Management Discussion and Analysis

Overview

3Q16 and 9M16 Performance

Minor International Public Company Limited ("MINT") reported revenue growth of 28% in 9M16 and 26% in 3Q16 y-y, while net profit increased by 46% in 9M16 and 7% in 3Q16 y-y. In 2016 and 2015 MINT recorded non-recurring items as required under Thai Generally Accepted Accounting Principles (Thai GAAP), which are

1. Gain of Bt 92m from changing status of investment in some of the Oaks properties, which were offset by impairment charges of certain Oaks properties of Bt 132m (recorded in SG&A, pre-tax), resulting in no material impact post-tax on core net profit in 3Q16;
2. Gain of Bt 136m from changing status of investment in BreadTalk Group in Singapore, from available-for-sale investment to investment in associate, in 2Q16;
3. Gain of Bt 1,932m from bargain purchase of the Tivoli Hotels & Resorts in 1Q16;
4. Gain of Bt 650m from bargain purchase of Sun International hotels in Africa in 1Q15;
5. Gain of Bt 70m from bargain purchase of Oaks Elan Darwin in 3Q15.

Excluding the aforementioned non-recurring items, core profit exhibited y-y growth of 11% in 9M16 and 16% in 3Q16. The performance was attributable to the strength of MINT's diversified portfolio which enabled MINT to achieve consistent growth of both restaurant and hotel businesses amidst challenging business environments. Furthermore, the incremental revenue and earnings from MINT's successful strategic investments in Tivoli portfolio and Minor DKL in Australia also contributed to the outstanding performance.

In 3Q16, revenue of restaurant business increased by 29% y-y, led by the stellar performance of Thailand and China hubs and the additional revenue from the consolidation of Minor DKL in Australia. Excluding Australia performance, combined revenue of the remaining hubs of the restaurant business increased by 10% y-y. By the same token, hotel & mixed-use business reported an impressive revenue growth of 28% y-y in 3Q16. The growth was led by consistent growth of hotels in Thailand and Oaks in Australia, together with the additional revenue from Tivoli hotels in Portugal, especially during its high season, as well as the consolidation of Zambia properties. 3Q16 revenue from retail trading & contract manufacturing business decreased slightly by 2% y-y, primarily because of the slowdown of the contract manufacturing business, which continued to experience pressure from the soft performance of its key customers.

In 3Q16, hotel & mixed-use business accounted for 52% of total core revenue. Restaurant business contributed 42% of total core revenue, while retail trading and contract manufacturing contributed the remaining 6%.

Revenue Breakdown

Bt million	**3Q16**	**3Q15**	**%Chg**
As Reported			
Restaurant Services	5,794	4,498	29%
Hotel & Mixed-Use	7,329	5,733	28%
Retail Trading & Contract Manufacturing	836	856	-2%
Total Revenue	**13,959**	**11,087**	**26%**
Core			
Restaurant Services	5,794	4,498	29%
Hotel & Mixed-Use	7,237	5,664	28%
Retail Trading & Contract Manufacturing	836	856	-2%
Total Revenue	**13,867**	**11,018**	**26%**

In 9M16, MINT reported total revenue of Bt 42,570m, an increase of 28% from the same period last year. The growth was attributable to strong performance of restaurant and hotel & mixed-use business units, the consolidation of Tivoli portfolio in Portugal and Minor DKL in Australia, together with the aforementioned non-recurring items. Excluding the non-recurring items, core revenue increased by 25% y-y in 9M16.

In terms of revenue breakdown, in 9M16, hotel & mixed-use and restaurant businesses accounted for 51% and 43% of total core revenue, respectively. Retail trading and contract manufacturing contributed another 6%.

