

MIRA INFORM REPORT

Report No. :	539180
Report Date :	14.11.2018

IDENTIFICATION DETAILS

Name :	AIRCO LIMITED
Registered Office :	30th-31st Floor, Vanit Building II, 1126/2 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	11.02.1991
Com. Reg. No.:	0105534013680
Legal Form :	Private Limited Company
Line of Business :	The subject is engaged in distributing and exporting air conditioners, commercial refrigerators, freezers and spare parts, as well as providing installation, maintenance and repair services.
No. of Employees :	400

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating : A+

Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Excellent
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Thailand	A2	A2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

THAILAND - ECONOMIC OVERVIEW

With a relatively well-developed infrastructure, a free-enterprise economy, and generally pro-investment policies, Thailand is highly dependent on international trade, with exports accounting for about two-thirds of GDP. Thailand's exports include electronics, agricultural commodities, automobiles and parts, and processed foods. The industry and service sectors produce about 90% of GDP. The agricultural sector, comprised mostly of small-scale farms, contributes only 10% of GDP but employs about one-third of the labor force. Thailand has attracted an estimated 3.0-4.5 million migrant workers, mostly from neighboring countries.

Over the last few decades, Thailand has reduced poverty substantially. In 2013, the Thai Government implemented a nationwide 300 baht (roughly \$10) per day minimum wage policy and deployed new tax reforms designed to lower rates on middle-income earners.

Thailand's economy is recovering from slow growth during the years since the 2014 coup. Thailand's economic fundamentals are sound, with low inflation, low unemployment, and reasonable public and external debt levels. Tourism and government spending - mostly on infrastructure and short-term stimulus measures - have helped to boost the economy, and The Bank of Thailand has been supportive, with several interest rate reductions. Over the longer-term, household debt levels, political uncertainty, and an aging population pose risks to growth.

Source : CIA

COMPANY NAME

AIRCO LIMITED

SUMMARY

BUSINESS ADDRESS : 30th-31st FLOOR, VANIT BUILDING II,
1126/2 NEW PETCHBURI ROAD, MAKKASAN,
RATCHATHEWI, BANGKOK 10400, THAILAND

TELEPHONE : [66] 2761-1111
FAX : [66] 2761-1374
E-MAIL ADDRESS : info@tranethailand.com
REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS
ESTABLISHED : 1991
REGISTRATION / TAX ID NO. : 0105534013680
CAPITAL REGISTERED : BHT. 5,000,000
CAPITAL PAID-UP : BHT. 5,000,000
SHARES PROPORTION : THAI : 51.00%
FOREIGN : 49.00%

FISCAL YEAR CLOSING DATE : DECEMBER 31
LEGAL STATUS : PRIVATE LIMITED COMPANY
EXECUTIVE : MR. SURICHAJ PATARAKITNIRUN, THAI
MANAGING DIRECTOR

NO. OF STAFF : 400
LINES OF BUSINESS : AIR CONDITIONERS AND COMMERCIAL
REFRIGERATORS
DISTRIBUTOR, EXPORTER AND SERVICE

CORPORATE PROFILE

OPERATING TREND : STABLE
PRESENT SITUATION : OPERATING NORMALLY
REPUTATION : GOOD WITH NORMAL BUSINESS ENGAGEMENT
MANAGEMENT STANDARD : MANAGEMENT WITH FAIR PERFORMANCE

HISTORY

The subject was established on February 11, 1991 as a private limited company under the registered name AIRCO LIMITED by a joint venture between Ingersoll Rand and The Jardine Matherson Groups, with the business objective to provide product and service of air conditioning to both domestic and international markets. It currently employs approximately 400 staff.

At present, the major shareholders are TAST Limited, Jardine Asian Holdings Inc. [BVI], Jardine Matheson (Thailand) Limited, and Trane Inc. of Delaware, U.S.A., which are holding around 26.20%, 25.00%, 24.80% and 24.00% of the subject's shares respectively.

