



(English Translation)

18 May 2020

Subject : Clarification of 1Q-2020 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 2020 of the Company and its subsidiaries as follows.

Total revenue in 1Q-2020 amounted to 6,623 Million Baht, slightly decreased by 0.2 percent from 6,638 Million Baht in 1Q-2019. A decrease in total revenue was caused by a 46 percent decrease in revenue from business management. However, the revenue from project sales, which was the core revenue, increased by 10 percent. In 1Q-2020, Sansiri and its subsidiaries reported net profit of 62 Million Baht, a decrease of 85 percent from net profit of 405 Million Baht in 1Q-2019.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale of 1Q-2020 and 1Q-2019 is as follows:

	1Q-2020		1Q-2019	
	Million Baht	%	Million Baht	%
Single-detached houses	2,405	44.7	3,075	62.8
Townhouses / Home Office	602	11.2	817	16.7
Mix	166	3.1	49	1.0
Condominiums	2,210	41.0	952	19.5
Total	5,383	100.0	4,893	100.0



In 1Q-2020, Sansiri and its subsidiaries reported a 10 percent increase in revenue from project sales from that of 1Q-2019. The increase in revenue was caused by an increase in revenue from condominium projects and mix projects for 132 percent and 241 percent, respectively. Nonetheless, revenue from townhouse projects and single-detached house projects decreased by 26 percent and 22 percent, respectively compared to that of 1Q-2019. To the total revenue from project sales in 1Q-2020, 2,405 Million Baht revenue from single-detached projects contributed 44.7 percent, 2,210 Million Baht revenue from condominiums projects contributed 41.0 percent, 602 Million Baht revenue from townhouse projects contributed 11.2 percent, and 166 Million Baht revenue from mix projects contributed 3.1 percent.

Revenue from single-detached house projects in 1Q-2020 amounted to 2,405 Million Baht, a 22 percent decrease from 3,075 Million Baht in 1Q-2019. Revenue from single-detached house was mainly from 3 projects, including Baan Sansiri Pattanakarn, Burasiri Pattanakarn, and Setthasiri Charan-Pinklao 2, altogether contributed 651 Million Baht or 12 percent of total revenue from project sales.

Revenue from townhouse project decreased by 26 percent from 817 Million Baht in 1Q-2019 to 602 Million Baht in 1Q-2020 mainly due to the sale of townhouse projects under the brand "Siri Place". Total revenue from project sales of 12 projects contributed 504 Million Baht or 9 percent of total revenue from project sales, with Siri Place Suksawad - Rama 3 contributed the highest portion of revenue in 1Q-2020.

In addition, revenue from condominium projects increased by 132 percent from 952 Million Baht in 1Q-2019 to 2,210 Million Baht in 1Q-2020. In this regard, the main contributors to revenue from condominium projects were from 4 projects, including The Monument Thong Lo, Kawa Haus, dcondo rin, and La Casita Huahin. Their revenue contributed 1,850 Million Baht or 34 percent of total revenue from project sales.

Revenue from Property Services

The revenue from projects for rent slightly decreased from 22 Million Baht in 1Q-2019 to 21 Million Baht in 1Q-2020 along with the revenue from business management which decreased from 1,318 Million Baht in 1Q-2019 to 706 Million Baht in 1Q-2020, or decreased by 46 percent. The decrease was driven by a decrease in revenue from turnkey construction management of joint venture.

In 3Q-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 needed to record revenue from hotel management to the financial statements. In 1Q-2020, the revenue from hotel management amounted to 58 Million Baht.



Furthermore, revenue from other services including hotel business and education business was 75 Million Baht, a 3 percent decrease from 78 Million Baht in 1Q-2019.

Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 1Q-2020, cost of project sales amounted to 4,420 Million Baht, a 23 percent increase from that of 1Q-2019, in accordance with an increase in revenue from project sales. Gross profit margin of project sales decreased from 26.7 percent in 1Q-2019 to 17.9 percent in 1Q-2020, which was the result of sales activities and sales promotion to stimulate sales and transfer of ready-to-move units in order to release the inventory during the economy crisis from COVID-19 pandemic, resulting in a decrease in gross profit. Cost of projects for rent in 1Q-2020 amounted to 21 Million Baht increased from 18 Million Baht in 1Q-2019, whereas cost of business management decreased from 1,039 Million Baht in 1Q-2019 to 585 Million Baht in 1Q-2020 in accordance with a decrease in revenue from business management. From the additional investment in The Standard, cost of hotel management was recorded at 159 Million Baht in line with the recording of revenue from hotel management. In addition, cost of other services including hotel business and education business decreased by 7 percent from 1Q-2019.

Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 1Q-2020 at 1,305 Million Baht or 19.7 percent of total revenue, an increase from 16.3 percent of total revenue in 1Q-2019. In 1Q-2020, the selling expense amounted to 452 Million Baht or a 6.8 percent of total revenue, decreased from 7.1 percent in 1Q-2019. On the other hand, the administration expense in 1Q-2020 amounted to 853 Million Baht or a 12.9 percent, increased from 9.2 percent in the same period of last year, mainly due to the relocation of the Head Office, which incurred the cost of demolishing and moving, together with the rental expense for some space of the previous head office during the gradual moving process. In addition, the increase in administration expense as well resulted from the special expense as compensation to the resigned employees from reorganization, working process improvement, and inconvenience causing from the head office relocation. These expenses were special expenses that incurred only in this quarter.

Financial Expense

In 1Q-2020, financial expense was at 202 Million Baht, increased from 191 Million Baht in 1Q-2019, 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

Sansiri and its subsidiaries reported net profit of 62 Million Baht in 1Q-2020, a decrease from 405 Million Baht in 1Q-2019. In this regard, the net profit margin reported at 0.9 percent of total revenue in 1Q-2020 which decreased from the net profit margin of 6.1 percent of total revenue in 1Q-2019. It was mainly due to a decrease in gross profit margin of project sales, together with a loss from hotel management business that was significant affected by the COVID-19 pandemic. In addition, an effective corporate income tax in 1Q-2020 was at 94.5 percent of earnings before corporate income tax.

Assets

Total assets of Sansiri and its subsidiaries as of 31 March 2020 amounted to 115,199 Million Baht, an increase of 6,863 Million Baht from that of 31 December 2019. Current assets as of 31 March 2020 was at 79,782 Million Baht, increased by 5,199 Million Baht from that of 31 December 2019 due to an increase in property development for sale, cash and cash equivalents. Total non-current assets as of 31 March 2020 was at 35,418 Million Baht, an increase of 1,665 Million Baht from that of 31 December 2019 due to an increase in right-of-use asset from the application of TFRS16.

Liabilities

Total liabilities of Sansiri Group amounted to 82,123 Million Baht as of 31 March 2020, an increase of 5,662 Million Baht from that of 31 December 2019. Total current liabilities amounted to 30,363 Million Baht or increased by 2,123 Million Baht while total non-current liabilities increased by 3,539 Million Baht to 51,760 Million Baht. In this regard, the interest bearing debt increased from 57,867 Million Baht as of 31 December 2019 to 63,780 Million Baht as of 31 March 2020, due to an increase in unsecured debenture issued in 1Q-2020 and long-term lease liabilities from the application of TFRS16. The debt-to-equity ratio was 2.48 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.93 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 March 2020 amounted to 33,077 Million Baht, an increase of 1,202 Million Baht from as of 31 December 2019, mainly driven by the unrealised profit of 703 Million Baht from the appreciation of fair value in the equity investment in JustCo.

Cashflow

For 1Q-2020, beginning cash balance was 2,132 Million Baht, with net cash used in operating activities of 979 Million Baht, net cash used in investing activities of 493 Million Baht, and net cash from financing activities of 2,588 Million Baht, resulting in the ending cash balance of 3,288 Million Baht. In this regard, profit from operating activities before changes in operating assets and liabilities was at 4,576 Million Baht. Cash outflow as development costs for property development for sale amounted to 5,601 Million Baht. For investing activities, purchase of investment in subsidiaries, increase in loans to related parties, and purchase of land, building and equipment amounted to 842 Million Baht, 698 Million Baht, and 674 Million Baht, respectively. For financing activities, cash outflow for loan repayment including interest payment were 1,697 Million Baht.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director