

Minor International Pcl (MINT TB) - BUY, Price Bt33, TP Bt40**Results Comment**

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Strong 2Q23, above expectation

- MINT reported normalized profit of Bt3bn in 2Q23 vs. Bt1.2bn normalized profit in 2Q22 and Bt647m normalized loss in 1Q23. This was above ours and the market's expectation due to its higher-than-expected revenue and lower-than-expected SG&A expenses and corporate income tax rate.
- Including FX gain (loss) from US\$ cross-currency swap, change in fair value of interest rate derivative and disposal of fixed asset, reversed provision expenses for asset impairment, MINT reported net profit of Bt3.3bn in 2Q23 vs. net profit of Bt1.6bn in 2Q22 and net loss of Bt976m in 1Q23.
- MINT's improving y-y earnings was due to improving operation both in hotel and food businesses, particularly in hotel business in Europe and Thailand and food business in China and Thailand. The q-q earnings turned from loss due to high season in Europe.
- Hotel business' EBITDA was at Bt10.6bn in 2Q23, up 35% y-y and 108% q-q. Overall RevPar in 2Q23 was at Bt3,894/night, up 21% y-y and 31% q-q. RevPar surpassed its pre-COVID level by 30%. Average occupancy rate was at 68% in 2Q23 vs. 65% in 2Q22 and 60% in 1Q23. ARR in 2Q23 was at Bt5,727/room/night, up 15% y-y and 15% q-q.
- Overall restaurant business' EBITDA made profit at Bt1.6bn in 2Q23, up 50% y-y but down 4% q-q. Overall SSSG was at +8.1% in 2Q23. Its restaurant business was supported by improving operations in Thailand and China.
- We estimate MINT's 2H23 earnings to grow both y-y and h-h due to improving hotel business in Europe and Thailand. We see an upside risk to our numbers. We maintain BUY.

Income Statement (consolidated)					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23
Revenue	31,932	33,567	34,234	31,246	39,634
Gross profit	14,359	15,327	15,884	12,763	18,806
SG&A	10,569	12,828	11,004	11,798	13,266
Operating profit	3,790	2,500	4,881	964	5,541
EBITDA	8,752	7,433	9,753	5,905	10,544
Other income	798	875	933	906	502
Other expense	44	(1,978)	85	(78)	(1,179)
Interest expense	2,157	2,289	2,501	2,434	2,688
Profit before tax	2,389	3,063	3,228	(486)	4,534
Income tax	901	1,057	693	386	1,313
Equity & invest. income	(137)	171	46	261	19
Minority interests	(140)	(168)	(203)	(35)	(235)
Extraordinary items	351	2,598	(468)	(329)	250
Net profit	1,561	4,608	1,911	(976)	3,255
Normalized profit	1,210	2,010	2,379	(647)	3,005
EPS (Bt)	0.30	0.87	0.36	(0.18)	0.60
Normalized EPS (Bt)	0.23	0.38	0.45	(0.12)	0.55

Balance Sheet (consolidated)					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23
Cash & ST investment	26,248	27,227	22,966	22,980	21,585
A/C receivable	17,199	18,591	17,052	17,615	19,429
Inventory	3,983	3,907	3,909	3,818	3,982
Other current assets	7,186	6,062	6,369	6,528	5,659
Investment	9,389	9,588	9,869	10,180	10,138
Fixed assets	124,318	125,532	122,212	122,646	126,810
Other assets	176,102	179,358	175,833	178,283	183,601
Total assets	364,423	370,265	358,210	362,049	371,205
S-T debt	10,654	29,382	22,067	20,962	23,020
A/C payable	19,283	20,415	21,807	21,635	24,038
Other current liabilities	23,855	25,630	23,680	24,338	26,005
L-T debt	117,656	97,000	96,601	88,473	92,059
Other liabilities	113,667	113,755	111,446	114,251	120,362
Minority interest	11,418	11,746	11,550	11,633	10,477
Shareholders' equity	67,890	72,337	71,059	80,757	75,243
Working capital	1,899	2,083	(845)	(203)	(627)
Total debt	128,310	126,382	118,668	109,435	115,079
Net debt	102,063	99,155	95,702	86,455	93,494

Sources: Company data, Thanachart estimates

Income Statement 6M as					
(Bt m)	q-q%	y-y%	% 2023F	2023F	2024F
Revenue	27	24	51	139,859	150,218
Gross profit	47	31	53	59,983	64,911
SG&A	12	26	54	46,818	49,549
Operating profit	475	46	49	13,165	15,362
EBITDA	79	20	52	31,348	33,738
Other income	(45)	(37)	39	3,621	3,482
Other expense	na	na	na	(78)	0
Interest expense	10	25	59	8,678	8,500
Profit before tax	na	90	49	8,187	10,344
Income tax	240	46	69	2,456	2,586
Equity & invest. income	(93)	na	62	453	527
Minority interests	na	na	na	(548)	(656)
Extraordinary items	na	(29)	na	(329)	0
Net profit	na	108	43	5,306	7,629
Normalized profit	na	148	42	5,635	7,629
EPS (Bt)	na	100	64	0.64	1.03
Normalized EPS (Bt)	na	139	61	0.70	1.03

Financial Ratios (%)					
	2Q22	3Q22	4Q22	1Q23	2Q23
Sales grow th	135.8	72.9	42.7	58.9	24.1
Operating profit grow th	na	na	177.5	na	46.2
EBITDA grow th	1,995.5	259.0	41.8	125.8	20.5
Norm profit grow th	na	na	43.5	na	148.3
Norm EPS grow th	na	na	41.9	na	138.6
Gross margin	45.0	45.7	46.4	40.8	47.4
Operating margin	11.9	7.4	14.3	3.1	14.0
EBITDA margin	27.4	22.1	28.5	18.9	26.6
Norm net margin	3.8	6.0	6.9	(2.1)	7.6
D/E (x)	1.6	1.5	1.4	1.2	1.3
Net D/E (x)	1.3	1.2	1.2	0.9	1.1
Interest coverage (x)	4.1	3.2	3.9	2.4	3.9
Interest rate	6.7	7.2	8.2	8.5	9.6
Effective tax rate	37.7	34.5	21.5	(79.5)	29.0
ROA	1.3	2.2	2.6	(0.7)	3.3
ROE	7.3	11.5	13.3	(3.4)	15.4

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