



(Amendment No.2)

(English Translation)

Ref SS. / 0150 / 2017

28 February 2017

Subject : Clarification of Year 2016 Operating Result

To : President  
The Stock Exchange of Thailand

Sansiri Public Company Limited (SIRI) would like to clarify the operating result for the year ended 31 December 2016 of the Company and its subsidiaries as follows.

Total revenue in 2016 amounted to 34,395 Million Baht, decreased by 11 percent from 38,455 Million Baht in 2015. The decrease of total revenue was caused by a 14 percent decrease in the revenue from project sales which was the core revenue accounted for 88 percent of total revenue and a 61 percent decrease in other revenues respectively. Nonetheless, revenue from business management in 2016 increased by 129 percent compared to that of 2015. For the year 2016, Sansiri and its subsidiaries reported net profit of 3,380 Million Baht, a decrease of 4 percent from net profit of 3,506 Million Baht in 2015.

#### Revenue from Property Development for Sale

The breakdown of revenue from property for sale during 2014 – 2016 is as follows:

	2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached houses	11,488	42.2	10,107	28.8	9,616	31.9
Townhouses / Home Office	1,622	6.0	1,996	5.7	1,224	4.1
Condominiums	14,045	51.7	23,048	65.6	19,260	64.0
Others	20	0.1	1	0.0	-	-
<b>Total</b>	<b>27,174</b>	<b>100.0</b>	<b>35,152</b>	<b>100.0</b>	<b>30,099</b>	<b>100.0</b>



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In 2016, Sansiri and its subsidiaries reported the revenue from project sales amounted to 30,099 Million Baht, resulting in a 14 percent decrease in revenue from project sales from 35,152 Million Baht in 2015 due to the unfavorable market condition for investment and spending. Revenue from condominium projects decreased due to fewer launches of condominium projects during the past two years. In addition, several condominium projects have been operated under joint venture companies between Sansiri Public Company Limited and BTS Group Holdings Public Company Limited, making the revenue from those projects been excluded from revenue from property development for sale accordingly. To the total revenue from project sales in 2016, 19,260 Million Baht revenue from condominium projects contributed 64 percent, 9,616 Million Baht revenue from single-detached house projects contributed 32 percent, and the revenue of 1,224 Million Baht from townhouse projects contributed 4 percent.

Revenue from single-detached house projects in 2016 amounted to 9,616 Million Baht, a 5 percent decrease from 10,107 Million Baht in 2015. The revenue from single-detached house was mainly from four projects, including Setthasiri Charun-Pinklao, Setthasiri Krungthep Kreetha, Setthasiri Pattanakarn and Narasiri Bangna, which altogether contributed 3,521 Million Baht or 12 percent of total revenue from project sales.

Revenue from townhouse projects in 2016 amounted to 1,224 Million Baht, a decrease of 39 percent compared to that of last year. In this regard, the main contributors were the 598-Million Baht revenue from five townhouse projects under the brand "Town Avenue", together with the 180-Million Baht revenue from two townhouse projects under the brand "Habitown". Town Avenue 60's Vibhavadi 60 contributed the biggest portion to the total revenue from townhouse projects in 2016.

In 2016, revenue from condominium projects amounted to 19,260 Million Baht or 64 percent of the total revenue from project sales, a decrease of 16 percent from 23,048 Million Baht in 2015. In this regard, The BASE Central Pattaya, The XXXIX, Edge Sukhumvit 23, 98 Wireless, and HASU HAUS were the five highest contributors in 2016, contributing revenue of 10,139 Million Baht or accounting for 34 percent of the total revenue for project.



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#### Revenue from Property Services

Revenue from projects for rent increased by 25 percent from 64 Million Baht in 2015 to 80 Million Baht in 2016. Revenue from business management in 2016 amounted to 3,273 Million Baht, with a significant increase of 1,432 Million Baht or 129 percent from last year. The increase was driven by the revenue from property management of joint venture. Moreover, revenue from other services including revenue from hotel business and education business amounted to 302 Million Baht, a slight decrease of 1 percent compared to that of last year.

#### Cost of Goods Sold and Operating Expenses

##### *Cost of Project Sales and Other Costs*

For the year 2016, cost of project sales amounted to 20,628 Million Baht, a 16 percent decrease from that of the year 2015, in accordance with a decrease in revenue from project sales. Gross profit margin of project sales increased from 29.9 percent in 2015 to 31.5 percent in 2016, driven by the cost efficiency management. Cost of projects for rent amounted to 55 Million Baht, an increase of 20 percent from that of last year, while cost of business management amounted to 2,428 Million Baht, an increase by 129 percent corresponding to the increase in revenue from business management. In addition, cost of other services including hotel business and education business decreased by 2 percent from last year.

