

Press Release

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TRIS Rating Sees No Immediate Impact on MINT's Ratings in Relation to NHH Share Acquisition

TRIS Rating views the result of Minor International PLC (MINT)'s tender offer for NH Hotel Group SA (NHH) has no immediate impact on MINT's credit ratings.

MINT recently announced that it has completed a tender for the remaining shares of NHH and secured a total of 94.1% of its share capital. The company's initial target was to acquire a 50%-55% stake in NHH. The higher-than-expected equity stake, post tender offer, means MINT must raise more funds to pay for the acquisition. MINT also has to manage its capital structure to ensure compliance with its financial covenant, limiting the interest-bearing debt to equity ratio to a maximum of 1.75 times.

MINT is in the process of revaluing the assets of NHH to enhance its equity base. The company also plans to issue perpetual debentures to fund the acquisition. In addition, MINT is in talks with potential strategic partners to divest some shares of NHH. MINT is also considering divesting some assets to third parties, if needed, in order to raise cash. Based on the company's plans, we expect that MINT will be able to manage its debt ratio so that it complies with the debt covenant.

On a consolidated basis, MINT's adjusted debt (including operating lease obligations) to earnings before interest, tax, depreciation, and amortization (EBITDA) ratio is forecast to stay in the range from 6-7 times over the next one to two years. Beyond the next two years, we expect MINT's deleveraging plan will lower the ratio of adjusted debt to EBITDA to fall below 6 times to maintain its credit ratings at the current levels.

MINT's ratings continue to reflect its solid business profile, underpinned by its strong market positions in the hotel and restaurant businesses and diverse sources of income. MINT has a strong portfolio of brands and wide geographic coverage. The acquisition of NHH, if integrated successfully, will further strengthen MINT's business profile and enhance its long-term growth prospects.

MINT is rated "A" by TRIS Rating with a "stable" outlook on the company rating and the ratings of its senior unsecured debentures, and rated "BBB+" with a "stable" outlook on its subordinated capital (hybrid) debentures.

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