



UNIVENTURES

Ref. UV No. 018/2018  
The Registration NO. 0107537001030

May 10, 2018

Subject: Management Discussion and Analysis on Financial Statements for the three-month period ended March 31, 2018 (Q2/2018)

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 31 March 2018 (Q2/2018) and the financial statements of the same period of previous year. Profit attributable to the owners of the company shown in our consolidated financial statements of this quarter was Baht 221.5 million, decreased by Baht 197.4 million, or 47%.

The Company would like to explain the consolidated operating result for the three-month period ended 31 March 2018 and financial position as at the same date as follows:

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

The consolidated statements of comprehensive income for the three-month period ended 31 March 2018 compared with same period of previous year.

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	Q2'18 (Jan-Mar 18)	% of sales	Q2'17 (Jan-Mar 17)	% of sales	Increased (Decreased)	%
Revenue from sale of goods, rendering of services and	4,790.2	100%	4,332.6	100%	457.6	11
Cost of sale of goods, rendering of services and rental	3,291.0	69%	2,917.9	67%	373.1	13
<b>Gross Profit</b>	<b>1,499.2</b>	<b>31%</b>	<b>1,414.6</b>	<b>33%</b>	<b>84.5</b>	<b>6</b>
Selling and administrative expenses	866.4	18%	708.2	16%	158.2	22
<b>Operating Profit</b>	<b>632.8</b>	<b>13%</b>	<b>706.4</b>	<b>16%</b>	<b>(73.6)</b>	<b>(10)</b>
Other Income	53.4		31.3		22.1	71
Share of profit of equity-accounted investees associates	5.9		27.0		(21.1)	78
<b>Profit before Depreciation and Amortization (EBITDA)</b>	<b>844.5</b>	<b>17%</b>	<b>917.6</b>	<b>21%</b>	<b>(73.1)</b>	<b>(8)</b>
Depreciation and Amortization	152.5	3%	152.9	4%	(0.4)	(0)
<b>Profit before finance costs and income tax (EBIT)</b>	<b>692.0</b>	<b>14%</b>	<b>764.7</b>	<b>18%</b>	<b>(72.6)</b>	<b>(9)</b>
Finance costs	40.5	1%	48.1	1%	(7.6)	(16)
<b>Profit before income tax (EBT)</b>	<b>651.5</b>	<b>13%</b>	<b>716.6</b>	<b>16%</b>	<b>(65.1)</b>	<b>(9)</b>
Income tax expense	148.5	3%	120.3	3%	28.3	23
<b>Profit for the period</b>	<b>503.0</b>	<b>10%</b>	<b>596.3</b>	<b>14%</b>	<b>(93.3)</b>	<b>(16)</b>
<b>Profit attributable to:</b>						
Owners of the Company	221.5	5%	418.9	10%	(197.4)	(47)
Non-controlling interests	281.4	6%	177.3	4%	104.1	59

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 the Q2/2018 was Baht 4,790.2 million, increased from the same period of previous year by Baht 457.6 million or 11%. Figure 1 illustrated revenue proportion from sale of goods, rendering of services and rental. The changing for the three-month period ended 31 March 2018 from the same period of previous year by segment is per below detail:

- Revenue from sale of real estate projects decreased from 81% of core revenue to 78%.
- Revenue from rental and rendering of services remained at 6% of core revenue
- Revenue from sale of goods and rendering of services increased from 9% of core revenue to 12%
- Revenue from hotel business remained at 3% of core revenue
- Revenue from management fee remained at 1% of core revenue
- Revenue from golf course operation remained at 0.2% of core revenue

