



(English Translation)

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13 November 2018

Subject : Clarification of 3Q-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 30 September 2018 of the Company and its subsidiaries as follows.

Total revenue in 3Q-2018 amounted to 6,882 Million Baht, decreased by 6 percent from 7,345 Million Baht in 3Q-2017. A decrease in total revenue was caused by a 9 percent decrease in the revenue from project sales, which was the core revenue of Sansiri. Total revenue for the period of 9M2018 amounted to 17,744 Million Baht, a decrease of 23 percent compared to that of 9M2017 with the amount of 23,129 Million Baht. In 3Q-2018, Sansiri and its subsidiaries reported net profit (equity holders of the Company) of 363 Million Baht, a decrease of 49 percent from net profit (equity holders of the Company) of 730 Million Baht in 3Q-2017, making the net profit (equity holders of the Company) as of 9M2018 decreased from 2,046 Million Baht in 9M2017 to 1,003 Million Baht.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale as of 3Q-2018 and 3Q-2017, and for the period of 9M2018 and 9M2017 is as follows:

Product Type	3Q-2018		3Q-2017		9M2018		9M2017	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached houses	2,706	50.0	3,191	53.8	8,097	59.0	8,041	42.0
Townhouses / Home Offices	539	10.0	508	8.6	1,270	9.3	1,287	6.7
Mixes	22	0.4	-	-	130	1.0	-	-
Condominiums	2,146	39.7	2,236	37.7	4,220	30.8	9,798	51.2
Total	5,413	100.0	5,934	100.0	13,718	100.0	19,126	100.0



In 3Q-2018, Sansiri and its subsidiaries reported a 9 percent decrease in revenue from project sales from that of 3Q-2017. The decrease in revenue was caused by the significant decrease in revenue from single-detached house projects. However; the tremendous decrease in revenue from condominium project in 1Q-2018 and 2Q-2018 still caused the continuous impact on the revenue from project sales as of 9M2018 to decrease by 28 percent compared to that of 9M2017. To the total revenue from project sales in 3Q-2018, 2,706 Million Baht revenue from single-detached house projects contributed 50.0 percent, 2,146 Million Baht revenue from condominium projects contributed 39.7 percent, 539 Million Baht revenue from townhouse projects contributed 10.0 percent, and 22 Million Baht revenue from mix projects contributed 0.4 percent.

Revenue from single-detached house projects in 3Q-2018, amounted to 2,706 Million Baht, decreased from 3,191 Million Baht in 3Q-2017. In 3Q-2018, the revenue from single-detached house was mainly from 3 projects, including Setthasiri Phahol-Watcharapol, Setthasiri Krungthep Kreetha, and Burasiri Ratchapruek - 345 which altogether contributed to 593 Million Baht or 11 percent of total revenue from project sales. However; revenue from single-detached house projects in 9M2018, amounted to 8,097 Million Baht, slightly increased from 8,041 Million Baht of in 9M2017, which was the result from the tremendous increase in revenue from single-detached house in 1Q-2018.

In 3Q-2018, revenue from townhouse projects amounted to 539 Million Baht increased from 508 Million Baht in 3Q-2017. Four new townhouse projects under the brand "Siri Place", altogether with Town Avenue Merge Rattatibetr, were the major contributors, which altogether contributed to 355 Million Baht or 7 percent of total revenue from project sales. However; revenue from townhouse projects of 9M2018, amounted to 1,270 Million Baht, slightly decreased from 1,287 Million Baht of 9M2017.

Nonetheless, revenue from condominium projects decreased by 4 percent from 2,236 Million Baht in 3Q-2017 to 2,146 Million Baht in 3Q-2018. In this regard, dcondo Ping Chiangmai, 98 Wireless, and The LINE Jatujak - Mochit were the three highest contributors in 3Q-2018, which altogether contributed to 1,805 Million Baht or 33 percent of total revenue from project sales. As a result, the revenue from condominium projects drastically decreased from 9,798 Million Baht of 9M2017 to the amount of 4,220 Million Baht of 9M2018, since the condominium projects, finished and transferred in 6M2018, are mostly projects under joint ventures, that are not directly contributed the revenue from project sales.



