

MINOR INTERNATIONAL MINT TB

THAILAND / TOURISM & LEISURE

BUY

UNCHANGED

Strong earnings to overcome concerns

- Expect MINT's 3Q22 core profit to grow to THB1.8b (+51% q-q), exceeding 3Q19 by 29%, led by strong RevPAR of NHH.
- Recovery in non-NHH operations to be led by Thai hotels; NHH profit should drop slightly, leading to higher earnings in 2023.
- Maintain BUY with a new DCF-TP of THB40/shr.

TARGET PRICE	THB40.00
CLOSE	THB28.25
UP/DOWNSIDE	+41.6%
PRIOR TP	THB43.00
CHANGE IN TP	-7.0%
TP vs CONSENSUS	+9.1%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	68,251	118,571	136,096	143,424
Net profit	(13,167)	1,063	5,493	7,046
EPS (THB)	(2.53)	0.20	0.98	1.22
vs Consensus (%)	-	(33.8)	12.5	(7.6)
EBITDA	9,588	26,714	32,371	35,135
Core net profit	(9,315)	1,063	5,493	7,046
Core EPS (THB)	(1.79)	0.18	0.95	1.22
Chg. In EPS est. (%)	nm	0.0	(13.2)	(4.6)
EPS growth (%)	nm	nm	416.5	28.3
Core P/E (x)	(15.8)	152.9	29.6	23.1
Dividend yield (%)	-	0.2	1.2	1.5
EV/EBITDA (x)	37.4	12.9	11.1	10.1
Price/book (x)	2.2	2.1	2.5	2.6
Net debt/Equity (%)	251.5	230.2	254.2	239.4
ROE (%)	(13.8)	1.6	8.3	11.2

NH Hotel's 3Q22 core profit should hit a record high

We expect MINT to post strong 3Q22 earnings. NH Hotels (NHH SM) should book a record high core profit of EUR70m (+9% q-q), which would imply a cTHB2.4b profit contribution to MINT. The key driver is strong RevPAR that should exceed the pre-Covid level by 24%, along with an estimated OCC rate of 70% and ADR of EUR140 (+31% vs 3Q19). Meanwhile, the RevPAR of Thai hotels should recover to 75% of the pre-Covid level (vs 57% in 2Q22). Its food business should grow q-q, led by +15% y-y SSSG at restaurants in Thailand and improving operations in China. We forecast 3Q22 core profit to grow 51% q-q to THB1.8b.

Declining natural gas prices in Europe should ease concerns

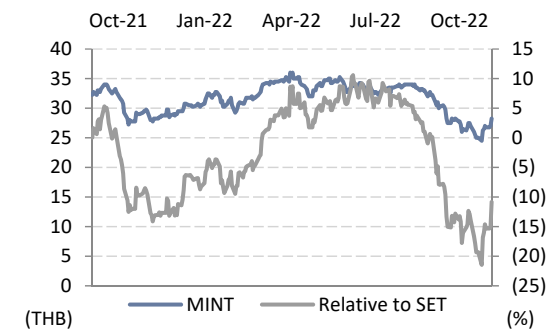
Natural gas in Europe has dropped below EUR100/MWh from the peak of EUR350 in Aug-22 for the first time since the Russia-Ukraine war began, due to full gas storage and lower demand from mild weather. This, coupled with MINT's strategy to hedge utility prices at up to 65% of total 2023 consumption, should ease investors' concerns. We conservatively forecast utilities costs to hit 14% of revenue in 2023 from 4% in 2019. As a result, we forecast NHH's core profit contribution to MINT at THB2.9b in 2023 (vs THB3.2b in 2022E) with a potential upside from ADR, assumed at EUR126 (+22% vs 2019 and +3% vs 2022E), and an OCC rate of 69% (vs 72% in 2019) led by MICE recovery and long-haul travel growth.

Expect core profit to jump by 5x in 2023

We expect MINT's core profit to jump from THB1.1b in 2022 to THB5.5b in 2023. Aside from NHH's profit – which should be flat or slightly down – we expect non-NHH earnings to recover. Furthermore, the RevPAR of Thai hotels should recover to the pre-Covid level, driven by ADR, while its food business should capture strong pent-up dine-in demand.

Share price has already priced in concerns

We maintain 2022E core profit but revise down our forecasts for 2023-24 by 5-13% to reflect higher utilities costs and an expected higher interest expense, mainly from NHH, thus deriving a new 2023 DCF-based TP of THB40/shr (from THB43/shr). With its share price down 13% over the past three months amid concerns over energy costs, MINT is trading at 30x/23x 2023E/2024E P/E, compared to its five-year average of 35x.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.8	(13.1)	(13.1)
Relative to country (%)	3.4	(15.4)	(10.9)
Mkt cap (USD m)	3,948		
3m avg. daily turnover (USD m)	21.0		
Free float (%)	61		
Major shareholder	Minor Holdings (Thai) (16%)		
12m high/low (THB)	36.25/24.10		
Issued shares (m)	5,754.62		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We believe MINT’s earnings have already hit the bottom and its operation is now in a recovery mode. We expect core profit to turn around in 2022, led by its European hotel portfolio and the food business.

NH Hotels should continue to deliver strong performance. We expect a recovery in business travel and pent-up demand from long-haul travellers to be the key growth drivers in 2023, which should offset rising utilities costs and potential interest rate hikes.