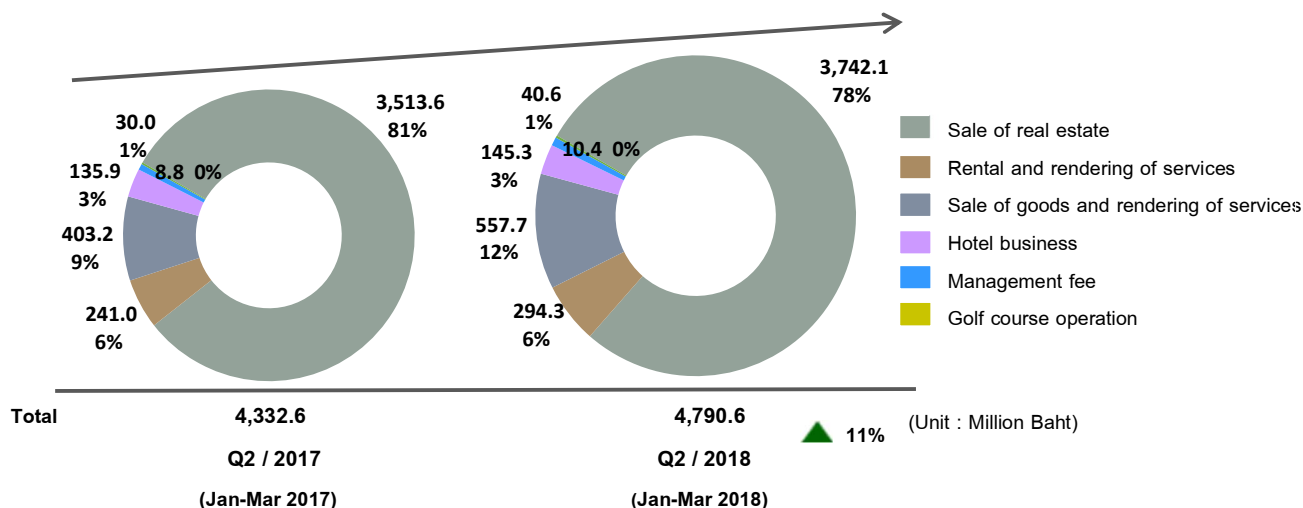


Figure 1: Proportion of revenue from sale of goods, rendering of services and rental

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

Real estate market for the year 2018 is driven by positive factors including low interest rate and clearer government spending on infrastructure and transportation. This year, it is the government plan to open another large infrastructure project for bidding-- the southern Purple Line from Tao Poon to Rat Burana. However, developers remain cautious in high household debt and strict home loan approval from financial institutions. Another crucial factors are new land and building tax and new town planning act (No 4) expected to take effect in year 2019.

According to AREA survey for 3-month at the end of Q2/2018, it is estimated that newly launched units were 25,026 units. From the total launched, 60% were from condo and 23% were from town house. The highest sold out rate were from high-end condo and luxury condo in central business district (CBD) average price THB 5 to 20 million followed by town house price THB 3-5 million located on the new extension line.

To meet rising demand in high-end condo and targeting higher purchasing power customer, the company will launch 4 new brands condos in primer location next to the mass transit stations in total project value of THB 12 billion. The first project—Ciela Sripatum was launched in March 2018. The project value is THB 2,751 million.

In Q2/2018, the Company reported revenue from sale of real estate from high-rise and low-rise projects of Baht 3,742.1 million, increased from the same period of previous year by Baht 228.5 million or 7% per below detail:

- High-rise Projects shown in Figure 2: Revenue derived from 241 Units, 7 projects in total value of Baht 625.6 million, decreasing by Baht 694.4 million, or 53% from the same period of previous year.

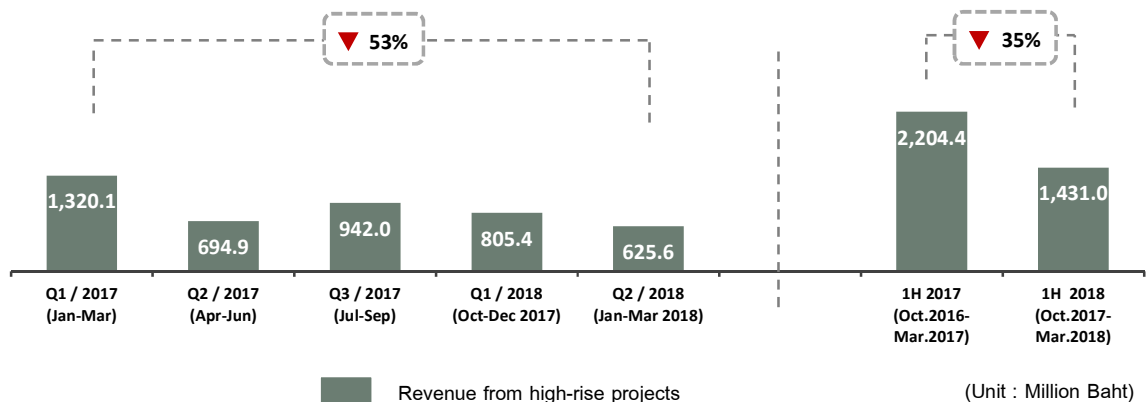


Figure 2: Graph shown revenue from high-rise projects

- Low-rise projects shown in Figure 3: Revenue derived from 813 units, 38 projects in value of Baht 3,116.4 million, increasing by Baht 922.9 million, or 42% from previous year.

