UOBKayHian

Company – Results | Thailand

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Minor International (MINT TB)

2Q26: Reported Weak Core Profit Growth In Line

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Highlights

- MINT reported a core profit of Bt3.51b (+3.0% yoy, +2,322.8% qoq), showing a weak yoy growth.
- MINT postponed its REIT launch, which will hamper the deleveraging plan and result in a higher interest burden.
- We expect MINT not to be able to achieve its growth target due to the weak performance in 1H26 and the asset-light expansion will not be able to offset the interest burden. Maintain HOLD with a target price of Bt24.00.

HOLD (Maintained)

Share Price	Bt23.20
Target Price	Bt24.00
Upside	+3.4%

2Q26 Results

Year to 31 Dec (Btm)	2Q25	1Q26	2Q26	yoy (%)	qoq (%)	1H25	1H26	yoy (%)
Total revenue	42,083	37,346	43,335	3.0	16.0	77,651	80,681	3.9
Operating EBITDA	12,823	7,372	12,538	(2.2)	70.1	21,522	19,910	(7.5)
Core profit	3,411	145	3,513	3.0	2,322.8	3,461	3,658	5.7
Net profit	3,086	649	3,308	7.2	409.9	3,502	3,957	13.0
EPS (Bt)	0.54	0.12	0.58	7.2	406.6	0.62	0.70	13.0
(%)	2Q25	1Q26	2Q26	yoy (ppt)	qoq (ppt)	1H25	1H26	yoy (ppt)
Gross margin	45.0	40.3	45.3	0.4	5.0	43.0	43.0	(0.0)
SG&A to sales	31.6	35.7	30.6	(1.1)	(5.1)	33.6	33.0	(0.6)
EBITDA margin	30.5	19.7	28.9	(1.5)	9.2	27.7	24.7	(3.0)
Core profit margin	8.1	0.4	8.1	0.0	7.7	4.5	4.5	0.1
Net profit margin	7.3	1.7	7.6	0.3	5.9	10.5	11.4	0.9

Source: MINT, UOB Kay Hian

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	MINT TB
Shares issued (m)	5,624.6
Market cap (Btm)	130,490.1
Market cap (US$m)	3,939.9
3-mth avg daily t'over (US$m)	28.3

Price Performance (%)

52-week high/low: Bt27.00/Bt19.60

1mth	3mth	6mth	1yr	YTD
(6.5)	12.1	(6.8)	(4.5)	(4.5)

Major Shareholders (%)

Minor Group & Heinecke Family	34.0
Foreign Fund	27.0

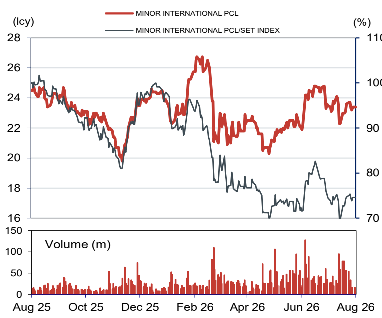
Balance Sheet Metrics

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

Analysis

- **Reported weak yoy core profit growth in 2Q26.** Minor International (MINT) MINT reported a net profit of Bt3.31b (+7.2% yoy). Excluding extra items such as foreign exchange losses and derivatives losses, its 2Q26 core profit stands at Bt3.51b (+3.0% yoy), in line with our and consensus forecasts. The overall RevPar from MINT's hotels came in flat yoy at +1%, due to the war. Hotels in Europe, Thailand, Maldives, and Australia showed RevPar of +4%, +3%, -6%, and -3% yoy in local currency. Interest expense rose 6% yoy and 16% qoq due to the increasing syndicated loan amount from perpetual conversion. EBITDA margins declined 1.5ppt yoy due to cost pressure, as the food business saw packaging and logistics costs rising. 1H26 net profit accounts for 41% of our 2026 earnings forecast.

Price Chart



Source: Bloomberg

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)	14.6	12.6	13.9	13.0	11.9
P/B (x)	1.4	1.2	1.3	1.2	1.1
EV/EBITDA (x)	6.1	5.9	7.0	6.6	6.3
Dividend yield (%)	2.6	3.3	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	133.5	159.8	142.2	123.4
Interest cover (x)	4.1	5.0	5.0	4.7	4.8
ROE (%)	9.4	9.5	10.3	10.2	10.4
Consensus net profit (Btm)	-	-	9,912	10,958	12,187
UOBKH/Consensus (x)	-	-	0.97	0.94	0.92

Source: Minor International, Bloomberg, UOB Kay Hian

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.