We expect MINT’s core profit to return to the pre-Covid level by 2024, with a potential upside from a better EBITDA margin arising from cost-saving measures which should permanently reduce some expenses.

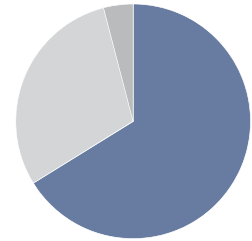
Company profile

MINT is one of the largest hospitality and leisure companies in the Asia Pacific region.

www.minor.com

Principal activities (revenue, 2021)

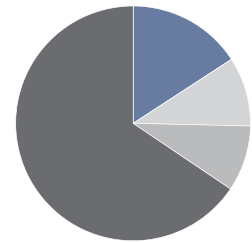
- Hotel & Mixed-use - 66.2 %
- F&B revenue - 29.8 %
- Retail revenue - 4.1 %



Source: Minor International

Major shareholders

- Minor Holdings (Thai) - 15.8 %
- Niti Osathanugrah - 9.5 %
- Thai NVDR - 9.1 %
- Others - 65.6 %



Source: Minor International

Catalysts

Key potential growth drivers include 1) a faster occupancy rate ramp-up following a global tourism recovery; 2) improving consumption and economic growth resulting in strong SSSG; and 3) the easing of travel restrictions between countries.

Risks to our call

Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

Event calendar

Date	Event
Nov-22	3Q22 results announcement

Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
Owned & leased hotels			
- Number of rooms (no.)	56,921	56,921	56,921
- Occupancy rate (OCC)	59	68	71
- RevPAR growth	119	22	5
Food business			
- Number of outlets (no.)	2,461	2,559	2,661
- Same-Store Sales Growth (SSSG)	9	2	2
- Total System Sales Growth (TSSG)	21	6	6

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in OCC, we project a 2023 profit increase of 5%, and vice versa, all else being equal.
- For every 1% increase in SSSG, we project a 2023 profit increase of 1%, and vice versa, all else being equal.

Source: FSSIA estimates

3Q22 results preview

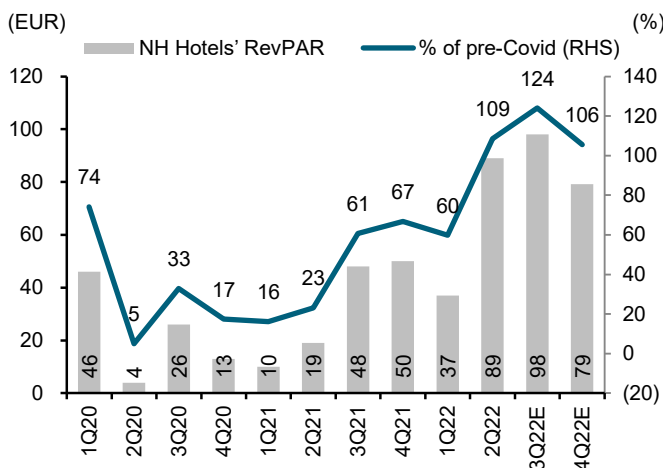
We expect NH Hotel (NHH SM)'s 3Q22 revenue to grow by 9% q-q to EUR557m, exceeding the pre-Covid level by 27%. We project the OCC rate to improve to 70% (vs 69% in 2Q22) and ADR to improve to EUR140 (vs EUR128 in 2Q22). As a result, NHH's RevPAR should exceed the 3Q19 level by 24%. The EBITDA margin should be flat q-q at 35%. Thus, we forecast NHH's 3Q22 core profit at EUR70m (vs EUR64m in 2Q22), implying a cTHB2.4b profit contribution to MINT in 3Q22 (vs THB2.2b in 2Q22 and THB0.8b in 3Q19).

Non-NHH operations should post a recovery led by Thai hotels and the food business. RevPAR at Thai hotels should recover to 75% of the pre-Covid level in 2Q22 (vs 57% of pre-Covid in 2Q22), with an OCC rate of c52% (vs 43% in 2Q22) and an ADR of cTHB5,600 (vs THB5,098 in 2Q22 and THB5,180 in 3Q19).

In addition, we project food business revenue to grow by 15% q-q. Thai restaurants should record strong SSSG of 15% y-y (vs 13% y-y in 2Q22), while SSSG at its restaurants in China should recover to -10% y-y (vs -43% y-y in 2Q22). The EBITDA margin should be flat q-q at 17%.

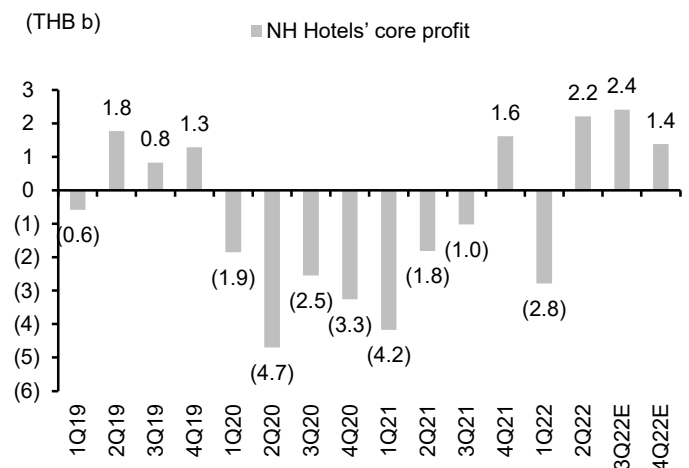
As a result, we estimate the non-NHH core loss to narrow to THB0.6b in 3Q22 from the THB1.0b core loss seen in 2Q22. Overall, we forecast MINT's core profit at THB1.8b in 3Q22, a slight improvement from THB1.2b in 2Q22.

