

2 March 2020

Subject : Clarification of Year 2019 Operating Result

To : President  
The Stock Exchange of Thailand

Sansiri Public Company Limited (SIRI) would like to clarify the operating result for the year ended 31 December 2019 of the Company and its subsidiaries as follows.

Total revenue in 2019 amounted to 26,291 Million Baht, decreased by 3 percent from 27,164 Million Baht in 2018. A decrease in total revenue was caused by an 11 percent decrease in the revenue from project sales, which was the core revenue of Sansiri. For the year 2019, Sansiri and its subsidiaries reported net profit (equity holders of the Company) of 2,392 Million Baht, an increase of 17 percent from net profit (equity holders of the Company) of 2,046 Million Baht in 2018.

#### Revenue from Property Development for Sale

The breakdown of revenue from project sales during 2017 - 2019 is as follows;

	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached Houses	11,401	43.7	12,552	58.2	10,967	57.3
Townhouses / Home Offices	1,751	6.7	2,235	10.4	2,499	13.1
Mixes	30	0.1	160	0.7	292	1.5
Condominiums	12,898	49.5	6,605	30.7	5,368	28.1
<b>Total</b>	<b>26,080</b>	<b>100.0</b>	<b>21,552</b>	<b>100.0</b>	<b>19,126</b>	<b>100.0</b>

In 2019, Sansiri and its subsidiaries reported the revenue from project sales amounted to 19,126 Million Baht, resulting in an 11 percent decrease in revenue from project sales from 21,552 Million Baht in 2018 due to the decrease of revenue from condominium projects. As in 2019, Most of the ready-to-transferred condominium projects have been operated under joint venture companies between Sansiri Public Company Limited and BTS

Group Public Company Limited and joint venture companies between Sansiri Public Company Limited and Tokyu Corporation, making the revenue from those projects been excluded from revenue from property development for sale accordingly, and resulting in the decrease in project sales in 2019. To the total revenue from project sales in 2019, 10,967 Million Baht revenue from single-detached house projects contributed 57 percent, 5,368 Million Baht revenue from condominium projects contributed 28 percent, the revenue of 2,499 Million Baht from townhouse projects contributed 13 percent, and the revenue of 292 Million Baht from mix project contributed 2 percent accordingly.

Revenue from single-detached house projects in 2019 amounted to 10,967 Million Baht, a 13 percent decrease from 12,552 Million Baht in 2018. The revenue from single-detached house was mainly from 3 projects, including Baan Sansiri Pattanakarn, Burasiri Pattanakarn, and Setthasiri Phahol-Watcharapol, which altogether contributed 3,346 Million Baht or 17 percent of total revenue from project sales.

Revenue from townhouse projects in 2019 amounted to 2,499 Million Baht, an increase of 12 percent compared to that of last year. In this regard, the main contributors were the 1,294 Million Baht revenue from 4 townhouse projects namely Siri Place Navanakhorn, Siri Place Suksawat-Rama III, Siri Place Kalapapruek-Sathorn, and Siri Place Rangsit with total revenue accounted for 7 percent of the total revenue from project sales.

In 2019, revenue from condominium projects amounted to 5,368 Million Baht, a decrease of 19 percent from 6,605 Million Baht in 2018. In this regard, La casita, 98 Wireless, dcondo Campus Resort Dome-Rangsit, and dcondo Hatyai were the top 4 highest contributors in 2019, contributing revenue of 3,425 Million Baht or accounting for 18 percent of the total revenue from project sales.

In 2019, revenue from mix project amounted to 292 Million Baht from 3 projects, namely Anasiri Ayutthaya, Anasiri Maliwan, and Anasiri Bangyai with total revenue accounted for 2 percent of the total revenue from project sales.

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

In 2019, revenue from projects for rent amounted to 90 Million Baht, increasing from 85 Million Baht in 2018. Revenue from business management in 2019 amounted to 4,601 Million Baht, with an increase from 4,311 Million Baht or 7 percent from last year.

In September 2019, Sansiri has made an additional investment in the hotel management business under 'The Standard' brand, a global hotel brand with a plan to expand continuously to the key cities across the world. With such investment, Sansiri became a major shareholder and recorded revenue from hotel management of 4 months performance amounted to 145 Million Baht.

At the end of 2019, Sansiri has launched the second phase of precast factory, doubling the precast production capacity, resulted to an increase from sales of construction materials from 2 Million Baht in 2018 to 44 Million Baht this year.

