



Origin Property PCL

ORI TB Outperform

Target Price Bt 10.20

Price (13/05/2021) Bt 8.45

Upside % 20.71

Valuation PER

Sector Property Development

Market Cap Btm 20,727

30-day avg turnover Btm 183.83

No. of shares on issue m 2,453

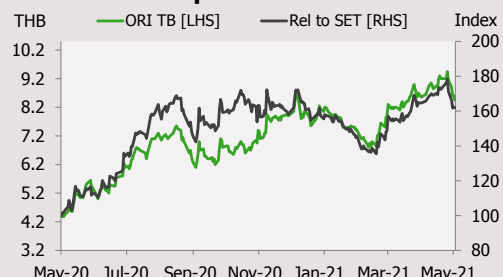
CG Scoring Excellent

Anti-Corruption Indicator Certified

Investment fundamentals

Year end Dec 31	2020A	2021E	2022E	2023E
Company Financials				
Revenue (Btmn)	9,870	12,768	14,091	15,310
Core profit (Btmn)	2,517	2,853	3,451	3,687
Net profit (Btmn)	2,662	3,073	3,611	3,847
Net EPS (Bt)	1.09	1.25	1.47	1.57
DPS (Bt)	0.49	0.54	0.60	0.64
BVPS (Bt)	4.64	5.19	6.02	6.91
Net EPS growth (%)	-12.07	15.46	17.49	6.55
ROA (%)	8.41	8.88	9.49	9.40
ROE (%)	25.32	25.50	26.27	24.27
Net D/E (x)	1.31	1.26	1.12	0.97
Valuation				
P/E (x)	6.96	6.74	5.74	5.39
P/BV (x)	1.63	1.63	1.40	1.22
EV/EBITDA (x)	11.75	10.66	11.28	11.26
Dividend yield (%)	6.49	6.36	7.09	7.56

ORI TB rel SET performance



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

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14 May 2021

Kasikorn Securities Public Company Limited

1Q21 earnings beat expectations

- ORI posted 1Q21 earnings of Bt825mn, up 38.6% YoY, 28.4% QoQ. This beat our call by 14.4% and was equal to 26.8% of our 2021E earnings.
- Strong revenue growth was the main earnings growth driver both YoY and QoQ. NPM remained high at 21.3%. Net IBDE declined moderately.
- We maintain our OP rating and 2021 TP of Bt10.20. Return of positive earnings growth in 2021 and new ventures will be key share price drivers.

Investment Highlights

- **1Q21 earnings grew YoY and QoQ.** ORI posted 1Q21 earnings of Bt825mn, up 38.6% YoY and 28.4% QoQ. This beat our forecast of Bt721mn by 14.4% and the market consensus estimate of Bt727mn by 13.5%. 1Q21 earnings accounted for 26.8% of our full-year forecast. The major reasons for the deviation between the actual result and our forecast were higher-than-expected sales revenue by 3.8%, better-than-expected equity income by 25.3%, and lower-than-expected SG&A expenses by 8.3%. Strong revenue growth of 76.5% YoY and 31.4% QoQ was the key factor backing the growth from both 1Q20 and 4Q20. Also, a gain from the sale of investments in subsidiaries to JVs of Bt125mn in 1Q21 against Bt181mn in 1Q20 and nothing in 4Q20 supported the earnings result. This was although 1Q21 equity income fell 65.2% YoY and 68.4% QoQ to Bt48mn on a decline in transfer amount at the JV level, caused by a lack of newly completed JV projects in the quarter. 1Q21 NPM stayed at a healthy level of 21.3% from 21.4% and 24.0% in 2019-20.
- **Top-line growth more than offset decline in margin YoY.** Thanks to successful inventory liquidation in 1Q21 as well as delayed revenue from 4Q20 (due to the impact of the 2nd wave of COVID-19 in late December), 1Q21 sales revenue surged 76.5% YoY to Bt3.4bn. The Origin Sukhumvit 105, The Origin Ramintra 83 Station and Knightsbridge Kaset Society were the main revenue contributors in 1Q21. While GPM fell 3.9ppt YoY to 36.0% on a larger portion of low-margin low-rise housing income in blended revenue and more sales promotions to liquidate unsold stock in 1Q21 as well as the lower gain from the sale of investments in subsidiaries as mentioned earlier, the strong revenue expansion more than offset these negative developments. In addition, the larger top line helped bring down SG&A-to-sales ratio by 7.7ppt to 16.7% although in terms of the amount it rose 20.9% to B575mn.
- **Revenue and margin expansion boosted QoQ earnings.** Apart from the sales revenue growth of 31.4% QoQ, 1Q21 GPM rebounded 1.2ppt QoQ on more effective promotional campaigns in the quarter and as SG&A-to-sales ratio declined 0.9ppt QoQ on improved economies of scale. These factors coupled with the strong gain from the sale of the investments in subsidiaries booked in 1Q21 vs nothing realized in 4Q20, resulted in 1Q21 earnings growing strongly QoQ. This was despite 1Q21 equity income slumping 68.4% (as mentioned above). KnightsBridge Space Ratchayothin was the major revenue driver at the JV level in 1Q21.

