



Origin Property PCL

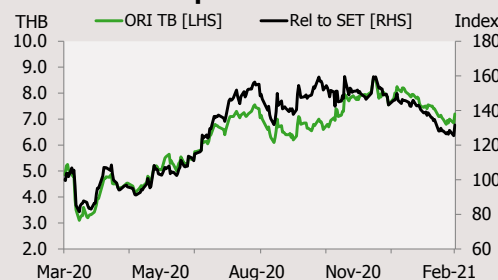
ORI TB Outperform

Target Price	Bt	8.20
Price (02/03/2021)	Bt	7.20
Upside	%	13.89
Valuation	PER	
Sector	Property Development	
Market Cap	Btm	17,661
30-day avg turnover	Btm	205.19
No. of shares on issue	m	2,453
CG Scoring	Excellent	
Anti-Corruption Indicator	Certified	

Investment fundamentals

Year end Dec 31	2019A	2020A	2021E	2022E
Company Financials				
Revenue (Btmn)	12,279	9,870	13,963	14,290
Core profit (Btmn)	2,580	2,517	3,071	3,534
Net profit (Btmn)	3,027	2,662	3,231	3,694
Net EPS (Bt)	1.23	1.09	1.32	1.51
DPS (Bt)	0.49	0.49	0.55	0.60
BVPS (Bt)	3.94	4.64	5.24	6.10
Net EPS growth (%)	(9.45)	(12.07)	21.38	14.32
ROA (%)	10.60	8.41	9.32	9.98
ROE (%)	35.42	25.32	26.67	26.56
Net D/E (x)	1.32	1.31	1.13	1.01
Valuation				
P/E (x)	5.67	6.96	5.47	4.78
P/BV (x)	1.78	1.63	1.37	1.18
EV/EBITDA (x)	8.09	11.75	9.16	9.96
Dividend yield (%)	7.06	6.49	7.64	8.37

ORI TB rel SET performance



Source: Bloomberg (All figures in THB unless noted.)

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Analyst

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3 March 2021

Kasikorn Securities Public Company Limited

2021 business targets imply solid returns

- We maintain our OP rating on ORI with an unchanged 2021 TP of Bt8.20. A strong earnings recovery, cheap price and attractive DY support our call.
- To boost 2021 sales revenue and earnings above 2019 levels, ORI will launch Bt20bn of projects to achieve a new presales high of Bt29bn.
- Low-rises will play an important role supporting the targets but condos and gains from share premiums will remain key earnings growth driver.

