



(English Translation)

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12 November 2019

Subject : Clarification of 3Q-2019 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 2019 of the Company and its subsidiaries as follows.

Total revenue in 3Q-2019 amounted to 5,982 Million Baht, decreased by 12 percent from 6,824 Million Baht in 3Q-2018. A decrease in total revenue was caused by a 24 percent decrease in the revenue from project sales, which was the core revenue of Sansiri. Total revenue for the period of 9M2019 amounted to 16,905 Million Baht, a decrease of 4 percent compared to that of 9M2018 with the amount of 17,603 Million Baht. In 3Q-2019, Sansiri and its subsidiaries reported net profit (equity holders of the Company) of 451 Million Baht, a decrease of 31 percent from net profit (equity holders of the Company) of 649 Million Baht in 3Q-2018, making the net profit (equity holders of the Company) as of 9M2019 decreased from 1,141 Million Baht in 9M2018 to 1,343 Million Baht.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale as of 3Q-2019 and 3Q-2018, and for the period of 9M2019 and 9M2018 is as follows:

Product Type	3Q-2019		3Q-2018		9M2019		9M2018	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached houses	2,372	58.2	2,680	50.0	7,097	61.8	8,020	59.1
Townhouses / Home Offices	484	11.9	531	9.9	1,781	15.5	1,254	9.2
Mixes	61	1.5	22	0.4	117	1.0	129	0.9
Condominiums	1,157	28.4	2,123	39.6	2,496	21.7	4,173	30.7
Total	4,074	100.0	5,356	100.0	11,492	100.0	13,576	100.0



In 3Q-2019, Sansiri and its subsidiaries reported a 24 percent decrease in revenue from project sales from that of 3Q-2018. The decrease in revenue was caused by the significant decrease in revenue from condominium projects. Revenue from project sales as of 9M2019 decreased by 15 percent compared to that of 9M2018. To the total revenue from project sales in 3Q-2019, 2,372 Million Baht revenue from single-detached house projects contributed 58.2 percent, 1,157 Million Baht revenue from condominium projects contributed 28.4 percent, 484 Million Baht revenue from townhouse projects contributed 11.9 percent, and 61 Million Baht revenue from mix projects contributed 1.5 percent.

Revenue from single-detached house projects in 3Q-2019, amounted to 2,372 Million Baht, decreased from 2,680 Million Baht in 3Q-2018. In 3Q-2019, the revenue from single-detached house was mainly from 5 projects, including Baan Sansiri Pattanakarn, Burasiri Pattanakarn, Setthasiri Phahol-Watcharapol, Burasiri Bangna, and Setthasiri Chaengwattana-Prachachuen2 which altogether contributed to 1,009 Million Baht or 25 percent of total revenue from project sales. However; revenue from single-detached house projects in 9M2019, amounted to 7,097 Million Baht, decreased from 8,020 Million Baht of in 9M2018, which was the result from the tremendous increase in revenue from single-detached house in 2Q-2019.

In 3Q-2019, revenue from townhouse projects amounted to 484 Million Baht decreased from 531 Million Baht in 3Q-2018. Three new townhouse projects under the brand "Siri Place", namely Siri Place Navanakorn, Siri Place Rangsit, and Siri Place Suksawat-Rama3 were the major contributors, which altogether contributed to 266 Million Baht or 6 percent of total revenue from project sales. However; revenue from townhouse projects of 9M2019, amounted to 1,781 Million Baht, increased from 1,254 Million Baht of 9M2018.

Nonetheless, revenue from condominium projects decreased by 46 percent from 2,123 Million Baht in 3Q-2018 to 1,157 Million Baht in 3Q-2019. In this regard, dcondo Hatyai, 98 Wireless, and The Monument Thong Lo were the three highest contributors in 3Q-2019, which altogether contributed to 901 Million Baht or 22 percent of total revenue from project sales. As a result, the revenue from condominium projects decreased from 4,173 Million Baht of 9M2018 to the amount of 2,496 Million Baht of 9M2019.



Revenue from Property Services

In 3Q-2019, the revenue from projects for rent amounted to 23 Million Baht, increasing from 21 Million Baht in 3Q-2018. As a result, the revenue from projects for rent as of 9M2019 increased by 6 percent compared to the same period of last year whereas the revenue from business management amounted to 1,062 Million Baht, a decrease of 5 percent from 1,120 Million Baht compared to the same period of last year. Nonetheless, for the period of 9M2019, the revenue from business management increased by 22 percent compared to the same period of last year, resulted from a significant increase of revenue from business management in Q2-2019. In Q3-2019, Sansiri has increased its investment in The Standard International Holdings, LLC. and become a major shareholder of 'The Standard', the globally renowned hotel brand. As a result, Sansiri recorded a revenue from hotel management of 23 Million Baht in Q3-2019. In addition, revenue from other services, including revenue from hotel business and education business, was 89 Million Baht, increased from 85 Million Baht in 3Q-2017. Whereas the revenue from other services of 9M2019, amounted to 219 Million Baht, increased from 215 Million Baht of 9M2018.

Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 3Q-2019, cost of project sales amounted to 2,982 Million Baht, a 16 percent decrease from that of 3Q-2018. Similarly, cost of project sales as of 9M2019 decreased by 10 percent when compared to the same period of last year. Gross profit margin of project sales decreased from 33.5 percent in 3Q-2018 to 26.8 percent in 3Q-2019, while gross profit margin as of 9M2019 decreased to 28.0 percent from 32.1 percent compared to the same period of last year. For the cost of projects for rent in 3Q-2019, it amounted to 21 Million Baht, increased from 18 Million Baht in 3Q-2018. On the other hand, cost of business management decreased from 902 Million Baht in 3Q-2018 to 877 Million Baht in 3Q-2019, while increased by 14 percent compared to that of 9M2018 in accordance with an increase in revenue from business management. The cost of hotel management in 3Q-2019 amounted to 26 Million Baht. In addition, cost of other services including hotel business and education business decreased by 4 percent from 3Q-2018, and increased by 1 percent comparing between 9M2019 and 9M2018.



Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 3Q-2019 at 1,204 Million Baht, accounted for 20.1 percent of the total revenue, an increase from 18.5 percent in 3Q-2018. Nevertheless, the selling and administrative expense as of 9M2019 decreased to 20.5 percent from 20.8 percent compared to the same period of last year. The significant increase in Q3-2019 was mainly due to the lower total revenue based. The selling expenses in 3Q-2019 were at 425 Million Baht or 7.1 percent of total revenue, decreased from 9.3 percent of total revenue at 633 Million Baht in 3Q-2018. As a result, the selling expenses as of 9M2019 had decreased, accounted for 7.6 percent of total revenue. In 3Q-2019, the administrative expenses (including management benefit expenses) amounted to 779 Million Baht increased from 631 Million Baht in 3Q-2018. In this regard, the administrative expenses increased from 1,860 Million Baht for the period of 9M2018 to 2,176 Million Baht for the period of 9M2019 or 12.9 percent of total revenue.

Financial Expense

In 3Q-2019, financial expense was at 282 Million Baht, increased from 149 Million Baht in 3Q-2018. As a result, financial expense in 9M2019 was at 631 Million Baht, increased from 415 Million baht in 9M2018, which mainly due to the delay of project launch. As a result, the interest expenses incurred by the undeveloped land plots, which were still in the design and marketing process, are unable to be capitalised.

Net Profit

For 3Q-2019, Sansiri and its subsidiaries reported net profit of 451 Million Baht, a decrease from net profit of 649 Million Baht in 3Q-2018. A net profit margin of 7.5 percent of total revenue in 3Q-2019 decreased from 9.5 percent of total revenue in 3Q-2018. As a result, for 9M2019, Sansiri and its subsidiaries reported net profit of 1,141 Million Baht, a decrease from net profit of 2,343 Million Baht in 9M2018. A net profit margin of 6.7 percent of total revenue in 9M2019 decreased from 7.6 percent of total revenue in 9M2018 as a result of a decrease in revenue from project sales and a decrease in gross profit from project sales. In addition, effective corporate income tax in 3Q-2019 was at 27.5 percent of earnings before corporate income tax and at 21.8 percent of earnings before corporate income tax in 9M2019.



Assets

Total assets of Sansiri and its subsidiaries as of 30 September 2019 amounted to 109,408 Million Baht, an increase of 14,051 Million Baht from that of 31 December 2018. Current assets as of 30 September 2019 was at 81,369 Million Baht, increased by 10,627 Million Baht from that of 31 December 2018 due to an increase in property development for sale. Total non-current assets as of 30 September 2019 was at 28,039 Million Baht, an increase of 3,424 Million Baht from that of 31 December 2018 due to an increase in unallocated of excess of acquisition cost over estimated value of interest acquired in net assets of a subsidiary, Land, building and equipment, and other intangible assets.

Liabilities

Total liabilities of Sansiri Group amounted to 78,915 Million Baht as of 30 September 2019, an increase of 14,411 Million Baht from that of 31 December 2018. Total current liabilities amounted to 30,909 Million Baht or increased by 1,783 Million Baht while total non-current liabilities increased by 12,627 Million Baht to 48,006 Million Baht. In this regard, the interest bearing debt increased from 48,179 Million Baht as of 31 December 2018 to 60,208 Million Baht as of 30 September 2019. The debt-to-equity ratio was 2.59 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.97 times. In this regard, Sansiri has been operating under restrictive financial covenants with gearing ratio less than 2.5 to 1.

By the definition, "Liabilities" means total liabilities as appears in the financial statements, including financial obligations and provisions from collateral of aval by bond issuers or any obligations in the same manner to any person or juristic person (The collateral is not included the case that other person acts as a guarantor for the bond issuer or subsidiary). However, financial obligations and provisions as mentioned above are not included financial obligations and provisions with account payables, advanced received from customer or any debt of bond issuer with no interest obligation, and lease payables.

Shareholders' Equity

Shareholders' Equity as of 30 September 2019 amounted to 30,493 Million Baht, a decrease of 359 Million Baht from as of 31 December 2018, caused by dividend payment at 1,432 Million Baht out of net profit in 2018.



Cashflow

For 3Q-2019, beginning cash balance was 3,933 Million Baht, with net cash used in operating activities of 9,333 Million Baht, net cash used in investing activities of 480 Million Baht, and net cash from financing activities of 8,592 Million Baht, resulting in the ending cash balance as of 30 September 2019 of 2,632 Million Baht. In this regard, profit from operating activities before changes in operating assets and liabilities was at 10,984 Million Baht. Cash outflow as development costs for property development for sale amounted to 8,178 Million Baht. For investing activities, loans to related parties and purchase of investment in associate amounted to 2,365 Million Baht and 1,173 Million Baht, respectively. For financing activities, cash outflow for loan repayment including interest payment to financial institutions were 4,687 Million Baht, while cash outflow from repayment of debentures amounted to 3,000 Million Baht, with dividend payment amounted to 1,432 Million Baht.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director