

Ticker Symbol : **SIRI** Reuters : **SIRI.BK** Bloomberg : **SIRI TB** Primary Exchange : **THE STOCK EXCHANGE OF THAILAND**

Key Stock Data

4Q2012	28 Dec 12	28 Sep 12	% Q-o-Q
SIRI Price (baht/share)	3.52	2.86	23.08 %
Property Sector Index	258.58	221.23	16.88 %
SET Index	1,391.93	1,298.79	7.17 %
Avg Daily Turnover (THB million)	242.81	189.61	28.06 %
Avg Daily Turnover (million shares)	75.14	76.94	-2.35 %

As of December 28, 2012	
Listed Share (million shares)	7,882
Estimated Free Float (%)	49.32 %
SIRI Price (baht / share)	3.52
Market Capitalisation (THB million / USD million)	27,746/903

Major Shareholders	As of September 11, 2012
MR. SRETTA THAVISIN GROUP	15.99 %
THAI NVDR COMPANY LIMITED	12.47 %
CHASE NOMINEES LIMITED 42	7.25 %
VIRIYAH INSURANCE COMPANY LIMITED	6.06 %
UBS AG SINGAPORE BRANCH	2.94 %

Management Discussion and Analysis

Comparison of profit and loss statement between 2011 and 2012

Profit and loss statement	2012		2011		% Q-o-Q
	THB million	%	THB million	%	
Total revenue	30,087	100.0	20,681	100.0	45.5
Cost of goods sold	19,877	66.1	13,509	65.3	47.1
Gross profit	10,210	33.9	7,171	34.7	42.4
Total expenses	5,989	19.9	4,155	20.1	44.2
Earnings before interest and income tax	4,221	14.0	3,017	14.6	39.9
Finance cost	328	1.1	222	1.1	47.4
Earnings before income tax	3,893	12.9	2,794	13.5	39.3
Income tax	874	22.5	779	27.9	12.3
Net profit	3,019	10.0	2,016	9.7	49.8

Note: Percentage in profit and loss statement is based on total revenue, except income tax, based on percentage of earning before interest

Total Revenue

Comparison of total revenue between 2011 and 2012

Total revenue	2012		2011		% Q-o-Q
	THB million	%	THB million	%	
Revenue from project sales	28,954	96.2	19,769	95.6	46.5
Revenue from project rentals	157	0.5	156	0.8	0.5
Revenue from business management	473	1.6	438	2.1	8.0
Revenue for other services	236	0.8	178	0.9	32.6
Other revenues	266	0.9	139	0.7	91.4
Total revenue	30,087	100.0	20,681	100.0	45.5

Note: Percentage in total revenue breakdown is based on total revenue

In 2012, Sansiri and its subsidiaries earned 30,087 million baht of total revenue, sharply increased 46% from 2011 total revenues. It was primarily driven by 47% growth of revenue from project sales; thanks to effectively improving in products and services, the company was able to sell and deliver numerous units. Not only the growth in revenue from project sales, but also growth in business management and other services, around 8% and 33% respectively, had driven the total revenue. Anyhow, revenue from project sales generated the largest portion of total revenue at 96%.

Revenue from Project Sales

Comparison of revenue from project sales between 2011 and 2013

Revenue from project sales	2012		2011		% Q-o-Q
	THB million	%	THB million	%	
Single-detached house	9,406	32.5	7,099	35.9	32.5
Townhouse / shophouse	4,635	16.0	3,372	17.1	37.5
Condominium	14,804	51.1	9,262	46.8	59.8
Others	109	0.4	37	0.2	194.6
Total revenue from project sales	28,954	100.0	19,769	100.0	46.5

Note: Percentage in revenue from project sale breakdown is based on total revenue from project sales

In total, the company earned 28,954 million baht of revenue from project sales, 47% growth from last year amount. It comprised of 14,804 million or 51% of revenue from condominium projects, 9,406 million or 33% of revenue from single-detached house projects, and 4,635 million or 16% of revenue from townhouse projects.

2012 revenue from single-detached house project was accounted for 9,406 million baht; 33% rise compared to the last year. Revenue stream was driven from 4 major projects; Setthasiri Ratchapruek Charun, Setthasiri Srinakarindra Rama 9, Burasiri Ngamwongwan – Prachachuen, and Baan Promptpat Prime. These 4 projects contributed 4,067 million baht or 14% of revenue from project sales.

