

Thailand Flash Note

Refer to important disclosures at the end of this report

DBS Group Research . Equity

7 Mar 2018

Origin Property PCL (ORI TB) : HOLD

Mkt. Cap: US\$1,091m | **3m Avg. Daily Val:** US\$3.4m

Last Traded Price (6 Mar 2018): Bt21.00

Price Target 12-mth: Bt22.90 (9% upside) (Prev Bt22.50)

Analyst

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Strong presales to continue

- Park 24 expected to lead to sub-40% gross margin
- Three condo launches in 1Q18
- Two Park projects to be launched in 2Q-3Q18
- Maintain HOLD with slightly higher TP of Bt22.90

Forecasts and Valuation

FY Dec (Btm)	2016A	2017A	2018F	2019F
Revenue	3,153	8,765	15,191	17,598
EBITDA	850	2,156	4,247	5,405
Pre-tax Profit	802	2,474	4,307	5,333
Net Profit	638	2,020	3,437	4,240
Net Pft (Pre Ex.)	638	1,507	3,078	3,881
Net Pft Gth (Pre-ex) (%)	65.0	136.4	104.2	26.1
EPS (Bt)	1.01	1.77	1.99	2.20
EPS Pre Ex. (Bt)	1.01	1.32	1.78	2.01
EPS Gth Pre Ex (%)	57	30	35	13
Diluted EPS (Bt)	0.58	1.23	1.68	2.07
Net DPS (Bt)	0.21	0.55	0.75	0.83
BV Per Share (Bt)	3.32	3.15	6.15	8.90
PE (X)	20.8	11.9	10.6	9.6
PE Pre Ex. (X)	20.8	15.9	11.8	10.4
P/Cash Flow (X)	nm	nm	nm	nm
EV/EBITDA (X)	18.5	15.6	11.2	10.3
Net Div Yield (%)	1.0	2.6	3.6	4.0
P/Book Value (X)	6.3	6.7	3.4	2.4
Net Debt/Equity (X)	0.7	1.3	0.8	0.7
ROAE (%)	32.4	55.2	42.0	28.9

Source of all data on this page: Company, DBSVTH, Bloomberg Finance L.P.

Company Guide



Summary of our point of view, and highlights the relevant data points, which are actively tracked

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What's New

Park 24 expected to lead to sub-40% gross margin. We previously forecast that the low margin was only limited to the first phase of Park 24 (Bt5.9bn, 76% sold). However, ORI clarified during the analyst meeting yesterday that although the gross margin at the second phase (Bt11.1bn, 58% sold) should be significantly better due to the higher selling prices, Phase II's margin is still below 40%. This leads us to cut residential gross margin in FY18/19F from 39.3%/43.2% to 37.2%/39.5% (vs 35.4% in 2017). On the other hand, we reduce SG&A-to-revenue ratio for both years from 15.5% to 12.9%, thanks to the higher revenue bases. This results in a 2% increase in our forecast of FY18F earnings and a 7% decrease in FY19F profit.

Three condo launches in 1Q18. Knightsbridge Collage - Sukhumvit 107 (Bt1.0bn), Knightsbridge Space Rama IX (Bt2.3bn) and Knightsbridge Space Ratchayothin (Bt2.7bn) will be soft-launched (10% of the projects) online on 8 March, and the official launch will be on 24 March. The three projects offer a combined 1,117 units and about 8,000 potential buyers have expressed their interest via online registrations so far. We believe the first project in Sukhumvit 107 will see relatively slow presales while the other two at Rama IX and Ratchayothin should see strong take-up rates (>50%). ORI is expected to generate Bt5bn in 1Q18, up 248% y-o-y.

