

November 12, 2019

Minor International Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

3Q19 and 9M19 Performance

Summary: Minor International Public Company Limited (“MINT”) posted reported revenue of Baht 34,277 million and reported net profit of Baht 4,560 million in 3Q19, y-y increases of more than two-fold and four-fold respectively. For 9M19, MINT’s reported revenue was Baht 94,762 million while reported net profit was Baht 6,929 million, a 101% and 76% growth, respectively. Such remarkable increases were the result of strong contribution from NH Hotel Group and gain on sale of the three Tivoli assets in Portugal as part of MINT’s successful asset rotation strategy. MINT’s investment in NH Hotel Group, together with its sale and leaseback of three Tivoli hotels in Portugal, validate MINT’s timely strategic initiatives of: (i) acquiring intrinsically strong and growing business at a highly attractive price, and (ii) simultaneously realizing MINT’s tangible asset value through asset rotation strategy, taking advantage of Europe’s low interest rate and high liquidity environment. These timely strategic initiatives have allowed MINT to report solid financial performance in this quarter, in the forefront of competitors amid challenging external environment, whether they are the slowdown of Thai tourism industry, weak domestic consumption, the appreciation of Thai Baht, or the global uncertainties. Additionally, MINT’s balance sheet position continues to improve, supported by financing initiatives and asset rotation strategy.

Note that MINT recorded non-core accounting-related items in 2Q18, 1Q19, 2Q19 and 3Q19, which are detailed in the table on page 3.

MINT reported core revenue (excluding non-recurring items) of Baht 29,497 million in 3Q19, doubled from Baht 15,889 million in the same period last year. Correspondingly, core net profit jumped strongly by 39% y-y to Baht 1,417

million in 3Q19. For 9M19, MINT posted total core revenue of Baht 89,739 million, almost doubled from core revenue of Baht 46,974 million in 9M18. Meanwhile, core earnings in 9M19 increased by 9% y-y, a slower rate than revenue growth mainly due to contribution of core earnings loss from NH Hotel Group in 1Q19 due to European business low seasonality while NH Hotel Group was not consolidated into MINT’s 1Q18 results, as well as, FX headwinds.

For the third quarter performance, MINT’s core revenue grew robustly by almost doubling y-y. The strong increase was fueled by substantial revenue contribution from NH Hotel Group, together with positive growth of fashion retail business from the proactive promotional campaigns and store expansion.

In 9M19, MINT recorded remarkable growth of its core revenue, which jumped by almost two-fold y-y, attributable to all three business units, and in particular the consolidation of NH Hotel Group.

Revenue Breakdown

<i>Bt million</i>	3Q19	3Q18	%Chg	Contribution
<u>As Reported</u>				
Restaurant Services	5,687	5,836	-3	17
Hotel & Mixed-Use	27,397	8,992	205	80
Retail Trading & Contract Manufacturing	1,192	1,062	12	3
Total Revenue	34,277	15,889	116	100
<u>Core*</u>				
Restaurant Services	5,686	5,836	-3	19
Hotel & Mixed-Use	22,619	8,992	152	77
Retail Trading & Contract Manufacturing	1,192	1,062	12	4
Total Revenue	29,497	15,889	86	100

* Exclude non-core items as detailed in the table on page 3

Revenue Breakdown

<i>Bt million</i>	9M19	9M18	%Chg	Contribution
As Reported				
Restaurant Services	17,969	17,848	1	19
Hotel & Mixed-Use	73,230	26,042	181	77
Retail Trading & Contract Manufacturing	3,563	3,205	11	4
Total Revenue	94,762	47,095	101	100
Core*				
Restaurant Services	17,919	17,728	1	20
Hotel & Mixed-Use	68,257	26,042	162	76
Retail Trading & Contract Manufacturing	3,563	3,205	11	4
Total Revenue	89,739	46,974	91	100

* Exclude non-core items as detailed in the table on page 3

In 3Q19, core EBITDA surged by 62% y-y. The doubling of the hotel & mixed-use business EBITDA, as a result of the substantial contribution of NH Hotel Group and higher operating leverage of AVC business, partially helped mitigate the softer performance of the core EBITDA of the organic operations. Nevertheless, the structurally low margin of NH Hotel Group decreased core EBITDA margin from 20.1% in 3Q18 to 17.5% in 3Q19.

MINT recorded core EBITDA growth of 64% y-y in 9M19, primarily from the consolidation of NH Hotel Group. Core EBITDA grew at a slower rate than revenue increase, attributable to organic operations, together with the consolidation of NH Hotel Group which has lower profitability than MINT in general. Correspondingly, core EBITDA margin decreased to 17.5% in 9M19, compared to 9M18 core EBITDA margin of 20.3%.

EBITDA Breakdown

<i>Bt million</i>	3Q19	3Q18	%Chg	Contribution
As Reported				
Restaurant Services	492	911	-46	6
Hotel & Mixed-Use	7,763	2,213	251	93
Retail Trading & Contract Manufacturing	56	67	-17	1
Total EBITDA	8,311	3,191	160	100
EBITDA Margin	24.2	20.1		
Core*				
Restaurant Services	698	911	-23	14
Hotel & Mixed-Use	4,417	2,213	100	85
Retail Trading & Contract Manufacturing	56	67	-17	1
Total EBITDA	5,171	3,191	62	100
EBITDA Margin	17.5	20.1		

* Exclude non-core items as detailed in the table on page 3

EBITDA Breakdown

<i>Bt million</i>	9M19	9M18	%Chg	Contribution
As Reported				
Restaurant Services	2,504	3,058	-18	14
Hotel & Mixed-Use	15,825	6,383	148	85
Retail Trading & Contract Manufacturing	194	221	-12	1
Total EBITDA	18,523	9,663	92	100
EBITDA Margin	19.5	20.5		
Core*				
Restaurant Services	2,680	2,938	-9	17
Hotel & Mixed-Use	12,785	6,383	100	82
Retail Trading & Contract Manufacturing	201	221	-9	1
Total EBITDA	15,666	9,542	64	100
EBITDA Margin	17.5	20.3		

* Exclude non-core items as detailed in the table on page 3

MINT's core net profit in 3Q19 increased by 39% compared to the same period last year, mainly from the contribution of NH Hotel Group and AVC operations. Nevertheless, margin was slimmer y-y due to pressure on other core businesses, as well as, structurally lower margin of NH Hotel Group, rising interest expenses and effective tax rate from the acquisition of NH Hotel Group. Consequently, core net profit margin decreased from 6.4% in 3Q18 to 4.8% in 3Q19.

