



Q3 2015 Management Discussion and Analysis

Financial Summary	Q3 2015	Q2 2015	Q3 2014	%QoQ	%YoY
Total Revenue (Btm)	5,499	5,402	7,641	1.8%	-28.0%
Cost of sales (Btm)	3,623	3,508	5,056	3.3%	-28.3%
Selling and Administrative Expenses (Btm)	959	986	1,227	-2.8%	-21.8%
Selling Expenses (Btm)	519	442	587	17.6%	-11.5%
Admin Expenses (Btm)	439	544	640	-19.3%	-31.4%
Net Profit from Operation (Btm)	621	629	1,034	-1.3%	-39.9%
Net Profit (Btm)	745	643	1,036	15.9%	-28.1%
Gross Margin	34.1%	35.1%	33.8%		
SG&A as a % of revenue	17.4%	18.3%	16.1%		
Selling exp as a % of revenue	9.4%	8.2%	7.7%		
Admin exp as a % of revenue	8.0%	10.1%	8.4%		
Net Margin	13.5%	11.9%	13.6%		
EPS (Bt)	0.24	0.20	0.36		
Net Debt to Equity (x)	0.89	0.96	0.89		

- **Net Profit was booked at 745 million Baht, grew 15.9% QoQ.** Net margin was at 13.5%, improved 160bpt QoQ to the same level of Q3 2014 which was our peak quarter. Favourable gross margin and well-controlled SG&A (90 bpt lower QoQ) helped improving efficiency, together with 155 million Baht gain (before tax) from sales of 49% investment in AP Ekamai to our current JV partner, MJRI (subsidiary of Mitsubishi Estate Corporation).
- **Total Revenue was booked at 5.5 billion Baht, grew by 1.8% QoQ or -28% YoY%.** YoY growth was distorted by high last year base when Aspire Rama 9 and Aspire Sukumvit 48 were transferred at the rate of 40.7% and 33.9% respectively.

Low rise revenue continued its good momentum with 6% YTD growth or 11.5% QoQ growth, which contributed 57% of our portfolio this quarter, increase from Q2 level. Key revenue contributors were as follows:

Top 5 contributors to revenue	% of Q3 2015 revenue	Accumulated Project Transfer
Rhythm Sathorn	18.9%	38.5%
Aspire Sathorn-Taksin phase 1 (Timber Zone)	7.6%	78.9%
Aspire Sukhumvit48	7.1%	81.6%
District Sriwara	3.6%	38.9%
Life Ratchadapisek	3.3%	92.2%

- **Overall Gross Margin was booked at 34.1%, improved 30 bpt YoY or -100 bpt QoQ.** Satisfactory GM showed in both Condominium and low rise segments. Condo GM was at 35.9% and Low rise GM was at 30.3%, both are aligned with target. As of YTD, Gross margin improved by 80 bpt to 34.4%. In Q3 2015, we booked 92.3 million Baht of service incomes from management and sales fees charged to the JV companies or 189.7 million Baht year to date. We expect to recognize approx 250 mB of sales and management fees in a full year basis, which will offset shared loss from JV investment this year.

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SG&A was well managed at 17.4% of revenue, significantly improved by 90 bps QoQ. Higher sell & marketing expenses were support low rise new launches and promotions to push out existing stocks. On the other hand, Admin expenses were well controlled, level of spending reduced to 8.0% of revenue, improved by 210 bpt QoQ and 40bpt YoY.

Debt Structure

- Net Debt to Equity was at 0.89x, improved from 0.96x at the end of Q2 2015. As of YTD, we acquired 7 billion Baht of land (out of 8 billion Baht budget), where the land plots acquired for both condo and low rise projects. Total outstanding debt was at 15.6 billion Baht with average interest cost of 3.7%, of which 87% was fixed rate debenture.

