



Origin Property PCL

ORI TB Outperform

Target Price Bt 10.80

Price (11/08/2021) Bt 9.25

Upside % 16.76

Valuation SOTP

Sector Property Development

Market Cap Btm 22,689

30-day avg turnover Btm 98.91

No. of shares on issue m 2,453

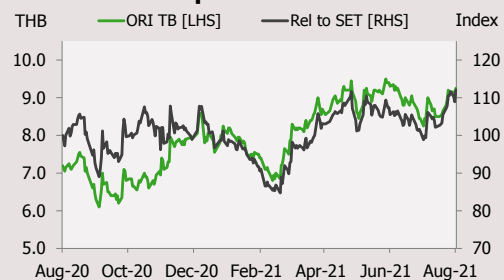
CG Scoring Excellent

Anti-Corruption Indicator Certified

Investment fundamentals

Year end Dec 31	2020A	2021E	2022E	2023E
Company Financials				
Revenue (Btmn)	9,870	12,786	14,091	15,310
Core profit (Btmn)	2,517	2,791	3,430	3,678
Net profit (Btmn)	2,662	3,086	3,610	3,850
Net EPS (Bt)	1.09	1.26	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	15.92	17.01	6.63
ROA (%)	8.41	9.10	9.52	9.44
ROE (%)	25.32	25.60	26.25	24.27
Net D/E (x)	1.31	1.24	1.11	0.96
Valuation				
P/E (x)	6.96	7.35	6.28	5.89
P/BV (x)	1.63	1.78	1.54	1.34
EV/EBITDA (x)	11.75	10.95	11.91	11.84
Dividend yield (%)	6.49	5.84	6.47	6.91

ORI TB rel SET performance



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

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Analyst

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13 August 2021

Kasikorn Securities Public Company Limited

Solid 2Q21 result as expected

- **ORI reported 2Q21 earnings of Bt852mn, up 20.5% YoY and 3.3% QoQ.** This was in line with our expectations. 1H21 earnings grew 28.8% YoY.
- **While its own housing business performance fell slightly both YoY and QoQ, transactions at the JV level delivered growth over both periods.**
- **We maintain our Outperform rating and mid-2022 TP of Bt10.80. Positive growth outlook on large backlog and new businesses back our call.**

Investment Highlights

- **2Q21 earnings growth driven by JV transactions.** ORI posted 2Q21 earnings of Bt852mn, up 20.5% YoY and 3.3% QoQ. This was in line with our forecast of Bt840mn. While sales revenue and housing GPM fell from 2Q20 and 1Q21 on lower planned revenue from backlog, which caused 2Q21 gross profit to decline by 4.5% YoY and 15.9% QoQ to Bt1.04bn, and 2Q21 operating profit before other income dropped 25.2% YoY and 24.4% QoQ to Bt503mn, a sizable gain from the sale of investments in subsidiaries to newly set-up JVs of Bt243mn, up from zero in 2Q20 and 94.3% QoQ after ORI established JVs for SOHO Bangkok Ratchada and One Origin Phayathai, and a big surge in project management income to Bt319mn, up 149.6% YoY and 73.4% QoQ (supported by Bt80mn from SOHO Bangkok Ratchada) generated positive growth at the bottom line both YoY and QoQ. An increase in other income by 101.7% YoY and 34.7% QoQ to Bt153mn, due mainly to forfeiture income, was another key earnings driver in 2Q21.
- **Slowdown in GPM and equity income explainable.** In 2Q21, ORI booked sales revenue of Bt3.08bn, down 0.1% YoY and 10.5% QoQ. This was in line with our expectations. However, 2Q21 GPM, which fell to 33.8% from 35.4% in 2Q20 and 36.0% in 1Q21, was below our estimate of 35.5%. The large portion of revenue contributed by the Park 24 condo project (which has a GPM of 30% vs the average of 36%) in blended revenue (Bt570mn against Bt3.08bn) and a larger portion of lower margin low-rise projects (32% vs 36%) in blended revenue (Bt924mn against Bt3.08bn) pulled down the overall margin. While ORI was again able to transfer significant portions of many of its JV condo projects including KnightsBridge at Sukhumvit-Theparak, Onnuch, Ramkahumhaeng and Ratchayothin of Bt876mn in 2Q21 (little changed from Bt743mn in 2Q20 and Bt982mn in 1Q21), its 2Q21 equity income fell sharply to Bt3.7mn from Bt61.4mn in 2Q20 and Bt48.4mn in 1Q21. We attribute this unusual movement to losses at many other JV projects under development, which will help boost this earnings driver item in the next few years.
- **Balance sheet continued to strengthen.** ORI further managed down its IBD to Bt15.3bn in 2Q21 from a peak of Bt17.4bn in 2Q20. This resulted in its net 2Q21 IBDE declining to 1.13x from 1.43x in 1Q20. We attribute this positive development to not only its focus on cash flow management including slowing land acquisition activity and delaying development of some hotel projects, but also to its expansion via JVs, which allows ORI to receive immediate gains from share premiums at the beginning of the project plus management fees along the development period. Also, debt from this kind of project is not consolidated on its balance sheet. In the future, asset spin-offs will provide another way to manage its balance sheet.

