



UNIVENTURES

Ref. UV No. 044/2017

The Registration NO. 0107537001030

August 9, 2017

Subject: Management Discussion and Analysis on Financial Statements for the 2<sup>nd</sup> quarter of the year 2017

Dear: The SET Board of Governors  
The Stock Exchange of Thailand

By Copy to: Secretary  
General Office of the Securities and Exchange Commission

We, Univentures Public Company Limited ("the Company"), reported reviewed financial statements for the three-month period ended 30 June 2017 (Q2/2017) and the financial statements of the same period of previous year (Q2/2016). Profit attributable to the owners of the company shown in our consolidated financial statements of Q2/2017 was Baht 199.7 million, increased by Baht 42.1 million, or 27%.

The Company would like to explain the consolidated operating result for the three-month period ended 30 June 2017 and financial position as at the same period as follows:

### **1. Consolidated statements of comprehensive income**

The consolidated statements of comprehensive income for the three-month period ended 30 June 2017 compared with same period of previous year.

	Q2'17	% of sales	Q2'16	% of sales	Increased (Decreased)	%
Revenue from sale of goods, rendering of services and	4,278.3	100%	3,863.5	100%	414.9	11
Cost of sale of goods, rendering of services and rental	3,065.8	72%	2,875.8	74%	190.0	7
<b>Gross Profit</b>	<b>1,212.5</b>	<b>28%</b>	<b>987.7</b>	<b>26%</b>	<b>224.9</b>	<b>23</b>
Selling and administrative expenses	707.1	16%	612.7	16%	94.4	15
<b>Operating Profit</b>	<b>505.4</b>	<b>12%</b>	<b>374.9</b>	<b>10%</b>	<b>130.5</b>	<b>35</b>
Other Income	29.0		25.2		3.8	15
Share of profit of equity-accounted investees associates	24.1		21.5		2.6	12
<b>Profit before Depreciation and Amortization (EBITDA)</b>	<b>718.4</b>	<b>17%</b>	<b>535.9</b>	<b>14%</b>	<b>182.5</b>	<b>34</b>
Depreciation and Amortization	159.9	4%	114.3	3%	45.6	40
<b>Profit before finance costs and income tax (EBIT)</b>	<b>558.5</b>	<b>13%</b>	<b>421.6</b>	<b>11%</b>	<b>136.9</b>	<b>32</b>
Finance costs	47.4	1%	32.9	1%	14.4	44
<b>Profit before income tax (EBT)</b>	<b>511.1</b>	<b>12%</b>	<b>388.7</b>	<b>10%</b>	<b>122.4</b>	<b>32</b>
Income tax expense	145.2	3%	78.2	2%	66.9	86
<b>Profit for the period</b>	<b>366.0</b>	<b>8%</b>	<b>310.4</b>	<b>8%</b>	<b>55.5</b>	<b>18</b>
<b>Profit attributable to:</b>						
Owners of the Company	199.7	5%	157.6	4%	42.1	27
Non-controlling interests	166.3	4%	152.9	4%	13.4	9

Table 1: Consolidated statements of comprehensive income

(Unit : Million Baht)

### 1.1 Revenue from sale of goods, rendering of services and rental

According to Table 1, total revenue from sale of goods, rendering of services and rental ("core revenue") for Q2/2017 was Baht 4,278.3 million, increased from the same period of previous year by Baht 414.9 million or 11%. Figure 1 illustrated revenue proportion from sale of goods, rendering of services and rental. The changing for Q2/2017 from the same period of previous year by segment is per below detail:

- Revenue from sale of real estate projects decreased from 84% of core revenue to 81%.
- Revenue from rental and rendering of services increased from 5% of core revenue to 6%
- Revenue from sale of goods and rendering of services increased from 8% of core revenue to 9%
- Revenue from hotel business remained at 3% of core revenue
- Revenue from management fee increased from 0% of core revenue to 1%
- Revenue from golf course operation remained at 0.1% of core revenue

