

## Executive Summary

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The operating result of 2018, Singha Estate Public Company Limited (“the Company” or “Singha Estate”) reached total revenue of 7,539 million Baht, increased by 29% YoY, supported by revenue from the ESSE Asoke which has started the transfer since December 2018 and operating profit contributed from the new acquisition of Outrigger hotels ; therefore, the Company’s net profit grew to 1,287 million Baht in 2018 versus 572 million Baht in 2017, increased 125% YoY.

For the fourth quarter of 2018 (Q4’2018), the Company generated total revenue of 3,648 million Baht, increased by 42% YoY and 101% QoQ, mainly due to revenue from the ESSE Asoke. Net profit of Q4’2018 was 305 million Baht, decreased by 53% YoY and 4% QoQ. Decreasing in net profit YoY was mainly because there was a (one-time) recognition of an upfront 50-year lease payment of a certain office space at Singha Complex in Q4’2017.

## Significant Events

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1. Transfer of the ESSE Asoke – the Company has started the transfer of the ESSE Asoke – our first luxury condominium project in December 2018. We can achieve the transfer progress of 29% of total units sold and expect to complete to transfer the remaining units in 2019.
2. Completion of SPRIME establishment – on 18 January 2019, S REIT Management Company (“SREIT”) – our wholly owned subsidiary and REIT manager of SPRIME – has completed the establishment of S Prime Growth Leasehold Real Estate Investment Trust (SPRIME) – the first leasehold commercial REIT of S invested in a 30-year lease of office space of Suntowers Building with fund size of Bt 5,717.5mn (Bt. 4,467.5mn offered to unit holders and Bt. 1,250.0mn borrowed from financial institution) with overwhelmed demand from both institutional and individual investors. Net proceed will be recorded as unearned income in S’s consolidated financial statement and recognized as revenue over 30 years start in Q1’2019.

In the meantime, S has invested in 20% shareholding in SPRIME amounting of Bt. 893.5mn and will receive dividend accordingly. In addition, on the same day (18 January 2019) S fully repaid loan from financial institution amounting of Bt. 3,064.1mn that we borrowed to acquire Suntower since 2015. Consequently, both SPRIME dividend income record and saving on financing cost will start to impact on S’s consolidated financial statement since Q1’2019.

