



(English Translation)

Ref SS. 0645 / 2020

17 August 2020

Subject : Clarification of 2Q-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 30 June 2020 of the Company and its subsidiaries as follows.

Total revenue in 2Q-2020 amounted to 11,306 Million Baht, increased by 164 percent from 4,285 Million Baht in 2Q-2019. An increase in total revenue was caused by a tremendous increase of 309 percent in the revenue from project sales, which was the core revenue of Sansiri, while revenue from business management and other revenue decreased by 45 percent and 99 percent, respectively. Total revenue for the period of 6M2020 amounted to 17,929 Million Baht, an increase of 64 percent compared to that of 6M2019 with the amount of 10,923 Million Baht. In 2Q-2020, Sansiri and its subsidiaries reported net profit of 258 Million Baht, a decrease of 9 percent from net profit of 285 Million Baht in 2Q-2019, making the net profit as of 6M2020 decreased from 690 Million Baht in 6M2019 to 320 Million Baht.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale as of 2Q-2020 and 2Q-2019, and for the period of 6M2020 and 6M2019 is as follows:

Product Type	2Q-2020		2Q-2019		6M2020		6M2019	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached houses	4,917	47.6	1,651	65.4	7,322	46.5	4,726	63.6
Townhouses / Home Offices	1,077	10.4	480	19.0	1,679	10.7	1,297	17.5
Mixes	282	2.7	7	0.3	448	2.9	56	0.8
Condominiums	4,062	39.3	387	15.3	6,272	39.9	1,339	18.1
Total	10,338	100.0	2,525	100.0	15,721	100.0	7,418	100.0



In 2Q-2020, Sansiri and its subsidiaries reported a 309 percent increase in revenue from project sales from that of 2Q-2019. The increase in each product type was caused by the government regulations effective in 2Q-2019 that encouraged the transfer in 1Q-2019, resulted in a decrease in revenue from project sales in 2Q-2019. Additionally, since 1Q-2020 that COVID-19 started spreading, the Company had arranged sales promotional campaigns to stimulate sales and transfer of ready-to-move units in order to liquidate inventory during the economy instability from COVID-19 pandemic, which had been well-received by the market, resulted in the all-time high transfer in 2Q-2020. As a result, the revenue from project sales as of 6M2020 increased by 112 percent compared to that of 6M2019. To the total revenue from project sales in 2Q-2020, 4,917 Million Baht revenue from single-detached house projects contributed 47.6 percent, 4,062 Million Baht revenue from condominium projects contributed 39.3 percent, 1,077 Million Baht revenue from townhouse projects contributed 10.4 percent, and the revenue of 282 Million Baht from mix projects contributed 2.7 percent.

Revenue from single-detached house projects in 2Q-2020, amounted to 4,917 Million Baht, increased from 1,651 Million Baht in 2Q-2019. In 2Q-2020, the revenue from single-detached house was mainly from 3 projects, including Baan Sansiri Pattanakarn, Setthasiri Krungthep Kreetha, and Setthasiri Charan-Pinklao2, which altogether contributed to 1,372 Million Baht or 13 percent of total revenue from project sales.

In 2Q-2020, revenue from townhouse projects amounted to 1,077 Million Baht increased from 480 Million Baht in 2Q-2019. The top 4 major contributors were Siri Place Suksawat-Rama 3, Tiger Lane, Siri Place Phetkasem-Sai4, and Siri Place Charan-Pinklao, which altogether contributed to 452 Million Baht or 4 percent of total revenue from project sales.

Revenue from mix projects in 2Q-2020, amounted to 282 Million Baht, increased from 7 Million Baht in 2Q-2019. In 2Q-2020, the revenue from mix project was mainly from Anasiri Bangyai.

In addition, revenue from condominium projects increased by 950 percent from 387 Million Baht in 2Q-2019 to 4,062 Million Baht in 2Q-2020. In this regard, Kawa Haus, The Monument Thong lo, and dcondo rin were the three highest contributors in 2Q-2020, which altogether contributed to 2,429 Million Baht or 23 percent of total revenue from project sales.

Revenue from Property Services

In 2Q-2020, the revenue from projects for rent amounted to 25 Million Baht, increasing from 22 Million Baht in 2Q-2019. As a result, the revenue from projects for rent as of 6M2020 increased by 4 percent compared to the same period of last year. On the other hand, the revenue from business management amounted to 744 Million Baht, a decrease of 45 percent from 1,362 Million Baht compared to the same period of last year. The main factor was a decrease in revenue from business management of joint venture. Nonetheless, for the period of 6M2020, the revenue from business management decreased by 46 percent compared to the same period of last year. In addition, revenue from other services, including revenue from hotel business and education business, was 0.5 Million Baht, decreased from 53 Million Baht in 2Q-2019 due to the COVID-19 pandemic that had significant impact on the hotel business. In this regard, the Company decided to temporarily close down and renovate the hotels since April 2020. Similarly for the school, which the academic year needed to be postponed, causing the decrease in revenue from other services in 2Q-2020 and 6M2020 compared to the same period of last year.

Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 2Q-2020, cost of project sales amounted to 8,169 Million Baht, a 380 percent increase from that of 2Q-2019. Similarly, cost of project sales as of 6M2020 increased by 138 percent when compared to the same period of last year in accordance with the increase in revenue from project sales. Gross profit margin of project sales decreased from 32.6 percent in 2Q-2019 to 21.0 percent in 2Q-2020, while gross profit margin as of 6M2020 decreased to 19.9 percent from 28.7 percent compared to the same period of last year. For the cost of projects for rent in 2Q-2020, it amounted to 17 Million Baht, decreased from 21 Million Baht when compared to the same period of last year. Along with cost of business management decreased from 879 Million Baht in 2Q-2019 to 538 Million Baht in 2Q-2020 and decreased by 42 percent compared to that of 6M2019 in accordance with a decrease in revenue from business management. In addition, cost of other services including hotel business and education business decreased by 24 percent from 2Q-2019. Similarly, cost of other services as of 6M2020 decreased by 15 percent compared to the same period of last year.

Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 2Q-2020 at 1,696 Million Baht, accounted for 15.0 percent of the total revenue, a decrease from 27.4 percent in 2Q-2019. Whereas, the selling and administrative expense as of 6M2020 decreased to 16.7 percent from 20.7 percent compared to the same period of last year. The selling expenses in 2Q-2020 were at 883 Million Baht or 7.8 percent of total revenue, decreased from 9.0 percent of total revenue at 338 Million Baht in 2Q-2019. As a result, the selling expenses as of 6M2020 had decreased, accounted for 7.4 percent of total revenue. In 2Q-2020, the administrative expenses (including management benefit expenses) amounted to 812 Million Baht, accounted for 7.2 percent of total revenue, a decrease from 18.4 percent in 2Q-2019. In this regard, the administrative expenses for the period of 6M2020 accounted for 9.3 percent of total revenue, a decrease from 12.8 percent for the period of 6M2019.

Financial Expense

In 2Q-2020, financial expense was at 303 Million Baht, increased from 158 Million Baht in 2Q-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. Additionally, it was as well due to the application of TFRS 16 at the beginning of 2020, which required the recording of financial expense from lease liabilities.

Net Profit

For 2Q-2020, Sansiri and its subsidiaries reported net profit of 258 Million Baht, a decrease from net profit of 285 Million Baht in 2Q-2019. A net profit margin of 2.3 percent of total revenue in 2Q-2020 decreased from 6.7 percent of total revenue in 2Q-2019 as a result of a loss from hotel management business due to the COVID-19 pandemic, together with the increase in financial cost and income tax expense.

Assets

Total assets of Sansiri and its subsidiaries as of 30 June 2020 amounted to 111,524 Million Baht, an increase of 3,188 Million Baht from that of 31 December 2019. Current assets as of 30 June 2020 was at 76,840 Million Baht, increased by 2,257 Million Baht from that of 31 December 2019 due to the increase in cash and cash equivalents, and property development for sale. Total non-current assets as of 30 June 2020 was at 34,685 Million Baht, an increase of 932 Million Baht from that of 31 December 2019 due to the increase in right-of-use assets and land, building and equipment.

Liabilities

Total liabilities of Sansiri Group amounted to 75,829 Million Baht as of 30 June 2020, a decrease of 632 Million Baht from that of 31 December 2019. Total current liabilities amounted to 23,167 Million Baht or decreased by 5,074 Million Baht while total non-current liabilities increased by 4,442 Million Baht to 52,663 Million Baht. In this regard, the interest-bearing debt decreased from 57,867 Million Baht as of 31 December 2019 to 55,615 Million Baht as of 30 June 2020. The debt-to-equity ratio was 2.12 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.56 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 30 June 2020 amounted to 35,695 Million Baht, an increase of 3,820 Million Baht from as of 31 December 2019, which resulted from an increase of subordinated perpetual debentures. In 2Q-2020, dividend payment was recorded at 848 Million Baht.

Cashflow

For 2Q-2020, beginning cash balance was 2,132 Million Baht as of 31 December 2019, with net cash from operating activities of 2,414 Million Baht, net cash from investing activities of 970 Million Baht, and net cash used in financing activities of 1,693 Million Baht, resulting in the ending cash balance as of 30 June 2020 of 3,806 Million Baht. In this regard, profit from operating activities before changes in operating assets and liabilities was at 13,658 Million Baht. Cash outflow as development costs for property development for sale amounted to 10,367 Million Baht. For investing activities, cash received from loans to related parties amounted to 3,143 Million Baht, while, loans to related parties, purchase of investments in subsidiaries, and purchase of land, building and equipment amounted to 904 Million Baht, 842 Million Baht, and 838 Million Baht, respectively. For financing activities, cash outflow for loan repayment including interest payment were 5,434 Million Baht, while cash outflow from repayment of debentures amounted to 5,000 Million Baht, with dividend payment amounted to 838 Million Baht.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director