May 14, 2019 **Minor International Public Company Limited**

MANAGEMENT DISCUSSION AND ANALYSIS

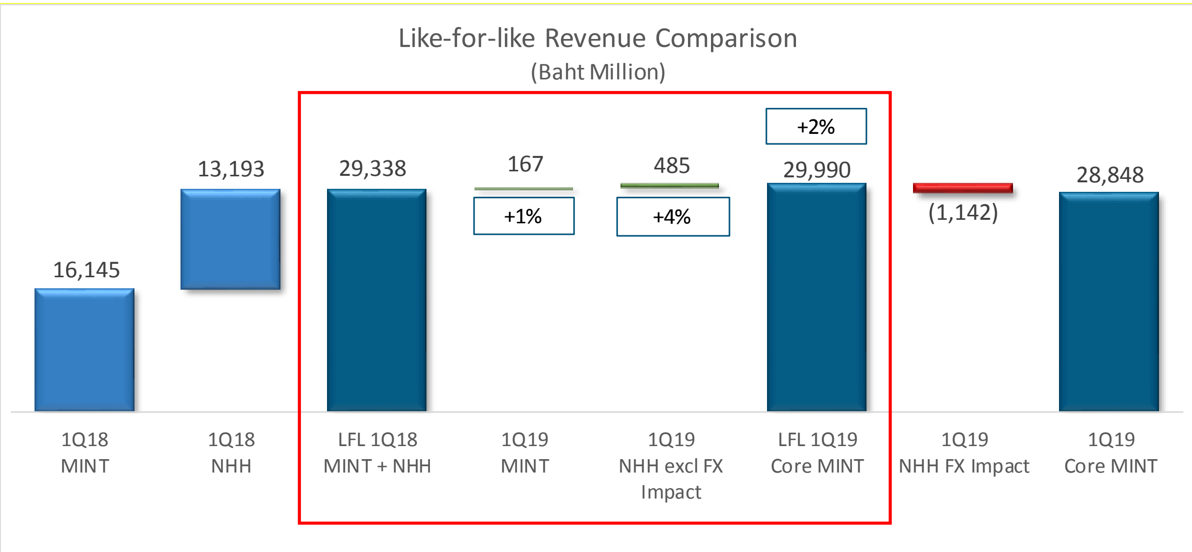
Overview

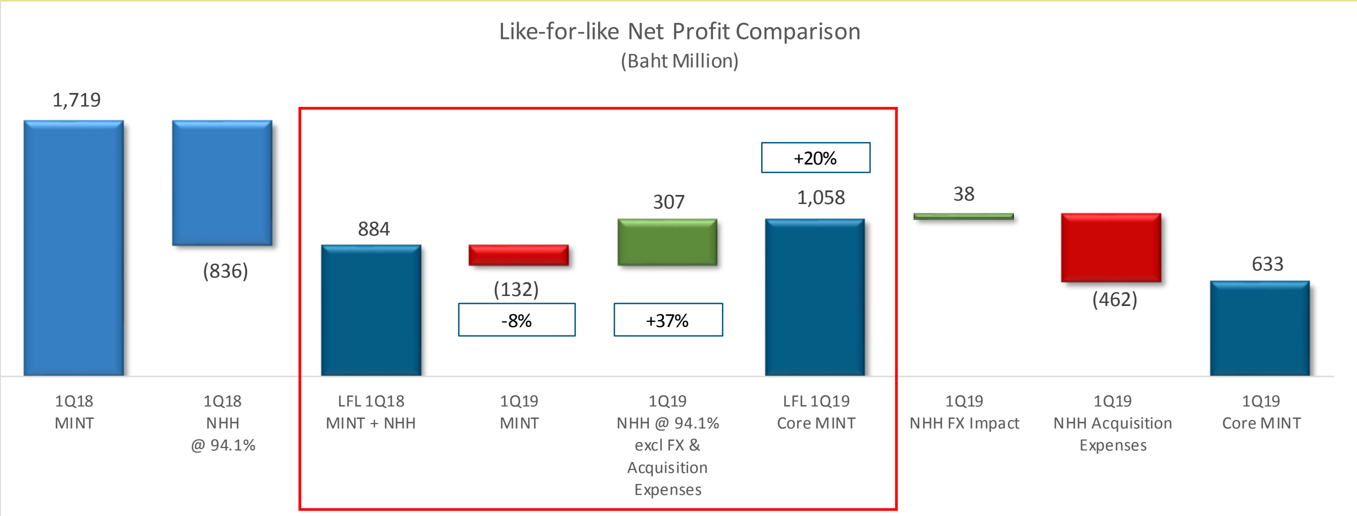
1Q19Performance

Summary: Minor International ("MINT") reported core revenues (excluding non-recurring items) of Baht 28,848 million in 1Q19, a jump of 79% y-y. Meanwhile, core net profit was reported at Baht 633 million in 1Q19, a 63% decrease from core net profit of Baht 1,719 million in 1Q18. While core revenue increased from the consolidation of NH Hotel Group, MINT's core profit decline was also mainly attributable to the contribution of core earnings loss from NH Hotel Group in the quarter due to European business low seasonality. Although NH Hotel Group reported net loss during the quarter, the loss has improved by 37% y-y. Excluding consolidation of NH Hotel Group, organic core earnings declined by only 8% in 1Q19, compared to the same period last year.

Note that in 1Q19, MINT recorded non-core accounting-related items, which are detailed in the table on page 4. Including non-core items, MINT reported 80% y-y growth of revenues at Baht 29,030 million in 1Q19. Meanwhile, net profit was reported a decline of 66% y-y to Baht 583 million.

