

Ref: PSH-CS 59/2018

12 November 2018

Subject: Clarification of 3Q18 Operating Result

To: President
The Stock Exchange of Thailand

Pruksa Holding Public Company Limited ("the Company") would like to clarify operating results of the Company for three months and nine months ended 30 September 2018 (consolidated financial statements) as follows:

The operating results for 3Q18 and 9M18 mainly derived from the real estate business.

Comparison presales for three months and nine months ended 30 September 2018 and 2017

Unit: million baht

Products	Three months presales ended		Increase (Decrease)	% Change
	30 Sep 2018	30 Sep 2017		
Townhouse	6,836	5,233	1,603	30.6
Single-detached house	2,234	1,953	281	14.4
Condominium	5,750	4,732	1,019	21.5
International Segment	-	-	-	-
Total	14,820	11,918	2,903	24.4

Unit: million baht

Products	Nine months presales ended		Increase (Decrease)	% Change
	30 Sep 2018	30 Sep 2017		
Townhouse	17,777	16,645	1,132	6.8
Single-detached house	7,043	6,059	984	16.2
Condominium	14,377	15,364	(987)	(6.4)
International Segment	-	-1	1	(100.0)
Total	39,196	38,067	1,129	3.0

In 3Q18, the Company delivered presales from real estate business of Baht 14,820 million, an increase of Baht 2,903 million or 24.4% compared to 3Q17. For 9M18, the Company delivered presales from real estate business of Baht 39,196 million, an increase of Baht 1,129 million or 3.0% compared to 9M17. During 9M18, the Company launched 40 new projects with total project value of Baht 38,430 million, compared to 47 new projects with total project value of Baht 50,185 million in 9M17. The launched projects consist of 25 townhouses projects with value of Baht 16,340 million, 8 single detached house projects with value of Baht 8,875 million and 7 condominium projects with value of Baht 13,216 million (The Tree Ladprao 15, The Reserve Sathorn, The Tree Dindaeng-Ratchaprarop, Chapter One Flow Bangpo, Plum Condo Sapanmai, Plum Condo Rangsit Alive and The Privacy Jatujak).

For 9M18, presale from townhouse and single detached house segments increased Baht 1,132 million and Baht 984 million or increased 6.8% and 16.2% yoy respectively.

Comparison performance of the Company for three months ended 30 Sep 2018 and 2017

Unit: million baht

Statement of comprehensive income	30 Sep 2018	%	30 Sep 2017	%	Increase/ (Decrease)	%YoY
Revenue from sale of real estate	11,198	99.7	10,059	99.6	1,139	11.3
Other income	31	0.3	36	0.4	(4)	(12.1)
Total Revenue	11,229	100.0	10,095	100.0	1,134	11.2
Cost of real estate sales	7,233	64.6	6,398	63.6	835	13.1
Gross profit	3,996	35.7	3,697	36.8	299	8.1
Selling and Administrative expenses	1,942	17.3	1,938	19.2	5	0.2
Selling expenses	971	8.6	990	9.8	(19)	(1.9)
Administrative expenses	971	8.7	948	9.4	24	2.5
Profit before finance cost and income tax expense	2,054	18.3	1,759	17.4	294	16.7
Financial cost	28	0.2	48	0.5	(21)	(42.7)
Profit and loss from Joint Venture	0	0.0	0	0.0	(0)	(12.0)
Profit before income tax expense	2,026	18.0	1,711	17.0	315	18.4
Income tax expense	407	3.6	393	3.9	14	3.6
Profit for the period	1,619	14.4	1,319	13.1	301	22.8
Non-controlling interests	28	0.3	28	0.3	1	1.9
Owners of the Company	1,591	14.2	1,291	12.8	300	23.3

Remark: Percentage in statement of comprehensive income derived from total income, while percentage of cost of real estate sales and gross profit related to revenue from sale of real estate.

