# Minor International (MINT TB)

Strong Operations In 4Q26 But No Improvement In Interest Savings

## Highlights

- We attended MINT's analyst meeting to review its 3Q26 results and the tone was neutral.
- The operation outlook for 4Q26 remains strong, but the progress of asset rotation will be gradual and will be completed by 2027.
- We remain cautious on MINT as its interest expense remains high and the interest uptrend in Europe will be detrimental to MINT's earnings outlook. Maintain HOLD with a target price of Bt21.00. (previously Bt19.50).

## Analysis

- **Neutral tone during analyst meeting.** We attended Minor International's (MINT) analyst meeting to review its 3Q26 results, and the tone was neutral.
- **Early view for 2027 and 4Q26 outlook.** MINT is still preparing its targets for next year. Management has provided a sneak peek into 2027. For its hotel business, management targets around low-mid single-digit RevPar growth yoy from Europe hotels and 8-10% RevPar growth yoy from hotels in Thailand. Meanwhile, it targets same-store-sales growth (SSSG) of +2% for its food business for 2027. For 4Q26, the outlook remains positive for hotels, with bookings in most locations indicating positive RevPar yoy. However, RevPar growth in Thailand at mid-single digit yoy remains subtle and weak despite several events and post renovation period. Meanwhile, the food business is performing well, having achieved 7% SSSG in Oct 26. The momentum has carried on into Nov 26 with a 6% SSSG for the first half of the month. This is a good build-up to the festive period when consumption demand will remain high.
- **Prioritising margin protection.** MINT's key goal in 4Q26 is protecting its operating margin. The company is actively trimming operating costs for both the hotel and food businesses. MINT has implemented AI initiatives and carried out technology transformation to increase its operational efficiency. Moreover, the asset-light expansions could enhance margins of both hotel and food businesses. However, MINT's key headwind remains the high interest expense from its loans. Even if the company is able to maintain its margins, the upward trend in interest expense will be detrimental to its earnings growth. We see that the current environment is not favourable for MINT's earnings outlook.

## Key Financials

| Year to 31 Dec (Btm) | 2024 | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Net turnover | 164,224 | 165,936 | 173,871 | 182,220 | 190,979 |
| EBITDA | 42,684 | 44,396 | 41,481 | 43,842 | 45,907 |
| Operating profit | 21,236 | 22,844 | 22,255 | 24,232 | 25,909 |
| Net profit (rep./act.) | 7,750 | 9,009 | 9,633 | 10,315 | 11,202 |
| Net profit (adj.) | 8,391 | 9,699 | 9,633 | 10,315 | 11,202 |
| EPS (Bt) | 1.5 | 1.7 | 1.6 | 1.7 | 1.9 |
| PE (x) | 15.1 | 13.1 | 13.9 | 13.0 | 12.0 |
| P/B (x) | 1.4 | 1.4 | 1.3 | 1.2 | 1.1 |
| EV/EBITDA (x) | 6.8 | 6.6 | 7.0 | 6.6 | 6.3 |
| Dividend yield (%) | 2.6 | 2.9 | 3.2 | 3.4 | 3.7 |
| Net margin (%) | 4.7 | 5.4 | 5.5 | 5.7 | 5.9 |
| Net debt/(cash) to equity (%) | 187.6 | 195.3 | 159.8 | 142.2 | 123.4 |
| Interest cover (x) | 4.1 | 5.0 | 5.0 | 4.7 | 4.8 |
| ROE (%) | 9.4 | 10.2 | 10.3 | 10.2 | 10.4 |
| Consensus net profit (Btm) | - | - | 9,908 | 10,661 | 11,554 |
| UOBKH/Consensus (x) | - | - | 0.97 | 0.97 | 0.97 |

*Source: Minor International, Bloomberg, UOB Kay Hian*

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**HOLD (Maintained)**

| | |
|---|---|
| Share Price | Bt22.00 |
| Target Price | Bt21.00 |
| Upside | -4.5% |
| Previous TP | Bt19.50 |

### Stock Data

| | |
|---|---|
| Sector | Consumer Discretionary |
| Bloomberg ticker | MINT TB |
| Shares issued (m) | 5,624.6 |
| Market cap (Btm) | 125,709.2 |
| Market cap (US$m) | 3,709.6 |
| 3-mth avg daily t'over (US$m) | 17.7 |

### Price Performance (%)

| 52-week high/low | | | | Bt27.00/Bt19.60 |
|---|---|---|---|---|
| 1mth | 3mth | 6mth | 1yr | YTD |
| 9.0 | (2.8) | 3.0 | 8.0 | (8.0) |

