



(Revised No. 2)

(English Translation)

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13 November 2017

Subject : Clarification of 3Q-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 30 September 2017 of the Company and its subsidiaries as follows.

Total revenue in 3Q-2017 amounted to 7,345 Million Baht, increased by 8 percent from 6,784 Million Baht in 3Q-2016. The increase in total revenue was caused by the 22 percent increase in revenue from business management and the 7 percent increase in revenue from project sales compared to that of 3Q-2016. As a result, total revenue as of 9M2017 amounted to 23,129 Million Baht, a slight increase by 2 percent compared to that of 9M2016, which the revenue from project sales remains the core revenue. In 3Q-2017, Sansiri and its subsidiaries reported net profit of 730 Million Baht, an increase of 21 percent from net profit of 603 Million Baht in 3Q-2016, making the net profit as of 9M2017 increased from 1,782 Million Baht in 9M2016 to 2,046 Million Baht.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale as of 3Q-2017, 3Q-2016, 9M2017 and 9M2016 is as follows:

Product Type	3Q-2017		3Q-2016		9M2017		9M2016	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached houses	3,191	53.8	2,218	40.0	8,041	42.0	6,659	33.5
Townhouses / Home Office	508	8.6	212	3.8	1,287	6.7	765	3.8
Condominiums	2,236	37.7	3,113	56.2	9,798	51.2	12,470	62.7
Total	5,934	100.0	5,543	100.0	19,126	100.0	19,894	100.0



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In 3Q-2017, Sansiri and its subsidiaries reported a 7 percent increase in revenue from project sales from that of 3Q-2016. The increase in revenue was caused by the increase in revenue from single-detached house and townhouse projects. Nonetheless, the revenue from project sales as of 9M2017 decreased by 4 percent compared to that of 9M2016 due to the decrease in revenue from condominium projects. To the total revenue from project sales in 3Q-2017, 3,191 Million Baht revenue from single-detached house projects contributed 53.8 percent, 2,236 Million Baht revenue from condominium projects contributed 37.7 percent, and the revenue of 508 Million Baht from townhouse projects contributed 8.6 percent.

Revenue from single-detached house projects in 3Q-2017 amounted to 3,191 Million Baht increased from 2,218 Million Baht in 3Q-2016. In 3Q-2017, the revenue from single-detached house was mainly from four projects, including Setthasiri Charun-Pinklao, Burasiri Ratchapruek-345, Setthasiri Krungthep Kreetha, and Setthasiri Pattanakarn, which altogether contributed 874 Million Baht or 15 percent of total revenue from project sales.

In 3Q-2017, revenue from townhouse projects amounted to 508 Million Baht, a significant increase from 212 Million Baht in 3Q-2016. The major contributor was 219-million baht revenue from three townhouse projects, namely Siri Avenue Saimai, Town Avenue Cocos Rama 2 Soi 50, and Siri Avenue Petchkasem 81.

Nonetheless, revenue from condominium projects decreased by 28 percent from 3,113 Million Baht in 3Q-2016 to 2,236 Million Baht in 3Q-2017. In this regard, the MORI Haus and the 98 Wireless were the two highest contributors in 3Q-2017, which altogether contributed to 1,338 Million Baht or 23 percent of total revenue from project sales.

Revenue from Property Services

In 3Q-2017, the revenue from projects for rent amounted to 23 Million Baht, decreased from 26 Million Baht in 3Q-2016. However, the revenue from projects for rent as of 9M2017 increased by 21 percent compared to the same period of last year due to revenue from space rental of Habito Mall. Besides, revenue from business management in 3Q-2017 amounted to 1,163 Million Baht, an increase of 22 percent from 954 Million Baht compared to the same period of last year. The main factor was revenue from property management of joint venture. As a result, as of 9M2017, the revenue from business management increased significantly by 52 percent compared to the same period of last year. In addition, revenue from other services, including revenue from hotel business and education business, was 85 Million Baht, a slight increase from 84 Million Baht in 3Q-2016.