Comparison performance of the Company for nine months ended 30 Sep 2018 and 2017

Unit: million baht

Statement of comprehensive income	30 Sep 2018	%	30 Sep 2017	%	Increase/ (Decrease)	%YoY
Revenue from sale of real estate	30,480	99.7	30,613	99.7	(133)	(0.4)
Other income	96	0.3	103	0.3	(8)	(7.4)
Total Revenue	30,576	100.0	30,716	100.0	(140)	(0.5)
Cost of real estate sales	19,587	64.3	19,676	64.3	(89)	(0.5)
Gross profit	10,988	36.1	11,040	36.1	(51)	(0.5)
Selling and Administrative expenses	5,776	18.9	5,995	19.5	(219)	(3.6)
Selling expenses	2,845	9.3	3,024	9.8	(179)	(5.9)
Administrative expenses	2,931	9.6	2,971	9.7	(40)	(1.3)
Profit before finance cost and income tax expense	5,212	17.0	5,045	16.4	167	3.3
Financial cost	106	0.3	155	0.5	(49)	(31.4)
Profit and loss from Joint Venture	0	0.0	0	0.0	0	16.5
Profit before income tax expense	5,106	16.7	4,890	15.9	216	4.4
Income tax expense	1,017	3.3	1,093	3.6	(77)	(7.0)
Profit for the period	4,089	13.4	3,797	12.4	292	7.7
Non-controlling interests	72	0.2	81	0.3	(8)	(10.3)
Owners of the Company	4,017	13.1	3,716	12.1	301	8.1

Remark: Percentage in statement of comprehensive income derived from total income, while percentage of cost of real estate sales and gross profit related to revenue from sale of real estate.

Revenue

For 3Q18, the Company generated total revenue of Baht 11,229 million, comprised of Baht 11,198 million from the sale of real estate and Baht 31 million from other revenue.

For 9M18, the Company generated total revenue of Baht 30,576 million, comprised of Baht 30,480 million from the sale of real estate and Baht 96 million from other revenue.

Revenue from sale of real estate business by product segment for nine months ended:

Unit: million baht

Products	Nine months ended				Increase (Decrease)	%YoY
	30 Sep 2018	%	30 Sep 2017	%		
Townhouse	15,742	51.6%	16,241	53.1%	(499)	(3.1)
Single-detached house	6,183	20.3%	6,496	21.2%	(313)	(4.8)
Condominium	8,555	28.1%	7,863	25.7%	693	8.8
International segment	-	-	13	-	(13)	(100.0)
Revenue from sale real estate	30,480	100.0%	30,613	100.0%	(133)	(0.4)

For 9M18, revenue from real estate business was Baht 30,480 million, a decrease of Baht 133 million or decreased 0.4% yoy. Revenue from townhouse segment was Baht 15,742 million, a decrease of Baht 499 million or decreased 3.1% yoy, revenue from single-detached house segment was Baht 6,183 million a decrease of Baht 313 million or decreased 4.8% yoy while revenue from condominium segment was Baht 8,555 million, an increase of Baht 693 million or increased 8.8% yoy. The international segment revenue also declined as the Company has already transferred its 100% ownership in 2017 and is not planning to open any new international project further.

Cost of real estate sales

For 3Q18, the Company reported cost of real estate sales of Baht 7,233 million or 64.6% of revenue from real estate compared to Baht 6,398 million or 63.6% of revenue from real estate in 3Q17.

For 9M18, the Company reported cost of real estate sales of Baht 19,587 million or 64.3% of revenue from real estate compared to Baht 19,676 million or 64.3% of revenue from real estate in 9M17. The cost of real estate sales ratio maintained at the same rate of last year reflected in good management of cost efficiency.

Gross profit margin from sale of real estate by product segment

For 3Q18, the Company reported gross profit margin of the townhouse segment of 33.9%, followed by the single-detached house at 33.6% and 38.6% for the condominium segment.

For 9M18, the Company reported gross profit margin of the townhouse segment of 34.9%, followed by the single-detached house at 34.6% and 38.7% for the condominium segment. The gross profit margin of condominium segment improved compared to last year.

Selling & Administrative expenses

In 3Q18, the Company reported selling and administrative expenses of Baht 1,942 million or 17.3% of total revenue, an increase of Baht 5 million or 0.2% from 3Q17. The selling expenses were Baht 971 million or 8.6% of total revenue. Administrative expenses were Baht 971 million or 8.7% of total revenue.

The selling expenses decreased Baht 19 million baht or decreased 1.9% from 3Q17, mainly from a decrease in advertising expenses of Baht 48 million, a decrease in sale and transferred promotion expenses of Baht 41 million, a decrease in sale office & mock-up expenses of Baht 17 million.

