	
Avg Daily Turnover (Mil Shares)		7.71	

As of 29 Sep 09	
Issued shares (Mil Shares)	1,473
Estimated free float	58%
SIRI Price (Baht / Share)	4.46
Market Cap (Mil Baht / Mil US$)	6,572 / 195

Major Shareholders (%)	As of 13 Mar 09
1. Trendy Plan Investments Limited	13.45%
2. Thai NVDR Co.,Ltd	11.81%
3. UOB Kay Hian Private Limited	8.76%
4. Chase Nominees Limited 42	7.07%
5. Wiriya Insurance Co.,Ltd	6.47%

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High Net Profit of 387 Million Baht in 2Q2009 with 11% Net Profit Margin

Net profit in 2Q2009 increased 116% to 387 million baht, from 200 million baht in 2Q2008. The main factors were effective cost management and less spending on selling expense. Total revenue in 2Q2009 amounted to 3,643 million baht, an 8% increase from 3,373 million baht in 2Q2008. The key drive was 8% increase in revenue from property sales. To the 2Q2009 total revenues of 3,643 million baht, 3,438 million baht from property sales contributed 94%, 60 million baht from property for rent and leasehold rights written off together with 13 million baht from medical spa business and 4 million baht from hotel business, altogether contributed 3%, 82 million baht from property management contributed 2%, and 46 million baht from other incomes contributed the balance of 1%.

Table 1 Revenue from Project Sale Breakdown in 2Q2008 vs 2Q2009

Type of Product	2Q2008	2Q2009	% Change
Property Sales (Million baht)	3,168	3,438	+8%
Single House (Million baht)	1,613	1,052	-35%
% of Property Sales	51%	31%	
Townhouse (Million baht)	615	316	-49%
% of Property Sales	19%	9%	
Condominium (Million baht)	940	2,070	+120%
% of Property Sales	30%	60%	

In 2Q2009, Revenue from property sales amounted to 3,438 million baht, an 8% increase from 3,168 million baht in 2Q2008. The key factor was the 1,130 million baht increase in revenue from condominium projects due to the increasing number of condominium projects generating revenue of 23 projects in 2Q2009, compared to 15 projects in 2Q2008. However, revenue from single house projects was 1,052 million baht, a 35% decrease from 1,613 million baht in 2Q2008, due to economic slowdown. Revenue from townhouse projects decreased 49% from 615 million baht in 2Q2008 to 316 million baht in 2Q2009 despite the strong presales in 2Q2009. In this regard, the newly launched townhouse projects were well-received by customers with presales exceeding the pre-built units, leading to high presale backlog to be realized upon unit transfer in the second half of the year 2009.

60% of Property Sales from Condominium Projects

In 2Q2009, revenue from condominium projects amounted to 2,070 million baht, representing 60% of revenue from property sales whereas revenue from single house and townhouse projects contributed 31% and 9% to revenue from property sales, respectively. Revenue from single house projects were mainly driven by consolidated revenues of 661 million baht from 5 projects namely Setthasiri Prachachuen, Burasiri Sanambinnam, Saransiri Prachauthit Suksawad, Baan Promptpatt Greenova and Saransiri Ramindra 2 with average price per unit of 4.0 to 9.4 million baht, representing 19% of revenue from property sales. The main contributor of revenue from townhouse was the consolidated revenues of 212 million baht from 3 projects including Town Plus Petchchakasame - Bangkae, Town Plus Huamark and Plus Citypark Srinakarindra - Suanluang, representing 6% of revenue from property sales. The average price per unit of these three townhouse projects ranges from 3.2 to 4.1 million baht.

Rising Gross Margin through Brand Premium and Effective Cost Management

Gross Margin of property sales was 31% in 2Q2009, a significant increase from 29% in 2Q2008 due to higher gross margin from the new housing projects. Selling expense amounted to 298 million baht, a 7% decrease from 322 million baht in 2Q2008, due to less spending on marketing activities. Accordingly, SG&A expense per revenues was slightly improved from 17% in 2Q2008 to 16% in 2Q2009. Furthermore, Effective tax rate in 2Q2009 decreased to 29%, from 42% in 2Q2008 owing to less discrepancy between the accounting practice and the revenue code and corporate income tax calculation. In 2007, Sansiri adopted the new accounting practice making tax calculation by accounting practice and by revenue code more in line with each other. The new practice has been adopted for properties for sale launched since 1 January 2007. In this regard, positive impact of higher gross margin with less marketing expenses and lower effective tax rate directly increased EBIT margin and Net Profit margin. Accordingly, EBIT margin strongly increased to 16% in 2Q2009, from 11% in 2Q2008 whereas Net profit margin dramatically increased to 11% in 2Q2009, from 5% in 2Q2008.