Valuation and Recommendation

- We maintain our Outperform rating on ORI and mid-2022 target price of Bt10.80. In addition to the 16.7% upside from the latest closing price to our TP, investors can expect a DY return of 5.8% for a one-year holding period. After releasing its 2Q21 result, ORI announced a 1H21 DPS of Bt0.12. XD date is Aug. 24. Apart from this sound level of return, its earnings growth outlook will deliver further yields for long-term investors. Sizable backlog on hand of Bt34.6bn at end-2Q21 and many new ventures under development such as healthcare, AMC, industrial-related, hotel, office building and insurance businesses will support our recommendation.



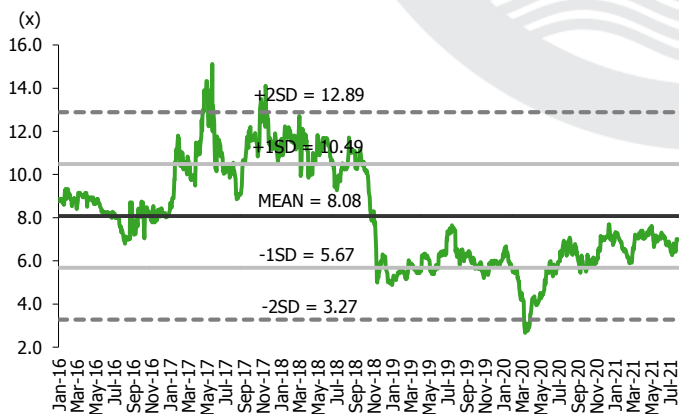
Fig 1 2Q21 earnings increase 20.5% YoY and 3.3% QoQ

	2Q20	3Q20	4Q20	1Q21	2Q21	%YoY	%QoQ	%YTD2021E	2021E
Financials									
Sales (Btmn)	3,088	2,207	2,622	3,446	3,085	-0.1	-10.5	51.1	12,786
EBITDA (Btmn)	912	683	751	1,009	1,019	11.7	1.0	55.6	3,648
Operating profit (Btmn)	877	645	705	964	976	11.3	1.3	55.9	3,472
Core profit (Btmn)	707	717	643	725	657	-7.1	-9.3	49.5	2,791
Net profit (Btmn)	707	717	643	825	852	20.5	3.3	54.4	3,086
Net EPS (Bt)	0.29	0.29	0.26	0.34	0.35	20.5	3.3	54.4	1.26
Performance Drivers									
Presales (Btmn)	6,578	7,456	6,888	7,677	8,023	22.0	4.5	54.9	28,594
New launch (Btmn)	0	4,000	5,900	3,850	4,050	n.m.	5.2	39.5	20,000
Net D/E (x)	1.3	1.4	1.3	1.2	1.1	-11.7	-5.2	91.0	1.2
Ratios									
						Change **	Avg YTD	2021E	
Gross margin (%)	35.4	35.4	34.8	36.0	33.8	-1.6	-2.2	34.9	35.9
EBITDA margin (%)	29.5	30.9	28.7	29.3	33.0	3.5	3.7	31.1	28.5
Optg. margin (%)	28.4	29.2	26.9	28.0	31.6	3.2	3.7	29.8	27.2
ROE (%)	25.8	26.1	22.6	27.1	28.2	2.4	1.1	27.6	25.6