Revenue Breakdown

Bt million	9M16	9M15	%Chg
As Reported			
Restaurant Services	17,536	13,395	31%
Hotel & Mixed-Use	22,438	17,182	31%
Retail Trading & Contract Manufacturing	2,595	2,591	0%
Total Revenue	**42,570**	**33,167**	**28%**
Core			
Restaurant Services	17,401	13,395	30%
Hotel & Mixed-Use	20,414	16,462	24%
Retail Trading & Contract Manufacturing	2,595	2,591	0%
Total Revenue	**40,410**	**32,447**	**25%**

MINT reported EBITDA of Bt 2,716m in 3Q16, a 28% growth over the same period last year. Excluding non-recurring items, 3Q16 core EBITDA grew by 34% y-y, driven by the growth of both hotel & mixed-use and restaurant businesses. 3Q16 core EBITDA of hotel & mixed-use business increased by 36% y-y, mainly from the consistent growth of hotels in Thailand, the consolidation of Tivoli hotels in Portugal during its high season and the increased contribution of two hotels in Zambia upon the increased shareholding from 50% to 100%. At the same time, core EBITDA of restaurant business saw robust growth of 31% y-y, bolstered by strong operations of Thailand and China hubs, together with the consolidation of Australia hub's performance. Lastly, retail trading & contract manufacturing saw an increase in EBITDA by 17% y-y from the higher operating leverage of the retail trading business. Core EBITDA margin improved from 18.7% in 3Q15 to 19.9% in 3Q16 thanks to the higher operating leverage of all business units.

In 3Q16, hotel & mixed-use and restaurant businesses accounted for 62% and 36% of total core EBITDA respectively. Retail trading & contract manufacturing contributed the remaining 2% of total core EBITDA.

EBITDA Breakdown

Bt million	3Q16	3Q15	%Chg
As Reported			
Restaurant Services	982	748	31%
Hotel & Mixed-Use	1,683	1,337	26%
Retail Trading & Contract Manufacturing	52	44	17%
Total EBITDA	**2,716**	**2,129**	**28%**
EBITDA Margin	**19.5%**	**19.2%**	
Core			
Restaurant Services	982	748	31%
Hotel & Mixed-Use	1,723	1,267	36%
Retail Trading & Contract Manufacturing	52	44	17%
Total EBITDA	**2,756**	**2,060**	**34%**
EBITDA Margin	**19.9%**	**18.7%**	

In 9M16, MINT reported EBITDA of Bt 10,128m, a 42% growth over the same period last year. Excluding non-recurring items, 9M16 core EBITDA increased by 27% y-y from both restaurant and hotel & mixed-use businesses. Core EBITDA margin improved from 19.7% in 9M15 to 20.0% in 9M16, mainly from the higher operating leverage of the hotel business.

In 9M16, hotel & mixed-use business represented 62% of total core EBITDA, while restaurant business accounted for 36%. Retail trading and contract manufacturing business accounted for the remaining 2%.

EBITDA Breakdown

Bt million	9M16	9M15	%Chg
As Reported			
Restaurant Services	3,045	2,263	35%
Hotel & Mixed-Use	6,906	4,648	49%
Retail Trading & Contract Manufacturing	176	200	-12%
Total EBITDA	**10,128**	**7,111**	**42%**
EBITDA Margin	**23.8%**	**21.4%**	
Core			
Restaurant Services	2,910	2,263	29%
Hotel & Mixed-Use	5,014	3,928	28%
Retail Trading & Contract Manufacturing	176	200	-12%
Total EBITDA	**8,100**	**6,392**	**27%**
EBITDA Margin	**20.0%**	**19.7%**	

MINT reported net profit of Bt 990m in 3Q16, 7% growth y-y. Excluding non-recurring items, 3Q16 core net profit grew by 16% y-y, a lower growth rate than revenue and EBITDA due to the consolidation of Tivoli portfolio in Portugal with higher depreciation and tax rate, the consolidation of Minor DKL and Zambia properties, as well as the lower operating leverage of Anantara Vacation Club. As a result, core net profit margin decreased from 7.7% in 3Q15 to 7.1% in 3Q16.

In 9M16, MINT's net profit grew by 46% y-y, while core net profit increased by 11% y-y, lower than the increase in revenue due to the same reasons in 3Q16. Consequently, core net profit margin declined from 8.9% in 9M15 to 8.0% in 9M16.

