

ASIAN PROPERTY DEVELOPMENT PLC

No. 21/2013

24 April 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+

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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 plans to use the proceeds from the new debentures for business expansion. 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, pressures from higher construction costs and labor shortage, and moderate financial leverage.

AP was established in 1990 by Mr. Anuphong Assavabhokhin and Mr. Pichet Vipavasuphakorn who together owned approximately 30% of the company as of March 2013. In 2012, AP's revenue stood at Bt17.2 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 18% per annum. AP had been able to generate presales in a range of Bt16-Bt20 billion per annum since 2009.

AP's products cover almost all key segments priced 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.

AP's overall financial profile improved in 2012. Revenue and presales in 2012 grew by 27% and 41% from a year ago, respectively. Operating margin (operating income before depreciation and amortization as a percentage of revenue) dropped slightly in 2012, but was largely offset by a reduction in financial leverage. TRIS Rating expects AP's revenues in a range of Bt18-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 generation is limited given the company's sizable condominium backlog (unit value sold but not yet transferred). At the end of March 2013, AP's condominium backlog stood at Bt25.9 billion. The condominium backlog helped secure over three-fourths of the company's expected revenues from condominium transfers during 2013-2014 and slightly over half of the expected condominium revenue in 2015.

AP's operating margin dropped slightly in 2012 to 17.1%, compared with 19.3% in 2011 due to higher revenue from low-rise segment and higher marketing expenses. In the medium term, TRIS Rating expects AP's operating margins in a range of 16%-20%. The debt to capitalization ratio at the end of 2012 was 49.5%, improving from 57.2% in 2011. AP sets target for the net debt to equity ratio at 1.0 time. At the end of 2012, the ratio was at 0.92 times. In TRIS Rating's view, the target of 1.0 time is in line with the company's credit profile.

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 medium term. The expected FFO should be adequate to support AP's expansion plan and dividend payments. At the end of 2012, about 81% of the company's total debts were financed with unsecured debentures. Low level of secured project-

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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. At the end of 2012, AP's undrawn long-term facilities with banks stood at Bt18.4 billion.

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-
AP181A: Bt1,250 million senior debentures due 2018	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				
	2012	2011	2010	2009	2008
Revenues	17,197	13,541	13,840	12,424	9,832
Finance cost	602	685	454	334	362
Net income from operations	2,329	1,718	2,358	2,003	1,677
Funds from operations (FFO)	2,190	1,914	2,179	2,025	1,743
Inventory investments (-increase/+decrease)	50	(4,794)	(3,882)	(1,236)	(2,997)
Total assets	29,312	29,375	24,114	19,159	17,378
Total debts	12,282	14,224	10,667	7,942	7,986
Total liabilities	16,792	18,714	14,600	11,124	10,590
Shareholders' equity	12,520	10,661	9,514	8,035	6,787
Depreciation & amortization	152	196	178	26	17
Dividends	509	422	750	584	350
Operating income before depreciation and amortization as % of sales	17.14	19.26	23.78	22.94	25.38
Pretax return on permanent capital (%)	12.44	11.48	8.30	8.93	18.99
Earnings before interest, tax, depreciation, and amortization (EBITDA) interest coverage (times)	5.39	4.32	7.67	9.04	7.00
FFO/total debt (%)	17.83	13.01	20.43	25.49	21.83
Total debt/capitalization (%)	49.52	57.16	52.86	49.71	54.05

* Consolidated financial statements

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