Exhibit 1: NHH's RevPAR



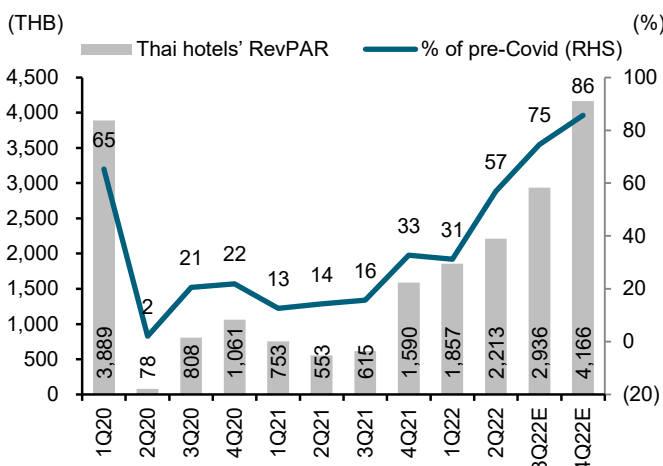
Source: NHH; MINT; FSSIA estimates

Exhibit 2: NHH's core profit contribution to MINT



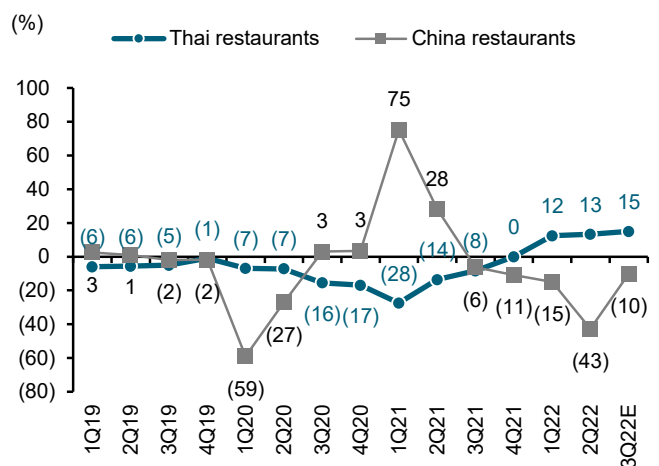
Note: Based on the 94% stake that MINT holds in NHH
Source: NHH; MINT; FSSIA estimates