Valuation and Recommendation

- We maintain our Outperform rating on ORI with a 2021 target price of Bt10.20. Apart from the slight improvement in quarterly earnings in 2021, progress on new businesses like industrial warehouses, an AMC and an office building will attract more attention from investors in the stock. Note that although Park Origin Thonglor (Bt12bn, 76% sold), its huge JV project, is not currently scheduled to transfer in 2021, based on its fast construction progress, it may be ready to kick off transfers in 4Q21, providing a cushion to ORI's operating performance in 2021. A moderate decline of net IBDE ratio from 1.43x in 1Q20 to 1.19x in 1Q21 also showed its ability to control financial risk during tough period (COVID-19 pandemic).



Fig 1 1Q21 earnings rose 38.6% YoY and 28.4% QoQ

	1Q20	2Q20	3Q20	4Q20	1Q21	%YoY	%QoQ	%YTD2021E	2021E
Financials									
Sales (Btmn)	1,953	3,088	2,207	2,622	3,446	76.5	31.4	27.0	12,768
EBITDA (Btmn)	622	912	683	751	1,009	62.1	34.3	28.2	3,581
Operating profit (Btmn)	578	877	645	705	964	66.8	36.7	28.3	3,404
Core profit (Btmn)	451	707	717	643	725	60.9	12.8	25.4	2,853
Net profit (Btmn)	595	707	717	643	825	38.6	28.4	26.8	3,073
Net EPS (Bt)	0.24	0.29	0.29	0.26	0.34	38.6	28.4	26.8	1.25
Performance Drivers									
Presales (Btmn)	4,852	6,578	7,456	6,888	7,677	58.2	11.5	28.8	26,662
New launch (Btmn)	3,300	0	4,000	5,900	3,850	16.7	-34.7	19.3	20,000
Net D/E (x)	1.4	1.3	1.4	1.3	1.2	-16.5	-8.8	94.9	1.3
Ratios						Change **		Avg YTD	2021E
Gross margin (%)	39.9	35.4	35.4	34.8	36.0	-3.9	1.2	36.0	37.0
EBITDA margin (%)	31.9	29.5	30.9	28.7	29.3	-2.6	0.6	29.3	28.0
Optg. margin (%)	29.6	28.4	29.2	26.9	28.0	-1.6	1.1	28.0	26.7
ROE (%)	23.2	25.8	26.1	22.6	27.1	3.8	4.5	27.1	25.5

Remark: ** = Change in ppt

Source: Company data and KS Research



Year-end 31 Dec

Income Statement (Btmn)	2019A	2020A	2021E	2022E	2023E
Revenue	12,279	9,870	12,768	14,091	15,310
Cost of sales and services	-6,934	-6,308	-8,045	-8,998	-10,078
Gross Profit	5,344	3,563	4,723	5,093	5,231
SG&A	-2,687	-1,822	-2,260	-2,571	-2,756
Other income	1,284	1,063	941	716	744
EBIT	4,262	3,588	4,096	4,580	4,829
EBITDA	4,060	2,968	3,581	3,422	3,414
Interest expense	-273	-263	-310	-354	-375
Equity earnings	-239	604	417	1,142	1,410
EBT	3,989	3,325	3,786	4,226	4,454
Income tax	-848	-560	-670	-615	-607
NPAT	3,141	2,764	3,116	3,611	3,847
Minority Interest	-114	-102	-43	0	0
Core Profit	2,580	2,517	2,853	3,451	3,687
Extraordinary items	447	145	220	160	160
FX gain (loss)	0	0	0	0	0
Reported net profit	3,027	2,662	3,073	3,611	3,847

Balance Sheet (Btmn)

