

6 October 2020

Origin Property

Sector: Property Development

3Q20 presales stronger than expected; 9M20 presales represents 88% of ORI's 2020 target

| | |
|------------------|---------------------|
| Bloomberg ticker | ORI TB |
| Recommendation | BUY (maintained) |
| Current price | Bt6.30 |
| Target price | Bt9.70 (maintained) |
| Upside/Downside | +53% |
| EPS revision | No change |

| | |
|------------------------|-------------------------|
| Bloomberg target price | Bt7.84 |
| Bloomberg consensus | Buy 7 / Hold 1 / Sell 0 |

| | |
|-----------------------------|-----------------|
| Stock data | |
| Stock price 1-year high/low | Bt7.95 / Bt3.06 |
| Market cap. (Bt mn) | 17,170 |
| Shares outstanding (mn) | 2,453 |
| Avg. daily turnover (Bt mn) | 64 |
| Free float | 31% |
| CG rating | Very good |
| ESG rating | Very good |

Analyst: Amnart Ngosawang (Reg. No. 029734)

News Flash

□ **3Q20 presales up +14% QoQ; 9M20 presales make up 88% of ORI's 2020 target.** ORI's CEO said its 3Q20 presales increased +14% QoQ to Bt7.5bn from Bt6.6bn in 2Q20. Of this, 81% came from condo projects and the remaining 19% from SDH/TH projects, or 58% were ready-to-move projects and 42% from work-in-process projects. In 9M20, presales totaled Bt19bn, accounting for 88% of ORI's 2020 target of Bt21.5bn.

ORI has a plan to launch nine projects worth a combined Bt14bn in 4Q20. (Source: infoquest)

Implication






□ **3Q20 presales stronger than expected.** We are positive toward ORI's earnings after its 3Q20 presales of Bt7.5bn exceeded our quarterly estimate of Bt7.0bn, while the company had registered Bt6.0bn in mid-September. Such an increase was due primarily to strong feedback for the newly launched projects: The Origin On-nut worth Bt700mn, which was sold out, and Knightsbridge Space Rama IV worth Bt2.3bn, of which take-up rate reached 70% following the VIP soft launch – an official launch is set in 4Q20.

□ **Expect strong 4Q20E presales.** ORI has a plan to launch 4-5 condo projects in 4Q20E, which would boost 2020E presales to Bt27-28bn, a similar level to a level ORI registered in 2019. ORI set its 2020 presales target of Bt21.5bn.

□ **Reiterate a BUY rating and a target price of Bt9.70,** which is pegged to 2021E PER of 7.8x, or 5-yr average level. We forecast ORI's earnings to return to the path to growth in 2021E. In 2020E, we forecast net profit to decline -11% to Bt2.7bn and core profit to edge down -2% to Bt2.5bn, while 3Q20E core profit would grow YoY, QoQ to Bt700-800mn compared to Bt652mn in 3Q19 and Bt707mn in 2Q20. In 2021E, core profit would rebound strongly +22% to Bt3.1bn, as backlog has covered 92-64% of our 2020-21E revenue forecast.

Corporate governance report of Thai listed companies 2017

CG rating by the Thai Institute of Directors Association (Thai IOD)

| Score | Symbol | Description | ความหมาย |
|--------|---|--------------|----------|
| 90-100 |  | Excellent | ดีเลิศ |
| 80-89 |  | Very Good | ดีมาก |
| 70-79 |  | Good | ดี |
| 60-69 |  | Satisfactory | ดีพอใช้ |
| 50-59 |  | Pass | ผ่าน |
| < 50 | No logo given | n.a. | n.a. |

IOD disclaimer

The Corporate Governance Report (CGR) of Thai listed Companies is based on a survey and assessment of information which companies listed on the Stock Exchange of Thailand and the Market for Alternative Investment ("listed companies") disclose to the public. The CGR is a presentation of information from the perspective of outsiders on the standards of corporate governance of listed companies. It is not any assessment of the actual practices of the listed companies, and the CGR does not use any non-public information. The CGR is not therefore an endorsement of the practices of the listed companies. It is not a recommendation for investment in any securities of any listed companies or any recommendation whatsoever. Investors should exercise their own judgment to analyze and consider any information relating to the listed companies presented in this CGR report. No representation or warranty is made by the Institute of Directors or any of its personnel as to the completeness or accuracy of the CGR report or the information used.

KTBST's stock rating definition

| | |
|-------------|---|
| BUY | The stock's total return is expected to exceed 10% over the next 6-12 months. The stock has good fundamentals and attractive valuations. |
| HOLD | The stock's total return is expected to be between 0% - 10% over the next 6-12 months. The stock has good fundamentals, but may lack of near-term catalysts or its valuations are not attractive. |
| SELL | The stock's total return is expected to fall below 0% or more over the next 6-12 months. Stock should be sold as negative total return is anticipated due to deteriorating fundamentals compared with its valuations. |

The stock's expected total return is the percentage difference between the target price and the current price, which excludes dividend yields.

ESG rating (ESG: Environmental, Social, and Governance)

KTBST believes environment, social and governance (ESG) practices will help determine the sustainability and future financial performance of companies. We thus incorporate ESG into our valuation model.

- ☐ **Environment.** Environment factors relate to corporate responsibility for its actions and how it manages its impact on the environment. KTBST analyzes revenue, which exposes to environment risks and opportunities.
- ☐ **Social.** Social factors deal with company's relationship with its employees and vendors. That also includes company's initiatives related to employee health and well-being, as well as community involvement. KTBST's evaluation on social practices is based on Bloomberg, which measure from company's social responsibility news.
- ☐ **Governance.** Corporate government factors include company's transparency, decision-making structure, concrete risk assessment method, treatment of minority shareholders and anti-corruption practices. KTBST conduct this analysis based on IOD's scores.

KTBST's ESG ratings score from 1-5

- Excellent scores at 5
- Very Good scores at 4
- Good scores at 3
- Satisfactory scores at 2
- Pass scores at 1

KTBST provides "n.a." in cases of insufficient data.