



### Performance Overview

In 1Q18 Singha Estate Public Company Limited (“the Company” or “Singha Estate”) reported a 7% YoY decrease in total revenues, mainly from a drop of revenues from Nirvana Daii Public Company Limited (“NVD”), a 52%-owned subsidiary of Singha Estate, invested in January 2017. 1Q18 consolidated net profit grew 651% YoY, as the performance incorporated (non-cash) gains from foreign exchange.

On a QoQ basis, total revenues dropped 56% with a decrease in net profit of 62%, as there was a (non-recurring revenue) recognition of the 50-year lease upfront payment of a certain office space at Singha Complex in 4Q17 performance.

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### Major Developments in 1Q18

- Approved in the 2017 AGM, in February, S Hotels and Resorts (SC) Co., Ltd. (a 99% subsidiary) invested in Phase 1 of a development project of tourist facilities on Emboodhoo Lagoon in the Republic of Maldives (“Crossroads”), by acquiring interests in a separated head lease, which covers three resorts and an integrated tourism complex (“1<sup>st</sup> Phase Development”).
- In February, the Company entered into an Equity Purchase Agreement with conditions precedent to invest in six Outrigger-branded hotels (totaling 859 keys) and placed a deposit of USD.25mn. The Closing of the transaction will occur after the conditions precedent are fulfilled. (see details in Notes no.21 (f) of the Financial Statements for the three-month period ended 31 March 2018, and the information memorandum regarding an acquisition of assets, disclosed on 27 February 2018.)

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### Performance Summary

#### Total Revenues

In 1Q18, Singha Estate reported consolidated total revenues of Bt.1,123mn, of which residential and commercial property businesses were the key contributors, contributing 44% and 34%. A YoY comparison showed a decrease of 7% YoY, due to a drop from residential business. Compared to the preceding quarter, total revenues declined by 56% as there was the recognition of upfront lease payment of Singha Complex incorporated in 4Q17, as previously mentioned. Excluding such non-recurring income, 1Q18 revenues would have grown 9% QoQ, mainly from stronger performance of hotel business.

## Consolidated Statement of Comprehensive Income

(Unit: Bt.mn)	1Q17	4Q17	1Q18	% YoY	% QoQ
<b>Revenues</b>	<b>1,202</b>	<b>2,564</b>	<b>1,123</b>	<b>(7%)</b>	<b>(56%)</b>
- Residential	657	501	495	(25%)	(1%)
- Hotel	350	270	381	9%	41%
- Commercial	145	1,673	148	3%	(91%)
- Construction materials	25	90	50	101%	(44%)
- Others	24	30	49	101%	62%
<b>Gross profit</b>	<b>486</b>	<b>1,186</b>	<b>527</b>	<b>8%</b>	<b>(56%)</b>
<b>EBITDA</b>	<b>202</b>	<b>1,077</b>	<b>480</b>	<b>137%</b>	<b>(55%)</b>
<b>Net profit (loss)</b>	<b>34</b>	<b>654</b>	<b>252</b>	<b>651%</b>	<b>(62%)</b>
<b>Performance without non-operating items <sup>1</sup></b>					
<b>Adjusted EBITDA</b>	<b>282</b>	<b>148</b>	<b>280</b>	<b>(1%)</b>	<b>90%</b>

*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.*

### Residential Business

As the Company's high-rise projects – namely 'The ESSE Asoke' (77% sales progress, tentative transfer in December 2018), 'The ESSE at Singha Complex' (91% sales progress, tentative transfer in 3Q19), and 'The ESSE Sukhumvit 36' (52% sales progress, tentative transfer in 3Q20) – are under development, the reported revenues were from sales of housing units and home building services of the 52%-owned NVD.

In 1Q18, residential business registered its total revenues of Bt.495mn, down by 25% YoY and 1% QoQ, reflecting less numbers of NVD housing unit transfer.

### Hotel Business

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

Hotel business recorded a revenue growth of 9% YoY due to stronger performance of Phi Phi Village after completion of its value enhancement project (adding 45 villas and upgrading facilities and common areas) in late 2016. On a QoQ basis, performance of hotel business grew by 41%, as first quarter of the year is considered peak season for Phi Phi Island and Samui Island.