Revenue from Property Services

In 3Q-2018, the revenue from projects for rent amounted to 21 Million Baht, decreasing from 23 Million Baht in 3Q-2017. As a result, the revenue from projects for rent as of 9M2018 decreased by 7 percent compared to the same period of last year whereas the revenue from business management amounted to 1,120 Million Baht, a decrease of 4 percent from 1,163 Million Baht compared to the same period of last year. Nonetheless, for the period of 9M2018, the revenue from business management decreased by 6 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, equaled to that in 3Q-2017. Whereas the revenue from other services of 9M2018, amounted to 215 Million Baht, increased from 208 Million Baht of 9M2017.

Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 3Q-2018, cost of project sales amounted to 3,540 Million Baht, a 10 percent decrease from that of 3Q-2017. Similarly, cost of project sales as of 9M2018 decreased by 28 percent when compared to the same period of last year. Gross profit margin of project sales increased from 33.4 percent in 3Q-2017 to 34.6 percent in 3Q-2018, while gross profit margin as of 9M2018 decreased to 33.2 percent from 33.7 percent compared to the same period of last year. For the cost of projects for rent in 3Q-2018, it amounted to 18 Million Baht, increased from 17 Million Baht in 3Q-2017. Similarly, cost of business management increased from 820 Million Baht in 3Q-2017 to 902 Million Baht in 3Q-2018, while decreased by 6 percent compared to that of 9M2017 in accordance with a decrease in revenue from business management. In addition, cost of other services including hotel business and education business increased by 3 percent from 3Q-2017, and increased by 1 percent comparing between 9M2018 and 9M2017.

Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 3Q-2018 at 1,705 Million Baht, accounted for 24.8 percent of the total revenue, an increase from 20.4 percent in 3Q-2017. Similarly, the selling and administrative expense as of 9M2018 increased to 24.2 percent from 17.6 percent compared to the same period of last year. The significant increase was mainly due to the launches of various new projects in the year 2018, and also the lower total revenue based. The selling expenses in 3Q-2018 were at 1,075 Million Baht or 15.6 percent of total revenue, increased from 10.0 percent of total revenue at 737 Million Baht in 3Q-2017. As a result, the selling expenses as of 9M2018 had increased, accounted for 13.7 percent of total revenue. In 3Q-2018, the administrative expenses (including management benefit expenses) amounted to 631 Million Baht decreased from 762 Million Baht in 3Q-2017. In this regard, the administrative expenses decreased from 1,931 Million Baht for the period of 9M2017 to 1,860 Million Baht for the period of 9M2018 or 10.5 percent of total revenue.



Financial Expense

In 3Q-2018, financial expense was at 149 Million Baht, decreased from 201 Million Baht in 3Q-2017. As a result, financial expense in 9M2018 was at 415 Million Baht, decreased from 560 Million baht in 9M2017, which 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

For 3Q-2018, Sansiri and its subsidiaries reported net profit of 363 Million Baht, a decrease from net profit of 706 Million Baht in 3Q-2017. A net profit margin of 5.3 percent of total revenue in 3Q-2018 decreased from 9.6 percent of total revenue in 3Q-2017. As a result, for 9M2018, Sansiri and its subsidiaries reported net profit of 1,003 Million Baht, a drastic decrease from net profit of 2,046 Million Baht in 9M2017. A net profit margin of 5.6 percent of total revenue in 9M2018 decreased from 8.8 percent of total revenue in 9M2017 as a result of a decrease in revenue from project sales and an increase in selling expense. In addition, effective corporate income tax in 3Q-2018 was at 22.1 percent of earnings before corporate income tax and at 21.0 percent of earnings before corporate income tax in 9M2018.

Assets

Total assets of Sansiri and its subsidiaries as of 30 September 2018 amounted to 91,919 Million Baht, an increase of 11,769 Million Baht from that of 31 December 2017. Current assets as of 30 September 2018 was at 65,422 Million Baht, increased by 11,200 Million Baht from that of 31 December 2017 due to an increase in property development for sale. Total non-current assets as of 30 September 2018 was at 26,497 Million Baht, an increase of 570 Million Baht from that of 31 December 2017 due to an increase in loans to related parties and other non-current assets.

