



ALERT

Thailand

Origin Property

(ORI.BK/ORI TB)*

Outperform • Maintained

Price as of 15 Aug 2022	10.40
12M target price (Bt/shr)	13.60
Unchanged/Revised up(down)(%)	(6.2)
Upside/downside (%)	30.8

Key messages

ORI reported a 2Q22 normalized profit of Bt545mn (-10% YoY, +23% QoQ), which was 15% below our expectation. Looking ahead, we expect earnings momentum to accelerate both YoY and QoQ in 3Q22 on a strong backlog from existing projects (especially Park Origin Thonglor) as well as the start of transfers for two additional JV projects. After the poorer-than-expected result and applying more conservative assumptions, we revise down our 2022F/2023F earnings projections by 11%/13%. We roll our valuation over to 2023 at Bt13.60, from Bt14.50, and maintain a rating of Outperform on the counter.

Napat Vorajanyavong
66.2658.8888 Ext. 8857
napatv@kgi.co.th

2Q22 earnings review: 15% below our expectation

Event

2Q22 earnings review.

Impact

2Q22 normalized profit of Bt545mn (-10% YoY, +23% QoQ)

Excluding extraordinary items, ORI reported a 2Q22 normalized profit of Bt545mn (-10% YoY, +23% QoQ), which was 15% below our forecast due mainly to a 5.7ppts higher-than-expected SG&A-to-sales ratio. Momentum improved QoQ driven by record high low-rise transfers and the start of transfers for Park Origin Thonglor in late 2Q22. Meanwhile, residential gross margin remained healthy at 36.3% (+2.5ppts YoY, +1.1ppts QoQ).

Residential transfers (excluding JV) came in at Bt2.9bn (-6% YoY, -4% QoQ), comprised of: i) all-time high low-rise transfers of Bt1.5bn (+61% YoY, +17% QoQ), and ii) poor high-rise transfers of Bt1.4bn (-34% YoY, -19% QoQ) partly due to slowing transfers of existing projects. Note that there were two condominiums that started transfers in 2Q22, The Origin Onnut (90% sold, project value: Bt700mn), and Park Origin Thonglor (72% sold, project value: Bt12bn). Park Origin Thonglor is a sizable project that led share income from JV to rebound to Bt97mn in 2Q22, soaring from Bt4mn in 2Q21.

Revise down our 2022F/2023F earnings projections by 11%/13%

We revise down our 2022F/2023F earnings projections by 11%/13% to factor in: i) fine-tuned down residential transfers by 2%/6% amid a more conservative pace of condominium transfers, ii) raised SG&A-to-sales ratio to factor in higher costs from non-property business, and iii) lowered share income from associates.

Valuation & Action

We expect earnings momentum to accelerate both YoY and QoQ in 3Q22 on a strong backlog from existing projects (especially Park Origin Thonglor) as well as the start of transfers of two additional sizable JV projects (Figure 6).

ORI announced an interim dividend of Bt0.15/share, implying a dividend yield of 1.4% at the current share price (XD August 26). We maintain a rating of Outperform with a new 2023 target price of Bt13.60, from Bt14.50, based on 8.7x 2023F PE or +0.5SD to its long-term mean.

Risks

Longer-than-expected COVID-19 outbreak and construction delays.

Key financials and valuations

	Dec - 19A	Dec - 20A	Dec - 21A	Dec - 22F	Dec - 23F
Revenue (Btmn)	13,197	10,486	14,548	15,178	16,357
Gross Profit (Btmn)	6,263	4,178	5,530	6,046	6,641
SG&A (Btmn)	2,687	1,822	2,344	2,580	2,715
Net Profit (Btmn)	3,027	2,662	3,194	3,970	4,546
Normalized Profit (Btmn)	2,569	2,481	2,518	3,270	3,846
EPS (Bt)	1.2	1.1	1.3	1.6	1.9
Normalized EPS (Bt)	1.0	1.0	1.0	1.3	1.6
DPS (Bt)	0.5	0.5	0.5	0.6	0.6
EPS Growth (%)	(9.3)	(12.1)	20.0	24.3	14.5
Normalized EPS Growth	(5.3)	(3.4)	1.5	29.9	17.6
P/E (X)	5.3	6.9	8.7	6.1	5.4
P/B (X)	1.5	1.5	1.7	1.4	1.2
EV/EBITDA (X)	7.4	11.4	10.1	9.8	7.9
Net Debt to Equity (%)	146.8	134.6	96.8	114.8	81.7
Dividend Yield (%)	7.6	6.5	4.8	6.5	6.5
Return on Average Equity (%)	27.7	22.2	20.0	23.0	21.9