Overall Situation and Outlook

	YTD 2015	1 Oct-8 Nov 2015	Q3 2015	Q2 2015	Q1 2015	2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2013
Gross sales booking	20,829	3,319	6,464	5,534	5,512	21,245	5,930	6,014	5,107	4,194	22,083
Beginning Backlog	14,275	10,426	11,327	13,022	14,275	22,576	15,876	19,024	21,259	22,576	27,246
Total sold value	35,103	13,745	17,791	18,556	19,787	43,822	21,806	25,038	26,366	26,771	49,329
Cancellation	(6,359)	(820)	(1,993)	(1,946)	(1,599)	(6,606)	(1,524)	(1,578)	(1,473)	(2,030)	(6,900)
Net sold value	28,745	12,925	15,798	16,610	18,187	37,216	20,282	23,459	24,893	24,740	42,430
Revenue Recognition	(15,819)		(5,371)	(5,283)	(5,165)	(22,941)	(6,008)	(7,583)	(5,870)	(3,481)	(19,853)
Ending Backlog (excl. JV)	12,925	12,925	10,426	11,327	13,022	14,275	14,275	15,876	19,024	21,259	22,576
- from TH&SDH	4,418	4,418	2,461	1,846	1,884	1,411	1,411	2,258	2,097	1,928	1,407
- from Condo	8,507	8,507	7,964	9,480	11,138	12,863	12,863	13,618	16,926	19,331	21,168
Net Sales Booking (excl. JV)	14,470	2,499	4,471	3,587	3,913	14,640	4,406	4,436	3,634	2,164	15,184
- from TH&SDH	11,519	1,957	3,681	2,710	3,171	11,752	2,873	3,534	2,930	2,415	8,481
- from Condo (excl. JV)	2,951	543	790	877	741	2,888	1,533	902	704	(251)	6,703
Net Sales Booking (incl. JV)	24,948	2,634	5,045	12,623	4,645	22,679	5,188	8,207	7,119	2,164	
- from TH&SDH	11,519	1,957	3,681	2,710	3,171	11,752	2,873	3,534	2,930	2,415	
- from Condo (incl. JV)	13,429	677	1,364	9,913	1,474	10,927	2,315	4,674	4,188	(251)	
Revenue Recognition	15,819		5,371	5,283	5,165	22,941	6,008	7,583	5,870	3,481	19,853
- from TH&SDH	8,512		3,066	2,748	2,698	11,748	3,721	3,373	2,761	1,894	10,092
- from Condo	7,307		2,305	2,535	2,467	11,193	2,287	4,210	3,109	1,587	9,761

- Presales was booked at 5.0 billion Baht in Q3 2015.** Low rise made a new record high at 3.6 billion Baht for a quarter. Despite unsupportive economic condition and tense competition, our low rise new launches got great responses from the market as shown in the presales performance.

For condominium, 2H 2015 focus is on existing projects stock depletion to drive this year revenue recognition by maximizing the impact from “Government stimulus campaign”. Only one project launched in Q3 2015, Aspire Erawan.

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- YTD Sale Booking (as of November 8, 2015) reached 24.9 billion Baht, +21.6% YoY or achieved 88% of FY Target.

Sales Booking	YTD 2015	YTD 2014	% Growth	% Achieved Target
Low Rise	11,519	10,505	9.7%	86.6%
Condominium	13,429	10,018	34.0%	89.5%
Total Sales booking	24,948	20,523	21.6%	88.2%

Condominium presales have already reached 89.5% of target, while we plan for another project launch in Q4, which is “Life Pinkao”, JV project with the value of 3.1 billion Baht. Low rise presales achieved 86.6% of target. The new launches gained good take up rate and we foresee the momentum to continue. On top with more promotional activities, 5 new low rise projects launches (value 2.7 billion Baht) are in Q4 pipeline. All-in-all, delivery of 28.3 billion Baht presales target is promising.

- Sales Backlog excluding JV projects as of 8 November 2015** was 12.9 billion Baht, of which 4.4 billion Baht came from low rise and 8.5 billion Baht from condominium. Majority of low rise backlog will be recognized within this year while condo backlog will be recognized as follows:

	2015	2016	2017
Based on project completion	10,344	10,104	11,152
9M 2015 Revenue from Condo	7,307		
Condo Backlog as of 8 November 2015	2,529	3,443	2,535
Total value to be recognized within 2015	9,836		
% Take up as of 8 November 2015	95.1%	34.1%	22.7%
Additional Sales	507	6,661	8,617

- We anticipate downside risk of approx 2billion baht in revenue recognition, mainly from Condominium. As a result, revenue target is revised to 23.3 billion Baht, with 94% secured per below table.