Net Profit

Bt million	3Q16	3Q15	%Chg
As Reported			
Total net profit	990	923	7%
Net Profit Margin	7.1%	8.3%	
Core			
Total net profit	990	854	16%
Net Profit Margin	7.1%	7.7%	
	9M16	**9M15**	**%Chg**
As Reported			
Total net profit	5,297	3,621	46%
Net Profit Margin	12.4%	10.9%	
Core			
Total net profit	3,229	2,901	11%
Net Profit Margin	8.0%	8.9%	

Major Developments in 3Q16

	Developments
Restaurant	• Opened 45 outlets, net q-q, majority of which were The Pizza Company, Thai Express (mostly outside of Singapore), The Coffee Club, Burger King and BreadTalk • Opened first 4 equity outlets at Yangon International Airport in Myanmar
Hotel & Mixed-Use	• Opened Anantara Kalutara Resort in Sri Lanka • Increased shareholding in The Royal Livingstone Victoria Falls Zambia Hotel by Anantara and AVANI Victoria Falls Resort in Zambia from 50% to 100% • Assumed management of AVANI Khon Kaen Hotel & Convention Centre in Thailand and AVANI Deira Dubai Hotel in UAE • Added 4 units of Anantara Vacation Club's inventory in Phuket
Retail Trading	• Launched Etam, a leading lingerie brand from France, in Thailand

Segment Performance

Restaurant Business

At the end of 3Q16, MINT's total restaurants reached 1,928 outlets, comprising 1,003 equity-owned outlets (52% of total), and 925 franchised outlets (48% of total). 1,220 outlets (63% of total) are in Thailand, while the remaining 708 outlets (37% of total) are in Australia, New Zealand, Singapore, China, India, Middle East, the Maldives, Egypt, UK, and other countries in Asia.

Restaurant Outlets by Owned Equity and Franchise

	3Q16	Chg q-q	Chg y-y
Owned Equity	1,003	24	95
- Thailand	798	11	66
- Overseas	205	13	29
Franchise	925	21	46
- Thailand	422	10	20
- Overseas	503	11	26
Total Outlets	**1,928**	**45**	**141**

Restaurant Outlets by Brand

	3Q16	Chg q-q	Chg y-y
The Pizza Company	376	9	26
Swensen's	325	2	15
Sizzler	58	2	6
Dairy Queen	413	3	15
Burger King	69	5	19
The Coffee Club	438	6	12
Ribs and Rumps	13	0	0
Thai Express	101	7	16
Riverside	58	3	6
Breadtalk	30	5	10
Others*	47	3	16
Total Outlets	**1,928**	**45**	**141**

* Others include restaurants at the airport under MINT's 51% JV, "Select Service Partner", restaurants in Singapore under MINT's 50% JV, "The Food Theory Group" and restaurants in UK under "Grab" and "Patara" brands.

Hub Performance Analysis

Minor Food delivered another strong quarter of operational performance in 3Q16, primarily as a result of robust growth from Thailand and China hubs and turnaround of the Australia hub. Total-system-sales growth (including sales from franchised outlets) increased by 11.3% y-y in 3Q16, from same-store-sales growth of 3.0%, together with the outlet expansion of 8% y-y.

In 3Q16, Thailand hub maintained strong growth momentum from last quarter with remarkable total-system-sales growth of 17.5% y-y and same-store-sales growth of 5.8% y-y. The Pizza Company and Burger King are the key brands that drove notable same-store-sales growth in 3Q16. The Pizza Company experienced exceptional same-store-sales growth of 21.3% y-y, from the continued success of the Crispy Thin and Extreme Crust Pizzas, as well as the special 48 dine-in menus, which are varieties of appetizers, pastas and drinks. In addition, the new main dishes launched in July, perceived as more premium offerings, have been well received by customers and contributed to the same-store-sales growth. At the same time, Burger King reported favorable same-store-sales growth, primarily from outstanding performance in tourist locations. However, the dessert category, Swensen's and Dairy Queen, continued to experience the impact from the soft domestic consumption as consumers tended to hold back their spending on light snacks as opposed to heavier meals.

China hub continued to report an impressive total-system-sales growth of 21.6% y-y in 3Q16, supported by same-store-sales growth of 4.4%, together with the disciplined outlet expansion of the Riverside brand, which grew 12% y-y. All brands, including Riverside, Sizzler, and Thai Express, maintained positive same-store-sales growth in this quarter. Riverside outlets in Beijing continued to perform well as the region is more resilient to the slowdown of the manufacturing sector, while Shanghai is seeing an improving trend. Sizzler and Thai Express aim to improve their performance, with Sizzler's focus on new product development and Thai Express's emphasis on streamlining its supply chain and product consistency.