Investment Highlights

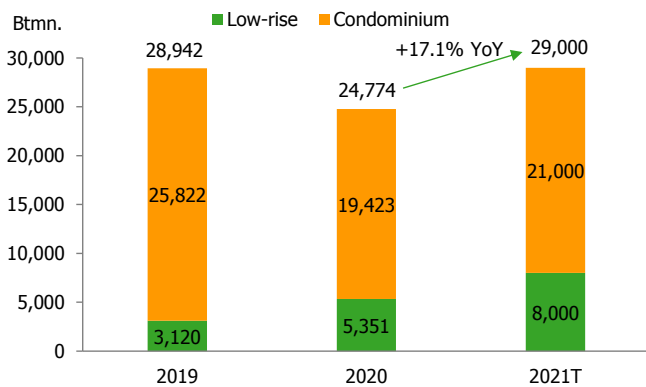
- **2021 presales target record high.** ORI has set a 2021 presales target of Bt29bn, up 17.1% YoY, which would be a record high. This target will be the main factor allowing ORI to restore sales revenue and earnings to pre-COVID-19 levels even though it comes with a lower GPM due to the increase in narrower-margin low-rise projects in blended revenue. Low-rises will be the key presales growth driver in 2021 while condo presales should increase moderately. This is because low-rises as a shorter business cycle product will allow ORI to more quickly boost revenue as its backlog declines. Note that ORI's YTD presales are at Bt4.0bn and rights transfers have reached Bt2.0bn.
- **Diversified range of new projects to drive growth.** Twenty new projects totaling Bt20bn, up 50.4%, are to be launched in 2021 and will top up the available-for-sale value of Bt32bn that ORI carried over from 2020 (Bt10.5bn of low-rises and Bt21.5bn of condos) to make the presales target achievable. This year ORI will launch Bt10.4bn, up 67.7%, of new low-rise products in order to enlarge low-rise product in its portfolio while it will add Bt9.6bn, up 35.2%, of new condo projects to form its revenue base from 2021 onward. The Grand Britannia brand, which is focused on the market segment between Bt8-20mn, will account for the majority of new low-rise projects, while The Origin will be the main condo brand focusing on new generation homebuyers. Not only will product & price segment be key success factors in 2021, but ORI's diversified location as well. ORI aims to boost 2021 sales revenue by 29.7% to Bt12.8bn while maintaining revenue from JVs at Bt5bn, flat YoY, despite its 2020 backlog falling 19% to Bt35.8bn.
- **Increased share premium to compensate for flat GPM and equity income.** Due to the higher portion of lower margin low-rise product (30-35%) compared with condominiums (38-50%) in blended revenue as well as the marketing campaigns needed to compete with others in the condominium segment, ORI is targeting a 2021 GPM of 36-37%, up slightly from the 36.1% achieved in 2019. Meanwhile, 2021 equity income is set to be unchanged on the flat potential JV revenue. However, ORI believes it will still be able to achieve an NPM of more than 22%, which is above the average level of 20% during 2015-19 although down slightly from the 24% it reached in 2020. Apart from intense cost controls that will continue at the SG&A level, a rebound in share premiums received from the sale of shares in subsidiaries to JVs after travel restrictions are eased will take over as the key earnings growth driver in 2021. In 2M21, ORI was able to sell stock in two subsidiaries to new JVs, similar to what it achieved in 2020.

Valuation and Recommendation

- We maintain an OP rating on ORI with a 2021 TP of Bt8.20. We like ORI for its solid financial status and plan to restore 2021 earnings. Also its cheap price trading at a 2021 PER of only 5.5x plus a potential 2021 DY of 7.6% support our call.
- In addition to its focus on building living solutions that allow its residential projects to stand out from peers, ORI this year is planning to extend its business scope to more recurring-income projects to sustain long-term growth and build value. It recently announced co-operations with JWD and the Samitivej Group in the logistics and healthcare fields and we should see a few more such tie-ups this year.