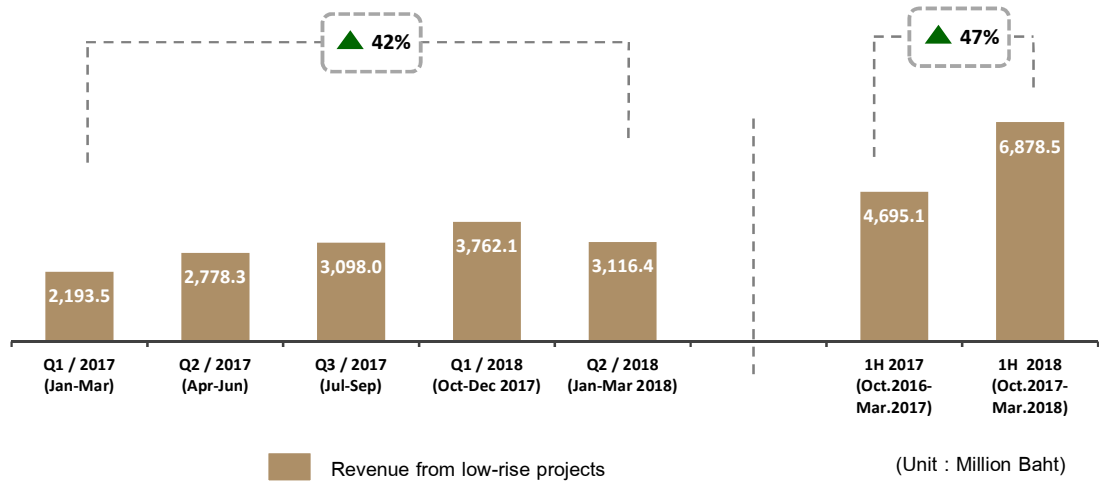


Figure 3: Graph shown revenue from low-rise projects

- **Revenue from rental and hotel business**

From Figure 1, the Company reported revenue from rental and hotel business in total of Baht 439.6 million in Q2/2018, increased from the same period of previous year by Baht 62.6 million or 17%. Revenue from rental mainly derived from office buildings, hotels and service apartments of GOLD in total of Baht 396.3 million, increased from the previous year by Baht 54.8 million or 16%, as shown in Figure 4 due to revenue recognition from FYI and Modena by Fraser Bangkok Hotel.

