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KEY HIGHLIGHTS

Initiate Coverage

Origin Property (ORI TB/BUY/Bt10.00/Target: Bt14.00)

Thailand's leading developer with multi-pronged growth strategy.

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KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,559.21	(0.18)	(0.01)
SET50	946.34	1.29	0.14
Value (Btm) - SET	51,264		
Top 5 Sector			
BANK	368.08	(4.59)	(1.23)
PETRO	1,044.54	2.70	0.26
PROP	231.64	0.30	0.13
ENERG	23,782.27	(29.56)	(0.12)
ICT	175.33	(3.24)	(1.81)

Source: Bloomberg

TOP VOLUME

Symbol	Price (Bt)	Chg (%)	Volume ('000)
PTTEP	158.50	(2.46)	17,067.9
SCB	103.00	(2.83)	25,806.9
AOT	69.25	2.21	28,079.0
KBANK	148.50	(1.00)	12,629.3
CPALL	60.25	0.42	30,983.1

TOP GAINERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
MATCH	2.44	15.09	12,740.7
TCOAT	29.25	14.71	1.7
RP	3.30	14.58	81,601.5
MPIC	2.22	13.27	20,140.3
CEYE	5.15	12.94	34,631.5

TOP LOSERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
PE	0.01	(50.00)	40,439.4
JTS	104.00	(29.97)	3,788.0
NEWS	0.03	(25.00)	47,614.6
ZIGA	5.35	(22.46)	54,978.8
CPR	8.45	(14.21)	12,592.8

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	115.0	4.6	8.6	52.7
Dubai crude*	112.7	3.4	3.2	47.4
Baltic Dry Index	2,578.0	(22.9)	(0.4)	16.3
Gold Spot***	1,841.3	(0.3)	(4.9)	0.7

*(US\$/bb), *** (US\$/toz)

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
(70.6)	(692.0)	3,590.4	8,259.3

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 35.34

Interest Rate (%) - TH 1-day RP = 1.50

Thai Lending Rate (%)* - MLR = 5.25

INITIATE COVERAGE

Origin Property (ORI TB)

Thailand's Leading Developer With Multi-pronged Growth Strategy

ORI is Thailand's leading developer that operates a real estate business covering property development and related businesses. We expect earnings to grow at a 12% CAGR over 2022-24, underpinned by its huge backlog, substantial project launches in 2022 and more recurring income businesses. We like ORI for its solid core businesses, growth opportunities from its new businesses and resilient financial position. Initiate coverage with BUY and a target price of Bt14.00.

INVESTMENT HIGHLIGHTS

- A leading real estate company.** Origin Property (ORI) is one of the leading development companies in Thailand. ORI's core businesses are property development and business services related to real estate. It has expertise in condominium development, with its condo presales in 2021 accounting for over 50% of the total condo presales of the stocks under our coverage. Meanwhile, ORI intends to increase its market share in the low-rise segment, which is expected to play a vital role in core business growth in the future. In addition, ORI has created growth opportunities and business potential through JVs.
- Multi-pronged growth strategy.** ORI has a business plan, named Origin Multiverse, to promote growth in various areas. Besides its property development and business service divisions, ORI intends to expand into new businesses such as healthcare, logistics & warehouse, energy and financing, so as to add revenue streams. In addition, the company plans to spin off its seven subsidiaries and list on the Stock Exchange of Thailand with a group market capitalisation of Bt100b in 2025.
- Positive earnings growth outlook.** We forecast a net profit of Bt3.7b in 2022 (+17% yoy), which should be a new record high, driven by its residential business, which has eight newly-completed projects and more launches in the low-rise segment. In addition, we see potential upside from the signing of JVs, which is expected to help limit downsides to our earnings forecasts. Furthermore, we estimate earnings growth at 12% CAGR for 2022-24, underpinned by ORI's huge backlog, substantial launches in 2022 and more recurring income businesses.

Click [here](#) for Blue Top dated 20 Jun 22

KEY FINANCIALS

Year to 31 Dec (Btm)	2020	2021	2022F	2023F	2024F
Net turnover	10,485.7	14,548.1	15,434.3	16,784.2	18,159.2
EBITDA	2,520.7	3,368.2	3,568.8	3,936.7	4,294.1
Operating profit	2,355.7	3,185.6	3,392.3	3,747.7	4,107.1
Net profit (rep./act.)	2,661.9	3,193.9	3,747.6	4,104.3	4,550.4
Net profit (adj.)	2,517.3	2,653.1	3,587.6	3,944.3	4,390.4
EPS (Bt)	1.0	1.1	1.5	1.6	1.8
PE (x)	9.7	9.2	6.8	6.2	5.6
P/B (x)	2.2	1.6	1.4	1.2	1.1
EV/EBITDA (x)	15.3	11.4	10.8	9.8	9.0
Dividend yield (%)	4.9	5.4	6.1	6.7	7.4
Net margin (%)	25.4	22.0	24.3	24.5	25.1
Net debt/(cash) to equity (%)	135.0	90.1	71.7	56.1	45.1
Interest cover (x)	10.2	11.6	14.0	15.1	17.7
ROE (%)	25.3	24.3	23.3	22.2	21.5
Consensus net profit	-	-	3,468	3,793	3,919
UOBKH/Consensus (x)	-	-	1.03	1.04	1.12

Source: Origin Property, Bloomberg, UOB Kay Hian

BUY

Share Price	Bt10.00
Target Price	Bt14.00
Upside	+40.0%

COMPANY DESCRIPTION

Origin Property is a development company that covers the entire real estate industry and businesses related to real estate.

STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	ORI TB
Shares issued (m):	2,454.1
Market cap (Btm):	24,886.5
Market cap (US\$m):	706.6
3-mth avg daily t'over (US\$m):	2.2

Price Performance (%)

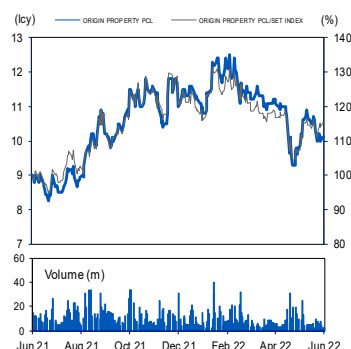
52-week high/low	Bt12.50/Bt8.25			
1mth	3mth	6mth	1yr	YTD
3.1	(13.8)	(15.3)	8.7	(11.5)

Major Shareholders

MR. PEERAPONG JAROON-EK	28.2
PEERADA CAPITAL CO., LTD	25.2
MRS. ARADA JAROON-EK	6.8

FY22 NAV/Share (Bt)	7.04
FY22 Net Debt/Share (Bt)	5.04

PRICE CHART



Source: Bloomberg

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STOCK IMPACT

- Presales momentum remains healthy.** 1Q22 presales came in at Bt8.4b (+6% yoy, 12% qoq), accounting for 23% of the target for 2022. In addition, presales momentum in Apr-May 22 remained strong with double-digit growth, outpacing the growth in the same period last year. We believe ORI's presales remain on track to achieve its target of Bt35b for this year, underpinned by its strong market share and substantial launch line-up.
- Transfer revenue growth powered by huge backlog in 2022.** As of end-1Q22, ORI had a backlog of Bt35b to be recognised in 2022-24, with Bt14.9b in 2022 and the remainder in 2023-24. The backlog and revenue recognition as of 1Q22 accounted for 70% of the total transfer target for this year.
- Earnings to ramp up from 2Q22 onwards.** ORI reported a net profit of Bt738m in 1Q22, down 11% yoy and 9% qoq. 1Q22 earnings accounted for 20% of our 2022 forecast, which is expected to be the weakest quarter of the year. However, we expect ORI's earnings to ramp up from 2Q22 onwards and see a considerable qoq improvement, undergirded by its strong backlog and substantial project launches.
- Expect earnings to be underpinned by JVs.** ORI continues to use JVs to unleash its business potential. Management expects to sign 10-15 JV projects in 2022, consisting of condominiums, houses and warehouses. We see potential upside risks to our earnings forecasts from the share premium of ORI's investments in JV projects.
- Promising net profit outlook.** We estimate a net profit of Bt3.7b in 2022 (+17% yoy), which should be a new record high, driven by its residential business which has eight newly-completed projects and more launches in the low-rise segment. In addition, we forecast three-year earnings CAGR at 12% for 2022-24 due to its huge backlog, ambitious launches and more recurring income businesses.

EARNINGS REVISION/RISK

- None.

VALUATION/RECOMMENDATION

- Initiate coverage with BUY and target price of Bt14.00.** Our target price of Bt14.00 is based on 9x 2022F PE, or 1SD above its five-year historical mean, which we believe is fair due to its solid residential business outlook underpinned by market share expansion in the low-rise segment. We also see potential upside to our earnings forecasts thanks to the share premium from the signing of JV projects and its new businesses, which we have yet to factor in. ORI also plans to spin off at least 1-2 companies in 2022. Furthermore, it is trading at an undemanding valuation and offers a dividend yield of 6% in 2022.

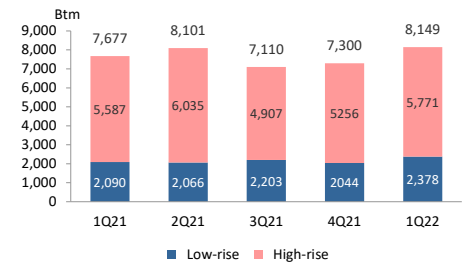
SHARE PRICE CATALYST

- a) Better-than-expected presales and faster-than-expected unit transfers, and b) improvement in gross margin and SG&A-to-sales-ratio.

