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Ref PS-CS 11/2016

19 February 2016

Subject: Clarification of Year 2015 Operating Result

To President  
The Stock Exchange of Thailand

Pruksa Real Estate Public Company Limited (PS) would like to clarify operating result of the Company and its subsidiaries for the year ended 31st December 2015 as follows:

**Comparison performance of the Company between the year ended December 2015 and December 2014**

Unit: million baht

Statement of comprehensive income	Year 2015	%	Year 2014 ( Restated)	%	Increase/ (Decrease)	%YoY
<b>Revenue from sale of real estate</b>	<b>51,240</b>	<b>99.6</b>	<b>42,781</b>	<b>99.4</b>	<b>8,459</b>	<b>19.8</b>
Other income	198	0.4	246	0.6	(48)	(19.5)
<b>Total income</b>	<b>51,438</b>	<b>100</b>	<b>43,027</b>	<b>100</b>	<b>8,411</b>	<b>19.5</b>
Cost of real estate sales	33,984	66.3	27,095	63.3	6,889	25.4
<b>Gross profit</b>	<b>17,454</b>	<b>33.9</b>	<b>15,932</b>	<b>37</b>	<b>1,522</b>	<b>9.6</b>
Selling and Administrative expenses	7,661	14.9	7,081	16.5	580	8.2
Selling expenses	3,767	7.3	3,364	7.8	403	12
Administrative expenses	3,894	7.6	3,717	8.6	177	4.8
<b>Profit before finance cost and income tax expense</b>	<b>9,793</b>	<b>19.0</b>	<b>8,851</b>	<b>20.6</b>	<b>942</b>	<b>10.6</b>
Financial cost	328	0.6	376	0.9	(48)	(12.8)
Share of profit (loss) investments in joint ventures	3	0.0	(7)	0	10	(142.9)
<b>Profit before income tax expense</b>	<b>9,468</b>	<b>18.4</b>	<b>8,468</b>	<b>19.7</b>	<b>1,000</b>	<b>11.8</b>
Income tax expense	1,798	3.5	1,814	4.2	(16)	(0.9)
<b>Profit for the period</b>	<b>7,670</b>	<b>14.9</b>	<b>6,654</b>	<b>15.5</b>	<b>1,016</b>	<b>15.3</b>

Remark: Percentage in statement of comprehensive income derived from total income, while percentage of cost of real estate sales is only related to revenue from real estate sales.

**Total Revenue**

For 2015, the Company and its subsidiaries generated total revenue of 51,438 million baht, an increase of 8,411 million baht or a 19.5% increase from previous year. The main reason was the increased in real estate sales of 8,459 million baht or a 19.8% higher as compared to the real estate sales from last year.

### Revenue from sale of real estate by products segment:

Unit: million baht

Product	Revenue		Increase (Decrease)	%YoY
	Year 2015	Year 2014		
Townhouse	23,023	22,791	232	1.0
Single-detached house	10,135	9,776	359	3.7
Condominium	17,236	9,694	7,542	77.8
International segment	278	441	(163)	(37.0)
<b>Total</b>	<b>50,672</b>	<b>42,702</b>	<b>7,970</b>	<b>18.7</b>
Others*	568	79	489	619.0
<b>Revenue from sale of real estate</b>	<b>51,240</b>	<b>42,781</b>	<b>8,459</b>	<b>19.8</b>

Remark: \* others consist of revenues from land and revenue from construction

For 2015, revenue from sales of real estate was 51,240 million baht. Townhouse revenue was a major contributor to the Company and its subsidiaries with total amount of 23,023 million baht, while revenue from condominiums was 17,236 million baht, an increase of 7,542 million or 77.8% higher than last year, as construction of many condominiums were completed resulting in higher ownership transfers. Furthermore, single detached house generated 10,135 million baht in revenue, an increase of 359 million baht or 3.7% higher from last year.

### Cost of real estate sales

For 2015, the Company and its subsidiaries reported cost of real estate sales of 33,984 million baht or 66.3% of revenue from real estate as compared to 27,095 million baht or 63.3% of revenue from real estate in 2014. The cost of real estate sales increased in 2015 from 2014 mainly due to higher land prices. However, the Company still maintains its product quality.