Comparisons of 1Q19 results to MINT's consolidated results for 1Q18 are not directly relevant and are potentially misleading, as MINT began to consolidate NH Hotel Group only in October 2018. Therefore, whilst MINT's 1Q19 consolidated results include the consolidation of NHH, MINT's consolidated 1Q18 results do not, making them not directly comparable. This situation will continue until 4Q19, when for the first time MINT's consolidated results will also reflect the results of NHH in the comparable prior year period. In order to fairly reflect the true operations of the group, the like-for-like core revenue and core NPAT are compared, taking into account MINT and NH Hotel Group's performance for both 1Q18 and 1Q19. On a like-for-like basis, the year-on-year revenue increases in both MINT alone and NH Hotel Group' revenues drove the consolidated revenues, resulting in like-for-like revenue growth of 2% in 1Q19 compared to the same period last year at constant FX. Meanwhile, the year-on-year improvement in NH Hotel Group's recurring net profit (Baht 307 million) more than offsets the lower core net profit recorded by MINT over 1Q18 to 1Q19 period (Baht 132 million), resulting in a strong 20%, or Baht 175 million increase in MINT's like-for-like core net profit for such period.





For the first quarter performance, MINT demonstrated remarkable growth of its core revenues, which almost doubled from 1Q18 revenues. The increase was fueled by substantial revenue contribution from the consolidation of NH Hotel Group, together with expanding revenue of restaurant business from outlet expansion, resilient performance of organic overseas hotel operations and positive growth of retail trading & contract manufacturing business. Excluding NH Hotel Group, core revenue increased by 1% y-y. The positive revenue growth of food, residential and lifestyle businesses was offset by the weak revenues of MLR and AVC.

Core revenue Breakdown*

Bt million	**1Q19 (Organic)**	**1Q19 (NHH)**	**1Q19 (Consolidated)**	**1Q18**	**%Chg (Organic)**	**%Chg (Consolidated)**	**% Contribution (1Q19 Consolidated)**
Restaurant Services	6,367		6,367	6,085	5	5	22
Hotel & Mixed-Use	8,694	12,536	21,230	8,929	-3	138	74
Retail Trading & Contract Manufacturing	1,251		1,251	1,130	11	11	4
Total Revenue*	**16,312**	**12,536**	**28,848**	**16,145**	**1**	**79**	**100**

* Exclude non-core items as detailed in the table on page 4

In 1Q19, MINT's core EBITDA increased by 24% y-y, mainly driven by substantial contribution of NH Hotel Group, together with higher operating leverage of the residential development business. Nevertheless, the EBITDA increase was slower than revenue increase, resulting in a decline in core EBITDA margin to 14.8% in 1Q19, compared to 1Q18 EBITDA margin of 21.3%. Organically, the decrease in EBITDA margin was primarily attributable to lower profitability of restaurant business with same-store-sales contraction, together with lower flow-through of MLR and AVC operations. Additionally, structurally lower profitability of NH Hotel Group, compared to MINT's existing hotel portfolio due to the nature of its lease hotel segment also averaged down MINT's overall EBITDA margin.

Core EBITDA Breakdown*

Bt million	1Q19 (Organic)	1Q19 (NHH)	1Q19 (Consolidated)	1Q18	%Chg (Organic)	%Chg (Consolidated)	% Contribution (1Q19 Consolidated)
Restaurant Services	1,103		1,103	1,123	-2	-2	26
Hotel & Mixed-Use	2,146	939**	3,085	2,245	-4	37	72
Retail Trading & Contract Manufacturing	84		84	72	17	17	2
Total EBITDA	**3,333**	**939**	**4,272**	**3,440**	**-3**	**24**	**100**
EBITDA Margin (%)	**20.4**	**7.5**	**14.8**	**21.3**			

* Exclude non-core items as detailed in the table on page 4
** The difference between this figure and NH Hotel Group's reports was due to difference in accounting standards

In 1Q19, MINT's core net profit dropped by 63% y-y, mainly due to the core earnings loss contribution from NH Hotel Group in the midst of the low seasonality, together with weaker organic performance. In addition, the acquisition of NH Hotel Group resulted in additional interest expense and higher effective tax rate as NH Hotel Group continued to pay some taxes on profitable entities although the group reported consolidated losses for the quarter. Consequently, these three factors further put downward pressure on the overall margin of the group. Core net profit margin fell to 2.2%, compared to 1Q18 net profit margin of 10.6%.

Excluding consolidation of NH Hotel Group, organic core earnings fell by 8% y-y in 1Q19. The weaker performance compared to last year was due to restaurant, MLR and AVC operations despite the strong earnings growth of its owned hotel business.

Nevertheless, as mentioned earlier, the like-for-like comparison, which takes into consideration the combined core performance of both MINT and NH Hotel Group for both 1Q18 and 1Q19, showed a strong 20% improvement of core profit of the combined entity in 1Q19.