##### *Selling, General and Administrative Expenses*

In 2016, Sansiri and its subsidiaries recorded selling and administrative expense of 5,828 Million Baht or 16.9 percent of total revenue, a slight increase from 16.8 percent of total revenue of last year. Selling expenses in 2016 were at 3,039 Million Baht or 8.8 percent of total revenue, a decrease from 3,312 Million Baht or 8.6 percent of total revenue in 2015 due to the rise of marketing and promotion expenses for stock management. The administrative expenses (including management benefit expenses) decreased to 2,789 Million Baht or 8.1 percent of total revenue in 2016 from 3,148 Million Baht or 8.2 percent of total revenue in 2015.



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## Financial Expense

In 2016, financial expense decreased from 728 Million Baht in 2015 to 615 Million Baht due to the developing land plots process and the increase in project sales of complete projects.

## Net Profit

For the year 2016, Sansiri and its subsidiaries reported net profit of 3,380 Million Baht, a slight decrease of 4 percent from 3,506 Million Baht in 2015. In this regard, the net profit margin increased from 9.1 percent of total revenue in 2015 to 9.8 percent of total revenue in 2016 due to the increase in the gross profit margin. In addition, an effective corporate income tax in 2016 was at 21.8 percent of earnings before corporate income tax.

## Assets

Total assets of Sansiri and its subsidiaries as of 31 December 2016 amounted to 72,774 Million Baht, an increase of 3,323 Million Baht from that of 31 December 2015. Current assets as of 31 December 2016 was at 57,289 Million Baht, decreased from 59,135 Million Baht as of 31 December 2015 due to the decrease in cost of property development for sale. Nonetheless, total non-current assets as of 31 December 2016 was at 15,485 Million Baht, increased by 5,168 Million Baht from that of 31 December 2015 due to the increase in land plots and the increase in current portion of loans to related parties.

## Liabilities

Total liabilities of Sansiri Group amounted to 44,678 Million Baht as of 31 December 2016, an increase of 2,425 Million Baht from that of 31 December 2015. Total current liabilities was at 21,290 Million Baht, an increase of 1,341 Million Baht from that of 31 December 2015 due to the increase in short-term loans. On the other hand, non-current liabilities increased by 1,085 Million Baht from that of 31 December 2015 to 23,388 Million Baht mainly due to the increase in long-term promissory notes - purchase of land. The interest bearing debt decreased from 33,369 Million Baht as of 31 December 2015 to 32,276 Million Baht as of 31 December 2016. The debt-to-equity ratio was 1.59 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.15 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 31 December 2016 amounted to 28,096 Million Baht, an increase of 898 Million Baht from that of 31 December 2015, mainly driven by the net profit of 3,380 Million Baht. Sansiri paid dividend from 2015 net profit of 2,286 Million Baht as well.



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### Cashflow

For the year 2016, beginning cash balance was 2,672 Million Baht with net cash used in operating activities of 8,511 Million Baht, net cash used in investing activities of 2,599 Million Baht, and net cash used in financing activities of 4,826 Million Baht, resulting in the ending cash balance of 3,541 Million Baht, as of 31 December 2016. In this regard, profit from operating activities before changes in operating assets and liabilities was at 26,319 Million Baht, whereas, cash outflow as development costs for property development for sale amounted to 20,609 Million Baht. For investing activities, loans to related parties and investments in joint venture amounted to 3,914 Million Baht and 308 Million Baht respectively. For financing activities, cash outflow for loan repayment including interest payment to financial institutions amounted to 7,828 Million Baht, while cash outflow from repayment of debentures and dividend payment amounted to 2,000 Million Baht and 2,286 Million Baht respectively.

### Liquidity Ratio

The liquidity ratio of Sansiri Group decreased from 2.96 times as of 31 December 2015 to 2.69 times as of 31 December 2016 as total current liabilities increased by 6.72 percent due to the increase in short-term loans whereas total current assets decreased by 3.12 percent from that of 31 December 2015.

### Return on Equity

As of 31 December 2016, the return on equity was 12.23 percent, a decrease from 13.48 percent as of 31 December 2015 mainly due to a decrease in the return on assets to 4.75 percent from 4.92 percent in 2015 while the debt-to-equity ratio increased from 1.55 times as of 31 December 2015 to 1.59 times as of 31 December 2016.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director