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)

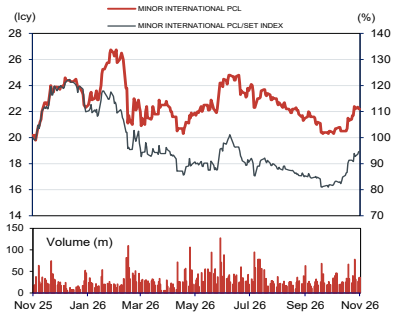
Major Shareholders (%)

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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