In 9M19, MINT posted core net profit growth of 9% y-y due to similar aforementioned reasons as in 3Q19. The core net income increase was slower than the revenue increase, due to core earnings loss contribution from NH Hotel Group during its low seasonality in 1Q19, coupled with higher interest expense and effective tax rate from the acquisition of NH Hotel Group, as well as, FX headwinds. As a result, core net profit margin declined to 4.6% in 9M19, compared to 8.1% in 9M18.

Net Profit

<i>Bt million</i>	3Q19	3Q18	%Chg
As Reported			
Total net profit	4,560	1,020	347
Net Profit Margin	13.3	6.4	
Core*			
Total net profit	1,417	1,020	39
Net Profit Margin	4.8	6.4	

* Exclude non-core items as detailed in the table on page 3

Net Profit			
<i>Bt million</i>	9M19	9M18	%Chg
As Reported			
Total net profit	6,929	3,944	76
Net Profit Margin	7.3	8.4	
Core*			
Total net profit	4,151	3,824	9
Net Profit Margin	4.6	8.1	

* Exclude non-core items as detailed in the table on page 3

Non-Recurring Items			
Period	Amount (Bt million)	Business Unit	Non-recurring Items
2Q18	121	Minor Food	Fair value adjustment on the investment in Benihana
1Q19	50	Minor Food	Gain from the divestment of Bread Talk Thailand (Revenue)
	132 pre-tax 91 post-tax	Minor Hotels	Capital gain from asset rotation of NH Hotel Group (Revenue)
	-191	Minor Hotels	Foreign exchange loss on unmatched USD Cross-Currency Swap (SG&A expenses)
2Q19	-48 pre-tax -38 post-tax	Minor Hotels / Minor Food / Minor Lifestyle	Provision expenses for employee retirement benefits to adhere to the new labor law (SG&A expense allocated to each business unit)
	62 revenue 44 net profit	Minor Hotels	Capital gain from asset rotation of NH Hotel Group (Revenue)
	-320	Minor Hotels	Foreign exchange loss on unmatched USD Cross-Currency Swap (SG&A expenses)
3Q19	4,743 revenue 3,512 net profit	Minor Hotels	Gain from Tivoli asset sales
	35 revenue -1 net profit	Minor Hotels	Non-recurring revenue and expenses of NH
	-46	Minor Hotels	Foreign exchange loss on unmatched USD Cross-Currency Swap (SG&A expenses)
	-322	Minor Hotels / Minor Food	Expenses and provisions related to Corbin & King, Ribs & Rumps, certain brands in Singapore hub (SG&A expenses)

Major Developments in 3Q19

Developments	
Restaurant	<ul style="list-style-type: none"> Added 29 outlets, net q-q, majority of which were The Coffee Club, The Pizza Company, Riverside and Dairy Queen
Hotel & Mixed-Use	<ul style="list-style-type: none"> Opened a total of 11 hotels <ul style="list-style-type: none"> Anantara: Anantara Iko Mauritius Resort & Villas (managed hotel) in Mauritius NH: NH Andorra la Vella (managed hotel) in Andorra NH Collection: NH Collection München Bavaria (leased hotel) with 173 keys in Germany, NH Collection Antwerp Centre (leased hotel) with 180 keys in Belgium and NH Collection Roma Fori Imperiali (leased hotel) with 42 keys in Italy AVANI: AVANI Sukhumvit Bangkok (managed hotel) in Thailand, AVANI Seminyak in Indonesia, AVANI Central Busan (managed hotel) in South Korea and AVANI Melbourne Box Hill Residences (MLR) in Australia Oaks: Oaks Beirut (managed hotel) in Lebanon, Oaks Wellington (MLR) in New Zealand

Segment Performance

Restaurant Business

At the end of 3Q19, MINT's total restaurants reached 2,297 outlets, comprising of 1,143 equity-owned outlets (50% of total) and 1,154 franchised outlets (50% of total). 1,511 outlets (66% of total) are in Thailand, while the remaining 786 outlets (34% of total) are in 25 other countries in Asia, Oceania, Middle East, Europe and Canada.

Restaurant Outlets by Owned Equity and Franchise

	3Q19	Chg q-q	Chg y-y
Owned Equity	1,143	4	35
- Thailand	913	-4	12
- Overseas	230	8	23
Franchise	1,154	25	88
- Thailand	598	16	86
- Overseas	556	9	2
Total Outlets	2,297	29	123

Restaurant Outlets by Brand

	3Q19	Chg q-q	Chg y-y
The Pizza Company	552	8	52
Swensen's	321	-1	-1
Sizzler	66	0	2
Dairy Queen	520	4	55
Burger King	115	0	16
The Coffee Club	482	14	34
Thai Express	87	-1	-4
Riverside	81	6	17
Benihana	19	-2	0
Others*	54	1	-48**
Total Outlets	2,297	29	123

* 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 3Q19, total-system-sales (including sales from franchised outlets) rose by 3.7% y-y, solely supported by 5.7% outlet expansion. The positive total-system-sales growth of Thailand and China hubs helped offset the adverse impact of Minor Food's slowdown in Australia with its outlet rationalization amidst weak economy and challenging operating environments. Overall same-store-sales declined by 3.7% y-y as performance across all markets remained under pressure from sluggish economic backdrop and fierce competition.

