



Q2 2015 Management Discussion and Analysis

Financial Summary	Q2 2015	Q1 2015	Q2 2014	%QoQ	%YoY
Total Revenue (Btm)	5,402	5,220	5,918	3.5%	-8.7%
Cost of sales (Btm)	3,508	3,449	3,918	1.7%	-10.5%
Selling and Administrative Expenses (Btm)	986	993	1,009	-0.7%	-2.3%
Selling Expenses (Btm)	442	461	457	-4.2%	-3.4%
Admin Expenses (Btm)	544	532	552	2.4%	-1.4%
Net Profit from Operation (Btm)	629	560	712	12.5%	-11.6%
Net Profit (Btm)	643	560	712	14.8%	-9.7%
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Gross Margin	35.1%	33.9%	33.8%		
SG&A as a % of revenue	18.3%	19.0%	17.1%		
Selling exp as a % of revenue	8.2%	8.8%	7.7%		
Admin exp as a % of revenue	10.1%	10.2%	9.3%		
Net Margin	11.9%	10.7%	12.0%		
EPS (Bt)	0.20	0.18	0.25		
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Net Debt to Equity (x)	0.96	1.03	1.11		

- **Net Profit was booked at 643 million Baht, grew 14.8% QoQ with 1H growth of 23.8%.** Though, net profit dropped by 9.7% YoY, net margin maintained at last year level of 12% of revenue. Despite topline dropped, favorable gross margin helped sustaining the efficiency.
- **Total Revenue was booked at 5.4 billion Baht, grew 3.5% QoQ with 1H growth of 12.5%.** YoY figure dropped by 8.7%. Condominium revenue grew 6.5% YTD, but drop 18.5% YoY. Rhythm Sathorn handover has started in June 2015 at 17.8% transfer rate in a month, while last year we transferred Life Ratchada since Apr at transfer rate of 43% in Q2 2014. Low rise revenue showed 17% growth YTD, or 2% growth QoQ. Low rise contributed 52% of our portfolio this quarter. Key revenue contributors were as follows:

Top 5 contributors to revenue	% of Q2 2015 revenue	Accumulated Project Transfer
Rhythm Sathorn	15.0%	17.8%
Rhythm Sathorn-Narathiwas	8.8%	95.7%
Aspire Sathorn-Taksin phase 1 (Timber Zone)	8.7%	43.8%
Aspire Sukhumvit48	6.3%	67.7%
Baan Klang Muang Rama9-Ramkamhaeng	3.6%	91.1%

- **Overall Gross Margin was favorably booked at 35.1%, improved 130bps YoY or 120 bps QoQ.** Satisfactory GM showed in both Condominium and low rise segments. Condo GM was at 37.8%, well above 35% target and Low rise GM was at 30.1%, aligned with target. On top of favorable property gross margin, we booked 80.6 million Baht of service incomes from management and sales fees charged to the JV companies in Q2 2015 or 97.3 million Baht year

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Q2 2015 Management Discussion and Analysis

to date. In FY 2015, we expect to charge approx 200mB to the JV companies on these matters, which will help offsetting share loss from the investment.

- **SG&A level was at 18.3% of revenue, improved 70bps QoQ.** Higher marketing expenses were spent to support our record high presales in Q2 2015 at 12.6 billion Baht. Our admin expenses are well-controlled, where YTD % of revenue stood at 10.1%, improved 10bps QoQ.

Debt Structure

- Net Debt to Equity was at 0.96x, slightly dropped from 1.03x at the end of Q1 2015. We acquired 6 billion Baht of land in 1H 2015 (out of 8 billion Baht budget), where the majority of land plots acquired for condo projects launched and to be launched this year. Total outstanding debt was at 16.4 billion Baht with average interest cost of 3.8%, of which 81.2% was fixed rate debenture.
- We successfully issued 3 tranches of debentures in June and July at a good interest costs per below, which brought down our average cost of funds below 4%.

