

Ref: PSH-CS 85/2019

9 August 2019

Subject: Clarification of 2Q19 Operating Result

To: President
The Stock Exchange of Thailand

Pruksa Holding Public Company Limited ("the Company") would like to clarify operating results of the Company for the three months and six months ended 30 June 2019 (consolidated financial statements) as follows:

The operating results for 2Q19 mainly derived from the real estate business.

Comparison presales by segment for the three months and six months ended 30 June 2019 and 2018

Unit: million baht

Products	Three months presales ended		Increase (Decrease)	% Change
	30 June 2019	30 June 2018		
Townhouse	5,539	6,153	(615)	(10.0)
Single-detached house	2,299	2,350	(51)	(2.2)
Condominium	4,438	3,176	1,262	39.7
Total	12,276	11,680	596	5.1

Products	Six months presales ended		Increase (Decrease)	% Change
	30 June 2019	30 June 2018		
Townhouse	10,913	10,941	(28)	(0.3)
Single-detached house	4,085	4,809	(725)	(15.1)
Condominium	8,370	8,626	(256)	(3.0)
Total	23,367	24,376	(1,009)	(4.1)

Remark: All presales as of 30 June 2019 were reported as net presales (presales-promotion)

For 1H19, the Company delivered presales from real estate business of Baht 23,367 million, a decrease of Baht 1,009 million or 4.1% compared to 1H18. Presales from townhouse, single-detached houses and condominium segments decreased Baht 28 million, Baht 725 million and Baht 256 million respectively as a result of less project launches and LTV policy effective on April 1, 2019.

Comparison performance of the Company for the three months ended 30 June 2019 and 2018

Unit: million baht

Statement of comprehensive income	30-June-19	%	30-June-18	%	Increase/ (Decrease)	%YoY
Revenue from sale of real estate	7,919	101.5	10,930	100.5	(3,011)	(27.5)
Promotions**	(139)	(1.8)	(105)	(1.0)	(33)	31.7
Revenue from sale of real estate-net	7,781	99.7	10,825	99.6	(3,044)	(28.1)
Other Income	25	0.3	48	0.4	(23)	(47.8)
Total Revenue	7,806	100.0	10,873	100.0	(3,067)	(28.2)
Cost of real estate sales	5,007	64.4	6,980	64.5	(1,973)	(28.3)
Gross profit	2,799	36.0	3,892	36.0	(1,094)	(28.1)
Selling and Administrative expenses	1,487	19.1	1,875	17.2	(388)	(20.7)
Profit before finance cost and income tax expense	1,312	16.8	2,017	18.6	(705)	(35.0)
Financial cost	79	1.0	41	0.4	39	96.1
Profit and loss from Joint Venture	0	0.0	0	0.0	0	3.7
Profit before income tax expense	1,232	15.8	1,977	18.2	(744)	(37.7)
Income tax expense	282	3.6	385	3.5	(103)	(26.8)
Profit for the period	950	12.2	1,591	14.6	(641)	(40.3)
Non-controlling interests	18	0.2	28	0.3	(10)	(36.2)
Owners of the Company	933	11.9	1,563	14.4	(631)	(40.4)

Remark: Percentage in statement of comprehensive income derived from total income, while percentage of cost of real estate sales and gross profit related to revenue from sale of real estate.

** For the three months ended 30 June 2018, the statement of comprehensive income reported promotion expense adjusting to TFRS 15 for performance comparison.

Comparison performance of the Company for the six months ended 30 June 2019 and 2018

Unit: million baht

Statement of comprehensive income	30-June-19	%	30-June-18	%	Increase/ (Decrease)	%YoY
Revenue from sale of real estate	19,888	100.9	19,282	100.6	606	3.1
Promotions**	(226)	(1.1)	(184)	(1.0)	(42)	23.1
Revenue from sale of real estate-net	19,662	99.7	19,099	99.7	564	3.0
Other Income	53	0.3	64	0.3	(11)	(17.5)
Total Revenue	19,715	100.0	19,163	100.0	552	2.9
Cost of real estate sales	12,787	65.0	12,354	64.7	432	3.5
Gross profit	6,928	35.2	6,808	35.6	120	1.8
Selling and Administrative expenses	3,342	17.0	3,650	19.0	(308)	(8.4)
Profit before finance cost and income tax expense	3,586	18.2	3,159	16.5	428	13.5
Financial cost	136	0.7	79	0.4	57	72.8
Profit and loss from Joint Venture	0	0.0	0	0.0	0	2.1
Profit before income tax expense	3,450	17.5	3,080	16.1	371	12.0
Income tax expense	783	4.0	610	3.2	173	28.3
Profit for the period	2,667	13.5	2,470	12.9	198	8.0
Non-controlling interests	49	0.2	44	0.2	5	11.9
Owners of the Company	2,618	13.3	2,426	12.7	192	7.9

Remark: Percentage in statement of comprehensive income derived from total income, while percentage of cost of real estate sales and gross profit related to revenue from sale of real estate.

** For the six months ended 30 June 2018, the statement of comprehensive income reported promotion expense adjusting to TFRS 15 for performance comparison.

Revenue

For 2Q19, the Company generated total revenue of Baht 7,806 million, comprised of Baht 7,781 million from the sale of real estate and Baht 25 million from other revenue.

For 1H19, the Company generated total revenue of Baht 19,715 million, comprised of Baht 19,662 million from the sale of real estate and Baht 53 million from other revenue.

