

ORI: 3Q21 earnings dropped YoY and QoQ



Update

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ORI's 3Q21 net profit was the 5-quarter low at Bt709m (-1.1%YoY, -17%QoQ), in-line with our forecast.

- The YoY and QoQ drop in net profit was pressured by loss from investment in joint venture at Bt22m (Bt250m profit in 3Q20, Bt4m profit in 2Q21), caused by incurring costs for project under development without revenue recognition.
- We expect 4Q21 earnings to grow QoQ supported by higher transfer activities from backlog after lockdown easing and reopening country. Also, easing LTV policy would support demand in second home especially condominium.
- We still like ORI on the back of; (1) Secured backlog of Bt34.3bn that will support 2021-23 earnings recovery; (2) diversified portfolio to secure its revenue; and (3) Attractive dividend yield of 4.6%-5.5% in 2021-22E.

We maintain BUY rating and raise TP by 33% to Bt13.70, based on 10xPE'22E, a 20% premium to Thai Real Estate sector. Our new TP factor in strong business model with capability to expand new business and better 2022 outlook after lockdown easing.

Valuation table

Year end Dec	19A	20A	21E	22E	23E
PE (x)	10.6	11.2	9.9	8.4	8.0
Recurring net profit growth (%)	(13.8)	(5.3)	13.2	17.7	5.6
Recurring EPS (Bt)	1.09	1.03	1.16	1.37	1.44
Recurring EPS growth (%)	(13.8)	(5.4)	13.2	17.7	5.6
PBV (x)	2.9	2.5	2.1	1.9	1.7
BVPS (Bt)	3.9	4.6	5.4	6.2	7.0
ROE (%)	35.4	25.3	25.6	24.3	22.5
DPS (Bt)	0.5	0.5	0.5	0.6	0.7
Dividend yield (%)	4.3	4.3	4.6	5.5	5.8
Enterprise value (Bt m)	42,932	44,018	41,457	43,426	44,231
EV-to-EBITDA (x)	11.0	12.4	9.9	8.8	8.4

Origin Property PCL

Recommendation: BUY

Current price: Bt11.40

Target price: Bt13.70

Up/(downside): 20%

IOD: 4 out of 5

CAC: Declared

Stock data

RIC code	ORI.BK
Index	.SETI
SET Index (11 November 2021)	1,632.44
Market cap (Bt m)	28,208
Shares outstanding (million)	2,453
Par (Bt)	0.50



(Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	YoY (%)	9M21	21E	% of 21E
Revenue	2,400	2,748	3,630	3,405	3,819	59.1	10,854	13,736	79.0
Cost of sales	(1,427)	(1,710)	(2,206)	(2,043)	(2,490)	74.5	(6,738)	(8,338)	80.8
Gross profit	973	1,038	1,424	1,362	1,329	36.6	4,116	5,398	76.2
SG&A	(468)	(460)	(575)	(540)	(577)	23.3	(1,691)	(2,431)	69.5
Other (exp)/inc	135	124	112	152	197	46.0	461	460	100.2
EBIT	640	702	962	975	949	48.3	2,886	3,427	84.2
Finance cost	(51)	(71)	(67)	(76)	(75)	47.5	(219)	(274)	80.0
Other inc/(exp)	4	3	2	1	1	(68.1)	4	4	101.4
Earnings before taxes	593	634	896	900	875	47.5	2,671	3,158	84.6
Income tax	(122)	(127)	(202)	(238)	(200)	63.8	(639)	(705)	90.7
Earnings after taxes	471	507	694	662	675	43.3	2,032	2,453	82.8
Equity income	250	153	48	4	(22)	nm	30	490	6.1
Minority interest	(5)	(17)	(43)	(57)	(50)	979.1	(150)	(166)	90.6
Earnings from cont. operations	717	642	700	609	603	(15.9)	1,911	2,776	68.8
Forex gain/(loss) & unusual items	-	0	125	243	106	nm	475	368	129.0
Net profit	717	642	825	852	709	(1.1)	2,386	3,144	75.9
Recurring profit	717	642	725	659	625	(12.9)	2,008	2,850	70.5
EBITDA	929	902	1,055	1,021	1,016	9.4	3,093	4,174	74.1
Recurring EPS (Bt)	0.292	0.262	0.295	0.269	0.255	(12.9)	0.819	1.162	70.5
Reported EPS (Bt)	0.292	0.262	0.336	0.347	0.289	(1.1)	0.973	1.282	75.9
Profits (%)	3Q20	4Q20	1Q21	2Q21	3Q21	Diff (%)	9M21	21E	Diff (%)
Gross margin	40.6	37.8	39.2	40.0	34.8	(5.7)	37.9	39.3	1.4
Operating margin	38.7	32.8	29.1	30.0	26.6	(12.1)	26.6	25.0	(1.6)
Net margin	29.9	23.4	22.7	25.0	18.6	(11.3)	22.0	22.9	0.9

