



(English Translation)

Ref SS. 0893 / 2018

14 August 2018

Subject : Clarification of 2Q-2018 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 2018 of the Company and its subsidiaries as follows.

Total revenue in 2Q-2018 amounted to 5,585 Million Baht, decreased by 36 percent from 8,660 Million Baht in 2Q-2017. A decrease in total revenue was caused by a 43 percent decrease in the revenue from project sales, which was the core revenue of Sansiri, while revenue from business management and revenue from other services increased by 11 percent and 25 percent, respectively. Total revenue for the period of 6M2018 amounted to 10,862 Million Baht, a decrease of 36 percent compared to that of 6M2017 with the amount of 15,784 Million Baht. In 2Q-2018, Sansiri and its subsidiaries reported net profit of 387 Million Baht, a decrease of 52 percent from net profit of 804 Million Baht in 2Q-2017, making the net profit as of 6M2018 decreased from 1,316 Million Baht in 6M2017 to 639 Million Baht.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale as of 2Q-2018 and 2Q-2017, and for the period of 6M2018 and 6M2017 is as follows:

Product Type	2Q-2018		2Q-2017		6M2018		6M2017	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached houses	2,873	67.3	2,983	39.8	5,391	64.9	4,850	36.8
Townhouses / Home Offices	394	9.2	444	5.9	732	8.8	780	5.9
Mixes	30	0.7	-	-	108	1.3	-	-
Condominiums	969	22.7	4,061	54.2	2,074	25.0	7,562	57.3
Total	4,266	100.0	7,489	100.0	8,305	100.0	13,192	100.0



In 2Q-2018, Sansiri and its subsidiaries reported a 43 percent decrease in revenue from project sales from that of 2Q-2017. The decrease in revenue was caused by the significant decrease in revenue from condominium projects, since the condominium projects, finished and transferred in 6M2018, are mostly projects under joint ventures, while there is no newly finished condominium projects solely under Sansiri development in this period. As a result, the revenue from project sales as of 6M2018 decreased by 37 percent compared to that of 6M2017. To the total revenue from project sales in 2Q-2018, 2,873 Million Baht revenue from single-detached house projects contributed 67.3 percent, 969 Million Baht revenue from condominium projects contributed 22.7 percent, 394 Million Baht revenue from townhouse projects contributed 9.2 percent, and the revenue of 30 Million Baht from mix projects contributed 0.7 percent.

Revenue from single-detached house projects in 2Q-2018, amounted to 2,873 Million Baht, decreased from 2,983 Million Baht in 2Q-2017. In 2Q-2018, the revenue from single-detached house was mainly from 3 projects, including Setthasiri Krungthep Kreetha, Burasiri Pattanakarn, and Setthasiri Phahol-Watcharapol which altogether contributed to 691 Million Baht or 16 percent of total revenue from project sales.

In 2Q-2018, revenue from townhouse projects amounted to 394 Million Baht decreased from 444 Million Baht in 2Q-2017. Five new townhouse projects under the brand "Siri Place" was the major contributor, which altogether contributed to 183 Million Baht or 4 percent of total revenue from project sales.

Nonetheless, revenue from condominium projects decreased by 76 percent from 4,061 Million Baht in 2Q-2017 to 969 Million Baht in 2Q-2018. In this regard, 98 Wireless and the Monument Sanampao were the two highest contributors in 2Q-2018, which altogether contributed to 581 Million Baht or 14 percent of total revenue from project sales.

Revenue from Property Services

In 2Q-2018, the revenue from projects for rent amounted to 21 Million Baht, decreasing from 23 Million Baht in 2Q-2017. As a result, the revenue from projects for rent as of 6M2018 decreased by 8 percent compared to the same period of last year whereas the revenue from business management amounted to 1,051 Million Baht, an increase of 11 percent from 951 Million Baht compared to the same period of last year. The main factor was an increase in revenue from business management of joint venture. Nonetheless, for the period of 6M2018, the revenue from business management decreased by 8 percent compared to the same period of last year. In addition, revenue from other services, including revenue from hotel business and education business, was 49 Million Baht, increased from 40 Million Baht in 2Q-2017.



Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 2Q-2018, cost of project sales amounted to 2,812 Million Baht, a 43 percent decrease from that of 2Q-2017. Similarly, cost of project sales as of 6M2018 decreased by 36 percent when compared to the same period of last year. Gross profit margin of project sales increased from 33.6 percent in 2Q-2017 to 34.1 percent in 2Q-2018, while gross profit margin as of 6M2018 decreased to 32.3 percent from 33.9 percent compared to the same period of last year. For the cost of projects for rent in 2Q-2018, it amounted to 18 Million Baht, equalled to that of the same period of last year. While cost of business management decreased from 823 Million Baht in 2Q-2017 to 769 Million Baht in 2Q-2018 and decreased by 14 percent compared to that of 6M2017 in accordance with a decrease in revenue from business management. In addition, cost of other services including hotel business and education business increased by 1 percent from 2Q-2017. Nonetheless, cost of other services as of 6M2018 decreased by 1 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-2018 at 1,392 Million Baht, accounted for 24.9 percent of the total revenue, an increase from 16.1 percent in 2Q-2017. Similarly, the selling and administrative expense as of 6M2018 increased to 23.9 percent from 16.3 percent compared to the same period of last year. The significant increase was mainly due to the launches of various new projects in this period, and also the lower total revenue based. The selling expenses in 2Q-2018 were at 764 Million Baht or 13.7 percent of total revenue, increased from 8.9 percent of total revenue at 771 Million Baht in 2Q-2017. As a result, the selling expenses as of 6M2018 had increased, accounted for 12.5 percent of total revenue. In 2Q-2018, the administrative expenses (including management benefit expenses) amounted to 628 Million Baht increased from 619 Million Baht in 2Q-2017. In this regard, the administrative expenses increased from 1,169 Million Baht for the period of 6M2017 to 1,229 Million Baht for the period of 6M2018 or 11.3 percent of total revenue.

Financial Expense

In 2Q-2018, financial expense was at 153 Million Baht, decreased from 184 Million Baht in 2Q-2017 mainly due to the developing land plots process and the increase in project sales of complete projects which the interest incurred could be increasingly capitalised to the cost of project development resulted in the decrease of financial expense.



Net Profit

For 2Q-2018, Sansiri and its subsidiaries reported net profit of 387 Million Baht, a decrease from net profit of 804 Million Baht in 2Q-2017. A net profit margin of 6.9 percent of total revenue in 2Q-2018 decreased from 9.3 percent of total revenue in 2Q-2017 as a result of a decrease in revenue from project sales and an increase in selling and administrative expense. In addition, effective corporate income tax in 2Q-2018 was at 18.2 percent of earnings before corporate income tax.

Assets

Total assets of Sansiri and its subsidiaries as of 30 June 2018 amounted to 88,137 Million Baht, an increase of 7,987 Million Baht from that of 31 December 2017. Current assets as of 30 June 2018 was at 61,694 Million Baht, increased by 7,471 Million Baht from that of 31 December 2017 due to the increase in property development for sale and current investment. Total non-current assets as of 30 June 2018 was at 26,443 Million Baht, an increase of 516 Million Baht from that of 31 December 2017 due to the increase in land held for development.

Liabilities

Total liabilities of Sansiri Group amounted to 58,031 Million Baht as of 30 June 2018, an increase of 8,359 Million Baht from that of 31 December 2017. Total current liabilities amounted to 31,406 Million Baht or increased by 906 Million Baht while total non-current liabilities increased by 7,453 Million Baht to 26,625 Million Baht. In this regard, the interest bearing debt increased from 35,527 Million Baht as of 31 December 2017 to 41,179 Million Baht as of 30 June 2018. The debt-to-equity ratio was 1.93 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.37 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 2018 amounted to 30,106 Million Baht, a decrease of 371 Million Baht from as of 31 December 2017. In 2Q-2018, dividend payment was recorded at 1,039 Million Baht.



Cashflow

For 2Q-2018, beginning cash balance was 2,978 Million Baht, with net cash used in operating activities of 3,844 Million Baht, net cash used in investing activities of 795 Million Baht, and net cash from financing activities of 3,869 Million Baht, resulting in the ending cash balance as of 30 June 2018 of 2,198 Million Baht. In this regard, profit from operating activities before changes in operating assets and liabilities was at 6,726 Million Baht. Cash outflow as development costs for property development for sale amounted to 12,651 Million Baht. For investing activities, loans to related parties and current investments amounted to 4,121 Million Baht and 1,007 Million Baht, respectively. For financing activities, cash outflow for loan repayment including interest payment to financial institutions were 3,210 Million Baht, while cash outflow from repayment of debentures amounted to 4,000 Million Baht, with dividend payment amounted to 1,039 Million Baht.

Liquidity Ratio

The liquidity ratio of Sansiri Group increased from 1.78 times as of 31 December 2017 to 1.96 times as of 30 June 2018 mainly due to the 14 percent increase in total current assets according to the increase in property development for sale and current investments, while total current liabilities increased by 3 percent.

Return on Equity

As of 30 June 2018, annualised return on equity was 4.22 percent, decreased from 9.64 percent as of 31 December 2017 mainly due to a 52 percent decrease in net profit in 2Q-2018, together with annualised return on assets decreased from 3.69 times as of 31 December 2017 to 1.52 times as of 30 June 2018. Furthermore, the debt-to-equity ratio increase from 1.63 times as of 31 December 2017 to 1.93 times as of 30 June 2018.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director