Exhibit 3: Thai hotels' RevPAR



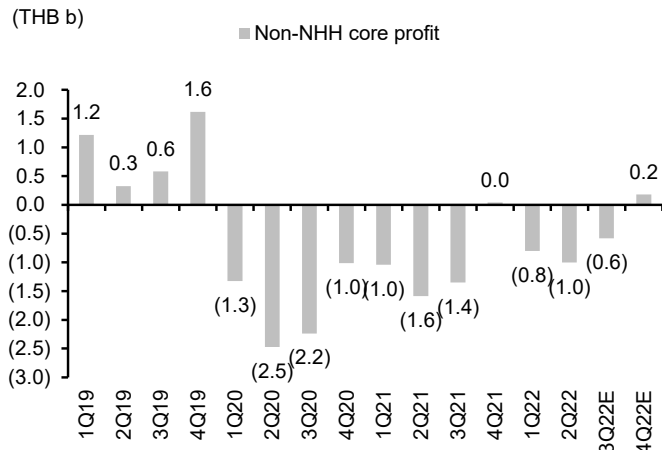
Source: MINT; FSSIA estimates

Exhibit 4: Food business SSSG in Thailand and China



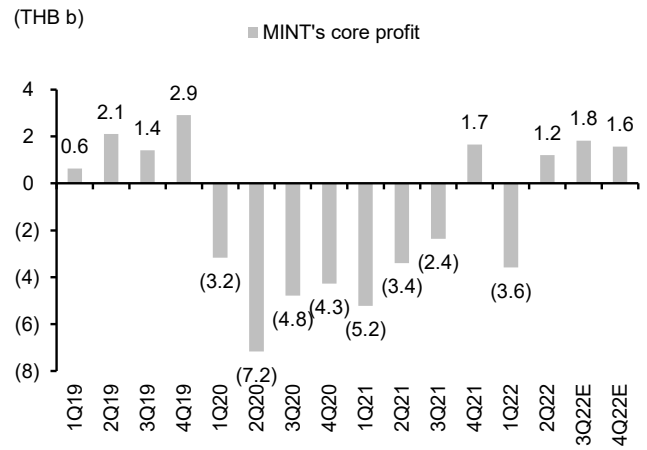
Source: MINT; FSSIA estimates

Exhibit 5: Non-NHH core profit



Source: MINT; FSSIA estimates

Exhibit 6: MINT's core profit



Source: MINT; FSSIA estimates

Exhibit 7: 3Q22 results preview

	3Q21	4Q21	1Q22	2Q22	3Q22E	Change		2022E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	18,556	23,990	19,630	31,423	33,538	7	81	118,571	74
-Hotel & Mixed-use	13,241	17,416	12,967	24,770	25,883	4	95	91,206	102
-Restaurant	4,775	5,639	6,123	6,066	6,982	15	46	24,816	22
-Retail	540	935	541	587	673	15	25	2,550	(8)
COGS (incl. depreciation)	(12,816)	(13,962)	(13,591)	(17,064)	(18,178)	7	42	(66,651)	41
Gross Profit	5,740	10,028	6,040	14,359	15,360	7	168	51,921	149
SG&A	(7,757)	(8,733)	(9,023)	(10,797)	(11,553)	7	49	(45,057)	44
Operating Profit	(2,017)	1,295	(2,983)	3,562	3,807	7	289	6,864	166
Net other income	1,214	2,416	833	720	828	15	(32)	2,902	(52)
Interest income	130	197	151	174	174	0	34	607	(4)
Interest expense	(2,163)	(1,695)	(2,056)	(2,157)	(2,221)	3	3	(8,633)	6
Pretax profit	(2,837)	2,213	(4,056)	2,300	2,589	13	191	1,740	115
Income Tax	438	(666)	145	(812)	(595)	(27)	(236)	(783)	(148)
Associates	(84)	30	55	(137)	(10)	(93)	(88)	166	(179)
Minority interest	116	79	274	(140)	(160)	14	(238)	(59)	(106)
Core profit	(2,367)	1,657	(3,582)	1,210	1,823	51	177	1,063	111
Extraordinaries, GW & FX	1,931	(3,214)	(212)	351				0	
Reported net profit	(436)	(1,557)	(3,794)	1,561	1,823	17	519	1,063	108
Shares out (end Q, m)	5,199	5,214	5,218	5,257	5,257	0	1	5,755	10
Core EPS	(0.5)	0.3	(0.7)	0.2	0.3	51	176	0.2	110
EPS	(0.1)	(0.3)	(0.7)	0.3	0.3	17	514	0.2	107
COGS (excl. depreciation)	(7,747)	(8,952)	(8,901)	(12,176)	(13,094)	8	69	(46,801)	70
Depreciation	(5,069)	(5,009)	(4,690)	(4,888)	(5,084)	4	0	(19,850)	(0)
EBITDA	4,312	8,948	2,745	9,208	9,884	7	129	30,389	89
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)
Gross margin	31	42	31	46	46	0	15	44	13
SG&A/Revenue	42	36	46	34	34	0	(7)	38	(8)
Total EBITDA margin	22	33	13	28	29	0	7	23	8
Net profit margin	(2)	(6)	(18)	5	5	0	7	1	18
Operating stat									
Owned & leased RevPAR (y-y %)									
Total	107	278	252	334	n/a				
Thailand	(24)	50	147	300	n/a				
Maldives	nm	nm	nm	nm	n/a				
Europe & The Americas (NHH)	85	285	270	368	n/a				
SSSG (y-y %)									
Total	(7)	(2)	4	8	n/a				
Thailand	(8)	0	12	13	n/a				
China	(6)	(11)	(15)	(43)	n/a				
TSSG (y-y %)									
Total	(8)	6	12	13	n/a				
Thailand	(14)	9	20	26	n/a				
China	15	7	(2)	(52)	n/a				

Sources: MINT; FSSIA estimates

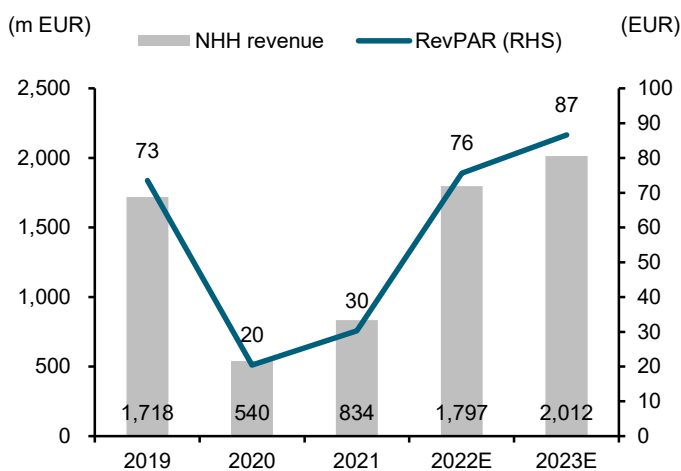
Forecast and TP revisions

We assume NHH's 2023 core profit contribution to MINT will drop by 9% y-y to THB2.9b. We expect utilities costs to increase by 120% y-y – equivalent to a four-fold rise compared to the pre-Covid level – following a rise in natural gas prices (based on Dutch TTF) to an average of EUR120/MWh in 2023 (vs EUR15 in 2019, EUR47 in 2021 and EUR136 in 10M22), based on 65% hedging of total utilities consumption in 2023. In addition, we expect interest expenses to increase by 10% following the interest rate increase by 1%.

We also forecast non-NHH core profit to recover to THB2.6b, which is still conservative compared to the THB3.7b core profit in 2019, in our view.

