

MINOR INTERNATIONAL MINT TB  
THAILAND / FOOD & BEVERAGE

BUY

UNCHANGED

## กำไรปกติ 2Q23 อาจทำสถิติสูงสุดใหม่

- คาดกำไรปกติของ NH Hotel จะทำสถิติสูงสุดใหม่ที่ EUR79ล้านซึ่งจะช่วยหนุนกำไรปกติของ MINT ให้เพิ่มเป็น 2.9พัน ลบ. ใน 2Q23
- กำไรน่าจะดีต่อเนื่องใน 3Q23; กระแสเงินสดที่ดีบอถึงความสามารถในการชำระหนี้
- คงแนะนำซื้อหลังปรับราคาเป้าหมายขึ้นเป็น 43 บาท (DCF)

TARGET PRICE	THB43.00
CLOSE	THB31.75
UP/DOWNSIDE	+35.4%
PRIOR TP	THB40.00
CHANGE IN TP	+7.5%
TP vs CONSENSUS	+9.1%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	119,364	142,783	150,610	157,665
Net profit	4,286	6,479	7,357	8,186
EPS (THB)	0.82	1.16	1.28	1.42
vs Consensus (%)	-	18.7	(4.9)	(11.7)
EBITDA	28,886	35,710	37,789	40,226
Recurring net profit	2,017	6,479	7,357	8,186
Core EPS (THB)	0.35	1.13	1.28	1.42
Chg. In EPS est. (%)	-	17.9	4.4	2.5
EPS growth (%)	nm	221.2	13.6	11.3
Core P/E (x)	90.6	28.2	24.8	22.3
Dividend yield (%)	-	1.2	1.4	1.5
EV/EBITDA (x)	12.5	10.2	10.2	9.3
Price/book (x)	2.3	2.0	2.7	2.5
Net debt/Equity (%)	222.9	175.0	235.2	202.9
ROE (%)	2.9	8.2	9.5	11.5

## คาดการณ์กำไรปกติ 2Q23 ของ NH Hotel จะสูงกว่าระดับก่อนโควิดถึง 48%

เราคาดว่า RevPAR ของ NH Hotel Group (NHH SM) จะโต 25% y-y ใน 2Q23 และสูงกว่าระดับก่อนโควิดอยู่ 35% จากปัจจัยด้านฤดูกาลพร้อมคาดการณ์การเข้าพัก (OCC rate) ที่ 72% (เทียบกับ 69% ใน 2Q22 และ 75% ใน 2Q19) และอัตราค่าห้องพักรายวันเฉลี่ย (ADR) ที่ EUR154 (เทียบกับ EUR128 ใน 2Q22 และ EUR110 ใน 2Q19) ในภาพรวมเราคาดว่ารายได้ของ NHH ใน 2Q23 จะเพิ่ม 18% y-y และสูงกว่าระดับก่อนโควิดถึง 28% ในขณะที่เราคาดว่า EBITDA margin จะปรับตัวขึ้นเป็น 35.4% (เทียบกับ 34.9% ใน 2Q22 และ 37.0% ใน 2Q19) ซึ่งน่าจะทำให้กำไรปกติทำสถิติสูงสุดใหม่ที่ EUR79ล้าน (เทียบกับสถิติสูงสุดก่อนหน้า EUR64ล้านใน 2Q22 และ EUR53ล้านใน 2Q19) คิดเป็นส่วนแบ่งกำไรให้แก่ MINT ที่ประมาณ 2.8พัน ลบ. ใน 2Q23

## ธุรกิจอื่น ไม่รวม NHH จะรายงานกำไรปกติ 2Q23 เล็กน้อยจากฤดูกาลที่ซบเซา

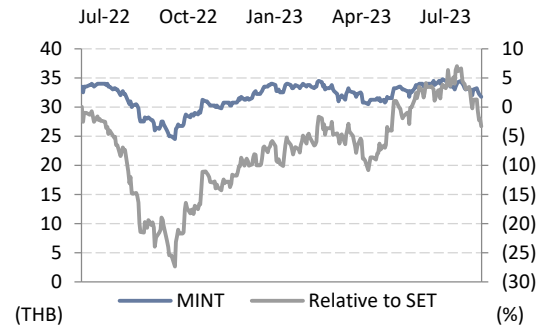
ใน 2Q23 RevPAR ของโรงแรมในไทยน่าจะกระโดดเพิ่ม 79% y-y และสูงกว่าระดับก่อนโควิดอยู่ 2% ในด้านลบ RevPAR ของโรงแรมในมัลดีฟส์น่าจะลดลง 20% y-y (ต่ำกว่าระดับก่อนโควิดอยู่ 15%) จากการแข่งขันที่รุนแรงและอุปทานโรงแรมที่เพิ่มขึ้น ในธุรกิจอาหารเราคาดการณ์เติบโตของยอดขายจากสาขาเดิม (SSSG) ของ Thai and China hubs ที่ 8% y-y และ 40% y-y ตามลำดับจากการฟื้นตัวของยอดขาย Dine-in เราคาดว่า EBITDA margin ของธุรกิจอาหารใน 2Q23 จะเพิ่มเป็น 22% (เทียบกับ 17% ใน 2Q22) เพราะฉะนั้นเราจึงคาดว่ากำไรปกติของธุรกิจที่ไม่ใช่ NHH ที่ 0.1พัน ลบ. (เทียบกับ 0.3พัน ลบ. ใน 2Q19) ในภาพรวมเราคาดว่ากำไรปกติ 2Q23 ของ MINT จะโตเป็น 2.9พัน ลบ. (เทียบกับ 1.2พัน ลบ. ใน 2Q22 และ 2.1พัน ลบ. ใน 2Q19)

