

MINOR INTERNATIONAL PLC

No. 84/2022
16 August 2022

CORPORATES

Company Rating:	A
Issue Ratings:	
Senior unsecured	A
Hybrid	BBB+
Outlook:	Stable

Last Review Date: 22/06/22

Company Rating History:

Date	Rating	Outlook/Alert
07/06/22	A	Stable
10/07/20	A	Negative
27/03/20	A	Alert Negative
24/07/18	A	Stable
11/06/18	A+	Alert Negative
28/04/14	A+	Stable
21/02/07	A	Stable
19/08/04	A-	Stable
23/12/03	A-	-
05/06/03	A-	Alert Developing
30/07/02	A-	-

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RATIONALE

TRIS Rating affirms the company rating on Minor International PLC (MINT) and the ratings on MINT's existing senior unsecured debentures at "A" and the rating on MINT's subordinated capital debentures (hybrid debentures, MINT18PA) at "BBB+", with a "stable" rating outlook. At the same time, we assign the rating of "BBB+" to MINT's proposed issue of up to THB8 billion and an additional greenshoe portion of up to THB4 billion in hybrid debentures. The rating differential reflects the subordinated nature of the hybrid debentures and the option of the issuer to defer coupons on a cumulative basis. MINT intends to use the proceeds from the new debentures to refinance its outstanding hybrid debentures. The new issue rating replaces the issue rating previously assigned on 22 June 2022, following MINT's request to change the issue size from the previously announced size of up to THB10 billion.

The ratings continue to reflect MINT's strong business fundamentals, underpinned by its strong portfolio of brands and wide geographic coverage in the hospitality and restaurant businesses, as well as its high but declining financial leverage. We expect MINT's operating performance to recover steadily in both the hotel and restaurant businesses as the pandemic situation improves. Strong pent-up demand and broad easing of COVID-19 restrictions worldwide are key drivers for hotel business recovery in the coming quarters. Over the longer term, the gradual revival of long-haul travel and business travel should help sustain recovery pace. For the restaurant business, although its operation in China has been impacted by strict COVID-19 lockdowns, normalized operating hours and tourism activities in Thailand should support business revival.

For the first half of 2022, MINT's performance was in line with our expectation. MINT reported THB52 billion in revenue and THB12.6 billion in earnings before interest, taxes, depreciation and amortization (EBITDA). Adjusted debt was THB218 billion at the end of June 2022 and adjusted debt to EBITDA ratio was 8.6 times (annualized based on trailing 12 months). Our base-line projection forecasts MINT's revenue to reach around THB114 billion in 2022 and THB125-THB135 billion per annum during 2023-2024 with projected adjusted EBITDA of THB27 billion in 2022 before improving to THB31-THB35 billion per annum during 2023-2024. We expect MINT to steadily restore its credit metrics, with its adjusted debt to EBITDA ratio falling below 7 times by 2023.

We view the global economic headwinds, inflationary pressure, and geopolitical uncertainty as key downside risks to the pace of MINT's revenue and earnings recovery as well as the prospect of restoring its financial strength.

RATING OUTLOOK

The "stable" outlook reflects our expectation of MINT's continuing business recovery as well as improving credit metrics supported by the gradual revival of the hospitality industry and return of social and economic normalcy despite pressure from global economic uncertainty.

RATING SENSITIVITIES

Rating downward pressure could arise if MINT's business recovery is significantly weaker than forecast, or if the company makes additional sizable debt-funded investments. A rating upside is limited in the near term. However, a rating

CreditUpdate, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company's current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been "upgraded," "downgraded," "affirmed" or "cancelled." The update includes information to supplement the previously published ratings.

Credit Updates are part of TRIS Rating's monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

upgrade could occur when MINT's business and financial profiles continue to improve such that its adjusted debt to EBITDA ratio stays well below 5 times on a sustained basis.

RELATED CRITERIA

- Corporate Rating Methodology , 15 July 2022
- Key Financial Ratio and Adjustments for Corporate Issuers, 11 January 2022
- Hybrid Securities Rating Criteria, 28 June 2021
- Issue Rating Criteria, 15 June 2021

Minor International PLC (MINT)

Company Rating:	A
Issue Ratings:	
MINT237A: THB3,059.00 million senior unsecured debentures due 2023	A
MINT243A: THB4,635.00 million senior unsecured debentures due 2024	A
MINT243B: THB2,165.00 million senior unsecured debentures due 2024	A
MINT247A: THB3,501.00 million senior unsecured debentures due 2024	A
MINT249A: THB1,000.00 million senior unsecured debentures due 2024	A
MINT255A: THB4,000.00 million senior unsecured debentures due 2025	A
MINT255B: THB2,769.03 million senior unsecured debentures due 2025	A
MINT257A: THB3,440.00 million senior unsecured debentures due 2025	A
MINT267A: THB2,000.00 million senior unsecured debentures due 2026	A
MINT277B: THB2,230.97 million senior unsecured debentures due 2027	A
MINT283A: THB1,000.00 million senior unsecured debentures due 2028	A
MINT293A: THB1,815.40 million senior unsecured debentures due 2029	A
MINT293B: THB5,684.60 million senior unsecured debentures due 2029	A
MINT313A: THB1,200.00 million senior unsecured debentures due 2031	A
MINT313B: THB1,570.00 million senior unsecured debentures due 2031	A
MINT313C: THB2,430.00 million senior unsecured debentures due 2031	A
MINT329A: THB1,000.00 million senior unsecured debentures due 2032	A
MINT343A: THB3,070.00 million senior unsecured debentures due 2034	A
MINT343B: THB2,430.00 million senior unsecured debentures due 2034	A
MINT18PA: THB15,000.00 million subordinated capital debentures	BBB+
Up to THB8,000.00 million subordinated capital debentures and additional greenshoe portion of up to THB4,000.00 million	BBB+
Rating Outlook:	Stable

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