The subject's registered address was initially at 2 Sukhumvit 2 Rd., Klongtoey, Bangkok 10110.

On March 28, 2008, it was relocated to 30th-31st Floor, Vanit Building II, 1126/2 New Petchburi Rd., Makkasan, Ratchathewi, Bangkok 10400 and this is the subject's current operation address.

THE BOARD OF DIRECTORS

<u>Name</u>		<u>Nationality</u>	<u>Age</u>
Mr. Surichai Patarakitnirun	[x]	Thai	63
Mr. Narongchai Chavanussaporn		Thai	55
Ms. Xiaoying Zhang		Chinese	35
Mr. Kevin Michael O'Brien		British	47
Ms. Chi Ying Jacqueline Ho		Chinese	42
Mrs. Ma Yuet Kwan		Chinese	51

AUTHORIZED PERSON

Only the mentioned director [x] can sign on behalf of the subject with company's affixed.

MANAGEMENT

Mr. Surichai Patarakitnirun is the Managing Director.
He is Thai nationality with the age of 63 years old.

Mr. Narongchai Chavanussaporn is the Deputy Managing Director.
He is Thai nationality with the age of 55 years old.

BUSINESS OPERATIONS

The subject is engaged in distributing and exporting air conditioners, commercial refrigerators, freezers and spare parts, as well as providing installation, maintenance and repair services. The products are for residence and commercial building.

BRAND NAME

"TRANE"

PURCHASE

100% of the products is purchased from local suppliers.

MAJOR SUPPLIER

Trane (Thailand) Limited : Thailand

SALES/SERVICES

80% of the products is sold and serviced locally to end-users, and the remaining 20% is exported to Myanmar, Cambodia and Laos.

RELATED AND AFFILIATED COMPANIES

Amair Limited

Business Type : Manufacturer of small type of air conditioner

LITIGATION

Bankruptcy and Receivership

There are no litigation on bankruptcy and receivership cases filed against the subject found at Legal Execution Department for the past five years.

Others

There are no legal suits filed against the subject according to the past two years.

CREDIT

Sales are by cash or on the credits term of 30-60 days.
Local bills are paid by cash or on the credits term of 30-60 days.
Exports are against T/T.

BANKING

Bangkok Bank Public Company Limited
Kasikornbank Public Company Limited

EMPLOYMENT

The subject employs approximately 400 staff.

LOCATION DETAILS

The premise is rented for administrative office at the heading address. Premise is located in a prime commercial area.

Branches:

- 999/1 Moo 9, Bangna-Trad Road, K.M. 19, T. Bangchalong, A. Bangplee, Samutprakarn 10540
- 65/22-23 Thepkasatri Road, T. Kohkaew, A. Muang, Phuket 83000
- 585/28 Moo 10, T. Nongprue, A. Banglamung, Chonburi 20150
- 302/60 Moo 5, Maliwan Road, T. Banped, A. Muang, Khon Kaen 40000
- 399/2 Moo 4, Paendinthong 7 Village, Ratchasima-Kabinburi Road, T. Pruyai, A. Muang, Nakornratchasima 30000
- 1091/241 Soi Petchburi 35, New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400

COMMENT

Demand of air-conditioners in both domestic and export markets is moderately grown. Despite a decrease in sales or service income figures in 2017, it obtained higher net profit comparing to the previous year. Generally, the subject's business remains solid and profitable.

FINANCIAL INFORMATION

The capital was registered at Bht. 5,000,000 divided into 50,000 shares of Bht. 100 each with fully paid.

THE SHAREHOLDERS LISTED WERE : [as at July 1, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
TAST Limited Nationality: Thai Address : 9 th Flr., Charn Issara Tower, 942/142-3 Rama 4 Road, Suriyawongse, Bangrak, Bangkok	13,100	26.20
Jardine Asian Holdings Inc. Nationality: BVI Address : Tortola, British Virgin Islands	12,499	25.00
Jardine Matheson (Thailand) Limited	12,401	24.80

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Nationality: Thai		
Address : 246 Sukhumvit Rd., Klongtoey, Bangkok		
Trane Inc. of Delaware	12,000	24.00
Nationality: American		
Address : 251 Little Falls Drive, Wilmington, Delaware, U.S.A.		