Total-system-sales of Thailand hub in 3Q19 grew 2.1% y-y, mainly attributable to selective and disciplined store expansion of 6.9%. 3Q19 same-store-sales, however, remained challenging, and decreased by 5.0% y-y. This was due to weak domestic consumption, especially in the provinces of Thailand coupled with intense competition. Nevertheless, an improving trend was seen throughout the year, compared to a decline of 6.0% and 5.6% in 1Q19 and

2Q19, respectively. Burger King achieved flat same-store-sales growth in the quarter, supported by positive figures in August and September which driven by both the increase in customer counts and average spending per ticket from the continued new product launches of Veggie Burger in August and Cheesy Truffle Fries in September. Additionally, sales were also fuelled by the successful focus on delivery, which today accounts for over 10% of Burger King's revenue. For Sizzler, the brand has strengthened its position as healthy food with the launch of cold pressed juice and Taste The Future which is the plant-based menu. In addition, Sizzler has launched successful marketing campaigns to promote weekday sales and Baht 259 Value Meal which helped increase the number of customers. As a result, same-store-sales of Sizzler's improved significantly q-q. Furthermore, The Pizza Company's new Cheesy Shrimp Pizza menu and Pizza Combo Set also supported its same-store-sales to pick up from last quarter. To combat the market downturn and strengthen our competitive position, Thailand hub will continue to focus on delivery service, product innovations and customer experience improvement, together with operational efficiencies optimization.

China hub reported a 9.3% y-y increase in total-system-sales growth in 3Q19. The continuous expansion of Riverside outlet helped offset the modest decrease in same-store-sales growth of 1.9% y-y in 3Q19. China hub's same-store-sales growth was in the negative territory in the quarter due to declining in-store traffic at the Riverside in the East region because of the slowdown in the economy. Going forward, China hub will drive number of customers through its loyalty program which was launched in August 2019. Since the launch, the loyalty program successfully acquired over 600,000 customer data for its database within 40 days.

Australia hub delivered a decline in same-store-sales of 1.9% y-y in 3Q19 amid lingering slowdown in domestic economy. Nevertheless, this was an improving trend since 4Q18, attributable to strong overseas operations of The Coffee Club and the sales of coffee which helped alleviate the soft performance of The Coffee Club in Australia with continued outlet rationalization and cautious expansion amidst the weak macro backdrop. Total-system-sales of Australia hub decreased slightly by 1.2% in 3Q19. Australia hub continues to put effort in improving its sales through delivery channel by partnering with third-party aggregator as convenience has become vital in Australian consumer market, together

with digital loyalty program which aims to drive frequency and increase average ticket value. In addition, The Coffee Club will continue to drive international expansion selectively, particularly in high traffic locations and with the new express model which will shorten the payback period and heighten the return on investment.

Overall, 9M19 group-wide total-system-sales grew by 4.3% y-y. The positive total-system-sales growth of Thailand and China hubs offset the declining trend of Australia hub. Given the challenging operating environments across key markets, 9M19 group-wide same-store-sales fell by 3.8% y-y. Nevertheless, Minor Food will remain proactive through its transformation process in order to maintain its relevancy amidst the dynamic markets. Improving customer experience and product innovations will help drive operations in Thailand while higher productivity and loyalty program will sustain the positive momentum of China and Australia hubs.

Restaurant Business Performance

%	3Q19	3Q18	9M19	9M18
Average Same-Store-Sales Growth	(3.7)	(3.8)	(3.8)	(2.9)
Average Total-System-Sales Growth	3.7	0.7	4.3	(0.6)

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

Financial Performance Analysis

3Q19 total core restaurant revenue decreased slightly by 3% y-y due to the declining revenue in Australia hub from the continued outlet rationalization and cautious expansion, as well as the adverse translation impact of the strengthening of Thai Baht against Australian Dollar and Chinese Renminbi. Meanwhile, franchise fee fell by 4% y-y in 3Q19 as the solid growth of franchise income from Thailand, especially from The Pizza Company, only partially helped offset the decreasing franchise revenue from weaker performance of the franchised stores in Australia and Vietnam.

3Q19 core EBITDA declined by 23% y-y. While China hub continued to deliver solid core EBITDA growth in local currency, from operational efficiency improvement and disciplined cost management, Thailand and Australia hubs saw softer EBITDA performance, from the same-store-sales contraction amidst weak domestic spending. Moreover,

Thailand hub continued to make investments for selective expansion, and to build its digital platform, while Australia hub reported declining franchise fees. As a result, overall core EBITDA margin declined to 12.3% in 3Q19, compared to 3Q18 EBITDA margin of 15.6%.

For 9M19, total core restaurant revenue rose by 1% y-y, supported by store expansion in Thailand and China, together with positive growth of same-store-sales in China in the first half of the year. 9M19 core EBITDA decreased by 9% y-y from the aforementioned reasons in Thailand and Australia hubs which led overall core EBITDA margin to fall from 16.6% in 9M18 to 15.0% in 9M19.

