



(English Translation)

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14 May 2018

Subject : Clarification of 1Q-2018 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 2018 of the Company and its subsidiaries as follows.

Total revenue in 1Q-2018 amounted to 5,278 Million Baht, decreased by 26 percent from 7,124 Million Baht in 1Q-2017. A decrease in total revenue was caused by a 29 percent decrease in the revenue from project sales, which was the core revenue, as well as a 23 percent decrease in revenue from business management. In 1Q-2018, Sansiri and its subsidiaries reported net profit of 252 Million Baht, a decrease of 51 percent from net profit of 511 Million Baht in 1Q-2017.

#### Revenue from Property Development for Sale

The breakdown of revenue from property for sale of 1Q-2018 and 1Q-2017 is as follows:

Type of Product	1Q-2018		1Q-2017	
	Million Baht	%	Million Baht	%
Single-detached houses	2,518	62.3	1,867	32.7
Townhouses / Home Office	337	8.3	335	5.9
Mix	79	2.0	-	-
Condominiums	1,105	27.4	3,501	61.4
<b>Total</b>	<b>4,039</b>	<b>100.0</b>	<b>5,703</b>	<b>100.0</b>



In 1Q-2018, Sansiri and its subsidiaries reported a 29 percent decrease in revenue from project sales from that of 1Q-2017. The decrease in revenue was caused by a 68 percent decrease in revenue from condominium projects. Nonetheless, revenue from single-detached house projects increased by 35 percent compared to that of 1Q-2017. To the total revenue from project sales in 1Q-2018, 2,518 Million Baht revenue from single-detached projects contributed 62.3 percent, 1,105 Million Baht revenue from condominiums projects contributed 27.4 percent, 337 Million Baht revenue from townhouse projects contributed 8.3 percent, and 79 Million Baht revenue from mix projects contributed 2.0 percent.

Revenue from single-detached house projects in 1Q-2018 amounted to 2,518 Million Baht, a 35 percent increase from 1,867 Million Baht in 1Q-2017. Revenue from single-detached house was mainly from three projects, including Setthasiiri Krungthep Kreetha, Burasiri Ratchapruek-345 and Setthasiri Chaengwattana-Prachachuen 2, altogether contributed 629 Million Baht or 16 percent of total revenue from project sales. Revenue from townhouse project increased from 335 Million Baht in 1Q-2017 to 337 Million Baht in 1Q-2018 mainly due to the sale of 3 projects, including Siri Square Charoenkrung, Town Avenue Merge Rattanatibetr, and Garden Square Sukhumvit 77, altogether contributed 176 Million Baht or 4 percent of total revenue from project sales. In addition, revenue from condominium projects decreased by 68 percent from 3,501 Million Baht in 1Q-2017 to 1,105 Million Baht in 1Q-2018. In this regard, the main contributors to revenue from condominium projects were from four projects, including Mori Haus, The Monument Sanampao, 98 Wireless, and Baan Maikao Phuket. Their revenue contributed 682 Million Baht or 17 percent of total revenue from project sales.

#### **Revenue from Property Services**

The revenue from projects for rent decreased from 22 Million Baht in 1Q-2017 to 21 Million Baht in 1Q-2018 while the revenue from business management decreased from 1,151 Million Baht in 1Q-2017 to 892 Million Baht in 1Q-2018, or decreased by 23 percent. The decrease was driven by a decrease in revenue from turnkey construction management of joint venture. Furthermore, revenue from other services including hotel business and education business was 80 Million Baht, a 4 percent decrease from 84 Million Baht in 1Q-2017.



## Cost of Goods Sold and Operating Expenses

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

In 1Q-2018, cost of project sales amounted to 2,807 Million Baht, a 25 percent decrease from that of 1Q-2017, in accordance with a decrease in revenue from project sales. Gross profit margin of project sales decreased from 34.2 percent in 1Q-2017 to 30.5 percent in 1Q-2018. Cost of projects for rent in 1Q-2018 slightly increased to 18 Million Baht from 17 Million Baht in 1Q-2017, whereas cost of business management decreased from 978 Million Baht in 1Q-2017 to 788 Million Baht in 1Q-2018 according to the decrease in revenue from business management. In addition, cost of other services including hotel business and education business decreased by 3 percent from 1Q-2017.

