



(English Translation)

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13 August 2015

Subject : Clarification of 2Q-2015 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 2015 of the Company and its subsidiaries as follows.

Total revenue in 2Q-2015 amounted to 10,167 Million Baht, increasing significantly by 66 percent from 6,144 Million Baht in 2Q-2014. The increase in total revenue was driven by a 60 percent increase in revenue from project sales, which was the core revenue, and a 131 percent increase in revenue from business management. As a result, total revenue as of 6M2015 amounted to 17,138 Million Baht, a 47 percent increase compared to that of 6M2014. In 2Q-2015, Sansiri and its subsidiaries reported net profit of 901 Million Baht, an increase of 68 percent from net profit of 537 Million Baht in 2Q-2014, making the net profit as of 6M2015 increased from 1,368 Million Baht in 6M2014 to 1,442 Million Baht.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale as of 2Q-2015, 2Q-2014, 6M2015 and 6M2014 is as follows:

| Product Type | 2Q-2015 | | 2Q-2014 | | 6M2015 | | 6M2014 | |
|--------------------------|--------------|-------|--------------|-------|--------------|-------|--------------|-------|
| | Million Baht | % | Million Baht | % | Million Baht | % | Million Baht | % |
| Single-detached houses | 2,710 | 28.9 | 3,000 | 51.2 | 4,751 | 30.4 | 4,923 | 49.2 |
| Townhouses / Home Office | 811 | 8.6 | 459 | 7.8 | 1,036 | 6.6 | 805 | 8.0 |
| Condominiums | 5,866 | 62.5 | 2,391 | 40.8 | 9,822 | 62.9 | 4,273 | 42.7 |
| Others | - | - | 13 | 0.2 | 1 | 0.0 | 13 | 0.1 |
| Total | 9,387 | 100.0 | 5,863 | 100.0 | 15,610 | 100.0 | 10,015 | 100.0 |



In 2Q-2015, Sansiri and its subsidiaries reported a 60 percent increase in revenue from project sales from that of 2Q-2014. The increase in revenue was driven by the increase in revenue from townhouse and condominium projects. As a result, the revenue from project sales as of 6M2015 increased by 56 percent compared to that of 6M2014. To the total revenue from project sales in 2Q-2015, 5,866 Million Baht revenue from condominium projects contributed 62.5 percent, 2,710 Million Baht revenue from single-detached house projects contributed 28.9 percent, and the revenue of 811 Million Baht from townhouse projects contributed 8.6 percent. As of 6M2015, revenue from condominium projects and townhouse projects increased by 130 and 29 percent respectively whereas the revenue from single-detached house projects decreased slightly by 4 percent.

Revenue from single-detached house projects in 2Q-2015 amounted to 2,710 Million Baht, a 10 percent decrease from 3,000 Million Baht in 2Q-2014, and a 4 percent decrease compared to that of 6M2014. In 2Q-2015, the revenue from single-detached house was mainly from five projects, including Setthasiri Charun-Pinklao, Setthasiri Watcharapol, Green Site Laemchabang, Setthasiri Krungthep Kreetha, and Narasiri Bangna, which altogether contributed 938 Million Baht or 10 percent of total revenue from project sales.

In 2Q-2015, revenue from townhouse projects amounted to 811 Million Baht, increased from 459 Million Baht in 2Q-2014. The major contributor was 393-million baht revenue from four townhouse projects, namely Habitown Nest Thakham-Rama 2, Habitown Kohkaew-Phuket, Town Avenue Forte Rama 2 Soi.50, and Town Avenue Time Thakham 16. The revenue from townhouse projects as of 6M2015 increased by 29 percent, compared to that of 6M2014.

Similarly, revenue from condominium projects increased by 145 percent from 2,391 Million Baht in 2Q-2014 to 5,866 Million Baht in 2Q-2015. The revenue was mainly from condominium projects in upcountry, accounted for 72 percent of total revenue from condominium projects. In this regard, dcondo Kanchanavanich, dcondo Sign, and Baan Plai Haad Wong Amart were the three highest contributors in 2Q-2015 respectively. As of 6M2015, the revenue from condominium projects increased by 130 percent compared to the same period of last year.