- **REIT postponement adds to interest burden.** MINT has decided to postpone its REIT launch, which was initially planned for 2H26, due to weak demand and unfavourable market conditions. We view the delay as a significant negative for MINT's earnings outlook, as the company will be unable to meaningfully reduce its leverage in the near term. MINT's net IBD/E increased from 0.88x at end-1Q26 to 1.10x in 2Q26 following the conversion of the perpetual bond into a long-term loan of slightly over Bt10b. As a result, MINT will incur additional interest expenses of around Bt300m annually, creating a meaningful headwind to earnings growth. The REIT remains in MINT's pipeline and could be revisited once market conditions improve. In the meantime, MINT will focus on its food IPO and asset rotation initiatives, although the food IPO remains uncertain and is not included in our assumptions.
- **2026 growth guidance is unlikely to be achieved.** Management previously maintained its three-year guidance, targeting high single-digit annual revenue growth and profit growth of 15-20% p.a.. So far, the 1H26 core earnings have only shown a 5.7% yoy growth, which is way below the target. Given the increasing interest burden from the converted perpetuals, we believe that the target of 15-20% core profit growth is unlikely to be achieved this year. Meanwhile for Sep 27, there will be another tranche of perpetuals to be converted into loans and another in Feb 28. We think that this increasing interest burden could be a long-term overhang if the REIT cannot be launched.
- **MINT still focuses on asset-light expansion.** Given its relatively high leverage, MINT is prioritising asset-light hotel growth to ease balance sheet pressure. While revenue contribution per contract is relatively small, margins are attractive as the model requires limited capital investment, operating expenses, and ramp-up costs. As of 1Q26, MINT operated 643 hotels with 240 projects in the pipeline, targeting an asset-light share of 51% of total rooms by 2028, up from 34% currently. MINT aims to sign over 50 hotel contracts in 2026, with 30 targeted in 1H26. In the food business, MINT is also accelerating franchising to raise the franchise mix to 56% of total outlets, while expanding in high-growth markets such as Indonesia and India. However, we think that the asset-light strategy will not be able to offset the increasing interest burden.

Valuation/Recommendation

- **Maintain HOLD with a target price of Bt24.00.** Our valuation is based on 2026 EV/EBITDA multiple at 7.0x, 1SD below the three-year mean. We are still not optimistic about MINT as it deferred its REIT launch plan, and the increasing interest expense will hamper its earnings growth, resulting in the growth target for 2026 being unlikely to be achieved. Meanwhile, the asset-light expansion will not be able to offset the increasing interest burden. Hence, we prefer AWC and CENTEL as our sector top picks.

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.

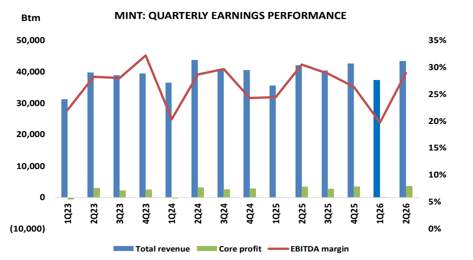
Social

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

Governance

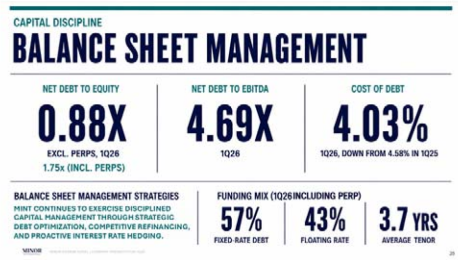
- **CEO & senior management KPI.** Based on KPIs such as internal control compliance, sustainability and human resource management.
- **The guidelines are reviewed annually** to incorporate changes in governance requirements, business operations, and applicable laws.

Quarterly Performance



Source: MINT, UOB Kay Hian

Debt Profile

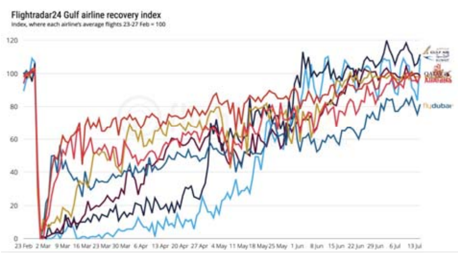


Source: MINT

Growth Target

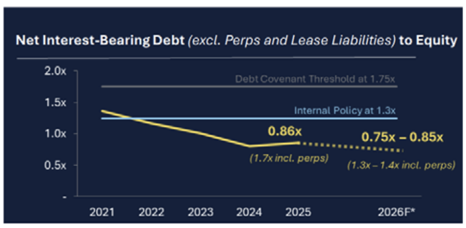
Source: MINT

Middle Eastern Airline Air Connectivity



Source: UOB Kay Hian

MINT'S Debt Covenant



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