



### Performance Overview

In 3Q17 Singha Estate Public Company Limited (“the Company” or “Singha Estate”) reported a total revenue growth of 82% YoY, mainly from higher contribution from residential business of Nirvana Daii Public Company Limited (“NVD”), a 52%-owned subsidiary of Singha Estate, invested in January 2017. In spite of higher revenues, earnings before taxes (“EBT”) declined by 589% YoY with a YoY drop in net earnings of 213%, reflecting non-operating items incurred in 3Q16 and 3Q17 performance. For comparative purpose, without non-operating items, such as gain (loss) on exchange rate, one-time income/expense, in the 3Q16 and 3Q17 performance, EBT in 3Q17 would have declined by 449% YoY, reflecting higher financial costs (interest expenses) from convertible bonds worth US\$180mn issued in July 2017.

Compared to the preceding quarter, 3Q17 revenues grew by 4% with an improvement in net earnings of 12%, mainly attributed to higher contribution from NVD, lower SG&A expenses and negative income taxes.

On a 9-month basis, total revenues grew by 82% YoY, primarily from a significant improvement of residential business and organic growth of hotel business. On the contrary, EBT and net earnings were down by 114% and 139%, respectively, as a result of non-operating items. However, without the non-operating items in 9M16 and 9M17 performance, 9M17 EBT would have been Bt167mn, 2182% growth from that of the same period of last year.

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### Major Developments in 9M17

- Approved in the EGM 1/2016, in 1H17 the Company acquired 60% stake in NVD, previously called Daii Group Plc. (“DAII”), through the following transactions:
  - a) A 56% investment in DAII through an acquisition of DAII’s newly issued shares in January, in exchange for transfer of the Company’s 51% stake in Nirvana Development Co., Ltd. (“Nirvana”) and two land plots (in Rattanathibet and Bangrakyai) to DAII; and
  - b) An additional acquisition of ordinary shares of DAII through tender offer.

Following the above transactions, DAII changed its company name from DAII to NVD.

- In February 2017, the Company launched ‘The ESSE at Singha Complex’ – a luxury condominium project located at the corner of Asoke-Montri and Phetchaburi Roads. At the end of 3Q17, sales progress reached 91%. The project was due to complete in 3Q19.

- In February 2017, the Company partnered-up with HKL (Thai Developments) Limited, a subsidiary of a global developer Hongkong Land Holdings Limited, to jointly develop 'The ESSE Sukhumvit 36' – a luxury condominium project on Sukhumvit 36. The project is scheduled for a commercial launch in November 2017 and due to complete in 3Q20.
- Approved in the 2017 AGM, in July 2017 the Company completed the following fund-raising transactions:
  - a) A capital increase – issuance and offering 400 million new ordinary shares to institutional investors by way of Private Placement, and
  - b) Issuance of new debts – issuance and offering convertible bonds (US\$ currency, SGX listed, 2% p.a. coupon) worth US\$180mn to institutional investors.

## Performance Summary

### Consolidated Statement of Comprehensive Income

(Unit: Bt.mn)	3Q16	2Q17	3Q17	% QoQ	% YoY	9M16	9M17	% YoY
<b>Revenues</b>	584	1,028	1,064	4%	82%	1,813	3,294	82%
- Residential	142	605	625	3%	340%	545	1,887	246%
- Hotel	195	221	233	5%	19%	731	804	10%
- Commercial	146	148	149	0%	2%	437	441	1%
- Construction materials	0	28	30	6%	n/a	0	83	n/a
- Others	100	26	29	12%	(71%)	100	79	(21%)
<b>Gross profit</b>	251	378	384	2%	53%	774	1,248	61%
SG&A expenses	(237)	(422)	(405)	4%	(71%)	(733)	(1,241)	(69%)
Other income	76	87	56	(36%)	(27%)	376	213	(43%)
<b>EBITDA</b>	141	115	91	(21%)	(35%)	561	408	(27%)
<b>EBT</b>	17	(22)	(82)	(269%)	(589%)	174	(25)	(114%)
<b>Net profit (loss) after NCI</b>	48	(62)	(54)	12%	(213%)	210	(82)	(139%)
<b>Performance without non-operating items <sup>1</sup></b>								
<b>EBITDA</b>	132	172	146	(15%)	10%	395	600	52%
<b>EBT</b>	8	35	(28)	(180%)	(449%)	7	167	2182%

*Note: <sup>1</sup> includes gain (loss) from foreign exchange rate, professional fees in relation to M&A activity, sales & marketing expenses for the launch of new residential projects, write-off/impairment of asset, one-time income/expense, etc.*

### Total Revenues

In 3Q17, Singha Estate reported consolidated total revenues of Bt1,064mn, representing a growth of 82% YoY and 4% QoQ. A 9-month comparison also showed an increase of 82% YoY in total revenues. The improvement was attributed to a significant improvement of residential business and organic growth of hotel business. Residential and hotel businesses remained the Company's key revenue contributors, contributing 57% and 24% of total revenues in the 9M17.