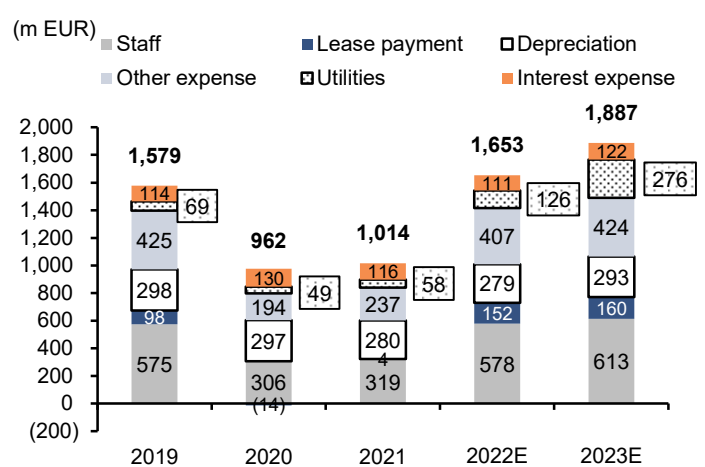
Overall, we maintain our 2022 core profit forecast, but revise down our estimates for 2023-24 by 5-13% to reflect higher utilities costs and higher interest expenses, mainly from NHH, to derive our new 2023 DCF-based TP of THB40/shr (from THB43/shr). Our new TP implies 33x 2024E P/E, which is lower than its five-year average of 35x.

Exhibit 8: NHH's revenue and RevPAR



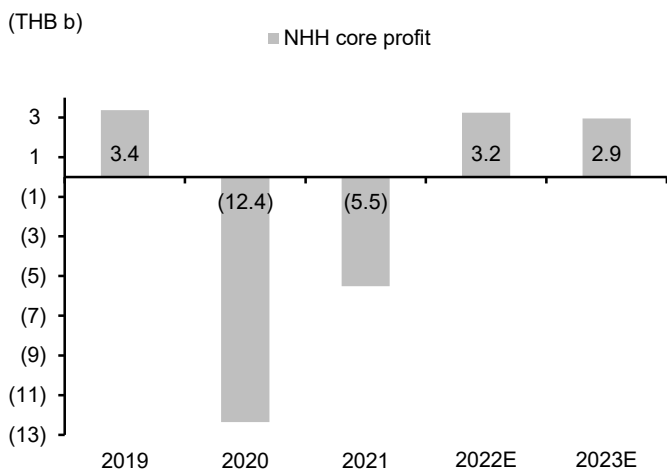
Sources: NHH; MINT; FSSIA estimates

Exhibit 9: NHH's expenses



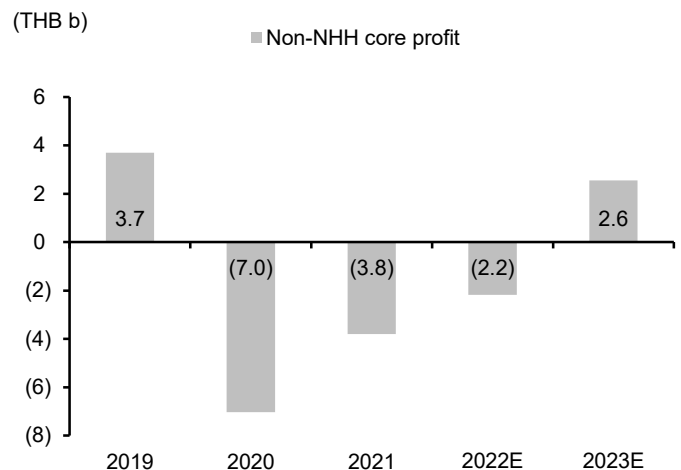
Sources: NHH; MINT; FSSIA estimates

Exhibit 10: NHH's core profit contribution to MINT, annually



Note: Based on the 94% stake that MINT holds in NHH
Source: NHH; MINT; FSSIA estimates

Exhibit 11: Non-NHH core profit, annually



Sources: MINT; FSSIA estimates

Exhibit 12: Natural gas price in Europe (Dutch TTF)



Source: Bloomberg

Exhibit 13: Changes in key assumptions

	Current			Previous			Change (%)		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Hotel - OCC (%)	59	68	71	55	69	71	4.0	(1.4)	(0.4)
Hotel - RevPAR (THB)	2,816	3,342	3,530	2,610	3,414	3,622	7.9	(2.1)	(2.5)
Food - SSSG (%)	9	2	2	5	2	2	4.0	-	-
Food - TSSG (%)	21	6	6	17	6	6	4.0	-	-
Revenue (THB b)	118.6	136.1	143.4	111.6	131.8	136.8	6.3	3.3	4.9
EBITDA margin (%)	22.5	23.8	24.5	22.8	24.8	25.3	(0.3)	(1.0)	(0.8)
Core earnings (THB b)	1.1	5.5	7.0	1.1	6.3	7.4	0.0	(13.2)	(4.6)

Note: Change of items in percentage terms is represented in ppt change
Source :FSSIA estimates

