

Executive Summary

Singha Estate Public Company Limited (“the Company”) reported 2Q19 total revenue of THB 2,355m, increased by 147% YoY. 300% growth of revenue from sales of house and condominium units and 71% increase in revenue from rental and services attributed to the rise of total revenue. 2Q19 Net profit at THB 192m, or 56% decline YoY, primarily due to gain from fair value adjustment of investment property at THB 794m realized in 2Q18.

The Company made the first dividend payment which was made from 2018 Net profit at THB 0.04 per share on 17 May 2019 or totaling of THB 274,070,699.74.

On 10 June 2019, SPRIME distributed the return from operation period of 17 January 2019 to 31 March 2019 of THB 0.1419 per unit trust or totaling of THB 63,393,825.

Significant Events

Amid sluggish in property market due to the tightening mortgage policy announced by Bank of Thailand took effect on 1 May 2019, neither cancellation nor rejection rate of the Company’s project transferred during 2Q19 climbed up significantly. Down payment at 15–20% possibly plays a vital role in reducing portion of speculative buyers in our projects, minimizing negative impact from the policy. Nevertheless, The Esse at Singha Complex will start hand over units by 3Q19 while the Company is certain that transfer value would be as expected.

On 10 June 2019, S Oasis, a 36–storeys commercial building with a total space for rent of circa 54,000 sqm, started piling foundation with an estimated 3–year construction period. The building is developed on a 30–year leasehold 7–rai plot on Vibhavadi Rangsit Road. By far, the Company set to invest about THB 3,7000m to develop the project.

The Company submitted filing for initial public offering (the “IPO”) of ordinary shares of S Hotels and Resorts Co., Ltd. (“SHR”) on 13 May 2019. Shares to be offered for sales in the IPO will not exceed 40% of the SHR’s paid–up capital after its capital increase. Nevertheless, the Company plans to maintain its minimum shareholding in SHR at 58.76% of SHR’s paid–up capital after its capital increase and SHR will remain the Company’s subsidiary in accordance with detail included in filing for the “IPO”.

Crossroads, the first Maldives integrated leisure and resort destination, is scheduled to open in September 2019. The project lies on Emboodhoo Lagoon, just 15 minutes by speedboat from Velana International Airport. Upon completion, Crossroads will open 2 hotels, Saii Lagoon Maldives, Curio collection by Hilton and Hard Rock Hotel Maldives, plus a wide range of facilities centered upon The Marina @Crossroads, lifestyle, retail and dining destination.

Performance Summary

Consolidated Statement of Comprehensive Income

	2Q18		2Q19		% Y-o-Y
	THB m	%	THB m	%	
Revenue from sales of house and condominium units	316	33%	1,264	54%	300%
Revenue from rental and services	608	64%	1,041	44%	71%
<i>Hospitality</i>	335	35%	779	33%	132%
<i>Commercial</i>	149	16%	179	8%	20%
<i>Others</i>	124	13%	84	4%	-33%
Revenue from sales of goods	30	3%	50	2%	67%
Revenue	954	100%	2,355	100%	147%
Gross profit	319	33%	985	42%	209%
Other income	882	92%	98	4%	-89%
Selling expense	-129	-14%	-287	-12%	122%
Administrative expense	-281	-29%	-573	-24%	104%
Finance costs	-116	-12%	-165	-7%	43%
Net gains on exchange rate	-349	-37%	171	7%	149%
Share of loss from investment in joint ventures	-33	-3%	33	1%	200%
EBT	294	31%	261	11%	-11%
Income tax expense	138	15%	-69	-3%	150%
Net profit	432	45%	192	8%	-56%

EBITDA	510	53%	589	25%	15%
Normalized EBITDA¹	71	7%	439	19%	522%
Normalized Profit for the period after NCI¹	-27	-3%	1	0%	104%

Note: ¹ Excluded unrealized gain from foreign exchange rate on convertible bond, gain from fair value adjustment on investment properties, reverse effective interest rate on loan, professional fees, land transfer fees and sales & marketing expenses for the launch of new residential projects

Revenue from sales of house and condominium units

As of 30 June 2019, the Company and its subsidiaries has developed 23 residential projects for sales including single-detached houses, townhouses and condominiums, valued at THB 46,099m. In 2Q19, Revenue from sales of house and condominium units reached THB 1,264m, grew by THB 948m or 300% YoY. Transfer ownership of condominium unit of the Esse Asoke and Banyan Tree Residences Riverside Bangkok mainly attributed to the surge.