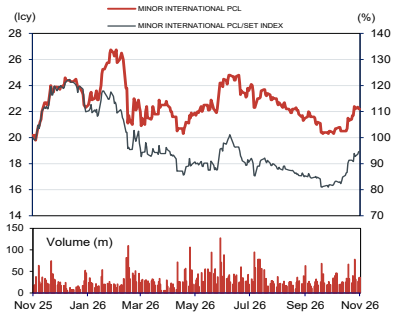
### Major Shareholders (%)

| | |
|---|---|
| Minor Group & Heinecke Family | 34.0 |
| Foreign Fund | 27.0 |

### Balance Sheet Metrics

| | |
|---|---|
| FY26 NAV/Share (Bt) | 17.29 |
| FY26 Net Debt/ Share (Bt) | 27.62 |

### Price Chart




*Source: Bloomberg*

### Company Description

MINT is one of the largest hospitality companies in the Asia-Pacific region. It also operates restaurants in Thailand and overseas and is involved in residential property development and retail trading.

- **Asset rotation continues, with gradual completion expected.** MINT has postponed its REIT launch initially planned for 2H26 due to weak demand and unfavourable market conditions. We view the delay as a significant negative for its earnings outlook, as it limits near-term deleveraging opportunities. Net IBD/E increased from 0.88x at end-1Q26 to 1.10x in 3Q26 following the conversion of slightly over Bt10b in perpetual bonds into long-term debt, adding approximately Bt300m in annual interest expenses. Meanwhile, MINT is negotiating the sale of three hotels in Europe, with plans to retain management contracts for the properties. Proceeds are expected to go towards debt repayment, with management expecting a gradual completion of sales and leaseback under management contract of the hotels within 2027. Hence, the positive impact from the interest savings will not materialise in the near term.
- **Uptrend in interest rates detrimental to MINT.** Interest cost as of end-3Q26 stood at 4.18%, up qoq. The interest uptrend in Europe is detrimental to MINT given that 43% of MINT's loans are denominated in euros, with 70% of the amount at floating rates. This points towards a negative outlook for MINT, as its debt level is likely to remain elevated while the asset rotation will be gradual and will require time to see significant interest savings. MINT's earnings growth is already constrained by its high interest burden, and unlike other hotel operators, it is unlikely to benefit from further reductions in financing costs.
- **Challenging to achieve 2026 growth targets.** Management maintains its guidance of high single-digit annual revenue growth and 15-20% p.a. profit growth. However, 9M26 core earnings grew only 4.9% yoy, well below the target. With higher interest expenses following the conversion of perpetual bonds into long-term loans, we believe achieving the 15-20% core profit growth target in 2026 will be challenging. Furthermore, around Bt13b of perpetual bonds are due and could possibly be converted into loans in Sep 27, followed by another Bt10.5b in Feb 28. This could create a prolonged earnings overhang if MINT fails to launch its REIT.

## Valuation/Recommendation

- **Maintain HOLD with a target price of Bt21.00 (previously Bt19.50).** Our valuation is rolled over to 2027 EV/EBITDA multiple at 6.2x, 2SD below the five-year mean. We remain cautious on MINT, as interest rates in Europe are trending upwards and the high interest expense is likely to weigh on earnings growth. The asset rotation will be gradual and will not be providing a significant interest savings within 2027.

## Environment, Social, Governance (ESG) Updates

### Environmental

- **Pledge Net Zero by 2050.**
- **Strategy to conserve resources.** To reduce emissions and waste and protect biodiversity across the operations and supply chains.

### Social

- **Strict occupational health and safety guidelines.** Ensures supplier compliance with the safety guidelines.

### Governance

- **CEO & senior management KPI.** Also based on non-financial KPI such as internal control compliance, sustainability and human resource management.
- **The guidelines are reviewed annually** to incorporate changes in governance requirements, business operations, and applicable laws.

## Hotel Outlook




*Source: MINT*

## Growth Target




*Source: MINT*

## Debt Profile




*Source: MINT*

## Margins Protection Plan




*Source: MINT*

## Profit & Loss

| Year to 31 Dec (Btm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Net turnover | 165,936 | 173,871 | 182,220 | 190,979 |
| EBITDA | 44,396 | 41,481 | 43,842 | 45,907 |
| Deprec. & amort. | 21,553 | 19,226 | 19,610 | 19,998 |
| EBIT | 22,844 | 22,255 | 24,232 | 25,909 |
| Total other non-op. income | (2,242) | 3 | 3 | 3 |
| Associate contributions | 1,436 | 932 | 1,025 | 1,127 |
| Net interest income/(expense) | (8,817) | (8,231) | (9,255) | (9,664) |
| **Pre-tax profit** | **13,221** | **14,959** | **16,005** | **17,375** |
| Tax | (3,381) | (4,489) | (4,794) | (5,199) |
| Minorities | (830) | (838) | (897) | (974) |
| Net profit | 9,009 | 9,633 | 10,315 | 11,202 |
| **Net profit (adj.)** | **9,699** | **9,633** | **10,315** | **11,202** |

