

9 November 2016

Subject: Clarification of 3Q16 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 three months and nine months ended 30th September 2016 as follows:

Comparison presale for three months and nine months ended 30th September 2016 and 2015

Unit: million baht

Products	Three months presale ended		Increase (Decrease)	% Change
	30 Sep 2016	30 Sep 2015		
Townhouse	5,139	5,106	33	0.6
Single-detached house	2,717	2,202	515	23.4
Condominium	5,168	3,116	2,052	65.9
International segment	3	92	(89)	(96.7)
Total	13,027	10,516	2,511	23.9

Unit: million baht

Products	Nine months presale ended		Increase (Decrease)	% Change
	30 Sep 2016	30 Sep 2015		
Townhouse	17,153	17,262	(109)	(0.6)
Single-detached house	7,479	7,878	(399)	(5.1)
Condominium	9,970	9,087	883	9.7
International segment	60	228	(168)	(73.7)
Total	34,662	34,455	207	0.6

In 3Q16, the Company and its subsidiaries delivered presale of 13,027 million baht, an increase 2,511 million baht or 23.9% compared to 3Q15. For 9M16, the Company and its subsidiaries delivered presale of 34,662 million baht, an increase by 207 million baht or 0.6% from 34,455 in 9M15.

During 9 months of this year, the Company and its subsidiaries launched 52 new projects with total project value of 42,145 million baht, an increase from 36 new projects of last year, with total project value of 35,641 million baht. New launched projects came from townhouses 42 projects with value of 28,049 million baht, single detached house 7 projects with value of 6,569 million baht and condominium 3 projects with value of 7,527 million baht.

In 3Q16 the Company opened 25 new projects value of 22,431 million baht contributing further to increase backlog. The main contribution to incremental presale in 3Q16 came from launch of 2 condominium projects (Plum Ramkhamheang and Plum Pinklao) as compared to 1 condominium project launch in 3Q15 (Plum Central Station).

Comparison performance of the Company for three months ended 30th September 2016 and 2015

Unit: million baht

Statement of comprehensive income	30 Sep 16	%	30 Sep 15	%	Increase/ (Decrease)	%YoY
Revenue from sale of real estate	9,084	99.4	11,421	99.6	(2,337)	(20.5)
Other income	59	0.6	43	0.4	16	37.2
Total income	9,143	100.0	11,464	100.0	(2,321)	(20.2)
Cost of real estate sales	6,027	66.3	7,528	65.9	(1,501)	(19.9)
Gross profit	3,116	34.1	3,936	34.3	(820)	(20.8)
Selling and Administrative expenses	1,927	21.1	1,816	15.8	111	6.1
Selling expenses	896	9.8	908	7.9	(12)	(1.3)
Administrative expenses	1,031	11.3	908	7.9	123	13.5
Profit before finance cost and income tax expense	1,189	13.0	2,120	18.5	(931)	(43.9)
Financial cost	48	0.5	76	0.7	(28)	(38.2)
Share of loss investments in joint ventures	1	-	-	-	1	100.0
Profit before income tax expense	1,140	12.5	2,044	17.8	(904)	(44.2)
Income tax expense	212	2.3	415	3.6	(203)	(48.9)
Profit for the period	928	10.2	1,629	14.2	(701)	(43.0)

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.



Comparison performance of the Company for nine months ended 30th September 2016 and 2015

Unit: million baht

Statement of comprehensive income	30 Sep 16	%	30 Sep 15	%	Increase/ (Decrease)	%YoY
Revenue from sale of real estate	32,978	99.6	33,779	99.7	(801)	(2.4)
Other income	135	0.4	102	0.3	34	33.4
Total income	33,113	100.0	33,881	100.0	(768)	(2.3)
Cost of real estate sales	22,217	67.4	22,504	66.6	(287)	(1.3)
Gross profit	10,896	32.9	11,377	33.6	(481)	(4.2)
Selling and Administrative expenses	5,638	17.0	5,298	15.6	340	6.4
Selling expenses	2,613	7.9	2,691	7.9	(78)	(2.9)
Administrative expenses	3,025	9.1	2,607	7.7	418	16.0
Profit before finance cost and income tax expense	5,258	15.9	6,079	17.9	(821)	(13.5)
Financial cost	226	0.7	230	0.7	(4)	(1.7)
Share of loss investments in joint ventures	1	-	2	-	(1)	(50.0)
Profit before income tax expense	5,031	15.2	5,847	17.2	(816)	(14.0)
Income tax expense	963	2.9	1,160	3.4	(197)	(17.0)
Profit for the period	4,068	12.3	4,687	13.8	(619)	(13.2)

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 9M16, the Company and its subsidiaries generated a total revenue of 33,113 million baht, a decrease 2.3% from 9M15. In 3Q16, the Company and its subsidiaries generated total revenue of 9,143 million baht, a decrease of 2,321 million baht or 20.2% from the third quarter of previous year due mainly to the expiration of the government stimulus package in property sector in 2Q16, there was no extension period for the package that caused many of our customers to transfer ownership before this package expired.