Total Shareholders : 4

SHARE STRUCTURE [AS AT JULY 1, 2018]

Nationality	Shareholders	No. of Share	% Shares
Thai	2	25,501	51.00
Foreign	2	24,499	49.00
Total	4	50,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO.

Mr. Boonrueng Lertwisetwit No. 6552

FINANCIALS

AIRCO LIMITED

BALANCE SHEET [BAHT]

The latest financial figures published for December 31, 2017, 2016 and 2015 were:

ASSETS

Current Assets	2017	2016	2015
Cash and Cash Equivalents	1,095,220,735	1,017,116,636	819,134,662
Trade Accounts and Other Receivable	822,465,138	743,248,360	967,516,999
Inventories	219,075,544	368,975,441	270,637,840
Other Current Assets	5,353,842	3,656,970	3,496,116
Total Current Assets	2,142,115,259	2,132,997,407	2,060,785,617
Investment in Subsidiaries	10,000,000	10,000,000	10,000,000
Property, Plant and Equipment	12,479,571	16,289,563	17,078,810
Computer Programme	1,430,555	2,268,430	3,128,272

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Other Non-current Assets	8,384,300	9,302,253	9,499,618
Total Assets	2,174,409,685	2,170,857,653	2,100,492,317

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Short-term Loan from Financial Institutions	-	-	3,809,549
Trade Accounts and Other Payable	524,753,780	560,678,359	519,469,038
Short-term Loans from Related Company	-	-	10,000,000
Advance from Customers	86,391,508	89,045,402	98,873,880
Warranty Replacement	32,609,918	32,626,932	37,096,508
Unearned Income	177,020,514	187,122,697	198,347,708
Accrued Project Costs	87,756,506	74,896,552	75,906,661
Accrued Expense	64,317,179	64,493,894	74,367,713
Accrued Income Tax	58,642,384	41,184,743	29,568,876
Other Current Liabilities	13,667,878	5,459,617	5,184,143
Total Current Liabilities	1,045,159,667	1,055,508,196	1,052,624,076
Employee Benefits Obligation	55,352,876	60,097,253	59,505,319
Other Non-current Liabilities	88,099	91,572	91,572
Total Liabilities	1,100,600,642	1,115,697,021	1,112,220,967
Shareholders' Equity			
Share capital : Baht 100 par value authorized, and issued share capital 50,000 shares	5,000,000	5,000,000	5,000,000
Capital Paid	5,000,000	5,000,000	5,000,000
Premium on Share Capital	32,498,700	32,498,700	32,498,700
Retained Earning			
Appropriated statutory reserve	500,000	500,000	500,000
Unappropriated	1,035,810,343	1,017,161,932	950,272,650
Total Shareholders' Equity	1,073,809,043	1,055,160,632	988,271,350
Total Liabilities and Shareholders' Equity	2,174,409,685	2,170,857,653	2,100,492,317

PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
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Sales Income	2,944,969,346	3,065,371,947	2,946,660,263
Services Income	1,103,462,735	1,025,156,973	1,120,744,501
Interest Income	4,528,096	3,554,441	4,632,685
Other Income	7,861,605	7,301,416	8,806,487
Gain on Exchange Rate	25,915,868	3,269,587	-
Total Revenues	4,086,737,650	4,104,654,364	4,080,843,936
Expenses			
Cost of Goods Sold	2,382,183,417	2,450,534,480	2,377,208,322
Cost of Services	607,087,914	586,582,417	664,164,365
Selling Expenses	227,257,465	226,532,551	228,394,915
Administrative Expenses	190,798,296	179,495,382	177,724,599
Loss on Exchange Rate	-	-	23,058,038
Total Expenses	3,407,327,092	3,443,144,830	3,470,550,239
Profit /[Loss] before Financial Cost and Income Tax	679,410,558	661,509,534	610,293,697
Financial Cost	-	[26,466]	[123,410]
Profit /[Loss] before Income Tax Income Tax	679,410,558 [132,866,276]	661,483,068 [133,587,197]	610,170,287 [125,858,622]
Net Profit / [Loss]	546,544,282	527,895,871	484,311,665