### Hotel Business: Operation Statistics

Operation statistics	1Q17	4Q17	1Q18
<u>Santiburi Beach</u>			
No. of rooms	77	77	77
Occupancy rate	80%	54%	81%
RevPar (YoY growth)	1%	(14%)	1%
<u>Phi Phi Village</u>			
No. of rooms	201	201	201
Occupancy rate	91%	88%	95%
RevPar (YoY growth)	9%	6%	13%
<u>Hotels in UK</u>			
No. of rooms	3,112	3,112	3,115
Occupancy rate	60%	69%	62%
RevPar (YoY growth)	6%	4%	2%

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

Performance of commercial property business constitutes those of a 3,000-sqm NLA retail space ‘The Lighthouse’, a large-scale office complex ‘Suntowers’, and the newly developed ‘Singha Complex’, a mixed-use development which is due for commercial operation in August 2018.

In 1Q18, commercial property business registered total revenues of Bt.148mn, up by 3% YoY, reflecting gradual increases in effective rental rate at Suntowers. Compared to that of the preceding quarter, revenues were down by 91%, as there was a non-recurring income of Bt.1,530mn incorporated in the 4Q17 performance from the recognition of the 50-year lease upfront payments of 20% NLA office space at Singha Complex upon a transfer of the space to an anchor tenant in December 2017.

### Commercial Property: Operation Statistics

Operation statistics	1Q17	4Q17	1Q18
<u>Suntowers</u> <sup>1</sup>			
Net leasable area (sq.m)	59,047	59,010	58,765
Occupancy rate	96%	96%	96%
Effective rent (YoY growth)	3%	6%	2%

Note: <sup>1</sup> Excludes retail space.

### ***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 from January 2017 onwards.

In 1Q18, this business reported revenues of Bt.50mn, up by 101% YoY from supplying of main construction materials to 1<sup>st</sup> Phase Development of Crossroads. Compared to 4Q17 performance, revenues from this business declined by 44%, due to sales to 1<sup>st</sup> Phase Development of Crossroads not

being consolidated upon the Company's investment in 1<sup>st</sup> Phase Development of Crossroads in February 2018, as mentioned previously.

### ***Other Business***

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

As of 1Q18, the Company was engaged in two distinct project management services – Crossroads project (starting in 3Q16) and The ESSE Sukhumvit 36 (starting in 4Q17). In 1Q18, the Company registered revenues from this business of totaling Bt.49mn, increased by 101% YoY and 62% QoQ, mainly from sales commission of The ESSE Sukhumvit 36, which was launched in November 2017.

### **Gross Profit**

1Q18 gross profit grew by 8% YoY, mainly from the higher contribution from hotel and construction material businesses. A QoQ comparison showed a 56% drop as that of 4Q17 incorporated profit of a non-recurring income from the recognition of the upfront lease payment of Singha Complex, as mentioned previously. Profit margin in this quarter stood at 47%, improved from 40% in 1Q17 and 46% in 4Q17.

### **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 1Q18, other income amounted to Bt.348mn, which included Bt.29mn interest income from loans to its UK joint venture and Bt.254mn gain from exchange rate.

### **Selling and Administrative Expenses**

Selling and administrative 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.

Compared to that of the preceding year, SG&A in 1Q18 increased by 2.5% YoY, mainly due to three distinct sources:

- a) Higher personnel expenses, reflecting increased number of employees to support business expansion
- 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”)

A QoQ comparison showed a 30% increase in SG&A, mainly from profession fees relating to the investment in the Outrigger-branded hotel portfolio, as previously mentioned.

## Financial Costs (Interest Expenses)

In 1Q18, the Company incurred Bt.136mn of financial costs, increased by 115% YoY, mainly from the convertible bonds issued in July 2017. Compared to that of the preceding quarter, 1Q18 financial costs increased by 8% from NVD's new debts issued to secure new land port.

## Net Profit

In 1Q18, the Company posted a net profit of Bt.252mn, grew by 651% YoY, mainly due to gains from foreign exchange. Compared to that of 4Q17, net profit declined by 62% as that of the preceding quarter incorporated a profit from a non-recurring income from recognition of upfront lease payment at Singha Complex, as previously mentioned.

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## Financial Position

As at 31 March 2018, Singha Estate registered consolidated total assets of Bt.40,977mn with total liabilities of Bt.21,961mn, relatively unchanged from that as at the end of 2017. Likewise, total equity stood at Bt.19,015mn, relatively unchanged from that as at the end of 2017.

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## Capital Structure

*Net interest-bearing debt to equity stood at 0.61x*

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 31 March 2018, interest-bearing debts stood at Bt.16,756mn, increased by Bt.689mn from that of the end of 2017, mainly from NVD's new short-term debts to secure new land port. Net interest-bearing debt to equity ratio stood at 0.61 times, increased from 0.40 times as at 2017 year-end, as some of the proceeds from last year fund-raising activities were utilized for the investment of 1<sup>st</sup> Phase Development of Crossroads.

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