## โรงแรมในยุโรปจะยังคงดีใน 3Q23

เราคาดว่าผลประกอบการของโรงแรมในยุโรปจะอยู่ในระดับดีต่อเนื่องใน 3Q23 ในขณะที่โรงแรมในยุโรปยังอยู่ในช่วงฤดูท่องเที่ยว อย่างไรก็ตามผลประกอบการอาจลดลง q-q จากกิจกรรมในธุรกิจ MICE ที่ลดลง ในด้านบวกเราคาดว่าโรงแรมในไทยและมัลดีฟส์จะปรับตัวดีขึ้น q-q เนื่องจากโดยปกติ 2Q จะเป็นฤดูที่การท่องเที่ยวตกต่ำสุด นอกจากนี้ปัจจุบัน MINT มี EBITDA อยู่ไม่เกิน 10พัน ลบ./ไตรมาสและบริษัทฯ น่าจะใช้เงินบางส่วนเพื่อชำระหนี้ (110พัน ลบ. ณ. สิ้น 1Q23) ซึ่งจะทำให้ค่าใช้จ่ายดอกเบี้ยลดลง

## ปรับเพิ่มประมาณการกำไรปกติ; กำไร 2Q23 จะเป็นปัจจัยบวกให้แก่ราคาหุ้น

เราปรับเพิ่มประมาณการกำไรปกติปี 2023-25 ของเราขึ้น 3-18% เพื่อสะท้อนแนวโน้ม ADR ของโรงแรมในยุโรปที่อยู่ในเกณฑ์ดีและได้ราคาเป้าหมายปี 2024 ที่ 43 บาท (DCF) MINT มีการซื้อขายในระดับการประเมินมูลค่าที่น่าสนใจที่ 28x/25x ของค่า 2023E/2024E P/E (เทียบกับค่าเฉลี่ย 5 ปีที่ 30x และค่าเฉลี่ยของกลุ่มฯ ที่ 29x ของค่า 2024E P/E) ปัจจัยบวกสำหรับราคาหุ้นน่าจะอยู่ที่กำไรปกติ 2Q23 ที่ออกมาดีพร้อม Upside ที่จะทำสถิติรายได้ไตรมาสสูงสุดใหม่ (เทียบกับสถิติสูงสุดในปัจจุบันที่ 2.91พัน ลบ. ใน 4Q19)



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(8.6)	2.4	(4.5)
Relative to country (%)	(9.1)	4.4	(3.4)
Mkt cap (USD m)	5,044		
3m avg. daily turnover (USD m)	16.9		
Free float (%)	63		
Major shareholder	Minor Holdings (Thai) (16%)		
12m high/low (THB)	35.00/24.10		
Issued shares (m)	5,754.62		

Sources: Bloomberg consensus; FSSIA estimates



Teerapol Udomvej, CFA

Register no. 080523

teerapol.udo@fssia.com, +66 2611 3535

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 24 กรกฎาคม 2023

### Investment thesis

MINT’s earnings are now in a recovery mode. We expect core profit to continue to grow in 2023 led by Thai and European hotels 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 staff costs and the potential for further interest rate hikes.

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

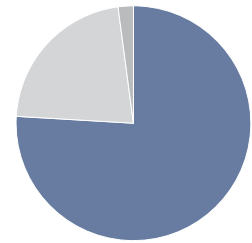
### Company profile

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

[www.minor.com](http://www.minor.com)

### Principal activities (revenue, 2022)

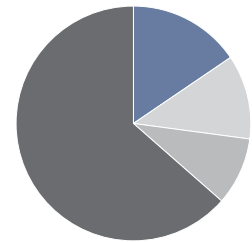
- Hotel & Mixed-use - 75.9 %
- F&B revenue - 22.0 %
- Retail revenue - 2.1 %



Source: Minor International

### Major shareholders

- Minor Holdings (Thai) - 15.5 %
- Thai NVDR - 11.6 %
- Niti Osathanugrah - 9.4 %
- Others - 63.5 %



Source: Minor International

### Catalysts

Key potential growth drivers include 1) a faster occupancy rate ramp-up following the global tourism recovery; 2) improving consumption and economic growth resulting in strong SSSG; and 3) the return of Chinese tourists which should drive demand for Thai and Maldives hotels.

### 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
Aug 2023	2Q23 results announcement

### Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
<b>Owned &amp; leased hotels</b>			
- Number of rooms (no.)	55,364	55,364	55,630
- Occupancy rate (OCC)	66	69	70
- RevPAR growth	22	6	4
<b>Food business</b>			
- Number of outlets (no.)	2,658	2,737	2,819
- Same-Store Sales Growth (SSSG)	7	2	2
- Total System Sales Growth (TSSG)	12	5	5

