

# Origin Property

## Earnings march to new quarterly high - as expected

### 2017 net profit of Bt2bn (+217% YoY) was in line, new high for company

As expected, ORI posted record earnings of Bt2bn in 2017, catalyzed by the transfer of nine new projects (consisting of KnightsBridge Sky City Sapanmai, Notting Hill The Exclusive Charoenkrung, Pause SKV103, KnightsBridge The Ocean Sriracha, Kensington Phahol-Kaset, Kensington Laemchabang Sriracha 1, Kensington Laemchabang Sriracha 2, Pause ID and Britania Srinakarin. We maintain our 2018-19F revenue and earnings forecast and reiterate **Buy** for the highest earnings growth amongst peers with an unchanged TP of Bt25.

### Quarterly revenue also marked a new high

The company's 4Q revenue of Bt8.8bn (+174% YoY) was also in line. GPM tightening to 35.4% vs. 46.1% YoY was due to higher portion of the lower-GPM Park 24 (Proud Residence). SG&A expense to sales ratio falling to 16.6% vs. 20.8% YoY was due to higher sales. In terms of absolute value, expenses related to promotional activities grew both pre-sales and personnel expenses. The company booked a gain of Bt641m from sales of investment in subsidiaries from its JV, Nomura Real Estate Development (as expected).

### Backlog-backed 2018-19F revenue and earnings unchanged

We make no change to our 2018-19F revenue and net profit forecasts. They remain based on strong growth potential from its secured backlog: c80% for 2018F (includes Park 24 project) and c60% for 2019F.

### Outperformance anticipated; TP of Bt25/share is unchanged

Our target price of Bt25 (EPS before extra items) is based on a 2018F PER of 23.4x derived from the property sector's PEG of 1x and a 3-year (2018-21F) Cagr for ORI's earnings of 23.4%. We expect ORI's EPS growth to be higher than that of AP, LPN, SPALI and PSH for 2017-18F on recognition of its condominium project backlog and contribution from acquisitions. Lower-than-expected presales and transfers, higher-than-expected cancellation and rejection rates, EIA approval, and high reliance on the condominium segment are key risks.

## Rating

## BUY

(unchanged)

### 12 month Target Price

**Bt25.00**

Current Price (02/03/2018)	Bt21.10
Upside/Downside	18%
CG Rating	4
Thai CAC	n.a.

Sector	PROP
Sector PER (x)	17.3x

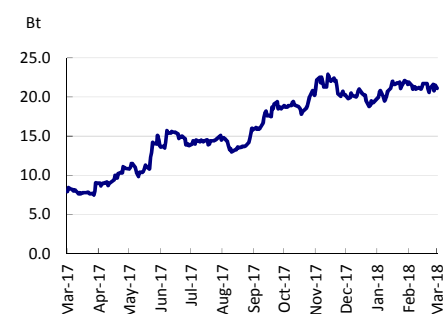
## SHARE SUMMARY

Issued shares:	1,626.3m
Par value:	Bt0.5
Market capitalization:	Bt36.3bn
Avg. Daily Turnover:	Bt112.1m
Foreign Limit/Actual (%)	49/7
Free Float:	21.4%
NVDR:	1.3%
Beta (3 years)	2.3x

### TISCO's forecast vs. consensus

EPS (Bt)	TISCO	Consensus	% Diff.
2018F	1.15	1.24	-7.2%
2019F	1.41	1.75	-19.3%

## PRICE / PRICE RELATIVE



Source: Bloomberg Finance LP

Performance (%)	-1m	-3m	-12m
ORI	(2.31)	3.94	166.12
SET	(1.18)	6.61	15.42

## CONSOLIDATED FINANCIAL SUMMARY

Year	2015	2016	2017	2018F	2019F	2020F
Total Revenue (Bt, m)	2,026	3,197	8,765	13,020	16,500	19,303
EBITDA (Bt, m)	530	850	2,100	2,956	4,005	4,678
Net profit (Bt, m)	386	638	2,021	2,015	2,476	2,900
Net Profit growth (%)	449.5%	65.0%	217.0%	-0.3%	22.9%	17.1%
Net profit before extra (Bt, m)	386	638	1,380	1,855	2,476	2,900
Net Profit before extra gr. (%)	449.5%	65.0%	116.4%	34.4%	33.5%	17.1%
EPS (Bt)	0.39	0.58	1.25	1.15	1.41	1.65
EPS growth (%)	143.8%	48.7%	115.5%	-8.1%	22.9%	17.1%
EPS before extra (Bt)	0.64	0.58	0.79	1.06	1.41	1.65
EPS before extra growth (%)	312.1%	-10.1%	36.5%	33.8%	33.5%	17.1%
PER (X)	54.1	11.6	16.9	18.4	14.9	12.8
PBV (X)	7.2	10.6	7.2	5.0	4.3	3.7
Yield (%)	3.0%	2.4%	2.8%	2.7%	3.3%	3.9%
RoE (%)	38.0%	32.4%	55.2%	32.3%	31.1%	31.2%

