



(English Translation)

Ref SS. / 0903 / 2015

16 November 2015

Subject : Clarification of 3Q-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 September 2015 of the Company and its subsidiaries as follows.

Total revenue in 3Q-2015 amounted to 10,943 Million Baht, increasing significantly by 48 percent from 7,384 Million Baht in 3Q-2014. An increase of total revenue in 3Q-2015 was driven by a 43 percent increase in the revenue from project sales, which was the core revenue, and a 141 percent increase in revenue from business management. As a result, total revenue as of 9M2015 amounted to 28,081 Million Baht, a 48 percent increase compared to that of 9M2014. In 3Q-2015, Sansiri and its subsidiaries reported net profit of 1,062 Million Baht, an increase of 34 percent from net profit of 794 Million Baht in 3Q-2014, making the net profit increased from 2,161 Million Baht in 9M2014 to 2,503 Million Baht in 9M2015.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale as of 3Q-2015, 3Q-2014, 9M2015 and 9M2014 is as follows:

Product Type	3Q-2015		3Q-2014		9M2015		9M2014	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached houses	2,232	22.2	2,819	40.1	6,983	27.2	7,742	45.4
Townhouses / Home Office	553	5.5	394	5.6	1,590	6.2	1,200	7.0
Condominiums	7,252	72.3	3,818	54.3	17,074	66.6	8,091	47.5
Others	-	-	4	0.1	1	0.0	17	0.1
Total	10,037	100.0	7,035	100.0	25,647	100.0	17,050	100.0



In 3Q-2015, Sansiri and its subsidiaries reported a 43 percent increase in revenue from project sales from that of 3Q-2014. The increase in revenue was driven by a significant increase in revenue from condominium projects. To the total revenue from project sales in 3Q-2015, 7,252 Million Baht revenue from condominium projects contributed 72.3 percent, 2,232 Million Baht revenue from single-detached house projects contributed 22.2 percent, and the revenue of 553 Million Baht from townhouse projects contributed 5.5 percent. Consequently, the revenue from project sales as of 9M2015 increased by 50 percent compared to that of 9M2014.

Revenue from single-detached house projects in 3Q-2015 amounted to 2,232 Million Baht, a 21 percent decrease from 2,819 Million Baht in 3Q-2014, and a 10 percent decrease compared to that of 9M2014. In 3Q-2015, the revenue from single-detached house was mainly from five projects, including Narasiri Bangna, Setthasiri Charun-Pinklao, Setthasiri San Sai Chaing Mai, Burasiri Wongwaen-Onnut, and Setthasiri Krungthep Kreetha, which altogether contributed 1,167 Million Baht or 12 percent of total revenue from project sales.

In 3Q-2015, revenue from townhouse projects amounted to 553 Million Baht, an increase from 394 Million Baht in 3Q-2014. The major contributor was 304-Million Baht revenue from four townhouse projects, namely Town Avenue Forte Rama 2 Soi.50, Met Town Pathum-Tiwanon, Town Avenue 60's Vibhavadi 60, and Habitown Kohkaew-Phuket. The revenue from townhouse projects for 9M2015 increased by 33 percent, compared to that of 9M2014.

Similarly, revenue from condominium projects dramatically increased by 90 percent, increased from 3,818 Million Baht in 3Q-2014 to 7,252 Million Baht in 3Q-2015. The revenue was mainly from condominium projects in upcountry which accounted for 71 percent of total revenue from condominium projects or contributed revenue of 5,114 Million Baht. In this regard, NYE by Sansiri, Baan Maikao Phuket, and dcondo Campus Resort Bangsaen were the three highest contributors in 3Q-2015, contributing revenue of 3,061 Million Baht or accounting for 30 percent of the total revenue for project sales. As a result, the revenue from condominium projects as of 9M2015 increased significantly by 111 percent compared to the same period of last year.



Revenue from Property Services

In 3Q-2015, the revenue from project for rent amounted to 15 Million Baht, decreased by 23 Million Baht compared to that of 3Q-2014. As a result, the revenue from project for rent as of 9M2015 decreased by 32 percent compared to the same period of last year. In addition, revenue from business management in 3Q-2015 amounted to 408 Million Baht, an increase of 239 Million Baht or 141 percent compared to the same period of last year. The increase was driven by the revenue from property management of joint venture. As a result, the revenue from business management as of 9M2015 increased by 108 percent compared to the same period of last year. Moreover, in 3Q-2015, revenue from other services including revenue from hotel business and education business amounted to 86 Million Baht, an increase of 58 Million Baht from that of 3Q-2014. For 9M2015, the revenue from other services increased by 43 percent compared to the same period last year. In addition, Sansiri and subsidiaries reported a gain from sale of land of 283 Million Baht in 3Q-2015.

Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 3Q-2015, cost of project sales amounted to 7,099 Million Baht, an increase of 52 percent from that of 3Q-2014 in accordance with an increase in revenue from project sales. Consequently, as of 9M2015, the cost of project sales increased by 61 percent compared to the same period of last year. Gross profit margin of project sales decreased from 33.7 percent in 3Q-2014 to 29.3 percent in 3Q-2015, making gross profit margin as of 9M2015 decreased to 28.9 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 3Q-2015, it amounted to 11 Million Baht, a 11 percent decrease from that of 3Q-2014 in accordance with the decrease in revenue from projects for rent. For the cost of business management, it increased from 144 Million Baht in 3Q-2014 to 339 Million Baht in 3Q-2015 and increased by 96 percent compared to that of 9M2014 in line with the increase in revenue from business management. For the cost of other services including hotel business and education business, it increased by 33 percent from that of 3Q-2014, making the cost of other services as of 9M2015 increased by 21 percent compared to the same period of last year.



Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 3Q-2015 at 1,734 Million Baht, accounted for 15.8 percent of the total revenue, a decline from 18.2 percent of total revenue in 3Q-2014. As a result, the selling and administrative expense decreased from 20.9 percent as of 9M2015 to 16.9 percent as of 9M2014. The selling expense in 3Q-2015 amounted to 942 Million Baht, an increase from 647 Million Baht in 3Q-2014. The selling expense in 3Q-2015 accounted for 8.6 percent of total revenue, a decrease from 8.8 percent of total revenue in 3Q-2014. In addition, the administrative expense (including management benefit expenses) in 3Q-2015 amounted to 793 Million Baht or accounted for 7.2 percent of total revenue, a decline from 9.4 percent of total revenue in 3Q-2014. As of 9M2015, the administrative expense accounted for 7.9 percent of total revenue, a decrease from 11.6 percent of total revenue as of 9M2014.

Financial Expense

In 3Q-2015, financial expense amounted to 212 Million Baht, increased from 173 Million Baht in 3Q-2014, making the financial expense as of 9M2015 increased by 32 percent compared to that of 9M2014 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 3Q-2015, Sansiri and its subsidiaries reported net profit of 1,062 Million Baht, a 34 percent increase from net profit of 794 Million Baht in 3Q-2014, with a net profit margin of 9.7 percent of total revenue. For 9M2015, Sansiri reported net profit of 2,503 Million Baht, a 16 percent increase compared to the same period of last year. An effective corporate income tax in 3Q-2015 was at 24.1 percent of earnings before corporate income tax while the effective corporate income tax for 9M2015 was at 23.7 percent of earnings before corporate income tax.



Assets

Total assets of Sansiri and its subsidiaries as of 30 September 2015 amounted to 70,939 Million Baht, a decrease of 2,208 Million Baht from that of 31 December 2014. Current assets as of 30 September 2015 was at 62,264 Million Baht, decreased by 3,016 Million Baht from that of 31 December 2014 due to the decrease in property development for sale. Total non-current assets as of 30 September 2015 was at 8,675 Million Baht, increased by 809 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 44,690 Million Baht as of 30 September 2015, a decrease of 3,641 Million Baht from that of 31 December 2014. Total current liabilities amounted to 22,194 Million Baht or decreased by 5,374 Million Baht from that of 31 December 2014 due to the decrease in short-term loans and long-term loans. On the other hand, total non-current liabilities increased by 1,733 Million Baht from that of 31 December 2014 to 22,495 Million Baht as of 30 September 2015. An increase was mainly due to the issuance of new unsecured debentures 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 36,056 Million Baht as of 30 September 2015. The debt-to-equity ratio was 1.70 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.37 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 September 2015 amounted to 26,250 Million Baht, an increase of 1,434 Million Baht from that of 31 December 2014, mainly driven by the 9M2015 net profit of 2,503 Million Baht, together with proceeds from the exercise of ESOP#6 allocating to directors and employees of Sansiri and its subsidiaries, and of SIRI-W1 amounted to 537 Million Baht. Sansiri paid dividend from 2014 net profit 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 5,603 Million Baht and net cash used in investing activities and financing activities of 571 Million Baht and 5,577 Million Baht respectively, resulting in the ending cash balance of 2,599 Million Baht, as of 30 September 2015. In this regard, profit from operating activities before changes in operating assets and liabilities was at 23,273 Million Baht. In this regard, cash outflow as development costs for property development for sale amounted to 16,076 Million Baht. For investing activities, loans to related parties and investments in joint venture amounted to 509 Million Baht and 400 Million Baht respectively. For financing activities, cash outflow for loan repayment including interest payment to financial institutions amounted to 10,739 Million Baht, cash outflow from repayment of debentures and dividend payment amounted to 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 2.81 times as of 30 September 2015 as total current liabilities decreased by 20 percent from that of 31 December 2014 in accordance with the decrease in short-term loans and current portion of long-term loans whereas the total current assets decreased slightly by 5 percent from that of 31 December 2014.

Return on Equity

As of 30 September 2015, annualised return on equity was 13.07 percent, a decrease from 16.20 percent as of 31 December 2014 mainly due to a decrease in net profit margin as of 9M2015 to 8.9 percent. The annualised return on assets as of 9M2015 was at 4.63 percent while the debt-to-equity ratio decreased from 1.95 times as of 31 December 2014 to 1.70 times as of 30 September 2015.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director