



ALERT

Thailand

# Origin Property

(ORI.BK/ORI TB)\*

## Outperform • Maintained

Price as of 14 Nov 2022	10.20
12M target price (Bt/shr)	13.60
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	33.3

### Key messages

ORI reported a 3Q22 normalized profit of Bt671mn (+11% YoY, +23% QoQ), which was 9% above our expectation. We expect earnings momentum to accelerate both YoY and QoQ in 4Q22F partly backed by sizable condominiums to start transfers (e.g. Park Origin Chula-Samyan and Park Origin Ratchathewi). We expect ORI's long-term revenue visibility to remain solid propelled by continued investment in both residential and non-residential business. We re-iterate a rating of Outperform with a target price of Bt13.60.

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## 3Q22 earnings review: 9% above our expectation

### Event

3Q22 earnings review.

### Impact

#### 3Q22 normalized profit grew 11% YoY and 23% QoQ

Excluding extraordinary items (gain on investment in joint ventures), ORI reported a 3Q22 normalized profit of Bt671mn (+11% YoY, +23% QoQ), which was 9% above our forecast due mainly to higher-than-expected other income (hotel business). Overall, transfer activity was sluggish as the start of transfers on sizable projects (including Park Origin Chula-Samyan and Park Origin Ratchathewi) were delayed to 4Q22F. Meanwhile, residential gross margin remained healthy at 35.9% (+3.9ppts YoY).

Residential transfers (excluding JV) came in at Bt2.9bn (-21% YoY, flat QoQ), comprised of: i) low-rise transfers of Bt1.2bn (+19% YoY, +16% QoQ), and ii) high-rise transfers of Bt1.6bn (-37% YoY, +15% QoQ). Low-rise transfers continued to deliver growth YoY amid the company's active low-rise launches (Figure 2), while the pace of condominium transfers in 3Q22 were backed only by transfers of existing projects. Share income from JV remained sluggish at Bt39mn (-60% QoQ, turnaround YoY) partly dragged by non-residential businesses coupled with the slow transfer of Park Origin Thonglor.

### Earnings to peak for the year in 4Q22F

Looking ahead, we expect earnings momentum to reach the peak of the year in 4Q22F amid more low-rise launches and four condominiums ready to be transferred (Figure 6).

### Valuation & Action

We expect ORI's long-term revenue visibility to be solid propelled by continued investment in both residential and non-residential business. We maintain a rating of Outperform with a target price of Bt13.60, 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	6.3	5.5
P/B (X)	1.5	1.5	1.7	1.4	1.2
EV/EBITDA (X)	7.4	11.4	10.1	9.9	7.9
Net Debt to Equity (%)	146.8	134.6	96.8	114.8	81.7
Dividend Yield (%)	7.6	6.5	4.8	6.3	6.4
Return on Average Equity (%)	27.7	22.2	20.0	23.0	21.9

Source: Company data, KGI Securities Research

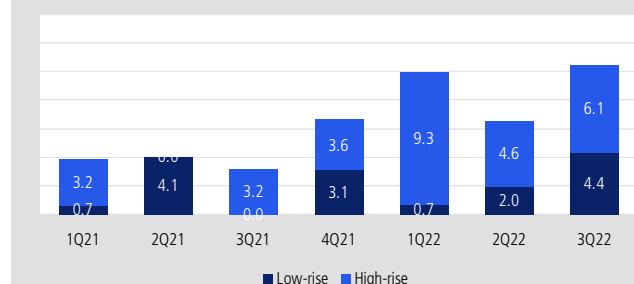
**Figure 1: ORI's 3Q22 earnings review**

Bt mn	3Q22	3Q21	YoY (%)	2Q22	QoQ (%)	9M22	9M21	YoY (%)
Revenue	3,332	3,819	(12.7)	3,267	2.0	9,911	10,854	(8.7)
Revenue from sales of real estate	2,881	3,666	(21.4)	2,914	(1.1)	8,836	10,197	(13.3)
Revenue from project management	452	153	194.8	353	28.0	1,075	656	63.7
Gross Profit	1,487	1,329	11.9	1,410	5.5	4,238	4,116	3.0
SG&A	(738)	(577)	27.9	(741)	(0.4)	(2,104)	(1,691)	24.4
Operating EBIT	1,073	951	12.9	893	20.1	2,850	2,890	(1.4)
Equity Income/(Loss)	39	(22)	N.A.	97	59.9	88	30	192.9
Extraordinary items	177	106		611		1,084	475	
<b>Net Profit</b>	<b>848</b>	<b>709</b>	<b>19.6</b>	<b>1,155</b>	<b>(26.6)</b>	<b>2,741</b>	<b>2,386</b>	<b>14.9</b>
<b>Normalized profit</b>	<b>671</b>	<b>603</b>	<b>11.3</b>	<b>545</b>	<b>23.2</b>	<b>1,657</b>	<b>1,911</b>	<b>(13.3)</b>
Percent	3Q22	3Q21	YoY (ppts)	2Q22	QoQ (ppts)	9M22	9M21	YoY (ppts)
Total gross margin	44.6	34.8	9.8	43.2	1.5	42.8	37.9	4.8
Residential gross margin	35.9	32.1	3.9	36.3	(0.3)	35.8	33.9	1.9
EBIT margin	32.2	24.9	7.3	27.3	4.9	28.8	26.6	2.1
SG&A/sales	22.1	15.1	7.0	22.7	(0.5)	21.2	15.6	5.7
Revenue breakdown by segments	3Q22	3Q21	YoY (%)	2Q22	QoQ (%)	9M22	9M21	YoY (%)
Low-rise	1,242	1,046	18.7	1,484	(16.3)	3,994	2,805	42.4
High-rise	1,639	2,620	(37.4)	1,430	14.6	4,842	7,392	(34.5)

