

MINOR INTERNATIONAL PLC

No. 13/2023

24 January 2023

CORPORATES

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

Last Review Date: 02/12/22

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, MINT22PA) 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 THB9 billion and an additional greenshoe portion of up to THB2 billion in subordinated capital 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 guaranteed senior perpetual capital securities and to fund general business operations and expansion. The new issue rating replaces the issue rating previously assigned on 2 December 2022, following MINT's request to change the issue size from the previously announced size of up to THB8 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. The ratings also take into consideration MINT's high but declining financial leverage, supported by improving operating conditions.

MINT's hotel business continues to recover led by the hotel business in Europe. Meanwhile, hotel operations in Thailand are improving steadily on the back of the increasing number of tourist arrivals. As operational challenges persist in China, MINT's restaurant business in Thailand and Australia delivers sound performance from improved operating conditions. For the first nine months of 2022, the company reported THB85.8 billion in revenue, compared with THB47.9 billion in the same period last year. Despite inflationary pressure, MINT was able to increase prices in response to heightened costs, especially its hotel room rates in Europe. As a result, earnings before interest, taxes, depreciation, and amortization (EBITDA) almost tripled from the same period last year to THB23.2 billion, which is roughly the same level as in 2019 prior to the pandemic. Adjusted debt to EBITDA ratio improved from 14.2 times at the end of 2021 to 6.8 times (annualized based on trailing 12 months) for the first nine months of 2022.

RATING OUTLOOK

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

RATING SENSITIVITIES

Downward revision pressure on the ratings could arise if MINT's operating conditions turn unfavourable and business recovery is significantly weaker than forecast, or if the company makes additional sizable debt-funded investments. A rating 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.

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.

RELATED CRITERIA

- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios 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
MINT22PA: THB13,000.00 million subordinated capital debentures	BBB+
Up to THB9,000.00 million subordinated capital debentures and additional greenshoe portion of up to THB2,000.00 million	BBB+
Rating Outlook:	Stable

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