AIRCO LIMITED

FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	2.05	2.02	1.96
QUICK RATIO	TIMES	1.83	1.67	1.70
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	324.40	251.11	238.16
TOTAL ASSETS TURNOVER	TIMES	1.86	1.88	1.94
INVENTORY CONVERSION PERIOD	DAYS	26.75	44.34	32.48
INVENTORY TURNOVER	TIMES	13.64	8.23	11.24
RECEIVABLES CONVERSION PERIOD	DAYS	74.15	66.32	86.82
RECEIVABLES TURNOVER	TIMES	4.92	5.50	4.20
PAYABLES CONVERSION PERIOD	DAYS	64.07	67.38	62.34
CASH CONVERSION CYCLE	DAYS	36.83	43.28	56.96

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PROFITABILITY RATIO

COST OF GOODS SOLD	%	73.84	74.25	74.77
SELLING & ADMINISTRATION	%	10.33	9.93	9.98
INTEREST	%	-	0.00	0.00
GROSS PROFIT MARGIN	%	27.11	26.10	25.56
NET PROFIT MARGIN BEFORE EX. ITEM	%	16.78	16.17	15.00
NET PROFIT MARGIN	%	13.50	12.91	11.91
RETURN ON EQUITY	%	50.90	50.03	49.01
RETURN ON ASSET	%	25.14	24.32	23.06
EARNING PER SHARE	BAHT	10,930.89	10,557.92	9,686.23

LEVERAGE RATIO

DEBT RATIO	TIMES	0.51	0.51	0.53
DEBT TO EQUITY RATIO	TIMES	1.02	1.06	1.13
TIME INTEREST EARNED	TIMES	-	24,994.69	4,945.25