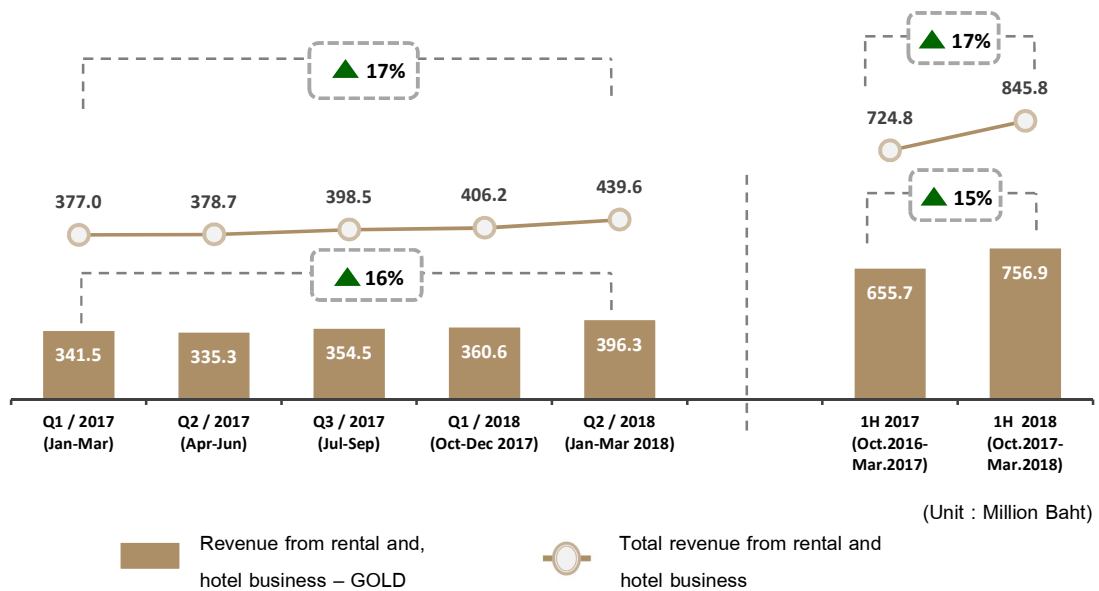


Figure 4: Graph of revenue from rental and rendering of services

- **Revenue from sale of goods, rendering of services and management fee**

From Figure 1, the Company reported revenue from sale of goods, rendering of services and management fee of Baht 557.7 million in Q2/2018, increased from the same period of previous year by Baht 154.4 million or 38%. Increasing revenue was mainly from increased in zinc oxide revenue by Baht 159.5 million, or 45% compared to the same period of previous year due to increasing of sale volume by 30% and increasing of raw material price (LME) by 23%, as shown in figure 5.

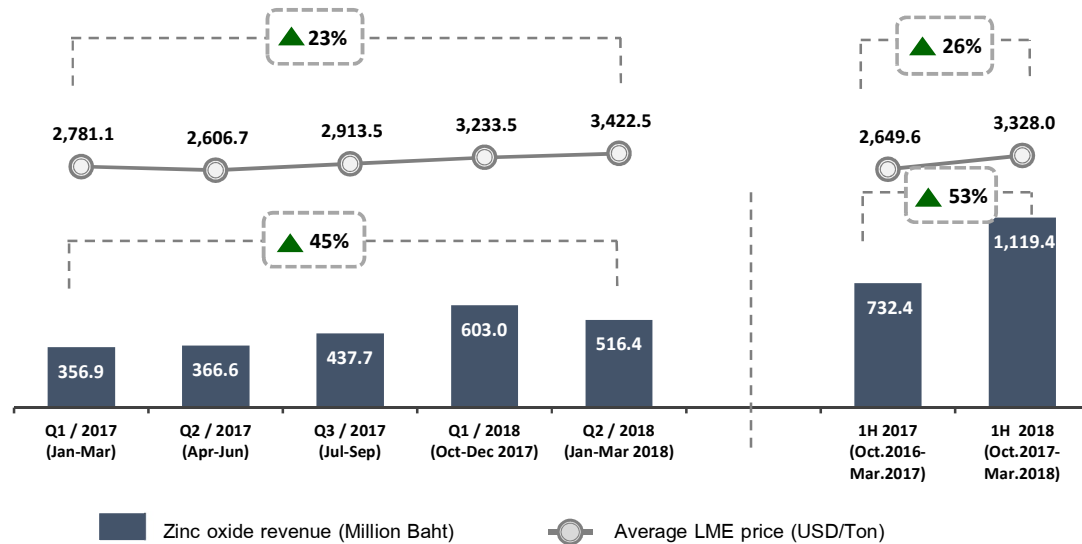


Figure 5: Graph of zinc oxide revenue and Average LME

## 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 3,291.0 million in Q2/2018, increased from the same period of previous year by Baht 373.1 million or 13%. The proportion of cost of sale of goods, rendering of services and rental to core revenue was 69%, increased from the same period of previous year which was at 67%. Consequently, the Company reported lower gross profit margin from 33% in the same period of previous year to 31% 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 67%, increased from 65% in the same period of previous year.
- Cost from rental and rendering services was 62% in Q2/2018, decreased from 76% in the same period of previous year.
- Cost from sale of goods and rendering services was 87% in Q2/2018, increased from 82% in the same period of previous year due to increased LME cost.
- Cost from hotel business was 67% in Q2/2018, unchanged from the same period of previous year.
- Cost from management fee was 50% in Q2/2018, decreased from 57% in the same period of previous year.
- Cost from golf course operation was 37% in Q2/2018, decreased from 38% in the same period of previous year.