Core Net Profit*

Bt million	1Q19 (Organic)	1Q19 (NHH)	1Q19 (Consolidated)	1Q18	%Chg (Organic)	%Chg (Consolidated)
Total net profit	1,587	-953**	633	1,719	-8	-63
Net Profit Margin	**9.7**	**-7.60**	**2.2**	**10.6**		

* Exclude non-core items as detailed in the table on page 4
** The difference between this figure and NH Hotel Group's reports was due to difference in accounting standards, as well as, acquisition related costs such as interest and other related expenses

Non-Recurring Items

Bt million	Pre-tax	Post-tax	Non-Recurring Items
1Q19	50	50	Gain from the divestment of Bread Talk Thailand (Revenue)
	132	91	Capital gain from asset rotation of NH Hotel Group (Revenue)
	-191	-191	Foreign exchange loss on unmatched USD Cross-Currency Swap *(SG&A expenses)*

Major Developments in 1Q19

	Developments
Restaurant	• Reduced 16 outlets, net q-q, majority of which were a result of divestment of Breadtalk Thailand JV • Launched 1112Delivery platform which has all of Minor Foods' brands in one mobile application in Feb 2019 to capture such growing trend • Entered Scotland for the first time through Benihana's equity store expansion, added one outlet q-o-q
Hotel & Mixed-Use	• Opened NH Mannheim (leased hotel) with a total of 225 keys in Germany • Opened NH Collection Merida Paseo Montejo (leased hotel) with a total of 120 keys in Mexico • Opened NH Collection Valencia Colon (leased hotel) with a total of 47 keys in Spain • Launched AVANI Les Berges du Lac Tunis Suites, a management contract hotel in Tunisia • Launched AVANI Balfours Residences, a management letting rights contract in Australia
Corporate	• Issued THB-denominated debentures in the amount of Bt33 billion with maturities of 2-15 years, of which Bt24 billion was used to refinance bridge loan for NH acquisition

Segment Performance

Restaurant Business

At the end of 1Q19, MINT's total restaurants reached 2,254 outlets, comprising of 1,124 equity-owned outlets (50% of total) and 1,130 franchised outlets (50% of total). 1,485 outlets (66% of total) are in Thailand, while the remaining 769 outlets (34% of total) are in 26 other countries in Asia, Oceania, Europe and Canada.

Restaurant Outlets by Owned Equity and Franchise

	1Q19	Chg q-q	Chg y-y
Owned Equity	1,124	-35	44
- Thailand	914	-35	44
- Overseas	210	0	0
Franchise	1,130	19	125
- Thailand	571	20	84
- Overseas	559	-1	41
Total Outlets	**2,254**	**-16**	**169**

Restaurant Outlets by Brand

	1Q19	Chg q-q	Chg y-y
The Pizza Company	544	16	87
Swensen's	320	4	-7
Sizzler	67	1	2
Dairy Queen	512	9	61
Burger King	111	2	18
The Coffee Club	466	4	29
Thai Express	93	-2	2
Riverside	71	1	14
Benihana	21	1	21
Others*	49	-52**	-58
Total Outlets	**2,254**	**-16**	**169**

* Others include restaurants at the airport under MINT's 51% JV, "Select Service Partner" and restaurants in the UK under "Patara" brand

** The decrease in numbers of outlets was mainly due to the divestment of Breadtalk Thailand JV

Hub Performance Analysis

In 1Q19, total-system-sales (including sales from franchised outlets) increased by 5.3% y-y, supported by 8% outlet expansion, mainly in Thailand and China, as well as through international franchises. Same-store-sales decreased by 4% y-y as positive figures from operations in China only partially compensated for the negative same-store-sales in other regions which experienced pressure from the industry-wide consumption slowdown and intense competitive environment.

In 1Q19, Thailand hub reported a 0.5% y-y increase in total-system-sales, attributable to disciplined store expansion despite weak same-store-sales growth. 1Q19 same-store-sales declined by 6% y-y as weak domestic consumption, especially in the provinces of Thailand, continued to impede same-store-sales growth across all brands. In addition, the continued slowdown of Chinese tourist arrivals to Thailand also put pressure on the performance of outlets in tourist locations, most of which are Burger King and The Coffee Club outlets. In the midst of challenging business environment, every brand will continue to focus on new product and service innovation to offer to customers, optimizing operational efficiencies, increasing competitiveness through digital technology, delivery system and marketing efforts to attract customers and spur spending. For example, Sizzler has held Super Deal promotion which extends lunch menu period from 3 pm to 5 pm to drive traffic during off-peak period. Dairy Queen has expanded to new store format with key developer like Tesco Market and Tesco Express to open Dairy Queen Truck format, and has promoted its hotdog products via hotdog competition. Meanwhile, The Coffee Club is offering new product (Khaotom set) during breakfast hours. As the economic climate is expected to improve after the election and the formation of the new government, Thailand hub is confident that it will emerge stronger and better.

China hub reported total-system-sales growth of 21.6% y-y in 1Q19, mainly attributable to the rapid expansion of Riverside outlets, which resulted in outlet growth of 17% y-y. China hub has now delivered a turnaround in same-store-sales which grew by 2.5% y-y, thanks to its efforts to refocus its business in the key cities like Beijing and Shanghai, as well as, Riverside's price adjustment since February and strong delivery growth from Thai Express brand. For the remainder of the year, China hub aims to dominate the grilled fish segment in the tier-1 cities. It will elevate dining experience at its restaurants by implementing a food traceability program which is expected to improve customer value. Meanwhile, it will also roll out Customer Relationship Management (CRM) program to understand more about customers' experience and increase productivity such as reducing waiting time at the restaurants.

With the prolonged slowdown in domestic consumption, Australia hub saw a 2.1% y-y decline in same-store-sales in 1Q19. Nevertheless, overseas operations, led by The Coffee Club in the Maldives and New Zealand, as well as, the Nomad Coffee Group (the wholesale coffee operation) which was acquired since 2014, continued to show solid growth. As the portfolio rationalization program has been implemented since late 2017 (closing down non-performing outlets), Australia hub's total-system-sales growth was less negative from double-digit pace in the previous several quarters to -2.7% in 1Q19. Australia hub is putting in place strategy to strengthen its performance for both domestic and international businesses. Domestically, Australia hub will elevate brand relevance through launching new and exciting menus, enhancing delivery services, and delivering effective marketing campaigns to loyal customers. Internationally, it will further grow The Coffee Club's footprints through disciplined outlet expansion both in existing markets like Thailand and the Middle East and new countries like Vietnam in 2019.