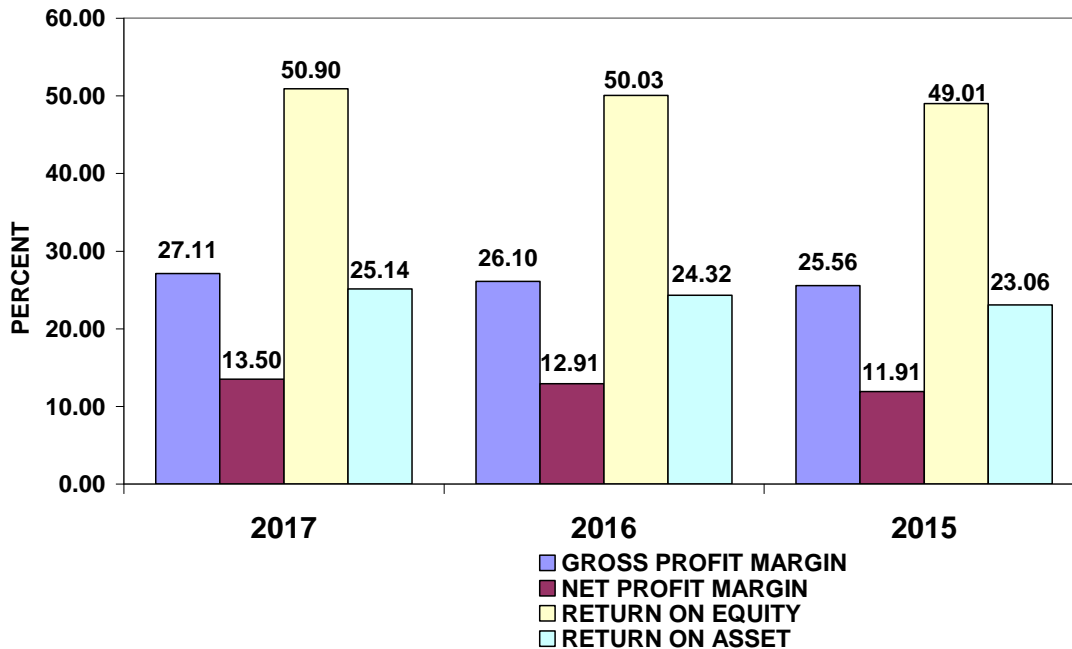
ANNUAL GROWTH

SALES GROWTH	%	(1.03)	0.57
OPERATING PROFIT	%	2.71	8.39
NET PROFIT	%	3.53	9.00
FIXED ASSETS	%	(23.39)	(4.62)
TOTAL ASSETS	%	0.16	3.35

ANNUAL GROWTH : SATISFACTORY

An annual sales growth is -1.03%. Sales Income has decreased from THB 4,090,528,920.00 in 2016 to THB 4,048,432,081.00 in 2017. While net profit has increased from THB 527,895,871.00 in 2016 to THB 546,544,282.00 in 2017. And total assets has increased from THB 2,170,857,653.00 in 2016 to THB 2,174,409,685.00 in 2017.

PROFITABILITY : IMPRESSIVE



PROFITABILITY RATIO

Gross Profit Margin	27.11	Acceptable	Industrial Average	75.27
Net Profit Margin	13.50	Impressive	Industrial Average	2.49
Return on Assets	25.14	Impressive	Industrial Average	5.08
Return on Equity	50.90	Impressive	Industrial Average	12.98

Gross Profit Margin used to assess a firm's financial health by revealing the proportion of money left over from revenues after accounting for the cost of goods sold. Gross profit margin serves as the source for paying additional expenses and future savings. The company's figure is 27.11%. When compared with the industry average, the ratio of the company was lower. This indicated that company may have problems with control over its costs.

Net Profit Margin is the indicator of the company's efficiency in that net profit takes into consideration all expenses of the company. A low profit margin indicates a low margin of safety, higher risk that a decline in sales will erase profits and result in a net loss. Net Profit Margin ratio is 13.5%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient operator in a dominant position within its industry.

Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. Return on Assets ratio is 25.14%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient profit in a dominant position within its industry.

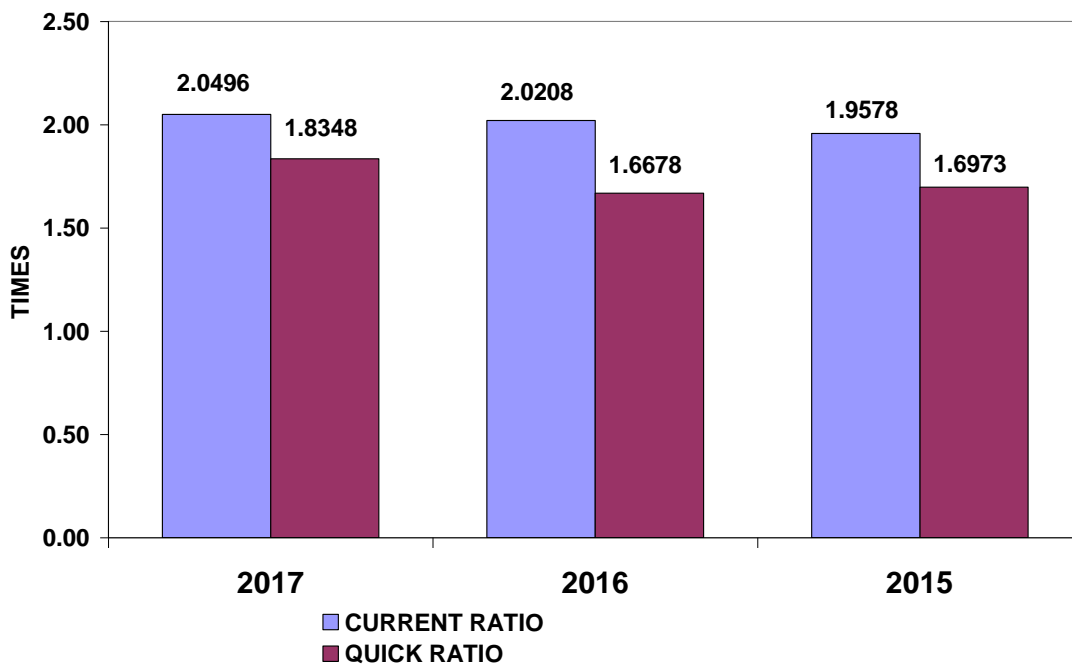
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Return on Equity indicates how profitable a company is by comparing its net income to its average shareholders' equity, ROE measures how much the shareholders earned for their investment in the company. Return on Equity ratio is 50.9%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient profit in a dominant position within its industry.