Financial Performance*

<i>Bt million</i>	3Q19	3Q18	%Chg
Revenues from Operation**	5,287	5,422	-2
Franchise Fee	400	415	-4
Total Revenues	5,686	5,836	-3
EBITDA	698	911	-23
EBITDA Margin	12.3	15.6	
	9M19	9M18	%Chg
Revenues from Operation**	16,686	16,509	1
Franchise Fee	1,233	1,219	1
Total Revenues	17,919	17,728	1
EBITDA	2,680	2,938	-9
EBITDA Margin	15.0	16.6	

* Exclude non-core items as detailed in the table on page 3

** Includes share of profit and other income

Hotel & Mixed-Use Business

Hotel Business

At the end of 3Q19, MINT owns 373 hotels and manages 156 hotels and serviced suites in 55 countries. Altogether, these properties have 76,967 hotel rooms and serviced suites, including 55,474 rooms that are equity-owned and leased and 21,493 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, 4,442 rooms in Thailand accounted for 6%, while the remaining 72,525 rooms or 94% are located in 54 other countries in Asia, Oceania, Europe, the Americas and Africa.

Hotel Rooms by Owned Equity and Management

	3Q19	Chg q-q	Chg y-y
Owned Equity*	55,474	186	441
- Thailand	2,716	0	0
- Overseas	52,758	186	441
Management	21,493	1,096	-3,736
- Thailand	1,726	382	170
- Overseas	19,767	714	-3,906
Total Hotel Rooms	76,967	1,282	-3,295

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

Hotel Rooms by Ownership

	3Q19	Chg q-q	Chg y-y
Owned Hotels	19,230	89	254
Leased Hotels	34,218	97	221
Joint Ventures	2,026	0	-34
Managed Hotels	14,450	1,042	-4,161
MLRs*	7,043	54	425
Total Hotel Rooms	76,967	1,282	-3,295

* Properties under management letting rights in Australia and New Zealand

Hotel Performance Analysis

Reference is made to the sales and lease back transaction of the 3 Tivoli hotels in Portugal, which was completed in July. As a result, in order to align with the group's operations, the 3 hotels have been reclassified from Minor Hotels' owned and leased overseas hotel portfolio to NH Hotel Group's portfolio.

MINT's existing owned-hotels portfolio (excluding NH Hotel Group and 3 Tivoli hotels under sales and lease back agreement), which accounted for 23% of core hotel & mixed-use revenues in 3Q19, reported y-y organic revenues per available room ("RevPar") decline of 6% in Thai Baht term. At constant foreign exchange rate, organic RevPar should have grown by 2% y-y, fueled by robust operations of overseas hotels. For owned hotels in Thailand, organic RevPar declined by 5% y-y, primarily from the weak operations of owned hotels in the provinces of Thailand. Owned hotels in Bangkok achieved flat organic RevPar growth y-y in 3Q19, supported by an increase in room rates. AVANI Bangkok Riverside and St. Regis were the top performers in Bangkok who delivered positive RevPar growth of mid to high single-digit. Operations of owned hotels across key tourist destinations excluding Bangkok still encountered headwinds. As a result, organic RevPar of Thailand provinces declined by 10% y-y, from both lower

average occupancy and room rates. For overseas operations, the performance in Thai Baht term was sheared by the strong appreciation of Thai Baht against other foreign currencies. Nevertheless, every overseas market that MINT has presence in delivered positive RevPar growth in their local currencies. Organic RevPar of owned overseas hotels at constant currencies rose by 7% y-y. Owned hotels in both Portugal (excluding the 3 sales and lease back hotels) and Brazil achieved organic RevPar growth of 3% y-y, mainly led by the ability to raise room rates. Meanwhile, the effective pricing management also drove RevPar of hotels in the Maldives and Africa to rise by 9% and 32% y-y, respectively.

The NH Hotel Group portfolio, contributing 65% of core hotel & mixed-use revenues in 3Q19, reported an increase in organic RevPar of its owned and leased hotel portfolio in Euro term of 2.3% y-y, solely from higher room rate. The positive RevPar growth was seen across all key markets except for Central Europe and Latin America. Spain continued to show the strongest operations with 10.3% organic RevPar growth in 3Q19, supported by successful price maximization and the increase in congresses and events both in Madrid and Barcelona. Hotels in Central Europe were pressured by the unfavorable trade fair calendar in Germany and the rise of supply particularly in Frankfurt while operations in Latin America were sheared by the currency evolution and hyperinflation in Argentina with IAS 29. At consolidated level, with the inclusion of openings, 3Q19 system-wide RevPar of NH Hotel Group's owned and leased portfolio grew by 3.7% y-y in Euro term.

With the inclusion of new hotels and NH Hotel Group, system-wide RevPar of MINT's entire owned and leased hotel portfolio decreased by 39% y-y in Thai Baht term. This was mainly due to the change in mix of hotel portfolio with NH Hotel Group commanding much lower RevPar than MINT's average, as well as, FX headwinds.

The management letting rights portfolio (MLRs), contributing 6% of 3Q19 core hotel & mixed-use revenues, saw a decrease in RevPar by 5% y-y in the Australian dollar term, pressured by both lower occupancy and room rates. The operating environment in Australia continued to be challenging from soft demand due to weak economy and a rise in hotel supply which reflected in more aggressive competition in room rates. Coupled with the headwinds from appreciation of Thai Baht against Australian Dollar,

3Q19 RevPar of MLRs declined by a larger magnitude at 17% y-y in Thai Baht term.

Revenue contribution of management contract (excluding NH Hotel Group) to MINT's core hotel & mixed-use revenues was 1% in 3Q19. Organic RevPar of management contract portfolio fell slightly by 1% y-y in 3Q19 at constant foreign exchange rate. The good performance of managed hotels in Khon Kaen, Chiangmai, Oman, Qatar and Laos partially helped offset the soft performance in Samui, Indonesia and UAE. Including the appreciation of Thai Baht and 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 16% y-y in 3Q19.