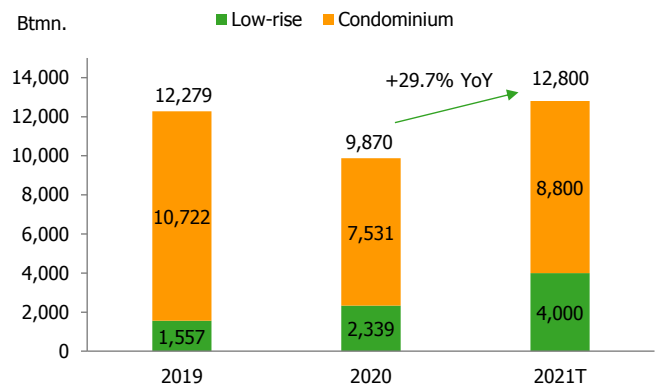


Fig 1 2021 presales target set to grow 17.1% to Bt29bn



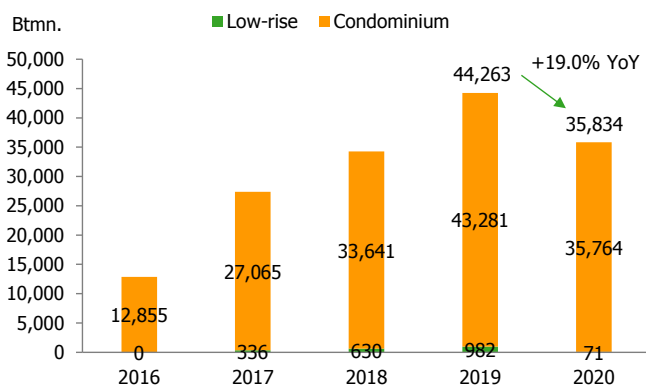
Source: Company data and KS Research

Fig 2 2021 sales rev. targeted to rise 29.7% to Bt12.8bn



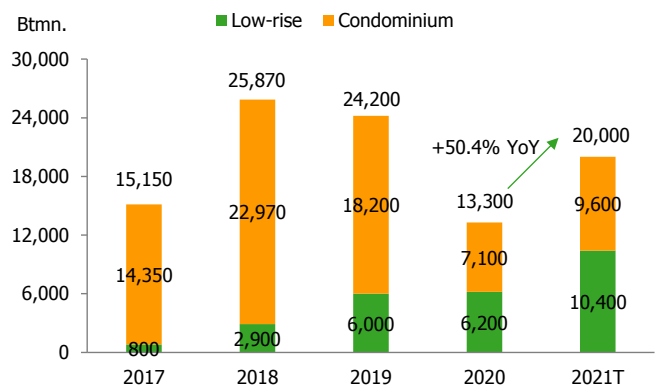
Source: Company data and KS Research

Fig 3 End-2020 backlog was at Bt35.8bn