Australia hub led a successful turnaround in 3Q16 and reported same-store-sales growth of 1.0% y-y, mainly supported by improving operations of The Coffee Club and VGC brands. However, Australia hub remained cautious in expanding its outlets amidst the challenging economic environment, which resulted in moderate total-system-sales growth of 3.7% y-y in 3Q16.

Singapore hub continued to be challenged by the macro slowdown and high competition in the restaurant sector. However, the negative same-store-sales growth has seen an improving trend every quarter since the beginning of the year. Although negative same-store-sales growth and total-system-sales growth resulted in margin pressure in 3Q16, Singapore hub continued to be profitable. With the new management appointed since July 2016, Singapore hub is in the process of evaluating the overall portfolio to better segment its Thai food concepts between the high-end, mid-market and casual dining segments. The franchise of "Yentafo Kruengsonge by A. Mallika", the famous Thai noodle concept, is expected to help strengthen Singapore hub's brand portfolio.

Overall, 9M16 total-system-sales increased by 10.0% y-y, driven by both group-wide same-store-sales growth of 2.1% and the disciplined outlet expansion of Thailand and China hubs. As Thailand contributes 59% of Minor Food's revenue in 9M16, Minor Food is watchful of the potential drop of domestic consumer sentiment in 4Q16, as MINT and the nation mourn during this period. In addition, Singapore hub continues to undergo portfolio restructuring in order to withstand the economic slowdown and high competition in the country.

Restaurant Business Performance

%	3Q16	3Q15	9M16	9M15
Average Same-Store-Sales Growth	3.0	(0.2)	2.1	(0.4)
Average Total-System-Sales Growth	11.3	12.9	10.0	12.5

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

Financial Performance Analysis

3Q16 total restaurant revenue grew by 29% y-y, driven by both revenue from operation and franchise income. Revenue from operation increased by 24% y-y as a result of the remarkable performance of Thailand and China hubs, the expansion of equity outlets by 10% y-y and the consolidation of Minor DKL in Australia. Franchise income grew by 148% y-y, from continued growth of franchising business, of The Pizza Company, and the consolidation of Minor DKL's franchise fees, which included The Coffee Club, Ribs and Rumps and Veneziano Group. 3Q16 EBITDA rose 31% y-y from higher operating leverage, which led to an expansion of EBITDA margin from 16.6% in 3Q15 to 17.0% in 3Q16.

9M16 core restaurant revenue increased by 30% y-y from the solid performance of Thailand and China hub, the continued expansion of both owned and franchised outlets, together with the consolidation of Minor DKL. 9M16 core EBITDA increased by 29% y-y, which resulted in a slight decline in EBITDA margin from 16.9% in 9M15 to 16.7% in 9M16.

Revenue Breakdown*

Bt million	**3Q16**	**3Q15**	**%Chg**
Revenue from Operation**	5,390	4,335	24%
Franchise Fee	403	163	148%
Total Revenue	**5,794**	**4,498**	**29%**
EBITDA	**982**	**748**	**31%**
EBITDA Margin	**17.0%**	**16.6%**	
	9M16	**9M15**	**%Chg**
Revenue from Operation**	16,203	12,918	25%
Franchise Fee	1,198	477	151%
Total Revenue	**17,401**	**13,395**	**30%**
EBITDA	**2,910**	**2,263**	**29%**
EBITDA Margin	**16.7%**	**16.9%**	

* The table excludes non-recurring gain: gain on fair value adjustment of change in status of investment in BreadTalk Group in Singapore of Bt 136m in 2Q16

** Includes share of profit and other income

Hotel & Mixed-Use Business

Hotel Business

At the end of 3Q16, MINT owned 67 hotels and managed 85 hotels and serviced suites in twenty two countries. Altogether, these properties have 19,512 hotel rooms and serviced suites, including 8,870 that are equity-owned and 10,642 that are purely-managed under the Company's brands including Anantara, AVANI, Oaks, PER AQUUM, Tivoli and Elewana. Of the total, 4,168 rooms in Thailand accounted for 21%, while the remaining 15,344 rooms or 79% are located in Australia, New Zealand, the Maldives, China, Indonesia, Sri Lanka, Vietnam, Malaysia, Cambodia, Tanzania, Kenya, Mozambique, Botswana, Namibia, Zambia, Lesotho, Qatar, the United Arab Emirates, Seychelles, Brazil, and Portugal.

