

ORIGIN PROPERTY ORI TB  
THAILAND / PROPERTY DEVELOPMENT

BUY

## เส้นทางสู่การเติบโตไม่สิ้นสุด

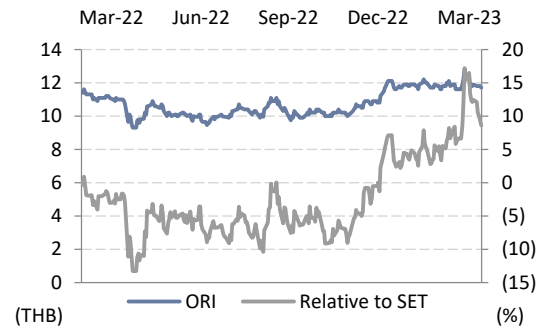
- เราคาดกำไรปกติปี 2023 ที่ 3.3 พันลบ. (+27% y-y) โมเมนตัมยอดขายและกำไรคาดเร่งตัวเด่นใน 2H23
- ORI ตั้งเป้าเชิงรุกโดยวางแผนทำสถิติใหม่ในทุกมิติ รวมถึงเงินหน้าขายพอร์ตในธุรกิจอื่น ๆ อย่างต่อเนื่อง
- แนะนำซื้อที่ราคาเป้าหมาย 13.9 บาท (SoTP)

TARGET PRICE	THB13.90
CLOSE	THB11.70
UP/DOWNSIDE	+18.8%
TP vs CONSENSUS	+1.0%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	14,397	14,245	17,298	19,566
Net profit	3,775	3,309	3,704	3,801
EPS (THB)	1.54	1.35	1.51	1.55
vs Consensus (%)	-	(6.2)	(1.6)	(3.3)
EBITDA	4,271	4,096	4,759	5,211
Core net profit	2,613	3,309	3,704	3,801
Core EPS (THB)	1.07	1.35	1.51	1.55
EPS growth (%)	3.8	26.7	11.9	2.6

Core P/E (x)	11.0	8.7	7.7	7.5
Dividend yield (%)	6.2	6.3	6.5	6.6
EV/EBITDA (x)	11.7	12.5	10.8	9.8
Price/book (x)	1.6	1.5	1.3	1.2
Net debt/Equity (%)	98.6	97.3	90.2	81.0
ROE (%)	15.8	17.5	18.0	17.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.8)	4.5	4.5
Relative to country (%)	1.8	6.2	10.3
Mkt cap (USD m)	853		
3m avg. daily turnover (USD m)	3.2		
Free float (%)	38		
Major shareholder	Peerapong and Arada Jaroon-Ek (36%)		
12m high/low (THB)	12.90/9.20		
Issued shares (m)	2,454.12		

Sources: Bloomberg consensus; FSSIA estimates

## หนึ่งในบริษัทพัฒนาอสังหาริมทรัพย์ครบวงจรชั้นนำ

ORI เป็นบริษัทพัฒนาอสังหาริมทรัพย์ชั้นนำในประเทศไทยที่มุ่งเน้นทั้งในด้านคอนโด และโครงการแนวราบผ่านบริษัทย่อย BRI นอกจากนี้บริษัท ยังมีแผนเป็น lifetime company ที่ให้บริการดูแลลูกค้าทุกช่วงชีวิต ขณะที่การขายไปธุรกิจที่นอกเหนือจากอสังหาริมทรัพย์จะช่วยบริษัท สร้างรายได้ประจำและเสถียรภาพระยะยาว อาทิ ธุรกิจให้บริการที่เกี่ยวข้องกับอสังหาภายใต้ PRI, ธุรกิจบริการและพัฒนาอสังหาเพื่อเช่าภายใต้ชื่อ One Origin และธุรกิจโลจิสติกส์ภายใต้ชื่อ Alpha (กิจการร่วมค้าที่ ORI และ SJWD ถือหุ้น 50:50)

## แผนแผนเชิงรุกสำหรับปี 2023

ORI ตั้งเป้าเชิงรุกสำหรับปี 2023 ภายใต้แนวคิด Origin Infinity โดยมีเป้าหมายเติบโตทั้งธุรกิจที่อยู่อาศัยและธุรกิจใหม่ต่อไปนี้: 1) บริษัทฯ วางแผนเปิด 42 โครงการ มูลค่ารวม 50 พันลบ. (+22% y-y) ประกอบด้วยคอนโด 55% และแนวราบ 45% ซึ่งจะมีการกระจายความเสี่ยงในแง่ของกลุ่มผลิตภัณฑ์และทำเลที่ตั้ง; 2) เป้ายอดขายที่ 45 พันลบ. (+10% y-y) แบ่งเป็นคอนโด 71% และแนวราบ 29%; 3) บริษัทฯ ตั้งเป้าโอน (รวมกิจการร่วมค้า 100%) มูลค่า 30 พันลบ. (+62% y-y) แบ่งเป็นส่วนของ ORI อยู่ที่ 15 พันลบ. (+28% y-y); 4) บริษัทฯ มีแผนขยายเข้าสู่ธุรกิจอื่นเพื่อพัฒนาการใช้ชีวิตที่ดีขึ้นของผู้บริโภคอย่างต่อเนื่อง; และ 5) บริษัทฯ มีแผนนำ One Origin เข้าจดทะเบียนในตลาดภายในสิ้นปี 2023

## แนวโน้มผลประกอบการปี 2023 สดใส

เรามีมุมมองบวกต่อภาพรวม ORI ในปี 2023 โดยคาดว่าจะทำสถิติสูงสุดใหม่ที่ 3.3 พันลบ. (+27% y-y) ขับเคลื่อนจากส่วนแบ่งกำไรจาก JV ที่ขยายตัวเด่น หลักๆจากการเริ่มโอน 6 คอนโดใหม่ มูลค่าโครงการรวม 13.9 พันลบ. ซึ่งมียอดขายเฉลี่ยแล้ว 89% หนุนด้วยการเติบโตของธุรกิจนอกเหนือจากอสังหาฯ ระยะสั้นคาดว่าจะไปปกติ 1Q23 จะลดลง q-q แต่เพิ่ม y-y อย่างไรก็ดี โมเมนตัมกำไรรายไตรมาสตั้งแต่ 2Q23 คาดเร่งขึ้น Q-Q ต่อเนื่องและจุดสูงสุดของปีใน 4Q23 ตามแผนคอนโดสร้างเสร็จใหม่และการเปิดตัวโครงการแนวราบที่เพิ่มขึ้นใน 2H23.