Source: Company data, KGI Securities Research

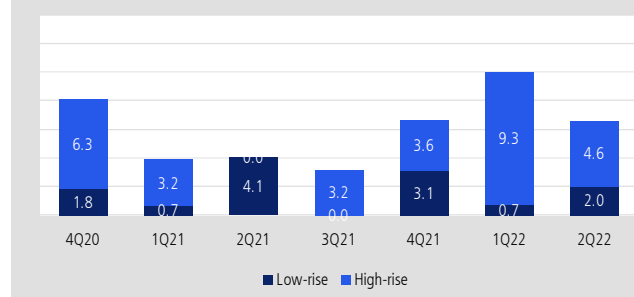
Figure 1: ORI's 2Q22 earnings review

Bt mn	2022	2021	YoY (%)	1Q22	QoQ (%)	1H22	1H21	YoY (%)
Revenue	3,267	3,405	(4.0)	3,312	(1.4)	6,579	7,035	(6.5)
Revenue from sales of real estate	2,914	3,085	(5.5)	3,041	(4.2)	5,956	6,531	(8.8)
Revenue from project management	353	319	10.5	270	30.5	623	503	23.8
Gross Profit	1,410	1,362	3.5	1,341	5.1	2,751	2,786	(1.3)
SG&A	(741)	(540)	37.3	(625)	18.5	(1,366)	(1,114)	22.6
Operating EBIT	893	976	(8.4)	883	1.1	1,777	1,939	(8.4)
Equity Income/(Loss)	97	4	N.A.	(48)	302.2	49	52	(5.8)
Extraordinary items	611	243		297		907	369	
Net Profit	1,155	852	35.6	738	56.6	1,893	1,677	12.9
Normalized profit	545	609	(10.5)	441	23.4	986	1,308	(24.6)
Percent	2022	2021	YoY (ppts)	1Q22	QoQ (ppts)	1H22	1H21	YoY (ppts)
Total gross margin	43.2	40.0	3.2	40.5	2.7	41.8	39.6	2.2
Residential gross margin	36.3	33.8	2.5	35.2	1.1	35.7	35.0	0.8
EBIT margin	27.3	28.7	(1.3)	26.7	0.7	27.0	27.6	(0.6)
SG&A/sales	22.7	15.8	6.8	18.9	3.8	20.8	15.8	4.9
Revenue breakdown by segments	2022	2021	YoY (%)	1Q22	QoQ (%)	1H22	1H21	YoY (%)
Low-rise	1,484	924	60.6	1,269	17.0	2,753	1,759	56.5
High-rise	1,430	2,161	(33.8)	1,773	(19.3)	3,203	4,772	(32.9)

Source: Company data, KGI Securities Research

Figure 2: Quarterly launches

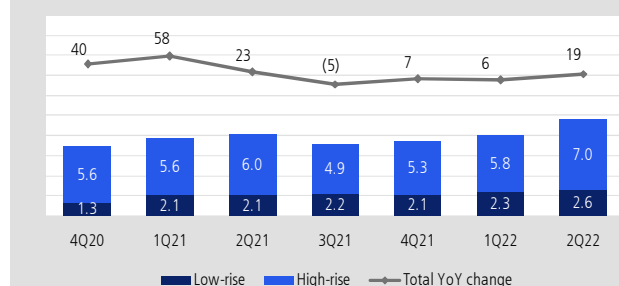
Launches of high-rise and low-rise, Btbn



Source: Company data, KGI Securities Research

Figure 3: Quarterly presales

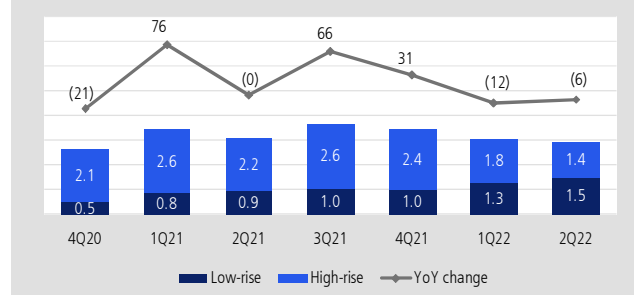
Presales of high-rise and low-rise, Btbn; YoY change of total presales, percent



Source: Company data, KGI Securities Research

Figure 4: Quarterly transfers (ORI only)

