

2 March 2021

Origin Property

Sector: Property Development

4Q20 results in line, 1Q21E net profit to improve significantly

Bloomberg ticker	ORI TB
Recommendation	BUY (maintained)
Current price	Bt6.85
Target	Bt10.00 (maintained)
Upside/Downside	+46%
EPS	No change

Bloomberg target price	Bt8.40
Bloomberg consensus	Buy 5 / Hold 1 / Sell 0

Stock data

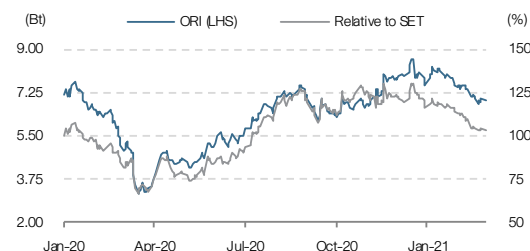
Stock price 1-year high/low	Bt8.75 / Bt3.06
Market cap. (Bt mn)	16,802
Shares outstanding (mn)	2,453
Avg. daily turnover (Bt mn)	105
Free float	31%
CG rating	Excellent
ESG rating	Very good

Financial & valuation highlights

FY: Dec (Bt mn)	2019A	2020A	2021E	2022E
Revenue	12,279	9,870	13,506	15,202
EBITDA	4,267	3,651	4,460	5,015
Net profit	3,027	2,662	3,193	3,594
EPS (Bt)	1.23	1.09	1.30	1.47
Growth	-9.5%	-12.1%	20.0%	12.5%
Core EPS	1.05	1.01	1.30	1.47
Growth	-5.4%	-3.4%	28.7%	12.5%
DPS (Bt)	0.50	0.49	0.51	0.57
Div. yield	7.2%	7.2%	7.4%	8.3%
PER (x)	5.6	6.3	5.3	4.7
Core PER (x)	6.5	6.8	5.3	4.7
EV/EBITDA	7.4	8.8	7.5	6.9
PBV (x)	1.5	1.4	1.2	1.0

Bloomberg consensus

Net profit	3,027	2,891	3,084	3,566
EPS (Bt)	1.23	1.18	1.14	1.27



Source: Aspen

Price performance	1M	3M	6M	12M
Absolute	-8.1%	-12.7%	-2.8%	34.3%
Relative to SET	-7.3%	-17.4%	-16.3%	24.5%

Major shareholders

1. Mr. Peerapong Jaroon-Ek	Holding
2. Mrs. Arada Jaroon-Ek	28.32%
3. Thai NVDR Co., Ltd.	19.06%
	5.37%

Analyst: Amnart Ngosawang (Reg. No. 029734)

We reiterate a BUY rating on ORI and a target price of Bt10.00, which is pegged to 2021E PER of 7.9x (the mean of its 5-yr historical level). ORI reported 4Q20 earnings results that were in line with Bloomberg consensus and our forecast. Net profit dropped -27% YoY, -10% QoQ to Bt642mn. We view such decline as a temporary matter as a new round of the COVID-19 outbreak caused a slow in condo transfers in December. In 2020, net profit fell -12% to Bt2.7bn.

We project 2021E net profit to grow +20% to Bt3.2bn, but core profit is estimated to grow at a faster pace of +29%. The current backlog has covered 75% of our 2021E revenue forecast, and ORI is expected to recognize lump sum revenue in expectation of a start of eight condo projects. In 1Q21E, we forecast net profit to grow both YoY, QoQ as 1) ORI is expected to recognize revenue of Bt2.0bn given its carry-forward backlog of Bt2.0bn from 4Q20; and 2) ORI has a plan to begin ownership transfer of two condo projects. We see upside to our forecast, as ORI is expected to record a gain of Bt100-200mn should the company sells its shares in 2-3 subsidiaries to its JVs.

ORI's share price underperformed the SET Index by 17% in three months in response to subdued 4Q20 earnings. We view such decline as an opportunity to increase positions, as we forecast 2021E earnings to improve significantly while 1Q21E net profit is expected to grow sharply YoY, QoQ.

Event: 4Q20 results review

□ **4Q20 earnings results in line.** ORI reported 4Q20 earnings results that were in line with Bloomberg consensus and our forecast. Net profit declined -27% YoY, -10% QoQ to Bt642mn. A decline YoY, QoQ blamed on a slowed condo transfer due to a new round of the COVID-19 outbreak in December.

In 2020, net profit fell -12% YoY to Bt2.7bn.

Implication

□ **Maintain 2021E net profit growth forecast of +20% YoY; 1Q21E earnings to grow significantly.** We forecast 2021E net profit to grow +20% YoY to Bt3.2bn. But core profit is estimated to grow at a faster pace of +29% in expectation of a start of transfers in eight condo projects and higher revenue from SDH/TH projects. Additionally, the current backlog has covered 75% of our 2021E revenue forecast. Note that ORI will transfer 1) Park Origin Thong Lor (JV) worth Bt12.0bn (74% take-up rate), which will begin transferring in 4Q21; and 2) Park Origin Phayathai worth Bt4.6bn (75% take-up rate), which will transfer in 3Q21.

In 1Q21E, we forecast net profit to grow both YoY, QoQ as 1) ORI is expected to recognize revenue of Bt2.0bn given its carry-forward backlog of Bt2.0bn from 4Q20; and 2) ORI has a plan to begin ownership transfer of two condo projects. We see upside to our forecast, as ORI is expected to record a gain of Bt100-200mn should the company sells its shares in 2-3 subsidiaries to its JVs.

Valuation/Catalyst/Risk

Our target price is Bt10.00, which is pegged to 2021E PER of 7.9x (the mean of its 5-yr historical level). Key catalyst is promising growth outlook in 1Q21E and 2021E given its sizable backlog.



4Q20 results review

FY: Dec (Bt mn)	4Q20	4Q19	YoY	3Q20	QoQ	2020	2019	YoY
Revenues	2,622	3,299	-20.5%	2,207	18.8%	9,870	12,279	-19.6%
CoGS	(1,710)	(1,821)	-6.1%	(1,427)	19.9%	(6,308)	(6,934)	-9.0%
Gross profit	912	1,478	-38.3%	781	16.9%	3,563	5,344	-33.3%
SG&A	(460)	(600)	-23.4%	(468)	-1.6%	(1,822)	(2,687)	-32.2%
EBITDA	887	1,232	-28.0%	929	-4.5%	3,651	4,267	-14.4%
Other inc./exps	252	353	-28.5%	332	-23.8%	1,063	1,384	-23.2%
Interest expenses	(71)	(74)	-4.7%	(51)	38.6%	(263)	(273)	-3.4%
Income tax	(127)	(244)	-48.0%	(122)	4.2%	(560)	(848)	-33.9%
Core profit	642	830	-22.6%	717	-10.4%	2,481	2,568	-3.4%
Net profit	642	882	-27.2%	717	-10.4%	2,662	3,027	-12.1%
EPS (Bt)	0.26	0.36	-27.2%	0.29	-10.4%	1.09	1.23	-12.1%
Gross margin	34.8%	44.8%		35.4%		36.1%	43.5%	
Net margin	24.5%	26.7%		32.5%		27.0%	24.7%	

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Corporate governance report of Thai listed companies 2019

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

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

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