Remark: ** = Change in ppt

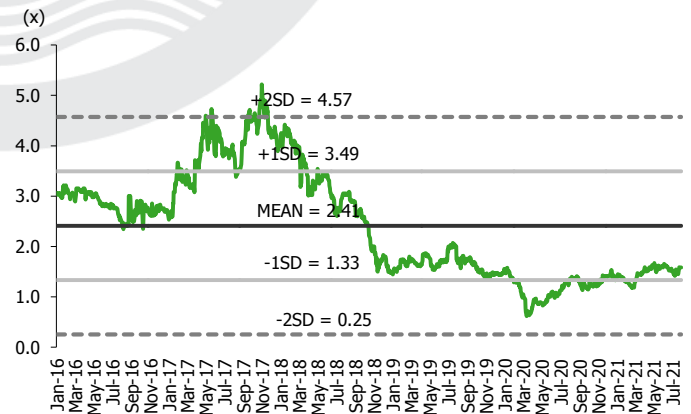
Source: Company data and KS Research

Fig 2 5-year 12M Fwd PER



Source: Bloomberg and KS Research

Fig 3 5-year 12M Fwd PBV



Source: Bloomberg and KS Research



Year-end 31 Dec

Income Statement (Btmn)	2019A	2020A	2021E	2022E	2023E
Revenue	12,279	9,870	12,786	14,091	15,310
Cost of sales and services	-6,934	-6,308	-8,198	-8,989	-10,071
Gross Profit	5,344	3,563	4,588	5,102	5,238
SG&A	-2,687	-1,822	-2,313	-2,609	-2,778
Other income	1,284	1,063	1,197	715	745
EBIT	4,262	3,588	4,203	4,576	4,829
EBITDA	4,060	2,968	3,648	3,392	3,399
Interest expense	-273	-263	-304	-351	-372
Equity earnings	-239	604	362	1,143	1,410
EBT	3,989	3,325	3,899	4,225	4,457
Income tax	-848	-560	-713	-614	-607
NPAT	3,141	2,764	3,186	3,610	3,850
Minority Interest	-114	-102	-100	0	0
Core Profit	2,580	2,517	2,791	3,430	3,678
Extraordinary items	447	145	295	180	172
FX gain (loss)	0	0	0	0	0
Reported net profit	3,027	2,662	3,086	3,610	3,850
Balance Sheet (Btmn)					
Cash & equivalents	1,330	808	1,023	1,127	1,225
ST investments	308	76	384	423	459
Accounts receivable	531	314	448	493	536
Inventories	22,582	23,430	24,892	27,012	29,160
Other current assets	1,731	1,876	1,854	2,043	2,220
Total current assets	26,481	26,503	28,600	31,098	33,600
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	4,949	5,501	5,525
Total assets	32,079	33,694	36,355	39,487	42,113
Short-term debt	6,447	9,171	6,867	6,867	6,867
Accounts payable	2,574	2,874	2,238	2,466	2,679
Other current liabilities	1,800	1,523	1,982	2,184	2,373
Total current liabilities	10,822	13,568	11,087	11,517	11,919
Long-term debt	9,606	7,428	11,174	11,769	11,739
Other liabilities	717	690	722	796	865
Total liabilities	21,146	21,686	22,983	24,082	24,524
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	8,995	11,028	13,212
Minority interests	1,277	635	635	635	635
Total shareholders' equity	10,934	12,008	13,372	15,405	17,589
Total equity & liabilities	32,079	33,694	36,355	39,487	42,113

Key Assumptions

New launch (Btmn)	24,200	13,300	20,000	24,000	24,000
Pre-sales	28,942	25,774	28,924	28,539	28,956
Revenue growth (%)	-15.45	-19.61	29.54	10.20	8.65
Gross margin (%)	43.53	36.09	35.89	36.21	34.22
SG&A to sales (%)	21.89	18.46	18.09	18.51	18.15

Cashflow (Btmn)	2019A	2020A	2021E	2022E	2023E
Net profit	3,141	2,764	3,186	3,610	3,850
Depreciation & amortization	119	165	176	184	195
Change in working capital	-3,949	-711	-1,796	-1,879	-1,923
Others	0	-102	-100	0	0
CF from operation activities	-690	2,116	1,466	1,915	2,121
Capital expenditure	-1,100	-772	-224	-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	-828	-329
Cash dividend	-1,237	-957	-1,574	-1,429	-1,517
Net proceeds from debt	3,523	564	1,424	595	-29
Capital raising	39	0	0	0	0
Others	-108	-622	0	0	0
CF from financing activities	2,515	-737	-725	-983	-1,695
Net change in cash	-489	-235	-212	104	98

Key Statistics & Ratios

Per share (Bt)					
Reported EPS	1.23	1.09	1.26	1.47	1.57
Core EPS	1.05	1.03	1.14	1.40	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	16.29	16.47	16.41
Free Cash Flow	-0.73	0.55	0.51	0.67	0.75
Valuation analysis					
Reported P/E (x)	5.67	6.96	7.35	6.28	5.89
Core P/E (x)	6.66	7.36	8.13	6.61	6.17
P/BV (x)	1.78	1.63	1.78	1.54	1.34
EV/EBITDA (x)	8.09	11.75	10.95	11.91	11.84
Price/Cash flow (x)	-24.89	8.75	15.48	11.85	10.70
Dividend yield (%)	7.07	6.49	5.84	6.47	6.91
Profitability ratios					
Gross margin (%)	43.53	36.09	35.89	36.21	34.22
EBITDA margin (%)	33.07	30.07	28.53	24.07	22.20
EBIT margin (%)	34.71	36.35	32.87	32.47	31.54
Net profit margin (%)	25.58	28.01	24.92	25.62	25.15
ROA (%)	10.60	8.41	9.10	9.52	9.44
ROE (%)	35.42	25.32	25.60	26.25	24.27
Liquidity ratios					
Current ratio (x)	2.45	1.95	2.58	2.70	2.82
Quick ratio (x)	0.20	0.09	0.17	0.18	0.19
Leverage Ratios					
Liabilities/Equity ratio (x)	1.93	1.81	1.72	1.56	1.39
Net debt/EBITDA (x)	3.55	5.29	4.56	5.04	4.98
Net debt/equity (x)	1.32	1.31	1.24	1.11	0.96
Int. coverage ratio (x)	15.62	13.62	13.82	13.04	12.98
Growth					
Revenue (%)	-15.45	-19.61	29.54	10.20	8.65
EBITDA (%)	-12.92	-26.89	22.91	-7.02	0.21
Reported net profit (%)	-9.31	-12.07	15.92	17.01	6.63
Reported EPS (%)	-9.45	-12.07	15.92	17.01	6.63
Core profit (%)	-9.05	-2.42	10.86	22.93	7.21
Core EPS (%)	-9.19	-2.42	10.86	22.93	7.21

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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