For 2019, Minor Food remains positive on its growth strategies, supported by its Thailand and China hubs. Thailand is expected to have better outlook in 2H19, potentially due to political stability, as well as, its strong product and marketing strategies and the improving restaurant experience through digital innovation and best-in-class delivery service. Meanwhile, strong sales and profitability momentum would continue for China hub, driven by continuous outlet expansion and higher operational leverage from scale.

Restaurant Business Performance

%	1Q19	1Q18
Average Same-Store-Sales Growth	(4.0)	(1.8)
Average Total-System-Sales Growth	5.3	(1.7)

Note: Calculation based on local currency to exclude the impact of foreign exchange

Financial Performance Analysis

1Q19 total core restaurant revenue grew by 5% y-y, mainly driven by the resilient top-line growth of Thailand and China hubs, which helped offset the declining revenue in Australia hub in Thai Baht term. Excluding the adverse translation impact of the strengthening of Thai Baht against Australian Dollar, revenue in Australian dollar increased by 7.3% y-y. Franchise fee grew by 7% y-y in 1Q19, led by solid growth of franchise income from Thailand and overseas, especially The Pizza Company brand.

1Q19 core EBITDA fell slightly by 2% y-y as Thailand hub experienced heightened margin pressure from same-store-sales contraction amid prolonged weakness of domestic consumption, together with expenses related to promotional campaigns. However, the effective streamlining of operations, higher sales flow-through and cost management in China helped improve the profitability and ease the pressure on overall EBITDA performance. Consequently, core EBITDA margin declined to 17.3% in 1Q19, compared to 1Q18 EBITDA margin of 18.5% but much better than 4Q18 EBITDA margin of 12.3%.

For the remainder of this year, MINT will ensure that the brands remain relevant with customers, whether through frequent and innovative menu offerings, accessibility both in terms of physical stores and digital channel, and marketing strategies to stay ahead of the competitors while disciplined cost control would help to strengthen profitability across all hubs amid competitive environment.

Financial Performance*

Baht million	1Q19	1Q18	%Chg
Revenue from Operation**	5,936	5,681	4
Franchise Fee	431	404	7
Total Revenue	6,367	6,085	5
EBITDA	**1,103**	**1,123**	-2
EBITDA Margin (%)	**17.3**	**18.5**	

* Exclude non-core items as detailed in the table on page 4
** Include share of profit and other income

Hotel & Mixed-Use Business

Hotel Business

At the end of 1Q19, MINT owns 370 hotels and manages 146 hotels and serviced suites in 52 countries. Altogether, these properties have 75,288 hotel rooms and serviced suites, including 55,004 rooms that are equity-owned and 20,284 rooms that are purely-managed under the Company's brands including Anantara, AVANI, Oaks, Tivoli, NH Collection, NH Hotels, nhow and Elewana Collection. Of the total, 4,157 rooms in Thailand accounted for 6%, while the remaining 71,131 rooms or 94% are located in 51 other countries in Asia, Oceania, Europe, the Americas and Africa.

Hotel Rooms by Owned Equity and Management

	1Q19	Chg q-q	Chg y-y
Owned Equity*	55,004	9	45,881
- Thailand	2,716	0	0
- Overseas	52,288	9	45,881
Management	20,284	38	9,028
- Thailand	1,441	-115	-254
- Overseas	18,843	153	9,282
Total Hotel Rooms	**75,288**	**47**	**54,909**

* Owned equity includes all hotels which are majority-owned, leased and joint-venture.

Hotel Rooms by Ownership

	1Q19	Chg q-q	Chg y-y
Owned Hotels	19,152	0	12,089
Leased Hotels	33,826	9	33,826
Joint Ventures	2,026	0	-34
Managed Hotels	13,284	-27	8,539
MLRs*	7,000	65	489
Total Hotel Rooms	**75,288**	**47**	**54,909**

* Properties under management letting rights in Australia and New Zealand

Hotel Performance Analysis

MINT's existing owned-hotels portfolio (excluding NH Group), which accounted for 26% of core hotel & mixed-use revenues in 1Q19, reported y-y organic revenues per available room ("RevPar") decline of 6% in 1Q19. Owned hotels in Thailand achieved lower organic RevPar by 6% y-y, especially for third-party non-owned brand portfolio, due to a slowdown in international tourist arrivals to Thailand, especially the Chinese and the European. Room rates at owned hotels in Bangkok were lower as a result of strategy to boost the occupancy rate. Meanwhile, negative organic RevPar growth was also seen for owned hotels in Thailand provinces, especially in the key tourist destinations. Outside of Thailand, organic RevPar of owned overseas hotels was down 3% y-y, mainly from the appreciation of Thai Baht against other foreign currencies, especially Brazilian Reals. However, organic RevPar of owned overseas hotels would have grown by 6% y-y excluding the foreign exchange translation impact, driven by robust performance of operations in Portugal, Brazil and Africa. Owned hotels in Portugal reported organic RevPar growth of 8% y-y in Euro term, led by hotels in Lisbon, Algarve, Sintra and Lagos areas. The Brazil portfolio delivered superior organic RevPar growth of 13% y-y in Brazilian real term. The growth was driven by robust demand from the

Portuguese tourists, as well as MINT's ability to raise room rates successfully by 7% y-y in local currency. In Africa, the organic RevPar growth of owned hotels jumped by 28% y-y in local currencies, led by its ability to increase average room rates and strong performance of hotels in Namibia and Zambia. Lastly, in the Maldives, the owned hotel showed flat organic RevPar growth y-y in Thai Baht term, which resulted in slight decline in occupancy rate.