Hotel Rooms by Owned Equity and Management

	3Q16	**Chg q-q**	**Chg y-y**
Equity-owned*	8,870	119	1,729
- Thailand	2,473	-5	244
- Overseas	6,397	124	1,485
Management	10,642	278	707
- Thailand	1,695	196	196
- Overseas	8,947	82	511
Total Hotel Rooms	**19,512**	**397**	**2,436**

* Equity owned includes all hotels which are majority-owned and joint ventures

Hotel Rooms by Ownership

	3Q16	Chg q-q	Chg y-y
Owned Hotels	7,084	518	1,976
Joint Venture	1,786	-399	-247
Managed	4,282	265	555
MLR*	6,360	13	152
Total Hotel Rooms	**19,512**	**397**	**2,436**

* Properties under Management Letting Rights in Australia and New Zealand

Hotel Performance Analysis by Ownership

Owned-hotels portfolio, which accounted for 61% of hotel & mixed-use revenue in 3Q16, reported y-y system-wide revenue per available room ("RevPar") increase of 8% in 3Q16. Owned hotels in Thailand continued to benefit from the tourism boom in the country and achieved organic RevPar growth of 7% y-y in 3Q16, from the outstanding performance of both owned hotels in Bangkok and the provinces of Thailand. Including the newly-opened AVANI Riverside Bangkok Hotel, system-wide RevPar of Thailand owned hotels increased by 2% y-y. Outside of Thailand, RevPar of the owned overseas hotels portfolio experienced significant improvement with RevPar growth of 11% y-y, spurred by strong performance of the Tivoli portfolio in Portugal, which benefitted from the high season in 3Q16 with occupancy as high as 85%. Excluding the newly acquired Tivoli hotels, organic RevPar of owned oversea hotels decreased by 6% y-y, primarily from the soft performance of owned hotels in the Maldives and Brazil. The Maldives performance continued to be challenged by softer demand from Chinese and European tourists during its low season, together with new supply which initially offered lower room rates. Hotels in Brazil saw lower occupancy as a result of the renovation of the hotels, coupled with challenging economic environment. However, the recent completion of room renovation led to higher room rates and subsequently an improving RevPar trend from the previous quarter.

Oaks, contributing 23% of 3Q16 hotel & mixed-use revenue, reported high occupancy rate of 78% and ADR increase of 4% y-y in Australian Dollar term to AUD 171, resulting in RevPar growth of 3% y-y. With the strengthening of the Australian Dollar, Oaks's RevPar also increased by 6% y-y in Thai Baht term in 3Q16.

Revenue contribution of management contract to MINT's hotel & mixed-use revenue was 4% in 3Q16. Organic RevPar of management contract portfolio increased by 5% y-y in 3Q16, led by hotels in Thailand and the Middle East.

In summary, in 3Q16, MINT's overall system-wide RevPar increased by 3% y-y, primarily from the outstanding performance of owned hotels in Thailand, the Tivoli portfolio in Portugal with its high season and Oaks.

For 9M16, system-wide RevPar of MINT's entire portfolio decreased by 1% y-y in 9M16, primarily from the lower RevPar of new overseas hotels during their ramp-up stage and the lower RevPar of the newly acquired Tivoli portfolio, when compared with the average of MINT's existing hotels. Excluding new hotels, organic RevPar of the entire portfolio rose by 4% y-y, led by hotels in Thailand and Oaks which consistently performed well throughout the year. Going into fourth quarter, Minor Hotels is cautious of its domestic operations as activities have slowed down during the mourning period of His Majesty King Bhumibol Adulyadej. Although Thailand remains an attractive destination for tourism in the medium and long term, Minor Hotels anticipates the domestic business to soften in the coming fourth quarter compared to the same period last year, in particular the MICE segment. Outside of Thailand, with continued global economic uncertainties, Brazil and the Maldives remain challenging in the short term.

