



(English Translation)

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18 May 2015

Subject : Clarification of 1Q-2015 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 2015 of the Company and its subsidiaries as follows.

Total revenue in 1Q-2015 amounted to 6,971 Million Baht, increasing by 27 percent from 5,502 Million Baht in 1Q-2014. The increase in total revenue was driven by the increase in revenue from project sales which was core revenue, with 50 percent increase compared to 1Q-2014. For 1Q-2015, Sansiri and its subsidiaries reported net profit of 541 Million Baht, a decrease from net profit of 830 Million Baht in 1Q-2014 due to the decrease in the gross profit margin.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale of 1Q-2015 and 1Q-2014 is as follows:

	1Q-2015		1Q-2014	
	Million Baht	%	Million Baht	%
Single-detached houses	2,041	32.8	1,923	46.3
Townhouses / Home Office	226	3.6	347	8.4
Condominiums	3,957	63.6	1,882	45.3
Total	6,224	100.0	4,152	100.0



In 1Q-2015, Sansiri and its subsidiaries reported a 50 percent increase in revenue from project sales from that of 1Q-2014. The increase in revenue was driven by the significant increase in revenue from condominium projects. To the total revenue from project sales in 1Q-2015, 3,957 Million Baht revenue from condominium projects contributed 63.6 percent, 2,041 Million Baht revenue from single-detached house projects contributed 32.8 percent, and 226 Million Baht revenue from townhouse projects contributed 3.6 percent.

Revenue from single-detached house projects in 1Q-2015 amounted to 2,041 Million Baht, a 6 percent increase from 1,923 Million Baht in 1Q-2014. Revenue from single-detached house was mainly from three projects, including Setthasiri Chaengwattana-Prachachuen, Narasiri Bangna, and Setthasiri Charun-Pinklao, altogether contributed 597 Million Baht or 10 percent of total revenue from project sales. Revenue from townhouse project decreased from 347 Million Baht in 1Q-2014 to 226 Million Baht in 1Q-2015. The major contributor was 139 million baht revenue from five townhouse projects, namely Town Avenue Cocos Rama II Soi 50, Habittown Fold Tiwanon-Chaengwattana, Town Avenue 60's Vibhavadi 60, Town Avenue Merge Rattanatibetr, and Town Plus Prachauthit. In addition, Revenue from condominium projects increased significantly by 110 percent from 1,882 Million Baht in 1Q-2014 to 3,956 Million Baht in 1Q-2015. The main contributors to revenue from condominium projects in 1Q-2015 were from five projects, including dcondo Sign Chiang Mai, HQ, Autumn Hua Hin, Baan Kiang Fah, and Baan Sanggam. Their revenue contributed 2,078 Million Baht or 33 percent of total revenue from project sales.

Revenue from Property Services

The revenue from project for rent decreased from 22 Million Baht in 1Q-2014 to 18 Million Baht in 1Q-2015 while the revenue from business management increased from 125 Million Baht in 1Q-2014 to 167 Million Baht in 1Q-2015, or increased by 34 percent. The increase was driven by an increase in revenue from property brokerage services and property management business with higher number of properties under management. Furthermore, revenue from other services including hotel business and education business was 79 Million Baht, a 41 percent increase from 56 Million Baht in 1Q-2014.



Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 1Q-2015, cost of project sales amounted to 4,347 Million Baht, a 57 percent increase from that of 1Q-2014, in accordance with an increase in revenue from project sales. Gross profit margin of project sales decreased from 33.4 percent in 1Q-2014 to 30.1 percent in 1Q-2015 due to the lower gross profit margin of townhouse and condominium projects. Cost of projects for rent in 1Q-2015 decreased to 12 Million Baht from 20 Million Baht in 1Q-2014, whereas cost of business management increased from 97 Million Baht in 1Q-2014 to 120 Million Baht in 1Q-2015. In addition, cost of other services including hotel business and education business increased by 17 percent from 1Q-2014.

Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 1Q-2015 at 1,312 Million Baht or 18.8 percent of total revenue, a decrease from 25.1 percent of total revenue in 1Q-2014. Selling expenses in 1Q-2015 were at 653 Million Baht or 9.4 percent of total revenue. It slightly increased from 594 Million Baht or 10.8 percent of total revenue in 1Q-2014 due to the new project launches. As a result, the selling and administrative expense in 1Q-2015 slightly increased. Nonetheless, the administrative expenses (including management benefit expenses) decreased from 786 Million Baht or 14.3 percent of total revenue in 1Q-2014 to 659 Million Baht or 9.5 percent of total revenue in 1Q-2015.