The NH Hotel Group portfolio, contributing 59% of core hotel & mixed-use revenues in 1Q19, saw organic RevPar of its owned and leased hotel portfolio in Euro terms increase by 4.2% y-y in 1Q19. The strong RevPar growth was supported by higher demand and effective pricing strategies across most of its key markets. Spain showed the strongest operations with high-single-digit organic RevPar growth in 1Q19, supported by increased MICE activities and favorable tourism demand in the country, as well as successful price maximization. With the inclusion of new hotels, 1Q19 system-wide RevPar of NH Hotel Group's owned and leased portfolio grew by 3.8% y-y in Euro terms.

The management letting rights portfolio, contributing 6% of 1Q19 core hotel & mixed-use revenues, recorded a decline in RevPar by 5% y-y in the Australian dollar term, pressured by lower average room rate. The markets in Sydney, Melbourne, Brisbane and Adelaide faced challenges amid increased competition and aggressive rates environment. Promotional strategies were thus required to maintain the occupancy level. With the weakening of the Australian dollar, 1Q19 RevPar of the management letting rights portfolio decreased by 12% y-y in the Thai Baht term.

Revenue contribution of management contract (excluding NH Hotel Group) to MINT's core hotel & mixed-use revenues was 2% in 1Q19. Organic RevPar of management contract portfolio increased by 3% y-y in 1Q19, led by improved performance of managed hotels in UAE, Oman and Seychelles, all of which delivered strong RevPar growth in 1Q19. Including the consolidation of NH Hotel Group, in which its hotels have lower average room rate than MINT's existing portfolio, system-wide RevPar of managed hotels declined by 31% y-y in 1Q19.

In summary, in 1Q19, MINT's organic RevPar of the entire portfolio decreased by 6% y-y, pressured by Thailand and MLR operations and the strengthening of Thai Baht. Including new hotels and NH Hotel Group, which commanded lower RevPar than MINT's average, system-wide RevPar of MINT's entire portfolio decreased by 37% y-y.

Hotel Business Performance by Ownership

Occupancy (%)	(System-wide)		(Organic)	
	1Q19	**1Q18**	**1Q19**	**1Q18**
Owned Hotels*	65	60	61	60
Joint Ventures	59	58	59	58
Managed Hotels*	64	68	69	68
MLRs**	77	78	77	78
Average*	**66**	**68**	**68**	**68**
MINT's Portfolio in Thailand	82	83	82	83
ADR (Bt/night)	(System-wide)		(Organic)	
	1Q19	**1Q18**	**1Q19**	**1Q18**
Owned Hotels*	3,748	7,314	6,785	7,314
Joint Ventures	9,869	10,352	9,869	10,352
Managed Hotels*	4,535	6,103	6,212	6,103
MLRs**	4,124	4,621	4,124	4,621
Average*	**4,021**	**6,157**	**5,793**	**6,157**
MINT's Portfolio in Thailand	5,811	5,922	5,812	5,922
RevPar (Bt/night)	(System-wide)		(Organic)	
	1Q18	**1Q18**	**1Q19**	**1Q18**
Owned Hotels*	2,444	4,400	4,138	4,400
Joint Ventures	5,842	6,013	5,842	6,013
Managed Hotels*	2,882	4,170	4,293	4,170
MLRs**	3,188	3,624	3,188	3,624
Average*	**2,655**	**4,204**	**3,968**	**4,204**
MINT's Portfolio in Thailand	4,737	4,931	4,757	4,931

* 1Q19 numbers include NH Hotel Group
** Properties under Management Letting Rights in Australia & New Zealand

Hotel Performance Analysis

In 1Q19, core revenue from hotel and related services operation more than doubled from the same period last year, mainly from the substantial revenue contribution from the consolidation of NH Hotel Group. 1Q19 management income grew impressively by 14% y-y, primarily from increasing organic RevPar of managed hotels in UAE and Maldives, together with additional management fees from increase in number of managed rooms (excluding NH Hotel Group).

Mixed-Use Business & Performance Analysis

One of MINT's mixed-use businesses is plaza and entertainment business. The Company owns and operates three shopping plazas in Bangkok, Phuket and Pattaya. In addition, MINT is the operator of seven entertainment outlets in Pattaya, which include the famous Ripley's Believe It or Not Museum and The Louis Tussaud's Waxworks.

MINT's residential development business develops and sells properties in conjunction with the development of some of its hotels. The first project is The Estates Samui, consisting of 14 villas, adjacent to MINT's Four Seasons Resort Koh Samui. The second project is St. Regis Residences, with 53 residential units located above The St. Regis Bangkok. To date, all units of St. Regis Residences have been sold. The third project is Layan Residences by Anantara in Phuket, with 15 villas next to Anantara Layan Phuket Resort. In addition, MINT launched three joint-venture residential projects. Anantara Chiang Mai Serviced Suites, a 50% joint-venture project with U City PCL, is situated across Anantara Chiang Mai Resort & Spa and consists of 44 condominium units available for sale. Avadina Hills by Anantara is located next to Layan Residences by Anantara in Phuket with 16 luxury villas for sale. Lastly, the Torres Rani in Maputo, Mozambique consists of 187 condominium units. While most of the units are leased out, there are six penthouses available for sale. In addition, two new residential development projects are currently under construction, including Anantara Desaru in Malaysia and Anantara Ubud Bali in Indonesia to ensure continuous pipeline of MINT's real estate business in the coming years.

