

SPL. 246/2018

November 13, 2018

Subject: Report of operating results for the three-month and nine-month periods ended 30 September 2018

To Director and Manager  
The Stock Exchange of Thailand

Supalai Public Company Limited would like to inform the operating results for the three-month and nine-month periods ended 30 September 2018. Detailed explanations are as followed:

1. The Company and its subsidiaries' operating results for the three-month period ended 30 September 2018 and 2017.

(Unit: Million Baht)						
	Consolidated financial statements			Separate financial statements		
	Third Quarter 2018	Third Quarter 2017	Increase / (Decrease) %	Third Quarter 2018	Third Quarter 2017	Increase / (Decrease) %
Total revenues	5,984.60	8,187.32	(27%)	5,828.17	7,348.22	(21%)
Revenue from sales of real estate	5,849.36	7,546.51	(22%)	5,571.82	7,243.02	(23%)
Selling and administrative expenses	867.07	809.21	7%	809.59	752.04	8%
% Selling and administrative expenses / Total revenue	14.5%	9.9%		13.9%	10.2%	
Profit before income tax expenses	1,537.60	2,650.93	(42%)	1,557.61	2,027.32	(23%)
Income tax expenses	288.00	543.44	(47%)	275.14	392.28	(30%)
Effective corporate income tax rate (%)	18.7%	20.5%		17.7%	19.3%	
Net income	1,239.42	2,094.32	(41%)	1,282.47	1,635.04	(22%)
Net profit margin (%)	20.7%	25.6%		22.0%	22.3%	
Basic earnings per share (Baht)	0.60	1.22	(51%)	0.63	0.95	(34%)
Diluted earnings per share (Baht)	0.58	1.22	(52%)	0.60	0.95	(37%)
	Consolidated financial statements			Separate financial statements		
	30 September 2018	31 December 2017	Increase / (Decrease) %	30 September 2018	31 December 2017	Increase / (Decrease) %
Net Gearing Ratio (%)	51%	69%		54%	74%	
Book Value per share (Baht)	15.31	16.53	(7%)	14.40	15.31	(6%)

1. The revenue from sales of real estate in the amount of Baht 5,849.36 million or decrease of Baht 1,697.15 million or 22% from the same period of the last year, divided into the revenue of 62% from the transfer of ownership of detached houses and townhouses and the remaining 38% was from the transfer of ownership of condominiums. The revenue was decreased because the new finished condominium projects were transferred in the end of September 2018.
2. Total revenue was decrease Baht 2,202.72 million or 27% from the same period of the last year due to the decrease in the revenue from sales of real estate as stated in No.1. And in third quarter of 2017, a subsidiary in Philippines entered into the sale agreement of rental office building, totaling PHP 1,620 million. The subsidiary recorded gain on disposal of rental office building amounting to PHP 669 million (amounting to Baht 457 million).
3. Selling and administrative expenses / total revenue ratio was 14.5%, increase from 9.9% when compared with the same period of the last year. The main reason was due to the increase in the selling expenses of the projects.
4. Net profit was Baht 1,239.42 million or decrease of Baht 854.90 million or 41% from the same period of the last year, mainly due to the reasons as stated in No.1, 2 and 3. Therefore, basic earnings per share was Baht 0.60 per share or decrease from Baht 1.22 per share of the same period of the last year.  
In October 2017, the Company issued the Company's warrants No.4 to existing shareholder, as a result, diluted earnings per share was Baht 0.58 per share for the three-month period ended September 30, 2018. A reduction in earnings per share resulting from the assumption that all warrants are exercised by warrant holders.
5. The net gearing ratio was 51% as at 30 September 2018, which was decreased from the level of 69% as at 31 December 2017, mainly due to repayment of long-term loans from bank and redemption of debentures.

2. The Company and its subsidiaries' operating results for the nine-month period ended 30 September 2018 and 2017.

(Unit: Million Baht)						
	Consolidated financial statements			Separate financial statements		
	Nine-month period 2018	Nine-month period 2017	Increase / (Decrease) %	Nine-month period 2018	Nine-month period 2017	Increase / (Decrease) %
Total revenues	17,142.92	18,070.01	(5%)	16,292.35	16,692.57	(2%)
Revenue from sales of real estate	16,694.27	17,095.59	(2%)	15,841.92	16,385.86	(3%)
Selling and administrative expenses	2,529.35	2,126.95	19%	2,334.21	1,964.38	19%
% Selling and administrative expenses / Total revenue	14.8%	11.8%		14.3%	11.8%	
Profit before income tax expenses	4,168.51	5,183.69	(20%)	3,963.25	4,303.17	(8%)
Income tax expenses	799.23	1,035.98	(23%)	753.39	861.87	(13%)
Effective corporate income tax rate (%)	19.2%	20.0%		19.0%	20.0%	
Net income	3,331.60	4,109.18	(19%)	3,209.86	3,441.30	(7%)
Net profit margin (%)	19.4%	22.7%		19.7%	20.6%	
Basic earnings per share (Baht)	1.73	2.39	(28%)	1.67	2.00	(17%)
Diluted earnings per share (Baht)	1.58	2.39	(34%)	1.53	2.00	(24%)

The revenue from sales of real estate in the amount of Baht 16,694.27 million or decrease of Baht 401.32 million or 2% from the same period of the last year, divided into the revenue of 58% from the transfer of detached houses and townhouses and the remaining 42% was from the transfer of ownership of condominiums.

In third quarter of 2017, a subsidiary in Philippines entered into the sale agreement of rental office building, totaling PHP 1,620 million. The subsidiary recorded gain on disposal of rental office building amounting to PHP 669 million (amounting to Baht 457 million).

According to the reasons as stated above, resulting to the net income for the nine-month period of year 2018 was decreased from Baht 4,109.18 million of the same period of the last year to Baht 3,331.60 million or decrease of Baht 777.58 million or 19%.

As at 30 September 2018, the Company's issued and fully paid share capital has increased from Baht 1,716.55 million to Baht 2,094.38 million as a result of the exercises of the warrant to purchase the ordinary shares No.4 amounting to Baht 377.83 million. According to the above reason and the decrease in Net profit resulting in the decrease in basic earnings per share and book value per share.

As of 30 September 2018, the Company and its subsidiaries have house and/or condominium backlogs of Baht 44,040 million. The Company and its subsidiaries expect to transfer additional Baht 8,137 million of these backlogs over the next 3 months of year 2018, and Baht 35,903 million over the next 4 years. The backlog means total value of house and/or condominium sold but awaiting to be transferred, then the Company and its subsidiaries could recognize the revenue according to the Thai Accounting Standard, recognizing in full when ownership is transferred.

Please be informed and publicize to public accordingly.

(Mrs.Varunee Lapitananuvat)

Deputy Managing Director