## Residential Business

As the Company's high-rise projects – namely 'The ESSE Asoke' (75% sales progress, tentative transfer in December 2018), 'The ESSE at Singha Complex' (91% sales progress, tentative transfer in 3Q19), and 'The ESSE Sukhumvit 36' (official launch in 4Q17, tentative transfer in 3Q20) – are under development, the reported revenues are from sales of housing units and home building services of the 52%-owned NVD.

The initiative to expand residential business to landed property took place in April 2015, whereby Singha Estate invested in Nirvana, a mid-sized housing development company with significant long-term growth potentials. Overcoming challenges, Nirvana underwent a reverse acquisition in January 2017 and it is now incorporated and listed in mai under NVD. The Company's landed property business unit has proved itself and become the greatest revenue generator of Singha Estate in 2017.

In 3Q17, residential business registered its total revenues of Bt625mn, up by 340% YoY, reflecting the effectiveness of new marketing strategies and the launch of new product brand "DEFINE", and by the same token, revenues in 9M17 grew by 246% YoY.

## Hotel Business

Performance of hotel business constitutes those of 100%-owned Santiburi Beach Resort & Spa ("Santiburi Beach") and Phi Phi Island Village Beach Resort ("Phi Phi Village"). Performance of the 29 hotels (50% owned) in UK was recognized under Equity Method and separately presented under share of profit from investment in a joint venture.

Hotel business recorded a revenue growth of 19% YoY in 3Q17 and 10% YoY in 9M17. During 2016, Phi Phi Village underwent a major renovation with partial closure of the resort and was back in full capacity in late 2016. Despite 45 villas in addition, the resort showed an increase in occupancy rate and revenue per available room or RevPar, resulting in greater revenues. On a QoQ basis, performance of hotel business grew by 5%, mainly from Santiburi Beach due to the peak tourism season of Samui Island in the third quarter.

### Hotel Business: Operation Statistics

Operation statistics	3Q16	2Q17	3Q17
<u>Santiburi Beach</u>			
No. of rooms	77	77	77
Occupancy rate	76%	73%	76%
RevPar (YoY growth)	48%	4%	(5%)
<u>Phi Phi Village</u> <sup>1</sup>			
No. of rooms	161	201	201
Occupancy rate	80%	74%	86%
RevPar (YoY growth)	7%	13%	7%
<u>Hotels in UK</u> <sup>2</sup>			
No. of rooms	3,112	3,112	3,112
Occupancy rate	81%	75%	82%
RevPar (YoY growth)	7%	5%	4%

Note: <sup>1</sup> Excludes villas closed for renovation from April to November 2016.

<sup>2</sup> A 50%-owned business. Acquired 26 hotels (2,883 keys) in October 2015 and 3 hotels (229 keys) in September 2016.

### ***Commercial Property Business***

Performance of commercial property business constitutes those of a 3,000-sqm NLA retail space ‘The Lighthouse’ and a large-scale office complex ‘Suntowers’, which is the key contributor to the Company’s commercial business.

In 3Q17, commercial business registered total revenues of Bt149mn, relatively flat YoY and QoQ. Likewise, on a 9-month basis, the business reported a marginal growth of 1% YoY. While performance was strong and stable, Suntowers underwent various value enhancement projects, including refurbishment of common area, adding new retail tenants, conversion of a retail space (day-market format) to a 2-storey air-conditioned shopping place “Sun Plaza”. These projects enhanced competitiveness of the asset and led to strong occupancy rate and a gradual increase in effective rents of Suntowers.

#### Commercial Property: Operation Statistics

Operation statistics	3Q16	2Q17	3Q17
<u>Suntowers</u> <sup>1</sup>			
Net leasable area (sq.m)	58,886	59,047	59,010
Occupancy rate	95%	96%	96%
Effective rent (YoY growth)	n/a	4%	3%

Note: <sup>1</sup> Acquired in August 2015.

### ***Construction Material Business***

Performance of this business constitutes performance of manufacturing and sales of construction materials, e.g. finished fences, aluminum products, etc., which is one of NVD’s businesses. The business has been incorporated in the Company’s performance starting January 2017 onwards. This business reported revenues of Bt30mn in 3Q17 and Bt83mn in 9M17.

### ***Other Business***

Performance of this part constitutes those of other business operations, e.g. property/hotel management service, project management service, etc.