## แนะนำซื้อที่ราคาเป้าหมาย 13.9 บาท

เราแนะนำซื้อที่ราคาเป้าหมาย 13.9 บาท (SoTP) เรามองว่าจุดแข็งของ ORI คือโครงสร้างธุรกิจที่แข็งแกร่งและการปรับตัวเร็ว ปัจจัยหนุนการเติบโตจะมาจากแผนพัฒนาอสังหาฯ เชิงรุกบวกกับธุรกิจใหม่ที่เติบโตแบบ S-curve รวมถึงแผน IPO บริษัทย่อยต่อเนื่องเพื่อปลดล็อกมูลค่า



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 27 มีนาคม 2023

## Investment thesis

ORI not only aims to be a residential developer, but also a 'well-being lifetime company' whose business covers megatrends and businesses related to lifelong consumer care.

ORI's share price should be driven by its growth potential alongside its aggressive business plan in both real estate and new businesses to scale up its portfolio. Moreover, the company stands to benefit from a condominium market recovery as it has a strong market share.

Two of ORI's subsidiaries, Britania (BRI TB, BUY, TP THB14) and Primo Service Solutions (PRI TB, NR), are already listed on the SET. It plans to list One Origin in 2023. Additionally, three companies may be spun-off in 2024-26.

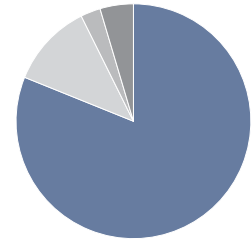
## Company profile

Origin Property was established in 2009 as a real estate development company. This includes condominiums and low-rise projects under BRI. Moreover, it has expanded to operate a service business related to real estate under PRI, providing condominium tenant management services and juristic person management. Additionally, it develops build-to-rent property and operates a service business related to real estate under One Origin.

[www.origin.co.th](http://www.origin.co.th)

## Principal activities (revenue, 2022)

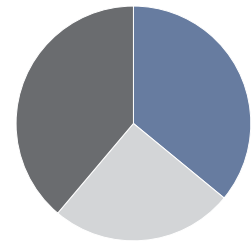
- Project sales - 81.1 %
- Project management - 11.6 %
- Hotel operations and rental - 2.7 %
- Service income - 4.6 %



Source: Origin Property

## Major shareholders

- Peerapong and Arada Jaroon-Ek - 36.0 %
- Peerada Capital Co Ltd - 25.2 %
- Others - 38.8 %



Source: Origin Property

## Catalysts

Key potential growth drivers include 1) the success of new launches; 2) the recovery of condominiums market; 3) more overseas customers; 4) new business expansion; 5) spin-off its subsidiary; and 6) new JV project developments which leave room for one-time gains on investments.

## Risks to our call

Downside risks to our SoTP-based TP include 1) a slower-than-expected economic recovery; 2) weaker-than-expected presales; 3) a high cancellation rate of presales and rejections from banks; 4) delays in construction and/or a labour shortage; 5) intense competition and an increase in raw material costs; and 6) lower-than-expected performance for its subsidiaries.

## Event calendar

Date	Event
May 2023	1Q23 results announcement

## Key assumptions

	2023E	2024E	2025E
Total revenue (THB m)	14,245	17,298	19,566
Transfers (THB m)	11,198	14,145	16,279
Project management (THB m)	1,700	1,700	1,700
Equity income from JV (THB m)	1,388	1,367	1,213
Property GPM (%)	33.8	34.2	34.2
GPM (%)	42.7	41.5	40.7
SG&A to sales (%)	17.5	17.0	16.8

Source: FSSIA estimates

## Earnings sensitivity

- For every 5% increase in transfers, we estimate 2023 earnings to rise 2%, and vice versa, all else being equal.
- For every 0.5% increase in property GPM, we estimate 2023 earnings to rise 1.3%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to revenue, we estimate 2023 earnings to fall by 1.6%, and vice versa, all else being equal.
- For every 5% increase in equity income from its JV, we estimate 2023 earnings to rise by 2.1%, and vice versa, all else being equal.

Source: FSSIA estimates

## Strong 4Q22 and 2022 earnings

ORI reported a 4Q22 net profit of THB1.0b (+22% q-q, +28% y-y). Excluding gains from investments on new JV projects worth THB78m, the company's normalised profit surged to THB955m (+42% q-q, +58% y-y).

ORI's overall 4Q22 operations were supported by higher profit sharing from its JV at THB328m (vs a profit of THB39m in 3Q22 and a loss of THB72m in 4Q21), mainly from the transfer of two new JV condos: Park Origin Ratchathewi (THB3.0b, 96% sold) and Hampton Sriracha (THB1.6b, 73% sold). In addition, management fees increased to THB590m (+31% q-q, +120% y-y) following more JV projects.

This was able to offset the decline in 4Q22 transfer revenue by 1% q-q and 17% y-y to THB2.8b, split 50:50 between low-rise and condo projects. That means low-rise transfers grew by 14% q-q and 41% y-y, while condo transfers dropped by 13% q-q and 41% y-y as there were no new condo projects to transfer from. The 4Q22 property gross margin slid to 32% (vs 35.9% in 3Q22 and 33.4% in 4Q21) as a result of fewer ready-to-move condos and a higher low-rise proportion.

On a full-year basis, ORI booked a 2022 net profit of THB3.8b (+18% y-y). Excluding extra items, the company's core profit increased by 4% y-y to THB2.6b. Even though the 2022 transfer value dipped 14% y-y to THB11.7b due to fewer new project transfers, this was mainly supported by 1) project management, which increased to THB1.7b (+80% y-y); 2) revenue from hotel operations and rentals, which rose to THB394m from THB87m in 2021; 3) higher service revenue by 129% y-y to THB661m; 4) a share profit from its JV at THB416m from a loss of THB42m in 2021; and 5) a rising property gross margin to 34.9% from 33.8% in 2021.

### Exhibit 1: 4Q22 results summary

	4Q21	1Q22	2Q22	3Q22	4Q22	----- Change -----		2021	2022	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Total revenue	4,070	3,312	3,267	3,332	4,486	34.6	10.2	14,923	14,397	(3.5)
Cost of sales	2,539	1,970	1,857	1,845	2,504	35.7	(1.4)	9,277	8,177	(11.9)
Gross profit	1,530	1,341	1,410	1,487	1,982	33.3	29.5	5,646	6,220	10.2
SG&A	394	625	741	738	327	(55.6)	(17.0)	2,085	2,431	16.6
Operating profit	1,136	716	669	749	1,654	120.8	45.6	3,561	3,789	6.4
Interest expense	78	68	99	112	111	(1.3)	42.1	297	390	31.4
Tax expense	226	222	235	230	260	12.8	15.2	865	947	9.5
Equity income from JV	(72)	(48)	97	39	328	743.5	na	(42)	416	na
Reported net profit	808	738	1,155	848	1,033	21.9	27.9	3,194	3,775	18.2
Core profit	606	441	545	671	955	42.3	57.5	2,518	2,613	3.8
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>			<b>(ppt)</b>
Property gross margin	33.4	35.2	36.3	35.9	32.0	(3.9)	(1.4)	33.8	34.9	1.1
Gross margin	37.6	40.5	43.2	44.6	44.2	(0.4)	6.6	37.8	43.2	5.4
SG&A / Sales	9.7	18.9	22.7	22.1	7.3	(14.8)	(2.4)	14.0	16.9	2.9
Operating margin	27.9	21.6	20.5	22.5	36.9	14.4	9.0	23.9	26.3	2.5
Net margin	14.9	13.3	16.7	20.1	21.3	1.1	6.4	21.4	26.2	4.8
Norm margin	19.9	22.3	35.4	25.4	23.0	(2.4)	3.2	16.9	18.1	1.3
<b>Revenue breakdown</b>										
Residential	3,426	3,041	2,914	2,881	2,840	(1.4)	(17.1)	13,623	11,676	(14.3)
Project management	268	270	353	452	590	30.6	120.0	925	1,665	80.0