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

Unit: million baht

Products	nine months revenue ended				Increase (Decrease)	%YoY
	2016	%	2015	%		
Townhouse	16,204	49.1	16,484	48.8	(280)	(1.7)
Single-detached house	6,594	20.0	7,514	22.2	(920)	(12.2)
Condominium	10,062	30.5	9,041	26.8	1,021	11.3
International segment	112	0.3	172	0.5	(60)	(34.8)
Others*	6	-	568	1.7	(562)	(98.9)
Revenue from sale of real estate	32,978	100.0	33,779	100.0	(801)	(2.4)

Remark: * Others consist of revenues from land and revenue from construction.

For 9M16, revenue from sales of real estate was 32,978 million baht. Townhouse revenue was a major contributor to the Company and its subsidiaries with total amount of 16,204 million baht. While revenue from condominiums was 10,062 million baht, an increase of 1,021 million baht or 11.3% higher than 9M15, as construction of many condominiums projects were completed resulting in higher ownership transferred. Transferred condominium projects in 2016 were strongly derived from Plum Condo Park Rangsit, Plum Condo Paholyothin 89, The Tree Interchange, The Reserve and Plum Condo Extra Rama II. Furthermore, single detached house generated 6,594 million baht in revenue, a decrease of 920 million baht or 12.2% from the same period of previous year.

Cost of real estate sales

For 3Q16, the Company and its subsidiaries reported cost of real estate sales of 6,027 million baht or 66.4% of revenue from real estate as compared to 7,528 million baht or 65.9% of revenue from real estate in 3Q15. However, the cost of real estate sales improved as compared to 2Q16 of 67.9% as the Company was able to better control costs.

For 9M16, the Company and its subsidiaries reported cost of real estate sales of 22,217 million baht or 67.4% of revenue from real estate as compared to 22,504 million baht or 66.6% of revenue from real estate in 9M15. Cost of real estate to revenue ratio increased from quality improvement and modernization of the Company products to meet customer needs, particularly in condominiums segment. Besides, the increase in revenue portion from condominiums in Q2 translated to higher cost of real estate for the period 1H2016. In addition, the cost of real estate sales increased due to higher land prices over the last 1-2 years particularly land plots near the BTS, MRT line and CBD area.

Gross profit margin from sale of real estate by product segment

For 3Q16, the Company and its subsidiaries reported gross profit margin by product segment at 34.3% for townhouse, 33.0% for single detached house and 33.2% for condominiums. The Company was able to improve the gross profit margin of all product segments as compared to 2Q16. While 3Q15, gross profit margin was at 33.0% for townhouse, 31.7% for single detached house and 35.1% for condominiums.

For 9M16, the Company and its subsidiaries reported gross profit margin by product segment at 33.5% for townhouse, 31.6% for single detached house and 32.0% for condominiums. While in 9M15, gross profit margin was at 32.9% for townhouse, 32.9% for single detached house and 34.2% for condominiums.

Selling & Administrative expenses

For 3Q16, the Company and its subsidiaries reported selling and administrative expenses of 1,927 million baht, an increase of 111 million baht or 6.1% from the third quarter of previous year. The selling expenses were 896 million baht, a decrease of 12 million baht or 1.3% from 3Q15. Administrative expenses were 1,031 million baht, an increase of 123 million baht or 13.5% from the third quarter of previous year, mainly came from an increase in consulting fee approx. 66 million baht, which were the fee regarding the strategy for sustainable growth and other advisory fees, maintenance expenses for infrastructure increased 14 million baht, the related employee expenses and other expenses increased 43 million baht.

The Company incurred incremental advertising expense to support the launch of 25 new projects in 3Q16 and to boost presale volume of the company.