Increasing Number of Assets under Management due to Strong Brand Recognition

Revenue from property services including property management and property agency decreased 2% from 84 million baht in 2Q2008 to 82 million baht in 2Q2009. In this regard, the number of assets under management of Plus Property Company Limited and Touch Property Limited increased to 157 properties as of 30 June 2009, from 132 properties as of 30 June 2008. However, such increase was offset by decreasing number of brokerage transactions caused by economic slowdown.

Improving Demand for Rental Housing due to Economic Recovery in 2Q2009

Revenue from property for rent and leasehold rights written off increased by 3% from 58 million baht in 2Q2008 to 60 million baht in 2Q2009 due to higher occupancy rate from rental assets including Wireless Apartment and Siripinyo office building. As of 30 June 2009, occupancy rate of Wireless Apartment and Siripinyo increased from 81% (as of 30 June 2008) to 100% and from 76% (as of 30 June 2008) to 97%, respectively.

Stable Revenue from Hospitality Business under Competitive Market

Revenue from hospitality business including revenue from medical spa and revenue from hotel business was stable at 17 million baht compared to that of 2Q2008. In this regard, revenue from medical spa amounted to 13 million baht, an 11% decrease from 2Q2008 due to negative impact of the global financial crisis. However, revenue from hotel business was 4 million baht, a 52% increase from 2Q2008 due to higher average room rate per night from 2,055 baht in 2Q2008 to 2,483 baht in 2Q2009.

Increasing Net Profit to 506 million baht for 6M2009

For the six-month performance, net profit was 506 million baht, improving from loss of 75 million baht in 6M2008. Total revenue increased 11% from 5,952 million baht for 6M2008 to 6,593 million baht for 6M2009 with 12% growth of revenue from property sales. Gross margin from project sales in 6M2009 increased to 29%, from 27% of property sales in 6M2008. The key contributor was higher gross margin with higher contribution from condominium projects in 2Q2009.

Table 2 Revenue from Project Sales Breakdown for 6M2008 vs 6M2009

Type of Product	2Q2008	2Q2009	% Change
Property Sales (Million baht)	5,551	6,194	+12%
Single House (Million baht)	2,785	1,859	-33%
% of Property Sales	50%	30%	
Townhouse (Million baht)	1,073	546	-49%
% of Property Sales	19%	9%	
Condominium (Million baht)	1,693	3,789	+124%
% of Property Sales	31%	61%	

For 6M2009, Revenue from property sales was 6,194 million baht, a 12% increase from 5,551 million baht over the same period in 2008. The key factor was the 2,096 million baht increase due to the increasing number of condominium projects generating revenue. However, revenue from single house projects was 1,859 million baht, a 33% decrease from 2,785 million in 6M2008 due to economic slowdown. Revenue from townhouse projects decreased 49% from 1,073 million baht in 6M2008 to 546 million baht in 6M2009 despite the strong presales in the year 2009. In this regard, the newly launched townhouse projects were well-received by customers with presales exceeding the pre-built units, leading to high presales backlog to be realized upon unit transfer in the second half of the year 2009.

Effective SG&A due to Strong Brand Recognition and Less Spending on Marketing Expense

The 525-million baht selling expense improved to 8.0% of total revenues in 6M2009, from 8.8% of total revenues in 6M2008. The main factors were strong brand recognition with less spending on marketing expense in 2Q2009. Moreover, the 500-million baht administrative expenses improved to 7.6 % of total revenues in 6M2009, compared to 8.2% of total revenues in 6M2008 as a result of efficiency improvement. Accordingly, 12% operating profit margin and 8% net profit margin in 6M2009 significantly improved from 9% and -1% in 6M2008, respectively.

Strong Balance Sheet to boost sales momentum and accentuate market leadership

As 30 June 2009, total assets amounted to 24,543 million baht, the 1,052 million baht increase from that as of 31 December 2008. The key drive was the 857-million baht increase in cash due to cash inflow from 3-year corporate senior, unsecured bond issuance on 4 June 2009, worth of 1 billion baht. In this regard, Sansiri planned to use funds for investment in high potential project development for boosting sales momentum and accentuate market leadership.

Total liabilities increased by 990 million baht from 31 December 2008 to 15,527 million baht as of 30 June 2009. Total current liabilities increased by 1,811 million baht to 10,475 million baht whereas current portion of long term increased by 2,353 million baht. However, all interest bearing, short-tem debts are project financing loans with repayment due upon transfer of housing units. For 6M2009, interest coverage ratio improved to 2.74 times, from 0.55 times in 6M2008. As of 30 June 2009, Debt to equity ratio stood at 1.64 times while gearing ratio was 1.23 times.

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