## Performance Summary

### Consolidated Statement of Comprehensive Income

| (Unit: THB Million)   | 2017         | 2018         | % YoY       | Q4'17        | Q3'18        | Q4'18        | % QoQ        | % YoY        |
|---|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
| <b>Revenues</b>   | <b>5,858</b> | <b>7,539</b> | <b>29%</b>  | <b>2,564</b> | <b>1,815</b> | <b>3,648</b> | <b>101%</b>  | <b>42%</b>   |
| Residential   | 2,388        | 3,974        | 66%         | 501          | 682          | 2,387        | 250%         | 376%         |
| Hotel   | 1,074        | 2,576        | 140%        | 270          | 875          | 985          | 13%          | 265%         |
| Commercial  | 2,114        | 674          | (68%)       | 1,673        | 171          | 206          | 20%          | (88%)        |
| Construction materials  | 173          | 126          | (27%)       | 90           | 17           | 29           | 71%          | (68%)        |
| Others  | 109          | 190          | 74%         | 30           | 69           | 41           | (41%)        | 35%          |
| <b>Gross profit</b>   | <b>2,434</b> | <b>3,249</b> | <b>33%</b>  | <b>1,186</b> | <b>596</b>   | <b>1,806</b> | <b>203%</b>  | <b>52%</b>   |
| Other income  | 327          | 451          | 38%         | 113          | 220          | 49           | (78%)        | (57%)        |
| Selling expenses  | (547)        | (981)        | 79%         | (152)        | (217)        | (496)        | 128%         | 227%         |
| Administrative expenses   | (1,006)      | (1,599)      | 59%         | (281)        | (367)        | (664)        | 81%          | 137%         |
| Gain (losses) on exchange rate                                    | (16)         | 152          | (1,067%)    | 104          | 312          | (65)         | (121%)       | (162%)       |
| Fair values adjustment of investment property                     | 3            | 794          | 26,677%     | 3            | -            | (0)          | 100%         | (100%)       |
| Share of losses from investments in associates and joint ventures | 33           | (49)         | (248%)      | 34           | 35           | (26)         | (176%)       | (176%)       |
| <b>EBIT</b>   | <b>1,228</b> | <b>2,016</b> | <b>64%</b>  | <b>1,009</b> | <b>577</b>   | <b>604</b>   | <b>5%</b>    | <b>(40%)</b> |
| Finance costs   | (369)        | (662)        | 79%         | (126)        | (172)        | (238)        | 38%          | 89%          |
| Income taxes  | (228)        | 81           | (136%)      | (217)        | (48)         | 22           | (145%)       | (110%)       |
| <b>Profit (loss) for the period before NCI</b>                    | <b>631</b>   | <b>1,436</b> | <b>128%</b> | <b>666</b>   | <b>357</b>   | <b>388</b>   | <b>9%</b>    | <b>(42%)</b> |
| Non-controlling interests   | (59)         | (149)        | 152%        | (13)         | (39)         | (82)         | 111%         | 551%         |
| <b>Net profit (loss) after NCI</b>                                | <b>572</b>   | <b>1,287</b> | <b>125%</b> | <b>653</b>   | <b>318</b>   | <b>305</b>   | <b>(4%)</b>  | <b>(53%)</b> |
| <b>EBITDA</b>   | <b>1,485</b> | <b>2,487</b> | <b>67%</b>  | <b>1,077</b> | <b>838</b>   | <b>660</b>   | <b>(21%)</b> | <b>(39%)</b> |
| <b>Performance without non-operating items<sup>1</sup></b>        |              |              |             |              |              |              |              |              |
| <b>EBITDA</b>   | 754          | 1,622        | 115%        | 149          | 469          | 803          | 71%          | 437%         |
| <b>Net profit (loss) after NCI</b>                                | 20           | 422          | 1,983%      | (94)         | (51)         | 448          | (979%)       | (575%)       |

*Note: <sup>1</sup> Excluded gain (loss) from foreign exchange rate, fair values adjustment of investment property, 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 Revenue

Total revenue is generated from three main business segments: Residential, Commercial and Hospitality business

## Residential Business

As a result of transferring ownership of the ESSE Asoke starting from Dec'2018 and Banyan Tree Residences, 2018 residential revenue was 3,974 million Baht, increased 66% YoY.

As of 31 December 2018, the Company's residential projects are as follows:

| Project                             | Project Value (million Baht) | Sales Progress (% unit sold) | Tentative Transfer from/ Transfer progress |
|-------------------------------------|------------------------------|------------------------------|--|
| The ESSE Asoke                      | 4,923                        | 82% <sup>1</sup>             | 29%(of unit sold)                          |
| The ESSE at Singha Complex          | 4,347                        | 92%                          | Q3'19                                      |
| The ESSE Sukhumvit 36               | 6,485                        | 63%                          | Q3'20                                      |
| EYSE Sukhumvit 43                   | 2,063                        | 46%                          | Q4'20                                      |
| Santiburi The Residences            | 5,500                        | 12%                          | n.a.                                       |
| Banyan Tree Residences <sup>2</sup> | 6,575                        | 30%                          | 29%(of unit sold)                          |

Note : <sup>1</sup>Remained unit unsold will be launched in Q1'2019 with the value-added features.

<sup>2</sup>Project run by NVD (The Company's subsidiary)

## Hospitality Business

The revenue growth in hospitality business was supported from Outrigger portfolio 6 hotels during 12 June – 31 December 2018 (6.5 months). It reached 2,576 million Baht, increased 140% YoY. In Q4'2018, the revenue was 985 million Baht, increased 265% YoY and increased 13% QoQ. The Fourth quarter is, in general, the peak season of Thailand, Maldives and Mauritius where we have 6 hotels in those countries. CROSSROADS – our first integrated tourist facilities in Maldives – is still under development and not reflected in 2018 performance.