Residential projects for sales as at 30 June 2019:

Project	Project value (THB mil)	Sold	Tentative Transfer from/ Transfer progress
The ESSE Asoke	4,923	82%	56% (of project value)
The ESSE at Singha Complex	4,347	92%	3Q2019
The ESSE Sukhumvit 36	6,520	60%	3Q2020
EYSE Sukhumvit 43	1,934	44%	4Q2020
Santiburi The Residences	6,434	15%	n/a

Revenue from rental and services

Revenue from rental and services represents revenue from hospitality business, commercial business and other businesses.

Hospitality Business

At the end of 2Q19, the Company's total hotels reached 39 hotels with 4,647 keys covering 5 countries – Thai, Maldives, Mauritius, Fiji, and United Kingdom. Hospitality business generated THB 779m in 2Q19 or 132% increased from 2Q18. The acquisition of 6 Outrigger hotels on 12 June 2018 was a primarily result of the growth rate. Thanks to peak season in Q2, Outrigger delivered a strong performance offsetting moderate result of hotels in Thailand. Reducing seasonality effect [diversification] via investment in Outrigger represents investment thesis of the Company. Nevertheless, the Company adopts equity method of accounting for Jupiter hotels totaling of 29 hotels with 3,115 keys; consequently, performance of Jupiter hotels will be reported under share of gain/loss from investment in joint ventures.

Crossroads project, the first Maldives integrated leisure and resort destination, is set to welcome its first guests in September and no revenue from operation has been realized in 2Q19 performance.

2Q19 operating performance of Hospitality business¹

Hotel	2Q18	1Q19	2Q19
<u>Santiburi Beach Resort & Spa</u>			
No. of room	90	96	96
Occupancy rate (%)	60%	66%	54%
Rev Par (THB)	6,321	9,499	5,769
<u>Phi Phi Island Village</u>			
No. of room	201	201	201
Occupancy rate (%)	76%	89%	70%
Rev Par (THB)	4,252	7,705	3,791
<u>Outrigger Fiji Beach Resort</u>			
No. of room	n/a	253	253
Occupancy rate (%)	n/a	57%	84%
Rev Par (THB equivalent)	n/a	2,572	4,206
<u>Castaway Island, Fiji</u>			
No. of room	n/a	65	65
Occupancy rate (%)	n/a	52%	82%
Rev Par (THB equivalent)	n/a	7,086	11,667
<u>Outrigger Laguna Phuket</u>			
No. of room	n/a	255	255
Occupancy rate (%)	n/a	90%	70%
Rev Par (THB)	n/a	6,619	2,705
<u>Outrigger Koh Samui</u>			
No. of room	n/a	52	52
Occupancy rate (%)	n/a	72%	71%
Rev Par (THB)	n/a	4,015	2,969
<u>Outrigger Mauritius</u>			
No. of room	n/a	181	181
Occupancy rate (%)	n/a	73%	79%
Rev Par (THB equivalent)	n/a	5,205	3,910
<u>Outrigger Konotta Maldives</u>			
No. of room	n/a	53	53
Occupancy rate (%)	n/a	79%	65%
Rev Par (THB equivalent)	n/a	12,807	7,588
<u>Jupiter hotels 29 hotels in UK</u> (50% owned)			
No. of room	3,115	3,115	3,115
Occupancy rate (%)	76%	57%	73%
Rev Par (GBP)	52	34	51

Note: ¹ Key stat was revised to be aligned with information contained in the filing for initial public offering (the "IPO") of ordinary shares of S Hotels and Resorts Co., Ltd. ("SHR").

