Minor International Pcl (MINT TB) - BUY, Price Bt32, TP Bt39

Results Comment

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Higher loss in 1Q22, big miss

- MINT reported a norm loss of Bt3.6bn in 1Q22 vs. Bt5.2bn norm loss in 1Q21 and Bt1.7bn norm gain in 4Q21. This was worse than ours (Bt1.2bn loss) and the market's expectation (Bt1.8bn loss) due to its weaker-than-expected NH Hotel's operation, property & real estate business and distributing & manufacturing business.
- 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 Bt3.8bn in 1Q22 vs. Bt7.3bn loss in 1Q21 and Bt1.6bn loss in 4Q21.
- MINT's falling loss from 1Q21 mainly resulted from improving hotel and food businesses. Meanwhile, weak q-q earnings resulted from weak NHH's operation, weak food business and weak distributing & manufacturing business due to Omicron impact and weak seasonality for hotel business in Europe.
- Hotel business' EBITDA was at Bt1.5bn in 1Q22, up from Bt602m loss in 1Q21 but down from Bt7.2bn gain in 4Q21. Overall RevPar in 1Q22 was at Bt1,844/night, up by 138% y-y but down 14% q-q. Average occupancy rate was at 43% in 1Q22 vs. 21% in 1Q21 and 49% in 4Q21. ARR in 1Q22 was at Bt4,290/room/night, up 16% y-y but down 2% q-q.
- Overall restaurant business' EBITDA made profit at Bt1.2bn in 1Q22, up 8% y-y but down 17% q-q. Overall SSSG was at +4.2% in 1Q22 vs. -12.4% in 1Q21 and +6.0% in 4Q21. Its restaurant business was still supported by good business in Thailand.
- With MINT's higher-than-expected loss in 1Q22 due to Omicron impact, we see a downside risk to our number in 2022. However, our medium-to long-term view on MINT's earnings recovery remains unchanged and we expect its earnings momentum to improve in following quarters this year, we maintain BUY on MINT.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Revenue	11,928	13,539	19,411	23,990	19,662
Gross profit	**1,872**	**2,955**	**6,595**	**10,028**	**6,072**
SG&A	7,484	7,675	9,709	8,269	8,249
Operating profit	(5,612)	(4,719)	(3,114)	1,759	(2,178)
EBITDA	**(718)**	**418**	**2,070**	**6,877**	**2,615**
Other income	607	2,167	1,343	2,613	595
Other expense	(545)	(545)	(982)	603	315
Interest expense	1,995	2,265	2,163	1,695	2,056
Profit before tax	**(6,455)**	**(4,272)**	**(2,952)**	**2,074**	**(3,954)**
Income tax	(731)	(733)	(553)	526	(43)
Equity & invest. income	(36)	(119)	(84)	30	55
Minority interests	549	264	116	79	274
Extraordinary items	(2,039)	(530)	1,931	(3,215)	(212)
Net profit	**(7,250)**	**(3,924)**	**(436)**	**(1,557)**	**(3,794)**
Normalized profit	**(5,211)**	**(3,394)**	**(2,367)**	**1,657**	**(3,582)**
EPS (Bt)	(1.47)	(0.83)	(0.08)	(0.30)	(0.73)
Normalized EPS (Bt)	(1.08)	(0.73)	(0.46)	0.32	(0.69)

Income Statement			**3M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Revenue	(18)	65	19	102,166	124,172
Gross profit	**(39)**	**224**	**16**	**38,898**	**51,988**
SG&A	(0)	10	22	36,834	42,185
Operating profit	na	na	na	2,063	9,803
EBITDA	**(62)**	**na**	**13**	**19,899**	**27,578**
Other income	(77)	(2)	9	6,797	5,281
Other expense	(48)	na	na	0	0
Interest expense	21	3	27	7,753	7,087
Profit before tax	**na**	**na**	**na**	**1,108**	**7,998**
Income tax	na	na	na	111	800
Equity & invest. income	80	na	29	190	445
Minority interests	246	(50)	60	456	(689)
Extraordinary items	na	na	na	0	0
Net profit	**na**	**na**	**na**	**1,642**	**6,954**
Normalized profit	**na**	**na**	**na**	**1,642**	**6,954**
EPS (Bt)	na	na	na	0.03	0.97
Normalized EPS (Bt)	na	na	na	0.03	0.97

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Cash & ST investment	22,079	29,065	23,283	25,097	17,852
A/C receivable	12,561	12,246	14,057	14,638	18,890
Inventory	3,668	3,636	3,778	3,490	3,672
Other current assets	8,723	9,609	5,248	5,602	6,437
Investment	10,786	10,807	10,734	10,594	10,583
Fixed assets	119,872	117,203	119,553	129,463	126,996
Other assets	175,315	180,062	183,067	180,749	179,002
Total assets	**353,003**	**362,628**	**359,720**	**369,633**	**363,431**
S-T debt	13,658	17,166	13,899	18,145	9,383
A/C payable	15,246	15,839	17,619	18,394	18,782
Other current liabilities	18,502	21,977	21,563	21,520	23,657
L-T debt	121,885	125,507	122,708	114,483	120,115
Other liabilities	114,293	116,526	120,450	117,599	115,830
Minority interest	8,924	9,126	9,527	11,470	11,190
Shareholders' equity	**60,496**	**56,487**	**53,954**	**68,023**	**64,473**
Working capital	983	43	216	(265)	3,779
Total debt	135,543	142,673	136,607	132,628	129,498
Net debt	**113,463**	**113,608**	**113,323**	**107,532**	**111,646**

Financial Ratios					
(%)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Sales growth	(45.1)	109.9	34.2	82.2	64.8
Operating profit growth	na	na	na	na	na
EBITDA growth	na	na	55.7	na	na
Norm profit growth	na	na	na	na	na
Norm EPS growth	na	na	na	na	na
Gross margin	15.7	21.8	34.0	41.8	30.9
Operating margin	(47.0)	(34.9)	(16.0)	7.3	(11.1)
EBITDA margin	(6.0)	3.1	10.7	28.7	13.3
Norm net margin	(43.7)	(25.1)	(12.2)	6.9	(18.2)
D/E (x)	1.9	2.2	2.2	1.7	1.7
Net D/E (x)	1.6	1.7	1.8	1.4	1.5
Interest coverage (x)	(0.4)	0.2	1.0	4.1	1.3
Interest rate	5.9	6.5	6.2	5.0	6.3
Effective tax rate	11.3	17.2	18.7	25.4	1.1
ROA	(5.8)	(3.8)	(2.6)	1.8	(3.9)
ROE	(32.7)	(23.2)	(17.1)	10.9	(21.6)

Sources: Company data, Thanachart estimates

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