Sources: ORI; FSSIA's compilation

## Set to make 2023 a year of boundless growth

Management has unveiled an aggressive 2023 business plan under the Origin Infinity concept, aiming to be a 'well-being lifetime company'. ORI targets growth in residential development to reach record highs in new launches, presales, and revenue. Besides its core business, it intends to continue its expansion into non-residential development businesses, which are related to megatrends and customer lifestyles to sustain growth in the long term. The key points of ORI's 2023 business strategy are as follows:

- **ORI plans to introduce 42 projects with a combined value of THB50b** (+22% y-y) in 2023, increasing from 25 projects worth THB41b in 2022. Of the total, 55% are to be condos and 45% low-rise projects. Besides locations in Greater Bangkok, ORI intends to continue its expansion into the Eastern Economic Corridor (EEC) and upcountry market – both high-growth potential areas – accounting for 30% of total project launches planned in 2023. The new provinces are: Chiangmai, Khon Kaen, Nakhon Ratchasima (Khao Yai), Hua Hin, and Phuket.
- **Condominium projects:** 22 projects in 2023 worth THB27.5b vs 16 projects worth THB29b in 2022. Even though ORI plans to launch more condo projects, the total value is lower by 5% y-y as a result of projects being placed under the economy brand, The Origin (first launched in 2019). Condo prices in this brand range from THB50k-80k per square metre in order to capture the 'first-job' group amid the economic recovery. ORI intends that segment to make up 22% of the new condo launch value in 2023 (vs in 2022 when it focused on the Origin Plug&Play brand with prices ranging from THB80k-120k per square metre). The remaining 29% and 26% of condo launches will be in the mid to high-end segments under the So Origin (THB120k-200k per square metre) and Origin Place (THB80k-120k per square metre) brands, respectively. Moreover, the company is continuing to launch more projects in new provinces, with 35% of total new condos launching in the EEC and upcountry market.
- **Low-rise projects:** 20 projects worth THB22.5b (+88% y-y) in 2023, increasing from 9 projects worth THB12b in 2022. Its new projects are well diversified in terms of product segment under all brands, mainly the segment ranging from the mid to high-end under Britania and Grand Britania, with an average unit price of THB5m-10m. ORI is also expanding into four new provinces, accounting for 20% of total low-rise project launches.
- **Presales target of THB45b** (+10% y-y) in 2023, split 71:29 between condo and low-rise projects. That means condo presales should grow by 7% y-y to THB32b, while low-rise presales should increase by 18% y-y to THB13b.
- **ORI targets growth in transfers** (including 100% JV) to THB30b (+62% y-y) in 2023. Of the total, the proportion will be split 50:50 between its own projects and JV projects. ORI's transfer target is THB15b (+28% y-y), split 47:53 between condo and low-rise projects. That means its condo transfers should rise by 12% y-y to THB7b, while its low-rise transfers should jump to THB8b (+48% y-y). Its JV transfer target is THB15b, jumping from THB6.8b in 2022.

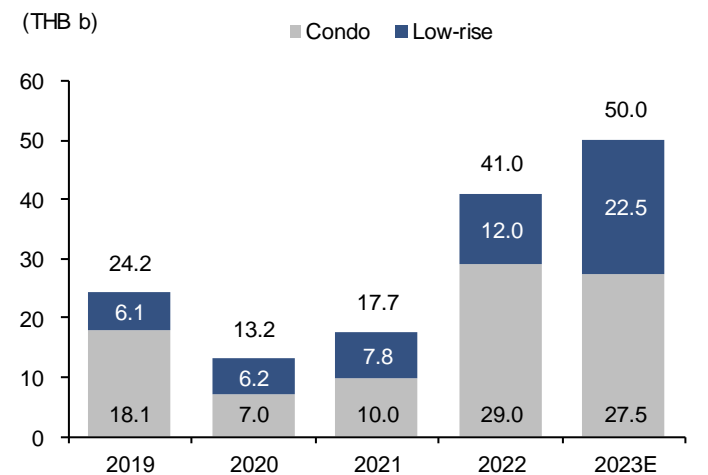
- **Besides the residential development business**, the company intends to continue its expansion into other businesses related to the wellbeing and lifestyles of customers, such as logistics, healthcare, energy, finance, and entertainment. For example, the healthcare business under Origin Healthcare plans to launch a total of 25 projects this year, including a dental clinic, wellness beauty clinic, mental health clinic, pet clinic, Origin Healthcare Club, and rehabilitation.
- Two of ORI's high-potential businesses, BRI and PRI, are already listed on the SET. Currently, ORI is the major shareholder of BRI and PRI with 70% and 75% stakes, respectively. It plans to list One Origin at the end of 2023. On top of that, three companies may be spun-off in 2024-26: 1) United Project Management, which is PRI's subsidiary; 2) Alpha Industrial Solution (Alpha), which is a logistics business (ORI holds a 50% stake and SCGJWD Logistics PCL (SJWD TB, NR) holds 50%); and 3) Origin Healthcare. Hence, it aims to raise its target group market cap to THB100b within 2026.