Cash & equivalents	1,330	808	1,021	1,127	1,225
ST investments	308	76	383	423	459
Accounts receivable	531	314	447	493	536
Inventories	22,582	23,430	25,044	27,155	29,296
Other current assets	1,731	1,876	1,851	2,043	2,220
Total current assets	26,481	26,503	28,747	31,241	33,736
Investment in subs & others	0	0	0	0	0
Fixed assets-net	2,149	2,755	2,807	2,888	2,988
Other assets	3,450	4,435	4,948	5,501	5,525
Total assets	32,079	33,694	36,501	39,630	42,249
Short-term debt	6,447	9,171	6,867	6,867	6,867
Accounts payable	2,574	2,874	2,234	2,466	2,679
Other current liabilities	1,800	1,523	1,979	2,184	2,373
Total current liabilities	10,822	13,568	11,081	11,517	11,919
Long-term debt	9,606	7,428	11,338	11,919	11,884
Other liabilities	717	690	721	796	865
Total liabilities	21,146	21,686	23,140	24,232	24,669
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	8,985	11,021	13,204
Minority interests	1,277	635	635	635	635
Total shareholders' equity	10,934	12,008	13,362	15,398	17,581
Total equity & liabilities	32,079	33,694	36,501	39,630	42,249

Key Assumptions

New launch (Btmn)	24,200	13,300	20,000	24,000	24,000
Pre-sales	28,942	25,774	26,662	27,985	28,735
Revenue growth (%)	-15.45	-19.61	29.36	10.36	8.65
Gross margin (%)	43.53	36.09	36.99	36.14	34.17
SG&A to sales (%)	21.89	18.46	17.70	18.25	18.00

Cashflow (Btmn)	2019A	2020A	2021E	2022E	2023E
Net profit	3,141	2,764	3,116	3,611	3,847
Depreciation & amortization	119	165	177	184	195
Change in working capital	-3,949	-711	-1,951	-1,867	-1,916
Others	0	-102	-43	0	0
CF from operation activities	-690	2,116	1,299	1,928	2,126
Capital expenditure	-1,100	-772	-225	-262	-292
Investment in subs and affiliates	0	0	0	0	0
Others	-1,214	-842	-729	-566	-37
CF from investing activities	-2,314	-1,614	-953	-829	-329
Cash dividend	-1,237	-957	-1,571	-1,426	-1,516
Net proceeds from debt	3,523	564	1,587	581	-35
Capital raising	39	0	0	0	0
Others	-108	-622	0	0	0
CF from financing activities	2,515	-737	-559	-993	-1,699
Net change in cash	-489	-235	-213	106	98

Key Statistics & Ratios

Per share (Bt)					
Reported EPS	1.23	1.09	1.25	1.47	1.57
Core EPS	1.05	1.03	1.16	1.41	1.50
DPS	0.50	0.49	0.54	0.60	0.64
BV	3.94	4.64	5.19	6.02	6.91
EV	13.40	14.22	15.56	15.74	15.67
Free Cash Flow	-0.73	0.55	0.44	0.68	0.75
Valuation analysis					
Reported P/E (x)	5.67	6.96	6.74	5.74	5.39
Core P/E (x)	6.66	7.36	7.26	6.01	5.62
P/BV (x)	1.78	1.63	1.63	1.40	1.22
EV/EBITDA (x)	8.09	11.75	10.66	11.28	11.26
Price/Cash flow (x)	-24.89	8.75	15.95	10.75	9.75
Dividend yield (%)	7.07	6.49	6.36	7.09	7.56
Profitability ratios					
Gross margin (%)	43.53	36.09	36.99	36.14	34.17
EBITDA margin (%)	33.07	30.07	28.05	24.28	22.30
EBIT margin (%)	34.71	36.35	32.08	32.50	31.54
Net profit margin (%)	25.58	28.01	24.41	25.63	25.13
ROA (%)	10.60	8.41	8.88	9.49	9.40
ROE (%)	35.42	25.32	25.50	26.27	24.27
Liquidity ratios					
Current ratio (x)	2.45	1.95	2.59	2.71	2.83
Quick ratio (x)	0.20	0.09	0.17	0.18	0.19
Leverage Ratios					
Liabilities/Equity ratio (x)	1.93	1.81	1.73	1.57	1.40
Net debt/EBITDA (x)	3.55	5.29	4.69	5.04	5.00
Net debt/equity (x)	1.32	1.31	1.26	1.12	0.97
Int. coverage ratio (x)	15.62	13.62	13.22	12.94	12.87
Growth					
Revenue (%)	-15.45	-19.61	29.36	10.36	8.65
EBITDA (%)	-12.92	-26.89	20.64	-4.45	-0.22
Reported net profit (%)	-9.31	-12.07	15.46	17.49	6.55
Reported EPS (%)	-9.45	-12.07	15.46	17.49	6.55
Core profit (%)	-9.05	-2.42	13.34	20.95	6.85
Core EPS (%)	-9.19	-2.42	13.34	20.95	6.85

Source: Company, KS estimates



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Neutral: Expected total return between -10% and 10% within a 12-month period

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