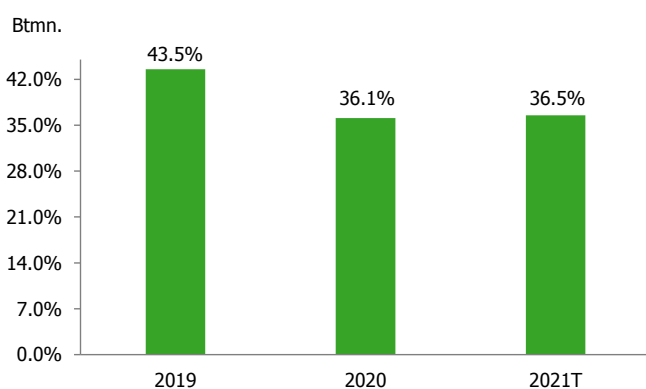
Source: Company data and KS Research

Fig 4 2021 new launches will increase 50.4% to Bt20bn



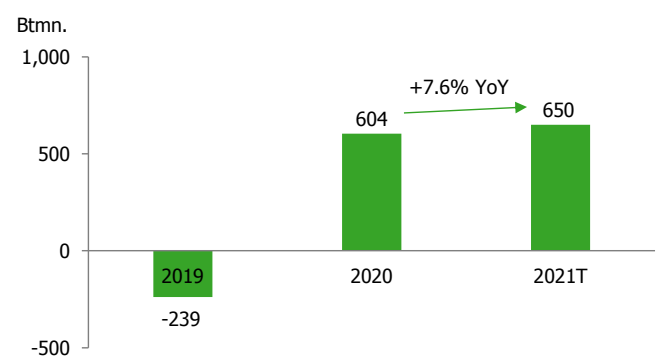
Source: Company data and KS Research

Fig 5 2021 GPM will expand moderately to 36.5%



Source: Company data and KS Research

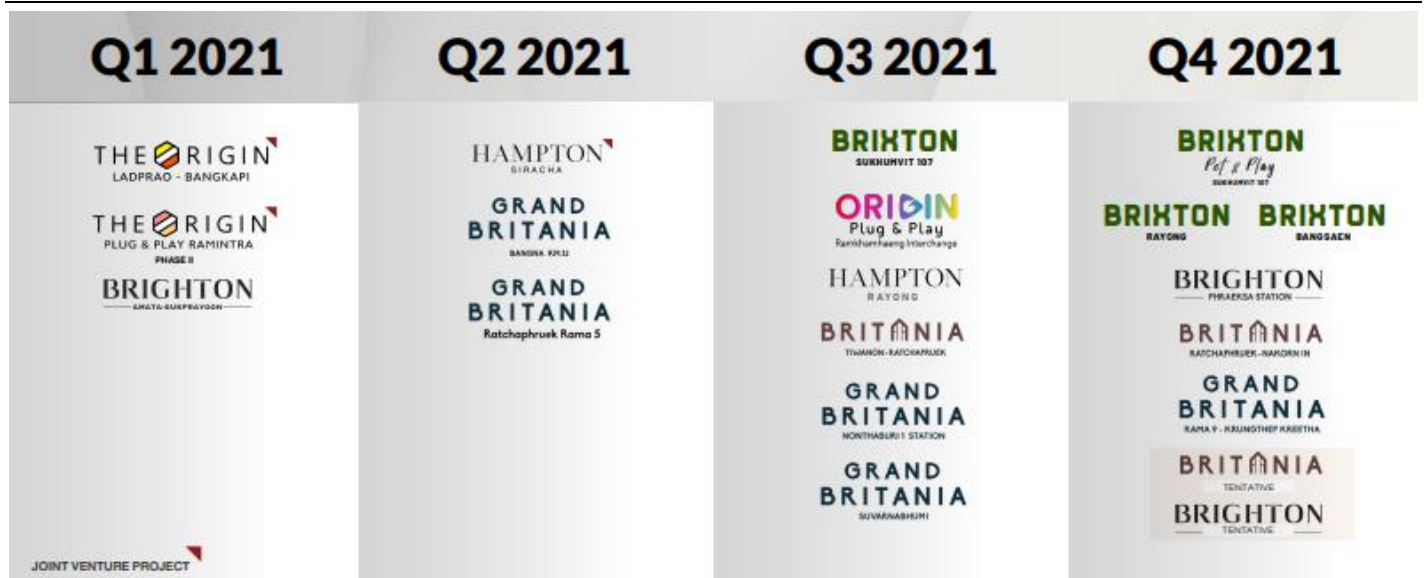
Fig 6 2021 equity income expected to be flat YoY



