

Ref: PSH-CS 101/2019

11 November 2019

Subject: Clarification of 3Q19 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 nine months ended 30 September 2019 (consolidated financial statements) as follows:

The operating results for 3Q19 mainly derived from the real estate business.

Comparison presales by segment for the three months and nine months ended 30 September 2019 and 2018

Unit: million baht

Products	Three months presales ended		Increase (Decrease)	% Change
	30 September 2019	30 September 2018		
Townhouse	5,480	6,789	(1,309)	(19.3)
Single-detached house	1,899	2,227	(328)	(14.7)
Condominium	6,734	5,728	1,006	17.6
Total	14,113	14,744	(631)	(4.3)

Products	Nine months presales ended		Increase (Decrease)	% Change
	30 September 2019	30 September 2018		
Townhouse	16,393	17,641	(1,248)	(7.1)
Single-detached house	5,983	7,016	(1,033)	(14.7)
Condominium	15,104	14,280	824	5.8
Total	37,480	38,937	(1,457)	(3.7)

Remark: All presales as of 30 September 2018 and 2019 were reported as net presales (presales-promotion)

For 9M19, the Company delivered presales from real estate business of Baht 37,480 million, a decrease of Baht 1,457 million or 3.7% compared to 9M18. Presales from townhouse and single-detached houses segments decreased Baht 1,248 million and Baht 1,033 million respectively as a result of less project launches and LTV

policy effective on April 1, 2019. While presales from condominium segment increased from “The Tree Pattanakarn-Ekkamai”, new project launched in September 2019, with total value of Baht 944 million.

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

Unit: million baht

Statement of comprehensive income	30-Sep-19	%	30-Sep-18	%	Increase/ (Decrease)	%YoY
Revenue from sale of real estate	8,704	101.8	11,198	100.4	(2,494)	(22.3)
Promotions**	(187)	(2.2)	(76)	(0.7)	(111)	146.1
Revenue from sale of real estate-net	8,517	99.6	11,122	99.7	(2,605)	(23.4)
Other Income	34	0.4	31	0.3	3	9.7
Total Revenue	8,551	100.0	11,153	100.0	(2,602)	(23.3)
Cost of real estate sales	5,524	64.9	7,233	65.0	(1,709)	(23.6)
Gross profit	3,027	35.5	3,920	35.2	(893)	(22.8)
Selling and Administrative expenses	1,752	20.5	1,866	16.7	(114)	(6.1)
Profit before finance cost and income tax expense	1,275	14.9	2,054	18.4	(779)	(37.9)
Financial cost	82	1.0	28	0.3	54	192.9
Profit before income tax expense	1,193	14.0	2,026	18.2	(833)	(41.1)
Income tax expense	260	3.0	407	3.6	(147)	(36.0)
Profit for the period	933	10.9	1,619	14.5	(686)	(42.4)
Non-controlling interests	17	0.2	28	0.3	(11)	(39.3)
Owners of the Company	916	10.7	1,591	14.3	(675)	(42.4)

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 September 2018, the statement of comprehensive income reported promotion expense adjusting to TFRS 15 for performance comparison.

Comparison performance of the Company for the nine months ended 30 September 2019 and 2018

Unit: million baht

Statement of comprehensive income	30-Sep-19	%	30-Sep-18	%	Increase/ (Decrease)	%YoY
Revenue from sale of real estate	28,592	101.2	30,480	100.5	(1,888)	(6.2)
Promotions**	(413)	(1.5)	(259)	(0.9)	(154)	59.5
Revenue from sale of real estate-net	28,179	99.7	30,221	99.7	(2,042)	(6.8)
Other Income	88	0.3	95	0.3	(7)	(7.4)
Total Revenue	28,267	100.0	30,316	100.0	(2,049)	(6.8)
Cost of real estate sales	18,312	65.0	19,587	64.8	(1,275)	(6.5)
Gross profit	9,955	35.3	10,729	35.5	(774)	(7.2)
Selling and Administrative expenses	5,094	18.0	5,517	18.2	(423)	(7.7)
Profit before finance cost and income tax expense	4,861	17.2	5,212	17.2	(351)	(6.7)
Financial cost	218	0.8	106	0.3	112	105.7
Profit before income tax expense	4,643	16.4	5,106	16.8	(463)	(9.1)
Income tax expense	1,043	3.7	1,017	3.4	26	2.6
Profit for the period	3,600	12.7	4,089	13.5	(489)	(12.0)
Non-controlling interests	66	0.2	72	0.2	(6)	(8.3)
Owners of the Company	3,534	12.5	4,017	13.2	(483)	(12.0)

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 nine months ended 30 September 2018, the statement of comprehensive income reported promotion expense adjusting to TFRS 15 for performance comparison.

Revenue

For 3Q19, the Company generated total revenue of Baht 8,551 million, comprised of Baht 8,517 million from the sale of real estate and Baht 34 million from other revenue.

For 9M19, the Company generated total revenue of Baht 28,267 million, comprised of Baht 28,179 million from the sale of real estate and Baht 88 million from other revenue.

