

ASIAN PROPERTY DEVELOPMENT PLC

No. 1/2013

7 January 2013

Company Rating: A-

Outlook: Stable

New Issue Rating: A-

Rating History:

Date	Company	Issue (Secured/ Unsecured)
21/06/11	A-/Sta	-/A-
12/07/10	BBB+/Pos	-/BBB+
28/06/07	BBB+/Sta	-/BBB+

Contacts:

Yingyong Chiaravutthi, CFA
yingyong@trising.com

Jutamas Bunyanichkul
jutamas@trising.com

Chaiwat Nontnoraset
chaiwat@trising.com

Suchada Pantu, Ph. D.
suchada@trising.com

WWW.TRISING.COM

Rating Rationale

TRIS Rating affirms the company and current issue ratings of Asian Property Development PLC (AP) at "A-". At the same time, TRIS Rating assigns a rating of "A-" to AP's proposed issue of up to Bt1,250 million in senior debentures. The company will use the proceeds from the new debentures for working capital. The ratings reflect AP's proven track record in the residential property development industry, strong business profile, product diversification, and secured revenues from high backlog. The strengths are partially offset by the cyclical nature of the property development industry, pressure from higher construction costs and labor shortage, and expected high leverage in the medium term.

AP was established in 1990 by Mr. Anuphong Assavabhokhin and Mr. Pichet Vipavasuphakorn who together own approximately one-third of the company. For the first nine months of 2012, AP's revenue stood at Bt10.6 billion, ranking it the fourth-largest property developer listed on the Stock Exchange of Thailand (SET), in terms of revenue. The company's average revenue growth during the past five years was 7% per annum. On average, AP had been able to generate presales in a range of Bt4-Bt5 billion per quarter, or an equivalent of Bt16-Bt20 billion per annum since 2009.

AP's products cover almost all key segments with pricing over Bt1 million per unit. Each product segment has generated strong presales and captured respectable market sizes and shares. The company's track record is particularly strong in the middle- to high-end townhouse and condominium segments. Geographic focus of AP's products is within the Greater Bangkok areas.

TRIS Rating expects AP's revenues in a range of Bt15-Bt20 billion per annum in the medium term. The annual revenue growth rate is expected in high single digits. The downside risk on AP's revenue growth is limited given the company's sizable condominium backlog (unit value sold but not yet transferred). As of November 2012, AP's condominium backlog stood at Bt27.4 billion. The condominium backlog has already helped secure approximately half of the company's baseline revenue until 2014.

AP's ratio of operating income before depreciation and amortization as a percentage of revenue (operating margin) was 16.3% for the first nine months of 2012. In the medium term, TRIS Rating expects AP's operating margins to improve to around 20% as revenue contributions from condominium transfers are expected to increase. Nonetheless, rising construction costs and the growing contribution from AP's lower-priced units are expected to exert certain downward pressure on the operating margins.

The company's debt to capitalization ratio at the end of September 2012 was 53.5%, improving from 57.2% as of year ended 2011. AP sets target for the net debt to equity ratio at 1.0 time. At the end of September 2012, the ratio was at 1.12 times. In TRIS Rating's view, the target of 1.0 time is in line with the company's credit profile. AP's leverage level is expected to improve further after 2013. Several condominium projects, which were launched aggressively during 2009-2010, will be mostly transferred by the end of 2013.

TRIS Rating views AP's liquidity profile as adequate. TRIS Rating expects AP's funds from operations (FFO) to stay in a range of Bt2-Bt3 billion per annum in the

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medium term. The expected FFO should be adequate to support AP's expansion plan and dividend payments although some external financing might be needed in 2013 for the new cycle of inventory build-up.

At the end of September 2012, about 75% of the company's total debt was financed with senior debentures. Low level of secured project-finance debts allows AP's issue ratings to equal the company's issuer rating. AP's value of debentures maturing during 2013-2016 is amounted to Bt2-Bt3 billion per annum. AP expects to refinance most of the maturing bonds with new bond issues. The maturing bonds will also be backed up by AP's credit lines from banks.

Rating Outlook

The "stable" outlook reflects an expectation that AP will remain competitive in its core business franchise and will consistently be able to rebalance its product portfolio alongside market dynamic. The outlook is also based on the expectation that AP will continue to follow a prudent financial policy and keep its debt to capitalization ratio around 50% in the medium term.

Asian Property Development PLC (AP)

Company Rating:	A-
Issue Ratings:	
AP141A: Bt1,000 million senior debentures due 2014	A-
AP147A: Bt850 million senior debentures due 2014	A-
AP147B: Bt400 million senior debentures due 2014	A-
AP151A: Bt1,500 million senior debentures due 2015	A-
AP157A: Bt500 million senior debentures due 2015	A-
AP161A: Bt1,000 million senior debentures due 2016	A-
AP169A: Bt1,200 million senior debentures due 2016	A-
Up to Bt1,250 million senior debentures due within 2018	A-
Rating Outlook:	Stable

Financial Statistics and Key Financial Ratios*

Unit: Bt million

	----- Year Ended 31 December -----					
	Jan-Sep 2012	2011	2010	2009	2008	2007
Revenues	10,629	13,541	13,840	12,424	9,832	7,825
Finance cost	462	685	454	334	362	194
Net income from operations	1,326	1,718	2,358	2,003	1,677	1,144
Funds from operations (FFO)	997	1,914	2,179	2,025	1,743	1,250
Inventory investments (-increase/+decrease)	27	(4,794)	(3,882)	(1,236)	(2,997)	(2,520)
Total assets	29,438	29,375	24,114	19,159	17,378	13,145
Total debts	13,390	14,224	10,667	7,942	7,986	5,509
Total liabilities	17,809	18,714	14,600	11,124	10,590	7,629
Shareholders' equity	11,628	10,661	9,514	8,035	6,787	5,513
Depreciation & amortization	68	196	178	26	17	92
Dividends	509	422	750	584	350	529
Operating income before depreciation, and amortization as % of sales	16.32	19.26	23.78	22.94	25.38	20.15
Pretax return on permanent capital (%)	9.11 **	11.48	8.30	8.93	18.99	16.35
Earnings before interest, tax, depreciation, and amortization (EBITDA) interest coverage (times)	3.89	4.32	7.67	9.04	7.00	9.11
FFO/total debt (%)	10.99 **	13.01	20.43	25.49	21.83	22.69
Total debt/capitalization (%)	53.52	57.16	52.86	49.71	54.05	49.97

* Consolidated financial statements

** Annualized with trailing 12 months

TRIS Rating Co., Ltd.

Tel: 0-2231-3011 ext 500 / Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand www.trisrating.com

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