Commercial Business

As of 30 June 2019, the Company owned 3 commercial buildings providing net leasable area 124,286 sq.m in total. In 2Q19, commercial business generated revenue of THB 179m or 20% increase from the same period last year. Main drivers of the growth rate were letting out the space at Singha Complex after its construction completed in 4Q18.

2Q19 operating performance of Commercial business¹

Building	2Q18	1Q19	2Q19
<u>Suntower</u>			
Office			
Space for rent (sq.m.)	62,539	62,843	62,843
Occupancy rate (%)	89%	92%	92%
Retail			
Space for rent (sq.m.)	2,369	2,369	2,369
Occupancy rate (%)	100%	100%	100%
<u>Singha Complex</u>			
Office			
Space for rent (sq.m.)	n/a	54,438	54,438
Offer signed (%)	n/a	88%	88%
Retail			
Space for rent (sq.m.)	n/a	4,435	4,435
Offer signed (%)	n/a	89%	90%

Note:

¹ Key stat in 2Q18 and 1Q19 was revised to the updated information.

Other businesses

Other businesses, covering construction service and project management service, generated THB 84m revenue to the Company in 2Q19, 33% drop from 2Q18 due mainly to the decrease in revenue from construction service.

Revenue from sales of goods

Revenue from selling residue precast produced by Nirvana daii PLC, the Company's subsidiary, is classified as revenue from sales of goods. In 2Q19, the Company realized revenue from sales of goods at THB 50m, 67% increased YoY.

Gross Profit

2Q19 Gross profit at THB 985m represented a significant increase of 209% from the same period last year. Essentially, the Company's gross profit margin significantly increased from 33% in 2Q18 to 42% in 2Q19, representing higher gross profit margin from Residential business and Hospitality business.

Selling Expenses

In 2Q19, the Company reported selling expenses amounted to THB 287m, an increase of 122% YoY. This was due primarily to an increase of advertisement expenses related to both residential business and hospitality business, which was consistent with incremental revenue.

Administrative Expenses

Administrative expenses mainly comprise of back office personnel expenses, depreciation on assets under hospitality business, non-operating activity expenses, e.g. consulting and legal fees.

The Company reported 2Q19 administrative expenses of THB 573m or increased by 104% YoY which mainly due to number of new hires and administrative expenses of Outrigger and Crossroads.

Finance Costs

In 2Q19, the Company reported finance costs at THB 165m, increased by 43% YoY. The main rationale of the increase were additional long-term borrowings to finance projects under development and loan facility to the acquisition of Outriggers.

Net gains on Exchange rate

Unrealized gain from foreign exchange of the convertible bond mainly resulted in net gains on exchange rate of THB 171m in 2Q19.

Net Profit

2Q19 Net profit reached THB 192m or 56% decline from the same period last year. Essentially, the fall down represented THB 793m recorded in 2Q18 as gain from fair value adjustment of investment property.

Financial Position and Capital Structure

As at 30 June 2019, the Company reported total assets of THB 61,932m, an increase of THB 3,002m from 31 December 2018, including THB 20,714m Current assets and THB 41,218m Non-current assets. Total liabilities stood at THB 42,015m while interest bearing debt was THB 29,828m. During 1Q19, a certain of outstanding loan was settled by net proceed received from SPRIME, reducing gearing ratio from 1.53x to 1.50x. However, a decimal rise of net gearing ratio from 1.35x to 1.39x was mainly due to dividend paid to shareholders in May 2019. Nevertheless, the Company determines to maintain an optimal capital structure by lowering leverage level which will ultimately reduce debt ratio.

Unit: THB million	31 December 2018	30 June 2019	Change
Cash and cash equivalent	3,545	2,187	-1,358
Inventories	7,218	7,169	-49
Current assets	20,779	20,714	-65
Investment property	12,064	12,599	535
PPE – net	17,370	19,130	1,760
Non-current assets	38,150	41,218	3,068
Total Assets	58,930	61,932	3,002
Current liabilities	10,754	16,050	5,296
Non-current liabilities	28,083	25,965	-2,118
Total liabilities	38,837	42,015	3,178
Total equity	20,093	19,917	-176
Gearing ratio	1.53	1.50	
Net gearing ratio	1.35	1.39	

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