In summary, in 3Q19, MINT's organic RevPar of the entire portfolio excluding the foreign exchange impact, decreased slightly by 2% y-y as strong performance of owned overseas hotels could only partially offset the soft operations of owned hotels in the provinces of Thailand and MLRs. Including the foreign exchange translation impact from the strengthening of Thai Baht, organic RevPar of the entire portfolio declined by 11% y-y. Taking into account new hotels and NH Hotel Group, system-wide RevPar of MINT's entire portfolio fell by 27% y-y in Thai Baht, primarily due to the lower RevPar commanded by NH Hotel Group than MINT's average and the strengthening of the Thai Baht.

In 9M19, organic RevPar of MINT's entire portfolio decreased by 5% y-y in Thai Baht term from the weak performance of non-Bangkok hotels and MLR portfolio, and Thai Baht appreciation. Including new hotels and NH Hotel Group, system-wide RevPar of the entire portfolio decreased by 25% y-y.

Hotel Business Performance by Ownership

(System-wide)	<u>Occupancy (%)</u>			
	3Q19	3Q18	9M19	9M18
Owned Hotels*	74	74	71	66
Joint Ventures	47	53	52	53
Managed Hotels*	65	63	64	63
MLRs**	80	82	77	79
Average	72	72	70	69
MINT's Portfolio in Thailand	75	78	76	78
Industry Average in Thailand***	64	65	N/A	N/A

(System-wide)	<u>ADR (Bt/night)</u>			
	3Q19	3Q18	9M19	9M18
Owned Hotels*	3,763	6,152	3,881	6,295
Joint Ventures	6,261	6,660	8,066	8,065
Managed Hotels*	4,420	5,459	4,505	5,664
MLRs**	3,601	4,240	3,781	4,285
Average	3,869	5,293	4,018	5,472
MINT's Portfolio in Thailand	4,353	4,506	4,896	4,962
Industry Average in Thailand***	1,615	1,674	N/A	N/A

(System-wide)	<u>RevPar (Bt/night)</u>			
	3Q19	3Q18	9M19	9M18
Owned Hotels*	2,773	4,533	2,760	4,164
Joint Ventures	2,973	3,501	4,166	4,238
Managed Hotels*	2,865	3,413	2,897	3,575
MLRs**	2,895	3,480	2,917	3,384
Average	2,803	3,823	2,826	3,761
MINT's Portfolio in Thailand	3,244	3,519	3,731	3,851
Industry Average in Thailand***	1,035	1,095	N/A	N/A

(Organic)	<u>Occupancy (%)</u>			
	3Q19	3Q18	9M19	9M18
Owned Hotels*	71	74	66	66
Joint Ventures	47	53	52	53
Managed Hotels*	63	63	64	63
MLRs**	80	82	77	79
Average	71	72	69	69
MINT's Portfolio in Thailand	76	78	77	78

(Organic)	<u>ADR (Bt/night)</u>			
	3Q19	3Q18	9M19	9M18
Owned Hotels*	5,970	6,152	6,099	6,295
Joint Ventures	6,261	6,660	8,066	8,065
Managed Hotels*	5,082	5,459	5,650	5,664
MLRs**	3,601	4,240	3,781	4,285
Average	4,803	5,293	5,175	5,472
MINT's Portfolio in Thailand	4,401	4,506	4,916	4,962

(Organic)	<u>RevPar (Bt/night)</u>			
	3Q19	3Q18	9M19	9M18
Owned Hotels*	4,223	4,533	4,045	4,164
Joint Ventures	2,973	3,501	4,166	4,238
Managed Hotels*	3,183	3,413	3,619	3,575
MLRs**	2,895	3,480	2,917	3,384
Average	3,390	3,823	3,549	3,761
MINT's Portfolio in Thailand	3,326	3,519	3,770	3,851

* 3Q19 numbers include NH Hotel Group

** Properties under Management Letting Rights in Australia & New Zealand

*** Source for Industry Average: Bank of Thailand

Hotel Performance Analysis

In 3Q19, core revenue from hotel and related services operation jumped more than double y-y, mainly from the strong revenue contribution from the consolidation of NH Hotel Group. Although owned overseas operations performed well in their local currencies, the strong appreciation in the Thai Baht during the quarter was the major headwind for the performance of the portfolio compared to last year. Meanwhile, 3Q19 management income excluding NH Hotel Group continued to deliver solid growth of 11% y-y, primarily from the additional management fees with the increase in number of managed rooms.

In 9M19, core revenue from hotel and related services operations tripled from the same period last year, while management income in 9M19 (excluding NH Hotel Group) increased strongly by 12% y-y. The increases were primarily attributable to the same reasons as in 3Q19 above.

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 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 3Q19, AVC had a total inventory of 238 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 13,884 members at the end of 3Q19.

Revenue from mixed-use business fell by 10% in 3Q19 from the same period last year. AVC revenue improved significantly due to the increase in price per point since December 2018 and a jump in total points sold as a result of MINT's successful marketing strategies. Nevertheless, the solid improvement in AVC business did not fully mitigate the decline in residential and plaza and entertainment revenues which were impacted by the mismatched timing of residential unit sales and soft retail business environment, respectively. For 9M19, revenue from mixed-use business decreased by 8% y-y due to the same reasons as in 3Q19.

Overall Hotel & Mixed-Use Financial Performance Analysis

In 3Q19, total core revenue of hotel & mixed-use business almost more than doubled y-y with a large contribution from the revenue consolidation of NH Hotel Group and improving AVC operations. Excluding NH Hotel Group, total core revenue decreased by 11%, compared to the same period last year. The improved operations of owned overseas hotels and AVC could only partially offset the soft performance of owned hotels in Thailand, MLR portfolio, residential business, as well as, foreign exchange headwinds.