Revenue from townhouse project was produced 4,635 million baht; 38% rise from the previous year. 5 townhouse projects were the major contributors to growth in the revenue; namely, Town Avenue Rama 9, Town Avenue Srinakarindra, Habitown Watcharapon, B-square Rama 9 – Mengjai, and B-avenue Watcharapon. They all generated 3,129 million baht or 11% of revenue from project sales.

Besides, 2012 revenue from condominium project achieved more than a half portion of revenue from project sales; greatly rose from 9,262 million baht to 14,804 million baht or 60% increase compared to last year, owing to 15 condominium projects started to transfer in 4Q2012, resulting in numbers of condominium units transferred within the quarter. There are 6 key projects accounted for aggressively growth in revenue from condominium project; namely, dcondo Ramkhamhaeng, Pyne by Sansiri, Quattro by Sansiri, Keyne by Sansiri, dcondo Rattanathibet, and The Base Onnuch. All these project generated 8,445 million baht or 29% of revenue from project sales.

Other Revenues

2012 revenue from project rentals was equaled to 157 million baht, quite closed to 156 million baht in 2011. Also, revenue from business management had been increased to 473 million baht or 8% growth compared to last year at 438 million baht. The increase was from an increase in numbers of clients in asset and property management services under Plus Property Co., Ltd. In addition to revenue from other services; including medical spa, hotel management and school business, all these services produced 236 million baht or 33% rise from last year. An increase in revenue stream was generally derived from revenue from school business; an additional student continuously drove revenue from school business.

Cost of Goods Sold

Comparison of cost of goods sold between 2011 and 2012

Cost of goods sold	2012		2011		% Q-o-Q
	THB million	%	THB million	%	
Cost of project sold	19,289	64.1	12,912	62.4	49.4
Cost of project rented	71	0.2	92	0.4	-23.1
Cost of business management	298	1.0	288	1.4	3.2
Other costs	220	0.7	217	1.0	1.4
Total cost of goods sold	19,877	66.1	13,509	65.3	47.1

Note: Percentage in cost of goods sold breakdown is based on cost of goods sold

In 2012, Sansiri booked its cost of goods sold around 19,289 million baht or 49% increase compared to 2011, paralleled with an increase in revenue from project sales. For gross margin, as large portion of revenue stream was generated from condominium projects, a decline in condominium project gross margin to 34.2% resulted in a drop in the aggregate gross margin from 34.7% to 33.9%. Labour shortage and new market penetration was the key reasons affected slightly fall in condominium gross margin. To deliver the projects on time; moreover, the company underwent higher labour management cost to relieve labour problem. Also, to penetrate in the brand new market, selling price could not be set at high level, so its gross margin was somewhat lower compared to other projects. However, condominium gross margin was on track; in between 34 – 38% as its target gross margin. On the contrary, 2012 single-detached house gross margin was improved from the previous year from 32.2% to 34.8% as a result of investing in a new efficient construction technology; prefabrication. It shortened construction period resulting in decline in cost of fund, which reflected in higher gross margin. Further, cost of project rentals was reduced 23% as a result of acquisition of Siripinyo Building and reassessing its life time, led to lower depreciation cost of the building. Besides, cost of business management increased altogether with the increase in its revenue, from 288 to 298 million baht. Cost of other services; including medical spa, hotel management and school management, was moderately increased from purchasing school equipment and recruitment cost to serve additional students.

Selling, Administrative and General Expenses

Comparison of total expenses between 2011 and 2012

Total expenses	2012		2011		% Q-o-Q
	THB million	%	THB million	%	
Selling and administrative expenses	6,060	20.1	4,166	20.1	45.5
- Selling expenses	3,289	10.9	2,112	10.2	55.7
- Administrative expenses	2,771	9.2	2,054	9.9	34.9
Other expenses	-70	-0.2	-11	-0.1	519.2
Total expenses	5,989	19.9	4,155	20.1	44.2

Note: Percentage in total expenses breakdown is based on total expenses

2012 selling and administrative expenses were accounted for 20.1% of total revenue, equaled to the expenses in 2011. Selling expenses was amounted to 3,289 million baht or 10.9% of total revenue, greater than last year. It was affected from rise in specific business tax and transfer fee alongside with high volume of units transferred in the end of last year, and also an increase in expenses on launching and supporting activities. Additionally, up-country expansion created expenses on branding and marketing activities in order to gain awareness from locals. Nevertheless, all expenses were reflected in enormous amounts of presales records at 42.6 billion baht, the highest presales in industry. On the other hand, administrative expenses (including executives' salaries) were amounted to 2,771 million baht, 9.2% of total revenue, reduced from 9.9% on the last year by percentage, Because of the economy of scale and the huge increase in total revenue.