### Selling & Administrative expense

For 2015, the Company and its subsidiaries reported selling and administrative expenses of 7,661 million baht, an increase of 580 million baht or 8.2% increase from previous year. The selling expenses were 3,767 million baht and an increase of 403 million baht or 12.0% higher than last year, mainly came from the increase of advertising and sale promotion expenses of 35 and 118 million baht, respectively. Moreover, specific business tax and ownership transferred fee increased by 250 million baht. Administrative expenses were 3,894 million baht or an increase of 177 million baht or 4.8% higher than last year, mainly derived from the increases of employees' expenses of 188 million baht, advisory fee of 67 million baht, and a decrease of administrative expenses of 78 million baht.



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## Financing cost

For 2015, the Company and its subsidiaries reported financing cost of 328 million baht or 0.6% of total revenue, a decrease of 48 million baht or 12.8% decline from previous year.

## Income tax expenses

For 2015, income tax expenses were 1,798 million baht or 3.5% of total revenue, a decrease of 16 million baht or 0.9% from previous year, resulted from the Company compliance with the Revenue Department order of Por. 148/2557 for the calculation of net income and revenue calculation of real estate sales for the Company listed in Stock Exchange of Thailand. The order stipulated use of revenue recognition at ownership transfer hence aligning accounting practice and tax calculation.

## Net profit

For 2015, the net profit of the Company and its subsidiaries was 7,670 million baht or 14.9% of total revenue, an increase of 1,016 million baht or a 15.3% increase from previous year, mainly derived from an increase of the real estate sales, particularly from higher condominium transfers, and better cost control of selling and administrative expenses of the Company and its subsidiaries. Net profit was attributed to owners of the Company with the amount of 7,680 million baht while loss was attributed to non-controlling interests with the amount of 10 million baht.

## Presentation of information on operating segments

During the year 2015, the Company has changed the presentation and information disclosure of operating segments to align with the business as follows:

Segment 1	SBU Townhouse:	Baan Prukisa, Prukisa Ville, The Connect, and SD3
Segment 2	SBU Condominium 1:	Condominium I, Condominium II, and Condominium IV
Segment 3	SBU Single house:	Prukisa Town, Passorn, and Prukisa Village
Segment 4	SBU Condominium 2:	Condominium III, Condominium V, and Condominium VI

The Company and its subsidiaries has restated the financial statements of the year ended 31 December 2014, which are included in the Company's 2015 financial statements for comparative purposes. The change is for disclosure and has no impact on the Company's reported assets, liabilities, financial performance or earnings per share.

The performance is measured based on profit before tax of each segments which was presented in the internal management reports reviewed by the Company's top management. Management believes that such information is the relevant in performance evaluation of certain segments relative to other business units in the same industry.



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**Information about reportable segments**

<b>For the year ended</b>	<b>Segment 1</b>		<b>Segment 2</b>		<b>Segment 3</b>		<b>Segment 4</b>		<b>Subtotal Segments</b>		<b>Others</b>		<b>Total</b>	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>31-Dec</b>														
	<i>(in million baht)</i>													
External revenue	21,078	20,641	12,433	7,462	12,036	11,629	5,693	2,977	51,240	42,709	-	72	51,240	42,781
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	3,161	2,873	3,161	2,873
Other revenue	23	48	101	43	12	11	44	25	180	127	2	17	182	144
<b>Total segments revenues</b>	<b>21,101</b>	<b>20,689</b>	<b>12,534</b>	<b>7,505</b>	<b>12,048</b>	<b>11,640</b>	<b>5,737</b>	<b>3,002</b>	<b>51,420</b>	<b>42,836</b>	<b>3,163</b>	<b>2,962</b>	<b>54,583</b>	<b>45,798</b>
<b>Segment profit (loss) before income tax</b>	<b>3,712</b>	<b>4,751</b>	<b>2,636</b>	<b>1,310</b>	<b>2,064</b>	<b>2,485</b>	<b>1,051</b>	<b>381</b>	<b>9,463</b>	<b>8,927</b>	<b>259</b>	<b>(38)</b>	<b>9,722</b>	<b>8,889</b>
<b>Segment assets as at 31-Dec</b>	<b>22,277</b>	<b>20,033</b>	<b>11,082</b>	<b>13,242</b>	<b>15,177</b>	<b>15,210</b>	<b>8,038</b>	<b>5,719</b>	<b>56,574</b>	<b>54,204</b>	<b>4,395</b>	<b>3,802</b>	<b>60,969</b>	<b>58,006</b>