Source: FSSIA estimates

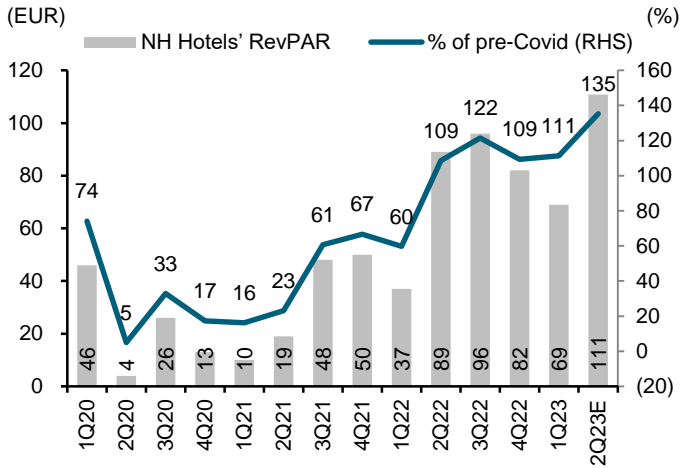
### Earnings sensitivity

- 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

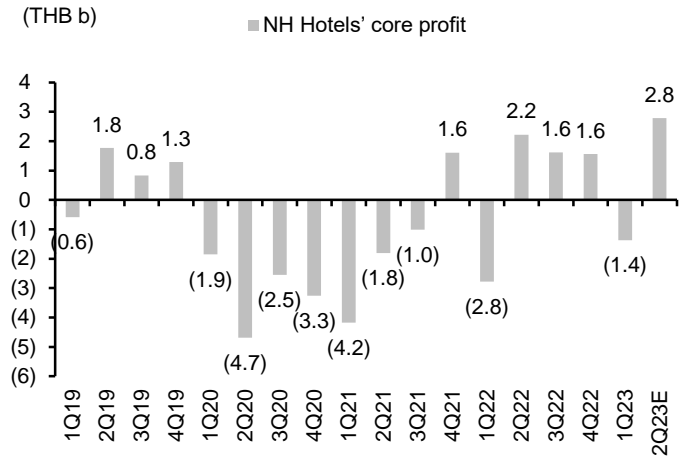


**Exhibit 1: NHH's RevPAR**



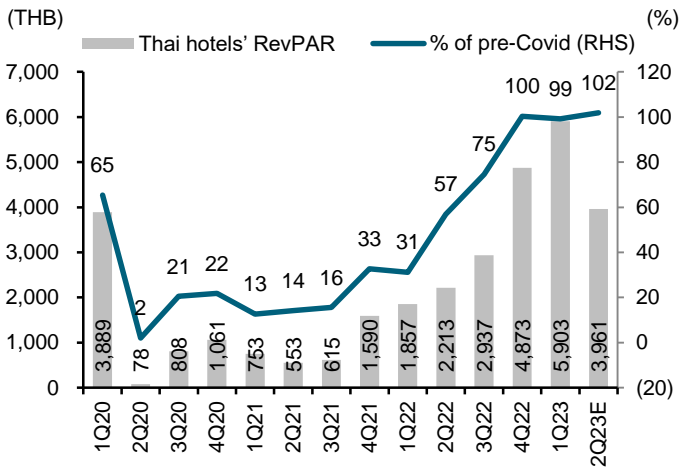
Source: NHH; MINT; FSSIA estimates

**Exhibit 2: NHH's core profit contribution to MINT**



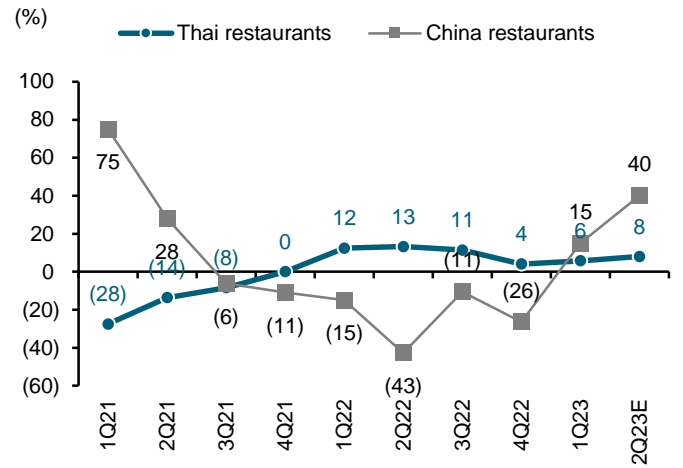
Note: Based on the 94% stake that MINT holds in NHH  
Source: NHH; MINT; FSSIA estimates