Exhibit 2: Business overview



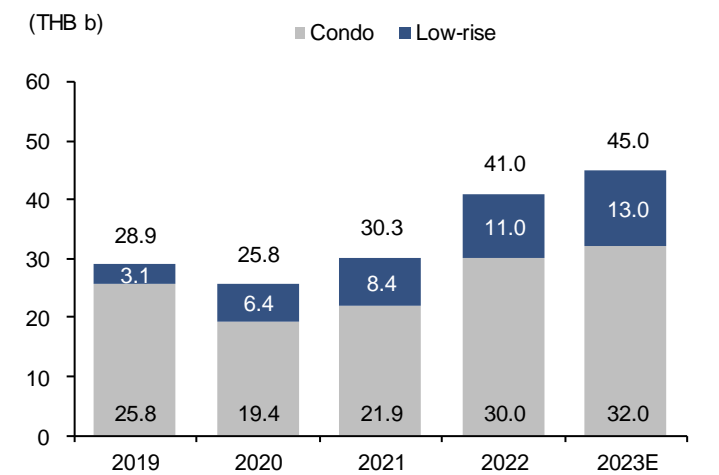
Source: ORI

Exhibit 3: Yearly planned new launches



Sources: ORI; FSSIA's compilation

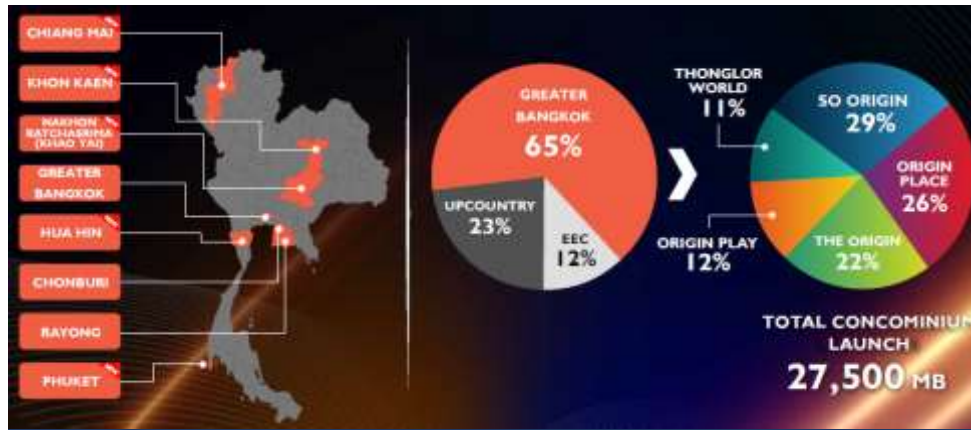
Exhibit 4: Yearly presales and 2023 target



Sources: ORI; FSSIA's compilation



Exhibit 5: New condominiums planned in 2023



Source: ORI

Exhibit 6: New condo launch plans for 2023



Source: ORI

Exhibit 7: New low-rise launch plans for 2023



Source: ORI

Exhibit 8: One Origin



Source: ORI

Exhibit 9: Origin Healthcare



Source: ORI

Exhibit 10: Spin-off plan



Source: ORI

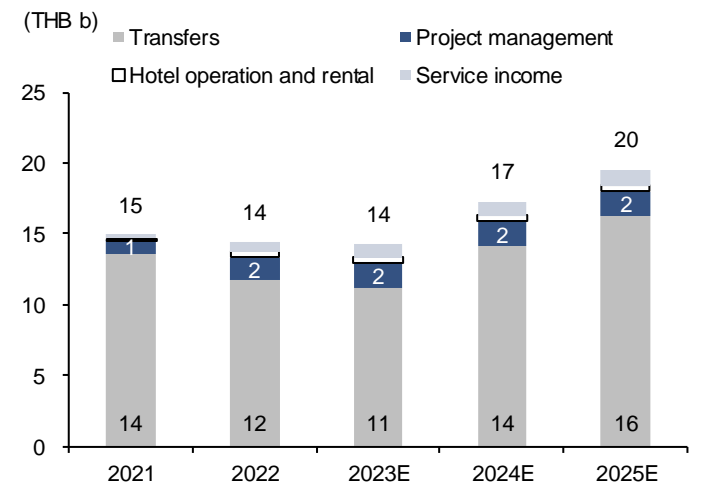
## Bright 2023 performance prospects

Our forecast calls for ORI’s 2023 normalised profit to reach a record high of THB3.3b (+27% y-y). We estimate its 2023 transfer value at THB11.2b (-4% y-y). Of the total, condos should account for 37% and low-rise projects should make up 63% (vs 54% and 46%, respectively, in 2022). This reflects the expected transfer of only three new condo projects (worth THB2.5b), down from five in 2022 (worth THB3.7b). We also project the property gross margin to be at 33.8% in 2023, down from 34.9% in 2022 owing to a greater proportion of low-rise projects, which have a lower margin than condos.

We expect ORI’s overall 2023 operations to be driven by profit sharing from its JV, jumping 3.3x y-y to THB1.4b. This would mainly come from the start of transfers for six new condominium projects with a combined value of THB13.9b, accounting for 89% of presales on average. Additionally, there should be an improvement in non-residential business performance from PRI, One Origin, and Alpha (JV). Meanwhile, more JV project developments should provide a potential upside to our forecast from one-time gains on investments.

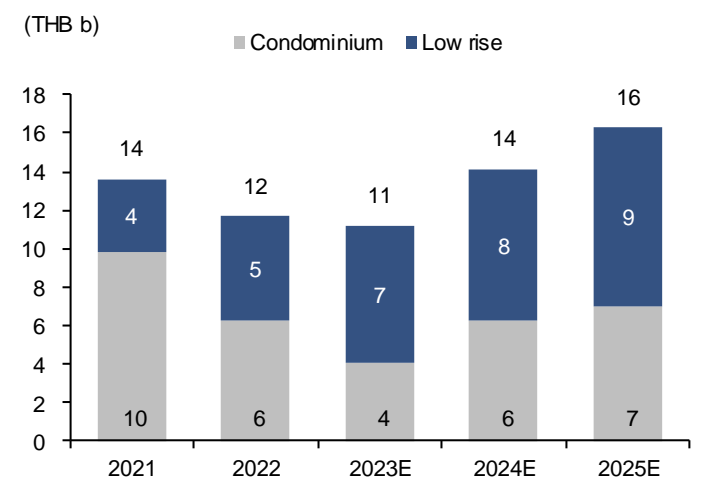
ORI’s backlog of THB40.5b (including 100% JV) as of end-2022 can be realised until 2026. Of that, THB19.1b will be realised this year, which is enough to secure 68% of our 2023 transfer estimate.