Debenture	Amount (MB)	Duration	Interest Rate
AP187A	300	3 yrs 1 mth	2.65%
AP181B	500	2 yrs 6 mths	2.30%
AP197B	1,000	4 yrs	3.04%

Overall Situation and Outlook

	YTD 2015	1 Jul-9 Aug 2015	Q2 2015	Q1 2015	2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2013
Gross sales booking	13,629	2,584	5,534	5,512	21,245	5,930	6,014	5,107	4,194	22,083
Beginning Backlog	14,275	11,327	13,022	14,275	22,576	15,876	19,024	21,259	22,576	27,246
Total sold value	27,904	13,910	18,556	19,787	43,822	21,806	25,038	26,366	26,771	49,329
Cancellation	(4,148)	(602)	(1,946)	(1,599)	(6,606)	(1,524)	(1,578)	(1,473)	(2,030)	(6,900)
Net sold value	23,756	13,308	16,610	18,187	37,216	20,282	23,459	24,893	24,740	42,430
Revenue Recognition	(10,448)	-	(5,283)	(5,165)	(22,941)	(6,008)	(7,583)	(5,870)	(3,481)	(19,853)
Ending Backlog (excl. JV)	13,308	13,308	11,327	13,022	14,275	14,275	15,876	19,024	21,259	22,576
- from TH&SDH	3,400	3,400	1,846	1,884	1,411	1,411	2,258	2,097	1,928	1,407
- from Condo	9,907	9,907	9,480	11,138	12,863	12,863	13,618	16,926	19,331	21,168
Net Sales Booking (excl. JV)	9,482	1,982	3,587	3,913	14,640	4,406	4,436	3,634	2,164	15,184
- from TH&SDH	7,435	1,554	2,710	3,171	11,752	2,873	3,534	2,930	2,415	8,481
- from Condo (excl. JV)	2,046	427	877	741	2,888	1,533	902	704	(251)	6,703
Net Sales Booking (inc. JV)	19,605	2,336	12,623	4,645	22,679	5,188	8,207	7,119	2,164	
- from TH&SDH	7,435	1,554	2,710	3,171	11,752	2,873	3,534	2,930	2,415	
- from Condo (inc. JV)	12,169	782	9,913	1,474	10,927	2,315	4,674	4,188	(251)	
Revenue Recognition	10,448	-	5,283	5,165	22,941	6,008	7,583	5,870	3,481	19,853
- from TH&SDH	5,446	-	2,748	2,698	11,748	3,721	3,373	2,761	1,894	10,092
- from Condo	5,002	-	2,535	2,467	11,193	2,287	4,210	3,109	1,587	9,761

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Q2 2015 Management Discussion and Analysis

- **We made a record high sales booking at 12.6 billion Baht in Q2 2015, or grew by 77.3% YoY.** Condominium hit highest ever presales at 9.9 billion Baht in a quarter from successful new launches per below.

Projects	% Unit Sold
Rhythm Rangnam	Sold Out
Life Asoke	88%
Aspire Ladprao 113	81%
Aspire Wuttakard	10%

Low rise sales was booked at 2.7 billion Baht, dropped by 7.5% YoY. 1H 2015 booking grew by 10%, posted at 5.9 billion Baht, or achieved 44% of FY target. More activities are planned in 2H 2015 with 11 projects launches (value 8.8 billion Baht), comparing to 5 projects launched in 1H 2015 (value 2.9 billion Baht).

Sales Booking	1H 2015	1H 2014	% Growth
Low rise	5,881	5,345	10.0%
Condominium	11,387	3,938	189.2%
Total Sales Booking	17,269	9,283	86.0%

- **YTD Sale Booking (as of 9 Aug 2015) reached 19.6 billion Baht, rose 69.2% YoY.** Low rise booking runrate is on track to reach 13.3 billion Baht target. For condominium, second half focus will be on Ready to Move-in units which will drive this year revenue recognition. Due to current unsupportive sentiment, we plan to delay launches event/activities of Life Sukhumvit 48 and Aspire Sathorn-Taksin Phase 3 where the location is near the existing project (Aspire Sukhumvit 48) or being the extension phase (Aspire Sathorn Taksin Phase 1 and 2). Then, we will focus more on those existing projects to be sold and recognized revenue within this year. However, with the great sales booking achievement to date, we still confirm to deliver our Presales target of 28.3 billion Baht.
- **Sales Backlog excluding JV projects as of 9 August 2015** was 13.3 billion Baht, of which 3.4 billion Baht came from low rise and 9.9 billion Baht from condominium. All low rise backlog will be recognized within this year while condo backlog will be recognized as follows:



Q2 2015 Management Discussion and Analysis

	2015	2016	2017
Based on project completion	12,008	10,493	9,099
6M 2015 Revenue from Condo	5,002		
Condo Backlog as of 9 August 2015	4,221	3,449	2,237
Total value to be recognized within 2015	9,223		
% Take up as of 9 August 2015	76.8%	32.9%	24.6%
Additional Sales	2,785	7,044	6,862

- All in all, we already **secured 71% of 25.3 billion Baht revenue** target as follows :

1H 2015 Revenue	10.4 billion Baht
Estimated Backlog to be recognized in 2H 2015	
- From low rise	3.4 billion Baht
- From condo	<u>4.2</u> billion Baht
Total secured revenue	<u>18.0</u> billion Baht

- Regarding Joint-venture, we have announced 3 more JV projects this year, namely Life Asoke, Rhythm Rangnam and Life Pinklao. Total project values under JV are now 23.7 billion Baht (7 Projects) and six of them had been launched. Cumulative project to date (as of 9 August 2015) presales were at 18.2 billion Baht or 88% sold. We plan to transfer the first three projects in late 2016, where we start realizing net profit sharing in next year.



Q2 2015 Management Discussion and Analysis

Appendix

Appendix1: Financial Summary

Financial Summary	Q2 2015	Q1 2015	2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2013
Revenues from Property Development (Btm)	5,283	5,165	22,941	6,008	7,583	5,870	3,481	19,854
YoY Chg (%)	-10.0%	48.4%	15.5%	-28.3%	72.0%	38.1%	23.5%	15.5%
QoQ Chg (%)	2.3%	-14.0%		-20.8%	29.2%	68.6%	-58.4%	
Consolidated Revenues (Btm)	5,402	5,220	23,149	6,068	7,641	5,918	3,523	19,989
YoY Chg (%)	-8.7%	48.2%	15.8%	-27.9%	71.9%	38.1%	23.7%	15.5%
QoQ Chg (%)	3.5%	-14.0%		-20.6%	29.1%	68.0%	-58.1%	
Gross profit from Property Development (Btm)	1,785	1,727	7,637	2,057	2,542	1,965	1,127	6,584
Gross margin from Property (%)	33.8%	33.4%	33.3%	34.2%	33.5%	33.5%	32.4%	33.2%
Overall Gross profit (Btm)	1,895	1,771	7,845	2,102	2,584	2,000	1,159	6,718
Gross margin (%)	35.1%	33.9%	33.9%	34.6%	33.8%	33.8%	32.9%	33.6%
Operating profit (Btm)	909	778	3,705	950	1,358	991	406	2,774
Operating margin (%)	16.8%	14.9%	16.0%	15.7%	17.8%	16.7%	11.5%	13.9%
Net profit from normal operations (Btm)	629	560	2,614	608	1,034	712	260	2,010
YoY Chg (%)	-11.6%	115.5%	30.1%	-35.2%	154.9%	57.4%	16.6%	-4.1%
QoQ Chg (%)	12.5%	-8.0%		-41.1%	45.3%	174.1%	-72.3%	
Net profit (Btm)	643	560	2,615	608	1,036	712	260	2,013
YoY Chg (%)	-9.7%	115.5%	29.9%	-35.4%	155.3%	57.4%	16.6%	-7.9%
QoQ Chg (%)	14.8%	-8.0%		-41.2%	45.5%	174.1%	-72.4%	
EPS (Bt)	0.20	0.18	0.83	0.19	0.36	0.25	0.09	0.70
Total assets (Btm)	36,718	38,331	35,564	35,564	34,864	35,718	35,848	34,410
Equity (Btm)	16,232	16,408	15,848	15,848	15,297	14,261	14,264	14,007
Outstanding debt (Btm)	16,443	17,662	14,705	14,705	14,584	16,995	16,949	15,430
Net debt (Btm)	15,566	16,910	14,242	14,242	13,581	15,819	16,014	14,541
Net debt to equity (x)	0.96	1.03	0.90	0.90	0.89	1.11	1.12	1.04
ROE (%) (average equity)	N/A	N/A	17.5%	N/A	N/A	N/A	N/A	15.1%

