Minor International Pcl (MINT TB) - HOLD, Price Bt29.75, TP Bt31

Results Comment

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Falling loss in 2Q21, slightly better than expected

- MINT reported a norm loss of Bt3.4bn in 2Q21 vs. Bt7.2bn norm loss in 2Q20 and Bt5.2bn norm loss in 1Q21. This was slightly better than ours and the market's expectation due to its stronger-than-expected hotel and food businesses in overseas markets.
- Including FX gain (loss) from unmatched USD cross-currency swap and from fair value of derivatives, non-recurring loss from asset sales, impairment on asset revaluation and NHH's debt restructuring costs, MINT reported net loss of Bt3.9bn in 2Q21 vs. Bt8.4 bn loss in 2Q20 and Bt7.3bn loss in 1Q21.
- MINT's falling loss in 2Q21 mainly resulted from NHH's improving operation after mobility restrictions in Europe have been lifted since mid-May. NHH reported net income at -€21m in 2Q21 vs. -€161m in 2Q20 and -€124m in 1Q21. EBITDA turned in positive territory at +€31m in 2Q21 vs. -€65m in 2Q20 and -€38m in 1Q21 due to cost reduction and improving top line. Meanwhile, MINT's food business in oversea markets also improved.
- EBITDA in hotel business turned to be positive at Bt1.9bn in 2Q21 vs. Bt2.3bn loss in 2Q20 and Bt602m loss in 1Q21. Overall RevPar in 2Q21 was at Bt1,057/night, up by 316% y-y and 37% q-q. Average occupancy rate was at 28% in 2Q21 vs. 9% in 2Q20 and 21% in 1Q21. ARR in 2Q21 was at Bt3,773/room/night, up 31% y-y and 2% q-q.
- Overall restaurant business' EBITDA made profit at Bt1.2bn in 2Q21, up 145% y-y and 8% q-q. Overall SSSG was +6.1% in 2Q21 vs. -23.0% in 2Q20 and -15.3% in 1Q21. Its restaurant business was still supported by good business in China and Australia.
- Though we see some upside to our numbers due to stronger-than-expected operation in overseas markets, the likely weaker-than-expected MINT's operation in Thailand and unattractive valuation lead us to maintain our HOLD rating on MINT.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q20	3Q20	4Q20	1Q21	2Q21
Revenue	6,449	14,454	13,179	11,928	13,539
Gross profit	**(1,507)**	**1,570**	**1,309**	**1,872**	**2,955**
SG&A	4,919	5,163	5,256	7,484	6,938
Operating profit	(6,426)	(3,593)	(3,947)	(5,612)	(3,982)
EBITDA	**(1,546)**	**1,318**	**(384)**	**(811)**	**1,080**
Other income	573	584	(429)	1,152	2,167
Other expense	671	391	(436)	0	(545)
Interest expense	1,912	2,334	1,398	1,995	3,002
Profit before tax	**(8,436)**	**(5,734)**	**(5,337)**	**(6,455)**	**(4,272)**
Income tax	(1,143)	(814)	(642)	(731)	(733)
Equity & invest. income	(342)	(151)	72	(36)	(119)
Minority interests	472	288	353	549	264
Extraordinary items	(1,285)	(812)	(1,321)	(2,039)	(530)
Net profit	**(8,448)**	**(5,595)**	**(5,591)**	**(7,250)**	**(3,924)**
Normalized profit	**(7,163)**	**(4,783)**	**(4,270)**	**(5,211)**	**(3,394)**
EPS (Bt)	(1.90)	(1.16)	(1.15)	(1.47)	(0.83)
Normalized EPS (Bt)	(1.62)	(1.00)	(0.90)	(1.08)	(0.73)

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	14	110	42	60,029	98,519
Gross profit	**58**	**na**	**36**	**13,443**	**39,215**
SG&A	(7)	41	57	25,430	34,462
Operating profit	na	na	na	(11,987)	4,752
EBITDA	**na**	**na**	**na**	**6,789**	**22,898**
Other income	88	278	99	3,355	4,352
Other expense		na	na	0	0
Interest expense	50	57	63	7,891	7,537
Profit before tax	**na**	**na**	**na**	**(16,522)**	**1,568**
Income tax	na	na	na	(2,478)	235
Equity & invest. income	na	na	na	(277)	159
Minority interests	(52)	(44)	76	1,064	147
Extraordinary items	na	na	na	(2,039)	0
Net profit	**na**	**na**	**na**	**(15,296)**	**1,638**
Normalized profit	**na**	**na**	**na**	**(13,257)**	**1,638**
EPS (Bt)	na	na	na	(3.08)	0.02
Normalized EPS (Bt)	na	na	na	(2.71)	0.02

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q20	3Q20	4Q20	1Q21	2Q21
Cash & ST investment	19,514	31,675	26,188	22,079	29,065
A/C receivable	12,034	12,937	12,286	12,561	12,246
Inventory	4,113	4,070	3,683	3,668	3,636
Other current assets	7,534	7,641	9,908	8,723	9,609
Investment	9,519	9,372	10,851	10,786	10,807
Fixed assets	123,688	128,985	122,718	119,872	117,203
Other assets	173,309	182,253	176,693	175,315	180,062
Total assets	**349,711**	**376,933**	**362,327**	**353,003**	**362,628**
S-T debt	8,560	15,249	6,796	13,658	17,166
A/C payable	16,066	17,015	15,310	15,246	15,839
Other current liabilities	16,756	18,053	19,131	18,502	21,977
L-T debt	118,858	123,295	129,897	121,885	125,507
Other liabilities	111,496	120,553	114,868	114,293	116,526
Minority interest	9,502	9,767	9,343	8,924	9,126
Shareholders' equity	**68,473**	**73,001**	**66,981**	**60,496**	**56,487**
Working capital	82	(7)	658	983	43
Total debt	127,418	138,544	136,693	135,543	142,673
Net debt	**107,905**	**106,869**	**110,504**	**113,463**	**113,608**

Financial Ratios					
(%)	2Q20	3Q20	4Q20	1Q21	2Q21
Sales growth	(79.0)	(49.7)	(56.4)	(45.1)	109.9
Operating profit growth	na	na	na	na	na
EBITDA growth	na	(71.1)	na	na	na
Norm profit growth	na	na	na	na	na
Norm EPS growth	na	na	na	na	na
Gross margin	(23.4)	10.9	9.9	15.7	21.8
Operating margin	(99.6)	(24.9)	(29.9)	(47.0)	(29.4)
EBITDA margin	(24.0)	9.1	(2.9)	(6.8)	8.0
Norm net margin	(111.1)	(33.1)	(32.4)	(43.7)	(25.1)
D/E (x)	1.6	1.7	1.8	1.9	2.2
Net D/E (x)	1.4	1.3	1.4	1.6	1.7
Interest coverage (x)	(0.8)	0.6	(0.3)	(0.4)	0.4
Interest rate	6.0	7.0	4.1	5.9	8.6
Effective tax rate	13.5	14.2	12.0	11.3	17.2
ROA	(8.1)	(5.3)	(4.6)	(5.8)	(3.8)
ROE	(41.4)	(27.0)	(24.4)	(32.7)	(23.2)

Sources: Company data, Thanachart estimates

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