Source: Company data and KS Research

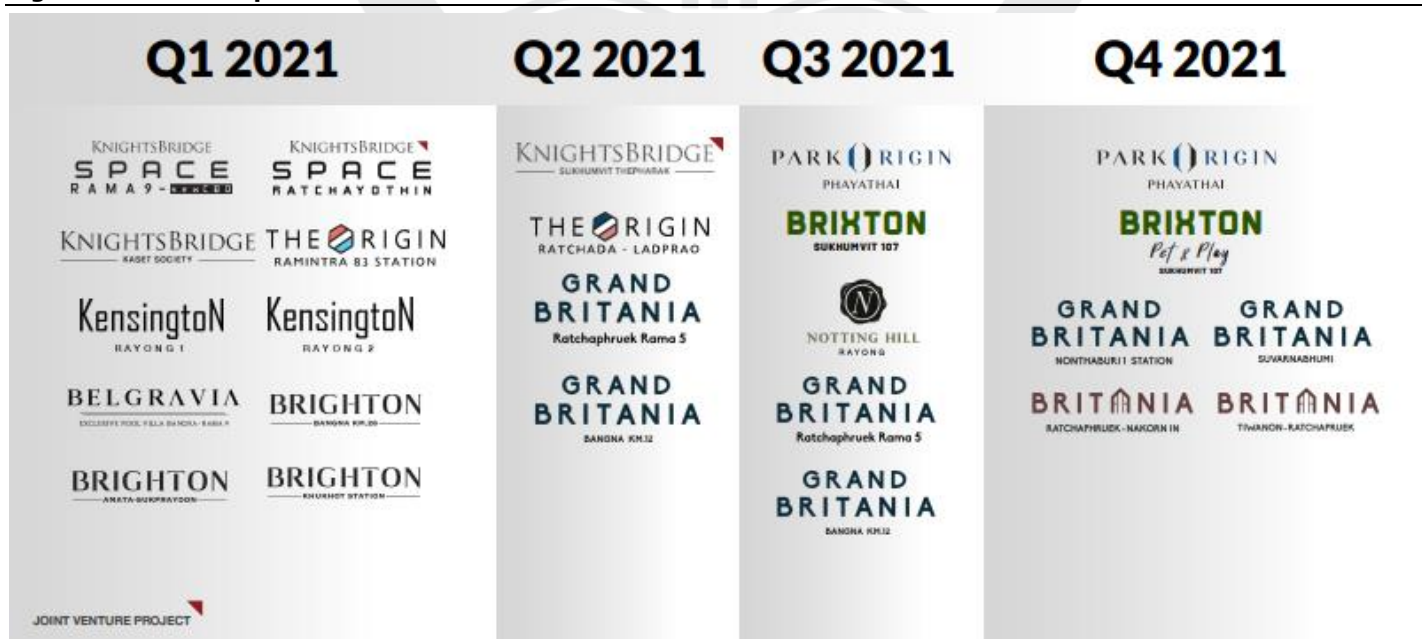


Fig 7 2021 new launch plan



Source: Company data and KS Research

Fig 8 2021 transfer plan



Source: Company data and KS Research



Year-end 31 Dec

Income Statement (Btmn)	2019A	2020A	2021E	2022E	2023E
Revenue	12,279	9,870	13,963	14,290	16,630
Cost of sales and services	-6,934	-6,308	-8,734	-9,011	-10,747
Gross Profit	5,344	3,563	5,228	5,279	5,883
SG&A	-2,687	-1,822	-2,399	-2,632	-3,053
Other income	1,284	1,063	713	647	691
EBIT	4,262	3,588	4,224	4,650	4,938
EBITDA	4,060	2,968	3,656	3,416	3,650
Interest expense	-273	-263	-308	-324	-337
Equity earnings	-239	604	482	1,155	1,216
EBT	3,989	3,325	3,916	4,326	4,601
Income tax	-848	-560	-685	-632	-675
NPAT	3,141	2,764	3,231	3,694	3,926
Minority Interest	-114	-102	0	0	0
Core Profit	2,580	2,517	3,071	3,534	3,766
Extraordinary items	447	145	160	160	160
FX gain (loss)	0	0	0	0	0
Reported net profit	3,027	2,662	3,231	3,694	3,926

Balance Sheet (Btmn)	2019A	2020A	2021E	2022E	2023E
Cash & equivalents	1,330	808	1,117	1,143	1,330
ST investments	308	76	419	429	499
Accounts receivable	531	314	489	500	582
Inventories	22,582	23,430	24,355	26,453	27,925
Other current assets	1,731	1,876	2,025	2,072	2,411
Total current assets	26,481	26,503	28,404	30,597	32,748
Investment in subs & others	0	0	0	0	0
Fixed assets-net	2,149	2,755	2,240	2,313	2,413
Other assets	3,450	4,435	4,969	5,485	5,532
Total assets	32,079	33,694	35,613	38,395	40,692
Short-term debt	6,447	9,171	6,867	6,867	6,867
Accounts payable	2,574	2,874	2,443	2,501	2,910
Other current liabilities	1,800	1,523	2,164	2,215	2,578
Total current liabilities	10,822	13,568	11,475	11,583	12,355
Long-term debt	9,606	7,428	9,861	10,413	9,552
Other liabilities	717	690	789	807	940
Total liabilities	21,146	21,686	22,125	22,803	22,847
Paid-up capital	1,226	1,226	1,226	1,226	1,226
Share premium	2,337	2,337	2,337	2,337	2,337
Reserves & others, net	159	180	180	180	180
Retained earnings	5,935	7,631	9,111	11,215	13,469
Minority interests	1,277	635	635	635	635
Total shareholders' equity	10,934	12,008	13,488	15,592	17,846
Total equity & liabilities	32,079	33,694	35,613	38,395	40,692

