



(English Translation)

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2 March 2015

Subject : Clarification of Year 2014 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 2014 of the Company and its subsidiaries as follows.

Total revenue in 2014 amounted to 29,527 Million Baht, increased by 2 percent from 28,987 Million Baht in 2013. The increase in total revenue was driven by the increase in revenue from business management and other revenues. The increase in other revenues came from the gain from sales of property to the property fund amounting 768 Million Baht, and gain from sale of land amounting 309 Million Baht. In this regard, revenue from project sales remained the core revenue representing 92 percent of total revenue. For the year 2014, Sansiri and its subsidiaries reported net profit of 3,393 Million Baht, a significant increase of 76 percent from net profit of 1,930 Million Baht in 2013 due to the increase in total revenue and the significant decrease in operating expense.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale during 2012 – 2014 is as follows:

	2014		2013		2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached houses	11,488	42.2	10,166	36.7	9,406	32.5
Townhouses / Home Office	1,622	6.0	2,367	8.5	4,635	16.0
Condominiums	14,045	51.7	15,157	54.7	14,804	51.1
Others	20	0.1	34	0.1	109	0.4
Total	27,174	100.0	27,724	100.0	28,954	100.0



In 2014, Sansiri and its subsidiaries reported a decrease in revenue from townhouse and condominium projects, resulting in a 2 percent decrease in revenue from project sales from 27,724 Million Baht in 2013 to 27,174 Million Baht in 2014. To the total revenue from project sales in 2014, 14,045 Million Baht revenue from condominium projects contributed 51.7 percent, 11,488 Million Baht revenue from single-detached house projects contributed 42.2 percent, and the revenue of 1,622 Million Baht from townhouse projects contributed 6.0 percent.

Revenue from single-detached house projects in 2014 amounted to 11,488 Million Baht, a 13 percent increase from 10,166 Million Baht in 2013. The main contributors were the nine single-detached house projects under the brand “Setthasiri” which contributed 4,347 Million Baht of revenue, and the five single-detached house projects under the brand “Narasiri” which contributed 2,341 Million Baht of revenue. Altogether, they contributed 24.6 percent of total revenue from project sales. In this regard, Narasiri Bangna had the highest contribution to the total revenue from single-detached house project in 2014 amounted to 1,551 Million Baht.

Revenue from townhouse projects in 2014 amounted to 1,622 Million Baht, a decrease of 32 percent compared to the previous year. The declining revenue was in respect of the investment plan with decreasing portion of townhouse projects in portfolio. In this regard, the main contributors were the 612-Million Baht revenue from seven townhouse projects under the brand “Town Avenue”, together with the 550-Million Baht revenue from three townhouse projects under the brand “Habitown”. Habitown Fold Tiwanon-Chaengwattana project contributed the biggest portion to the total revenue from townhouse projects in 2014.

In 2014, revenue from condominium projects accounted for 52 percent of the total revenue from project sales. The revenue decreased by 7 percent, from 15,157 Million Baht in 2013 to 14,045 Million Baht in 2014. Despite the higher number of new completed condominium project ready for the transfer of ownership in 2014, the lower project values made the revenue from condominium projects in 2014 decreased from that of last year. The revenue from condominium projects came from five major contributors including The BASE Rama 9 - Ramkamhaeng, HQ, dcondo Campus Resort Rangsit, Baan Sangam, and dBURA Prannok, altogether contributed 6,143 Million Baht or 23 percent to the total revenue from project sales.



Revenue from Property Services

Revenue from projects for rent decreased by 40 percent from 126 Million Baht in 2013 to 76 Million Baht in 2014 due to the sale of Siripinyo Building in 1Q-2014 in which the revenue from office for rent was no longer recorded since 2Q-2014. Revenue from business management in 2014 amounted to 606 Million Baht, with an increase of 21 percent from last year. The increase was driven by an increase in revenue from property brokerage services and property management business with higher number of properties under management. Moreover, revenue from other services including revenue from hotel business and education business amounted to 237 Million Baht. It decreased by 4 percent from that of previous year as the operation of medical spa business was suspended since 3Q-2013. Nevertheless, revenue from hotel business increased from 2013 due to the operation of a newly-opened hotel named "Escape Sansiri Hotel Collection Khao Yai".

Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

For the year 2014, cost of project sales amounted to 18,056 Million Baht, a 3 percent decrease from that of the year 2013, in accordance with a decrease in revenue from project sales. Gross profit margin of project sales increased from 33.0 percent in 2013 to 33.6 percent in 2014 due to the higher gross profit margin of townhouse and condominium projects. Cost of projects for rent amounted to 60 Million Baht, a decrease of 15 percent from that of last year, while cost of business management grew up by 49 percent corresponding to the increase in revenue from business management. It amounted to 504 Million Baht in 2014 from 339 Million Baht in 2013. In addition, cost of other services including hotel business and education business decreased by 2 percent. In this regard, the cost of hotel business was increased due to the operation of a newly-opened hotel named Escape Sansiri Hotel Collection Khao Yai.

Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 2014 of 5,506 Million Baht, accounted for 18.6 percent of total revenue, a decline from 23.5 percent from that of last year. Selling expenses in 2014 were at 2,633 Million Baht or 8.9 percent of total revenue, a decrease from 3,956 Million Baht or 13.6 percent of total revenue in 2013 due to the fewer number of new project launches together with the cost efficiency measures. The administrative expenses (including management benefit expenses) amounted to 2,873 Million Baht, a slight increase from 2,852 Million Baht in 2013. The percentage of administrative expense to total revenue in 2014 remained unchanged at 9.7 percent.



Financial Expense

In 2014, financial expense increased from 616 Million Baht in 2013 to 646 Million Baht 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 completed condominium projects that were ready for transfer of ownership was included in the financial expenses as well.

Net Profit

For the year 2014, Sansiri and its subsidiaries reported net profit of 3,393 Million Baht, a significant increase of 76 percent from 1,930 Million Baht in 2013. The net profit margin increased from 6.7 percent of total revenue in 2013 to 11.5 percent of total revenue in 2014 mainly due to the increase in total revenue and the significant decrease in operating expense. In addition, an effective corporate income tax in 2014 was at 21.6 percent of earnings before corporate income tax.

Assets

Total assets of Sansiri and its subsidiaries as of 31 December 2014 amounted to 73,147 Million Baht, an increase of 13,107 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 significantly by 11,428 Million Baht. As a result, total current assets as of 31 December 2014 was at 65,281 Million Baht, an increase of 12,324 Million Baht from that of 31 December 2013. Total non-current assets as of 31 December 2014 was at 7,867 Million Baht, increased by 784 Million Baht from that of 31 December 2013 due to an increase in land held for development and loans to BTS Sansiri Holding One Limited which was the joint venture company between Sansiri and BTS Group Holdings PLC.



Liabilities

Total liabilities of Sansiri Group amounted to 48,331 Million Baht as of 31 December 2014, an increase of 5,359 Million Baht from as of 31 December 2013. Total current liabilities amounted to 27,568 Million Baht or increased by 8,180 Million Baht while total non-current liabilities decreased by 2,821 Million Baht to 20,763 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 39,097 Million Baht as of 31 December 2014. The debt-to-equity ratio was 1.95 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.58 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 December 2014 amounted to 24,816 Million Baht, an increase of 7,749 Million Baht from the previous year, mainly driven by the 2014 net profit of 3,393 Million Baht, together with payment received 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 5,329 Million Baht. In addition, Sansiri paid out cash dividend of 956 Million Baht based on the 2013 financial result.

Cashflow

For the year 2014, beginning cash balance was 2,120 Million Baht with net cash used in operating activities of 5,972 Million Baht and net cash provided by investing activities and financing activities of 95 Million Baht and 6,827 Million Baht respectively, resulting in the ending cash balance of 3,051 Million Baht, as of 31 December 2014. In this regard, profit from operating activities before changes in operating assets and liabilities was at 22,773 Million Baht, together with the advances received from customers and unearned income altogether amounted to 407 Million Baht. Cash outflow as development costs for property development for sale and deposits for land amounted to 30,202 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 loans drawdown from banks amounted to 14,402 Million Baht while cash outflow for loan repayment including interest payment to financial institutions and dividend payment were 12,988 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 2.37 times as of 31 December 2014. Total current assets increased by 23 percent, mainly from an increase in property development for sale which increases from 45,621 Million Baht as of 31 December 2013 to 57,049 Million Baht as of 31 December 2014. However, total current liabilities grew by 42 percent from 31 December 2013, due to an increase in current portion of long-term loans and repayment of debentures amounting to 4,223 Million Baht and 1,998 Million Baht respectively.

Return on Equity

As of 31 December 2014, return on equity was 16.20 percent, increased from 11.95 percent as of 31 December 2013. An increase in return on equity was mainly due to an increase in net profit margin from 6.7 percent in 2013 to 11.5 percent in 2014 in accordance with an increase in return on assets from 3.6 percent in 2013 to 5.1 percent in 2014. Furthermore, the debt-to-equity ratio decreased from 2.52 times as of 31 December 2013 to 1.95 times as of 31 December 2014 as well.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director