**Exhibit 3: RevPAR at Thai hotels**



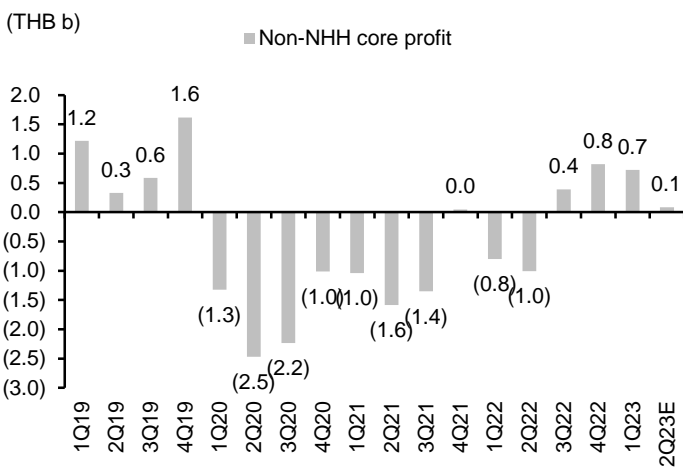
Source: MINT; FSSIA estimates

**Exhibit 4: Food business SSSG in Thailand and China**



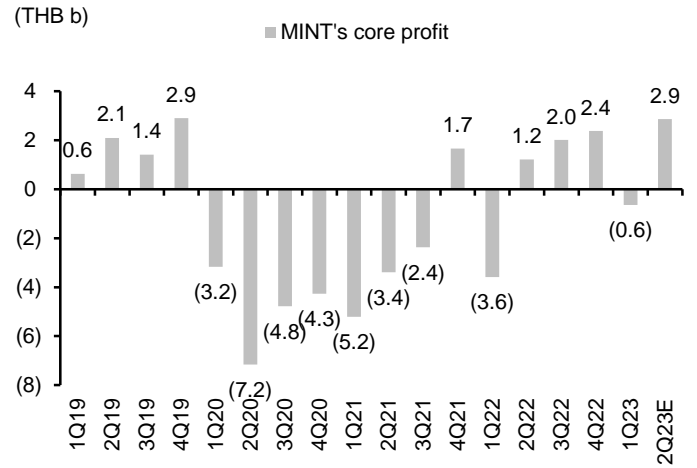
Source: MINT; FSSIA estimates

**Exhibit 5: Non-NHH core profit**



Source: MINT; FSSIA estimates

**Exhibit 6: MINT's core profit**



Source: MINT; FSSIA estimates

## Exhibit 7: 2Q23 results preview

	2Q22	3Q22	4Q22	1Q23	2Q23E	Change		2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
<b>Sales</b>	<b>31,423</b>	<b>33,567</b>	<b>34,743</b>	<b>31,246</b>	<b>37,747</b>	<b>21</b>	<b>20</b>	<b>142,783</b>
-Hotel & Mixed-use	24,770	25,893	27,014	23,357	29,924	28	21	110,549
-Restaurant	6,066	7,035	6,989	7,312	7,219	(1)	19	29,336
-Retail	587	639	741	577	604	5	3	2,899
<b>COGS (incl. depreciation)</b>	<b>(17,064)</b>	<b>(18,240)</b>	<b>(18,859)</b>	<b>(18,483)</b>	<b>(19,629)</b>	<b>6</b>	<b>15</b>	<b>(77,809)</b>
<b>Gross profit</b>	<b>14,359</b>	<b>15,327</b>	<b>15,884</b>	<b>12,763</b>	<b>18,119</b>	<b>42</b>	<b>26</b>	<b>64,974</b>
SG&A	(10,797)	(11,293)	(10,886)	(11,941)	(12,538)	5	16	(49,525)
<b>Operating profit</b>	<b>3,562</b>	<b>4,035</b>	<b>4,999</b>	<b>822</b>	<b>5,581</b>	<b>579</b>	<b>57</b>	<b>15,449</b>
Net other income	720	986	457	695	709	2	(2)	3,090
Dividend income	0	0	2	0	1			0
Interest income	174	238	302	277	277	0	59	459
Interest expense	(2,157)	(2,289)	(2,501)	(2,434)	(2,531)	4	17	(10,027)
<b>Pretax profit</b>	<b>2,300</b>	<b>2,969</b>	<b>3,259</b>	<b>(640)</b>	<b>4,037</b>	<b>(731)</b>	<b>76</b>	<b>8,972</b>
Income Tax	(812)	(963)	(724)	(232)	(1,143)	392	41	(2,422)
Associates	(137)	171	46	261	209	(20)	(253)	579
Minority interest	(140)	(168)	(203)	(35)	(224)	534	60	(650)
<b>Core profit</b>	<b>1,210</b>	<b>2,010</b>	<b>2,379</b>	<b>(647)</b>	<b>2,878</b>	<b>(545)</b>	<b>138</b>	<b>6,479</b>
Extraordinaries, GW & FX	351	2,598	(468)	(329)		(100)	(100)	
<b>Reported net profit</b>	<b>1,561</b>	<b>4,608</b>	<b>1,911</b>	<b>(976)</b>	<b>2,878</b>	<b>(395)</b>	<b>84</b>	<b>6,479</b>
								0
Shares out (end Q, m)	5,257	5,258	5,259	5,259	5,259	0	0	5,259
<b>Core EPS</b>	<b>0.2</b>	<b>0.4</b>	<b>0.5</b>	<b>(0.1)</b>	<b>0.5</b>	<b>(545)</b>	<b>138</b>	<b>1.1</b>
<b>EPS</b>	<b>0.3</b>	<b>0.9</b>	<b>0.4</b>	<b>(0.2)</b>	<b>0.5</b>	<b>(395)</b>	<b>84</b>	<b>1.1</b>
COGS (excl. depreciation)	(12,176)	(13,358)	(14,045)	(13,665)	(14,448)	6	19	(57,549)
Depreciation	(4,888)	(4,882)	(4,814)	(4,818)	(5,181)	8	6	(20,260)
EBITDA	9,208	10,312	10,620	6,872	11,957	74	30	35,710
<b>Key Ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>
Gross margin	46	46	46	41	48	7	2	46
SG&A/Revenue	34	34	31	38	33	(5)	(1)	35
Hotel EBITDA margin	31	32	32	21	33	12	2	28
Food EBITDA margin	17	21	22	22	22	0	5	22
Retail EBITDA margin	20	22	15	13	13	0	(7)	13
Total EBITDA margin	28	30	30	21	31	10	3	25
Net profit margin	5	13	5	(3)	7	10	3	4
<b>Operating stat</b>								
<b>Owned &amp; leased RevPAR (y-y %)</b>								
Total	334	96	66	87	26			
Thailand	300	378	206	218	79			
Maldives	38	8	(11)	(15)	(20)			
Europe & The Americas (NHH)	368	100	64	86	25			
<b>SSSG (y-y %)</b>								
Total	8	17	4	11	8			
Thailand	13	11	4	6	8			
China	(43)	(11)	(26)	15	40			
<b>TSSG (y-y %)</b>								
Total	13	41	17	20	19			
Thailand	26	51	20	20	18			
China	(52)	0	(20)	20	100			

Sources: MINT; FSSIA estimates



## Forecast and TP revisions

We revise up our 2023 core profit assumption by 18% to reflect the strong ADR outlook of European hotels. We lift the 2023E ADR of NHH from EUR126 to EUR137, exceeding the pre-Covid level of EUR103 by 34%. The higher ADR should also lead to a higher EBITDA margin.