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

Unit: million baht

Products	Nine months ended 30 September				Increase (Decrease)	%YoY
	2019	%	2018	%		
Townhouse	13,080	46.4%	15,606	51.6%	(2,526)	(16.2%)
Single-detached house	5,413	19.2%	6,156	20.4%	(743)	(12.1%)
Condominium	9,686	34.4%	8,459	28.0%	1,227	14.5%
Revenue from sale real estate	28,179	100.0%	30,221	100.0%	(2,042)	(6.8%)

For 9M19, revenue from real estate business was Baht 28,179 million, a decrease of Baht 2,042 million or decreased 6.8% yoy, since townhouse and single-detached house segments decreased at Baht 2,526 million or 16.2% yoy and Baht 743 million or 12.1% yoy respectively. This was due to LTV policy effective on April 1, 2019 and none of other income from other businesses.

Cost of real estate sales

For 3Q19, the Company reported cost of real estate sales of Baht 5,524 million or 64.9% of net revenue from real estate compared to Baht 7,233 million or 65.0% of net revenue from real estate in 3Q18. This resulted in a drop of cost of real estate to sales ratio in 3Q19 from the previous year.

For 9M19, the Company reported cost of real estate sales of Baht 18,312 million or 65.0% of net revenue from real estate compared to Baht 19,587 million or 64.8% of net revenue from real estate in 9M18. Cost of real estate to sales ratio in 9M19 decreased as compared to previous year due to cost efficiency.

Gross profit margin from sale of real estate

For 3Q19, the Company reported gross profit margin at 35.5%, higher than 35.2% in 3Q18 due mainly to higher sales of condo segment, which generated higher margins.

For 9M19, the Company reported gross profit margin at 35.3% which was lower than 35.5% in 9M18 due mainly to higher sales from townhouse and single-detached house segments.

Selling & Administrative expenses

For 3Q19, the Company reported selling and administrative expenses of Baht 1,752 million or 20.5% of total revenue, a decrease of Baht 114 million or 6.2% from 3Q18 mainly from lower selling expense of Baht 109 million or 12.2% due to lower project launch.

For 9M19, the Company reported selling expenses of Baht 5,094 million or 18% of total revenue, a decrease of Baht 423 million or 7.7% from 9M18 mainly from lower selling expense of Baht 284 million or 11% and administrative expense of Baht 139 or 4.7%.

Financing cost

For 3Q19, the Company reported financing cost of Baht 82 million, an increase of Baht 54 million from 3Q18, due mainly to an increase in interest bearing debt.

For 9M19, the Company reported financing cost of Baht 218 million, an increase of Baht 112 million from 9M18, due mainly to an increase in interest bearing debt.

As of 30 September 2019, interest bearing debt to equity ratio was 0.77 times and interest-bearing debt less cash to equity ratio was 0.74 times, resulting from the effective debt management of the Company and its subsidiaries.

Net profit

For 3Q19, net profit of the Company was Baht 916 million or 10.7% of total revenue, compared to net profit of Baht 1,591 million or 14.3% of total revenue in 3Q18, a decrease of Baht 675 million or 42.5% yoy, mostly from a decline in revenue from sales of real estate with value of Baht 2,605 million or 23.4%.

Similarly, 9M19 net profit of the Company was Baht 3,534 million or 12.5% of total revenue, compared to net profit of Baht 4,017 million or 13.2% of total revenue in 9M18, a decrease of Baht 483 million or 12.0% yoy, mainly from a drop of revenue from sales of real estate with value of Baht 2,042 million or 6.8%.

Consolidated statement of financial position

	30 September 31 December		30 September 31 December	
	2019	2018	2019	2018
	(Million baht)		(Million baht)	
Assets			Non-interest bearing debt	
Current Assets			Accounts payable	2,068 2,284
Cash and Cash equivalents	1,287	1,445	Other non current liabilities	9,595 10,587
Real estate project under development	74,857	71,960	Total non interest bearing debt	11,663 12,871
Other current assets	2,101	2,263	Short-term loans from financial institution	10,700 5,600
			Long-term loans	500 500
			Current portion of long-term debentures	7,000 6,400
			Long-term debentures	13,500 14,600
Total current assets	78,245	75,668	Total interest bearing debt	31,700 27,100
property, plant and equipments	5,052	4,739	Total liabilities	43,363 39,971
Other non-current assets	2,023	1,438	Equity	41,256 41,171
Total non-current assets	7,075	6,178	Non-controlling interests	701 704
Total assets	85,320	81,845	Total liabilities and equity	85,320 81,845

Remark: Portion of consolidated statement of financial position

As of 30 September 2019, the Company reported 192 active projects with total project value of Baht 221,024 million. It was categorized by product segment as follows; 112 townhouse projects with total value of Baht 92,822 million, 47 single-detached house projects with total value of Baht 52,914 million, 23 condominium (value

business) projects with total value of Baht 47,266 million and 10 condominium (premium business) projects with total value of Baht 28,023 million.

As of 30 September 2019, the Company reported total assets of Baht 85,320 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 10,700 million, long term loans with value of Baht 500 million and long-term debentures with value of Baht 20,500 million in order to use as working capital and for liquidity management.

Please be informed accordingly.

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