



(English Translation)

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15 May 2019

Subject : Clarification of 1Q-2019 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 2019 of the Company and its subsidiaries as follows.

Total revenue in 1Q-2019 amounted to 6,638 Million Baht, increased by 27 percent from 5,236 Million Baht in 1Q-2018. An increase in total revenue was caused by a 22 percent increase in the revenue from project sales, which was the core revenue, as well as a 48 percent increase in revenue from business management, together with a 34 increase in other revenues. In 1Q-2019, Sansiri and its subsidiaries reported net profit of 405 Million Baht, an increase of 32 percent from net profit of 307 Million Baht in 1Q-2018.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale of 1Q-2019 and 1Q-2018 is as follows:

	1Q-2019		1Q-2018	
	Million Baht	%	Million Baht	%
Single-detached houses	3,090	63.2	2,496	62.4
Townhouses / Home Office	801	16.4	335	8.4
Mix	49	1.0	78	2.0
Condominiums	952	19.5	1,089	27.2
Total	4,893	100.0	3,997	100.0



In 1Q-2019, Sansiri and its subsidiaries reported a 22 percent increase in revenue from project sales from that of 1Q-2018. The increase in revenue was caused by an increase in revenue from single-detached house projects and townhouse projects for 24 percent and 139 percent, respectively. Nonetheless, revenue from condominium projects decreased by 13 percent compared to that of 1Q-2018. To the total revenue from project sales in 1Q-2019, 3,090 Million Baht revenue from single-detached projects contributed 63.2 percent, 952 Million Baht revenue from condominiums projects contributed 19.5 percent, 801 Million Baht revenue from townhouse projects contributed 16.4 percent, and 49 Million Baht revenue from mix projects contributed 1.0 percent.

Revenue from single-detached house projects in 1Q-2019 amounted to 3,090 Million Baht, a 24 percent increase from 2,496 Million Baht in 1Q-2018. Revenue from single-detached house was mainly from 3 projects, including Baan Sansiri Pattanakarn, Setthasiri Phahol-Watcharapol and Burasiri Ratchapruerk-345, altogether contributed 995 Million Baht or 20 percent of total revenue from project sales.

Revenue from townhouse project increased by 139 percent from 335 Million Baht in 1Q-2018 to 801 Million Baht in 1Q-2019 mainly due to the sale of 4 projects, including Siri Place Navanakhorn, Siri Place Suksawad - Rama 3, Siri Place Kanlapaphruek – Sathorn and Siri Place Rangsit, altogether contributed 495 Million Baht or 10 percent of total revenue from project sales.

In addition, revenue from condominium projects decreased by 13 percent from 1,089 Million Baht in 1Q-2018 to 952 Million Baht in 1Q-2019. In this regard, the main contributors to revenue from condominium projects were from 4 projects, including 98 Wireless, Baan Maikao Phuket, The Monument Sanampao and dcondo Campus Resort Kukoo. Their revenue contributed 632 Million Baht or 13 percent of total revenue from project sales.

Revenue from Property Services

The revenue from projects for rent increased from 21 Million Baht in 1Q-2018 to 22 Million Baht in 1Q-2019 while the revenue from business management increased from 892 Million Baht in 1Q-2018 to 1,138 Million Baht in 1Q-2019, or increased by 48 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 78 Million Baht, a 4 percent decrease from 80 Million Baht in 1Q-2018.



Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 1Q-2019, cost of project sales amounted to 3,587 Million Baht, a 27 percent increase from that of 1Q-2018, in accordance with an increase in revenue from project sales. Gross profit margin of project sales decreased from 29.3 percent in 1Q-2018 to 26.7 percent in 1Q-2019, which was the result of sales activities and sales promotion before the LTV measurement became effective, together with the adoption of TFRS 15, which changes the principle of the promotion expense recognition to be recognised as cost instead of expense, resulting in a decrease in gross profit. Cost of projects for rent in 1Q-2019 amounted to 18 Million Baht proximal to those of 1Q-2018, whereas cost of business management increased from 788 Million Baht in 1Q-2018 to 1,039 Million Baht in 1Q-2019 according to the increase in revenue from business management. In addition, cost of other services including hotel business and education business increased by 4 percent from 1Q-2018.

Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 1Q-2019 at 1,082 Million Baht or 16.3 percent of total revenue, a decrease from 21.6 percent of total revenue in 1Q-2018. A 473 Million Baht of selling expense and a 609 Million Baht of administrative expense decreased from those of 1Q-2018. In 1Q-2019, the selling expense and the administrative expense decreased to 7.1 percent and 9.2 of total revenue, from 10.1 percent and 11.5 percent in 1Q-2018 respectively. The decrease was due to the higher efficiency in managing selling expense and administrative expense, and also the adoption of TFRS 15, which changes the principle of the commission expense recognition, which will be recognised as expense when the units are transferred.

Financial Expense

In 1Q-2019, financial expense was at 191 Million Baht, increased from 113 Million Baht in 1Q-2018 mainly due to the business expansion of associates, subsidiaries, and joint ventures.



Net Profit

Sansiri and its subsidiaries reported net profit of 405 Million Baht in 1Q-2019, an increase from 307 Million Baht in 1Q-2018. In this regard, the net profit margin reported as 6.1 percent of total revenue in 1Q-2019 which increased from the net profit margin of 5.9 percent of total revenue in 1Q-2018. It was mainly due to an increase in revenue from project sales and revenue from business management, altogether with a decrease in selling, and administrative expense. In addition, an effective corporate income tax in 1Q-2019 was at 24.7 percent of earnings before corporate income tax.

Assets

Total assets of Sansiri and its subsidiaries as of 31 March 2019 amounted to 98,753 Million Baht, an increase of 3,396 Million Baht from that of 31 December 2018. Current assets as of 31 March 2019 was at 74,393 Million Baht, increased by 3,651 Million Baht from that of 31 December 2018 due to an increase in property development for sale, cash and cash equivalents. Total non-current assets as of 31 March 2019 was at 24,360 Million Baht, a decrease of 255 Million Baht from that of 31 December 2018 due to a decrease in investments in joint ventures and loans to related parties.

Liabilities

Total liabilities of Sansiri Group amounted to 67,787 Million Baht as of 31 March 2019, an increase of 3,282 Million Baht from that of 31 December 2018. Total current liabilities amounted to 26,145 Million Baht or decreased by 2,980 Million Baht while total non-current liabilities increased by 6,263 Million Baht to 41,642 Million Baht. In this regard, the interest bearing debt increased from 48,179 Million Baht as of 31 December 2018 to 50,647 Million Baht as of 31 March 2019. The debt-to-equity ratio was 2.19 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.64 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 2019 amounted to 30,966 Million Baht, an increase of 114 Million Baht from as of 31 December 2018, mainly driven by the 1Q-2019 net profit of 405 Million Baht.



Cashflow

For 1Q-2019, beginning cash balance was 3,932 Million Baht, with net cash used in operating activities of 903 Million Baht, net cash used in investing activities of 127 Million Baht, and net cash from financing activities of 1,756 Million Baht, resulting in the ending cash balance of 4,670 Million Baht. In this regard, profit from operating activities before changes in operating assets and liabilities was at 4,637 Million Baht. Cash outflow as development costs for property development for sale amounted to 5,596 Million Baht. For investing activities, loans to related parties and purchase of investment in associates amounted to 689 Million Baht and 220 Million Baht, respectively. For financing activities, cash outflow for loan repayment including interest payment to financial institutions were 1,791 Million Baht.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director