9 Month 2015 Revenue	15.8 billion Baht
Estimated Backlog to be recognized in Q4 2015	
- From low rise	3.5 billion Baht
- From condo	2.5 billion Baht
Total secured revenue	<u>21.8 billion Baht</u>

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- Regarding Joint-venture, we currently have 8 projects, value 26.3 billion Baht, under joint venture agreement, of which 6 projects have been launched with satisfactory performance. Cumulative project to date (as of 8 Nov 2015) overall presales were at 18.5 billion Baht or 90% sold. In September, we had announced the 8th JV project (value 2.6Billion Baht) with MJR Investment PTE LTD, a subsidiary of Mitsubishi Estate Corporation (MEC). The launch timing will be announced in due time. Lastly Life Pinkao, is planned to be launched in Nov 2015. Next year, three JV projects are expected to transfer, where we will start realizing net profit sharing.



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Appendix

Appendix1: Financial Summary

Financial Summary	Q3 2015	Q2 2015	Q1 2015	2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2013
Revenues from Property Development (Btm)	5,371	5,283	5,165	22,941	6,008	7,583	5,870	3,481	19,854
YoY Chg (%)	-29.2%	-10.0%	48.4%	15.5%	-28.3%	72.0%	38.1%	23.5%	15.5%
QoQ Chg (%)	1.7%	2.3%	-14.0%		-20.8%	29.2%	68.6%	-58.4%	
Consolidated Revenues (Btm)	5,499	5,402	5,220	23,149	6,068	7,641	5,918	3,523	19,989
YoY Chg (%)	-28.0%	-8.7%	48.2%	15.8%	-27.9%	71.9%	38.1%	23.7%	15.5%
QoQ Chg (%)	1.8%	3.5%	-14.0%		-20.6%	29.1%	68.0%	-58.1%	
Gross profit from Property Development (Btm)	1,756	1,785	1,727	7,637	2,057	2,542	1,965	1,127	6,584
Gross margin from Property (%)	32.7%	33.8%	33.4%	33.3%	34.2%	33.5%	33.5%	32.4%	33.2%
Overall Gross profit (Btm)	1,876	1,895	1,771	7,845	2,102	2,584	2,000	1,159	6,718
Gross margin (%)	34.1%	35.1%	33.9%	33.9%	34.6%	33.8%	33.8%	32.9%	33.6%
Operating profit (Btm)	917	909	778	3,705	950	1,358	991	406	2,774
Operating margin (%)	16.7%	16.8%	14.9%	16.0%	15.7%	17.8%	16.7%	11.5%	13.9%
Net profit from normal operations (Btm)	621	629	560	2,614	608	1,034	712	260	2,010
YoY Chg (%)	-39.9%	-11.6%	115.5%	30.1%	-35.2%	154.9%	57.4%	16.6%	-4.1%
QoQ Chg (%)	-1.3%	12.5%	-8.0%		-41.1%	45.3%	174.1%	-72.3%	
Net profit (Btm)	745	643	560	2,615	608	1,036	712	260	2,013
YoY Chg (%)	-28.1%	-9.7%	115.5%	29.9%	-35.4%	155.3%	57.4%	16.6%	-7.9%
QoQ Chg (%)	15.9%	14.8%	-8.0%		-41.2%	45.5%	174.1%	-72.4%	
EPS (Bt)	0.24	0.20	0.18	0.83	0.19	0.36	0.25	0.09	0.70
Total assets (Btm)	36,485	36,718	38,331	35,564	35,564	34,864	35,718	35,848	34,410
Equity (Btm)	16,978	16,232	16,408	15,848	15,848	15,297	14,261	14,264	14,007
Outstanding debt (Btm)	15,627	16,443	17,662	14,705	14,705	14,584	16,995	16,949	15,430
Net debt (Btm)	15,099	15,566	16,910	14,242	14,242	13,581	15,819	16,014	14,541
Net debt to equity (x)	0.89	0.96	1.03	0.90	0.90	0.89	1.11	1.12	1.04
ROE (%) (average equity)	N/A	N/A	N/A	17.5%	N/A	N/A	N/A	N/A	15.1%