Liabilities

Total liabilities of Sansiri Group amounted to 62,082 Million Baht as of 30 September 2018, an increase of 12,410 Million Baht from that of 31 December 2017. Total current liabilities amounted to 29,537 Million Baht or decreased by 963 Million Baht while total non-current liabilities increased by 13,374 Million Baht to 32,546 Million Baht. In this regard, the interest bearing debt increased from 35,527 Million Baht as of 31 December 2017 to 43,664 Million Baht as of 30 September 2018. The debt-to-equity ratio was 2.08 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.46 times. In this regard, Sansiri has been operating under restrictive financial covenants with gearing ratio less than 2.5 to 1.



By the definition, “Liabilities” means total liabilities as appears in the financial statements, including financial obligations and provisions from collateral of aval by bond issuers or any obligations in the same manner to any person or juristic person (The collateral is not included the case that other person acts as a guarantor for the bond issuer or subsidiary). However, financial obligations and provisions as mentioned above are not included financial obligations and provisions with account payables, advanced received from customer or any debt of bond issuer with no interest obligation, and lease payables.

Shareholders' Equity

Shareholders' Equity as of 30 September 2018 amounted to 29,837 Million Baht, a decrease of 641 Million Baht from as of 31 December 2017, caused by a decrease in net profit and dividend payment at 1,634 Million Baht out of net profit in 2017.

Cashflow

For 3Q-2018, beginning cash balance was 2,978 Million Baht, with net cash used in operating activities of 4,145 Million Baht, net cash used in investing activities of 1,732 Million Baht, and net cash from financing activities of 5,526 Million Baht, resulting in the ending cash balance as of 30 September 2018 of 2,594 Million Baht. In this regard, profit from operating activities before changes in operating assets and liabilities was at 11,036 Million Baht. Cash outflow as development costs for property development for sale amounted to 20,012 Million Baht. For investing activities, loans to related parties and current investments amounted to 5,090 Million Baht and 1,446 Million Baht, respectively. For financing activities, cash outflow for loan repayment including interest payment to financial institutions were 5,010 Million Baht, while cash outflow from repayment of debentures amounted to 6,000 Million Baht, with dividend payment amounted to 1,634 Million Baht.

Liquidity Ratio

The liquidity ratio of Sansiri Group increased from 1.78 times as of 31 December 2017 to 2.21 times as of 30 September 2018 mainly due to the 21 percent increase in total current assets according to the increase in property development for sale, while total current liabilities increased by 3 percent from unsecured debentures, which decreased from 5,998 Million Baht as of 31 December 2017 to 2,998 Million Baht as of 30 September 2018.



Return on Equity

As of 30 September 2018, annualised return on equity was 4.43 percent, decreased from 9.64 percent as of 31 December 2017 mainly due to a 51 percent decrease in net profit in 3Q-2018, together with annualised return on assets decreased from 3.69 times as of 31 December 2017 to 1.55 times as of 30 September 2018. Furthermore, the debt-to-equity ratio increase from 1.63 times as of 31 December 2017 to 2.08 times as of 30 September 2018, as a result of an increase in total liabilities from unsecured debentures issuance, an increase in short-term loans from banks, and unearned income.

Interest Coverage Ratio

As of 30 September 2018, the interest coverage ratio of Sansiri Group was -1.35 times, decreased from 0.36 percent as of 30 September 2017 mainly due to an increase in net cash used in operating activities to 4,145 Million Baht in 9M2018 from 631 Million Baht from the same period of last year, as a result of a decrease in profit from operating activities before changes in operating assets and liabilities.

Debt Service Coverage Ratio

As of 30 September 2018, the Debt Service Coverage Ratio of Sansiri Group was -0.22 times, decreased from -0.06 percent as of 30 September 2017 mainly due to an increase in net cash used in operating activities to 4,145 Million Baht in 9M2018 from 631 Million Baht from the same period of last year, as a result of a decrease in profit from operating activities before changes in operating assets and liabilities, including an increase of net cash used in repayment of debentures from 2,000 Million Baht in 9M2017 to 6,000 Million Baht in 9M2018, altogether with an increase in cash used in investment activities and asset purchasing to 7,527 Million in 9M2018 from 3,550 Million Baht in 9M2017

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director