The administrative expenses were Baht 971 million, an increase of Baht 24 million or increased 2.5% from 3Q17, mainly from an increase of Baht 31 million in the new office rental expenses since the new office relocation in 4Q17.

For 9M18, the Company reported selling and administrative expenses of Baht 5,776 million or 18.9% of total revenue, a decrease of Baht 219 million or decreased 3.6% from the same period of last year.

For 9M18, the Company reported selling expenses decreased Baht 179 million or decreased 5.9% from 9M17, mainly from a decrease in advertising expenses of Baht 92 million, a decrease in sale and transferred promotion expenses of Baht 84 million, a decrease in sale office & mock-up expenses of Baht 72 million

The administrative expenses were Baht 2,931 million, a decrease of Baht 40 million or decreased 1.3% from 9M17, mainly from a decrease of Baht 153 million in legal case expenses and Baht 42 million in professional fee while the new office rental expenses increased Baht 91 million from the new office relocation, including software and hardware maintenance expenses for enhancement of IT system.

Financing cost

For 3Q18, the Company reported financing cost of Baht 28 million, a decrease of Baht 21 million from 3Q17, due to the lower of average cost of fund.

For 9M18, the Company reported financing cost of Baht 106 million, a decrease of Baht 49 million from 9M17, due to the lower of average cost of fund.

As of 30 September 2018, interest bearing debt to equity ratio was 0.74 times and interest bearing debt less cash ending to equity ratio was 0.71 times, resulting from the effective debt management of the Company and its subsidiaries.

Net profit

For 3Q18, net profit of the Company was Baht 1,591 million or 14.2% of total revenue, compared to net profit of Baht 1,291 million or 12.8% of total revenue for 3Q17, an increase of Baht 300 million or 23.3% due to an increase of Baht 1,139 million in revenue from sale of real estate or increased 11.3% yoy.

For 9M18, net profit of the Company was Baht 4,017 million or 13.1% of total revenue, compared to net profit of Baht 3,716 million or 12.1% of total revenue for 9M17, an increase of Baht 301 million or increased 8.1% yoy, mostly came from the 3.6% lower of selling & administrative expenses, reflected in better cost efficiency management.

Consolidated statement of financial position

30 Sep 18 31 Dec 17 (Bt m)			30 Sep 18 31 Dec 17 (Bt m)				
Assets			Non-interest bearing debt				
Current assets			Accounts payable	2,316	2,379		
Cash and cash equivalents			1,225	1,348	Other non-current liabilities		
Real estate projects under development			71,012	63,791	9,265	6,905	
Other current assets			2,052	1,090	Total non-interest bearing debt	11,582	9,284
Total current assets			74,290	66,228	Short-term loans from financial institution	6,405	2,800
Property, plant and equipment			4,654	4,633	Long-term loans from financial institution	500	-
Other non-current assets			1,366	1,382	Current portion of long-term debentures	5,000	6,000
Total non-current assets			6,019	6,015	Long-term debentures	17,000	15,500
Total assets			80,309	72,244	Total interest bearing debt	28,905	24,300
			Total liabilities			40,487	33,584
			Equity attributable to owners of the parent			39,155	37,909
			Non-controlling interests			667	750
			Total liabilities and equity			80,309	72,244

Remark: Portion of consolidated statement of financial position

As of 30 September 2018, the Company had 192 active projects with total project value of Baht 208,167 million. It was categorized by product segment as follows; 115 townhouse projects with total value of Baht 92,341 million, 50 single detached house projects with total value of Baht 54,355 million, 20 condominium (value business) projects with total value of Baht 43,268 million and 7 condominium (premium business) projects with total value of Baht 18,203 million.

As of 30 September 2018, the Company reported interest bearing debt which consist of short term loans from financial institutes with value of Baht 6,405 million, long term loans with value of Baht 500 million and long-term debentures with value of Baht 22,000 million, classified into current portion of long-term debentures with value of Baht 5,000 million and long term debentures with value of Baht 17,000 million.



During 9M18, the Company repaid Baht 5,000 million of debentures and issued Baht 5,500 million of new debentures including issued Baht 4,100 million of Promissory Notes and loans from financial institutes in order to repay debenture and increase working capital.

Please be informed accordingly.

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