Core EBITDA of hotel & mixed-use business in 3Q19 jumped by two-fold in 3Q19 y-y, primarily supported by the consolidation of NH Hotel Group and strong operations of AVC business. Excluding NH Hotel Group, organic EBITDA declined by 26%, compared to the same period last year. Higher profitability of AVC business partially helped ease the pressure from the lower operating leverage of owned Thailand hotels, MLR and the mismatched timing of the residential sales, as well as, the strengthening of Thai Baht.

Consequently, core EBITDA margin of hotel & mixed-use business contracted from 24.6% in 3Q18 to 19.5% in 3Q19, from the reasons above as well as the lower profitability nature of NH Hotel Group with its leased portfolio.

For 9M19, total revenue of hotel & mixed-use business more than doubled y-y, attributable to revenue contribution from NH Hotel Group, growth of hotel operations in overseas markets, as well as, improving sales activities of AVC. Excluding NH Hotel Group, core revenue of organic hotel & mixed-use operations fell moderately by 4% y-y as the operations of owned Thailand hotels and MLR were under pressure, while there is a mismatch in the timing of residential sales, together with the foreign exchange headwinds. Core EBITDA of hotel & mixed-use business in 9M19 doubled y-y from the consolidation of NH Hotel Group, overseas hotel operations and AVC business. Excluding NH Hotel Group, core EBITDA decreased 16% compared to the

same period last year. Overall, core EBITDA margin of hotel & mixed-use business declined to 18.7% in 9M19, compared with 9M18 EBITDA of 24.5%.

For the remaining of the year, Minor Hotels expects an improving trend. International tourist arrivals to Thailand are on its path of recovery which will benefit MINT's hotels in Thailand portfolio. For hotels in European countries, which are now part of NH Hotel Group, growth momentum is expected to continue, together with higher operating leverage and effective cost management which would further drive profitability. Additionally, MINT and NH Hotel Group continue to work together and thus further synergies between these 2 operating platforms should be seen. For the mixed-use business, improvement will be more apparent on the back of some sales activities in residential and a pick-up of AVC sales.

Financial Performance*

<i>Bt million</i>	3Q19 Organic	3Q19 NHH	3Q19 Consolidated	3Q18 Organic	3Q18 NHH	3Q18 Consolidated	%Chg Organic	%Chg Consolidated
Hotel & related services**	6,578	14,676	21,254	7,441	84	7,525	-12	182
Management fee	256		256	230		230	11	11
Mixed-use	1,108		1,108	1,236		1,236	-10	-10
Total Revenues	7,942	14,676	22,619	8,907	84	8,992	-11	152
EBITDA	1,577	2,841	4,417	2,129	84	2,213	-26	100
EBITDA Margin (%)	19.9	19.4	19.5	23.9	99.1	24.6		
<i>Bt million</i>	9M19 Organic	9M19 NHH	9M19 Consolidated	9M18 Organic	9M18 NHH	9M18 Consolidated	%Chg Organic	%Chg Consolidated
Hotel & related services**	19,793	43,808	63,601	20,739	443	21,182	-5	200
Management fee	1,018		1,018	911		911	12	12
Mixed-use	3,639		3,639	3,949		3,949	-8	-8
Total Revenues	24,449	43,808	68,257	25,598	443	26,042	-4	162
EBITDA	5,085	7,700	12,785	6,065	318	6,383	-16	100
EBITDA Margin (%)	20.8	17.6	18.7	23.7	71.6	24.5		

* Exclude non-core items as detailed in the table on page 3

** Include share of profit and other income

Retail Trading & Contract Manufacturing Business

At the end of 3Q19, MINT had 486 retail trading points of sales, an increase of 34 points of sales from 452 points at the end of 3Q18. Of total 486 retail trading outlets, 84% are operated under fashion brands including Anello, Bossini, Brooks Brothers, Charles & Keith, Esprit, Etam, OVS and Radley, while 16% are operated under home and kitchenware brands including Joseph Joseph, Zwilling J.A. Henckels and Bodum.

Retail Trading's Outlet Breakdown

	3Q19	Chg q-q	Chg y-y
Fashion	410	-7	28
Home & Kitchenware	76	-3	6
Total Outlets	486	-10	34

In 3Q19, total retail trading & contract manufacturing revenue increased by 12% y-y, mainly driven by retail trading business. Proactive promotional campaigns and store expansion led to strong retail trading revenue growth of 19% y-y. Meanwhile, revenue of contract manufacturing business declined by 10% y-y due to weak demand from MINT's major FMCG customers who had high inventory levels, impacted from the poor purchasing power and weak retail environment. The discount campaigns and clearance sales in retail trading, together with the weaker margin of contract manufacturing business from lower economies of scale, tampered 3Q19 overall EBITDA of retail trading & contract manufacturing, resulting in a decrease of 17% y-y. Consequently, EBITDA margin fell from 6.3% in 3Q18 to 4.7% in 3Q19.

9M19 revenue from retail trading & contract manufacturing increased by 11% y-y, mainly driven by higher sales of retail trading portfolio. However, 9M19 EBITDA decreased by 9% y-y due to higher proportion of lower-margin product sales from the marked down clearance sales in retail trading and lower operating leverage of contract manufacturing business. Therefore, EBITDA margin fell from 6.9% in 9M18 to 5.7% in 9M19.

