

Minor International Public Co Ltd (MINT TB) - BUY

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News update

Delisting and Tender Offer for MHEA Shares

- **MHG makes a tender offer for MHEA shares.**
- **MHG plans to delist MHEA from Spanish Stock Market.**
- **MINT can finance the deal by debt and internal cashflow.**
- **We see the deal will add MINT's earnings by 1%.**

- The Board of Minor Hotels Europe & Americas (MHEA) has approved the following two proposals and resolved to call a Special General Meeting (EGM), which will be held on 20 January 2025, to present these resolutions to the shareholders for consideration:

- 1) Approval of the delisting of the company's shares from the Spanish Stock Exchanges.
- 2) Approval for MHG Continental Holding (Singapore) Pte Ltd. (MHG), which holds 95.9% of the shares (417.73 m shares), to make a tender offer to purchase all remaining shares of MHEA (delisting tender offer). The tender offer price is €6.37/share. MHG is fully owned by MINT.

Note that MHG has informed MHEA about agreements made with its shareholders, Global Income SA - SPF and Heritage SICAV Plc, on 17 September 2024. Under these agreements, the shareholders have agreed to sell all 6.26m of their shares to MHG for €6.00/share. This sale will happen as part of a delisting tender offer by MHG. These shares represent about 1.4% of MHEA's total shares and 34.7% of the shares not owned by MHG.

- According to the EY Valuation Report, the valuation ranges for the company's shares, based on various methodologies, indicate that EY uses the discounted cash flow method as the primary valuation approach, with a share value range between €5.88 and €6.97/share. We believe the tender offer price is reasonable when compared to the valuation of listed hotel peers on the Spanish Stock Exchange, which have EV/EBITDA ratios ranging from 6.8x to 12.8x. The tender offer price implies an EV/EBITDA (for the 12 months ending September 2024) of 9.1x.
- MHG needs to spend a total of €112.5m (or Bt4bn, with FX rate of Bt36/€1) for the tender offer. We believe MINT can finance the transaction using internal cash flow and debt. Assuming MINT finances the deal with debt, MINT's net D/E ratio will increase from 0.98x in 3Q24 to 1.03x (vs. its net D/E covenant of 1.75x).
- Based on our earnings estimates, we believe the additional profit from MHEA (after MINT's stake increases from 95.9% to 100%) will be more than enough to offset the rising interest expense. We estimate the deal will add MINT's earnings around 1%.

Key Valuations

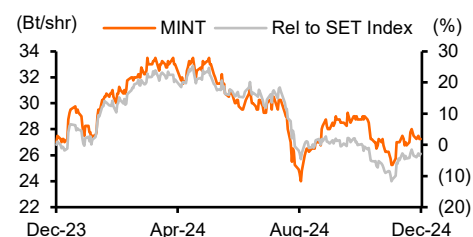
Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Revenue	149,196	161,565	164,246	172,992
Net profit	5,407	7,764	9,386	10,877
Norm net profit	7,132	8,272	9,386	10,877
Norm EPS (Bt)	1.0	1.2	1.4	1.6
Norm EPS gr (%)	790.9	14.0	16.7	19.4
Norm PE (x)	26.7	23.4	20.1	16.8
EV/EBITDA (x)	6.2	6.2	5.8	5.4
P/BV (x)	2.0	1.9	1.8	1.7
Div. yield (%)	2.1	1.6	2.0	2.4
ROE (%)	9.7	10.4	11.2	12.3
Net D/E (%)	101.6	98.4	84.1	70.4

Source: Thanachart estimates

Stock Data

Closing price (Bt)	27.25
Target price (Bt)	44.00
Market cap (US\$ m)	4,526.3
Avg daily turnover (US\$ m)	13.2
12M H/L price (Bt)	33.50/24.00

Price Performance



Source: Bloomberg