Revenue from Property Services

In 2Q-2015, the revenue from project for rent amounted to 16 Million Baht, decreased by 26 Million Baht compared to that of 2Q-2014. As a result, the revenue from project for rent as of 6M2015 decreased by 30 percent compared to the same period of last year. In addition, revenue from business management amounted to 356 Million Baht, an increase of 202 Million Baht or 131 percent compared to the same period of last year. The main factor was revenue from property management of joint venture. As a result, as of 6M2015, the revenue from business management increased by 87 percent compared to the same period of last year. In addition, revenue from other services, including revenue from hotel business, and education business, was 50 Million Baht, a 34 percent increase from that of in 2Q-2014. As of 6M2015, revenue from other services increased by 39 percent compared to the same period of last year. In 2Q-2015, Sansiri and subsidiaries reported a gain from sale of land of 262 Million Baht, making revenue from other services in 2Q-2015 increased significantly when compared to 2Q2014.

Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 2Q-2015, cost of project sales amounted to 6,797 Million Baht, a 74 percent increase from that of 2Q-2014, in accordance with an increase in revenue from project sales. Similarly, cost of project sales as of 6M2015 increased by 67 percent when compared to the same period of last year. Gross profit margin of project sales decreased from 33.4 percent in 2Q-2014 to 27.6 percent in 2Q-2015, making gross profit margin as of 6M2015 decreased to 28.6 percent. The decrease in gross profit margin was a result from stock management as the selling price of some units was adjusted down. For the cost of projects for rent in 2Q-2015, it decreased by 27 percent from 2Q-2014 to 11 Million Baht while cost of business management increased from 113 Million Baht in 2Q-2014 to 234 Million Baht in 2Q-2015, and increased by 69 percent compared to that of 6M2014 in accordance with an increase in revenue from business management. In addition, cost of other services including hotel business and education business increased by 13 percent from 2Q-2014 making cost of other services as of 6M2015 increased by 15 percent compared to the same period of last year.



Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 2Q-2015 at 1,693 Million Baht, accounted for 16.7 percent of the total revenue, a decline from 20.3 percent of total revenue in 2Q-2014. As of 6M2015, the selling and administrative expense decreased by 14 percent compared to the same period of last year. The selling expenses in 2Q-2015 were at 930 Million Baht or 9.2 percent of total revenue, increased from 526 Million Baht or 8.6 percent of total revenue in 2Q-2014 due to the increasing expenses related to transfer of ownership. Nonetheless, the selling expenses as of 6M2015 had declined, accounted for 9.2 percent of total revenue. In addition, the administrative expenses (including management benefit expenses) amounted to 723 Million Baht or 7.5 percent of total revenue in 2Q-2015, decreased from 11.8 percent of total revenue in 2Q-2014. As of 6M2015, the administrative expense accounted for 8.3 percent of total revenue, a decline from 13.0 percent of total revenue as of 6M2014 as a result of “Engineer For Growth” (EFG) measure that emphasised cost efficiency.

Financial Expense

Financial expense increased from 136 Million Baht in 2Q-2014 to 213 Million Baht in 2Q-2015, making the financial expense as of 6M2015 increased by 38 percent due to the interest expenses incurred by the undeveloped land plots, which were acquired and still in the design and marketing process. In addition, the interest expense of complete condominium projects that were ready for transfer of ownership was included in the financial expenses as well.

Net Profit

For 2Q-2015, Sansiri and its subsidiaries reported net profit of 901 Million Baht, a 68 percent increased from net profit of 537 Million Baht in 2Q-2014 due to the significant increase in total revenue, with a net profit margin of 8.9 percent of total revenue. As of 6M2015, Sansiri reported net profit of 1,442 Million Baht, a 5 percent increase compared to the same period of last year. An effective corporate income tax in 2Q-2015 was at 23.5 percent of earnings before corporate income tax while the effective corporate income tax as of 6M2015 was at 23.3 percent of earnings before corporate income tax.