Trend of the average competitors in the same industry for last 5 years

Return on Assets Downtrend
Return on Equity Downtrend

LIQUIDITY : IMPRESSIVE



LIQUIDITY RATIO

Current Ratio	2.05	Impressive	Industrial Average	1.70
Quick Ratio	1.83			
Cash Conversion Cycle	36.83			

The Current Ratio is to ascertain whether a company's short-term assets are readily available to pay off its short-term liabilities. The company's figure is 2.05 times in 2017, increase from 2.02 times, then it is generally considered to have good short-term financial strength. When compared with the industry average, the ratio of the company was higher, indicated that company was an efficient operator in a dominant position within its industry.

The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 1.83 times in 2017, increase from 1.67 times, although excluding inventory so the company still have good short-term financial strength.

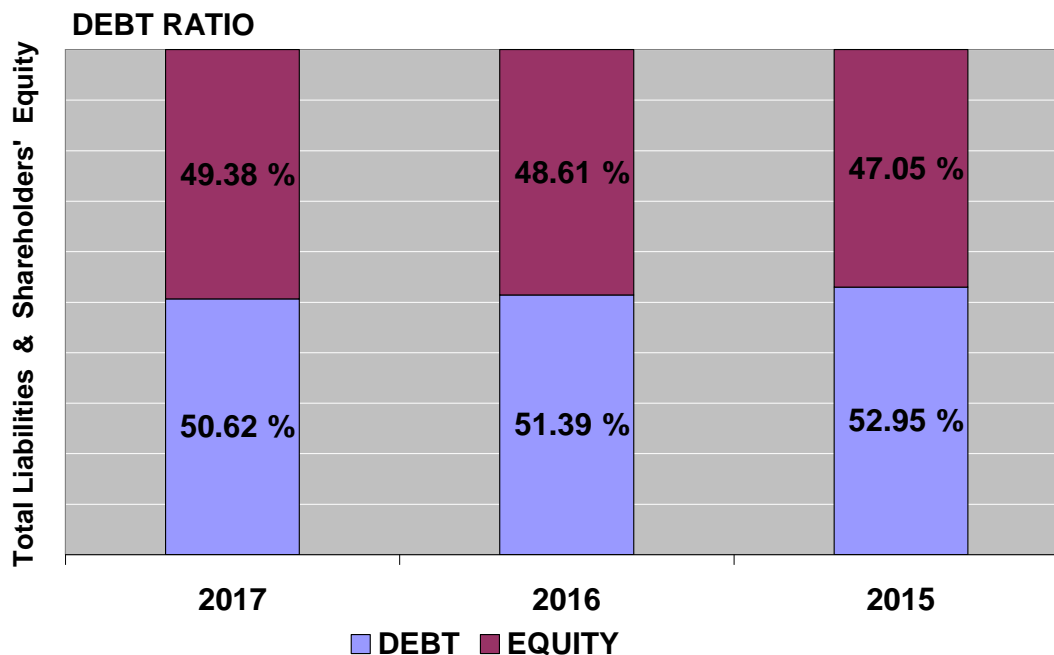
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The Cash Conversion Cycle measures the number of days a company's cash is tied up in the production and sales process of its operations and the benefit from payment terms from its creditors. It meant the company could survive when no cash inflow was received from sale for 37 days.