Financial Performance*

<i>Bt million</i>	3Q19	3Q18	%Chg
Retail Trading	981	827	19
Manufacturing	211	235	-10
Total Revenues**	1,192	1,062	12
EBITDA	56	67	-17
EBITDA Margin	4.7	6.3	

<i>Bt million</i>	9M19	9M18	%Chg
Retail Trading	2,845	2,495	14
Manufacturing	718	710	1
Total Revenues**	3,563	3,205	11
EBITDA	201	221	-9
EBITDA Margin	5.7	6.9	

* Exclude non-core items as detailed in the table on page 3
** Include share of profit and other income

Balance Sheet & Cash Flows

At the end of 3Q19, MINT reported total assets of Baht 249,035 million, a decrease of Baht 18,665 million from Baht 267,700 million at the end of 2018. The reduction was primarily the result of (1) Baht 13,069 million decrease in property, plant and equipment, partly on the back of the sale of 3 Portugal assets and (2) Baht 6,325 million decrease in intangible assets, both of which are mainly from the impact of foreign exchange translation with the strengthening of the Thai Baht during the first nine months.

MINT reported total liabilities of Baht 166,270 million at the end of 3Q19, a decrease of Baht 18,356 million from Baht 184,626 million at the end of 2018. The decrease was primarily due to the decline in net financing of Baht 14,809 million, mainly from the repayments of borrowings and debentures and the impact of foreign exchange translation.

Shareholders' equity decreased by Baht 309 million, from Baht 83,074 million at the end of 2018 to Baht 82,765 million at the end of 3Q19, owing mainly to (1) Baht 1,101 million interest payment on subordinated perpetual debentures, (2) the dividend payment of Baht 1,848 million, (3) foreign exchange translation adjustment of Baht 2,982 million and (4) lower contribution from minority interests of Baht 1,057 million from the foreign exchange translation, which more than offset the net income contribution of Baht 6,929 million for the period.

For the first 9 months of 2019, MINT and its subsidiaries reported positive cash flows from operations of Baht 10,431 million, an increase of Baht 7,761 million y-y. This was from

(1) higher depreciation and amortisation of Baht 3,433 million and (2) the net increase related to the foreign exchange translations of Baht 7,946 million.

Cash flow paid for investing activities was Baht 289 million, primarily due to capital expenditures of hotel, restaurant, and other businesses amounted to Baht 9,867 million, which was partially offset by the disposal of assets under sale and leaseback arrangement of Baht 9,545 million.

The Company reported net cash paid for financing activities of Baht 10,699 million, primarily due to (1) the dividends paid to shareholders and non-controlling interests of Baht 2,024 million, (2) interest paid on perpetual debentures of Baht 1,101 million and (3) the net cash paid of debentures and borrowings of Baht 7,577 million.

In summary, cash flows from operating, investing and financing activities resulted in MINT's net cash and cash equivalents' decrease of Baht 558 million in 9M19.

Financial Ratio Analysis

MINT's gross profit margin declined from 57.5% in 9M18 to 45.0% in 9M19, due to softer margins of hotel business from the consolidation of NH Hotel Group which has structurally lower margin than MINT. MINT reported a decrease in core net profit margin to 4.6% in 9M19 from 8.1% in 9M18. The decline was attributable to lower profitability of 3 business units, together with higher interest expense and tax rate related to acquisition of NH Hotel Group.

Annualized return on equity decreased from 8.9% in 9M18 to 6.7% in 9M19, as a result of the increase in equity base from the issuance of perpetual debentures to finance the acquisition of NH Hotel Group, while the incremental net profit from the consolidation of NH Hotel Group was partially muted by the soft earnings of MINT's existing businesses. Correspondingly, annualized return on assets also declined from 3.7% in 9M18 to 2.1% in 9M19.

Collection days decreased from 59 days in 9M18 to 45 days in 9M19, mainly from NH Hotel Group consolidation. The provision for impairment as a percentage of gross trade receivables decreased from 6.0% in 9M18 to 5.0% in 9M19, mainly from hotel 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

51 days in 9M18 to 25 days in 9M19, mainly from the consolidation of NH Hotel Group given the nature of pure hotel operator with lower inventory level compared to MINT's existing businesses which also consist of food and retail trading operations. Account payable days increased from 41 days in 9M18 to 75 days in 9M19, mainly from hotel business with the consolidation of NH Hotel Group's financials.

Current ratio improved to 1.0x at the end of 3Q19, compare to 0.9x at the end of 2018 driven by the decrease in short-term loans from financial institutions, current portions of long-term borrowings and current portions of debentures. Interest bearing debt to equity declined from 1.53x at the end of 2018 to 1.35x at the end of 3Q19, primarily attributable to loan repayment with the proceeds from the Tivoli sale and lease back transaction. Interest coverage ratio increased from 3.0x in 9M18 to 4.9x in 9M19 due to the increase in cash flows from operations despite higher interest expense from acquisition of NH Hotel Group.

Financial Ratio Analysis

Profitability Ratio (9 months)	30 Sept 19	30 Sept 18
Gross Profit Margin (%)	45.0	57.5
Net Profit Margin (%)	7.3	8.4
Core Net Profit Margin* (%)	4.6	8.1
Efficiency Ratio	30 Sept 19	30 Sept 18
Return on Equity* ** (%)	6.7	8.9
Return on Assets* ** (%)	2.1	3.7
Collection Period (days)	45	59
Inventory Days	25	51
Accounts Payable Days	75	41
Liquidity Ratio	30 Sept 19	31 Dec 18
Current Ratio (x)	1.0	0.9
Leverage & Financial Policy	30 Sept 19	31 Dec 18
Interest Bearing Debt/Equity (x)	1.4	1.5
Net Interest Bearing Debt/Equity (x)	1.2	1.4
	30 Sept 19	30 Sept 18
Interest Coverage (x)	4.9	3.0

* Exclude non-core items as detailed in the table on page 3

** In an annualized term

NH Hotel Group

NH Hotel Group continued to deliver robust operating performance in 3Q19 with reported revenue growth of 8% y-y. Excluding IAS29 and Tivoli integration, revenue would have grown 3.8%, mainly attributable to the excellent

performance of Spain and solid growth in Benelux and Italy, which was offset by the slowdown performance in Germany explained by the negative fair calendar in the quarter.