Financial Expense

In 1Q-2015, financial expense was at 188 Million Baht, increased from 155 Million Baht in 1Q-2014 due to the interest expenses incurred by the undeveloped land plots, which were acquired and still in the design and marketing process. In addition, the interest expense of complete condominium projects that were ready for transfer of ownership was included in the financial expenses as well.



Net Profit

Sansiri and its subsidiaries reported net profit of 541 Million Baht in 1Q-2015, with the net profit margin of 7.8 percent of total revenue, a decrease from 830 Million Baht in 1Q-2014 mainly due to the decrease in the gross profit margin. An effective corporate income tax in 1Q-2015 was at 23.1 percent of earnings before corporate income tax.

Assets

Total assets of Sansiri and its subsidiaries as of 31 March 2015 amounted to 75,164 Million Baht, an increase of 2,017 Million Baht from that of 31 December 2014. Following the successful business expansion and construction progress of housing units to be transferred to customers in the future, the property development for sale increased by 3,046 Million Baht. As a result, current assets as of 31 March 2015 was at 67,156 Million Baht, increased by 1,875 Million Baht from that of 31 December 2014. Total non-current assets as of 31 March 2015 was at 8,008 Million Baht, an increase of 142 Million Baht from that of 31 December 2014.

Liabilities

Total liabilities of Sansiri Group amounted to 49,310 Million Baht as of 31 March 2015, an increase of 979 Million Baht from that of 31 December 2014. Total current liabilities amounted to 27,810 Million Baht or increased by 241 Million Baht while total non-current liabilities increased by 738 Million Baht to 21,500 Million Baht. An increase in total liabilities was mainly from an increase in long-term loans in order to accommodate project development. In this regard, the interest bearing debt increased from 39,097 Million Baht as of 31 December 2014 to 39,474 Million Baht as of 31 March 2015. The debt-to-equity ratio was 1.91 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.53 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 2015 amounted to 25,854 Million Baht, an increase of 1,038 Million Baht from as of 31 December 2014, mainly driven by the 1Q-2015 net profit of 541 Million Baht, together with proceeds from the exercise of ESOP#6 allocating to directors and employees of Sansiri and its subsidiaries, and of SIRI-W1 amounted to 524 Million Baht.



Cashflow

For 1Q-2015, beginning cash balance was 3,051 Million Baht with net cash used in operating activities of 1,241 Million Baht and net cash provided by investing activities and financing activities of 367 Million Baht and 455 Million Baht respectively, resulting in the ending cash balance of 2,607 Million Baht. In this regard, profit from operating activities before changes in operating assets and liabilities was at 5,684 Million Baht, together with the unearned income amounted to 18 Million Baht. Cash outflow as development costs for property development for sale amounted to 7,368 Million Baht. For investing activities, cash payment on purchase of equipment and investments in joint venture amounted to 58 Million Baht and 50 Million Baht respectively. For financing activities, cash inflow from promissory notes and loans drawdown from banks amounted to 3,323 Million Baht while cash outflow for loan repayment including interest payment to financial institutions were 3,390 Million Baht.

Liquidity Ratio

The liquidity ratio of Sansiri Group increased from 2.37 times as of 31 December 2014 to 2.41 times as of 31 March 2015. Total current assets increased by 3 percent, mainly from an increase in property development for sale which increases from 57,049 Million Baht as of 31 December 2014 to 60,096 Million Baht as of 31 March 2015. Total current liabilities as of 31 March 2015 remained unchanged from that of 31 December 2014.

Return on Equity

As of 31 March 2015, annualised return on equity was 8.54 percent, decreased from 16.20 percent as of 31 December 2014 mainly due to a decrease in net profit in 1Q-2015. As a result, net profit margin and annualised return on assets in 1Q-2015 was at 7.76 percent and 2.92 percent respectively. Furthermore, the debt-to-equity ratio decreased from 1.95 times as of 31 December 2014 to 1.91 times as of 31 March 2015 as well.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director