Minor International Pcl (MINT TB) - BUY, Price Bt30.25, TP Bt39

Results Comment

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4Q21 turned a profit

- MINT's bottom line turned a profit of Bt1.7bn in 4Q21, up from norm. loss of Bt4.3bn in 4Q20 vs. norm. loss of Bt2.4bn in 3Q21. It was better than ours and the street's earnings forecast. This was due to 1) stronger-than-expected revenue from property & real estate and distribution & manufacturing businesses and 2) higher-than-expected operating margin.
- 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 Bt1.6bn in 4Q21 vs. Bt5.6bn loss in 4Q20 and Bt436m loss in 3Q21.
- Hotel business' EBITDA was at Bt7.2bn in 4Q21, up from Bt1.5bn loss in 4Q20 and Bt3.2bn profit in 3Q21 due to improving operation of hotel business in Europe (via NHH), Thailand and other regions.
- Overall RevPar in 4Q21 was at Bt2,148/night, up by 164% y-y and 18% q-q. Average occupancy rate was at 49% in 4Q21 vs. 23% in 4Q20 and 46% in 3Q21. ARR in 4Q21 was at Bt4,393/room/night, up 27% y-y and 11% q-q.
- NHH reported net income at €41.5m in 4Q21 vs. -€142m in 4Q20 and -€30m in 3Q21. EBITDA was at +€150m in 4Q21 vs. +€16m in 4Q20 and +€73m in 3Q21 due to improving top line.
- Overall restaurant business' EBITDA made profit at Bt1.4bn in 4Q21, down 7% y-y but up 23% q-q. Overall SSSG was at -1.7% in 4Q21 vs. -13.7% in 4Q20 and -7.2% in 3Q21. Total system sales (TSS) of food business in Thailand and China grew y-y. But food business in Australia remained bleak with negative TSS growth of 6.9% due to COVID-19 impact.
- With MINT's improving business momentum both in hotel and food businesses and cheapest valuation in the sector, we maintain BUY on MINT.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Revenue	13,168	11,928	13,539	19,411	23,990
Gross profit	**1,298**	**1,872**	**2,955**	**6,595**	**10,028**
SG&A	5,256	7,484	7,675	9,709	8,269
Operating profit	(3,958)	(5,612)	(4,719)	(3,114)	1,759
EBITDA	**(396)**	**(811)**	**343**	**1,955**	**6,768**
Other income	(417)	1,152	2,167	1,343	2,068
Other expense	(436)	0	(545)	(982)	58
Interest expense	1,398	1,995	2,265	2,163	1,695
Profit before tax	**(5,337)**	**(6,455)**	**(4,272)**	**(2,952)**	**2,074**
Income tax	(642)	(731)	(733)	(553)	526
Equity & invest. income	72	(36)	(119)	(84)	30
Minority interests	353	549	264	116	79
Extraordinary items	(1,321)	(2,039)	(530)	1,931	(3,215)
Net profit	**(5,591)**	**(7,250)**	**(3,924)**	**(436)**	**(1,557)**
Normalized profit	**(4,270)**	**(5,211)**	**(3,394)**	**(2,367)**	**1,657**
EPS (Bt)	(1.15)	(1.47)	(0.83)	(0.08)	(0.30)
Normalized EPS (Bt)	(0.90)	(1.08)	(0.73)	(0.46)	0.32

Income Statement			12M as		
(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	24	82	107	68,868	97,441
Gross profit	**52**	**673**	**143**	**21,451**	**35,558**
SG&A	(15)	57	123	33,137	31,355
Operating profit	na	na	na	(11,686)	4,203
EBITDA	**246**	**na**	**141**	**8,256**	**21,175**
Other income	54	na	141	6,730	4,804
Other expense	na	na	na	(1,469)	0
Interest expense	(22)	21	96	8,118	7,877
Profit before tax	**na**	**na**	**na**	**(11,605)**	**1,129**
Income tax	na	na	na	(1,490)	113
Equity & invest. income	na	(58)	na	(209)	158
Minority interests	(32)	(78)	74	1,009	462
Extraordinary items	na	na	na	(3,853)	0
Net profit	**na**	**na**	**na**	**(13,167)**	**1,637**
Normalized profit	**na**	**na**	**na**	**(9,314)**	**1,637**
EPS (Bt)	na	na	na	(2.67)	0.04
Normalized EPS (Bt)	na	na	na	(1.97)	0.04

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	26,188	22,079	29,065	23,283	25,097
A/C receivable	12,286	12,561	12,246	14,057	14,638
Inventory	3,683	3,668	3,636	3,778	3,490
Other current assets	9,908	8,723	9,609	5,248	5,602
Investment	10,851	10,786	10,807	10,734	10,594
Fixed assets	122,718	119,872	117,203	119,553	130,050
Other assets	176,693	175,315	180,062	183,067	180,163
Total assets	**362,327**	**353,003**	**362,628**	**359,720**	**369,633**
S-T debt	6,796	13,658	17,166	13,899	17,663
A/C payable	15,310	15,246	15,839	17,619	18,394
Other current liabilities	19,131	18,502	21,977	21,563	22,001
L-T debt	129,897	121,885	125,507	122,708	114,483
Other liabilities	114,868	114,293	116,526	120,450	117,599
Minority interest	9,343	8,924	9,126	9,527	11,470
Shareholders' equity	**66,981**	**60,496**	**56,487**	**53,954**	**68,023**
Working capital	658	983	43	216	(265)
Total debt	136,693	135,543	142,673	136,607	132,147
Net debt	**110,504**	**113,463**	**113,608**	**113,323**	**107,050**

Financial Ratios					
(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Sales growth	(56.5)	(45.1)	109.9	34.2	82.2
Operating profit growth	na	na	na	na	na
EBITDA growth	na	na	na	47.1	na
Norm profit growth	na	na	na	na	na
Norm EPS growth	na	na	na	na	na
Gross margin	9.9	15.7	21.8	34.0	41.8
Operating margin	(30.1)	(47.0)	(34.9)	(16.0)	7.3
EBITDA margin	(3.0)	(6.8)	2.5	10.1	28.2
Norm net margin	(32.4)	(43.7)	(25.1)	(12.2)	6.9
D/E (x)	1.8	1.9	2.2	2.2	1.7
Net D/E (x)	1.4	1.6	1.7	1.8	1.3
Interest coverage (x)	(0.3)	(0.4)	0.2	0.9	4.0
Interest rate	4.1	5.9	6.5	6.2	5.0
Effective tax rate	12.0	11.3	17.2	18.7	25.4
ROA	(4.6)	(5.8)	(3.8)	(2.6)	1.8
ROE	(24.4)	(32.7)	(23.2)	(17.1)	10.9

Sources: Company data, Thanachart estimates

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