3Q19 recurring EBITDA grew by 11% y-y to EUR 78 million, fueled by strong top-line growth which included Tivoli integration and effective cost control which led to margin improvement. As a result, recurring EBITDA margin increased from 17.4% in 3Q18 to 17.9% in 3Q19.

NH Hotel Group's net recurring profit in 3Q19 jumped by 30% y-y to EUR 28 million, mainly supported by improvement in operational performance, Tivoli integration and lower impact of IAS29. Therefore, net recurring profit margin improved from 5.3% in 3Q18 to 6.4% in 3Q19. Due to y-y lower contribution of non-recurring activities in 3Q19, NH Hotel Group's reported net profit in 3Q19 decreased by 3%.

In 9M19, NH Hotel Group reported revenue growth of 6% y-y, supported by system-wide RevPar growth of 4.9% in Euro term with good operations across all regions and additional new hotels. Revenue growth together with cost control enabled NH Hotel Group to deliver recurring EBITDA growth of 13% y-y. As a result, NH Hotel Group reported a net recurring profit growth 57% y-y to EUR 70 million, boosted by the substantial reduction in financial cost from the early redemption of convertible bond in June 2018 and the partial early redemption of 2023 bond in 4Q18.

NH Hotel Group successfully delivered positive operating trend and performance improvement in 9M19. Favorable demand across its key markets, its ability to command higher average room rates and profitability from good asset quality and excellent management team reiterate its optimistic view on its business outlook. Hence, NH Hotel Group remains confident in its full-year recurring EBITDA target of EUR 285 million and recurring net profit of c.EUR 100 million (excluding IFRS 16, IAS 29 and Tivoli integration) in 2019.

Financial Performance*

<i>EUR million</i>	3Q19	3Q18	%Chg
Revenue	436	404	8
Recurring EBITDA	78	70	11
<i>Recurring EBITDA Margin (%)</i>	17.9	17.4	1
Net Recurring Profit	28	22	30
<i>Net Recurring Profit Margin (%)</i>	6.4	5.3	1
Net Profit	28	29	-3
<i>Net Profit Margin (%)</i>	6.5	7.2	-1
	9M19	9M18	%Chg
Revenue	1,257	1,190	6
Recurring EBITDA	209	185	13
<i>Recurring EBITDA Margin (%)</i>	16.6	15.6	1
Net Recurring Profit	70	45	57
<i>Net Recurring Profit Margin (%)</i>	5.6	3.7	2
Net Profit	74	93	-21
<i>Net Profit Margin (%)</i>	5.9	7.9	-2

* Exclude IFRS 16 accounting effect, which was implemented on 1 January 2019 in Europe

Management's Outlook

Amidst today's fast-changing market conditions, every business faces many challenges, one of the most important being digitalization. As the role of digitalization has been increasingly important, we are focusing on building even a stronger digital platform for both Minor Hotels and Minor Food with the aim for digital operational excellence. Additionally, we believe speed and ability to adapt are the keys to stay relevant and thrive business forward which would ultimately lead us to achieve long-term sustainable growth.

Minor Hotels

Digitalization is transforming hospitality business from operations to customer touchpoints. Minor Hotels embraces digital technology at all levels, by investing in human capital, technology and processes, with the goal to improve all processes to better serve the known needs of our customers through higher level of personalization and at lowest level of friction. Key areas of Minor Hotels' digitalization are;

- Digital marketing strategies: Digitalization has given us a totally new way of managing customers by allowing us to have greater insight in the patterns of customer behavior and to use them more effectively. For example, digitalization allows

us to know that Thais and Indians are consumers of video content and hence video-sharing platform would be the key marketing strategy for them, while social media tools would be more appropriate for the Europeans.

- **Booking platform:** Digitalization has allowed us to serve our customers better by providing a more streamline and transparent booking process with less friction. Additionally, it helps us track, report and escalate customer requests, allowing us to understand the consumer behavior better and react faster to their needs.
- **Our own website:** Minor Hotels has invested in the brand.com websites over the past few years in many areas, ranging from top in class content management systems, translations, video and analytical tools with data driven attribution models to track customer behavior without infringing with the customer privacy.

Minor Food

Delivery is increasingly playing an important role in the food industry. Some may see delivery as an industry’s disruption, however, it has been a profitable channel for Minor Food. Minor Food has long been the pioneer in the delivery of its pizza. Today, it has expanded delivery service to other brands, which has helped expand its customer base. For example, some of Minor Food’s brands cater to families, while delivery service brings new and younger generations of customers. Nevertheless, Minor Food realizes that delivery is only one part of digitalization.

Minor Food is currently in the initial stage of the transformation journey, aiming to be the global leader in digital food through 3 following strategies;

- **Loyalty:** Minor Food is accelerating customer loyalty by using analytical data and developing group-wide customer insight through digital marketing scorecard and tracking platform to measure success in campaigns that we invest in.
- **Culture:** Minor Food is creating a world-class digital team by developing digital leadership

program. We will be focusing on growing digital IQ in partnership with human resources department and helping the organization to think digitally. Innovation culture is also our priority to create an open and collaborative cross-team environment for digital and idea to thrive.

- **Growth:** Minor Food is creating an innovation platform to support new growth drivers. Currently, delivery is our fastest growing channel. We are growing our 1112Delivery platform to scale and strengthening it to be a delivery platform for Thailand.

MINT realizes the importance of its digital platform and initiatives in order to drive the business growth in the long term. Information technology strategy has long been a part of MINT’s five-year plan, and today has elevated to be embedded in each of the business unit to accelerate growth potential.

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Mr. Chaiyapat Paitoon
Deputy Corporate Chief Financial Officer