Moreover, revenue from other services including revenue from hotel business and education business amounted to 303 Million Baht, an increase of 2 percent compared to that of last year.

#### **Cost of Goods Sold and Operating Expenses**

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

For the year 2019, cost of project sales amounted to 13,577 Million Baht, a 7 percent decrease from that of the year 2018, in accordance with a decrease in revenue from project sales. Gross profit margin of project sales decreased from 32.1 percent in 2018 to 29.0 percent in 2019. Cost of projects for rent amounted to 82 Million Baht, increased from 72 Million Baht in 2018. Meanwhile, cost of business management increased from 3,549 Million Baht in 2018 to 3,730 Million Baht in 2019. In 2019, cost of hotel management amounted 398 Million Baht from an accelerated expansion plan of hotel under The Standard's management in the future. Moreover, cost from sales of construction materials increased from 3 Million Baht in 2018 to 38 Million Baht this year in accordance with an increase in revenue. In addition, cost of other services including hotel business and education business increased by 2 percent from that of last year.

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

Sansiri and its subsidiaries recorded selling and administrative expense in 2019 at 4,644 Million Baht, accounted for 17.7 percent of the total revenue, a decrease from 20.5 percent of total revenue of last year. The selling expenses in 2019 were at 1,927 Million Baht or 7.3 percent of total revenue, decreased from 9.6 percent of total revenue at 2,593 Million Baht in 2018. The decrease was due to the better efficiency in selling expense management. The administrative expenses (including management benefit expenses) amounted to 2,717 Million Baht, a decrease of 8 percent from 2,962 Million Baht in 2018.

## Financial Expense

In 2019, financial expense was at 936 Million Baht, increased from 570 Million Baht in 2018, which mainly due to the postponement of project launch. As a result, the interest expenses incurred by the undeveloped land plots, which were still in the design and marketing process, are unable to be capitalised.

## Net Profit

For the year 2019, Sansiri and its subsidiaries reported net profit of 2,392 Million Baht, an increase of 17 percent from 2,046 Million Baht in 2018. In this regards, the net profit margin increased from 7.5 percent of total revenue in 2018 to 9.1 percent of total revenue in 2019. In addition, effective corporate income tax in 2019 was at 21.5 percent of earnings before corporate income tax.

## Assets

Total assets of Sansiri and its subsidiaries as of 31 December 2019 amounted to 108,336 Million Baht, an increase of 12,979 Million Baht from that of 31 December 2018. Current assets as of 31 December 2019 was at 74,583 Million Baht, increased by 3,841 Million Baht from that of 31 December 2018 due to an increase in property development for sale. Total non-current assets as of 31 December 2019 was at 33,753 Million Baht, an increase of 9,138 Million Baht from that of 31 December 2018 due to an increase in land held for development.

## Liabilities

Total liabilities of Sansiri Group amounted to 76,461 Million Baht as of 31 December 2019, an increase of 11,957 Million Baht from that of 31 December 2018. Total current liabilities amounted to 28,240 Million Baht or decreased by 885 Million Baht while total non-current liabilities increased by 12,842 Million Baht to 48,221 Million Baht. In this regard, the interest bearing debt increased from 48,179 Million Baht as of 31 December 2018 to 57,867 Million Baht as of 31 December 2019. The debt-to-equity ratio was 2.40 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.82 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 31 December 2019 amounted to 31,875 Million Baht, an increase of 1,022 Million Baht from as of 31 December 2018. Dividend payment was paid at 1,432 Million Baht out of net profit in 2018.

#### Cashflow

For the year 2019, beginning cash balance was 3,933 Million Baht, with net cash used in operating activities of 7,287 Million Baht, net cash used in investing activities of 1,112 Million Baht, and net cash from financing activities of 6,702 Million Baht, resulting in the ending cash balance as of 31 December 2019 of 2,132 Million Baht. In this regard, profit from operating activities before changes in operating assets and liabilities was at 17,212 Million Baht. Cash outflow as development costs for property development for sale amounted to 24,189 Million Baht. For investing activities, loans to related parties and purchase of investment in associate amounted to 2,785 Million Baht and 1,173 Million Baht, respectively. For financing activities, cash outflow for loan repayment including interest payment to financial institutions were 8,287 Million Baht, while cash outflow from repayment of debentures amounted to 4,000 Million Baht, with dividend payment amounted to 1,432 Million Baht.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)  
Authorised Director