Another real estate business of MINT is the point-based vacation club under its own brand, Anantara Vacation Club (AVC). At the end of 1Q19, AVC had a total inventory of 229 units in Samui, Phuket, Bangkok and Chiang Mai in Thailand, Queenstown in New Zealand, Bali in Indonesia, and Sanya in China. With MINT's sales and marketing efforts, the number of members continued to increase by 18% y-y to 12,796 members at the end of 1Q19.

Revenue from mixed-use business fell slightly by 4% y-y in 1Q19 as the residential development activities in the quarter did not fully mitigate the decline in AVC sales. AVC revenues were weak in 1Q19 due to short-term adverse impact from customer acquisition as an increase in price per point since December 2018 coincided with China economic slowdown.

Overall Hotel & Mixed-Use Financial Performance Analysis

In 1Q19, total core revenue of hotel & mixed-use business grew by more than twofold y-y with a significant increase from the revenue consolidation of NH Hotel Group and sales activities of residential development. Excluding NH Hotel Group, total core revenue declined by 3%, compared to the same period last year. While revenue of owned hotels in portfolio improved from the overseas hotels, MLR portfolio was pressured by increased competition which resulted in competitive rate environment and the weakening of Australian Dollar. In addition, for mixed-use revenues, the increase in residential development revenue from sales activities was more than offset by the decline of AVC revenue.

Core EBITDA of hotel & mixed-use business grew by 37% y-y in 1Q19, because of the consolidation of NH Hotel Group. However, the EBITDA growth was slower than the revenue growth because of the 4% decline in organic EBITDA from lower flow-through of MLR and AVC operations. Furthermore, structurally lower profitability due to the nature of lease hotel segment of NH Hotel Group (compared to MINT's existing hotel portfolio), especially during its low season also contributed to the lower EBITDA growth than sales growth. Consequently, core EBITDA margin of hotel & mixed-use business decreased to 14.5% in 1Q19, compared with 1Q18 EBITDA of 25.1%. Nevertheless, note that NH Hotel Group's performance is better when compared to last year (detailed in Section NH Hotel Group page 11).

For the remainder of 2019, Minor Hotels remains optimistic on the outlook of its key operating markets. Thailand will ride on the recovery of the inbound tourism trend, with higher occupancy leading to higher ADR, especially in the 2H19. Portugal is expected to perform well with positive tourism outlook and improved product offerings, while other European countries, as part of NH Hotel Group, will not only see growth in line with the economy as majority of their business is related to domestic corporate travelers but are also likely to obtain its more synergistic benefits from its combined or integrated platform with MINT which should in turn had it to realize further profitability improvement. In addition, 2Q19 will be the high season for hotel operators in Europe and thus the consolidation of NH Hotel Group's financials will yield positive impact in the upcoming quarter. The mixed-use business will grow, supported by residential sales pipeline and the recovery of AVC sales. The slowdown of AVC sales which stemmed from the increase in price per point should only temporarily impact customer acquisition in the short term.

Financial Performance*

Bt million	1Q19 (Organic)	1Q19 NHH	Consolidated 1Q19	1Q18	%Chg (Organic)	%Chg (Consolidated)
Hotel & related services**	6,886	12,536	19,422	7,114	-3	173
Management fee	440		440	387	14	14
Mixed-use	1,368		1,368	1,428	-4	-4
Total Revenues	**8,694**	**12,536**	**21,230**	**8,929**	-3	138
EBITDA	**2,146**	**939**	**3,085**	**2,245**	-4	37
EBITDA Margin (%)	**24.7**	**7.5**	**14.5**	**25.1**		

* Exclude non-core items as detailed in the table on page 4
** Include share of profit and other income

Retail Trading & Contract Manufacturing Business

At the end of 1Q19, MINT had 486 retail trading points of sales, an increase of 70 points of sales from 416 points at the end of 1Q18. Of total 486 retail trading outlets, 84% are operated under fashion brands including Anello, Bossini, Brooks Brothers, Charles & Keith, Esprit, Etam, OVS, Radley and Save My Bag, while 16% are operated under home and kitchenware brands including Joseph Joseph, Zwilling J.A. Henckels and Bodum.

Retail Trading's Outlet Breakdown

	1Q19	Chg q-q	Chg y-y
Fashion	410	1	37
Home & Kitchenware	76	-5	33
Total Outlets	**486**	**-4**	**70**

In 1Q19, total retail trading & contract manufacturing revenue grew by 11% y-y. Retail trading showed solid revenue growth of 10% y-y, driven by improved performance of MINT's existing retail portfolio, both fashion and home & kitchenware segments, together with additional revenue from the newly launched brands, Save My Bag and Bodum. Performance of contract manufacturing business also improved with revenue growth of 13%, supported by higher demand from existing customer and contribution from new customers. 1Q19 EBITDA of retail trading & contract manufacturing business increased by 17% y-y, supported by higher revenue and cost savings in operating and rental expenses. As a result, EBITDA margin nudged up from 6.3% in 1Q18 to 6.7% in 1Q19.

