

Origin Property

1Q18 net profit surges 184% YoY

1Q18 net profit of Bt489m exceeded our expectation

ORI posted an impressive and better-than-expected net profit of Bt489m for 1Q18 (+184% YoY, -54% QoQ). Higher-than-expected revenue and GPM were key factors.

- **Revenue rose sharply: +178% YoY to Bt2.4bn in 1Q18:** driven by the transfer of 18 projects and one new project, KnightsBridge Tiwanon, during the quarter. Britania Srinakarin and Park 24 Phase 1 also contributed with recognized revenue. Meanwhile GPM fattened to 49.5% from 46.7% YoY thanks to the transfer of a bigger portion of higher-GPM projects and management income from JV projects with NRED. The company posted QoQ improvement in GPM due to fewer transfers from the lower-GPM Park 24 Phase 1 project (PPA impact). Finally, SG&A expenses to sales ratio fell YoY due to higher revenue.
- **At least eight projects to be transferred in 2Q-4Q18F** with a total expected backlog of over Bt10bn.

We remain positive on ORI and maintain a Buy rating: We also maintain our 2018-19F revenue and earnings forecasts, noting that this year's backlog already secures 80% of our full-year revenue target of Bt13bn and 60% of our 2019 revenue forecast.

Rating

BUY

(unchanged)

12 month Target Price

Bt23.25

Current Price (11/05/2018)	Bt19.00
Upside/Downside	22%
CG Rating	4
Thai CAC	n/a

Sector	PROP
Sector PER (x)	16.7x

Financial Summary

Year	2017	2018F	2019F	2020F
Net Profit (Bt,m)	2,021	1,612	2,310	2,657
EPS (Bt)	1.25	0.92	1.32	1.81
EPS Growth (%)	116	(26)	43	19
PER (x)	5.5	19.9	13.9	10.1
PBV (x)	1.9	3.8	3.4	2.9
Div Yield (%)	8.8	2.5	3.6	4.9

Source : TISCO Research

Figure 1. ORI 1Q18 Result

Bt,m	1Q18	1Q17	% YoY	4Q17	% QoQ	3M18	3M17	%YoY
Sales and Service income	2,395	863	177.6%	5,075	-52.8%	2,395	863	177.6%
Cost of Sales and services	1,209	459	163.1%	3,691	-67.3%	1,209	459	163.1%
Gross Profit	1,186	403	194.2%	1,384	-14.3%	1,186	403	194.2%
SG&A	386	200	93.3%	642	-39.8%	386	200	93.3%
EBIT	700	219	220.2%	1,050	-33.4%	700	219	220.2%
EBITDA	728	230	216.7%	1,095	-33.6%	728	230	216.7%
Net Profit before Tax	653	219	198.8%	1,003	-34.9%	653	219	198.8%
Income tax expenses	164	47	252.7%	322	-49.0%	164	47	252.7%
Net profit	489	172	184.3%	1,054	-53.6%	489	172	184.3%
EPS (Bt)	0.30	0.10	204.0%	0.65	-54.1%	0.30	0.10	204.0%
Gross Margin (%)	49.5%	46.7%		27.3%		49.5%	46.7%	
SG&A expenses to sales ratio (%)	16.1%	23.2%		12.7%		16.1%	23.2%	
EBITDA Margin (%)	30.4%	26.6%		21.6%		30.4%	26.6%	
Net Profit Margin (%)	20.4%	19.9%		20.8%		20.4%	19.9%	

Source: SET, TISCO Research

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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 February 1, 2018) 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 February 1, 2018)

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