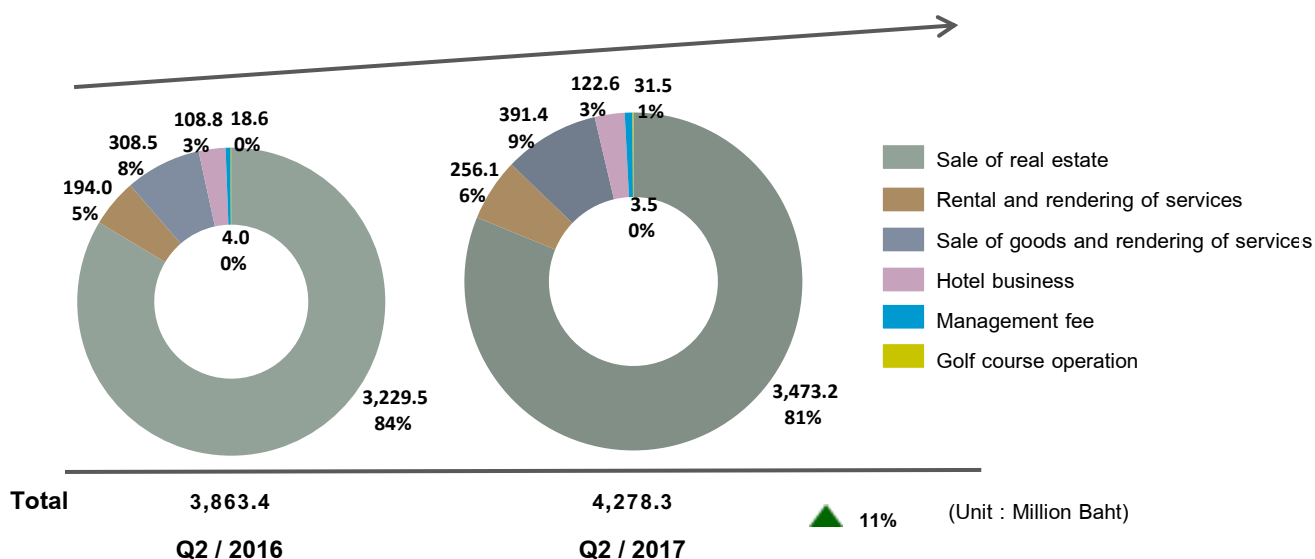


Figure 1: Proportion of revenue from sale of goods, rendering of services and rental

- **Revenue from sale of real estate projects**

Real estate market outlook for the year 2017 is estimated to be stable despite positive factors including clearer government spending on Pracharat project and low interest rates. However, property developer will be challenged with limited demand comparing with high residential supply, weak purchasing power and high household debt; hence, developers must launch competitive marketing campaigns and be cautious on new project development locating in Bangkok’s outskirts-- extension of mass transist line. It is expected that successful investment will stay mostly in popular locations particulary in cetral business district (CBD) for upper-end residential segment which will continue to drive the price upward following limited land supply.

According to AREA survey, it is expected that unsold residential units at the end of Q2/2017 were 190,0000 units. Of the total, 75,000 units were from condos and 60,000 units from townhouse. The residential segment which has highest sold rate is Baht 3-5 million, which is consistent with average residential price of the Company.

In Q2/2017, the Company reported revenue from sale of real estate from high-rise and low-rise projects of Baht 3,473.2 million, increased from the same period of previous year by Baht 243.7 million or 8% per below detail:

- High-rise Projects shown in Figure 2: Revenue derived from 241 Units, 7 projects in total value of Baht 694.9 million, decreasing by Baht 33.8 million, or 5% from the same period of previous year.

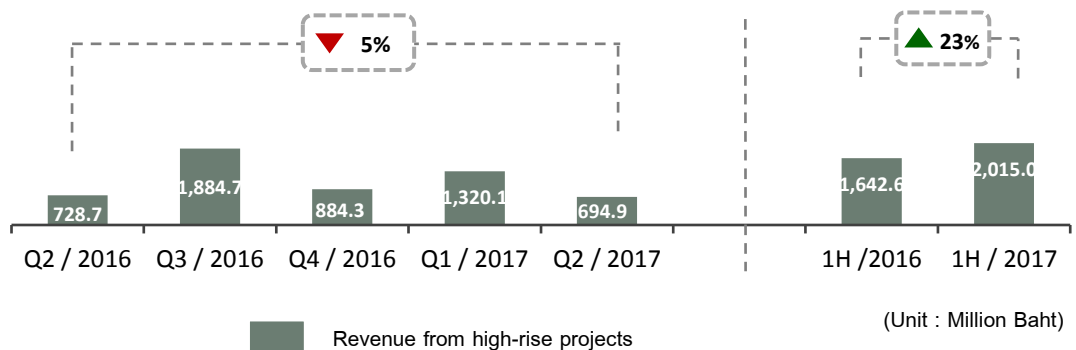


Figure 2: Graph shown revenue from high-rise projects

- Low-rise projects shown in Figure 3: Revenue derived from 734 units, 32 projects in value of Baht 2,193.5 million, increasing by Baht 277.5 million, or 11% from previous year.