**Exhibit 11: Revenue breakdown (excluding JV)**



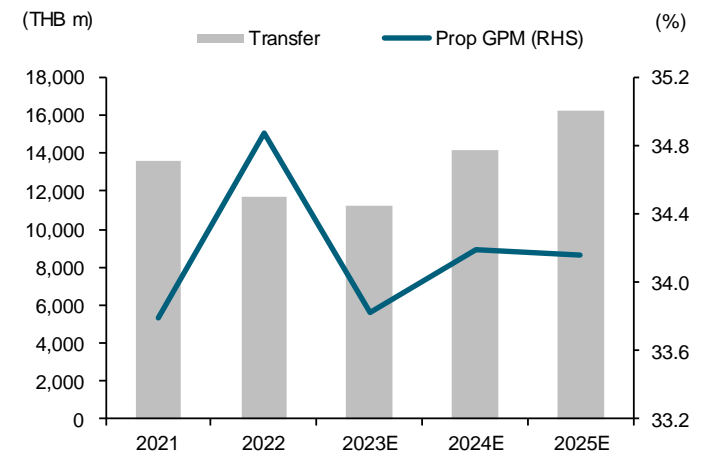
Sources: ORI; FSSIA's compilation

**Exhibit 12: Transfer breakdown (excluding JV)**



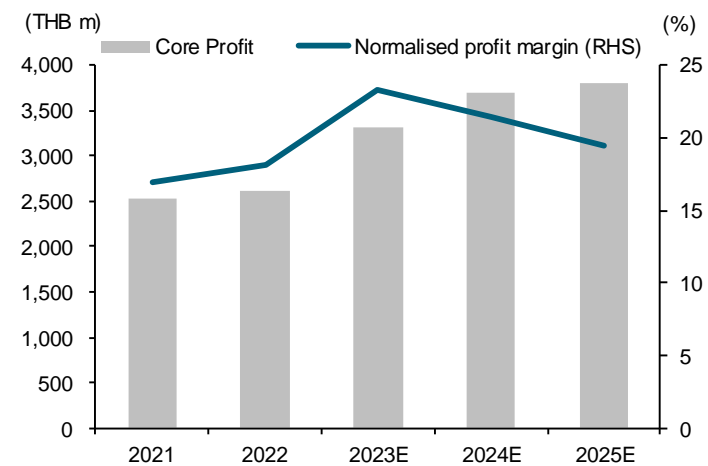
Sources: ORI; FSSIA's compilation

**Exhibit 13: Yearly transfers and property GPM**



Sources: ORI; FSSIA estimates

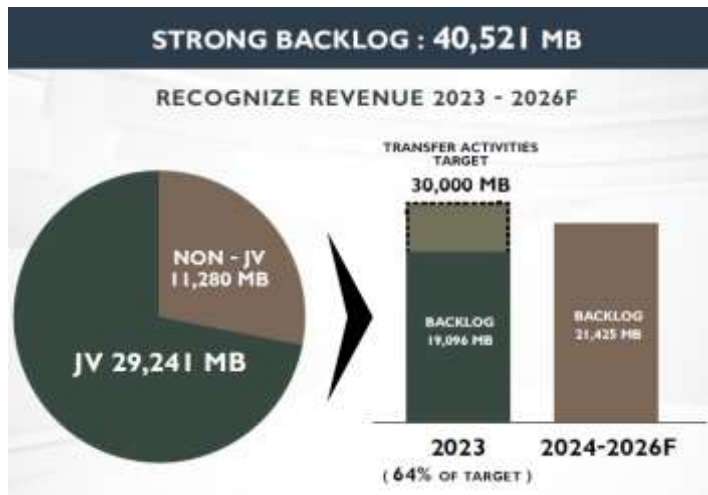
**Exhibit 14: Yearly core profit and normalised profit margin**



Sources: ORI; FSSIA estimates

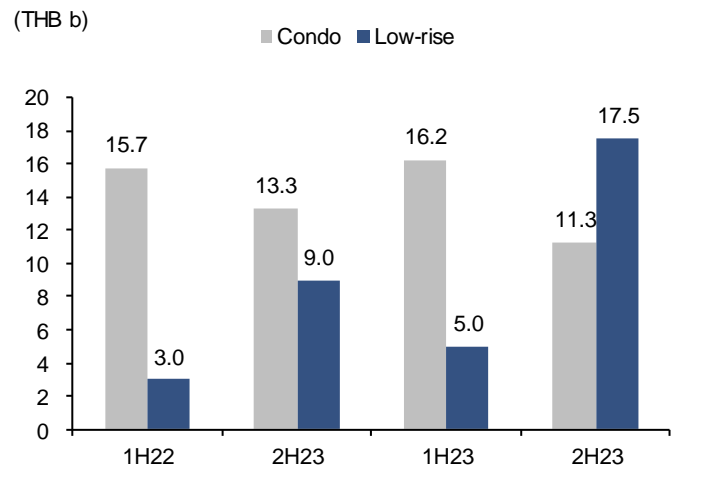


Exhibit 15: Backlog at end-2022



Source: ORI

Exhibit 16: New launch schedule



Sources: ORI; FSSIA's compilation

Exhibit 17: Condo values to be transferred in 2023

Transfer	Project	Value (THB m)	% Sold (%)
1Q23	Park Origin Chula-Samyan (JV)	4,600	98
	The Origin Ladprao-Bangkapi (JV)	2,000	65
2Q23	The Origin Sukhumvit Sailuat E22 (JV)	1,800	79
3Q22	SOHO Bangkok Ratchada (JV)	1,840	96
4Q23	The Origin Plug&Play Ramintra (JV)	2,200	87
	Origin Plug&Play Ramkhamhaeng Triple Station (JV)	1,470	97
	Brixton Kaset Sriracha Campus	1,060	58
	Brixton Campus Bangsaen	560	96
	Brixton Rayong	880	37

Sources: ORI; FSSIA's compilation

Exhibit 18: Schedule of low-rise transfers in 2023



Source: ORI

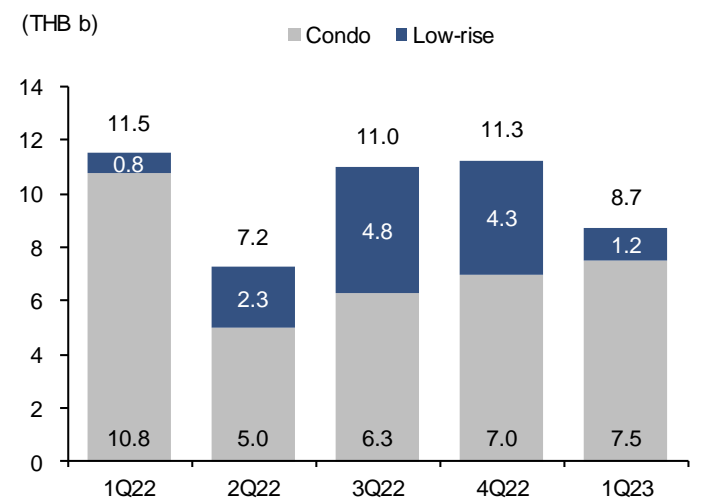
## Stepping up the earnings trend every quarter

In 1Q23, the company has seen good signs from the condominium market on improving inventory presales after the reopening of cross-border travel, plus solid low-rise demand. However, it has only introduced seven new projects worth THB8.7b, comprising six condos and one low-rise project, in February and March. These projects have a smaller value than those in 4Q22 when ORI launched seven projects worth THB11.2b. We think that 1Q23 presales should rise y-y but drop q-q to around THB9b-9.5b (20% of its 2023 target). Presales should increase in 2H23 following the newly launched projects, split 42:58 between 1H and 2H.

Preliminarily, we anticipate 1Q23 core profit to dip q-q from the high base in 4Q22, but grow y-y, supported by two newly built JV condos at the end of 1Q23: Park Origin Chula-Samyang (THB4.6b, 98% sold) and The Origin Ladprao-Bangkapi (THB2b, 65% sold), as well as more low-rise projects on hand.

