



(English Translation)

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13 August 2016

Subject : Clarification of 2Q-2017 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 2017 of the Company and its subsidiaries as follows.

Total revenue in 2Q-2017 amounted to 8,660 Million Baht, increasing by 5 percent from 8,238 Million Baht in 2Q-2016. The increase in total revenue was caused by the 52 percent increase in revenue for rent and the 24 percent increase in business management compared to that of 2Q-2016. However, total revenue as of 6M2017 amounted to 15,784 Million Baht, a slight decrease by 1 percent compared to that of 6M2016, which the revenue from project sales remains the core revenue. In 2Q-2017, Sansiri and its subsidiaries reported net profit of 804 Million Baht, an increase of 29 percent from net profit of 622 Million Baht in 2Q-2016, making the net profit as of 6M2017 increased from 1,178 Million Baht in 6M2016 to 1,316 Million Baht.

#### Revenue from Property Development for Sale

The breakdown of revenue from property for sale as of 2Q-2017, 2Q-2016, 6M2017 and 6M2016 is as follows:

Product Type	2Q-2017		2Q-2016		6M2017		6M2016	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached houses	2,983	39.8	2,709	37.1	4,848	36.8	4,441	30.9
Townhouses / Home Office	444	5.9	272	3.7	780	5.9	553	3.9
Condominiums	4,061	54.2	4,333	59.3	7,562	57.3	9,357	65.2
Others	-	-	(4)	(0.1)	2	0.0	-	-
<b>Total</b>	<b>7,489</b>	<b>100.0</b>	<b>7,311</b>	<b>100.0</b>	<b>13,192</b>	<b>100.0</b>	<b>14,351</b>	<b>100.0</b>



In 2Q-2017, Sansiri and its subsidiaries reported a 2 percent increase in revenue from project sales from that of 2Q-2016. The increase in revenue was caused by the increase in revenue from single-detached house and townhouse projects. Nonetheless, the revenue from project sales as of 6M2017 decreased by 8 percent compared to that of 6M2016 due to the decrease in revenue from single-detached house and townhouse projects. To the total revenue from project sales in 2Q-2017, 4,061 Million Baht revenue from condominium projects contributed 54.2 percent, 2,983 Million Baht revenue from single-detached house projects contributed 39.8 percent, and the revenue of 444 Million Baht from townhouse projects contributed 5.9 percent.

Revenue from single-detached house projects in 2Q-2017 amounted to 2,983 Million Baht increased from 2,709 Million Baht in 2Q-2016. In 2Q-2017, the revenue from single-detached house was mainly from three projects, including Setthasiri Krungthep Kreetha, Setthasiri Charun-Pinklao and Setthasiri Pattanakarn, which altogether contributed 982 Million Baht or 13 percent of total revenue from project sales.

In 2Q-2017, revenue from townhouse projects amounted to 444 Million Baht increased from 272 Million Baht in 2Q-2016. The major contributor was 176-million baht revenue from three townhouse projects, namely Siri Square Charoenkrung 80, Habitown Nest Thakham Rama2, and Town Avenue Cocos Rama 2 Soi 50.

Nonetheless, revenue from condominium projects decreased by 6 percent from 4,333 Million Baht in 2Q-2016 to 4,061 Million Baht in 2Q-2017. In this regard, the 98 Wireless and the EDGE Sukhumvit 23 were the two highest contributors in 2Q-2017, which altogether contributed to 2,227 Million Baht or 30 percent of total revenue from project sales.

#### Revenue from Property Services

In 2Q-2017, the revenue from projects for rent amounted to 23 Million Baht, increasing from 15 Million Baht in 2Q-2016. As a result, the revenue from projects for rent as of 6M2017 increased significantly by 50 percent compared to the same period of last year whereas the revenue from business management amounted to 951 Million Baht, an increase of 24 percent from 764 Million Baht compared to the same period of last year. The main factor was revenue from property management of joint venture. As a result, as of 6M2017, the revenue from business management increased significantly by 77 percent compared to the same period of last year. In addition, revenue from other services, including revenue from hotel business, and education business, was 40 Million Baht, decreased from 42 Million Baht in 2Q-2016.



