



(English Translation)

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14 November 2014

Subject : Clarification of 3Q-2014 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 September 2014 of the Company and its subsidiaries as follows.

Total revenue in 3Q-2014 amounted to 7,384 Million Baht, increasing by 4 percent from 7,136 Million Baht in 3Q-2013. An increase of total revenue in 3Q-2014 was driven by the 3 percent increase in the core revenue, revenue from project sales, and the 32 percent increase in revenue from business management. For 9M2014, total revenue amounted to 19,029 Million Baht, a 5 percent decrease compared to 9M2013. In 3Q-2014, Sansiri and its subsidiaries reported net profit of 794 Million Baht, a significant increase of 81 percent from net profit of 438 Million Baht in 3Q-2013 owing to the decrease in operating expenses. For 9M2014, the net profit increased significantly from 872 Million Baht in 9M2013 to 2,161 Million Baht.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale as of 3Q-2014, 3Q-2013, 9M2014 and 9M2013 is as follows:

Product Type	3Q-2014		3Q-2013		9M2014		9M2013	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached houses	2,819	40.1	2,371	34.7	7,742	45.4	7,075	37.1
Townhouses / Home Office	394	5.6	395	5.8	1,200	7.0	1,412	7.4
Condominiums	3,818	54.3	4,044	59.2	8,091	47.5	10,552	55.3
Others	4	0.1	17	0.2	17	0.1	34	0.2
Total	7,035	100.0	6,826	100.0	17,050	100.0	19,073	100.0



In 3Q-2014, Sansiri and its subsidiaries reported an increase in revenue from single-detached house projects, resulting in a 3 percent increase in revenue from project sales from that of 3Q-2013. To the total revenue from project sales in 3Q-2014, 3,818 Million Baht revenue from condominium projects contributed 54.3 percent, 2,819 Million Baht revenue from single-detached house projects contributed 40.1 percent, and the revenue of 394 Million Baht from townhouse projects contributed 5.6 percent. However, the revenue from project sales for 9M2014 decreased by 11 percent compared to 9M2013, mainly caused by the decrease of 23 percent of revenue from condominium projects from that of 9M2013.

Revenue from single-detached house projects in 3Q-2014 amounted to 2,819 Million Baht, a 19 percent increase from 2,371 Million Baht in 3Q-2013. The revenue from single-detached house was mainly from three projects, including Narasiri Bangna, Setthasiri Onnut-Srinakarindra, and Setthasiri Chaengwattana-Prachachuen, altogether contributed 1,016 Million Baht or 14 percent of total revenue from project sales. For 9M2014, the revenue increased by 9 percent from that of 9M2013.

In 3Q-2014, revenue from townhouse projects amounted to 394 Million Baht, slightly decreased from 395 Million Baht in 3Q-2013. The major contributor was 142-million baht revenue from three townhouse projects, namely Habitown Fold Tiwanon-Chaengwattana, Town Avenue 60's Vibhavadi 60, and Town Avenue Cocos Rama II Soi 50. The revenue from townhouse projects for 9M2014 declined by 15 percent, compared to that of 9M2013.

Similarly, revenue from condominium projects decreased by 6 percent, from 4,044 Million Baht in 3Q-2013 to 3,818 Million Baht in 3Q-2014. The revenue was from 3 major contributors; The BASE Rama 9-Ramkamhaeng, dcondo Campus Resort Rangsit, and dcondo Campus Resort Ratchapruek-Charan 13. They contributed to the value of 1,973 Million Baht or 28 percent of the total revenue from project sales in 3Q-2014. For 9M2014, the revenue from condominium projects decreased by 23 percent compared to the same period of last year.



Revenue from Property Services

The decrease in revenue from project for rent, from 28 Million Baht in 3Q-2013 to 23 Million Baht in 3Q-2014, was caused by the sale of Siripinyo Building in 1Q-2014 in which the revenue from office for rent was no longer recorded since 2Q-2014. As a result, the revenue from project for rent for 9M2014 decreased by 31 percent compared to the same period of last year. In addition, revenue from business management amounted to 170 Million Baht, an increase of 41 Million Baht or 32 percent over the same period of last year. For 9M2014, the revenue from business management increased by 21 percent over the same period of last year. The increase was driven by an increasing revenue from property brokerage services and property management business with higher number of properties under management. On the other hand, revenue from other services, including revenue from medical spa business, hotel business, and education business, was 58 Million Baht, closed to 59 Million Baht in 3Q-2013. For 9M2014, the revenue from other services decreased by 14 percent compared to the same period last year mainly due to the decline in revenue from medical spa. As the operation of medical spa business was suspended upon the expiry of the rental contract of Bhakdi Building in July 2013, there is no revenue from medical spa business recorded since 3Q-2013 onwards.

Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 3Q-2014, cost of project sales amounted to 4,662 Million Baht, a slight increase of 0.5 percent from that of 3Q-2013, in accordance with an increase in revenue from project sales. For 9M2014, the cost of project sales decreased by 12 percent compared to the same period of last year, according to the decreasing revenue from project sales. Gross profit margin of project sales increased from 32.0 percent in 3Q-2013 to 33.7 percent in 3Q-2014 due to the higher gross profit margin of all types of housing projects. As a result, gross profit margin for 9M2014 increased to 33.5 percent. Cost of projects for rent in 3Q-2014 amounted to 12 Million Baht, a 31 percent decrease from that of 3Q-2013, whereas cost of business management increased from 88 Million Baht in 3Q-2013 to 144 Million Baht in 3Q-2014, and increased by 42 percent when comparing the cost between 9M2014 and 9M2013, in accordance with the increase in revenue from business management. Cost of other services including medical spa, hotel business, and education business increased by 6 percent from 3Q-2013 and increased by 12 percent from 9M2013. The increasing cost was due to the opening of new hotel under Escape Sansiri Hotel Collection Khao Yai.



Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 3Q-2014 at 1,342 Million Baht, accounted for 18.2 percent of the total revenue. The expense decreased from 22.6 percent of total revenue in 3Q-2013. Selling expenses in 3Q-2014 were at 647 Million Baht or 8.8 percent of total revenue, a significant decrease from 979 Million Baht or 13.7 percent of total revenue in 3Q-2013 due to the fewer number of new project launches together with the cost efficiency measures. Nonetheless, the administrative expenses (including management benefit expenses) in 3Q-2014 increased slightly from 635 Million Baht in 3Q-2013 to 695 Million Baht, accounted for 9.4 percent of total revenue in 3Q-2014. In this regard, the selling expense declined significantly from 15.0 percent of total revenue in 9M2013 to 9.3 percent of total revenue in 9M2014 whereas the administrative expense increased slightly, accounted for 11.6 percent of total revenue.

Financial Expense

In 3Q-2014, financial expense decreased from 181 Million Baht in 3Q-2013 to 173 Million Baht. However, the financial expense for 9M2014 increased by 6.4 percent compared to that of 9M2013, 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

For 3Q-2014, Sansiri and its subsidiaries reported net profit of 794 Million Baht, with the net profit margin of 10.8 percent of total revenue, a significant growth of 81 percent compared to net profit of 438 Million Baht with the net profit margin of 6.1 percent in 3Q-2013. The main factor was the 16.8 percent decrease in operating expenses. For 9M2014, Sansiri reported net profit of 2,161 Million Baht, a 148 percent increase compared to the same period of last year, due to the declining operating expenses. An effective corporate income tax in 3Q-2014 was at 19.0 percent of earnings before corporate income tax while the effective corporate income tax for 9M2014 was at 18.8 percent of earnings before corporate income tax.



Assets

Total assets of Sansiri and its subsidiaries as of 30 September 2014 amounted to 70,029 Million Baht, an increase of 9,989 Million Baht from that of 31 December 2013. 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 11,422 Million Baht. As a result, current assets as of 30 September 2014 was at 63,640 Million Baht, increased by 10,683 Million Baht from that of 31 December 2013. Total non-current assets as of 30 September 2014 was at 6,389 Million Baht, decreased by 694 Million Baht from that of 31 December 2013 due to a decrease in investment properties of Papanun Limited, which was one of Sansiri's subsidiaries. Papanun sold land, building, related utility systems and equipment of Siripinyo Building to Sansiri Prime Office Property Fund in March 2014.

Liabilities

Total liabilities of Sansiri Group amounted to 51,032 Million Baht as of 30 September 2014, an increase of 8,059 Million Baht from as of 31 December 2013. Total current liabilities amounted to 29,500 Million Baht or increased by 10,111 Million Baht while total non-current liabilities decreased by 2,052 Million Baht to 21,532 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 34,669 Million Baht as of 31 December 2013 to 41,383 Million Baht as of 30 September 2014. The debt-to-equity ratio was 2.69 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 2.18 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 September 2014 amounted to 18,997 Million Baht, an increase of 1,930 Million Baht from as of 31 December 2013, mainly driven by the 3Q-2014 net profit of 794 Million Baht, together with proceeds from the exercise of ESOP#5 and ESOP#6 allocating to directors and employees of Sansiri and its subsidiaries, and of SIRI-W1 amounted to 732 Million Baht. Sansiri paid dividend from 2013 net profit of 956 Million Baht as well.



Cashflow

For the year 2014, beginning cash balance was 2,120 Million Baht with net cash used in operating activities of 6,249 Million Baht and net cash provided by investing activities and financing activities of 1,412 Million Baht and 5,005 Million Baht respectively, resulting in the ending cash balance of 2,280 Million Baht, as of 30 September 2014. In this regard, profit from operating activities before changes in operating assets and liabilities was at 13,960 Million Baht, together with the advances received from customers and unearned income and accounts payable altogether amounted to 1,059 Million Baht. Cash outflow as development costs for property development for sale amounted to 21,761 Million Baht. For investing activities, cash inflow from net proceeds from sale of property to the fund amounted to 1,604 Million Baht. For financing activities, cash inflow from bills of exchange issuance and loans drawdown from banks altogether amounted to 11,989 Million Baht while cash outflow for loan repayment including interest payment to financial institutions and dividend payment were 8,568 Million Baht and 956 Million Baht respectively.

Liquidity Ratio

The liquidity ratio of Sansiri Group decreased from 2.73 times as of 31 December 2013 to 2.16 times as of 30 September 2014. Total current assets increased by 20 percent, mainly from an increase in property development for sale which increases from 45,621 Million Baht as of 31 December 2013 to 57,043 Million Baht as of 30 September 2014. However, total current liabilities grew by 52 percent from 31 December 2013, due to an increase in current portion of long-term loans and accounts payable amounting to 5,987 Million Baht and 380 Million Baht respectively.

Return on Equity

As of 30 September 2014, annualised return on equity was 15.98 percent, increased from 11.95 percent as of 31 December 2013. The 9M2014 net profit resulted in an increase in net profit margin to 11.36 percent and annualised return on assets to 4.43 percent. Nonetheless, the debt-to-equity ratio increased from 2.52 times as of 31 December 2013 to 2.69 times as of 30 September 2014.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director