We forecast NHH's revenue to exceed the pre-Covid level by 29% this year. Thus, we estimate a core profit of EUR134m for NHH in 2023 (vs EUR103m in 2019). This implies a cTHB4.6b profit contribution to MINT in 2023.

We estimate a non-NHH core profit of THB1.9b in 2023, improving from a THB0.6b core loss in 2022. However, it would still be below the 2019 value of THB3.7b, as Thai hotels are in the beginning of the recovery stage and interest expenses are higher compared to pre-Covid due to larger interest-bearing debt and a higher interest rate.

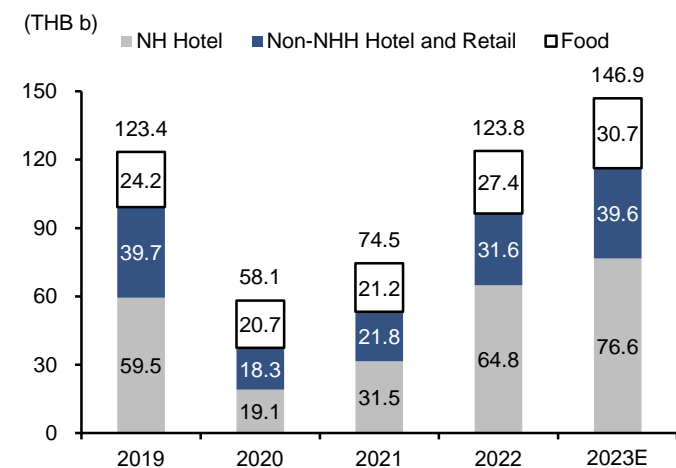
We also revise up our 2024-25 core profit assumptions by 3-4% to reflect the promising ADR outlook. We expect MINT's 2024 core profit to surpass the pre-Covid level of THB7.1b. We roll forward our DCF valuation base to 2024 and derive a new TP of THB43/shr. Our new TP implies 34x 2024E P/E compared to its five-year average of 30x.

### Exhibit 8: Changes in key assumptions

	Current			Previous			Change (%)		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Hotel - OCC (%)	66	69	70	69	71	72	(3.0)	(2.0)	(2.0)
Hotel - RevPAR (THB)	3,700	3,912	4,094	3,673	3,853	4,031	0.7	1.5	1.5
Food - SSSG (%)	7	2	2	7	2	2	-	-	-
Food - TSSG (%)	12	5	5	12	5	5	-	-	-
Revenue (THB b)	142.8	150.6	157.7	140.8	148.3	155.7	1.4	1.5	1.3
EBITDA margin (%)	25.0	25.1	25.5	24.4	24.5	25.0	0.6	0.6	0.5
Core earnings (THB b)	6.5	7.4	8.2	5.5	7.0	8.0	17.9	4.4	2.5

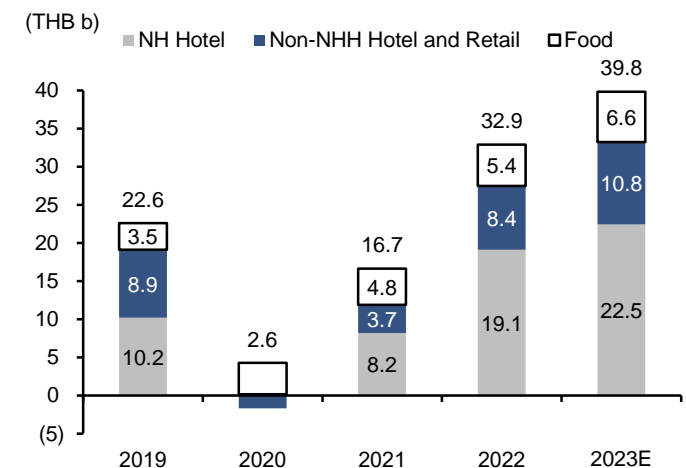
Note: Change of items in percentage terms is represented in ppt change  
Source: FSSIA estimates

### Exhibit 9: Revenue forecast breakdown



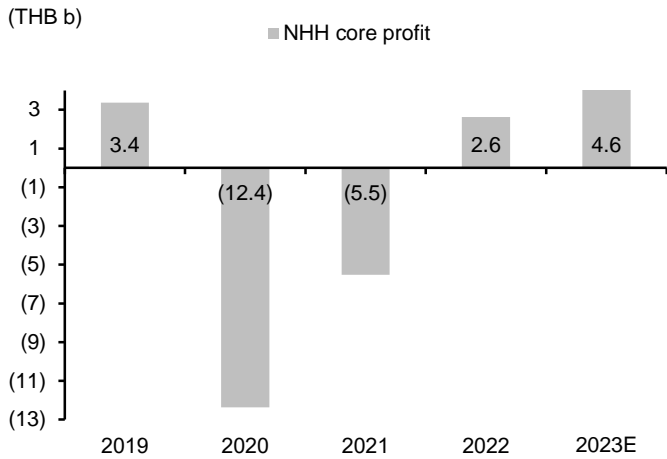
Note: Revenue includes share income and other income  
Sources: NHH; MINT; FSSIA estimates