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

Sansiri and its subsidiaries recorded selling and administrative expense in 1Q-2018 at 1,200 Million Baht or 22.7 percent of total revenue, an increase from 16.5 percent of total revenue in 1Q-2017. A 598 Million Baht of selling expense and a 601 Million Baht of administrative expense increased from those of 1Q-2017. In 1Q-2018, the selling expense and the administrative expense increased to 11.3 percent and 11.4 of total revenue respectively, from 8.8 percent and 7.7 percent in 1Q-2017 respectively.

### **Financial Expense**

In 1Q-2018, financial expense was at 113 Million Baht, decreased from 175 Million Baht in 1Q-2017 mainly due to the developing land plots process and the increase in project sales of complete projects which the interest incurred could be increasingly capitalised to the cost of project development resulted in the decrease of financial expense.

### **Net Profit**

Sansiri and its subsidiaries reported net profit of 252 Million Baht in 1Q-2018, a decrease from 511 Million Baht in 1Q-2017. In this regard, the net profit margin reported as 4.8 percent of total revenue in 1Q-2018 which decreased from the net profit margin of 7.2 percent of total revenue in 1Q-2017. It was mainly due to the decrease in gross profit, altogether with the increase in selling, and administrative expense. In addition, an effective corporate income tax in 1Q-2018 was at 23.7 percent of earnings before corporate income tax.



## Assets

Total assets of Sansiri and its subsidiaries as of 31 March 2018 amounted to 84,304 Million Baht, an increase of 4,154 Million Baht from that of 31 December 2017. Current assets as of 31 March 2018 was at 57,838 Million Baht, increased by 3,616 Million Baht from that of 31 December 2017 due to the increase in property development for sale, current investment, and deposits for land and purchase of assets. Total non-current assets as of 31 March 2018 was at 26,466 Million Baht, an increase of 539 Million Baht from that of 31 December 2017 due to the increase in investments in joint ventures.

## Liabilities

Total liabilities of Sansiri Group amounted to 54,541 Million Baht as of 31 March 2018, an increase of 3,869 Million Baht from that of 31 December 2017. Total current liabilities amounted to 29,810 Million Baht or decreased by 690 Million Baht while total non-current liabilities increased by 4,559 Million Baht to 23,731 Million Baht. In this regard, the interest bearing debt increased from 35,527 Million Baht as of 31 December 2017 to 38,584 Million Baht as of 31 March 2018. The debt-to-equity ratio was 1.74 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.25 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 2018 amounted to 30,763 Million Baht, an increase of 286 Million Baht from as of 31 December 2017, mainly driven by the 1Q-2018 net profit of 252 Million Baht.

## Cashflow

For 1Q-2018, beginning cash balance was 2,978 Million Baht, with net cash used in operating activities of 1,763 Million Baht, net cash used in investing activities of 1,115 Million Baht, and net cash from financing activities of 2,563 Million Baht, resulting in the ending cash balance of 2,659 Million Baht. In this regard, profit from operating activities before changes in operating assets and liabilities was at 3,343 Million Baht. Cash outflow as development costs for property development for sale amounted to 4,699 Million Baht. For investing activities, current investments and loans to related parties amounted to 989 Million Baht and 1,256 Million Baht, respectively. For financing activities, cash outflow for loan repayment including interest payment to financial institutions were 1,891 Million Baht, while cash outflow from repayment of debentures amounted to 3,000 Million Baht.



### Liquidity Ratio

The liquidity ratio of Sansiri Group increased from 1.78 times as of 31 December 2017 to 1.94 times as of 31 March 2018 mainly due to the 7 percent increase in total current assets according to the increase in property development for sale, current investments, and deposits for land and purchase of assets, while total current liabilities decreased by 2 percent.

### Return on Equity

As of 31 March 2018, annualised return on equity was 3.29 percent, decreased from 9.64 percent as of 31 December 2017 mainly due to a 51 percent decrease in net profit in 1Q-2018, together with annualised return on assets decreased from 3.69 times as of 31 December 2017 to 1.23 times as of 31 March 2018. Furthermore, the debt-to-equity ratio increase from 1.63 times as of 31 December 2017 to 1.74 times as of 31 March 2018

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director