For 9M16, the Company and its subsidiaries reported selling and administrative expenses of 5,638 million baht, an increase of 340 million baht or 6.4 % from the same period of previous year. The selling expenses were 2,613 million baht, decreased by 78 million baht or 2.9% from 9M15. Administrative expenses were 3,025 million baht, increased by 418 million baht or 16.0 % from 9M15, mainly came from an increase of 214 million baht in the consulting fee regarding the strategy for sustainable growth and other consulting fees, maintenance expenses for infrastructure increased 50 million baht, the related employee expenses and other expenses increased 67 million baht, and the loss on sale of assets increased 22 million baht.

Financing cost

For 3Q16, the Company and its subsidiaries reported financing cost approx.48 million baht or 0.5% of total revenue, a decreased of 28 million baht from 3Q15.

For 9M16, the Company and its subsidiaries reported financing cost of 226 million baht or 0.7% of total revenue, a decreased of 4 million baht from 9M15.

As of 30 September 2016, interest bearing debt to equity ratio was 0.61 times and interest bearing debt less cash ending to equity ratio was 0.58 times, resulting from the effective debt management of the Company and its subsidiaries.

Income tax expenses

For 3Q16, income tax expenses were 212 million baht or 2.3% of total revenue, while 9M16 income tax expenses reported 963 million baht or 2.9% of total revenue.

Net profit

For 3Q16, the net profit of the Company and its subsidiaries was 928 million baht or 10.2% of total revenue. For 9M16, the net profit of the Company and its subsidiaries was 4,068 million baht (1.82 baht per share) or 12.3% of total revenue, a decrease of 13.4% from 9M15.

Consolidated statement of financial position (Unaudited, million baht)

30 Sep 2016 30 Dec 2015 (Unaudited) (Bt m)			30 Sep 2016 30 Dec 2015 (Unaudited) (Bt m)		
Assets			Non-interest bearing debt		
Current assets			Accounts payable	2,090	1,576
			Other non-current liabilities	8,507	9,515
Cash and cash equivalents	842	1,661	Total non-interest bearing debt	10,597	11,091
Real estate projects under development	58,252	57,590	Short-term loans from financial institutions	2,758	-
Other current assets	1,856	1,258	Current portion of long-term debentures	6,000	6,000
Total current assets	60,950	60,509	Long-term debentures	12,000	14,000
Property, plant and equipments	3,701	3,872	Total interest bearing debt	20,758	20,000
Other non-current assets	858	928	Total liabilities	31,355	31,091
Total non-current assets	4,559	4,800	Total equity	34,154	34,218
Total assets	65,509	65,309	Total liabilities and equity	65,509	65,309

Remark: Portion of consolidated statement of financial position

As of 30 September 2016, the Company and its subsidiaries had 181 active projects with total project value of 186,533 million baht, categorized by product segment as follows; townhouse 113 projects with total value of 87,746 million baht, single detached house 42 projects with total value of 45,251 million baht and condominium 26 projects with total value of 53,536 million baht.

As of 30 September 2016, the Company and its subsidiaries reported interest bearing debt which consisted of short-term loans from financial institutions with value of 2,758 million baht and long-term debentures with value of 18,000 million baht, classified into current portion of long-term debentures with value of 6,000 million baht and long term debentures with value of 12,000 million baht. For 9M16, there were debt repayments with value of 6,000 million baht and issued 2 tranches of debentures for being a working capital in the total amount of 4,000 million baht, tranche I: 3 years maturity with value of 2,300 million baht (interest payment every 3 months, coupon rate 2.05% p.a.), tranche II: 3 years and 6 months maturity with value of 1,700 million baht (interest payment every 3 months, coupon rate 2.08% p.a.).



Restructuring Plan

Pursuant to the Company's restructuring plan which was approved by the annual general shareholders meeting of the Company, held on 28 April 2016, the Company has arranged to establish Pruksa Holding Public Company Limited ("Pruksa Holding") to make a tender offer for all securities of the Company in exchange for the same type of securities newly issued by Pruksa Holding at the swap ratio of 1:1. Pruksa Holding has already received approval from the Office of the Securities and Exchange Commission for the offering of newly issued shares and is currently offering for sell of the newly issued shares of Pruksa Holding and make a tender offer to purchase the existing shares of the Company. The tender offer period is from 19 October 2016 to 23 November 2016.

After the completion of the tender offer, Pruksa Holding's shares will be listed on the Stock Exchange of Thailand in place of the Company's shares which will be delisted from the Stock Exchange of Thailand on the same day.

Investors may study additional information at www.sec.or.th or www.set.or.th

Please be informed accordingly.

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