Hotel Business Performance by Ownership

(System-wide)	Occupancy (%)			
	3Q16	**3Q15****	**9M16**	**9M15****
Owned Hotels	73	64	66	66
Joint Venture	42	50	42	50
Managed	62	60	64	62
MLR*	78	79	76	76
Average	**70**	**69**	**67**	**68**
MINT's Portfolio in Thailand	**74**	**71**	**75**	**72**
Industry Average in Thailand***	**60**	**58**	**N/A**	**N/A**

	3Q16	3Q15**	9M16	9M15**
Owned Hotels	5,572	5,822	5,673	6,408
Joint Venture	9,304	9,709	10,712	10,075
Managed	6,068	6,461	6,663	6,760
MLR*	4,515	4,214	4,481	4,151
Average	**5,410**	**5,367**	**5,667**	**5,664**
MINT's Portfolio in Thailand	**4,247**	**4,352**	**4,746**	**4,716**
Industry Average in Thailand* **	**1,328**	**1,876**	**N/A**	**N/A**
(System-wide)		**RevPar (Bt/night)**		
	3Q16	**3Q15****	**9M16**	**9M15****
Owned Hotels	4,041	3,727	3,771	4,229
Joint Venture	3,875	4,881	4,488	5,037
Managed	3,788	3,892	4,239	4,209
MLR*	3,528	3,331	3,408	3,140
Average	**3,793**	**3,678**	**3,809**	**3,836**
MINT's Portfolio in Thailand	**3,149**	**3,077**	**3,538**	**3,406**
Industry Average in Thailand* **	**802**	**1,095**	**N/A**	**N/A**

* Properties under Management Letting Rights in Australia and New Zealand

** Performance of owned hotels and joint venture in 3Q15 and 9M15 were restated, following the increased shareholding in the two hotels in Zambia effective from July 2016 onwards.

*** Source for Industry Average: Bank of Thailand

Hotel Performance Analysis

In 3Q16, total core revenue of hotel and related services, which included revenue from owned hotels, Oaks and spa services, increased by 46% y-y. The increase was mainly from the continued robust performance of hotels in Thailand and Oaks in Australia, together with the strong contribution of the Tivoli portfolio in its high season and the increased contribution from the two hotels in Zambia.

3Q16 management income increased by 29% y-y, attributable to the existing management contract portfolio, which performed well, together with the increase in number of managed rooms by 15% y-y. The increase exemplifies successful expansion of MINT's owned brands, especially Anantara and AVANI, which are gaining strong momentum and consistently securing new management contracts.

By the same token, 9M16 core revenue from hotel and related services grew by 32% y-y. The solid performance of owned hotels in Thailand on the back of strong international tourist arrivals, the consistent growth of Oaks portfolio, the contribution of the newly acquired Tivoli portfolio in Portugal and the consolidation of Zambia properties were the key drivers of the outstanding performance. At the same time, management income increased by 16% y-y, attributable to the robust performance of managed hotels in Thailand, Vietnam and the Middle East, together with the additional management fee from newly managed hotels.

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, namely; (1) Royal Garden Pattaya, (2) Turtle Village Shopping Plaza Phuket and (3) Riverside Plaza Bangkok. In addition, MINT is the operator of seven entertainment outlets in Pattaya, namely (1) Ripley's Believe It or Not Museum; (2) 4D Moving Theater; (3) Haunted Adventure; (4) Infinity Maze; (5) The Louis Tussaud's Waxworks; (6) Ripley's Scream in the Dark and (7) Ripley's The Vault. 3Q16 revenue from plaza and entertainment business increased by 4% y-y to Bt 130m, led by the strong growth of the Riverside Plaza Bangkok.

The other mixed-use business that provides a bigger contribution to MINT's hospitality business is the real estate business, which comprises residential development and vacation club. 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 Hotel in Samui. The second project is St. Regis Residences, with 53 residential units located above St. Regis Hotel Bangkok. To date, 11 villas of the Estates Samui and all units of St. Regis Residences have been sold. The latest project is The Residences by Anantara, Layan, Phuket, with 15 villas next to Anantara Layan Phuket Resort. To date, 6 villas of The Residences by Anantara have been sold. As property prices in Phuket are on an increasing trend, MINT is trying to time the selling of its residential units in a way that will maximize its revenue and earnings. It is confident in the long-term prospects of the project. In addition, Anantara Chiang Mai Serviced Suites, a 50% joint-venture project with U City PCL, is expected to be completed and some of the units will be transferred in 4Q16. Additional residential development projects are being considered to ensure continuous pipeline of MINT's real estate business.