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Q2 2015 Management Discussion and Analysis

Appendix2: Ongoing Projects

Brand	No of Projects	No of units	Project value (Btm)	% sold (in unit) (as of 30 June 15)	Available for sales (Btm)
Single Detached House					
The Palazzo	3	211	4,600	83%	1,036
Soul	3	143	2,950	69%	1,040
Mind	3	203	2,040	10%	1,836
The City	5	465	4,770	60%	1,979
Centro	5	1,535	9,800	70%	3,047
SDH - Available for Sales					8,937
Townhouse					
Baan Klang Muang	20	4,297	22,320	56%	9,499
Pleno	10	3,096	7,770	60%	3,106
District	2	53	1,130	45%	577
TH-Available for Sales					13,181
Condominium					
Galerie rue de 39	1	88	3,200	0%	3,200
Rhythm	6	3,294	18,245	83%	3,512
Life	1	837	3,550	92%	288
Aspire	10	6,685	15,004	52%	6,436
Coo	1	448	740	50%	368
Condo-Available for Sales (exc. JV)					13,805
Total ongoing projects available for sales (exc. JV)					35,923
Brand	No of Projects	No of units	Project value (Btm)	% sold (in unit) (as of 30 June 15)	Available for sales (Btm)
JV	6	5,319	20,550	81%	2,924
JV-Available for Sales					2,924
Total ongoing projects available for sales (JV)					2,924

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Q2 2015 Management Discussion and Analysis

Appendix3: Projects launches in 2015

Planned-to-be-launched projects in 2015	Rai	No of units	Project value (Btm)	% sold (in unit) (as of 30 June 15)	Land acquisition	Launch year	Completion (last unit transferred)
Single Detached House							
1 The City Sukhumvit-Bangna	23.1	94	1,030	36%	Q3 2014	Q1 2015	2017
2 Mind Rama 2 Sathorn	7.3	33	320	6%	Q3 2014	Q2 2015	2016
3 The City Navamin 53	27.9	108	1,000		Q4 2015	Q3 2015	2018
4 Centro Petchkasem 112	11.5	70	260		Q1 2015	Q4 2015	2017
5 The City Saimai	30.0	131	1,000		Q1 2015	Q4 2015	2018
6 Chaloe Phra Kiat Ratchakan Thi 9 +1SDH	15.8	63	400		Q1 2015	Q4 2015	2017
			630			2015	
Total SDH			4,640				
Townhouse							
1 Pleno Suksawas 66	28.0	277	810	32%	Q4 2014	Q2 2015	2017
2 Baan Klang Muang Phaholyothin 50	9.9	108	460	19%	Q4 2014	Q2 2015	2017
3 District Ladprao	1.6	17	260	18%	Q1 2014	Q2 2015	2017
4 Pleno Ratchaphreuk-Rama5	27.4	301	830		Q4 2014	Q3 2015	2017
5 Baan Klang Muang Rama 2	8.1	50	380		Q4 2014	Q3 2015	2016
6 Baan Klang Muang Onnuch Suanluang	53.4	498	2,200		Q4 2014	Q3 2015	2019
7 Pleno Suksawas Rama3	27.1	285	830		Q1 2015	Q3 2015	2018
8 Pleno Nonthaburi	17.0	194	570		Q1 2015	Q4 2015	2017
9 Pleno Suksawas	24.2	146	680		Q2 2015	Q4 2015	2018
Total TH			7,020				
Condominium							
1 Life Asoke*	9.2	1,642	7,100	88%	Q1 2015	Q2 2015	2019
2 Aspire Wuttakard	1.3	166	390	10%	Q1 2015	Q2 2015	2017
3 Aspire Ladprao 113	2.4	270	490	81%	Q1 2014	Q2 2015	2016
4 Rhythm Rangnum*	2.0	385	2,700	100%	Q1 2015	Q2 2015	2018
5 Aspire Sathorn-Ratchaphreuk	4.8	1,085	2,940		Q1 2015	Q3 2015	2018
6 Aspire Erawan Phase 1	6.5	1,576	3,500		Q1 2015	Q3 2015	2018
7 Life Pinklao*	5.1	773	3,100		Q2 2015	Q3 2015	2019
+ 1 Condo			5,700			2015	
Total Condo			25,920				
Total planned-to-be-launched projects in 2015			37,580				