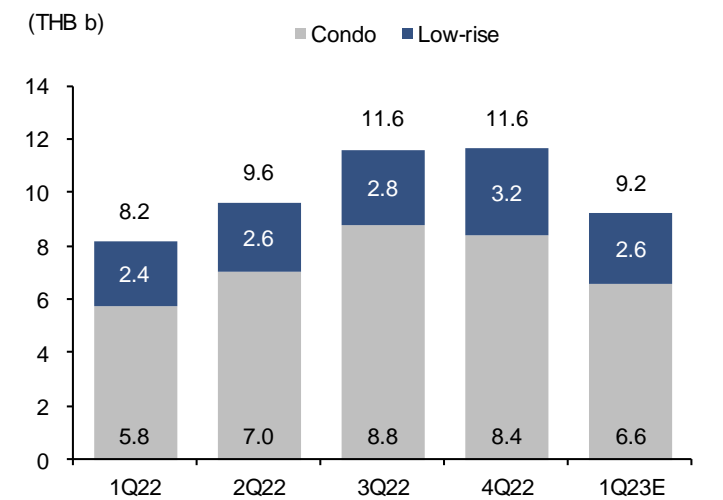
We expect its 2H23 performance to jump from 1H23. This would be driven by six newly built condos (vs three new condos in 1H23), plus numerous new low-rise project launches. The earnings momentum should gradually rise q-q in every quarter and peak this year in 4Q23.

### Exhibit 19: New launch plans by quarter



Sources: ORI; FSSIA's compilation

### Exhibit 20: Quarterly presales



Sources: ORI; FSSIA estimates

### Exhibit 21: New project launches in 1Q23

Project	Value (THB m)
Origin Place Ramkhamhaeng 153	2,120
Origin Place Phaholyothin 59 Station	490
Origin Place Phetkasem 56	1,200
Origin Play Sri Lasalle Station (Soi 83)	2,160
The Origin Bangna-Bangpakong	750
Knightsbridge Space Rayong	800
Britania Maliwan	1,200

Sources: ORI; FSSIA's compilation

## Valuation and recommendation

Our 2023 SoTP-based TP for ORI at THB13.9 consists of values for real estate development (excluding low-rise projects) and low-rise residential development (BRI). For real estate development, we assume a P/E ratio of 9x – a premium compared to local peers at 8.2x, which mostly generate revenue from residential sales. Meanwhile, the valuation of BRI is based on a 2023 P/E target of 8x. Our TP at THB13.9 implies a 2023 P/E target of 10.3x and P/BV target of 1.7x.

We have a BUY rating on ORI. It is attractive not only as a property developer but also as a 'well-being lifetime company' which provides lifelong consumer care. We are impressed by its strong business structure and resilient organisation. The company continually adjusts its strategies to adapt to market conditions. Moreover, it is expanding into other businesses to diversify the risk from its property business, generate recurring income, and increase its future income potential. After that, ORI may spin-off its subsidiaries to unlock their hidden value or sell assets to an REIT to generate additional revenue in the future.

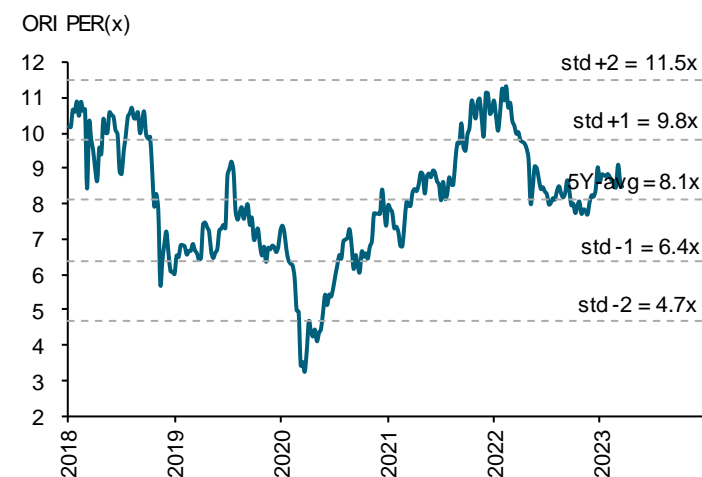
Currently, its share price trades at 8.7x 2023E P/E, with an upside potential of 19%. We expect an annual dividend yield of 6.3% in 2023. In our view, ORI's share price should be driven by its solid residential business performance plus the S-curve from its new businesses. Moreover, the company stands to benefit from a condominium market recovery as it has a strong market share. In the short run, the stock will deliver a high dividend of THB0.57 per share for its performance in 2H22, implying a dividend yield of 4.9%. The stock's XD is on 8 May and the dividend will be paid on 25 May 2023.

### Exhibit 22: SoTP-based valuation

	Target P/E	Holding	TP	EV	Per share
	(x)	(%)	(THB/shr)	(THB m)	(THB)
Real estate development (excluding low-rise)	9.0			25,820	10.5
BRI TB	8.0	70.37	14.0	8,400	3.4
<b>SoTP</b>				<b>34,220</b>	<b>13.9</b>