Source: TISCO Research

### Rasmiman Sermprasert

(ID: 018175)

(66) 2633 6421

rasmiman@tisco.co.th

## Flash Result: ORI 4Q17 and 2017

Figure 1. Flash Result : ORI 4Q17

(Bt, m)	4Q17	4Q16	YoY	3Q17	QoQ
<b>Total Revenue</b>	<b>5,075</b>	<b>1,285</b>	<b>295.0%</b>	<b>1,665</b>	<b>204.8%</b>
Total Cost	3,691	675	447.2%	886	316.6%
Gross Profit	1,384	610	126.7%	779	77.6%
S&A Expenses	642	218	194.4%	367	75.0%
Financial cost	48	2	2793.8%	2	2414.1%
Net Profit before Tax	1,003	400	150.9%	435	130.3%
Income Tax from Operations	322	79	308.0%	146	120.1%
<b>Net profit before extra items</b>	<b>680</b>	<b>321</b>	<b>112.2%</b>	<b>289</b>	<b>135.4%</b>
Extra items	374	-	n.a.	267	40.0%
<b>Net Profit</b>	<b>1,054</b>	<b>318</b>	<b>231.6%</b>	<b>556</b>	<b>89.6%</b>
Gross margin (%)	27.3%	47.5%		46.8%	
SG&A expenses to sales (%)	12.7%	17.0%		22.0%	
Net margin (%)	20.8%	24.7%		33.4%	

Source: Company data, SET

Figure 2. Flash Result : ORI 2017

(Bt, m)	2017	2016	YoY
<b>Total Revenue</b>	<b>8,765</b>	<b>3,197</b>	<b>174.2%</b>
Total Cost	5,662	1,724	228.4%
Gross Profit	3,102	1,473	110.6%
S&A Expenses	1,452	666	118.0%
Financial cost	51	7	651.3%
Net Profit before Tax	1,962	802	144.8%
Income Tax from Operations	583	162	259.6%
<b>Net profit before extra items</b>	<b>1,379</b>	<b>640</b>	<b>115.7%</b>
Extra items	641	-	n.a.
<b>Net Profit</b>	<b>2,021</b>	<b>638</b>	<b>217.0%</b>
Gross margin (%)	35.4%	46.1%	35.4%
SG&A expenses to sales (%)	16.6%	20.8%	16.6%
Net margin (%)	23.1%	19.9%	23.1%

Source: Company data, SET

# TISCO Securities Company Limited

[www.tiscosec.com](http://www.tiscosec.com)

## Bangkok

48/8 TISCO Tower 4th Floor, North Sathorn Road, Bangkok 10500, Thailand  
Tel : (66) 2633 6999 Fax : (66) 2633 6490, (66) 2633 6660

## Thonglor Branch

55/1 Floor 1st, Soi Sukumvit 55 (Thonglor), Sukumvit Road, Klongtan Nua, Wattana, Bangkok 10110  
Tel : (66) 2013 7400 Fax: (66) 2013 7405

## Chiang Mai

275/4, 2nd Floor, Chang Phuak Road, Chang Phuak, Muang District, Chiang Mai 50300  
Tel. 0 5322 4722 Fax. 0 5322 4711

## Nakhon Pathom

386, 388 Petchkasem Road, Prapatone, Muang District, Nakhon Pathom 73000  
Tel: 0 3414 2000 Fax: 0 3425 1676

## Nakhon Ratchasima

Tesco Lotus Korat, 719/5 Mittraphap Road, Naimuang, Muang District, Nakhon Ratchasima 30000  
Tel: 0 4425 7752 Fax: 0 4425 3752

## Udon Thani

227/21 2nd Floor, Udondussadee Road, Muang District, Udon Thani 41000  
Tel: 0 4224 6888 Fax: 0 4224 5793



### Corporate Governance Report of Thai Listed Companies 2017

Score Range	Level	Description
90 - 100	5	Excellent
80 - 89	4	Very Good
70 - 79	3	Good
60 - 69	2	Satisfactory
50 - 59	1	Pass
< 50	n.a.	n.a.
	N/R	Does not appear in the CGR report

### Anti-Corruption Progress Indicator :

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 6, 2016) are categorised into :

Certified :	Companies certified by CAC.
Declared :	Companies that have declared their intention to join CAC.
Ensure its compliance by parent company	Ensure its compliance by parent company The company declares that its parent company is under the Bribery Act or other similar laws that required parent company to be responsible for bribery act of its overseas subsidiaries. Such responsibilities shall include the establishment of policy, practices and investigation and ensure that its subsidiaries regularly comply with the policy and practices.
n.a.	Not intention to join CAC. / no policy

### Disclaimer

The disclosure of the Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 6, 2016)

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