Financial Performance

Baht million	1Q19	1Q18	%Chg
Retail Trading	955	868	10
Manufacturing	296	262	13
Total Revenue*	**1,251**	**1,130**	**11**
EBITDA	**84**	**72**	**17**
EBITDA Margin (%)	**6.7**	**6.3**	

* Include share of profit and other income

Balance Sheet & Cash Flows

At the end of 1Q19, MINT reported total assets of Baht 264,997 million, a slight decrease of Baht 2,703 million from Baht 267,700 million at the end of 2018. The reduction was primarily the result of (1) Baht 2,482 million decrease in property, plant and equipment, mainly from the foreign exchange translation impact with the strengthening of the Thai Baht during the quarter and (2) Baht 1,993 million decrease in intangible assets, mainly from the impact of foreign exchange translation.

MINT reported total liabilities of Baht 183,051 million at the end of 1Q19, a decrease of Baht 1,576 million from Baht

184,626 million at the end of 2018. The decrease was primarily due to (1) the decrease in net financing of Baht 917 million, mainly from the impact of foreign exchange translation and (2) the fall in deferred tax liability of Baht 867 million.

Shareholders' equity decreased by Baht 1,124 million, from Baht 83,074 million at the end of 2018 to Baht 81,946 million at the end of 1Q19, owing mainly to (1) Bt 435 million interest payment on subordinated perpetual debentures and (2) foreign exchange translation adjustment of Bt737m, which more than offset the net income contribution of Bt 583 million for the period.

For the first 3 months of 2019, MINT and its subsidiaries reported positive cash flows from operations of Baht 3,148 million, an increase of Baht 1,478 million y-y. This was from (1) higher depreciation and amortisation of Bt 1,161 million and (2) the net increase related to the foreign exchange translations of Bt 1,152 million.

Cash flow paid for investing activities was Baht 3,425 million, primarily due to capital expenditures of hotel, restaurant, and other businesses amounted to Baht 3,779 million.

The Company reported net cash receipt from financing activities of Baht 1,628 million, comprising primarily of cash received from issuance of debentures and long-term borrowings of Baht 33,564 million, netted of with net repayments of debt financing of Baht 31,498 million.

In summary, cash flows from operating, investing and financing activities resulted in MINT's net cash and cash equivalents' increase of Baht 8,813 million at the end of 1Q19.

Financial Ratio Analysis

MINT's gross profit margin decreased from 57.7% in 1Q18 to 43.9% in 1Q19, due mainly to higher room and spa costs and depreciation expense recorded in direct cost of hotel and related services operation as a result of NH Hotel Group consolidation. MINT reported a decrease in net profit margin to 2.2% in 1Q19 from 10.6% in 1Q18. The decline was primarily due to structurally lower profitability of hotel (especially with the consolidation of NH Hotel Group during its low season), MLR, AVC and restaurant businesses, as well as higher interest expense and tax rate related to NH Hotel Group.

Annualized return on equity decreased from 13.6% in 1Q18 to 2.8% in 1Q19, as a result of the increase in equity base from the issuance of perpetual debentures to finance the acquisition of NH Hotel Group while earnings declined from the NH Hotel Group contribution during the low season. Correspondingly, annualized return on assets also declined from 5.8% in 1Q18 to 0.9% in 1Q19. MINT expects the numbers to improve over the subsequent quarters as NH Hotel Group enters its high season in the second quarter when NH Hotel Group will contribute positively to MINT performance.

Collection days decreased from 53 days in 1Q18 to 47 days in 1Q19, mainly from NH Hotel Group consolidation. The provision for impairment as a percentage of gross trade receivables slightly decreased from 7.3% for the year 1Q18 to 5.6% in 1Q19, mainly from restaurant and retail businesses. MINT's inventory comprises primarily raw materials, work-in-process and finished products of the restaurant and retail trading & contract manufacturing businesses. Inventory days decreased from 52 days in 1Q18 to 25 days in 1Q19, mainly from the consolidation of NH Hotel Group with lower inventory level than MINT's existing businesses. Account payable days increased from 42 days in 1Q18 to 79 days in 1Q19, mainly from hotel business with the consolidation of NH Hotel Group's financials.

Current ratio was stable at 0.9x at the end of 1Q19, compare to at the end of 2018. Interest bearing debt to equity of 1.5x in 1Q19 was broadly in line with the figure at the end of 2018. Interest coverage ratio decreased from 5.3x in 1Q18 to 4.1x in 1Q19, mainly because of higher interest expense from acquisition of NH Hotel Group while EBITDA contribution was still small during the low season.

Financial Ratio Analysis

Profitability Ratio	**31 Mar 19**	**31 Mar 18**
Gross Profit Margin (%)	43.9	57.7
Net Profit Margin (%)	2.0	10.6
Core Net Profit Margin* (%)	2.2	10.6
Efficiency Ratio	**31 Mar 19**	**31 Mar 18**
Return on Equity** (%)	2.8	13.6
Return on Assets** (%)	0.9	5.8
Collection Period (days)	47	53

Inventory Days	25	52
Accounts Payable Days	79	42
Liquidity Ratio	**31 Mar 19**	**31 Dec 18**
Current Ratio (x)	0.9	0.9
Leverage & Financial Policy	**31 Mar 19**	**31 Dec 18**
Interest Bearing Debt/Equity (x)	1.5	1.5
Net Interest Bearing Debt/Equity (x)	1.4	1.4
	31 Mar 19	**31 Mar 18**
Interest Coverage (x)	4.4	5.3

* Exclude non-core items as detailed in the table on page 4
** In an annualized term

NH Hotel Group

NH Hotel Group reported improving financial results in 1Q19 with reported revenue growth of 4%. Organic RevPar of the owned and leased portfolio increased by 4.2% in Euro term in 1Q19 with particular strength in Spain and Central Europe. Spain operations benefited from the strong recovery of hotels in Barcelona and solid performance of hotels in Madrid. Meanwhile, good performance in Central Europe was due to favourable trade fair calendar in Munich and Austria.