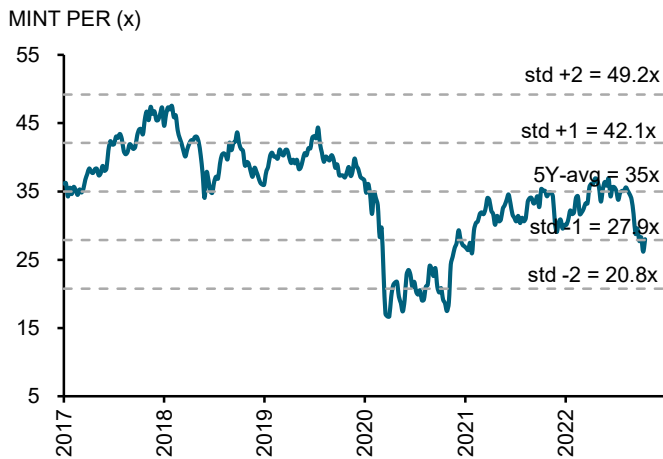
Exhibit 14: DCF valuation

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		3.0	Pre-tax cost of debt		4.0
Market risk premium		8.0	Marginal tax rate		20.0
Stock beta		1.3			
Cost of equity, Ke		13.3	Net cost of debt, Kd		3.2
Weight applied		50.0	Weight applied		50.0
WACC		8.3			

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	162.9	28.3	WACC 8.3%, risk-free rate 3%, risk premium 8%
Terminal value	262.1	45.5	Terminal growth 2.5%
Cash & liquid assets	14.8	2.6	At end-2023E
Investments	16.2	2.8	At end-2023E
Debt	(214.1)	(37.2)	At end-2023E
Minorities	(11.8)	(2.0)	At end-2023E
Residual ordinary equity	230.2	40.0	

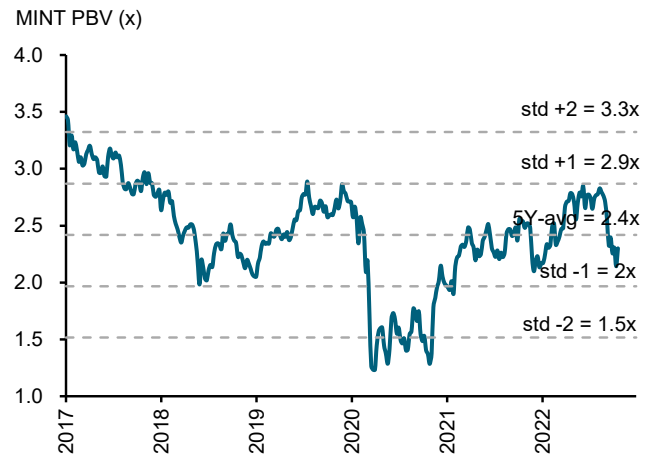
Source: FSSIA estimates

Exhibit 15: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 16: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 17: Share price performance of tourism stocks

Stocks	Price performance			
	2020	2021	2022 YTD	Since 2019
AWC TB	(22.1)	1.8	28.2	1.7
CENTEL TB	(5.2)	31.9	64.8	106.0
ERW TB	(39.5)	29.9	48.0	16.2
SHR TB	(22.2)	22.0	19.3	13.3
MINT TB	(27.4)	11.7	(1.7)	(20.3)
DUSIT TB	(20.1)	30.3	14.9	19.6
AAV TB	5.2	13.4	17.3	39.9
BA TB	(7.9)	52.3	31.3	84.2
AOT TB	(16.2)	(2.0)	20.9	(0.7)
Average	(17.3)	21.2	27.0	28.9

Source: Bloomberg

Exhibit 18: Market cap comparison with pre-Covid level of tourism stocks

No.	Stock	Avg market cap in 2019 (THB m)	Current market cap (THB m)	Differ	
				(THB m)	(%)
1	AWC	187,280	190,405	(3,125)	(2)
2	CENTEL	48,245	69,525	(21,280)	(44)
3	ERW	16,052	20,120	(4,068)	(25)
4	SHR	13,691	12,865	825	6
5	MINT	174,829	149,018	25,810	15
6	DUSIT	8,612	9,860	(1,248)	(14)
7	AOT	1,018,866	1,053,570	(34,704)	(3)
8	AAV	17,265	34,972	(17,707)	(103)
9	BA	21,124	26,880	(5,756)	(27)