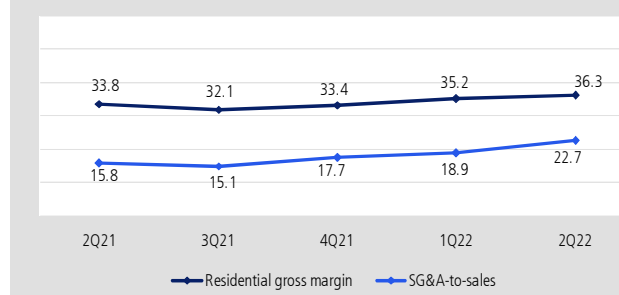
Transfer of high-rise and low-rise, Btbn; YoY change, percent



Source: Company data, KGI Securities Research

Figure 5: Quarterly margins

Percent



Source: Company data, KGI Securities Research

Figure 6: Completed condominium projects to be transferred in 2021-22F (presales as of 1Q22)

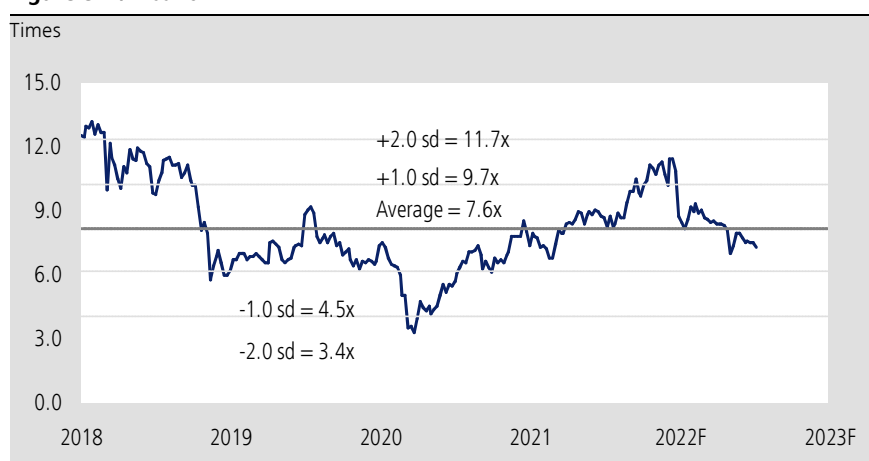
Project	Ownership	Value	Avg price per unit (Btmn)	Sold (%)	Beg. Transfer
Knightsbridge Space Rama IX		2,300	7.1	45	1Q21
THE ORIGIN Ramintra 83 Station		2,100	2.4	75	1Q21
THE ORIGIN Ratchada-Ladprao		750	3.6	71	2Q21
Knightsbridge Sukhumvit-Thepharak	JV	1,300	2.7	62	2Q21
BRIXTON Pet&Play Sukhumvit 107 C		180	2.3	98	3Q21
Park Origin Phayathai		4,600	8.4	50	3Q21
Notting Hill Rayong		1,200	2.2	60	4Q21
Park Origin Thonglor	JV	12,000	10.2	72	2Q22
The Origin Ram 209 Interchange		2,050	2.0	83	1Q22
THE ORIGIN Ladprao 15		400	2.5	42	2Q22
Park Origin Ratchathewi	JV	3,000	11.3	95	3Q22
Park Origin Chula-Samyan	JV	4,600	9.2	98	3Q22
THE ORIGIN Onnut		700	1.8	90	2Q22
Hampton Sriracha by Origin and Dusit	JV	1,600	3.4	74	4Q22

Source: Company data, KGI Securities Research

Figure 7: Earnings revisions for 2022-23F


Year to 31 Dec (Btm)	2022F Previous	2022F New	Chg (%)	2023F Previous	2023F New	Chg (%)
Residential revenue	14,420	14,114	(2.1)	16,024	15,134	(5.5)
Total gross profit	6,154	6,046	(1.8)	6,959	6,641	(4.6)
EBIT	4,312	4,224	(2.0)	4,929	4,723	(4.2)
Share income	827	724	(12.5)	1,129	996	(11.8)
Normalized profit	3,668	3,270	(10.9)	4,396	3,846	(12.5)
Key financials	2022F Previous	2022F New	Chg (ppts)	2023F Previous	2023F New	Chg (ppts)
SG&A to sales (%)	16.8	17.0	0.2	16.4	16.6	0.2
Residential gross margin (%)	35.3	35.3	0.0	35.8	35.8	0.0
Net margin (%)	23.7	21.5	-2.1	25.5	23.5	-2.0