Two Park projects to be launched in 2Q-3Q18. ORI plans to launch Park Phayathai (Bt4.8bn) in 2Q18 and Park Thonglor

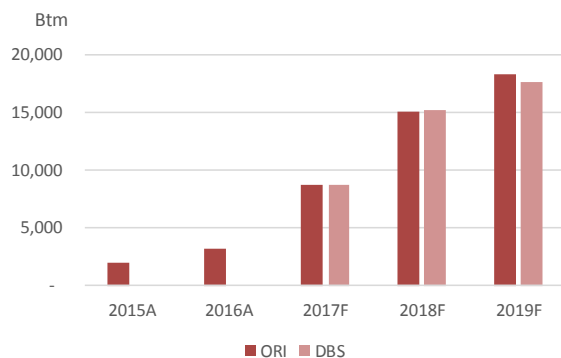
Flash Note

(Bt12.0bn) in 3Q18, and hence the presales momentum should continue to be strong. These two projects will also have other facilities such as co-working space, retail area and serviced apartment/hotel, of which the values are yet to be disclosed.

Maintain HOLD with slightly higher TP of Bt22.90. Our TP (Bt18.80 from residential business and Bt4.10 from recurring-income assets) is higher due the FY18F earnings

increase. The TP has some upside as it factors in only three hotels, namely Staybridge Thonglor (to be completed in late 2019), Holiday Inn Sriracha (to be completed in late 2019) and Staybridge Chonburi (to start construction later this year). It does not include new hotels in Rayong and Pattaya which should be announced later this year; and it also leaves out the values of the mixed-use areas in Bangkok.




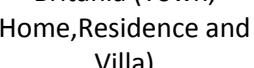

ORI's transfer targets vs DBS forecasts



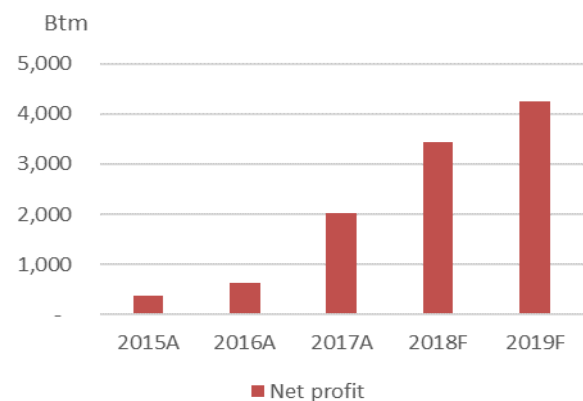
Gross margin assumption

	2018F	2019F
Park 24 - Phase I	17.0%	NA
% revenue contribution	17.8%	0.3%
Park 24 - Phase II	36.0%	36.0%
% revenue contribution	23.0%	40.3%
ORI's other condos	45.0%	44.0%
% revenue contribution	48.7%	41.1%
ORI's landed property	38.0%	38.0%
% revenue contribution	10.5%	18.2%
Gross margin	37.2%	39.5%

ORI's brands

Brand	Average Selling Price
	> Bt200k per sqm
	Bt120-200k per sqm
	Bt80-120k per sqm
	< Bt80k per sqm
	Landed properties (Bt3-5m, Bt5-8m, Bt8-15m, Bt15-25m)

Earnings



Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	15 Dec 17	21.00	24.90	BUY
2:	10 Jan 18	19.80	24.90	BUY
3:	29 Jan 18	22.10	25.50	BUY
4:	02 Mar 18	21.10	22.50	HOLD

Note: Share price and Target price are adjusted for corporate actions.

Source: DBSVTH

Analyst: Wasu MATTANAPOTCHANART

THAI-CAC

Corporate Governance CG Rating (as of Oct 2017)

n/a



THAI-CAC is Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of Feb 2018) are categorised into:

Corporate Governance CG Rating is based on Thai Institute of Directors (IOD)'s annual assessment of corporate governance practices of listed companies. The assessment covers 235 criteria in five categories including board responsibilities (35% weighting), disclosure and transparency (20%), role of stakeholders (20%), equitable treatment of shareholders (10%) and rights of shareholders (15%). The IOD then assigns numbers of logos to each company based on their scoring as follows:

Score	Description
Declared	Companies that have declared their intention to join CAC
Certified	Companies certified by CAC.

Score	Range Number of Logo	Description
90-100		Excellent
80-89		Very Good
70-79		Good
60-69		Satisfactory
50-59		Pass
<50	No logo given	N/A

DBSVTH recommendations are based on Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return i.e. > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

Share price appreciation + dividends

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