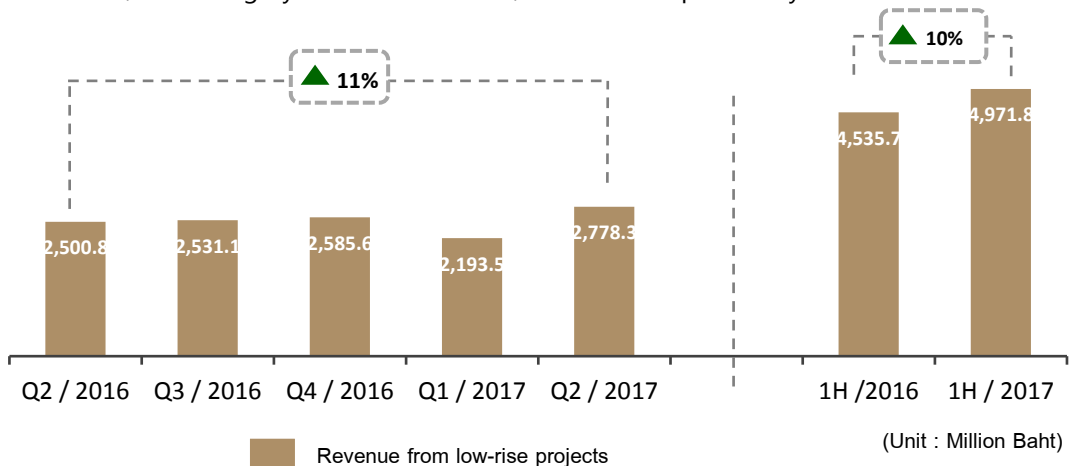


Figure 3: Graph shown revenue from low-rise projects

- **Revenue from rental, rendering of services, hotel business and management fee**

From Figure 1, the Company reported revenue from rental, rendering of services, revenue from hotel business and management fee in total of Baht 410.2 million in Q2/2017, increased from the same period of previous year by Baht 88.7 million or 28%. Revenue from rental and rendering of services mainly derived from office buildings, hotels and service apartments of GOLD in total of Baht 362.4 million, increased from the previous year by Baht 97.2 million or 37%, as shown in Figure 4 due to revenue recognition from FYI and Modena by Fraser Bangkok hotel.

