

ORI: Plan to launch budget condominium in 2020



Neutral tone on ORI strategy after last week analyst meeting. We maintain our BUY rating with a target price of Bt10.2 based on 6.2xPE'20E, which represents a 25% discount to the average valuation of the top 10 stocks in the Thai Real Estate sector.

Key takeaway:

- Huge backlog of Knightsbridge Prime Sathorn worth Bt3.9bn or 93% of total project value is ready to transfer from 4Q19 onward.
- Thai cabinet just approved a measure to stimulate Thai property market. This package includes reduction of real estate transfer fees and providing low-interest loans from the Government Housing Bank during November 19 to December 20 for home buying priced up to Bt3m.
- The company plans to launch budget condominium in 2020 in order to attract first-time buyers and gain benefit from government measure. We are neutral to this strategy as the prevalent lack of consumer confidence and lower purchasing power will restrain demand on this segment. However, we are still positive on resilient and competent management.

Valuation table

Year end Dec	17A	18A	19E	20E	21E
PE (x)	7.9	4.8	4.5	4.0	3.5
Recurring net profit growth (%)	217	65.2	7.6	12.5	14.9
Recurring EPS (Bt)	0.83	1.36	1.46	1.65	1.89
Recurring EPS growth (%)	203	63.3	7.4	12.5	14.9
PBV (x)	3.1	2.2	1.7	1.3	1.1
BVPS (Bt)	2.10	3.04	3.92	4.91	6.05
ROE (%)	55.2	53.2	42.2	37.4	34.6
DPS (Bt)	0.40	0.39	0.59	0.66	0.76
Dividend yield (%)	6.1	5.9	8.9	10.0	11.5
Enterprise value (Bt m)	24,441	26,912	29,556	30,511	30,410
EV-to-EBITDA (x)	11.6	6.5	6.2	5.4	4.6

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Recommendation: BUY

Current price: Bt6.55

Target price: Bt10.2

Up/(downside): 55%

IOD: 4 out of 5

CAC: Declared

Stock data

RIC code	ORI.BK
Index	.SETI
SET Index (08/11/2019)	1,637.85
Market cap (Bt m)	16,201
Shares outstanding (million)	2,455
Par (Bt)	0.50