## Cost of Goods Sold and Operating Expenses

### *Cost of Project Sales and Other Costs*

In 2Q-2017, cost of project sales amounted to 4,969 Million Baht, a 2 percent decrease from that of 2Q-2016, in accordance with a decrease in revenue from project sales. Similarly, cost of project sales as of 6M2017 decreased by 12 percent when compared to the same period of last year. Gross profit margin of project sales increased from 30.9 percent in 2Q-2016 to 33.6 percent in 2Q-2017, making gross profit margin as of 6M2017 increased to 33.9 percent from 30.6 percent compared to the same period of last year. For the cost of projects for rent in 2Q-2017, it increased from 10 Million Baht in 2Q-2016 to 18 Million Baht in accordance with an increase in revenue from projects for rent, while cost of business management increased from 523 Million Baht in 2Q-2016 to 823 Million Baht in 2Q-2017 and increased significantly by 114 percent compared to that of 6M2016 in accordance with an increase in revenue from business management. In addition, cost of other services including hotel business and education business decreased by 7 percent from 2Q-2016. In this regard, cost of other services as of 6M2017 decreased by 9 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-2017 at 1,390 Million Baht, accounted for 16.1 percent of the total revenue, a decrease from 18.8 percent in 2Q-2016. Similarly, the selling and administrative expense as of 6M2017 decreased to 16.3 percent from 18.5 percent compared to the same period of last year. The selling expenses in 2Q-2017 were at 771 Million Baht or 8.9 percent of total revenue, decreased from 862 Million Baht or 10.5 percent of total revenue in 2Q-2016. As a result, the selling expenses as of 6M2017 had decreased, accounted for 8.9 percent of total revenue. In 2Q-2017, the administrative expenses (including management benefit expenses) amounted to 619 Million Baht decreased from 689 Million Baht in 2Q-2016. In this regard, the administrative expenses decreased from 1,406 Million Baht as of 6M2016 to 1,169 Million Baht as of 6M2017 or 7.4 percent of total revenue.

### **Financial Expense**

Financial expense increased from 171 Million Baht in 2Q-2016 to 184 Million Baht in 2Q-2017, due to the interest expenses incurred by the undeveloped land plots, which were acquired and still in the design and marketing process.



### Net Profit

For 2Q-2017, Sansiri and its subsidiaries reported net profit of 804 Million Baht, an increase from net profit of 622 Million Baht in 2Q-2016. A net profit margin of 9.3 percent of total revenue in 2Q-2017 increased from 7.6 percent of total revenue in 2Q-2016 as a result of an increase in Gross Profit Margin and a decrease in selling and administrative expense. In addition, Sansiri reported an operating profit margin in 2Q-2017 of 14 percent of operating profit and an effective corporate income tax in 2Q-2017 was at 25.8 percent of earnings before corporate income tax.

### Assets

Total assets of Sansiri and its subsidiaries as of 30 June 2017 amounted to 76,296 Million Baht, an increase of 3,522 Million Baht from that of 31 December 2016. Current assets as of 30 June 2017 was at 59,852 Million Baht, increased from 57,289 Million Baht as of 31 December 2016 due to the increase in cost of property development for sales. Moreover, total non-current assets as of 30 June 2017 was at 16,445 Million Baht, increased by 960 Million Baht from that of 31 December 2016 due to an increase in current portion of loans to related parties.

### Liabilities

Total liabilities of Sansiri Group amounted to 48,007 Million Baht as of 30 June 2017, an increase of 3,329 Million Baht from that of 31 December 2016. Total current liabilities were at 25,539 Million Baht, an increase of 4,249 Million Baht from that of 31 December 2016 due to the increase in unsecured debentures due within one year and bills of exchange. On the other hand, non-current liabilities decreased by 919 Million Baht from that of 31 December 2016 to 22,469 Million Baht mainly due to the decrease in unsecured debentures. The interest bearing debt increased from 32,276 Million Baht as of 31 December 2016 to 35,182 Million Baht as of 30 June 2017. The debt-to-equity ratio was 1.70 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.24 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 2017 amounted to 22,289 Million Baht, an increase of 193 Million Baht from that of 31 December 2016, mainly driven by the 6M2017 net profit of 1,316 Million Baht. Nonetheless, dividend payment was recorded at 1,143 Million Baht.



### Cashflow

For the year 2017, beginning cash balance was 3,541 Million Baht with net cash used in operating activities of 182 Million Baht, net cash used in investing activities of 944 Million Baht, and net cash from financing activities of 1,035 Million Baht, resulting in the ending cash balance of 3,454 Million Baht as of 30 June 2017. For operating activities, profit from operating activities before changes in operating assets and liabilities was at 11,338 Million Baht. In this regard, cash outflow as development costs for property development for sales amounted to 12,572 Million Baht. Loans to related parties and investments in joint venture were recorded as investing activities. For financing activities, cash outflow for loan repayment including interest payment to financial institutions and repayment of debenture amounted to 3,798 Million Baht and 2,000 Million Baht respectively.

### Liquidity Ratio

The liquidity ratio of Sansiri Group decreased from 2.69 times as of 31 December 2016 to 2.34 times as of 30 June 2017 as total current liabilities increased by 20 percent due to the increase in unsecured debentures due within one year and bills of exchange, whereas total current assets increased by 5 percent from that of 31 December 2016.

### Return on Equity

As of 30 June 2017, annualised return on equity was 9.34 percent, a decrease from 12.23 percent as of 31 December 2016 mainly due to a decrease in annualised return on asset from 4.75 percent as of 31 December 2016 to 3.53 percent as of 30 June 2017, while the debt-to-equity ratio increased from 1.59 times as of 31 December 2016 to 1.70 times as of 30 June 2017.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director