

MINOR INTERNATIONAL PLC

No. 24/2018

13 March 2018

CORPORATES

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

Company Rating History:

Date	Rating	Outlook/Alert
28/03/14	A+	Stable
21/02/07	A	Stable
12/07/04	A-	Stable
05/06/03	A-	Alert Negative
30/07/02	A-	Stable

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RATIONALE

TRIS Rating affirms the company rating of Minor International PLC (MINT) and its existing senior unsecured debenture ratings at "A+". At the same time, TRIS Rating assigns a rating of "A+" to a proposed issue of up to Bt1,000 million in senior unsecured debentures. The proceeds from the new debentures will be used to refinance debts coming due.

The ratings reflect MINT's solid business profile, underpinned by its strong market position, diversified portfolio of businesses, and wide geographic coverage. The ratings also take into consideration the volatile nature of the hotel industry, plus the high level of competition in the restaurant and retail trading segments. The ratings also reflect the high level of leverage mainly from expanding its hotel portfolio during the past few years.

In 2017, MINT reported Bt55,001 million in revenue, up by 8% from a year earlier. Almost all business segments grew, led by strong results in the hotel segment and a rise in the amount of property sold. Operating profit before depreciation and amortization, as a percentage of sales, was 16.13%, up from around 15% during 2015-2016. The improved profitability was a result of cost management efforts in the restaurant segment, the adjustment of the Anantara Vacation Club (AVC) sales model, and higher property sales which carry a high profit margin.

MINT's capital structure improved in 2017 mainly from a capital injection from the exercise of warrants of Bt7,584 million. The adjusted debt to capitalization ratio improved from 57.68% at the end of 2016 to 52.94% at the end of 2017. Cash flow protection, as measured by the adjusted ratio of funds from operations (FFO) to debt, also improved, from 15.54% in 2016 to 16.47% in 2017. TRIS Rating expects the ratio of FFO to total debt to continue to improve from the current mid-teens percentage to around 20% over the next couple of years.

RATING OUTLOOK

The "stable" outlook reflects TRIS Rating's expectation that MINT will continue to deliver sound operating performance and maintain its strong business profile, supported by the broad portfolio of businesses, both in terms of markets served and geographic coverage.

RATING SENSITIVITIES

MINT's credit upside is limited in the next 12 months, taking into account the current financial risk profile. The downside case could occur if MINT makes any additional, sizable, debt-funded investments as it has limited headroom for a rise in leverage at the current rating level.

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Bt million

	----- Year Ended 31 December -----				
	2017	2016	2015	2014	2013
Total revenue	55,001	51,152	42,345	37,228	34,669
Gross interest expense	1,757	1,606	1,301	1,145	1,027
Net income from operations	5,415	3,855	4,872	4,250	4,090
Funds from operations (FFO)	8,261	7,743	7,061	6,207	6,649
Capital expenditures	6,542	6,080	7,808	5,911	5,365
Additional investments	4,806	3,557	5,013	5,282	1,708
Total assets	118,444	108,453	98,382	74,279	60,124
Total debt	50,163	49,832	45,492	34,082	23,385
Total debt includes guarantees and commitments to related companies and lease capitalization	56,267	55,600	50,341	38,996	28,157
Shareholders' equity including minority interest	50,021	40,797	36,711	30,024	26,875
Operating income before depreciation and amortization as % of sales	16.13	14.89	15.03	17.28	17.78
Pretax return on permanent capital ** (%)	8.26 ***	7.46	8.65	9.62	11.78
Earnings before interest, tax, depreciation, and amortization (EBITDA) interest coverage (times) **	6.37	6.16	7.17	7.26	7.77
FFO/total debt (%) **	14.70 ***	13.93	14.03	15.92	23.61
Total debt/capitalization (%) **	52.94	57.68	57.83	56.50	51.17

Note: All are operating lease adjusted ratios

* Consolidated financial statements

** Including contingent liabilities to related companies and annual lease capitalization

*** Annualized from the trailing 12 months

Minor International PLC (MINT)

Company Rating:	A+
Issue Ratings:	
MINT183A: Bt1,500 million senior unsecured debentures due 2018	A+
MINT180A: Bt500 million senior unsecured debentures due 2018	A+
MINT193A: Bt4,500 million senior unsecured debentures due 2019	A+
MINT205A: Bt4,000 million senior unsecured debentures due 2020	A+
MINT213A: Bt2,800 million senior unsecured debentures due 2021	A+
MINT210A: Bt300 million senior unsecured debentures due 2021	A+
MINT228A: Bt2,700 million senior unsecured debentures due 2022	A+
MINT249A: Bt1,000 million senior unsecured debentures due 2024	A+
MINT255A: Bt4,000 million senior unsecured debentures due 2025	A+
MINT313A: Bt1,200 million senior unsecured debentures due 2031	A+
MINT329A: Bt1,000 million senior unsecured debentures due 2032	A+
Up to Bt1,000 million senior unsecured debentures due within 10 years	A+
Rating Outlook:	Stable

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