### Q4'2018 and full year operating performance

| Hotels                                  | FY'17 | FY'18           | Q4'17 | Q3'18 | Q4'18 |
|---|-------|-----------------|-------|-------|-------|
| <u>Santiburi Beach Resort &amp; Spa</u> |       |                 |       |       |       |
| No. of room                             | 77    | 90 <sup>1</sup> | 77    | 96    | 96    |
| Occupancy rate (%)                      | 71%   | 61%             | 54%   | 64%   | 45%   |
| Rev Par (Baht)                          | 8,868 | 7,933           | 5,873 | 8,329 | 4,975 |
|   |       |                 |       |       |       |

| Hotels  | FY'17 | FY'18  | Q4'17 | Q3'18  | Q4'18  |
|---|-------|--------|-------|--------|--------|
| <u>Phi Phi Island Village</u>                           |       |        |       |        |        |
| No. of room   | 201   | 201    | 201   | 201    | 201    |
| Occupancy rate (%)                                      | 85%   | 83%    | 81%   | 77%    | 84%    |
| Rev Par (Baht)  | 5,650 | 5,743  | 8,327 | 3,659  | 6,123  |
| <u>Jupiter hotels – 29 hotels in UK<br/>(50% owned)</u> |       |        |       |        |        |
| No. of room   | 3,112 | 3,115  | 3,112 | 3,115  | 3,115  |
| Occupancy rate (%)                                      | 72%   | 71%    | 69%   | 79%    | 69%    |
| Rev Par (GBP)   | 48    | 48     | 45    | 57     | 45     |
| <u>Outrigger Fiji Beach Resort<sup>2</sup></u>          |       |        |       |        |        |
| No. of room   | n/a   | 253    | n/a   | 253    | 253    |
| Occupancy rate (%)                                      | n/a   | 85%    | n/a   | 91%    | 79%    |
| Rev Par (THB equivalent)                                | n/a   | 4,443  | n/a   | 5,078  | 3,791  |
| <u>Castaway Island, Fiji<sup>2</sup></u>                |       |        |       |        |        |
| No. of room   | n/a   | 65     | n/a   | 65     | 65     |
| Occupancy rate (%)                                      | n/a   | 89%    | n/a   | 92%    | 87%    |
| Rev Par (THB equivalent)                                | n/a   | 12,847 | n/a   | 13,687 | 11,961 |
| <u>Outrigger Laguna Phuket<sup>2</sup></u>              |       |        |       |        |        |
| No. of room   | n/a   | 255    | n/a   | 255    | 255    |
| Occupancy rate (%)                                      | n/a   | 75%    | n/a   | 65%    | 85%    |
| Rev Par (THB)   | n/a   | 3,317  | n/a   | 2,306  | 4,323  |
| <u>Outrigger Koh Samui<sup>2</sup></u>                  |       |        |       |        |        |
| No. of room   | n/a   | 52     | n/a   | 52     | 52     |
| Occupancy rate (%)                                      | n/a   | 77%    | n/a   | 88%    | 67%    |
| Rev Par (THB)   | n/a   | 3,541  | n/a   | 4,180  | 2,896  |
| <u>Outrigger Mauritius<sup>2</sup></u>                  |       |        |       |        |        |
| No. of room   | n/a   | 181    | n/a   | 181    | 181    |
| Occupancy rate (%)                                      | n/a   | 88%    | n/a   | 89%    | 87%    |
| Rev Par (THB equivalent)                                | n/a   | 4,898  | n/a   | 3,341  | 6,432  |

| Hotels  | FY'17 | FY'18 | Q4'17 | Q3'18 | Q4'18 |
|---|-------|-------|-------|-------|-------|
| <u>Outrigger Konotta Maldives<sup>2</sup></u> |       |       |       |       |       |
| No. of room                                   | n/a   | 53    | n/a   | 53    | 53    |
| Occupancy rate (%)                            | n/a   | 68%   | n/a   | 67%   | 70%   |
| Rev Par (THB equivalent)                      | n/a   | 8,505 | n/a   | 7,122 | 9,889 |

<sup>1</sup>Weighed average No. of room. Additional 19 rooms was completed in May 2018.

<sup>2</sup> FY'2018 Outrigger included 12 June –31 Dec 2018

## Commercial Business

In 2018, commercial business generated revenue in amounting to 674 million Baht, decreased by 68% YoY. This was resulted from, in Q4'2017, the company recognized one-time revenue from upfront lease at Singha complex. Overall rent rates at Suntowers was improve both QoQ and YoY.