### Exhibit 10: EBITDA forecast breakdown



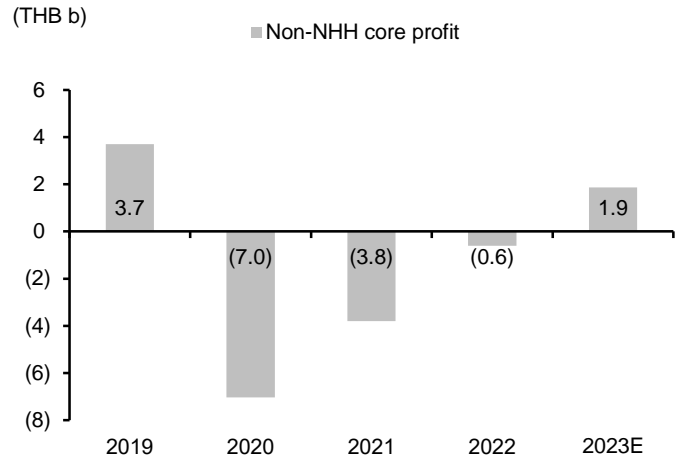
Note: 1) Revenue includes share income and other income; 2) EBITDA in 2019 excludes TFRS-16 accounting standard  
Sources: NHH; MINT; FSSIA estimates

**Exhibit 11: NHH's annual core profit contribution to MINT**



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

**Exhibit 12: Annual non-NHH core profit**



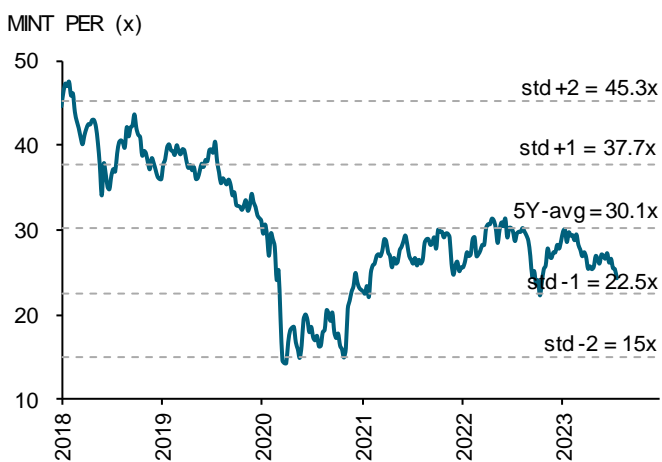
Sources: MINT; FSSIA estimates

**Exhibit 13: 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	173.0	30.1		WACC 8.3%, risk-free rate 3%, risk premium 8%
Terminal value	261.9	45.5		Terminal growth 2.5%
Cash & liquid assets	8.6	1.5		At end-2024E
Investments	16.2	2.8		At end-2024E
Debt	(199.1)	(34.6)		At end-2024E
Minorities	(13.0)	(2.3)		At end-2024E
<b>Residual ordinary equity</b>	<b>247.6</b>	<b>43.0</b>		

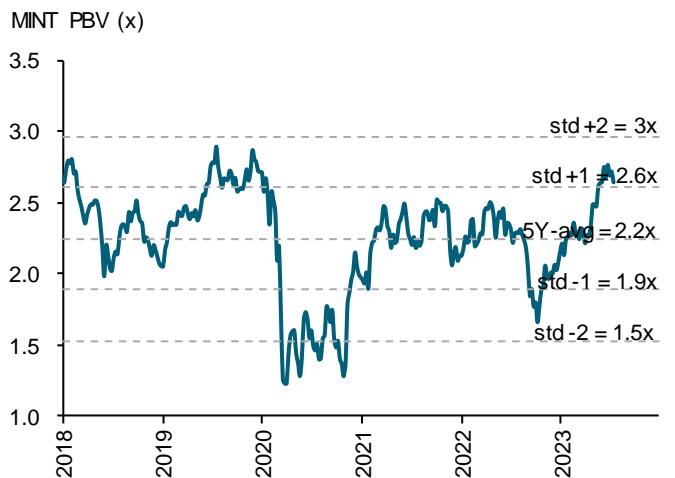
Source: FSSIA estimates

**Exhibit 14: Historical P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 15: Historical P/BV band**



Sources: Bloomberg; FSSIA estimates



## Exhibit 16: Peer comparisons as of 21 July 2023

Company	BBG	Rec	Share price			Market cap	PE			ROE		PBV		EV/ EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	25E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
<b>Thailand</b>															
Asset World Corp	AWC TB	BUY	4.40	6.80	55	4,090	66.8	38.2	34.3	2.5	4.1	1.6	1.5	36.6	26.6
Minor International	MINT TB	BUY	31.75	43.00	35	5,044	28.2	24.8	22.3	8.2	9.5	2.0	2.7	10.2	10.2
Central Plaza Hotel	CENDEL TB	BUY	44.50	55.00	24	1,745	35.3	28.4	25.4	8.8	10.1	3.0	2.8	15.5	13.5
Erawan Group	ERW TB	BUY	4.46	5.70	28	587	32.5	33.5	29.4	10.4	9.2	3.2	2.8	15.4	14.3
S Hotels & Resorts	SHR TB	BUY	2.78	4.80	73	290	58.6	19.6	15.6	1.1	3.1	0.6	0.6	9.2	7.5
Dusit Thani	DUSIT TB	BUY	11.60	18.00	55	286	192.9	40.3	4.0	1.2	5.7	2.4	2.3	41.6	32.1
Bound and Beyond	BEYOND TB	BUY	13.00	24.00	85	110	162.0	17.1	13.4	0.4	3.6	0.6	0.6	12.3	8.8
<b>Thailand average</b>						<b>12,151</b>	<b>82.3</b>	<b>28.8</b>	<b>20.6</b>	<b>4.6</b>	<b>6.5</b>	<b>1.9</b>	<b>1.9</b>	<b>20.1</b>	<b>16.2</b>
<b>Regional</b>															
Btg Hotels Group	600258 CH	n/a	19.75	n/a	n/a	3,068	28.7	20.2	17.0	7.2	9.3	2.0	1.8	12.2	9.8
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.90	n/a	n/a	6,066	10.0	6.8	5.6	8.2	11.1	0.8	0.7	15.2	11.8
Huangshan Tourism Dev.	900942 CH	n/a	0.75	n/a	n/a	1,111	12.5	9.6	8.6	7.2	9.0	0.9	0.8	10.7	9.0
Genting Bhd	GENT MK	n/a	4.21	n/a	n/a	3,540	15.9	11.0	9.4	3.8	4.7	0.5	0.5	6.1	5.5
Huazhu Group	HTHT US	n/a	41.46	n/a	n/a	13,213	29.9	24.7	20.5	27.5	24.7	8.2	6.5	17.1	14.2
Indian Hotels	IH IN	n/a	393.75	n/a	n/a	6,809	60.6	43.8	37.2	12.6	14.4	7.1	6.2	32.4	26.7
Lemon Tree Hotels	LEMONTRE IN	n/a	91.65	n/a	n/a	883	62.8	49.1	27.6	12.3	15.0	7.9	6.6	23.1	19.3
Lippo Karawaci	LPKR IJ	n/a	101.00	n/a	n/a	486	5.8	6.6	4.2	2.2	5.8	0.4	0.4	7.6	6.9
<b>Regional average</b>						<b>35,176</b>	<b>28.3</b>	<b>21.5</b>	<b>16.2</b>	<b>10.1</b>	<b>11.7</b>	<b>3.5</b>	<b>2.9</b>	<b>15.5</b>	<b>12.9</b>
<b>Overall average</b>						<b>47,327</b>	<b>53.5</b>	<b>24.9</b>	<b>18.3</b>	<b>7.6</b>	<b>9.3</b>	<b>2.8</b>	<b>2.4</b>	<b>17.7</b>	<b>14.4</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