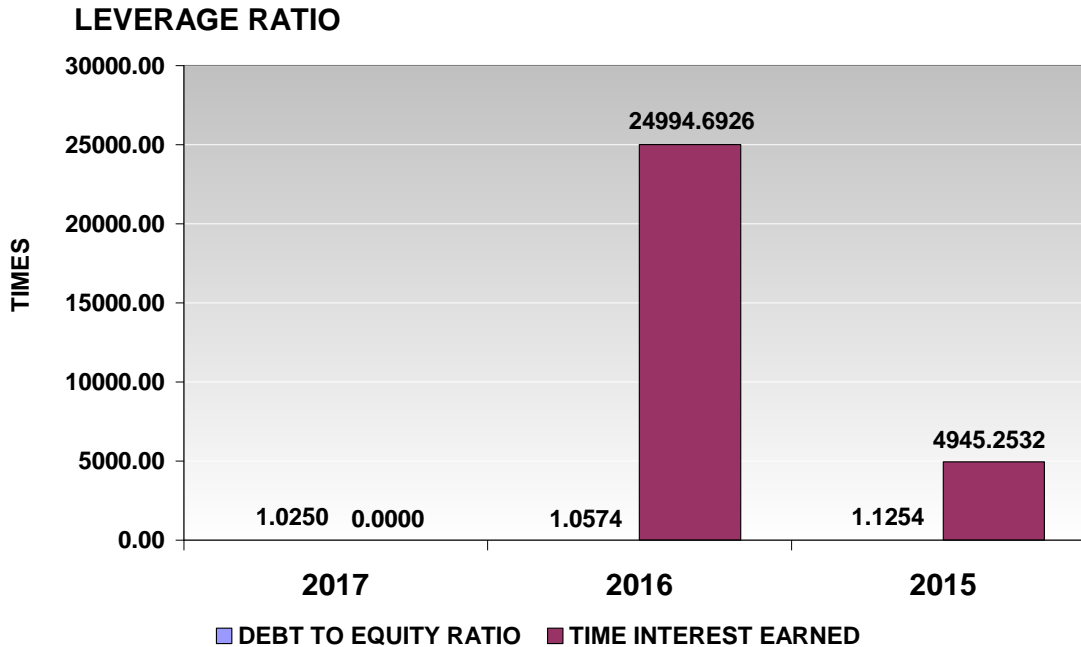
Trend of the average competitors in the same industry for last 5 years

Current Ratio Uptrend

LEVERAGE : SATISFACTORY



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LEVERAGE RATIO

Debt Ratio	0.51	Impressive	Industrial Average	0.60
Debt to Equity Ratio	1.02	Acceptable	Industrial Average	1.51
Times Interest Earned	-		Industrial Average	-