Result summary

- ORI's 3Q21 net profit was at Bt709m (-1.1%YoY, -17%QoQ), the lowest level in five quarters.
- The YoY and QoQ drop in net profit was pressured by loss from investment in joint venture at Bt22m (Bt250m profit in 3Q20, Bt4m profit in 2Q21), caused by incurring costs for project under development without revenue recognition.
- Meanwhile revenue from housing business increased to Bt3.8bn(+59%YoY,+12%QoQ).
- In 3Q21, ORI has transferred activities (Non JV + JV projects) worth Bt4bn (+2.3%YoY, +0.6%QoQ),
- 3Q21 gross profit margin decreased to 34.8% from 40.6% in 3Q21.
- In 3Q21, the company has presales of Bt7.11bn (+22%YoY, -12%QoQ).

ORI: Revenue breakdown

Story

Sales

P5F

Team

WCB

ESG

Value

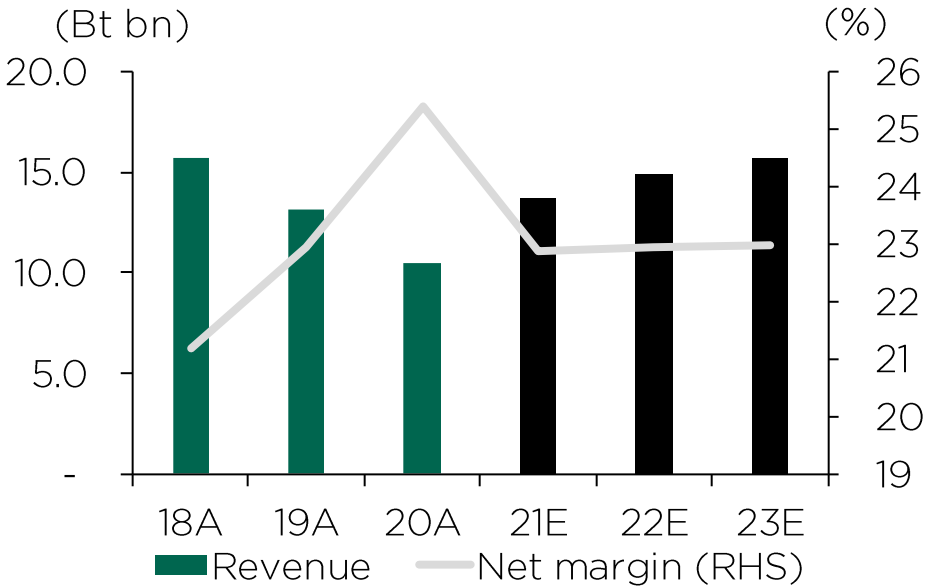
Risks

ORI and its subsidiaries have four core businesses. Condominiums account for 74% of ORI's total sales. The company builds condominiums catering to a wide range of customer demand including its brands Kensington (mid-level), Notting Hill (mid-high level), Knightsbridge (upper mid-high level) and Park (high level).

Project management services contribute 6% of total sales. This segment is related to management services provided to other property projects.

The low-rise segment contributes 17% of total sales. (The company also develops low-rise properties under the Britannia brand.)

Other income ,This segment include other operating income and revenue from providing services related to the real estate business such as housekeeping services, handyman services ,laundry services and other operating income .This division contributes 3% of sales.