Key Assumptions	2019A	2020A	2021E	2022E	2023E
New launch (Btmn)	24,200	14,000	20,000	24,000	24,001
Pre-sales	28,942	25,586	23,037	24,577	24,950
Revenue growth (%)	-15.45	-19.61	41.46	2.34	16.38
Gross margin (%)	43.53	36.09	37.45	36.94	35.38
SG&A to sales (%)	21.89	18.46	17.18	18.42	18.36

Cashflow (Btmn)	2019A	2020A	2021E	2022E	2023E
Net profit	3,141	2,764	3,231	3,694	3,926
Depreciation & amortization	119	165	114	121	129
Change in working capital	-3,949	-711	-1,039	-2,020	-1,042
Others	0	-102	0	0	0
CF from operation activities	-690	2,116	2,306	1,795	3,014
Capital expenditure	-1,100	-772	408	-194	-223
Investment in subs and affiliates	0	0	0	0	0
Others	-1,214	-842	-765	-537	-70
CF from investing activities	-2,314	-1,614	-357	-731	-293
Cash dividend	-1,237	-957	-1,603	-1,442	-1,524
Net proceeds from debt	3,523	564	111	552	-861
Capital raising	39	0	-0	0	0
Others	-108	-622	0	0	0
CF from financing activities	2,515	-737	-2,067	-1,038	-2,534
Net change in cash	-489	-235	-117	26	187

Key Statistics & Ratios	2019A	2020A	2021E	2022E	2023E
Per share (Bt)					
Reported EPS	1.23	1.09	1.32	1.51	1.60
Core EPS	1.05	1.03	1.25	1.44	1.54
DPS	0.49	0.49	0.55	0.60	0.64
BV	3.94	4.64	5.24	6.10	7.02
EV	13.40	14.22	13.65	13.86	13.41
Free Cash Flow	-0.73	0.55	1.11	0.65	1.14
Valuation analysis					
Reported P/E (x)	5.67	6.96	5.47	4.78	4.50
Core P/E (x)	6.66	7.36	5.75	5.00	4.69
P/BV (x)	1.78	1.63	1.37	1.18	1.03
EV/EBITDA (x)	8.09	11.75	9.16	9.96	9.01
Price/Cash flow (x)	-24.89	8.75	7.66	9.84	5.86
Dividend yield (%)	7.06	6.49	7.64	8.37	8.89
Profitability ratios					
Gross margin (%)	43.53	36.09	37.45	36.94	35.38
EBITDA margin (%)	33.07	30.07	26.19	23.90	21.95
EBIT margin (%)	34.71	36.35	30.25	32.54	29.69
Net profit margin (%)	25.58	28.01	23.14	25.85	23.61
ROA (%)	10.60	8.41	9.32	9.98	9.93
ROE (%)	35.42	25.32	26.67	26.56	24.41
Liquidity ratios					
Current ratio (x)	2.45	1.95	2.48	2.64	2.65
Quick ratio (x)	0.20	0.09	0.18	0.18	0.20
Leverage Ratios					
Liabilities/Equity ratio (x)	1.93	1.81	1.64	1.46	1.28
Net debt/EBITDA (x)	3.55	5.29	4.16	4.60	4.00
Net debt/equity (x)	1.32	1.31	1.13	1.01	0.82
Int. coverage ratio (x)	15.62	13.62	13.70	14.35	14.67
Growth					
Revenue (%)	-15.45	-19.61	41.46	2.34	16.38
EBITDA (%)	-12.92	-26.89	23.18	-6.58	6.87
Reported net profit (%)	-9.31	-12.07	21.38	14.32	6.30
Reported EPS (%)	-9.45	-12.07	21.38	14.32	6.30
Core profit (%)	-9.05	-2.42	21.99	15.07	6.58
Core EPS (%)	-9.19	-2.42	21.99	15.07	6.58

Source: Company, KS estimates



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