Minor International

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	68,251	119,364	142,783	150,610	157,665
Cost of goods sold	(47,417)	(67,753)	(77,809)	(82,166)	(85,816)
<b>Gross profit</b>	<b>20,834</b>	<b>51,610</b>	<b>64,974</b>	<b>68,444</b>	<b>71,849</b>
Other operating income	-	-	-	-	-
Operating costs	(31,188)	(41,999)	(49,525)	(51,938)	(54,056)
<b>Operating EBITDA</b>	<b>9,588</b>	<b>28,886</b>	<b>35,710</b>	<b>37,789</b>	<b>40,226</b>
Depreciation	(19,942)	(19,275)	(20,260)	(21,283)	(22,432)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>(10,354)</b>	<b>9,612</b>	<b>15,449</b>	<b>16,506</b>	<b>17,793</b>
Net financing costs	(7,484)	(8,138)	(9,567)	(9,455)	(9,535)
Associates	(209)	136	579	666	700
Recurring non-operating income	5,888	3,133	3,669	3,849	3,978
Non-recurring items	(3,852)	2,269	0	0	0
<b>Profit before tax</b>	<b>(15,802)</b>	<b>6,877</b>	<b>9,551</b>	<b>10,900</b>	<b>12,237</b>
Tax	1,627	(2,354)	(2,422)	(2,763)	(3,115)
<b>Profit after tax</b>	<b>(14,175)</b>	<b>4,523</b>	<b>7,129</b>	<b>8,137</b>	<b>9,122</b>
Minority interests	1,009	(236)	(650)	(780)	(936)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(13,167)</b>	<b>4,286</b>	<b>6,479</b>	<b>7,357</b>	<b>8,186</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>3,852</b>	<b>(2,269)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(9,315)</b>	<b>2,017</b>	<b>6,479</b>	<b>7,357</b>	<b>8,186</b>
<b>Per share (THB)</b>					
Recurring EPS *	(1.79)	0.35	1.13	1.28	1.42
Reported EPS	(2.53)	0.82	1.16	1.28	1.42
DPS	0.00	0.00	0.39	0.43	0.48
Diluted shares (used to calculate per share data)	5,214	5,755	5,755	5,755	5,755
<b>Growth</b>					
Revenue (%)	22.2	74.9	19.6	5.5	4.7
Operating EBITDA (%)	1,850.7	201.3	23.6	5.8	6.4
Operating EBIT (%)	nm	nm	60.7	6.8	7.8
Recurring EPS (%)	nm	nm	221.2	13.6	11.3
Reported EPS (%)	nm	nm	41.8	10.4	11.3
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	30.5	43.2	45.5	45.4	45.6
Gross margin exc. depreciation (%)	59.7	59.4	59.7	59.6	59.8
Operating EBITDA margin (%)	14.0	24.2	25.0	25.1	25.5
Operating EBIT margin (%)	(15.2)	8.1	10.8	11.0	11.3
Net margin (%)	(13.6)	1.7	4.5	4.9	5.2
Effective tax rate (%)	13.9	52.6	27.0	27.0	27.0
Dividend payout on recurring profit (%)	-	-	35.0	34.0	34.0
Interest cover (X)	(0.6)	1.6	2.0	2.2	2.3
Inventory days	47.6	27.9	26.0	26.5	26.7
Debtor days	72.0	48.5	47.2	50.1	49.6
Creditor days	223.9	151.3	135.0	128.1	129.1
Operating ROIC (%)	(3.1)	1.6	4.1	4.4	4.8
ROIC (%)	(1.2)	1.9	4.6	4.8	5.2
ROE (%)	(13.8)	2.9	8.2	9.5	11.5
ROA (%)	(1.1)	1.7	3.9	4.2	4.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Hotel & Mixed-use	45,160	90,644	110,549	116,821	122,247
F&B revenue	20,321	26,213	29,336	30,802	32,343
Retail revenue	2,770	2,507	2,899	2,986	3,076