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Appendix2: Ongoing Projects

Brand	No of Projects	No of units	Project value (Btm)	% sold (in unit) (as of 30 Sep 15)	Available for sales (Btm)
Single Detached House					
The Palazzo	3	211	4,600	86%	870
Soul	3	143	2,950	78%	785
Mind	3	203	2,040	19%	1,783
The City	6	573	5,770	57%	2,477
Centro	5	1,535	9,800	73%	2,734
SDH - Available for Sales					8,650
Townhouse					
Baan Klang Muang	22	4,845	24,900	55%	10,786
Pleno	13	3,828	10,110	59%	4,443
District	2	53	1,130	57%	467
TH-Available for Sales					15,696
Condominium					
Galerie rue de 39	1	88	3,200	0%	3,200
Rhythm	6	3,294	18,245	83%	3,456
Life	1	837	3,550	94%	216
Aspire	11	8,261	18,504	46%	9,272
Coo	1	448	740	46%	400
Condo-Available for Sales (exc. JV)					16,544
Total ongoing projects available for sales (exc. JV)					40,891
Brand	No of Projects	No of units	Project value (Btm)	% sold (in unit) (as of 30 Sep 15)	Available for sales (Btm)
JV	6	5,319	20,550	83%	2,681
JV-Available for Sales					2,681
Total ongoing projects available for sales (JV)					2,681

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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 Sep 15)	Land acquisition	Launch year	Completion (last unit transferred)
Single Detached House								
1	The City Sukhumvit-Bangna	23.1	94	1,030	44%	Q3 2014	Q1 2015	2017
2	Mind Rama 2 Sathorn	7.3	33	320	3%	Q3 2014	Q2 2015	2016
3	The City Navamin	27.9	108	1,000	15%	Q4 2014	Q3 2015	2018
4	Centro Srinakarin-Bangna	15.8	63	400		Q1 2015	Q4 2015	2017
5	Pleno Petchkasem 112	11.5	70	260		Q1 2015	Q4 2015	2017
6	The City Phaholyothin-Saimai	30.0	121	840		Q1 2015	Q4 2015	2018
7	The City Ratchapruet	23.3	88	680		Q2 2015	Q4 2015	2018
Total SDH				4,530				
Townhouse								
1	Pleno Suksawas 66	28.0	277	810	31%	Q4 2014	Q2 2015	2017
2	Baan Klang Muang Phaholyothin 50	9.9	108	460	22%	Q4 2014	Q2 2015	2017
3	District Ladprao	1.6	17	260	41%	Q1 2014	Q2 2015	2017
4	Pleno Ratchaphreuk-Rama5	27.4	301	830	19%	Q4 2014	Q3 2015	2017
5	Baan Klang Muang Rama 2	8.1	50	380	22%	Q4 2014	Q3 2015	2016
6	Baan Klang Muang Suanluang	53.4	498	2,200	4%	Q4 2014	Q3 2015	2019
7	Pleno Suksawas Rama3	27.1	285	830	17%	Q1 2015	Q3 2015	2018
8	Pleno Suksawas	24.2	146	680	10%	Q2 2015	Q3 2015	2018
9	Pleno Ratchapruet-Thanamnon	17.0	98	510		Q1 2015	Q4 2015	2017
Total TH				6,960				
Condominium								
1	Life Asoke*	9.2	1,642	7,100	92%	Q1 2015	Q2 2015	2019
2	Aspire Wuttakard	1.3	166	390	14%	Q1 2015	Q2 2015	2017
3	Aspire Ladprao 113	2.4	270	490	90%	Q1 2014	Q2 2015	2016
4	Rhythm Rangnum*	2.0	385	2,700	100%	Q1 2015	Q2 2015	2018
5	Aspire Erawan Phase 1	6.5	1,576	3,500	8%	Q1 2015	Q3 2015	2018
6	Life Pinklao*	5.1	803	3,100		Q2 2015	Q4 2015	2019
Total Condo				17,280				
Total planned-to-be-launched projects in 2015				28,770				