Source: Company data, KGI Securities Research


Figure 8: P/E band


Source: Company data, KGI Securities Research

Corporate Governance Report of Thai Listed Companies

 Companies with Excellent CG Scoring					
Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	EGCO	ELECTRICITY GENERATING	PTTEP	PTT EXPLORATION AND PRODUCTION
ADVANC	ADVANCED INFO SERVICE	GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL
AMA	AMA MARINE	GGC	GLOBAL GREEN CHEMICALS	PYLON	PYLON
AMATA	AMATA CORPORATION	GPSC	GLOBAL POWER SYNERGY	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	HANA	HANA MICROELECTRONICS	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
AOT	AIRPORTS OF THAILAND	HMPRO	HOME PRODUCT CENTER	RS	RS
AP	ASIAN PROPERTY DEVELOPMENT	INTUCH	SHIN CORPORATION	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	IRPC	IRPC	SCC	THE SIAM CEMENT
BCP	THE BANGCHAK PETROLEUM	IVL	INDORAMA VENTURES	SCCC	SIAM CITY CEMENT
BCPG	BCPG	KBANK	KASIKORN BANK	SEAFCO	SEAFCO
BDMS	BANGKOK DUSIT MEDICAL SERVICES	KCE	KCE ELECTRONICS	SMPC	SAHAMITR PRESSURE CONTAINER
BEC	BEC WORLD	KKP	KIATNAKIN BANK	SPALI	SUPALAI
BEM	BANGKOK EXPRESSWAY AND METRO	KTB	KRUNG THAI BANK	SPRC	STAR PETROLEUM REFINING
BGRIM	B. GRIMM POWER	KTC	KRUNGTHAI CARD	SVI	SVI
BPP	BANPU POWER	LH	LAND AND HOUSES	TACC	T.A.C. CONSUMER
BTS	BTS GROUP HOLDINGS	LPN	L.P.N. DEVELOPMENT	TCAP	THANACHART CAPITAL
CENTEL	CENTRAL PLAZA HOTEL	MAKRO	SIAM MAKRO	THCOM	THAICOM
CK	CH. KARNCHANG	MBK	MBK	TISCO	TISCO FINANCIAL GROUP
CKP	CK POWER	MINT	MINOR INTERNATIONAL	TOP	THAI OIL
CPALL	CP ALL	MTC	MUANGTHAI CAPITAL	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	PLANB	PLAN B MEDIA	TTB	TMBTHANACHART BANK
CPN	CENTRAL PATTANA	PSH	PRUKSA HOLDING	VGI	VGI GLOBAL MEDIA
DELTA	DELTA ELECTRONICS (THAILAND)	PTG	PTG ENERGY	WHA	WHA CORPORATION
DTAC	TOTAL ACCESS COMMUNICATION	PTT	PTT	WHAUP	

 Companies with Very Good CG Scoring					
Stock	Company name	Stock	Company name	Stock	Company name
BAM	BANGKOK COMMERCIAL ASSET MANAGEMENT	GULF	GULF ENERGY DEVELOPMENT	SAPPE	SAPPE
BBL	BANGKOK BANK	JMT	JMT NETWORK SERVICES	SAWAD	SRI SAWAD POWER 1979
CBG	CARABAO GROUP	LPH	LADPRAO GENERAL HOSPITAL	SINGER	SINGER THAILAND
CHG	CHULARAT HOSPITAL	M	MK RESTAURANT GROUP	SPA	SIAM WELLNESS GROUP
COM7	COM7	MAJOR	MAJOR CINEPLEX GROUP	TFG	THAIFOODS GROUP
DOHOME	DOHOME	MEGA	MEGA LIFESCIENCES	TKN	TAOKAENOI FOOD & MARKETING
ERW	THE ERWAN GROUP	NETBAY	NETBAY	ZEN	ZEN CORPORATION GROUP
GLOBAL	SIAM GLOBAL HOUSE	OSP	OSOTSPA		

 Companies with Good CG Scoring					
Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	ESSO	ESSO (THAILAND)	SF	SIAM FUTURE DEVELOPMENT
BH	BUMRUNGRAD HOSPITAL	HUMAN	HUMANICA	SISB	SISB
EKH	EKACHAI MEDICAL CARE	RBF	R&B FOOD SUPPLY	TPCH	TPC POWER HOLDING

Companies classified Not in the three highest score groups					
Stock	Company name	Stock	Company name	Stock	Company name
IIG	I&I GROUP	OR	PTT OIL AND RETAIL BUSINESS	STGT	SRI TRANG GLOVES (THAILAND)
KEX	KERRY EXPRESS (THAILAND)	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION		