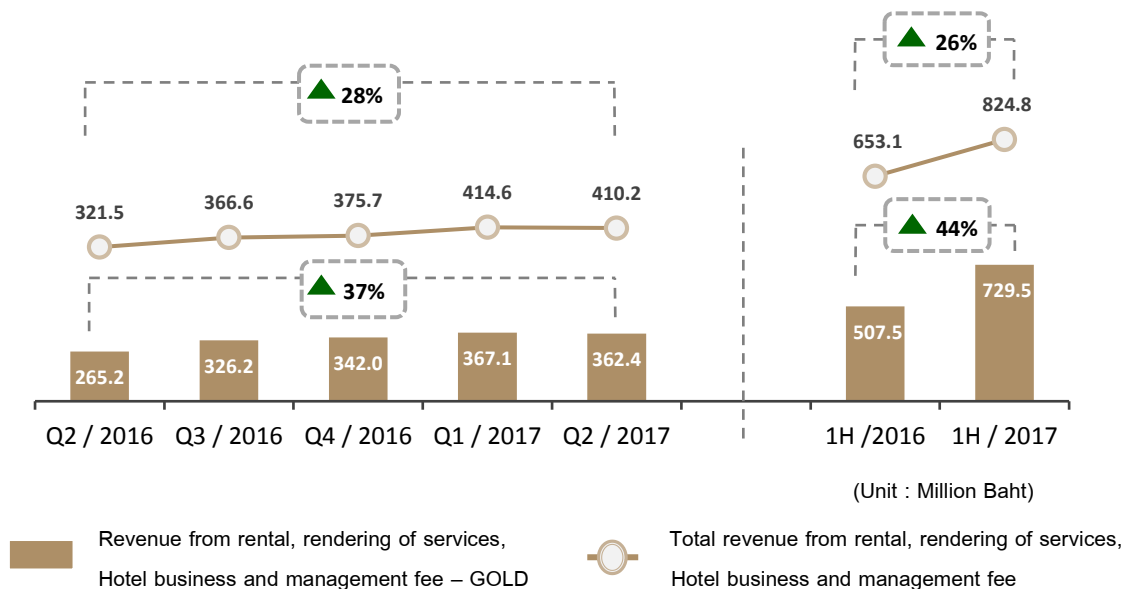


Figure 4: Graph of revenue from rental and rendering of services

- **Revenue from sale of goods and rendering of services**

From Figure 1, the Company reported revenue from sale of goods and rendering of services of Baht 391.4 million in Q2/2017, increased from the same period of previous year by Baht 82.9 million or 24%. Revenue increase was mainly from increased in zinc oxide revenue by Baht 83.3 million, or 29% compared to the same period of previous year, in line with the increasing of raw material price (LME), as shown in figure 5.

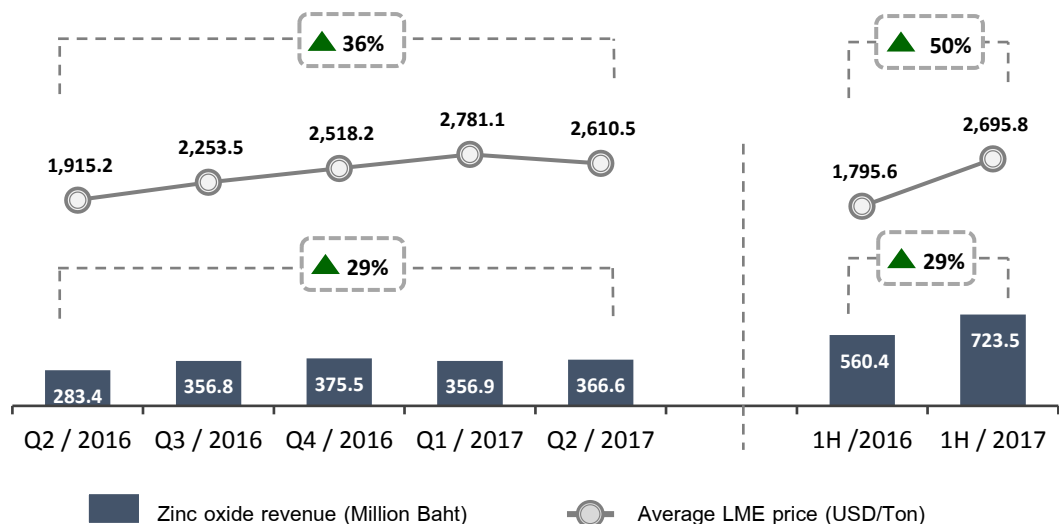


Figure 5: Graph of zinc oxide revenue and Average LME

## 1.2 Cost of sale of goods, rendering of services and rental

According to Table 1, the Company reported cost of sale of goods, rendering of services and rental of Baht 3,065.8 million in Q2/2017, increased from the previous year by Baht 190.0 million or 7%. The proportion of cost of sale of goods, rendering of services and rental to core revenue was 72%, decreased from the same period of previous year which was at 74%. Consequently, the Company reported higher gross profit margin from 26% in the same period of previous year to 28% this year. The analysis of cost of sale of goods, rendering of services and rental by business segments is per below detail:

- Cost from sale of real estate was 69% in Q2/2017, decreased from 73% in the same period of previous year due to improved cost management of construction.
- Cost from rental and rendering services was 72% in Q2/2017, decreased from 82% in the same period of previous year.
- Cost from sale of goods and rendering services was 96% in Q2/2017, increased from 88% in previous year due to increased LME cost.
- Cost from hotel business was 76% in Q2/2017, increased from 60% in previous year
- Cost from management fee was 54% in Q2/2017, increased from 42% in previous year
- Cost from golf course operation was 70% in Q2/2017, increased from 69% in previous year

## 1.3 Selling and administrative expenses

According to Table 1, the Company reported selling and administrative expenses of Baht 707.1 million in Q2/2017, increased by Baht 94.4 million, or 15%. The proportion of selling and administrative expenses to revenue was 16%, unchanged from previous year as shown in Figure 6. The details of selling and administrative expenses are per below:

- Selling expense in Q2/2017 was Baht 302.1 million, increased by Baht 47.7 million, or 19% compared with the same period of previous year. Increased selling expenses were mainly from special business tax, transfer fee and marketing expense related from launching new projects. The proportion of selling expense to revenue in Q2/ 2017 was at 7% of total revenue, unchanged from the same period of previous year.
- Administrative expense in Q2/2017 was Baht 405.1 million, increased by Baht 46.7 million, or 13% compared with the same period of previous year. The incremental of administrative expense were mainly from personal expense to accommodate company growth target. However, the proportion of administrative expense to revenue in Q2/2017 was at 9%, increased from the same period of previous year which was at 8% of total revenue.

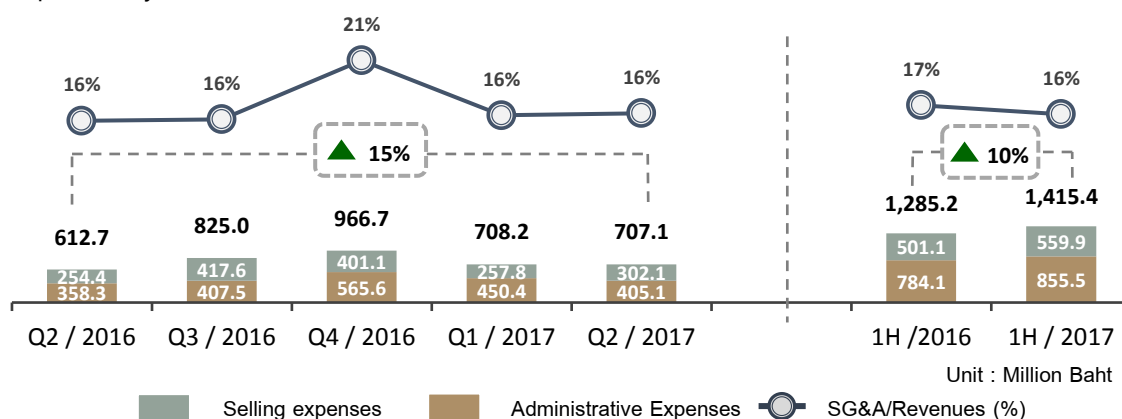


Figure 6: Graph of selling and administrative expenses

## 1.4 Finance costs

According to Table 1, Finance costs in Q2/2017 were Baht 47.4 million, increased from the same period of previous year by Baht 14.5 million, or 44% due to loan repayment to financial institution after cash received from lease and sub-lease to GVREIT. The proportion of finance costs to revenue in Q2/2017 was at 1%, unchanged from the same period of previous year.

## 1.5 Profit attributable to the owners of the Company

According to Figure 7, profit for Q2/2017 was Baht 365.9 million, increased by Baht 55.5 million, or 18%. Profit attributable to the owners of the Company was Baht 199.7 million, increased by Baht 42.1 million, or 27% compared to the same period of previous year due to increasing core revenue and lowering cost of sale of goods, rendering of services and rental which resulted in higher gross profit at 28%, up from 26% in the same period of previous year..