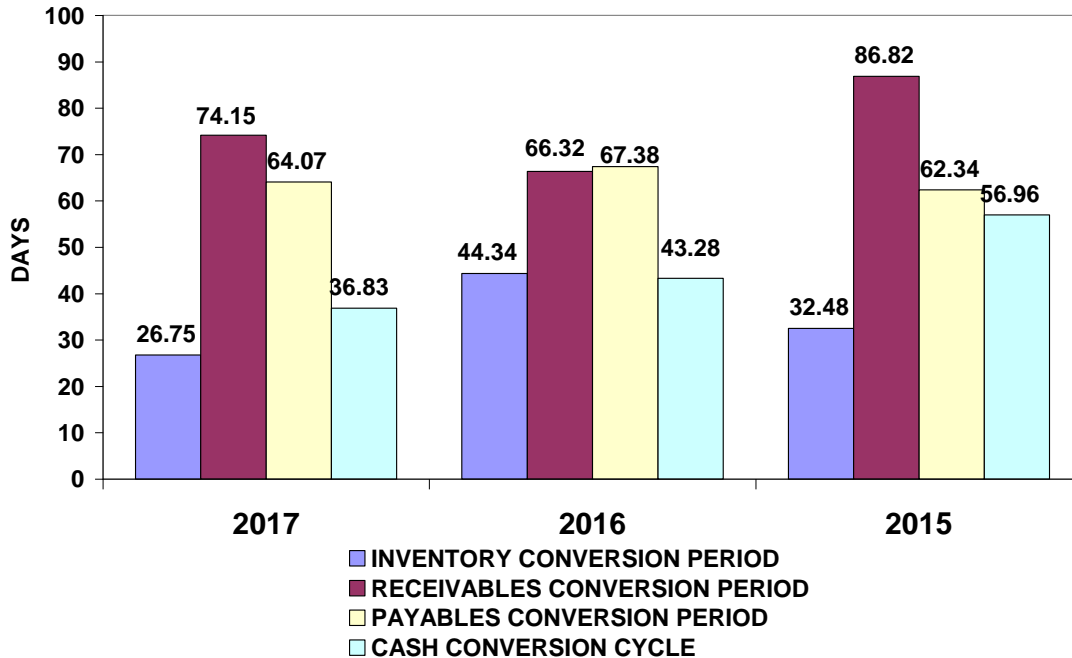
Debt to Equity Ratio a measurement of how much suppliers, lenders, creditors and obligors have committed to the company versus what the shareholders have committed. A higher the percentage means that the company is using less equity and has stronger leverage position.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.51 greater than 0.5, most of the company's assets are financed through debt.

Trend of the average competitors in the same industry for last 5 years

Debt Ratio	Uptrend
Times Interest Earned	Stable

ACTIVITY : IMPRESSIVE



ACTIVITY RATIO

Fixed Assets Turnover	324.40	Impressive	Industrial Average	-
Total Assets Turnover	1.86	Satisfactory	Industrial Average	2.04
Inventory Conversion Period	26.75			
Inventory Turnover	13.64	Impressive	Industrial Average	5.40
Receivables Conversion Period	74.15			
Receivables Turnover	4.92	Impressive	Industrial Average	4.35
Payables Conversion Period	64.07			

The company's Account Receivable Ratio is calculated as 4.92 and 5.50 in 2017 and 2016 respectively. This ratio measures the efficiency of the company in managing its trade debtors to generate revenue. A lower ratio may indicate over extension and collection problems. Conversely, a higher ratio may indicate an overly stringent policy. In this case, the company's A/R ratio in 2017 decreased from 2016. This would suggest the company had deteriorated in the management of its debt collections.

Inventory Turnover in Days Ratio indicates the liquidity of inventory. It estimates the number of days that it will take to sell the current inventory. Inventory is particularly sensitive to change in business activities. The inventory turnover in days has decreased from 44 days at the end of 2016 to 27 days at the end of 2017. This represents a positive trend. And Inventory turnover has increased from 8.23 times in year 2016 to 13.64 times in year 2017.

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The company's Total Asset Turnover is calculated as 1.86 times and 1.88 times in 2017 and 2016 respectively. This ratio is determined by dividing total assets into total sales turnover. The ratio measures the activity of the assets and the ability of the firm to generate sales through the use of the assets.

Trend of the average competitors in the same industry for last 5 years

Fixed Assets Turnover	Stable
Total Assets Turnover	Downtrend
Inventory Turnover	Uptrend
Receivables Turnover	Downtrend

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.59
UK Pound	1	INR 93.49
Euro	1	INR 81.61
Baht	1	INR 2.19

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	SYL

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)