Source: Company data, KGI Securities Research

**Figure 2: Quarterly launches**

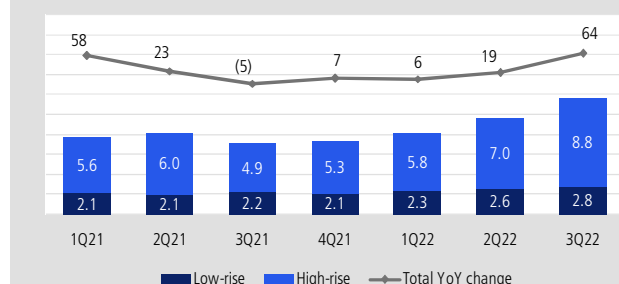
Launches of high-rise and low-rise, Btbn



Source: Company data, KGI Securities Research

**Figure 3: Quarterly presales**

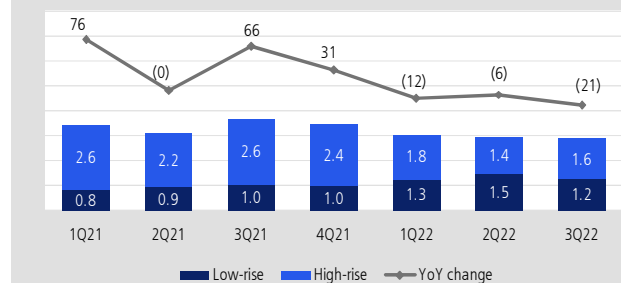
Presales of high-rise and low-rise, Btbn; YoY change of total presales, percent



Source: Company data, KGI Securities Research

**Figure 4: Quarterly transfers (ORI only)**

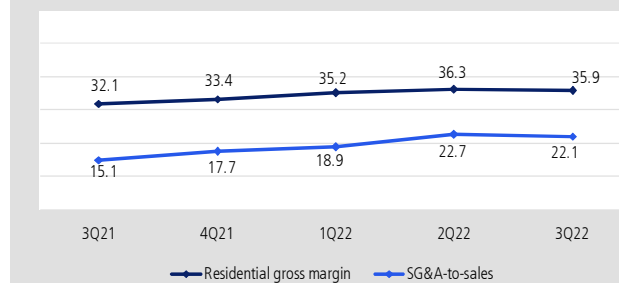
Transfer of high-rise and low-rise, Btbn; YoY change, percent



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 2Q22)**


Project	Ownership	Value	Avg price per unit (Btmn)	Sold (%)	Beg. Transfer
Knightsbridge Space Rama IX		2,300	7.1	51	1Q21
THE ORIGIN Ramintra 83 Station		2,100	2.4	81	1Q21
THE ORIGIN Ratchada-Ladprao		750	3.6	76	2Q21
Knightsbridge Sukhumvit-Thepharak	JV	1,350	2.8	66	2Q21
BRIXTON Pet&Play Sukhumvit 107 C		190	2.4	99	3Q21
Park Origin Phayathai		4,600	8.4	50	3Q21
Notting Hill Rayong		1,300	2.4	70	4Q21
Park Origin Thonglor	JV	12,000	10.2	73	2Q22
The Origin Ram 209 Interchange		2,050	2.0	86	1Q22
THE ORIGIN Ladprao 15		460	2.8	42	4Q22
Park Origin Ratchathewi	JV	3,000	11.3	96	4Q22
Park Origin Chula-Samyan	JV	4,600	9.2	98	4Q22
THE ORIGIN Onnut		770	1.9	81	2Q22
Hampton Sriracha by Origin and Dusit	JV	1,600	3.4	74	4Q22

Source: Company data, KGI Securities Research


# Corporate Governance Report of Thai Listed Companies

 <b>Companies with Excellent CG Scoring</b>					
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	

 <b>Companies with Very Good CG Scoring</b>					
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		

 <b>Companies with Good CG Scoring</b>					
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

<b>Companies classified Not in the three highest score groups</b>					
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](http://www.thai-iod.com)

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# 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	KTG	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	SRISAWAD 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	SEAFICO	SEAFICO
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](http://www.cgthailand.org)

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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.

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