RISK

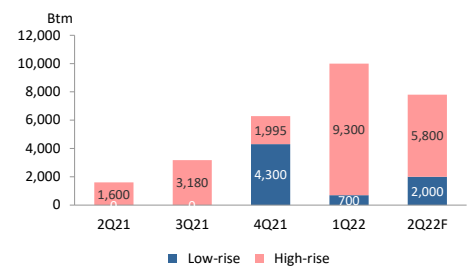
- Delay in project launches and completion, tightening of bank policies, rising costs, labour shortage, and weaker-than-expected economic growth.

PRESALES MOMENTUM



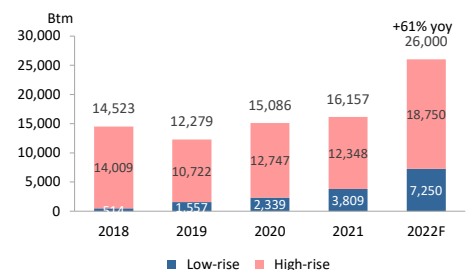
Source: ORI, UOB Kay Hian

QUARTERLY LAUNCH



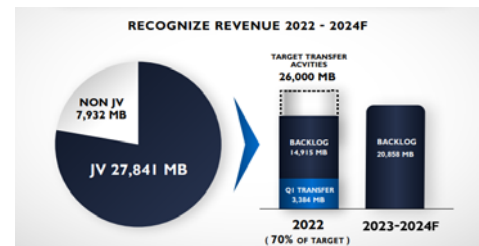
Source: ORI, UOB Kay Hian

TRANSFER TARGET



Source: ORI, UOB Kay Hian

BACKLOG



Source: ORI

ORIGIN MULTIVERSE PLAN



Source: ORI

PROFIT & LOSS

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Net turnover	14,548	15,434	16,784	18,159
EBITDA	3,368	3,569	3,937	4,294
Deprec. & amort.	183	176	189	187
EBIT	3,186	3,392	3,748	4,107
Total other non-operating income	711	450	473	496
Associate contributions	(42)	946	1,013	1,148
Net interest income/(expense)	(289)	(254)	(260)	(243)
Pre-tax profit	4,242	4,734	5,173	5,708
Tax	(865)	(777)	(853)	(935)
Minorities	(183)	(210)	(216)	(223)
Net profit	3,194	3,748	4,104	4,550
Net profit (adj.)	2,653	3,588	3,944	4,390

CASH FLOW

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Operating	2,282	3,358	3,710	3,784
Pre-tax profit	4,242	4,734	5,173	5,708
Tax	(865)	(777)	(853)	(935)
Deprec. & amort.	183	176	189	187
Working capital changes	(1,064)	(832)	(732)	(1,289)
Non-cash items	(400)	57	(67)	113
Other operating cashflows	185	0	0	0
Investing	(759)	(842)	(878)	(1,137)
Capex (growth)	203	(256)	(335)	(771)
Investments	(626)	(500)	(500)	(400)
Others	(336)	(87)	(43)	34
Financing	(365)	(2,255)	(2,370)	(2,581)
Dividend payments	(1,496)	(1,412)	(1,570)	(1,731)
Issue of shares	0	0	0	0
Proceeds from borrowings	(734)	(827)	(800)	(850)
Others/interest paid	1,866	(16)	0	0
Net cash inflow (outflow)	1,158	261	461	66
Beginning cash & cash equivalent	808	1,966	2,227	2,688
Ending cash & cash equivalent	1,966	2,227	2,688	2,754

BALANCE SHEET

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Fixed assets	2,751	2,830	2,976	3,560
Other LT assets	4,591	5,246	5,857	6,292
Cash/ST investment	1,966	2,227	2,688	2,754
Other current assets	26,091	27,550	28,701	30,235
Total assets	35,398	37,854	40,223	42,841
ST debt	8,482	7,655	6,855	6,005
Other current liabilities	3,329	4,013	4,364	4,721
LT debt	6,945	6,945	6,945	6,945
Other LT liabilities	703	772	839	908
Shareholders' equity	14,937	17,257	19,791	22,610
Minority interest	1,003	1,213	1,429	1,652
Total liabilities & equity	35,398	37,854	40,223	42,841

KEY METRICS

Year to 31 Dec (%)	2021	2022F	2023F	2024F
Profitability				
EBITDA margin	23.2	23.1	23.5	23.6
Pre-tax margin	29.2	30.7	30.8	31.4
Net margin	22.0	24.3	24.5	25.1
ROA	9.2	10.2	10.5	11.0
ROE	24.3	23.3	22.2	21.5
Growth				
Turnover	38.7	6.1	8.7	8.2
EBITDA	33.6	6.0	10.3	9.1
Pre-tax profit	27.6	11.6	9.3	10.3
Net profit	20.0	17.3	9.5	10.9
Net profit (adj.)	5.4	35.2	9.9	11.3
EPS	5.4	35.2	9.9	11.3
Leverage				
Debt to total capital	49.2	44.1	39.4	34.8
Debt to equity	103.3	84.6	69.7	57.3
Net debt/(cash) to equity	90.1	71.7	56.1	45.1
Interest cover (x)	11.6	14.0	15.1	17.7

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