*JV project with Mitsubishi Estate Group

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Q2 2015 Management Discussion and Analysis

Appendix4: Schedule of Condo Transfer

Condo Projects	Project value (million Baht)	Total units	% unit sold *	Accumulated transfer until 2014	2015F	2016F	2017F	2018F	Launch year	Estimated start transfer	Estimated last unit transferred
Rhythm Phahol-Aree	3,538	809	100%	99.5%	0.5%				Q3 2010	Q4 2013	Q1 2015
Rhythm Sathorn	5,337	910	57%		85%	15%			Q3 2010	Q2 2015	Q1 2016
Aspire Ngamwongwan	2,630	1,458	19%			70%	30%		Q4 2010	Q1 2016	Q2 2017
Rhythm Sukhumvit 44/1	2,756	486	100%	99.3%	0.7%				Q2 2011	Q4 2013	Q1 2015
Life Ratchadapisek	3,550	837	92%	75%	25%				Q3 2011	Q2 2014	Q3 2015
Aspire Rama 9	2,435	663	100%	72%	28%				Q1 2012	Q3 2014	Q2 2015
Aspire Sukhumvit 48	2,670	837	78%	38%	62%				Q1 2012	Q3 2014	Q4 2015
Rhythm Sathorn-Narathiwat	1,614	300	99%		100%				Q2 2012	Q1 2015	Q2 2015
Aspire Rattanaibet	989	540	91%	48%	52%				Q2 2012	Q4 2014	Q3 2015
Aspire Sathorn-Taksin phase 1	1,100	546	85%		100%				Q4 2012	Q2 2015	Q4 2015
Galerie rue de 39	3,200	88	0%			40%	60%		Q1 2013	Q4 2016	Q4 2017
Aspire Udonthani	700	413	33%		75%	25%			Q1 2013	Q1 2015	Q1 2016
Aspire Rattanaibet II	3,000	1,428	22%			100%			Q1 2013	Q1 2016	Q4 2016
Rhythm Sukhumvit 42	3,500	404	74%			35%	65%		Q2 2013	Q4 2016	Q3 2017
Aspire Sathorn-Taksin phase 2	600	364	63%		40%	60%			Q3 2013	Q4 2015	Q2 2016
Rhythm Asoke	1,500	385	81%			20%	80%		Q3 2013	Q4 2016	Q4 2017
Coo Phitsanulok	740	448	50%		30%	70%			Q4 2013	Q4 2015	Q2 2016
Aspire Wuttakard	390	166	10%			40%	60%		Q2 2015	Q3 2016	Q2 2017
Aspire Ladprao 113	490	270	81%			100%			Q2 2015	Q1 2016	Q4 2016
Aspire Sathorn-Ratchaphreuk	2,940	1,085					20%	80%	Q3 2015	Q4 2017	Q4 2018
Aspire Erawan Phase 1	3,500	1,576					30%	70%	Q3 2015	Q4 2017	Q4 2018
Aspire Sathorn-Taksin phase 3	1,390	613				25%	75%		Q3 2015	Q4 2016	Q2 2017
Life Sukhumvit 48	1,390	614						100%	Q3 2015	Q1 2018	Q4 2018
	49,958										

** Joint venture projects

* % sold as of 30 June 2015

Rhythm Sukhumvit 36-38**	2,900	496	86%		30%	70%			Q2 2014	Q4 2016	Q3 2017
Aspire Ratchada-Wongsawang**	2,850	1,232	50%		50%	50%			Q2 2014	Q3 2016	Q2 2017
Rhythm Asoke II**	1,500	346	86%			100%			Q2 2014	Q1 2017	Q4 2017
Aspire Sathorn-Thapra**	3,500	1,218	99%		20%	80%			Q3 2014	Q4 2016	Q4 2017
Life Asoke**	7,100	1,642	88%					95%	Q2 2015	Q2 2018	Q1 2019
Rhythm Rangnum**	2,700	385	100%			35%	65%		Q2 2015	Q4 2017	Q3 2018
Life Pinklao**	3,100	773						90%	Q3 2015	Q2 2018	Q2 2019
	23,650										

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