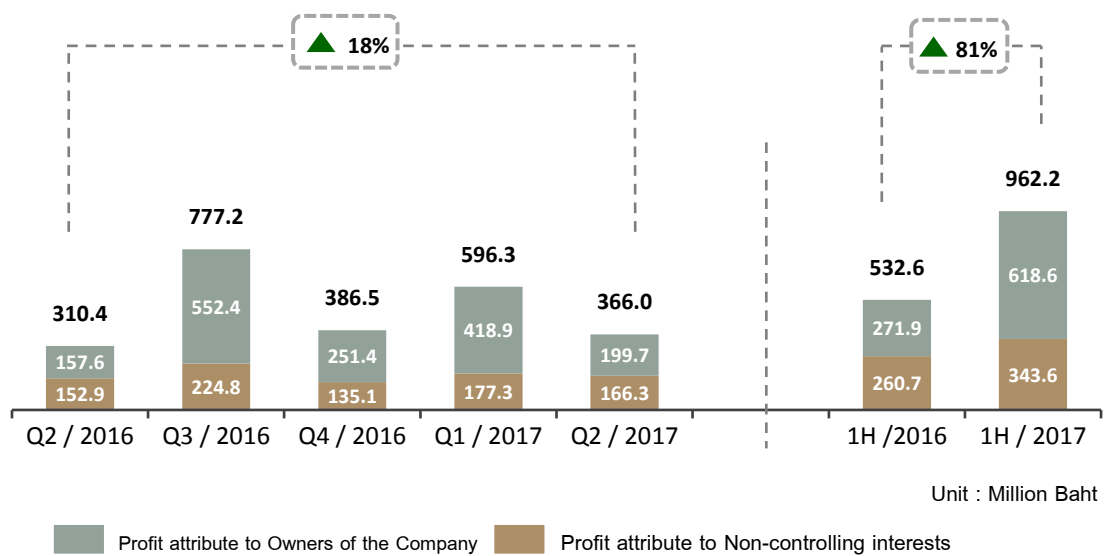


Figure 7: Graph of profit attributable proportion to the owner of the Company and Non-controlling interests

## Consolidated statements of financial position

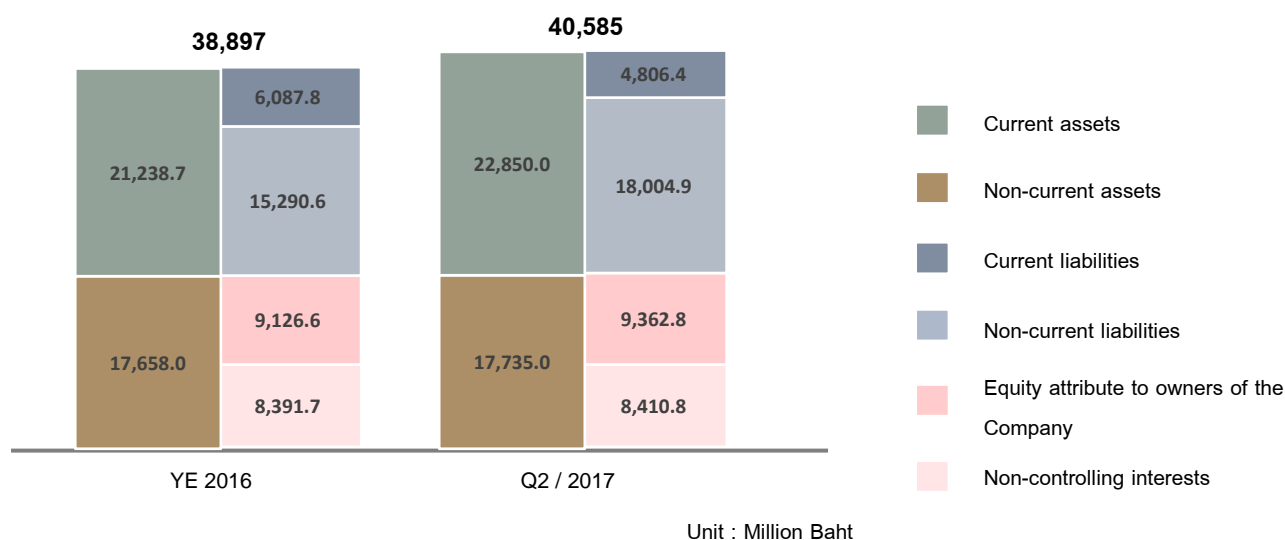


Figure 8: Consolidated statements of financial position

### Assets

As of 30 June 2017, the Company reported total assets in amount of Baht 40,584.9 million, increased from year 2016 by Baht 1,688.3.6 million, or 4%. Increase in asset was mainly from increase in investment in associate and joint venture by Baht 376.0 million, increase of inventory by Baht 291.1 million, and increase of real estate project under development by Baht 980.8 million.

### Liabilities

As of 30 June 2017, the Company reported total liabilities of Baht 22,811.3 million, increased from the end of the year 2016 by Baht 1,432.9 million, or 7%, mainly due from issued Bond in total amount of Baht 3,000 million, netting with reduction of short-term loan and current portion of long-term loan to financial institution in total amount of Baht 1,114.3 million including with reduction of lease receive in advance totaling amount of Baht 221.3 million and reduction of provisions in total of Baht 194.1 million .

### Liquidity

The current ratio as of Q2/2017 and year end 2016 were at 4.75 times and 3.49 times respectively while debt to equity ratio as of Q2/2017 were at 1.28 times, increased from year end at 1.22 times.

Please be informed accordingly.

Yours sincerely,

(Mr. Worawat Srisa-an)

President

Univentures Public Company Limited