Assets

Total assets of Sansiri and its subsidiaries as of 30 June 2015 amounted to 73,304 Million Baht, an increase of 157 Million Baht from that of 31 December 2014. Current assets as of 30 June 2015 was at 64,684 Million Baht, decreased by 596 Million Baht from that of 31 December 2014 due to the decrease in cash and cash equivalents as well as the decrease in current investments. Total non-current assets as of 30 June 2015 was at 8,620 Million Baht, increased by 753 Million Baht from that of 31 December 2014 due to an increase in current portion of loans to related parties.

Liabilities

Total liabilities of Sansiri Group amounted to 48,175 Million Baht as of 30 June 2015, a decrease of 156 Million Baht from that of 31 December 2014. Total current liabilities was at 24,615 Million Baht, a decrease of 2,954 Million Baht from that of 31 December 2014 due to the decrease in short-term loans, long-term loans, as well as the decrease in unsecured debentures due within one year. On the other hand, non-current liabilities increased by 2,798 Million Baht from that of 31 December 2014 to 23,560 Million Baht mainly due to the increase in long-term loans and the issuance of new unsecured debentures to replace of all the existing ones that reached maturity as source of fund for project development. In this regard, the interest bearing debt decreased from 39,097 Million Baht as of 31 December 2014 to 38,429 Million Baht as of 30 June 2015. The debt-to-equity ratio was 1.92 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.53 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 2015 amounted to 25,129 Million Baht, an increase of 313 Million Baht from that of 31 December 2014, mainly driven by 6M2015 net profit of 1,442 Million Baht, together with proceeds from the exercise of ESOP#5 and ESOP#6 allocating to directors and employees of Sansiri and its subsidiaries, and of SIRI-W1 amounted to 528 Million Baht. Sansiri paid dividend from net profit in 2014 of 1,713 Million Baht as well.



Cashflow

For the year 2015, beginning cash balance was 3,051 Million Baht with net cash provided from operating activities of 2,261 Million Baht, net cash used in investing activities of 366 Million Baht, and net cash used in financing activities of 2,778 Million Baht, resulting in the ending cash balance of 2,224 Million Baht as of 30 June 2015. For operating activities, profit from operating activities before changes in operating assets and liabilities was at 14,172 Million Baht. In this regard, cash outflow as development costs for property development for sale amounted to 12,180 Million Baht. For investing activities, loans to related parties amounted to 512 Million Baht and investments in joint venture amounted to 250 Million Baht. For financing activities, cash outflow for loan repayment including interest payment to financial institutions amounted to 6,937 Million Baht. Cash outflow from repayment of debentures and dividend payment were 1,000 Million Baht and 1,713 Million Baht respectively.

Liquidity Ratio

The liquidity ratio of Sansiri Group increased from 2.37 times as of 31 December 2014 to 2.63 times as of 30 June 2015 as total current liabilities decreased by 11 percent from that of 31 December 2014 to 24,615 Million Baht as of 30 June 2015. The decrease in total current liabilities was in accordance with the decrease in short-term loans, current portion of long-term loans, and unsecured debentures due within one year, altogether amounted to 3,179 Million Baht. Total current assets decreased slightly by 1 percent from that of 31 December 2014.

Return on Equity

As of 30 June 2015, annualised return on equity was 11.55 percent, a decrease from 16.20 percent as of 31 December 2014 mainly due to a decrease in net profit margin from 11.49 percent as of 6M2014 to 8.41 percent as of 6M2015. The annualised return on assets as of 6M2015 was at 3.94 percent while the debt-to-equity ratio decreased slightly from 1.95 times as of 31 December 2014 to 1.92 times as of 30 June 2015.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director