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Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 3Q-2017, cost of project sales amounted to 3,950 Million Baht, a 3 percent increase from that of 3Q-2016, in accordance with an increase in revenue from project sales. Nonetheless, cost of project sales as of 9M2017 decreased by 8 percent when compared to the same period of last year. Gross profit margin of project sales increased from 31.1 percent in 3Q-2016 to 33.4 percent in 3Q-2017, making gross profit margin as of 9M2017 increased to 33.7 percent from 30.7 percent compared to the same period of last year. For the cost of projects for rent in 3Q-2017 amounted to 17 Million Baht, remained unchanged from 3Q-2016. However, the cost of business management increased from 712 Million Baht in 3Q-2016 to 820 Million Baht in 3Q-2017 and increased significantly by 69 percent compared to that of 9M2016 in accordance with an increase significantly in revenue from business management. In addition, cost of other services including hotel business and education business slightly decreased by 2 percent from 3Q-2016. As a result, cost of other services as of 9M2017 decreased by 7 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-2017 at 1,499 Million Baht, accounted for 20.4 percent of the total revenue, an increase from 18.6 percent in 3Q-2016. Nonetheless, the selling and administrative expense as of 9M2017 decreased to 17.6 percent from 18.5 percent compared to the same period of last year. The selling expenses in 3Q-2017 were at 737 Million Baht or 10.0 percent of total revenue, increased from 656 Million Baht or 9.7 percent of total revenue in 3Q-2016, due to many new project launched in 3Q-2017. Nonetheless, the selling expenses as of 9M2017 had decreased from 9.7 percent of total revenue as of 9M2016 to 9.2 percent of total revenue. In 3Q-2017, the administrative expenses (including management benefit expenses) amounted to 762 Million Baht, increased from 608 Million Baht in 3Q-2016, due to higher staff expense estimation in accordance with higher projected net profit, as well as an increase in legal consulting fee for oversea investment. In this regard, the administrative expenses as of 9M2017 accounted for 8.4 percent of total revenue, decreased from 8.9 percent of total revenue as of 9M2016.

Financial Expense

Financial expense increased from 158 Million Baht in 3Q-2016 to 201 Million Baht in 3Q-2017, due to the interest expenses incurred by the undeveloped land plots, which were acquired and still in the design and marketing process.



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Net Profit

For 3Q-2017, Sansiri and its subsidiaries reported net profit of 730 Million Baht, an increase from net profit of 603 Million Baht in 3Q-2016. A net profit margin of 9.9 percent of total revenue in 3Q-2017 increased from 8.9 percent of total revenue in 3Q-2016 as a result of an increase in gross profit margin and an increase in share of gain from investment in joint ventures. In addition, Sansiri reported an operating profit margin in 3Q-2017 of 11.5 percent and an effective corporate income tax in 3Q-2017 was at 20.3 percent of earnings before corporate income tax.

Assets

Total assets of Sansiri and its subsidiaries as of 30 September 2017 amounted to 77,659 Million Baht, an increase of 4,885 Million Baht from that of 31 December 2016. Current assets as of 30 September 2017 was at 61,345 Million Baht, increased from 57,290 Million Baht as of 31 December 2016 due to the increase in cost of property development for sales and current portion of loans to related parties. Moreover, total non-current assets as of 30 September 2017 was at 16,314 Million Baht, increased by 829 Million Baht from that of 31 December 2016 due to an increase in other long-term investment which caused by our subsidiary had invested in JustGroup Holding Pte. Ltd., registered in Singapore, operating in co-working space services for business.

Liabilities

Total liabilities of Sansiri Group amounted to 49,249 Million Baht as of 30 September 2017, an increase of 4,571 Million Baht from that of 31 December 2016. Total current liabilities were at 27,967 Million Baht, an increase of 6,677 Million Baht from that of 31 December 2016 due to the increase in unsecured debentures due within one year and current portion of long-term loans. On the other hand, non-current liabilities decreased by 2,106 Million Baht from that of 31 December 2016 to 21,282 Million Baht mainly due to the decrease in current portion of long-term promissory notes for land purchasing. The interest bearing debt increased from 32,276 Million Baht as of 31 December 2016 to 36,227 Million Baht as of 30 September 2017. The debt-to-equity ratio was 1.73 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.28 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 2017 amounted to 28,409 Million Baht, an increase of 313 Million Baht from that of 31 December 2016, mainly driven by the 9M2017 net profit of 2,046 Million Baht. Nonetheless, dividend payment was recorded at 1,857 Million Baht.



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Cashflow

For the year 2017, beginning cash balance was 3,541 Million Baht with net cash used in operating activities of 631 Million Baht, net cash used in investing activities of 1,419 Million Baht, and net cash from financing activities of 1,232 Million Baht, resulting in the ending cash balance of 2,749 Million Baht as of 30 September 2017. For operating activities, profit from operating activities before changes in operating assets and liabilities was at 16,395 Million Baht. In this regard, cash outflow as development costs for property development for sales amounted to 16,637 Million Baht. Other long-term investments and cash paid for deposit for investment were recorded as investing activities. For financing activities, cash outflow for loan repayment including interest payment to financial institutions and repayment of debenture amounted to 4,249 Million Baht and 2,000 Million Baht respectively.

Liquidity Ratio

The liquidity ratio of Sansiri Group decreased from 2.69 times as of 31 December 2016 to 2.19 times as of 30 September 2017 as total current liabilities increased by 31 percent due to the increase in unsecured debentures due within one year and current portion of long-term promissory notes for land purchasing, whereas total current assets increased by 7 percent from that of 31 December 2016.

Return on Equity

As of 30 September 2017, annualised return on equity was 9.66 percent, a decrease from 12.23 percent as of 31 December 2016 mainly due to a decrease in annualised return on asset from 4.75 percent as of 31 December 2016 to 3.63 percent as of 30 September 2017 as well as the debt-to-equity ratio increased from 1.59 times as of 31 December 2016 to 1.73 times as of 30 September 2017.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)
Authorised Director