Finance Cost

Finance cost was increased from 222 million baht in 2011 to 328 million baht in 2012. The key reason was some land plots purchased in 2012 are still under development. Thus, all interest expenses of those land plots cannot be booked as cost of goods sold, resulting in higher finance cost.

Net Profit

In 2012, Sansiri and its subsidiaries recorded its net profit amounted to 3,019 million baht or 50% increase compared to 2,015 million baht in 2011. Net profit margin was around 10% of total revenue; resulted from massive increase in revenue, and efficient cost and expenses management. In addition, operating profit margin was accounted for 13%. According to government tax reduction policy from 30% to 23% effective on January 1, 2012, corporate income tax was around 22.5% of earnings before tax. Due to new accounting standard, percentage of completion method, to realized revenue, was replaced by transfer method, while income tax was still calculated by accrued basis. Therefore, mismatch occurred between revenue realization and income tax.

Total Assets

Comparison of balance sheet as of 31st December 2011 and 2012

Balance Sheet	As of 31st Dec 12		As of 31st Dec 11		% Q-o-Q
	THB Million	%	THB Million	%	
Assets					
- Current assets	41,073	89.1	32,293	89.1	27.2
- Non-current assets	5,033	10.9	3,944	10.9	27.6
Total assets	46,106	100.0	36,238	100.0	27.2
Liabilities and shareholders' equity					
Liabilities					
- Current liabilities	18,173	39.4	14,868	41.0	22.2
- Non-current liabilities	13,097	28.4	9,992	27.6	31.1
Total liabilities	31,270	67.8	24,860	68.6	25.8
Shareholders' equity					
- Shareholders' equity	14,836	32.2	11,378	31.4	30.4
Total liabilities and shareholders' equity	46,106	100.0	36,238	100.0	27.2

Note: Percentage in balance sheet is based on total assets

Sansiri and its subsidiaries, as of December 31, 2012, were booked at 46,106 million baht, increased by 9,868 million baht compared to the end of last year. The numbers of projects under construction affected 8,650 million baht increased in property development for sales, together with an increase in cash balance by 545 million baht which received from transferring units to client at the end of 2012. With all these influences, current assets as of December 31, 2012, were amounted to 41,073 million baht or 8,780 million baht, 8,780 million baht raised from previous year. Likewise, non-current assets as of Dec 31, 2012 were amounted to 5,033 million baht or 1,089 million baht raised from previous year; primarily on account of the rise in land, building and equipment.

Liabilities

Total liabilities as of December 31, 2012, were amounted to 31,270 million baht or 6,410 million baht, 8,780 million baht raised from previous year. It comprised of 18,173 million baht of current liabilities, 3,305 million baht increased, and 13,097 million baht of non-current liabilities, 3,105 million baht increased from the previous. It was impacted from issuing bill of exchange amounted to 2,395 million baht, interest rate 3.40 – 3.75 % per annum, to bring down cost of fund, in addition to a rise in long term project finance 2,146 million baht. Apart from these, Sansiri also issued unsecured debenture twice in total of 2,000 million baht or 1,000 million baht each, 3 years to maturity with fixed interest rate, issued on May and October 2012; the average interest rate were 5% and 4.8% per annum respectively. These 2 debentures series were for sourcing new fund to serve the future growth, and diversifying cost of fund with fixed interest rate against upward trend of interest rate in future.

However, the company's interest bearing debt as of December 31, 2012, was amounted to 24,005 million baht, compare with 18,564 million baht in the previous. Consequently, debt-to-equity ratio was accounted for 2.11 times, and gearing was recorded at 1.62 times.

Shareholders' Equity

Shareholders' equity as of December 31, 2012, was booked around 14,836 million baht, 3,458 million baht increase compared to previous year. It was resulted from an increase in net profit by 3,019 million baht, and cash flow received from exercising ESOP#5, ESOP#6 and SIRI-W1 amounted to 1,440 million baht. Additionally, Sansiri paid out dividend from net profit amounted to 1,001 million baht in 2011.

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