### Q4'2018 and full year operating performance

| Operating performance                 | FY'17  | FY'18  | Q4'17  | Q3'18  | Q4'18  |
|---------------------------------------|--------|--------|--------|--------|--------|
| <u>Suntowers</u>                      |        |        |        |        |        |
| Net leasable area (sq.m) <sup>1</sup> | 61,383 | 61,165 | 61,304 | 61,132 | 61,159 |
| Occupancy rate (%)                    | 96%    | 94%    | 95%    | 93%    | 92%    |
| Effective rent rate (Baht/sq.m.)      | 547    | 566    | 551    | 574    | 577    |

Note: <sup>1</sup> includes office and retail space.

| Operating performance    | FY'18  |
|--------------------------|--------|
| <u>Singha Complex</u>    |        |
| <u>Office</u>            |        |
| Net leasable area (sq.m) | 52,982 |
| Offer signed (%)         | 85%    |
| <u>Retail</u>            |        |
| Net leasable area (sq.m) | 4,317  |
| Offer signed (%)         | 89%    |

## Gross Profit

Total year gross profit reached 3,249 million Baht, increased by 33% YoY, mainly resulting from residential and hospitality business.

## Other Income

Other income constitutes interest income and non-operating income, e.g. gain from sales of investment in subsidiary, amortization of derivatives, one-time income, etc.

## Selling Expenses

In 2018, selling expenses was 981 million Baht, increased by 79% YoY, because of an increase of advertising expense of residential and hospitality business.

## Administrative Expenses

Administrative expenses constitute expenses on back office personnel expenses, depreciations, and non-operating expenses, e.g. professional fees relating to M&A activity, write-off/impairment of asset, etc.

Administrative expenses in 2018 was 1,599 million Baht increased by 59% YoY mainly due to higher personnel expenses reflecting increased number of employees and administration of the Outrigger hotel portfolio.

## Foreign Exchange Gains

The Company incurred 152 million Baht mainly due to realized gain on group restructuring.

## Finance Costs

In 2018, the Company incurred 662 million Baht of finance costs, increased by 79% YoY, reflected an increasing in long-term loan and acquisition loan for Outrigger hotels.

## Net Profit

Net profit grew by 125% to 1,287 million Baht benefited from residential and hospitality business.

## Financial Position and Capital Structure

As at 31 December 2018, the total assets were 58,930 million Baht, increased by 44% from last year. The incremental assets mainly came from Outrigger hotels, the development of Crossroads Project Phase I, the development of Singha Complex, Inventories and cost of property development.

Total liabilities were 38,837 million Baht, increased by 78% from last year, the debt financing is essential to support new project development and acquisitions. Thus, interest-bearing debts to equity from 0.85x to 1.53x as well as net interest-bearing debts to equity from 0.41x to 1.33x. However, the company is still relatively over leverage with the plan to rebalance the capital structure.

| Financial Position       | 31 Dec 18     | 31 Dec 17     | Change        |
|--------------------------|---------------|---------------|---------------|
| Cash and cash equivalent | 4,023         | 8,396         | - 4,373       |
| Inventories              | 14,452        | 9,662         | 4,790         |
| Current Assets           | 20,779        | 19,762        | 1,017         |
| Net PPE                  | 17,370        | 3,854         | 13,516        |
| Intangible Assets-Net    | 494           | 482           | 30            |
| <b>Assets</b>            | <b>58,930</b> | <b>40,910</b> | <b>18,020</b> |
| Payables                 | 5,165         | 4,262         | 904           |
| Short-Term Debt          | 4,387         | 2,124         | 2,978         |
| Current Liabilities      | 10,754        | 6,748         | 4,005         |
| Long-Term Debt           | 26,366        | 14,082        | 12,284        |
| <b>Liabilities</b>       | <b>38,837</b> | <b>21,815</b> | <b>17,022</b> |
| <b>Equity</b>            | <b>20,093</b> | <b>19,096</b> | <b>998</b>    |
| <i>IBD/E</i>             | 1.53          | 0.85          | 0.68          |
| <i>Net IBD/E</i>         | 1.33          | 0.41          | 0.92          |

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