### 1.3 Selling and administrative expenses

According to Table 1, the Company reported selling and administrative expenses of Baht 866.4 million in Q2/2018, increased by Baht 158.2 million, or 22%. The proportion of selling and administrative expenses to revenue was 18%, increased from 16% in the same period of previous year as shown in Figure 6. The details of selling and administrative expenses are per below:

- Selling expense in Q2/2018 was Baht 395.9 million, increased by Baht 138.1 million, or 54% compared with the same period of previous year. Increased selling expenses were mainly from marketing expense for corporate branding with concept “Simply Makes Sense” and launching new projects -i.e. Ciela Sripatum. The proportion of selling expense to revenue in Q2/2018 was at 8% of total revenue, increased from 6% in the same period of previous year.
- Administrative expense in Q2/2018 was Baht 470.5 million, decreased by Baht 20.1 million, or 4% compared with the same period of previous year. The proportion of administrative expense to revenue in Q2/2018 was at 10% of total revenue, increased from 9% in the same period of previous year.

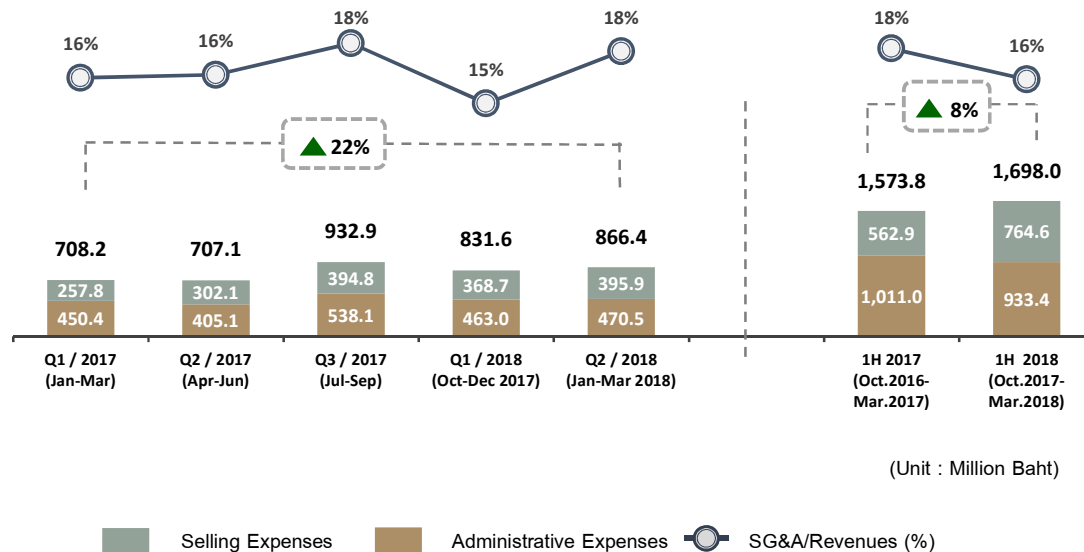


Figure 6: Graph of selling and administrative expenses

### 1.4 Finance costs

According to Table 1, Finance costs in Q2/2018 were Baht 40.5 million, decreased from the same period of previous year by Baht 7.6 million, or 16%. The proportion of Finance costs to revenue in Q2/2018 was at 1% of core revenue, unchanged in the same period of previous year.

## 1.5 Profit attributable to the owners of the Company

According to Figure 7, profit in Q2/2018 was Baht 503.0 million, decreased by Baht 93.3 million, or 16%. Profit attributable to the owners of the Company was Baht 221.5 million, decreased by Baht 197.4 million, or 47% compared to the same period of previous year mainly due to increasing Grand Unity's corporate branding expenses and marketing expenses for launching projects Ciela Sripatum per detail in clause 1.3.