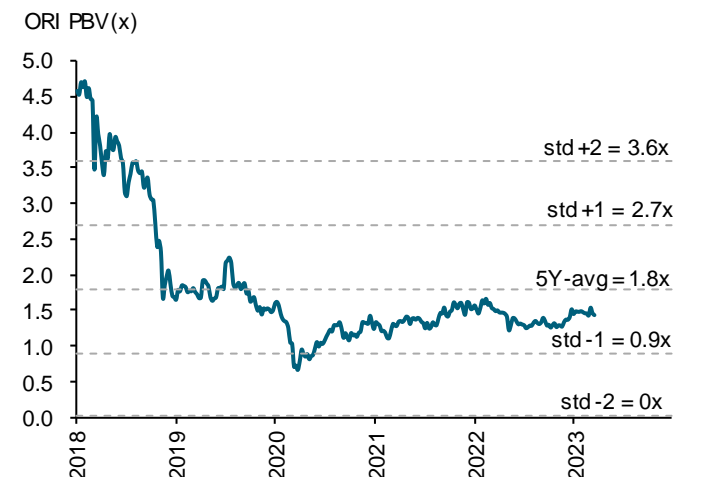
Sources: FSSIA estimates

### Exhibit 23: Historical P/E band



Sources: Bloomberg; FSSIA estimates

### Exhibit 24: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

## Exhibit 25: Peer comparisons as of 24 March 2023

Company	BBG	Rec	Market	3Y EPS		PE		DivYld		ROE		PBV	
				Cap	CAGR	23E	24E	23E	24E	23E	24E	23E	24E
			(USD m)	(%)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)	
<b>Thailand</b>													
Assetwise	ASW TB	BUY	208	18	7.0	6.6	6.5	6.8	17.6	17.5	1.2	1.1	
Noble Development	NOBLE TB	BUY	201	59	6.4	6.0	9.3	10.0	17.3	17.3	1.1	1.0	
SC Asset Corp	SC TB	BUY	522	2	6.6	6.4	6.0	6.1	11.7	11.3	0.8	0.7	
Supalai	SPALI TB	BUY	1,271	(5)	6.0	5.9	6.5	6.6	14.7	13.9	0.9	0.8	
Sansiri	SIRI TB	BUY	757	(0)	6.4	6.2	8.2	8.3	10.1	9.7	0.6	0.6	
AP Thailand	AP TB	BUY	1,097	4	6.0	5.8	5.9	5.9	16.2	15.0	0.9	0.8	
Britania	BRI TB	BUY	287	20	6.6	6.0	6.4	7.0	28.1	26.2	1.7	1.5	
Origin Property	ORI TB	BUY	853	13	8.7	7.7	6.3	6.5	17.5	18.0	1.5	1.3	
Land & Houses	LH TB	n/a	3,387	9	13.1	12.3	6.5	6.9	16.9	17.4	2.2	2.1	
LPN Development	LPN TB	n/a	198	30	11.8	10.4	5.0	5.6	4.9	5.5	0.6	0.5	
Pruksa Holding	PSH TB	n/a	808	7	9.9	9.8	7.3	7.3	6.3	6.3	0.6	0.6	
Quality Houses	QH TB	n/a	741	16	10.3	9.6	6.2	6.6	8.8	9.1	0.9	0.8	
<b>Average</b>			<b>10,330</b>	<b>7</b>	<b>8.2</b>	<b>7.7</b>	<b>6.7</b>	<b>7.0</b>	<b>14.2</b>	<b>13.9</b>	<b>1.1</b>	<b>1.0</b>	

Sources: Bloomberg; FSSIA estimates



## Financial Statements

### Origin Property

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	14,923	14,397	14,245	17,298	19,566
Cost of goods sold	(9,095)	(7,877)	(7,845)	(9,789)	(11,259)
<b>Gross profit</b>	<b>5,829</b>	<b>6,520</b>	<b>6,399</b>	<b>7,509</b>	<b>8,308</b>
Other operating income	344	182	190	190	190
Operating costs	(2,085)	(2,431)	(2,493)	(2,941)	(3,287)
<b>Operating EBITDA</b>	<b>4,087</b>	<b>4,271</b>	<b>4,096</b>	<b>4,759</b>	<b>5,211</b>
Depreciation	(183)	(300)	(312)	(324)	(337)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>3,904</b>	<b>3,971</b>	<b>3,785</b>	<b>4,434</b>	<b>4,873</b>
Net financing costs	(297)	(390)	(487)	(506)	(507)
Associates	(42)	416	1,388	1,367	1,213
Recurring non-operating income	(42)	416	1,388	1,367	1,213
Non-recurring items	676	1,162	0	0	0
<b>Profit before tax</b>	<b>4,242</b>	<b>5,159</b>	<b>4,686</b>	<b>5,295</b>	<b>5,579</b>
Tax	(865)	(947)	(857)	(1,021)	(1,135)
<b>Profit after tax</b>	<b>3,377</b>	<b>4,212</b>	<b>3,828</b>	<b>4,274</b>	<b>4,444</b>
Minority interests	(183)	(438)	(519)	(570)	(642)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>3,194</b>	<b>3,775</b>	<b>3,309</b>	<b>3,704</b>	<b>3,801</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(676)</b>	<b>(1,162)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>2,518</b>	<b>2,613</b>	<b>3,309</b>	<b>3,704</b>	<b>3,801</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.03	1.07	1.35	1.51	1.55
Reported EPS	1.30	1.54	1.35	1.51	1.55
DPS	0.54	0.72	0.74	0.75	0.77
Diluted shares (used to calculate per share data)	2,453	2,453	2,453	2,453	2,453
<b>Growth</b>					
Revenue (%)	42.3	(3.5)	(1.1)	21.4	13.1
Operating EBITDA (%)	37.7	4.5	(4.1)	16.2	9.5
Operating EBIT (%)	39.3	1.7	(4.7)	17.2	9.9
Recurring EPS (%)	0.0	3.8	26.7	11.9	2.6
Reported EPS (%)	18.4	18.2	(12.3)	11.9	2.6
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	37.8	43.2	42.7	41.5	40.7
Gross margin of key business (%)	37.8	43.2	42.7	41.5	40.7
Operating EBITDA margin (%)	27.4	29.7	28.8	27.5	26.6
Operating EBIT margin (%)	26.2	27.6	26.6	25.6	24.9
Net margin (%)	16.9	18.1	23.2	21.4	19.4
Effective tax rate (%)	20.4	18.4	18.3	19.3	20.3
Dividend payout on recurring profit (%)	52.6	67.6	55.0	50.0	50.0
Interest cover (X)	13.0	11.3	10.6	11.5	12.0
Inventory days	928.6	1,139.6	1,285.6	1,110.2	1,013.5
Debtor days	19.8	59.1	79.5	66.6	68.8
Creditor days	102.2	121.3	140.4	126.0	130.2
Operating ROIC (%)	12.9	11.3	9.4	10.4	11.0
ROIC (%)	10.5	10.0	10.0	10.6	10.7
ROE (%)	19.1	15.8	17.5	18.0	17.0
ROA (%)	8.5	8.1	8.6	9.0	8.9
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Project sales	13,623	11,676	11,198	14,145	16,279
Project management	925	1,665	1,700	1,700	1,700
Hotel operations and rental	87	394	414	422	431
Service income	288	661	932	1,031	1,156

Sources: Origin Property; FSSIA estimates

## Financial Statements

### Origin Property

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	2,518	2,613	3,309	3,704	3,801
Depreciation	183	300	312	324	337
Associates & minorities	-	-	-	-	-
Other non-cash items	-	-	-	-	-
Change in working capital	(1,335)	(5,183)	(2,062)	(1,590)	(1,021)
<b>Cash flow from operations</b>	<b>1,366</b>	<b>(2,270)</b>	<b>1,559</b>	<b>2,438</b>	<b>3,118</b>
Capex - maintenance	(577)	(5,166)	-	(724)	(637)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	(922)	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(577)</b>	<b>(5,166)</b>	<b>(922)</b>	<b>(724)</b>	<b>(637)</b>
Dividends paid	(578)	(237)	(1,820)	(1,852)	(1,901)
Equity finance	1,992	1,618	0	0	0
Debt finance	(1,046)	7,272	666	50	50
Other financing cash flows	-	-	-	-	-
<b>Cash flow from financing</b>	<b>369</b>	<b>8,653</b>	<b>(1,154)</b>	<b>(1,802)</b>	<b>(1,851)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>1,158</b>	<b>1,217</b>	<b>(517)</b>	<b>(88)</b>	<b>630</b>
Free cash flow to firm (FCFF)	1,085.95	(7,046.40)	1,123.82	2,219.76	2,987.72
Free cash flow to equity (FCFE)	(256.33)	(163.71)	1,302.64	1,763.76	2,530.24