## Balance Sheet

| Year to 31 Dec (Btm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Fixed assets | 283,129 | 277,104 | 277,311 | 275,481 |
| Other LT assets | 36,208 | 37,009 | 38,116 | 39,309 |
| Cash/ST investment | 9,596 | 35,961 | 52,822 | 67,898 |
| Other current assets | 28,397 | 30,165 | 31,609 | 33,144 |
| **Total assets** | **357,330** | **380,239** | **399,858** | **415,832** |
| ST debt | 24,346 | 37,149 | 53,649 | 63,649 |
| Other current liabilities | 38,162 | 40,537 | 42,478 | 44,542 |
| LT debt | 159,625 | 155,394 | 147,463 | 141,463 |
| Other LT liabilities | 38,211 | 40,590 | 42,534 | 44,600 |
| Shareholders' equity | 89,270 | 98,014 | 104,283 | 111,153 |
| Minority interest | 7,716 | 8,553 | 9,450 | 10,424 |
| **Total liabilities & equity** | **357,330** | **380,238** | **399,858** | **415,831** |

## Cash Flow

| Year to 31 Dec (Btm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| **Operating** | **34,563** | **30,304** | **31,318** | **32,702** |
| Pre-tax profit | 13,221 | 14,959 | 16,005 | 17,375 |
| Tax | (3,381) | (4,489) | (4,794) | (5,199) |
| Deprec. & amort. | 21,553 | 19,226 | 19,610 | 19,998 |
| Associates | (1,436) | (932) | (1,025) | (1,127) |
| Working capital changes | (1,485) | 184 | 150 | 160 |
| Non-cash items | 4,656 | 424 | 346 | 368 |
| Other operating cashflows | 1,436 | 932 | 1,025 | 1,127 |
| **Investing** | **(36,141)** | **(8,826)** | **(18,981)** | **(17,294)** |
| Capex (growth) | (36,620) | (6,201) | (19,818) | (18,168) |
| Investment | 22,501 | 22,449 | 22,859 | 23,310 |
| Others | (22,022) | (25,075) | (22,023) | (22,436) |
| **Financing** | **(2,145)** | **4,887** | **4,523** | **(332)** |
| Dividend payments | (3,227) | (3,685) | (4,046) | (4,332) |
| Proceeds from borrowings | 5,846 | 8,572 | 8,569 | 4,000 |
| Others/interest paid | (4,764) | - | - | - |
| Net cash inflow (outflow) | (3,722) | 26,365 | 16,860 | 15,076 |
| Beginning cash & cash equiv. | 13,319 | 9,596 | 35,961 | 52,822 |
| **Ending cash & cash equiv.** | **9,596** | **35,961** | **52,822** | **67,898** |

## Key Metric

| Year to 31 Dec (S$m) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Profitability | | | | |
| EBITDA margin | 26.8 | 23.9 | 24.1 | 24.0 |
| Pre-tax margin | 8.0 | 8.6 | 8.8 | 9.1 |
| Net margin | 5.4 | 5.5 | 5.7 | 5.9 |
| ROA | 2.6 | 2.6 | 2.6 | 2.7 |
| ROE | 10.2 | 10.3 | 10.2 | 10.4 |
| | | | | |
| Growth (% yoy) | | | | |
| Turnover | 1.0 | 4.8 | 4.8 | 4.8 |
| EBITDA | 4.0 | (6.6) | 5.7 | 4.7 |
| Pre-tax profit | 18.1 | 13.1 | 7.0 | 8.6 |
| Net profit | 16.2 | 6.9 | 7.1 | 8.6 |
| Net profit (adj.) | 15.6 | (0.7) | 7.1 | 8.6 |
| EPS | 15.6 | (6.1) | 7.1 | 8.6 |
| | | | | |
| Leverage | | | | |
| Debt to total capital | 65.5 | 64.4 | 63.9 | 62.8 |
| Debt to equity | 206.1 | 196.4 | 192.9 | 184.5 |
| Net debt/(cash) to equity | 195.3 | 159.8 | 142.2 | 123.4 |
| Interest cover (x) | 5.0 | 5.0 | 4.7 | 4.8 |

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