

FRASERS PROPERTY (THAILAND) PLC

No. 63/2019
17 September 2019

CORPORATES

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

Last Review Date: 12/06/19

Company Rating History:

Date	Rating	Outlook/Alert
01/03/19	A	Alert Negative
25/05/17	A	Stable
27/04/16	A-	Stable
07/05/15	A	Negative
02/05/12	A	Stable
14/10/11	A	Alert Negative
21/11/05	A	Stable

Contacts:

Jutatip Chitphromphan

jutatip@trisrating.com

Suchana Chantadisai

suchana@trisrating.com

Sasiporn Vajarodaya

sasiporn@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating removes the “negative” CreditAlert implication that has been placed on the company rating and issue ratings of Frasers Property (Thailand) PLC (FPT) since 1 March 2019. At the same time, TRIS Rating downgrades the company’s rating and the ratings on FPT’s outstanding senior unsecured debentures to “A-” from “A” with a “stable” outlook. The downgrades reflect TRIS Rating’s expectation that FPT’s financial risk and business risk will rise after the acquisition of Golden Land Property PLC (GOLD), a residential property developer.

FPT’s leverage will jump as a result of a large debt-funded acquisition of a 94.5% equity stake in GOLD. FPT’s financial leverage as measured by adjusted net debt to earnings before interest, tax, depreciation and amortization (EBITDA) is expected to rise to around 6-8 times in fiscal year (FY) 2019-FY2022 from 4-5 times before the acquisition. In addition, the cyclical and competitive nature of the residential property development industry, GOLD’s main line of business, could have a negative impact on FPT’s business profile.

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 selling off non-core assets over the next few years.

The positive effect of the acquisition of GOLD is to significantly increase FPT’s scale of operations and earnings. In our base case forecast, we assume total revenue to reach Bt20 billion after GOLD is fully consolidated in 2019. Revenue is forecast to reach Bt21-Bt23 billion during 2020-2022, and EBITDA to reach Bt6 billion in 2019. We also expect FPT’s EBITDA on a consolidated basis to be Bt6-Bt8 billion in FY2020-FY2022.

After completion of the acquisition of GOLD, FPT will likely continue following the business direction from 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.

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. We expect 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:	
TICON190A: Bt620 million senior unsecured debentures due 2019	A-
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-
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: 0-2098-3000

© Copyright 2019, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution, or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at www.trisrating.com/rating-information/rating-criteria