

FRASERS PROPERTY (THAILAND) PLC

No. 84/2019
20 December 2019

CORPORATES

Company Rating:	A-
Issue Ratings:	
Senior unsecured	A-
Outlook:	Stable

Last Review Date: 17/09/19

Company Rating History:

Date	Rating	Outlook/Alert
17/09/19	A-	Stable
01/03/19	A	Alert Negative
25/05/17	A	Stable
27/04/16	A-	Stable
07/05/15	A	Negative
02/05/14	A	Stable
14/10/11	A	Alert Negative
21/11/05	A	Stable

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RATIONALE

TRIS Rating affirms the company rating on Frasers Property (Thailand) PLC (FPT) and the ratings on FPT's outstanding senior unsecured debentures at "A-" with a "stable" outlook. At the same time, TRIS Rating assigns a rating on FPT's proposed issue of up to Bt5 billion in senior unsecured debentures due within 10 years at "A-". The proceeds from the new debentures are intended for use in supporting the company's business operations.

FPT's financial results for fiscal year (FY) 2019 were in line with TRIS Rating's projections after Golden Land Property PLC (GOLD) became fully consolidated in FY2019. FPT's revenue is now primarily sourced from the residential business, with a revenue share of around 80%. Total operating revenue reached Bt19.6 billion, rising by 10.2% year-on-year (y-o-y), while earnings before interest, tax, depreciation, and amortization (EBITDA) reached Bt7.0 billion in FY2019, up from Bt5.7 billion in FY2018. In addition, FPT's EBITDA margin also improved to 35.6% in FY2019, up from 32.1% in FY2018.

The company's financial leverage continued to rise as a result of a large debt-funded acquisition of a 94.5% equity stake in GOLD. As of September 2019, FPT's reported total debt was Bt50.0 billion, up from Bt27.1 billion at the end of September 2018. FPT's financial leverage as measured by adjusted net debt to EBITDA is expected to rise to around 6-8 times in FY2020-FY2022 from 7 times in FY2019. Nevertheless, FPT has plans to reduce its leverage by selling assets to Frasers Property Thailand Industrial Freehold and Leasehold Real Estate Investment Trust (FTREIT), and by selling off its non-core assets over the next few years.

FPT will likely continue to follow the business direction set by the Frasers Group to develop residential properties for sale and industrial properties for rent. FPT expects to leverage the expertise and support of the Frasers Group in developing built-to-suit industrial properties, in enhancing its competency in project management as well as in broadening its customer base. However, there are still some challenges in the short to medium term given Thailand's dim property industry outlook.

RATING OUTLOOK

The "stable" outlook reflects the expectation that FPT will be able to maintain its competitive edge and diversified property portfolio. The outlook also reflects our expectation that FPT will successfully integrate GOLD and continue to deliver sound operating performance. TRIS Rating expects the company to continue to be a strategically important subsidiary of Frasers Property Holdings (Thailand) Co., Ltd. (FPHT).

RATING SENSITIVITIES

A credit upside could emerge if FPT delivers better-than-expected operating performance, causing the ratio of the adjusted net debt to EBITDA to fall and sustain at the level prior to the GOLD acquisition. On the contrary, a downside case could occur if FPT's financial profile weakens further, caused by either a significant deterioration in profitability or a significant further rise in financial leverage.

CreditUpdate, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company's current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been "upgraded," "downgraded," "affirmed" or "cancelled." The update includes information to supplement the previously published ratings.

Credit Updates are part of TRIS Rating's monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

RELATED CRITERIA

- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018
- Group Rating Methodology, 10 July 2015

Frasers Property (Thailand) PLC (FPT)

Company Rating:	A-
Issue Ratings:	
TICON205A: Bt500 million senior unsecured debentures due 2020	A-
TICON205B: Bt100 million senior unsecured debentures due 2020	A-
TICON208A: Bt600 million senior unsecured debentures due 2020	A-
TICON213A: Bt1,500 million senior unsecured debentures due 2021	A-
TICON217A: Bt800 million senior unsecured debentures due 2021	A-
TICON225A: Bt1,000 million senior unsecured debentures due 2022	A-
TICON229A: Bt1,000 million senior unsecured debentures due 2022	A-
TICON233A: Bt2,500 million senior unsecured debentures due 2023	A-
TICON235A: Bt2,300 million senior unsecured debentures due 2023	A-
TICON238A: Bt700 million senior unsecured debentures due 2023	A-
TICON283A: Bt1,000 million senior unsecured debentures due 2028	A-
FPT213A: Bt2,000 million senior unsecured debentures due 2021	A-
FPT222A: Bt2,300 million senior unsecured debentures due 2022	A-
FPT242A: Bt500 million senior unsecured debentures due 2024	A-
FPT292A: Bt200 million senior unsecured debentures due 2029	A-
Up to Bt5,000 million senior unsecured debentures due within 10 years	A-
Rating Outlook:	Stable

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