As of 3Q17, the Company was engaged in two distinct project management services – a tourist facility project in Maldives (starting in 3Q16) and The ESSE Sukhumvit 36 (starting in 3Q17). In 3Q17, the Company registered revenues from this business of totaling Bt29mn, increased by 12% QoQ from the addition of The ESSE Sukhumvit 36. YoY and 9-month comparisons showed revenue decreases by 71% and 21%, as those of 3Q16 and 9M16 incorporated a Bt100mn front-end load service fee from the Maldives project which was realized in September 2016.

### **Gross Profit**

3Q17 gross profit grew by 53% YoY, mainly driven by higher contribution from residential business upon increasing revenues. Profit margin in this quarter stood at 36%, lowered from 43% in 3Q16, due to the front-end load service fee from the Maldives project, as previously mentioned. QoQ comparison showed improvements in gross profit and the margin, owing to improved performance of residential

and hotel businesses. On a 9-month basis, gross profit in 9M17 increased by 61% YoY to Bt1,248mn, representing a margin of 38% of total revenues.

### **Other Income**

Other income constitutes interest income and non-operating income, e.g. gain from exchange rate, gain from fair value adjustment on investment property, amortization of derivatives, one-time income, etc.

In 3Q17, other income amounted to Bt56mn, which includes Bt29mn interest income from loans to its UK joint venture and non-operating income of totaling Bt10mn. Compared to those of 3Q16 and 9M16, other income decreased by 27% and 43%, as there were gains from exchange rate of Bt19mn and Bt154mn incorporated in 3Q16 and 9M16 performance. On a QoQ basis, other income was down by 36%, mainly from one-time incomes of totaling Bt.36mn in 2Q17.

### **Selling and Administrative Expenses**

Selling and administration expenses (“SG&A”) constitute expenses on back office personnel, marketing and branding, office supplies, depreciations of hotel properties, and non-operating expenses, e.g. professional fees relating to M&A activity, loss from exchange rate, write-off/impairment of asset, etc.

Being relatively unchanged compared to that of the preceding quarter, SG&A in 3Q17 increased by 71% YoY, mainly due to three distinct sources:

- a) Additional SG&A expenses from NVD after business integration in January 2017
- b) Increase in employee benefits from issuances and offerings of warrants to purchase the Company’s ordinary shares to directors and employees No.1 (“ESOP-Warrant-1”) and No.2 (“ESOP-Warrant-2”)
- c) Loss from foreign exchange rate of Bt54mn, in relation to the US\$180mn convertible bonds issued in July 2017.

Similarly, a 9-month comparison showed 69% increase in SG&A, as that of 9M17 incorporated extra expenses of totaling Bt263mn from sales and marketing for new residential projects and other non-operating items, i.e. losses from foreign exchange rate, professional fees in relation to M&A activities, and other one-off expenses.

### **Financial Costs (Interest Expenses)**

In 3Q17, the Company incurred Bt117mn of financial costs, increased by 87% QoQ and 59% YoY, mainly from the convertible bonds issued in July 2017. Financial costs for 9M17 were relatively unchanged compared to that of 9M16.

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## **Financial Position**

As at 30 September 2017, Singha Estate registered consolidated total assets of Bt39,096mn, grew by Bt8,504mn, or 28% from end of FY2016. This was a result of the following activities:

- a) The fund raising through a capital increase by way of Private Placement and an issuance of convertible bonds in US\$ currency. These were resulting in increases in Cash and Short-term investments.

- b) Sale of 49% stake in The ESSE Sukhumvit 36 to HKL (Thai Developments) Limited. The joint venture (51:49) led to a change in accounting treatment on this project, from previously Consolidation to Equity Method. This activity was resulting in a decrease in Cost of property development and an increase in Investment in joint-venture.

Likewise, total liabilities grew by Bt5,598mn, or 37% from end of FY2016. This was a compound effect of the following transactions:

- a) Increase in Debentures and Financial derivatives as a result of the issuance of the above-mentioned convertible bonds.
- b) Decrease in interest-bearing debts upon repayment of short-term (bridging) bank loans.
- c) Increase in Trade payable from deposits and down payments of The ESSE at Singha Complex.

Total equity stood at Bt18,402mn, grew by 19% from end of FY2016, mainly from the increase of capital, as previously mentioned.

## Capital Structure

*Net interest-bearing debt to equity stood at 0.31x*

At the initial stage of Singha Estate and with the strategy to grow its business via M&A, short-term debts, i.e. collateral-free bridging loans, are designated sources of funds, particularly in acquiring lands and assets. Post acquisition, long-term debts, i.e. project financing loans, will be used to refinance such short-term debts.

As at 30 September 2017, interest-bearing debts stood at Bt15,425mn, increased from that of 2016 year end, mainly from the issuance of convertible bonds, as mentioned previously. Net interest-bearing debt to equity ratio stood at 0.31 times, dropped from 0.60 times as at 2016 year end, as proceeds from the fund-raising activities were under reserve for near-term investments.

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