Revenue from sale of real estate business by product segment for the six months ended 30 June 2019 and 2018

Unit: million baht

Products	Six months ended 30 June				Increase (Decrease)	%YoY
	2019	%	2018	%		
Townhouse	9,147	46.5%	10,334	54.1%	(1,186)	(11.5)
Single-detached house	3,637	18.5%	4,194	22.0%	(557)	(13.3)
Condominium	6,878	35.0%	4,571	23.9%	2,307	50.5
Revenue from sale real estate	19,662	100.0%	19,099	100.0%	564	3.0

For 1H19, revenue from real estate business was Baht 19,662 million, an increase of Baht 564 million or increased 3.0% yoy. Revenue mainly increased from condo segment at Baht 2,307 million or increased 50.5% yoy due to new and existing condo transfers while revenue from townhouse and single-detached house segments decreased at Baht 1,186 million or 11.5% yoy and Baht 557 million or 13.3% yoy due to LTV policy effective on April 1, 2019 and none of other income.

Cost of real estate sales

For 2Q19, the Company reported cost of real estate sales of Baht 5,007 million or 64.4% of net revenue from real estate compared to Baht 6,980 million or 64.5% of net revenue from real estate in 2Q18. Cost of real estate to sales ratio in 2Q19 decreased from the previous year.

For 1H19, the Company reported cost of real estate sales of Baht 12,787 million or 65.0% of net revenue from real estate compared to Baht 12,354 million or 64.7% of net revenue from real estate in 1H18. Cost of real estate to sales ratio in 1H19 increased as compared to previous year due to higher cost of townhouse construction.

Gross profit margin from sale of real estate

For 2Q19, the Company reported gross profit margin at 36%, unchanged from previous year. For 1H19, the Company reported gross profit margin at 35.2% which was lower than 35.6% in 1H18 due to townhouse and single-detached house segments.

Selling & Administrative expenses

For 2Q19, the Company reported selling and administrative expenses of Baht 1,487 million or 19.1% of total revenue, a decrease of Baht 388 million or 20.7% from 2Q18 mainly from lower selling expense of Baht 293 million or 32.3% due to lower project launch.

For 1H19, the Company reported selling expenses of Baht 3,342 million or 17% of total revenue, a decrease of Baht 308 million or 8.4% from 1H18 mainly from lower selling expense of Baht 175 million or 10.3% and administrative expense of Baht 133 or 6.8%.

Financing cost

For 2Q19, the Company reported financing cost of Baht 79 million, an increase of Baht 39 million from 2Q18, due mainly to an increase in interest bearing debt.

For 1H19, the Company reported financing cost of Baht 136 million, an increase of Baht 57 million from 1H18, due mainly to an increase in interest bearing debt.

As of 30 June 2019, interest bearing debt to equity ratio was 0.71 times and interest-bearing debt less cash to equity ratio was 0.67 times, resulting from the effective debt management of the Company and its subsidiaries.

Net profit

For 2Q19, net profit of the Company was Baht 933 million or 11.9% of total revenue, compared to net profit of Baht 1,563 million or 14.4% of total revenue in 2Q18, a decrease of Baht 631 million or 40.4% yoy, mostly from a decline in revenue from sales of real estate with value of Baht 3,044 million or 28.1%.

For 1H19, net profit of the Company was Baht 2,618 million or 13.3% of total revenue, compared to net profit of Baht 2,426 million or 12.7% of total revenue in 1H18, an increase of Baht 192 million or 7.9% yoy, mostly from improving revenue from sales of real estate and efficient expense management.

Consolidated statement of financial position

	30 June	31 December		30 June	31 December
	2019	2018		2019	2018
	(Million baht)			(Million baht)	
Assets			Non-interest bearing debt		
Current Assets			Accounts payable	2,069	2,284
Cash and Cash equivalents	1,622	1,445	Other non current liabilities	10,348	10,587
Real estate project under development	74,248	71,960	Total non interest bearing debt	12,417	12,871
Other current assets	2,025	2,263	Short-term loans from financial institution	6,950	5,600
			Long-term loans	500	500
			Current portion of long-term debentures	6,100	6,400
			Long-term debentures	16,100	14,600
Total current assets	77,895	75,668	Total interest bearing debt	29,650	27,100
property, plant and equipments	4,766	4,739	Total liabilities	42,067	39,971
Other non-current assets	1,777	1,438	Equity	41,662	41,171
Total non-current assets	6,543	6,178	Non-controlling interests	709	704
Total assets	84,438	81,845	Total liabilities and equity	84,438	81,845

Remark: Portion of consolidated statement of financial position

As of 30 June 2019, the Company reported 185 active projects with total project value of Baht 213,241 million. It was categorized by product segment as follows; 107 townhouse projects with total value of Baht 87,531 million, 47 single-detached house projects with total value of Baht 52,803 million, 21 condominium (value business)

projects with total value of Baht 44,874 million and 10 condominium (premium business) projects with total value of Baht 28,032 million.

As of 30 June 2019, the Company reported total assets of Baht 84,438 million, mainly increased from real estate project under development. The Company reported interest bearing debt which consist of short term loans from financial institution with value of Baht 6,950 million, long term loans with value of Baht 500 million and long-term debentures with value of Baht 22,200 million in order to use as working capital and for liquidity management.

Please be informed accordingly.

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