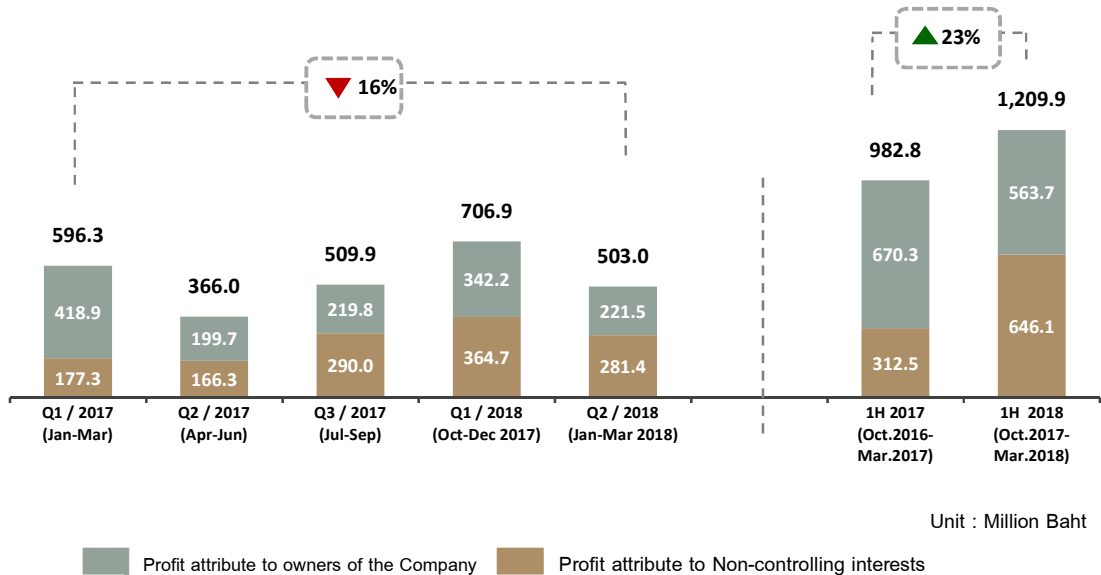


Figure 7: Graph of profit attributable proportion to the owner of the Company and Non-controlling interests

## 2. Consolidated statements of financial position

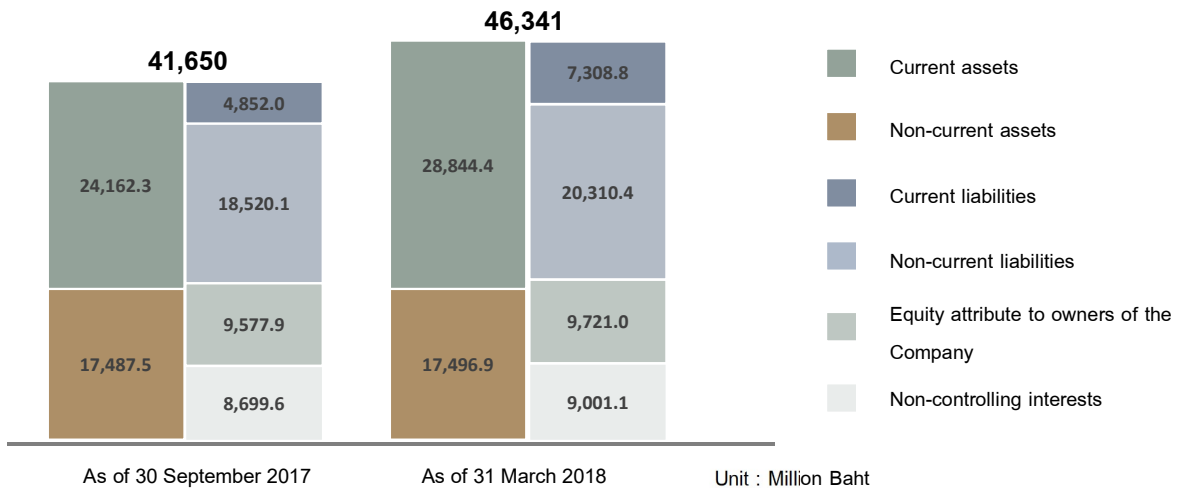


Figure 8: Consolidated statements of financial position

**Assets**

As ending of quarter 2 year 2018 (31 March 2018), the Company reported total assets in amount of Baht 46,341.3 million, increased from 2017 year end (30 September 2017) by Baht 4,691.6 million, or 11%. Increase in asset was mainly from increasing real estate project under development by Baht 5,017.2 million, netting with reduction cash and cash equivalent by Baht 508.0 million.

**Liabilities**

As ending of quarter 2 year 2018 (31 March 2018), the Company reported total liabilities of Baht 27,619.1 million, increased from the end of the year 2017 (30 September 2017) by Baht 4,247.0 million, or 18%. Increase in liabilities was mainly from increasing short-term loan by Baht 2,370.4 million and New bond issuance in total amount of Baht 2,000 million.

**Liquidity**

The current ratio as ending of quarter 2 year 2018 (31 March 2018) and 2017 year end (30 September 2017) were at 3.95 times and 4.98 times, respectively while debt to equity ratio as ending of quarter 2 year 2018 (31 March 2018) were at 1.48 times, increased from 2017 year end (30 September 2017) at 1.28 times.

Please be informed accordingly.

Yours sincerely,

(Mr. Worawat Srisa-an)

President

Univentures Public Company Limited