Revenue by segment 2020

Condominium 74%



Management 6%



Low-rise 17%



Other income 3%



ORI: Summary financials

Story

Sales

P5F

Team

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ESG

Value

Risks

Profit & loss (Bt m)	19A	20A	21E	22E	23E	Sep '20	Dec '20	Mar '21	Jun '21	Sep '21
Revenue	13,197	10,486	13,736	14,973	15,721	2,400	2,748	3,630	3,405	3,819
Cost of goods sold	(6,934)	(6,308)	(8,338)	(9,358)	(9,826)	(1,427)	(1,710)	(2,206)	(2,043)	(2,490)
Gross profit	6,263	4,178	5,398	5,615	5,895	973	1,038	1,424	1,362	1,329
SG&A	(2,687)	(1,822)	(2,431)	(2,695)	(2,751)	(468)	(460)	(575)	(540)	(577)
Other (exp)/inc	455	432	460	460	460	135	124	112	152	197
Operating profit	4,031	2,787	3,427	3,380	3,604	640	702	962	975	949
Finance cost	(273)	(263)	(274)	(276)	(290)	(51)	(71)	(67)	(76)	(75)
Other inc/(exp)	11	16	4	8	4	4	3	2	1	1
Earnings before taxes	3,769	2,540	3,158	3,112	3,319	593	634	896	900	875
Income tax	(848)	(560)	(705)	(643)	(684)	(122)	(127)	(202)	(238)	(200)
After-tax profit	2,921	1,980	2,453	2,469	2,635	471	507	694	662	675
Equity income	(239)	604	490	1,200	1,200	250	153	48	4	(22)
Minorities	(114)	(102)	(166)	(336)	(315)	(5)	(17)	(43)	(57)	(50)
Earnings from cont. operations	2,569	2,481	2,776	3,333	3,520	717	642	700	609	603
Forex gain/(loss) & unusual items	459	181	368	101	101	-	0	125	243	106
Net income	3,027	2,662	3,144	3,434	3,621	717	642	825	852	709
EBITDA	3,911	3,557	4,174	4,915	5,239	929	902	1,055	1,021	1,016
Recurring EPS (Bt)	1.09	1.03	1.16	1.37	1.44	0.29	0.26	0.30	0.27	0.25
Weighted average shares (m)	2,451	2,453	2,453	2,453	2,453	2,453	2,453	2,453	2,453	2,453
Balance sheet (Bt m)	19A	20A	21E	22E	23E	Sep '20	Dec '20	Mar '21	Jun '21	Sep '21
Assets	32,079	33,694	37,415	41,108	44,633	33,762	33,694	34,963	33,004	34,248
Liabilities	21,146	21,686	23,408	24,873	26,091	22,171	21,686	22,107	20,296	21,443
Equity	9,657	11,373	13,207	15,098	17,091	10,974	11,373	12,200	12,095	12,510
Invested capital	22,582	23,668	22,616	25,613	27,526	23,457	23,668	23,655	33,004	34,248
Growth (YoY, %)	19A	20A	21E	22E	23E	Sep '20	Dec '20	Mar '21	Jun '21	Sep '21
Revenue	(16.2)	(20.5)	31.0	9.0	5.0	(31.7)	(20.0)	71.1	5.9	59.1
Recurring EPS	(13.8)	(5.4)	13.2	17.7	5.6	8.7	(15.5)	59.8	(6.8)	(12.9)
Assets	17.9	5.0	11.0	9.9	8.6	10.4	5.0	7.2	(2.7)	1.4
Liabilities	14.9	2.6	7.9	6.3	4.9	7.6	2.6	1.7	(9.1)	(3.3)
Equity	29.8	17.8	16.1	14.3	13.2	25.2	17.8	18.9	10.3	14.0
Profits (%)	19A	20A	21E	22E	23E	Sep '20	Dec '20	Mar '21	Jun '21	Sep '21
Gross margin	47.5	39.8	39.3	37.5	37.5	40.6	37.8	39.2	40.0	34.8
EBITDA margin	29.6	33.9	30.4	32.8	33.3	38.7	32.8	29.1	30.0	26.6
Net margin	22.9	25.4	22.9	22.9	23.0	29.9	23.4	22.7	25.0	18.6
ROE	35.4	25.3	25.6	24.3	22.5	26.1	23.0	28.0	28.1	23.1

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BUY:	Expected return excluding dividends of more than 10% within the next 12 months.
HOLD:	Expected return excluding dividends between -10% and 10% within the next 12 months.
SELL:	Expected return excluding dividends of less than -10% within the next 12 months.
NR:	Not Rated- Stock is not in our research coverage.

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