Source: www.thai-iod.com

Disclaimer: The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

Anti-corruption Progress Indicator

Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	GLOBAL	SIAM GLOBAL HOUSE	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	GPSC	GLOBAL POWER SYNERGY	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BBL	BANGKOK BANK	HMPRO	HOME PRODUCT CENTER	ROBINS	ROBINSON DEPARTMENT STORE
BCH	BANGKOK CHAIN HOSPITAL	IRPC	IRPC	SCC	THE SIAM CEMENT
BDMS	BANGKOK DUSIT MEDICAL SERVICES	KBANK	KASIKORN BANK	SIRI	SANSIRI
BIGC	BIG C SUPERCENTER	KCE	KCE ELECTRONICS	SPALI	SUPALAI
CK	CH. KARNCHANG	KKP	KIATNAKIN BANK	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
DCC	DYNASTY CERAMIC	KTB	KRUNG THAI BANK	TCAP	THANACHART CAPITAL
DELTA	DELTA ELECTRONICS (THAILAND)	LPH	LADPRAO GENERAL HOSPITAL	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	PACE	PACE DEVELOPMENT CORPORATION	TMT	THAI METAL TRADE
EGCO	ELECTRICITY GENERATING	PTT	PTT	TOP	THAI OIL
GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL		

Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	ERW	THE ERAWAN GROUP	SAPPE	SAPPE
AP	ASIAN PROPERTY DEVELOPMENT	GLOW	GLOW ENERGY	SAWAD	SRI SAWAD POWER 1979
BA	BANGKOK AIRWAYS	GUNKUL	GUNKUL ENGINEERING	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	ILINK	INTERLINK COMMUNICATION	SCN	SCAN INTER
BCP	THE BANGCHAK PETROLEUM	KTC	KRUNGTHAI CARD	SEAFECO	SEAFECO
BH	BUMRUNGRAD HOSPITAL	LH	LAND AND HOUSES	SVI	SVI
BJCHI	BJC HEAVY INDUSTRIES	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CBG	CARABAO GROUP	MAKRO	SIAM MAKRO	TKN	TAOKAENOI FOOD & MARKETING
CENTEL	CENTRAL PLAZA HOTEL	MALEE	MALEE SAMPRAN	TMB	TMB BANK
CHG	CHULARAT HOSPITAL	MINT	MINOR INTERNATIONAL	TRT	TIRATHAI
CKP	CK POWER	MODERN	MODERNFORM GROUP	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	NOK	NOK AIRLINES	TVO	THAI VEGETABLE OIL
CPN	CENTRAL PATTANA	PTTEP	PTT EXPLORATION AND PRODUCTION		
DTAC	TOTAL ACCESS COMMUNICATION	PYLON	PYLON		

Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
BEM	BANGKOK EXPRESSWAY AND METRO	MTLS	MUANGTHAI LEASING	SPRC	STAR PETROLEUM REFINING
CPALL	CP ALL	SCI	SCI ELECTRIC		

No progress

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	BPP	BANPU POWER	FN	FN FACTORY OUTLET
BCPG	BCPG	BTS	BTS GROUP HOLDINGS	TPCH	TPC POWER HOLDING

Source: www.cgthailand.org

Disclaimer: The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

KGI Locations

China	Shanghai	Room 1507, Park Place, 1601 Nanjing West Road, Jingan District, Shanghai, PRC 200040
	Shenzhen	Room 24D1, 24/F, A Unit, Zhen Ye Building, 2014 Bao'annan Road, Shenzhen, PRC 518008
Taiwan	Taipei	700 Mingshui Road, Taipei, Taiwan Telephone 886.2.2181.8888 · Facsimile 886.2.8501.1691
Hong Kong		41/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong Telephone 852.2878.6888 Facsimile 852.2878.6800
Thailand	Bangkok	8th - 11th floors, Asia Centre Building 173 South Sathorn Road, Bangkok 10120, Thailand Telephone 66.2658.8888 Facsimile 66.2658.8014
Singapore		4 Shenton Way #13-01 SGX Centre 2 Singapore 068807 Telephone 65.6202.1188 Facsimile 65.6534.4826

KGI's Ratings

Rating	Definition
Outperform (OP)	The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan)..
Neutral (N)	The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan)
Under perform (U)	The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances. <i>Excess return = 12M target price/current price-</i>
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

Disclaimer

KGI Securities (Thailand) Plc. ("The Company") disclaims all warranties with regards to all information contained herein. In no event shall the Company be liable for any direct, indirect or any damages whatsoever resulting from loss of income or profits, arising by utilization and reliance on the information herein. All information hereunder does not constitute a solicitation to buy or sell any securities but constitutes our sole judgment as of this date and are subject to change without notice.