1Q19 recurring EBITDA grew by 33% to EUR 21 million, supported by solid top-line growth and effective cost control of both personel and operating expenses. As a result, recurring EBITDA margin increased from 4.6% in 1Q18 to 5.9% in 1Q19.

NH Hotel Group booked a net recurring loss in 1Q19 due to a seasonally weak quarter for the group. However, the loss was lower y-y, mainly fueled by improvement in operational performance and a plunge in financial cost, following the early redemption of convertible bond in June 2018 and the partial early redemption of 2023 bond in 4Q18. Consequently, net recurring profit margin improved from -6.7% in 1Q18 to -4.1% in 1Q19. Due to y-y lower contribution of non-recurring net capital gains from asset rotation in 1Q19, NH Hotel Group recorded lower reported net profit y-y in 1Q19.

For 2019, NH Hotel Group reiterates positive outlook in its business on the back of favorable demand across its key markets, improved asset quality which will further drive higher average room rates and strong balance sheet. It also maintains its full-year recurring EBITDA target of EUR 285 million and recurring net profit of EUR 100 million (excluding IFRS 16 and IAS 29) this year.

Financial Performance

EUR million	**1Q19**	**1Q18**	**%Chg**
Revenue	353	340	4
Recurring EBITDA	21	16	33
Recurring EBITDA Margin (%)	***5.9%***	***4.6%***	
Net Recurring Profit	-15	-23	37
Net Recurring Profit Margin (%)	***-4.1%***	***-6.7%***	
Net Profit	-12	22	-155
Net Profit Margin (%)	***-3.4%***	***6.4%***	

Management's Outlook

With the successful acquisition of NH Hotel, MINT has now become a truly global company with a strong platform across Asia, Australia, Africa, the Middle East, Europe and the Americas. The company has equipped itself with strong brands, solid global operating platform, operational efficiency and eminent human capital asset throughout its 50 years of history to fuel its future growth. MINT has been very proactive in transforming the organization in all aspects to cope with the ever-changing competitive landscape and is well-prepared to drive stronger performance in 2019.

Reaping the fruits of NH Hotel Group

As 2018 was a year of transformation for MINT to become a broadly diversified multinational conglomerate, 2019 will be a year of integration and reaping fruitful benefits from its successful acquisition of NH Hotel Group. The negative net profit contribution to MINT from NH Hotel Group in 1Q19 is merely the result of the first quarter being the usual low season for trade fair activities in Europe. Nevertheless, the performance of NH Hotel Group has been tracking much stronger, compared to 1Q18, attributable to revenue growth, higher margins from cost efficiency initiatives and lower financing expenses. Looking ahead, the contribution from NH Hotel Group, together with Tivoli portfolio will be much more pronounced from 2Q19 onwards as the second quarter is the high season for NH Hotel Group and the third quarter for Tivoli hotels. NH Hotel Group is expected to continue to deliver positive growth momentum amid limited supply in key European markets through higher profitability from effective pricing strategies and cost measurements. Thus, MINT reiterates its confident in full year performance from the solid investment in NH Hotel Group.

MINT and NH Hotel Group continues to focus on integrating and unlocking the synergistic values of the two companies to improve the value proposition for all stakeholders in the long run. MINT is also on track in working on balance sheet management and committed to bring its gearing level down further to its internal policy of 1.3x by the end of 2019 through the full-year consolidation of NH Hotel Group and the initiatives to sell-and-lease back some of its Tivoli assets which will uplift the equity base.

Strengthening food platform to remain relevant with customers

Amid slowing domestic consumption, MINT continues to strengthen its platform to ensure that its food brands remain relevant with customers. The company is driving efforts on innovation across all aspects of its operations such as innovation of products, services and store format to stay competitive.

Minor Food is now focusing on delivery platform and has taken a leap forward to gain competitive edge amid rising trend in food delivery services by launching 1112Delivery platform in February of this year. Since the launch of the 1112 Delivery application in Greater Bangkok, it has been downloaded over 180,000 times and reaching the number 1 position on both Apple App Store and Google Play Store.

All of Minor Food's brands are now working on expanding their delivery coverage in order to ensure customers' easy access to all the products. For example, The Pizza Company is expanding new delivery trade zone in upcountry markets while Burger King also continues to expand delivery network in the second-tier cities.

Minor Food also excels in digital technology as big data analytics is now being used to drive incremental sales while digital productivity tool has eased ordering process. The company has also utilized database from our own loyalty program to understand more about customers' experience and increase business productivity.

MINT has been developing partnership along its value chain and keeps sights on value-creating opportunities along its value chain to boost productivity and enhance long-term profits. Various partnership opportunities with its strategic suppliers and alliances have been utilized to secure supply and innovation of core products and transform its global supply chain network. The company also puts attention on sustainable supply chain ingredients in order to drive growth in the long term.

Minor Food is confident that its efforts of improving better customer journey and experience and developing solid brand identity through marketing campaigns will keep the company ahead of the competitors. Once domestic consumption in Thailand starts to improve gradually in 2H19, all of MINT's efforts will excel its business to the next level and turnaround its performance to positive trajectory.

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Mr. Chaiyapat Paitoon

Deputy Corporate Chief Financial Officer