Source: Bloomberg

Exhibit 19: Peer comparisons as of 26 October 2022

Company	BBG	Rec	Share price			Market Cap (USD m)	PE			ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		22E (x)	23E (x)	24E (x)	22E (%)	23E (%)	22E (x)	23E (x)	22E (x)	23E (x)
Thailand															
Asset World Corp	AWC TB	BUY	5.95	6.50	9	5,044	(646.1)	91.3	53.6	(0.4)	2.5	2.3	2.2	95.3	42.9
Minor International	MINT TB	BUY	28.25	40.00	42	3,948	152.9	29.6	23.1	1.6	8.3	2.1	2.5	12.9	11.1
Central Plaza Hotel	CENTEL TB	BUY	51.50	54.00	5	1,842	168.2	33.1	28.2	2.3	10.8	3.8	3.4	22.3	14.5
Erawan Group	ERW TB	BUY	4.44	4.70	6	533	(46.3)	47.2	39.6	(7.5)	7.4	3.6	3.4	42.2	16.4
S Hotels & Resorts	SHR TB	BUY	3.58	5.00	40	341	(79.4)	29.4	19.3	(1.0)	2.8	0.8	0.8	15.8	9.4
Dusit Thani	DUSIT TB	BUY	11.60	18.00	55	261	(14.7)	90.8	27.0	(22.3)	3.9	3.6	3.4	163.5	32.2
Thailand average						11,968	(77.6)	53.6	31.8	(4.6)	5.9	2.7	2.6	58.7	21.1
Regional															
Shanghai Jin Jiang Cap.	2006 HK	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.1	4.2	n/a	n/a	n/a	n/a
Btg Hotels Group	600258 CH	n/a	22.01	n/a	n/a	3,427	n/a	25.9	19.5	(1.4)	7.9	2.2	2.1	24.6	13.2
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.87	n/a	n/a	7,542	60.8	8.2	6.0	1.8	9.4	0.9	0.8	34.8	18.3
Huangshan Tourism Dev.	900942 CH	n/a	0.70	n/a	n/a	851	111.0	13.2	9.8	(0.5)	5.9	0.9	0.8	39.0	9.4
Genting Bhd	GENT MK	n/a	4.39	n/a	n/a	3,587	23.2	12.1	9.6	2.4	4.6	0.5	0.5	8.1	6.6
Greentree Hospitality	GHG US	n/a	2.50	n/a	n/a	265	11.7	5.7	4.3	8.7	15.2	1.0	0.8	5.6	2.8
Huazhu Group	HTHT US	n/a	26.84	n/a	n/a	9,484	n/a	36.5	27.2	(0.7)	18.3	6.1	5.5	54.7	15.5
Indian Hotels	IH IN	n/a	319.75	n/a	n/a	5,505	n/a	56.4	43.6	(4.5)	10.7	7.7	5.9	89.1	31.1
Lemon Tree Hotels	LEMONTRE IN	n/a	84.65	n/a	n/a	813	n/a	75.2	44.8	(6.2)	9.1	7.8	7.5	58.6	24.3
Lippo Karawaci	LPKR IJ	n/a	101.00	n/a	n/a	460	50.5	16.1	21.3	0.7	2.2	0.4	0.4	7.9	7.1
Regional average						31,934	51.4	27.7	20.7	0.1	8.8	3.0	2.7	35.8	14.3
Overall average						43,902	(18.9)	38.0	25.1	(1.6)	7.7	2.9	2.7	44.9	17.0

Sources: Bloomberg; FSSIA estimates

Financial Statements

Minor International

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	55,858	68,251	118,571	136,096	143,424
Cost of goods sold	(28,652)	(27,475)	(46,801)	(52,281)	(54,362)
Gross profit	27,206	40,776	71,771	83,815	89,062
Other operating income	-	-	-	-	-
Operating costs	(26,715)	(31,188)	(45,057)	(51,444)	(53,928)
Operating EBITDA	492	9,588	26,714	32,371	35,135
Depreciation	(18,602)	(19,942)	(19,850)	(20,271)	(20,931)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(18,111)	(10,354)	6,864	12,100	14,204
Net financing costs	(6,876)	(7,484)	(8,026)	(8,513)	(8,445)
Associates	(464)	(209)	166	828	887
Recurring non-operating income	1,701	5,888	3,068	3,817	3,966
Non-recurring items	(2,019)	(3,852)	0	0	0
Profit before tax	(25,305)	(15,802)	1,906	7,403	9,725
Tax	2,601	1,627	(783)	(1,644)	(2,386)
Profit after tax	(22,703)	(14,175)	1,123	5,759	7,339
Minority interests	1,296	1,009	(59)	(267)	(293)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(21,407)	(13,167)	1,063	5,493	7,046
Non-recurring items & goodwill (net)	2,019	3,852	0	0	0
Recurring net profit	(19,388)	(9,315)	1,063	5,493	7,046
Per share (THB)					
Recurring EPS *	(3.74)	(1.79)	0.18	0.95	1.22
Reported EPS	(4.13)	(2.53)	0.20	0.98	1.22
DPS	0.00	0.00	0.07	0.33	0.42
Diluted shares (used to calculate per share data)	5,182	5,214	5,755	5,755	5,755
Growth					
Revenue (%)	(52.9)	22.2	73.7	14.8	5.4
Operating EBITDA (%)	(97.3)	1,850.7	178.6	21.2	8.5
Operating EBIT (%)	nm	nm	nm	76.3	17.4
Recurring EPS (%)	nm	nm	nm	416.5	28.3
Reported EPS (%)	nm	nm	nm	381.4	24.7
Operating performance					
Gross margin inc. depreciation (%)	15.4	30.5	43.8	46.7	47.5
Gross margin of key business (%)	15.4	30.5	43.8	46.7	47.5
Operating EBITDA margin (%)	0.9	14.0	22.5	23.8	24.5
Operating EBIT margin (%)	(32.4)	(15.2)	5.8	8.9	9.9
Net margin (%)	(34.7)	(13.6)	0.9	4.0	4.9
Effective tax rate (%)	11.4	13.9	45.0	25.0	27.0
Dividend payout on recurring profit (%)	-	-	37.5	35.0	34.0
Interest cover (X)	(2.4)	(0.6)	1.2	1.9	2.2
Inventory days	49.8	47.6	31.1	29.3	26.7
Debtor days	91.0	72.0	45.1	39.3	37.3
Creditor days	225.1	223.9	169.2	153.2	129.2
Operating ROIC (%)	(6.9)	(3.1)	1.4	3.4	3.9
ROIC (%)	(5.5)	(1.2)	1.8	3.9	4.5
ROE (%)	(27.2)	(13.8)	1.6	8.3	11.2
ROA (%)	(4.7)	(1.1)	1.5	3.4	4.0
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Hotel & Mixed-use	32,714	45,160	91,206	106,480	112,131
F&B revenue	19,491	20,321	24,816	26,305	27,883
Retail revenue	3,653	2,770	2,550	3,311	3,410