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## Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2015	2014
	<i>(in million baht)</i>	
<b>Revenues</b>		
Total revenue from reportable segments	51,420	42,836
Other revenue	3,163	2,962
	<u>54,583</u>	<u>45,798</u>
Elimination of inter-segment revenue	(3,161)	(2,873)
Other unallocated amounts	16	102
<b>Consolidated revenue</b>	<b><u>51,438</u></b>	<b><u>43,027</u></b>
<b>Profit or loss</b>		
Total profit for reportable segments	9,463	8,927
Other profit	259	(38)
	<u>9,722</u>	<u>8,889</u>
Elimination of inter-segment profits	(479)	(188)
Unallocated amounts	225	(233)
<b>Consolidated profit before income tax</b>	<b><u>9,468</u></b>	<b><u>8,468</u></b>
<b>Assets</b>		
Total assets for reportable segments	56,574	54,204
Other assets	4,395	3,802
	<u>60,969</u>	<u>58,006</u>
Other unallocated amounts	4,340	3,023
<b>Consolidated total assets</b>	<b><u>65,309</u></b>	<b><u>61,029</u></b>

## Geographical segments

In presenting the information based on the geographical segmentation, the Company segmentation revenues are based on the geographical location of the customers. Segmentation assets are also based on the geographical location of the assets.

	Revenues		Non-current assets	
	2015	2014	2015	2014
	<i>(in million baht)</i>			
Thailand	51,145	42,550	4,775	5,060
India	293	461	24	18
Maldives	-	16	1	1
<b>Total</b>	<b>51,438</b>	<b>43,027</b>	<b>4,800</b>	<b>5,079</b>

## Key financial ratios

Financial Ratio		Year 2015	Year 2014
<b>Liquidity Ratio</b>			
Current ratio	Times	3.73	4.01
Operating cash flow ratio	Times	0.54	0.13
Inventory turnover	Times	0.61	0.59
Average Inventory period	Days	598	623
<b>Profitability Ratio</b>			
Gross profit margin ratio	%	33.68	36.70
Operating profit margin ratio	%	18.48	19.80
Net profit margin ratio	%	14.91	15.50
Return on equity ratio (ROE)	%	24.03	24.40
<b>Efficiency Ratio</b>			
Return on assets ratio (ROA)	%	15.50	15.10
Total assets turnover ratio	Times	0.81	0.73
<b>Financial Policy Ratio</b>			
Debt to equity ratio	Times	0.91	1.05
Interest bearing debt ratio	Times	0.58	0.75
Dividend payout ratio *	%	50.8	33.4

Remark:

\*Dividend payment of 1.75 baht per share calculated from the consolidated financial statement of 2015 is subject to approval in AGM of the Shareholders of the Company, planned for April 28, 2016.



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The Company's operating cash flow improved from higher revenue and better inventory management.

Profitability ratio, gross profit margin decreased by 3% from previous year due to higher land prices. As a result, operating profit margin and net profit margin were less than previous year. Nevertheless, the Company has maintained the return on equity ratio adequately.

Efficiency ratio, the Company and its subsidiaries generated ROA of 15.5% and an assets turnover ratio of 0.81 times for the year 2015. The results were mainly from more efficient asset management, lowering construction period and accelerating delivery of housing unit to its clients.

The Company's debt to equity ratio and interest bearing debt to equity ratio were 0.91 and 0.58 times, respectively. The Company and its subsidiaries continued to maintain the appropriate capital structure and comply with on financial ratios on loans and debentures' conditions. The Company and its subsidiaries received an "A/stable" outlook credit rating of debentures from TRIS Rating Company. The dividend payout ratio in 2015 was 50.8% of the consolidated net profit which increased from 2014 at 33.5% of the consolidated net profit in accordance with the disclosure of the dividend payment policy to Stock Exchange of Thailand previously reported. However, the dividend payout ratio in 2015 is subject to approval at the Annual General Meeting of the Shareholders of the Company, to be held on April 28, 2016.

Please be informed accordingly.

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