



(English Translation)

Ref SS. 0356 / 2017

15 May 2017

Subject : Clarification of 1Q-2017 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 31 March 2017 of the Company and its subsidiaries as follows.

Total revenue in 1Q-2017 amounted to 7,124 Million Baht, decreased by 7 percent from 7,686 Million Baht in 1Q-2016. A decrease in total revenue was caused by a 19 percent decrease in the revenue from project sales, which was the core revenue, as well as a 10 percent decrease in revenue from other services. Nonetheless, revenue from business management and revenue from projects for rent in 1Q-2017 increased significantly by 171 percent and 49 percent respectively compared to that of 1Q-2016. In 1Q-2017, Sansiri and its subsidiaries reported net profit of 512 Million Baht, a decrease of 8 percent from net profit of 556 Million Baht in 1Q-2016.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale of 1Q-2017 and 1Q-2016 is as follows:

	1Q-2017		1Q-2016	
	Million Baht	%	Million Baht	%
Single-detached houses	1,867	32.7	1,732	24.6
Townhouses / Home Office	335	5.9	281	4.0
Condominiums	3,501	61.4	5,024	71.4
Others	-	-	4	0.1
Total	5,703	100.0	7,041	100.0



In 1Q-2017, Sansiri and its subsidiaries reported a 19 percent decrease in revenue from project sales from that of 1Q-2016. The decrease in revenue was caused by the decrease in revenue from condominium projects. Nonetheless, revenue from townhouse projects and revenue from single-detached house projects increased by 19 percent and 8 percent respectively compared to that of 1Q-2016. To the total revenue from project sales in 1Q-2017, 3,501 Million Baht revenue from condominium projects contributed 61.4 percent, 1,867 Million Baht revenue from single-detached house projects contributed 32.7 percent, and 335 Million Baht revenue from townhouse projects contributed 5.9 percent.

Revenue from single-detached house projects in 1Q-2017 amounted to 1,867 Million Baht, an 8 percent increase from 1,732 Million Baht in 1Q-2016. Revenue from single-detached house was mainly from three projects, including Setthasiri Charun-Pinklao, Setthasiri Krungthep Kreetha, and Kanasiri Salaya, altogether contributed 581 Million Baht or 10 percent of total revenue from project sales. Revenue from townhouse project increased from 281 Million Baht in 1Q-2016 to 335 Million Baht in 1Q-2017 due to the sale of projects in Rama II area. The revenue of 93 Million Baht was generated from Town Avenue Cocos Rama 2 Soi.50 and Habitown Nest Thakham-Rama 2. In addition, revenue from condominium projects decreased by 30 percent from 5,024 Million Baht in 1Q-2016 to 3,501 Million Baht in 1Q-2017. In this regard, the main contributors to revenue from condominium projects were from three projects, including 98 Wireless, EDGE Sukhumvit 23 and The Base Central Pattaya. Their revenue contributed 2,322 Million Baht or 41 percent of total revenue from project sales.

Revenue from Property Services

The revenue from projects for rent increased from 15 Million Baht in 1Q-2016 to 22 Million Baht in 1Q-2017 while the revenue from business management increased significantly from 425 Million Baht in 1Q-2016 to 1,151 Million Baht in 1Q-2017, or increased by 171 percent. The increase was driven by an increase in revenue from turnkey construction management of joint venture. Furthermore, revenue from other services including hotel business and education business was 84 Million Baht, a 10 percent decrease from 93 Million Baht in 1Q-2016.



Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 1Q-2017, cost of project sales amounted to 3,755 Million Baht, a 23 percent decrease from that of 1Q-2016, in accordance with a decrease in revenue from project sales. Gross profit margin of project sales increased from 30.3 percent in 1Q-2016 to 34.2 percent in 1Q-2017. Cost of projects for rent in 1Q-2017 increased to 17 Million Baht from 10 Million Baht in 1Q-2016 according to the increase in revenue from projects for rent, whereas cost of business management increased from 320 Million Baht in 1Q-2016 to 978 Million Baht in 1Q-2017 due to the significant increase in revenue from business management. In addition, cost of other services including hotel business and education business decreased by 12 percent from 1Q-2016.

Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 1Q-2017 at 1,178 Million Baht or 16.5 percent of total revenue, a decrease from 18.2 percent of total revenue in 1Q-2016. A 628 Million Baht of selling expense and a 550 Million Baht of administrative expense decreased from those of 1Q-2016. In 1Q-2017, the selling expense accounted for 8.8 percent of total revenue, a decrease from 8.9 percent in 1Q-2016 while the administrative expense accounted for 7.7 percent of total revenue, a decrease from 9.3 percent in 1Q-2016.

Financial Expense

In 1Q-2017, financial expense was at 175 Million Baht, increased from 169 Million Baht in 1Q-2016 mainly due to the interest expenses incurred by the undeveloped land plots, which were acquired and still in the design and marketing process.



Net Profit

Sansiri and its subsidiaries reported net profit of 512 Million Baht in 1Q-2017, a decrease from 556 Million Baht in 1Q-2016. In this regard, the net profit margin reported as 7.2 percent of total revenue in 1Q-2017 which was the same as the net profit margin of 7.2 percent of total revenue in 1Q-2016. It was mainly due to the slight increase in financial expenses, altogether with the increase in share of losses from investment in subsidiary. As the joint venture projects are under the development, the revenue is not yet reported. In addition, an effective corporate income tax in 1Q-2017 was at 23.7 percent of earnings before corporate income tax.

Assets

Total assets of Sansiri and its subsidiaries as of 31 March 2017 amounted to 74,763 Million Baht, an increase of 1,989 Million Baht from that of 31 December 2016. Current assets as of 31 March 2017 was at 58,592 Million Baht, increased by 1,302 Million Baht from that of 31 December 2016 due to the increase in property development for sale and deposits for land. Total non-current assets as of 31 March 2017 was at 16,171 Million Baht, an increase of 686 Million Baht from that of 31 December 2016 due to the increase in loans to related parties.

Liabilities

Total liabilities of Sansiri Group amounted to 46,174 Million Baht as of 31 March 2017, an increase of 1,496 Million Baht from that of 31 December 2016. Total current liabilities amounted to 26,098 Million Baht or increased by 4,808 Million Baht while total non-current liabilities decreased by 3,312 Million Baht to 20,076 Million Baht. In this regard, the interest bearing debt increased from 32,276 Million Baht as of 31 December 2016 to 34,242 Million Baht as of 31 March 2017. The debt-to-equity ratio was 1.62 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.20 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 March 2017 amounted to 28,589 Million Baht, an increase of 493 Million Baht from as of 31 December 2016, mainly driven by the 1Q-2017 net profit of 512 Million Baht.



Cashflow

For 1Q-2017, beginning cash balance was 3,541 Million Baht, with net cash used in operating activities of 2,196 Million Baht, net cash used in investing activities of 589 Million Baht, and net cash from financing activities of 1,666 Million Baht, resulting in the ending cash balance of 2,401 Million Baht. In this regard, profit from operating activities before changes in operating assets and liabilities was at 4,923 Million Baht. Cash outflow as development costs for property development for sale amounted to 6,179 Million Baht. For investing activities, loans to related parties and payment on purchase of investments in joint ventures amounted to 530 Million Baht and 50 Million Baht, respectively. For financing activities, cash outflow for loan repayment including interest payment to financial institutions were 1,783 Million Baht.

Liquidity Ratio

The liquidity ratio of Sansiri Group decreased from 2.69 times as of 31 December 2016 to 2.25 times as of 31 March 2017 mainly due to the 23 percent increase total current liabilities according to the increase in unsecured debentures (due within one year).

Return on Equity

As of 31 March 2017, annualised return on equity was 7.21 percent, decreased from 12.23 percent as of 31 December 2016 mainly due to the decrease in net profit in 1Q-2017 as well as a decreased in annualised return on assets in 1Q-2017, which was at 7.18 percent and 2.77 percent respectively. Furthermore, the debt-to-equity ratio increased from 1.59 times as of 31 December 2016 to 1.62 times as of 31 March 2017 as well.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)
Authorised Director