*JV project with Mitsubishi Estate Group

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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
1	Rhythm Phahol-Aree	3,538	809	100%	99.5%	0.5%				Q3 2010	Q4 2013	Q1 2015
2	Rhythm Sathorn	5,337	910	57%		62%	38%			Q3 2010	Q2 2015	Q1 2016
3	Aspire Ngamwongwan	2,630	1,458	22%			45%	55%		Q4 2010	Q4 2016	Q1 2018
4	Rhythm Sukhumvit 44/1	2,756	486	100%	99.3%	0.7%				Q2 2011	Q4 2013	Q1 2015
5	Life Ratchadapisek	3,550	837	94%	75%	25%				Q3 2011	Q2 2014	Q3 2015
6	Aspire Rama 9	2,435	663	100%	72%	28%				Q1 2012	Q3 2014	Q2 2015
7	Aspire Sukhumvit 48	2,670	837	83%	38%	55%	7%			Q1 2012	Q3 2014	Q4 2015
8	Rhythm Sathorn-Narathiwas	1,614	300	100%		100%				Q2 2012	Q1 2015	Q2 2015
9	Aspire Rattanaibet	989	540	97%	48%	52%				Q2 2012	Q4 2014	Q3 2015
10	Aspire Sathorn-Taksin phase 1	1,100	546	93%		100%				Q4 2012	Q2 2015	Q4 2015
11	Galerie rue de 39	3,200	88	0%			30%	70%		Q1 2013	Q4 2016	Q4 2017
12	Aspire Udornthani	700	413	31%		40%	60%			Q1 2013	Q1 2015	Q1 2016
13	Aspire Rattanaibet II	3,000	1,428	21%			70%	30%		Q1 2013	Q2 2016	Q1 2017
14	Rhythm Sukhumvit 42	3,500	404	75%			35%	65%		Q2 2013	Q4 2016	Q3 2017
15	Aspire Sathorn-Taksin phase 2	600	364	62%		40%	60%			Q3 2013	Q4 2015	Q2 2016
16	Rhythm Asoke	1,500	385	82%			20%	80%		Q3 2013	Q4 2016	Q4 2017
17	Coo Phitsanulok	740	448	46%		30%	70%			Q4 2013	Q4 2015	Q2 2016
18	Aspire Wuttakard	390	166	14%			20%	80%		Q2 2015	Q4 2016	Q3 2017
19	Aspire Ladprao 113	490	270	90%			80%	20%		Q2 2015	Q3 2016	Q2 2017
20	Aspire Erawan Phase 1	3,500	1,576	8%				30%	70%	Q3 2015	Q4 2017	Q4 2018
21	Aspire Sathorn-Ratchaphreuk	2,940	1,085					20%	80%	2016	Q4 2017	Q4 2018
22	Aspire Sathorn-Taksin phase 3	1,390	613				25%	75%		2016	Q4 2016	Q2 2017
23	Life Sukhumvit 48	1,800	614						100%	2016	Q1 2018	Q4 2018
		50,368										
** Joint venture projects * % sold as of 30 September 2015												
24	Rhythm Sukhumvit 36-38**	2,900	496	87%			30%	70%		Q2 2014	Q4 2016	Q3 2017
25	Aspire Ratchada-Wongsawang**	2,850	1,232	50%			50%	50%		Q2 2014	Q3 2016	Q2 2017
26	Rhythm Asoke II**	1,500	346	86%				100%		Q2 2014	Q1 2017	Q4 2017
27	Aspire Sathorn-Thapra**	3,500	1,218	96%			20%	80%		Q3 2014	Q4 2016	Q4 2017
28	Life Asoke**	7,100	1,642	92%					95%	Q2 2015	Q2 2018	Q1 2019
29	Rhythm Rangnum**	2,700	385	100%				35%	65%	Q2 2015	Q4 2017	Q3 2018
30	Life Pinklao**	3,100	803						90%	Q4 2015	Q2 2018	Q2 2019
		23,650										

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