#### Per share (THB)

FCFF per share	0.44	(2.87)	0.46	0.90	1.22
FCFE per share	(0.10)	(0.07)	0.53	0.72	1.03
Recurring cash flow per share	1.10	1.19	1.48	1.64	1.69

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	2,553	3,125	3,227	3,327	3,427
Less: Accumulated depreciation	(322)	(427)	(427)	(427)	(427)
<b>Tangible fixed assets (net)</b>	<b>2,232</b>	<b>2,698</b>	<b>2,800</b>	<b>2,900</b>	<b>3,000</b>
<b>Intangible fixed assets (net)</b>	<b>329</b>	<b>783</b>	<b>788</b>	<b>788</b>	<b>788</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	4,410	7,427	7,930	8,230	8,430
Cash & equivalents	1,966	3,183	2,665	2,577	3,207
A/C receivable	1,306	3,360	2,849	3,460	3,913
Inventories	22,846	26,339	28,929	30,621	31,902
Other current assets	1,939	3,435	3,464	3,579	3,603
<b>Current assets</b>	<b>28,056</b>	<b>36,317</b>	<b>37,907</b>	<b>40,236</b>	<b>42,625</b>
Other assets	372	865	921	944	920
<b>Total assets</b>	<b>35,398</b>	<b>48,091</b>	<b>50,347</b>	<b>53,100</b>	<b>55,765</b>
Common equity	14,937	18,132	19,621	21,473	23,374
Minorities etc.	1,003	1,801	1,801	1,801	1,801
<b>Total shareholders' equity</b>	<b>15,940</b>	<b>19,933</b>	<b>21,422</b>	<b>23,274</b>	<b>25,175</b>
Long term debt	7,063	14,204	14,697	14,732	14,768
Other long-term liabilities	584	595	616	707	733
<b>Long-term liabilities</b>	<b>7,647</b>	<b>14,799</b>	<b>15,313</b>	<b>15,440</b>	<b>15,500</b>
A/C payable	2,219	3,018	3,018	3,742	4,291
Short term debt	8,509	8,641	8,813	8,828	8,842
Other current liabilities	1,084	1,701	1,781	1,816	1,957
<b>Current liabilities</b>	<b>11,811</b>	<b>13,359</b>	<b>13,612</b>	<b>14,386</b>	<b>15,089</b>
<b>Total liabilities and shareholders' equity</b>	<b>35,398</b>	<b>48,091</b>	<b>50,347</b>	<b>53,100</b>	<b>55,765</b>
Net working capital	22,788	28,416	30,443	32,101	33,171
Invested capital	30,130	40,190	42,883	44,964	46,310

\* Includes convertibles and preferred stock which is being treated as debt

#### Per share (THB)

Book value per share	6.09	7.39	8.00	8.75	9.53
Tangible book value per share	5.96	7.07	7.68	8.43	9.21

#### Financial strength

Net debt/equity (%)	85.4	98.6	97.3	90.2	81.0
Net debt/total assets (%)	38.4	40.9	41.4	39.5	36.6
Current ratio (x)	2.4	2.7	2.8	2.8	2.8
CF interest cover (x)	0.1	0.6	3.7	4.5	6.0

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>11.4</b>	<b>11.0</b>	<b>8.7</b>	<b>7.7</b>	<b>7.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>13.5</b>	<b>13.0</b>	<b>10.3</b>	<b>9.2</b>	<b>9.0</b>
Reported P/E (x)	9.0	7.6	8.7	7.7	7.5
Dividend yield (%)	4.6	6.2	6.3	6.5	6.6
Price/book (x)	1.9	1.6	1.5	1.3	1.2
Price/tangible book (x)	2.0	1.7	1.5	1.4	1.3
EV/EBITDA (x) **	10.6	11.7	12.5	10.8	9.8
EV/EBITDA @ target price (x) **	11.9	13.0	13.9	12.0	10.8
EV/invested capital (x)	1.4	1.2	1.2	1.1	1.1

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: Origin Property; FSSIA estimates

## Public disclosures related to sustainable development evaluation of Thai listed companies

**Rating** regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

### CG Score by the Thai Institute of Directors Association (Thai IOD)<sup>1</sup>

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

### AGM Checklist by the Thai Investors Association (TIA)<sup>2</sup>

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

### CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)<sup>3</sup>

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

### Sustainability Investment (THSI)<sup>4</sup> by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices<sup>5</sup> (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

#### Disclaimer:

<sup>1</sup> Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

<sup>2</sup> Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

<sup>3</sup> Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

<sup>4</sup> Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

<sup>5</sup> Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Origin Property	ORI TB	THB 11.70	BUY	Downside risks to our SoTP-based TP include 1) a slower-than-expected economic recovery; 2) weaker-than-expected presales; 3) a high cancellation rate of presales and rejections from banks; 4) delays in construction and/or a labour shortage; 5) intense competition and an increase in raw material costs; and 6) lower-than-expected performance for its subsidiaries.
Assetwise	ASW TB	THB 8.30	BUY	Downside risks to our P/E-based TP include 1) weaker than expected consumer purchasing power; 2) cancellation of presales; 3) customer loan rejections; 4) delays in construction; 5) intense competition; and 6) rising construction costs.
Noble Development	NOBLE TB	THB 5.00	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected purchasing power; 2) cancellation of presales; 3) bank loan rejections; 4) delays in construction work and transfers; and 5) fierce competition.
SC Asset Corporation	SC TB	THB 4.18	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected purchasing power; 2) cancellation of presales; 3) bank loan rejections; and 4) construction delays.
Supalai	SPALI TB	THB 22.20	BUY	Downside risks to our P/E derived TP are cost overruns; delays or poor receptions for new launches; presale cancellations; inability of homebuyers to obtain mortgage financing; and weak take-up rates and reduced pricing power from rising competition.
Sansiri	SIRI TB	THB 1.67	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) rising competition; 3) construction delays and increasing raw material prices; 4) the impact of the expiration of loan-to-value (LTV) limit easing; and 5) a high level of IBD/E.
AP (Thailand)	AP TB	THB 11.90	BUY	Downside risks to our P/E-based TP include 1) rising competition in the low-rise market, such that it could hurt take-up rates; 2) weaker-than-expected take-up rates of new launches; 3) construction delays from labour shortages; 4) increasing raw material prices; and 5) the impact of the expiration of the loan-to-value (LTV) limit easing.
Britania	BRI TB	THB 11.50	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) a slower-than-expected economic recovery and weak purchasing power; 3) intense competition; 4) construction delays and labour shortages; 5) an increase in raw material costs; and 6) challenging new launches in the upcountry market.

Source: FSSIA estimates

#### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 24-Mar-2023 unless otherwise stated.



## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.