Sources: Minor International; FSSIA estimates

## Financial Statements

Minor International

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(9,315)	2,017	6,479	7,357	8,186
Depreciation	19,942	19,275	20,260	21,283	22,432
Associates & minorities	-	-	-	-	-
Other non-cash items	(5,186)	(1,997)	650	780	936
Change in working capital	6,605	2,644	(8,805)	(551)	717
<b>Cash flow from operations</b>	<b>12,046</b>	<b>21,939</b>	<b>18,584</b>	<b>28,869</b>	<b>32,271</b>
Capex - maintenance	(27,042)	(5,900)	(17,000)	(20,000)	(17,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(197)	(1)	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(27,238)</b>	<b>(5,902)</b>	<b>(17,000)</b>	<b>(20,000)</b>	<b>(17,000)</b>
Dividends paid	0	0	0	(2,203)	(2,501)
Equity finance	(453)	(514)	9,276	(23,932)	0
Debt finance	(5,883)	(17,932)	(5,000)	(3,000)	(10,000)
Other financing cash flows	20,436	278	0	0	0
<b>Cash flow from financing</b>	<b>14,101</b>	<b>(18,168)</b>	<b>4,276</b>	<b>(29,135)</b>	<b>(12,501)</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>(1,092)</b>	<b>(2,130)</b>	<b>5,860</b>	<b>(20,266)</b>	<b>2,769</b>
Free cash flow to firm (FCFF)	(7,074.20)	25,040.43	11,610.44	18,900.53	24,976.94
Free cash flow to equity (FCFE)	(638.87)	(1,616.77)	(3,416.23)	5,869.24	5,270.65

### Per share (THB)

FCFF per share	(1.23)	4.35	2.02	3.28	4.34
FCFE per share	(0.11)	(0.28)	(0.59)	1.02	0.92
Recurring cash flow per share	1.04	3.68	4.90	5.11	5.48

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	392,452	381,640	398,640	418,640	435,640
Less: Accumulated depreciation	(104,820)	(107,248)	(127,508)	(148,791)	(171,224)
<b>Tangible fixed assets (net)</b>	<b>287,632</b>	<b>274,392</b>	<b>271,132</b>	<b>269,848</b>	<b>264,416</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	16,249	16,250	16,250	16,250	16,250
Cash & equivalents	25,097	22,966	28,826	8,560	11,330
A/C receivable	14,638	17,052	19,908	21,414	21,414
Inventories	3,490	3,909	4,290	4,539	4,725
Other current assets	5,602	6,369	6,711	7,079	7,410
<b>Current assets</b>	<b>48,827</b>	<b>50,296</b>	<b>59,735</b>	<b>41,592</b>	<b>44,879</b>
Other assets	16,926	17,272	17,272	17,272	17,272
<b>Total assets</b>	<b>369,633</b>	<b>358,210</b>	<b>364,388</b>	<b>344,962</b>	<b>342,817</b>
Common equity	68,023	71,059	86,814	68,036	73,720
Minorities etc.	11,470	11,550	12,200	12,980	13,916
<b>Total shareholders' equity</b>	<b>79,492</b>	<b>82,609</b>	<b>99,014</b>	<b>81,016</b>	<b>87,636</b>
Long term debt	224,576	207,126	202,126	199,126	189,126
Other long-term liabilities	38,610	35,759	35,759	35,759	35,759
<b>Long-term liabilities</b>	<b>263,187</b>	<b>242,885</b>	<b>237,885</b>	<b>234,885</b>	<b>224,885</b>
A/C payable	18,394	21,807	20,768	21,971	22,873
Short term debt	482	0	0	0	0
Other current liabilities	8,079	10,910	6,722	7,091	7,423
<b>Current liabilities</b>	<b>26,954</b>	<b>32,716</b>	<b>27,490</b>	<b>29,061</b>	<b>30,296</b>
<b>Total liabilities and shareholders' equity</b>	<b>369,633</b>	<b>358,210</b>	<b>364,388</b>	<b>344,962</b>	<b>342,817</b>
Net working capital	(2,742)	(5,386)	3,419	3,970	3,253
Invested capital	318,064	302,527	308,073	307,340	301,191

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

### Per share (THB)

Book value per share	13.05	13.54	15.52	11.82	12.81
Tangible book value per share	13.05	13.54	15.52	11.82	12.81

### Financial strength

Net debt/equity (%)	251.5	222.9	175.0	235.2	202.9
Net debt/total assets (%)	54.1	51.4	47.6	55.2	51.9
Current ratio (x)	1.8	1.5	2.2	1.4	1.5
CF interest cover (x)	0.9	0.8	0.6	1.6	1.6

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>(17.8)</b>	<b>90.6</b>	<b>28.2</b>	<b>24.8</b>	<b>22.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(24.1)</b>	<b>122.7</b>	<b>38.2</b>	<b>33.6</b>	<b>30.2</b>
Reported P/E (x)	(12.6)	38.9	27.4	24.8	22.3
Dividend yield (%)	-	-	1.2	1.4	1.5
Price/book (x)	2.4	2.3	2.0	2.7	2.5
Price/tangible book (x)	2.4	2.3	2.0	2.7	2.5
EV/EBITDA (x) **	39.3	12.5	10.2	10.2	9.3
EV/EBITDA @ target price (x) **	45.4	14.6	11.9	11.9	10.9
EV/invested capital (x)	1.2	1.2	1.2	1.3	1.2

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

Sources: Minor International; 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

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

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Minor International	MINT TB	THB 31.75	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 4.40	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	CEN TEL TB	THB 44.50	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 4.46	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 2.78	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.
Bound and Beyond	BEYOND TB	THB 13.00	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 Finasia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 21-Jul-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.