

MINOR INTERNATIONAL PLC

No. 43/2021

11 June 2021

CORPORATES

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

Last Review Date: 11/05/21

Company Rating History:

Date	Rating	Outlook/Alert
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-	-

Contacts:

Chanaporn Pinphithak

chanaporn@trisrating.com

Pramuansap Phonprasert

pramuansap@trisrating.com

Wajee Pitakpaibulkij

wajee@trisrating.com

Thiti Karoonyanont, Ph.D., CFA

thiti@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating affirms the company rating on Minor International PLC (MINT) and the ratings on its existing senior unsecured debentures at "A" and the rating on its subordinated capital debentures (hybrid debentures, MINT18PA) at "BBB+". At the same time, we assign the rating of "A" to MINT's proposed issue of up to THB8 billion and an additional greenshoe portion of up to THB2 billion senior unsecured debentures. The new issue rating replaces the issue rating previously assigned on 11 May 2021, following MINT's request to increase the issue size from the previously announced size of THB6 billion. The proceeds from the new debentures will be used for debt refinancing and funding its working capital.

The ratings continue to reflect MINT's strong business fundamental, supported by its strong portfolio of brands and wide geographic coverage in the hospitality and restaurant businesses. We expect MINT's credit metrics to remain under pressure over the next 12-24 months. However, we expect to see a gradual improvement in MINT's operating performance, particularly in its hotel business in Europe, from the second half of 2021 onward, considering the pace of vaccine rollouts in key European countries. We view that MINT's cost reduction efforts, liquidity and balance sheet management, and extended waiver of financial covenant testing should allow the company the time and flexibility to manage through a gradual recovering over the next several quarters.

For the first 3 months of 2021, MINT's operating performance still suffered from the COVID-19 fallout. MINT reported THB12.5 billion in revenue and THB211 million in earnings before interest, taxes, depreciation, and amortization (EBITDA). Meanwhile, MINT's adjusted debt at the end of March 2021 was THB235 billion.

Our baseline projection forecasts MINT's revenue to be around THB78 billion in 2021, THB106 billion in 2022, and return to pre-COVID-19 levels in 2023 at THB123 billion. We project MINT's EBITDA of THB11-THB12 billion in 2021 before improving to THB28 billion in 2022 and THB33 billion in 2023. We also project MINT's leverage to stay elevated with adjusted debt to EBITDA ratio to be close to 20 times in 2021 before declining to around 7-8 times in 2022, and below 7 times in 2023. We expect the company to continue its prudent liquidity management to preserve cash and maintain sufficient liquidity to weather operating headwinds until business recovery is on a firm sustainable path.

RATING OUTLOOK

The "negative" outlook reflects our view that MINT's credit metrics will continue to be under pressure due to fragile business recovery prospects as the COVID-19 situation remains fluid with uncertainty surrounding the timing and extent of potential easing on global travel restrictions, that are largely dictated by the pace of vaccine rollouts and efficacy.

RATING SENSITIVITIES

Rating downgrade pressure could arise from a prolonged COVID-19 crisis that potentially results in further delays in MINT’s business recovery and deleveraging plan. A rating downward could also occur if MINT’s liquidity position materially deteriorates. The outlook could be revised to “stable” if the COVID-19 situation continues to improve toward a return of social and economic normality, and MINT demonstrates clear signs of operating recovery and a sustainable path to restore its credit metrics.

RELATED CRITERIA

- Rating Methodology – Corporate, 26 July 2019
- Hybrid Securities Rating Criteria, 12 September 2018
- Key Financial Ratios and Adjustments, 5 September 2018

Minor International PLC (MINT)

Company Rating:	A
Issue Ratings:	
MINT210A: THB300.00 million senior unsecured debentures due 2021	A
MINT223A: THB4,079.70 million senior unsecured debentures due 2022	A
MINT223B: THB3,620.30 million senior unsecured debentures due 2022	A
MINT228A: THB2,700.00 million senior unsecured debentures due 2022	A
MINT243A: THB4,635.00 million senior unsecured debentures due 2024	A
MINT243B: THB2,165.00 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
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 senior unsecured debentures and additional greenshoe portion of up to THB2,000 million due within 4 years	A
Rating Outlook:	Negative

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: 0-2098-3000

© Copyright 2021, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient’s particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at www.trisrating.com/rating-information/rating-criteria