Sources: Minor International; FSSIA estimates

Financial Statements

Minor International

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	(19,388)	(9,315)	1,063	5,493	7,046
Depreciation	18,602	19,942	19,850	20,271	20,931
Associates & minorities	-	-	-	-	-
Other non-cash items	(2,368)	(5,186)	59	267	293
Change in working capital	(4,216)	6,605	5,421	(7,821)	596
Cash flow from operations	(7,369)	12,046	26,394	18,209	28,866
Capex - maintenance	(114,585)	(27,042)	(12,000)	(10,000)	(12,040)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(1,234)	(197)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(115,818)	(27,238)	(12,000)	(10,000)	(12,040)
Dividends paid	0	0	0	(362)	(1,867)
Equity finance	18,022	(453)	0	(11,551)	(5,033)
Debt finance	118,568	(5,883)	(13,000)	(8,000)	(8,000)
Other financing cash flows	(545)	20,436	0	0	0
Cash flow from financing	136,045	14,101	(13,000)	(19,912)	(14,900)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	12,857	(1,092)	1,394	(11,703)	1,926
Free cash flow to firm (FCFF)	(115,735.09)	(7,074.20)	23,026.96	17,363.82	25,629.12
Free cash flow to equity (FCFE)	(5,164.81)	(638.87)	1,393.92	209.27	8,826.57

Per share (THB)	2020	2021	2022E	2023E	2024E
FCFF per share	(20.11)	(1.23)	4.00	3.02	4.45
FCFE per share	(0.90)	(0.11)	0.24	0.04	1.53
Recurring cash flow per share	(0.61)	1.04	4.02	4.65	4.91

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	369,508	392,452	404,452	414,452	426,491
Less: Accumulated depreciation	(89,194)	(104,820)	(124,670)	(144,941)	(165,872)
Tangible fixed assets (net)	280,314	287,632	279,781	269,510	260,619
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	16,052	16,249	16,249	16,249	16,249
Cash & equivalents	26,188	25,097	26,490	14,787	16,714
A/C receivable	12,286	14,638	14,638	14,638	14,638
Inventories	3,683	3,490	4,488	3,898	4,053
Other current assets	9,908	5,602	6,841	6,397	6,741
Current assets	52,064	48,827	52,457	39,719	42,145
Other assets	13,896	16,926	16,926	16,926	16,926
Total assets	362,327	369,633	365,413	342,404	335,939
Common equity	66,981	68,023	69,086	62,666	62,812
Minorities etc.	9,343	11,470	11,529	11,796	12,089
Total shareholders' equity	76,324	79,492	80,615	74,462	74,900
Long term debt	230,800	224,576	211,576	203,576	195,576
Other long-term liabilities	33,048	38,610	38,610	38,610	38,610
Long-term liabilities	263,849	263,187	250,177	242,177	234,177
A/C payable	15,310	18,394	25,009	18,867	19,618
Short term debt	140	482	482	482	482
Other current liabilities	6,703	8,079	9,121	6,407	6,752
Current liabilities	22,154	26,954	34,611	25,756	26,852
Total liabilities and shareholders' equity	362,327	369,633	365,413	342,404	335,939
Net working capital	3,863	(2,742)	(8,163)	(342)	(938)
Invested capital	314,125	318,064	304,793	302,343	292,855

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

Per share (THB)	2020	2021	2022E	2023E	2024E
Book value per share	12.92	13.05	13.25	11.20	10.91
Tangible book value per share	12.92	13.05	13.25	11.20	10.91




Financial strength	2020	2021	2022E	2023E	2024E
Net debt/equity (%)	268.3	251.5	230.2	254.2	239.4
Net debt/total assets (%)	56.5	54.1	50.8	55.3	53.4
Current ratio (x)	2.4	1.8	1.5	1.5	1.6
CF interest cover (x)	0.2	0.9	1.2	1.0	2.0

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	(7.6)	(15.8)	152.9	29.6	23.1
Recurring P/E @ target price (x) *	(10.7)	(22.4)	216.5	41.9	32.7
Reported P/E (x)	(6.8)	(11.2)	138.5	28.8	23.1
Dividend yield (%)	-	-	0.2	1.2	1.5
Price/book (x)	2.2	2.2	2.1	2.5	2.6
Price/tangible book (x)	2.2	2.2	2.1	2.5	2.6
EV/EBITDA (x) **	733.4	37.4	12.9	11.1	10.1
EV/EBITDA @ target price (x) **	857.3	43.8	15.2	13.1	12.0
EV/invested capital (x)	1.1	1.1	1.1	1.2	1.2

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

Sources: Minor International; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

 EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRS	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
 VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPP	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAHA	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
 GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

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Sources: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

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Teerapol Udomvej, CFA FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Minor International	MINT TB	THB 28.25	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Asset World Corp	AWC TB	THB 5.95	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Central Plaza Hotel	CENTEL TB	THB 51.50	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
The Erawan Group	ERW TB	THB 4.44	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
S Hotels and Resorts	SHR TB	THB 3.58	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Dusit Thani	DUSIT TB	THB 11.60	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

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 26-Oct-2022 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.