Minor International Pcl (MINT TB) - BUY, Price Bt34, TP Bt43

Results Comment

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Turned profit in 2Q22

- MINT reported a norm profit of Bt1.2bn in 2Q22 vs. Bt3.4bn norm loss in 2Q21 and Bt3.6bn norm loss in 1Q22. This was below our expectation but it was in line with the street's earnings forecast. The weaker-than-expected earnings resulted from higher-than-expected corporate income tax and lower-than-expected equity income. Meanwhile, its EBITDA was line with our expectation.
- 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 profit of Bt1.6bn in 2Q22 vs. Bt3.9bn loss in 2Q21 and Bt3.8bn loss in 1Q22.
- MINT's strong turnaround in 2Q22 mainly resulted from NH's improving operation. NH reported net profit at €62m in 2Q22 vs. €77m loss in 1Q22 and €21m loss in 2Q21, driven by rising occupancy rate and average room rate.
- Hotel business' EBITDA was at Bt7.9bn in 2Q22, up by 303% y-y and 438% q-q. Overall RevPar in 2Q22 was at Bt3,232/night, up by 206% y-y and 75% q-q. Average occupancy rate was at 65% in 2Q22 vs. 28% in 2Q21 and 43% in 1Q22. ARR in 2Q22 was at Bt5,003/room/night, up 33% y-y and 17% q-q.
- Overall restaurant business' EBITDA made profit at Bt1.1bn in 2Q22, down by 8% y-y and 7% q-q. Overall SSSG was at 7.8% in 2Q22 vs. 6.1% in 2Q21 and 4.2% in 1Q22. Its restaurant business was still supported by good business in Thailand and Australia.
- With MINT's strong improving operation in overseas markets as well as its benefit from improving domestic travelling and Thailand's reopening, we maintain BUY on MINT.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Revenue	13,539	19,411	23,990	19,662	31,423
Gross profit	**2,955**	**6,595**	**10,028**	**6,072**	**14,359**
SG&A	7,675	9,709	8,269	8,249	10,569
Operating profit	(4,719)	(3,114)	1,759	(2,178)	3,790
EBITDA	**418**	**2,070**	**6,877**	**2,615**	**8,752**
Other income	2,167	1,343	2,613	595	798
Other expense	(545)	(982)	603	315	44
Interest expense	2,265	2,163	1,695	2,056	2,157
Profit before tax	**(4,272)**	**(2,952)**	**2,074**	**(3,954)**	**2,389**
Income tax	(733)	(553)	526	(43)	901
Equity & invest. income	(119)	(84)	30	55	(137)
Minority interests	264	116	79	274	(140)
Extraordinary items	(530)	1,931	(3,215)	(212)	351
Net profit	**(3,924)**	**(436)**	**(1,557)**	**(3,794)**	**1,561**
Normalized profit	**(3,394)**	**(2,367)**	**1,657**	**(3,582)**	**1,210**
EPS (Bt)	(0.83)	(0.08)	(0.30)	(0.73)	0.30
Normalized EPS (Bt)	(0.73)	(0.46)	0.32	(0.69)	0.23

Income Statement			**6M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Revenue	60	132	50	102,497	122,141
Gross profit	**136**	**386**	50	**40,609**	**53,106**
SG&A	28	38	49	38,581	43,219
Operating profit	na	na	na	2,028	9,887
EBITDA	**235**	**1,995**	57	**19,863**	**27,661**
Other income	34	(63)	20	6,817	5,205
Other expense	(86)	na		0	0
Interest expense	5	(5)	54	7,760	7,098
Profit before tax	**na**	**na**	na	**1,085**	**7,994**
Income tax	na	na	na	109	799
Equity & invest. income	na	na	na	190	445
Minority interests	na	na	na	452	(688)
Extraordinary items	na	na		0	0
Net profit	**na**	**na**	na	**1,619**	**6,952**
Normalized profit	**na**	**na**	na	**1,619**	**6,952**
EPS (Bt)	na	na	na	0.04	0.99
Normalized EPS (Bt)	na	na	na	0.04	0.99

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Cash & ST investment	29,065	23,283	25,097	17,852	26,248
A/C receivable	12,246	14,057	14,638	18,890	17,199
Inventory	3,636	3,778	3,490	3,672	3,983
Other current assets	9,609	5,248	5,602	6,437	7,186
Investment	10,807	10,734	10,594	10,583	9,389
Fixed assets	117,203	119,553	129,463	126,996	124,318
Other assets	180,062	183,067	180,749	179,002	176,102
Total assets	**362,628**	**359,720**	**369,633**	**363,431**	**364,423**
S-T debt	17,166	13,899	18,145	9,383	10,654
A/C payable	15,839	17,619	18,394	18,782	19,283
Other current liabilities	21,977	21,563	21,520	23,657	23,855
L-T debt	125,507	122,708	114,483	120,115	117,656
Other liabilities	116,526	120,450	117,599	115,830	113,667
Minority interest	9,126	9,527	11,470	11,190	11,418
Shareholders' equity	**56,487**	**53,954**	**68,023**	**64,473**	**67,890**
Working capital	43	216	(265)	3,779	1,899
Total debt	142,673	136,607	132,628	129,498	128,310
Net debt	**113,608**	**113,323**	**107,532**	**111,646**	**102,063**

Financial Ratios					
(%)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Sales growth	109.9	34.2	82.2	64.8	132.1
Operating profit growth	na	na	na	na	na
EBITDA growth	na	55.7	na	na	1,995.5
Norm profit growth	na	na	na	na	na
Norm EPS growth	na	na	na	na	na
Gross margin	21.8	34.0	41.8	30.9	45.7
Operating margin	(34.9)	(16.0)	7.3	(11.1)	12.1
EBITDA margin	3.1	10.7	28.7	13.3	27.9
Norm net margin	(25.1)	(12.2)	6.9	(18.2)	3.9
D/E (x)	2.2	2.2	1.7	1.7	1.6
Net D/E (x)	1.7	1.8	1.4	1.5	1.3
Interest coverage (x)	0.2	1.0	4.1	1.3	4.1
Interest rate	6.5	6.2	5.0	6.3	6.7
Effective tax rate	17.2	18.7	25.4	1.1	37.7
ROA	(3.8)	(2.6)	1.8	(3.9)	1.3
ROE	(23.2)	(17.1)	10.9	(21.6)	7.3

Sources: Company data, Thanachart estimates

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