Another real estate business of MINT is the point-based vacation club under its own brand, Anantara Vacation Club (AVC). At the end of 3Q16, AVC has a total inventory of 151 units in Samui, Phuket and Bangkok in Thailand, Queenstown in New Zealand, Bali in Indonesia, and Sanya in China. While AVC's number of members increased by 16% y-y in 9M16 to 7,673 members, revenue growth was put under pressure by the new business model launched since the second half of 2015. Although the package size has been reduced to attract additional members, the new business model allows for cash flow stream acceleration and lower bad debt. MINT expects the new package to temporarily affect sales growth and profitability of AVC in the short term, but both the profitability and balance sheet will be strengthened in the long term.

Overall, revenue from real estate development decreased by 36% y-y in 3Q16, primarily from the absence of sale of the residential development business, together with the decline in the AVC revenue. In 9M16, real estate business reported a decline in revenue by 3% y-y due to the slowdown of AVC sales.

Overall Hotel & Mixed-Use Financial Performance Analysis

Total core revenue of hotel and mixed-use business increased by 28% y-y in 3Q16, from robust growth of hotel and related services and management income. Core EBITDA grew by 36% y-y, and EBITDA margin improved from 22.4% in 3Q15 to 23.8% in 3Q16, mainly attributable to the higher operating leverage of hotel and related services in Thailand and the high season in Portugal.

For 9M16, total core revenue of hotel and mixed-use business increased by 24% y-y, attributable to the growth of hotel & related services and management income. Core EBITDA grew at a faster rate of 28% y-y in 9M16, which resulted in EBITDA margin expansion from 23.9% in 9M15 to 24.6% in 9M16. The margin improvement was mainly supported by solid performance of hotel and related services, the high-margin management contracts, together with the higher profitability residential sales in 9M16.

Revenue Breakdown*

Bt million	**3Q16**	**3Q15**	**%Chg**
Hotel & related services**	6,096	4,186	46%
Management fee	283	219	29%
Plaza & entertainment	130	124	4%
Real estate development	728	1,135	-36%
Total Revenue	**7,237**	**5,664**	**28%**
EBITDA	**1,723**	**1,267**	**36%**
EBITDA Margin	**23.8%**	**22.4%**	
Bt million	**9M16**	**9M15**	**%Chg**
Hotel & related services**	16,315	12,376	32%
Management fee	826	712	16%
Plaza & entertainment	392	410	-4%
Real estate development	2,881	2,964	-3%
Total Revenue	**20,414**	**16,462**	**24%**
EBITDA	**5,014**	**3,928**	**28%**
EBITDA Margin	**24.6%**	**23.9%**	

* The table excludes non-recurring items:
(1) Gain on fair value adjustment from changing status of investment in some of Oaks' properties of Bt 92m, which were offset by impairment charges of certain Oaks properties of Bt 132m (recorded in SG&A, pre-tax), resulting in no material impact post-tax on core net profit in 3Q16;
(2) Gain from bargain purchases of Tivoli Hotels & Resorts of Bt 1,932m in 1Q16;
(3) Gain from bargain purchases of Sun International hotels of Bt 650m in 1Q15.
** Includes share of profit and other income

Retail Trading and Contract Manufacturing Business

At the end of 3Q16, MINT had 292 retail trading points of sales, an increase of 8 points of sales from 284 at the end of 3Q15. Majority of new openings was fashion outlets. In 3Q16, Minor Lifestyle launched Etam, a leading lingerie brand from France, with the first outlet opened in September. Retail trading points of sale declined by 8 points of sales q-q, primarily from the closure of Red Earth and Esprit outlets.

Of total 292 retail trading outlets, 92% are operated under fashion brands including Esprit, Bossini, GAP, Banana Republic, Brooks Brothers, Kojima Denim, Etam, Charles & Keith, and Pedro, 7% are operated under Henckels and the remaining of less than 1% are operated under Red Earth.

Retail Trading's Outlet Breakdown

	3Q16	Chg q-q	Chg y-y
Fashion	269	-5	22
Cosmetics	1	-4	-17
Others	22	1	3
Total Outlets	**292**	**-8**	**8**

In 3Q16, total retail trading and contract manufacturing revenue decreased by 2% y-y. Revenue from retail trading business increased 6% by y-y, mainly from the robust performance of Charles & Keith and Bossini brands, together with the additional revenue from the new brands. However, revenue from contract manufacturing business continued to experience pressure from soft performance of its key customers. EBITDA of the retail trading and contract manufacturing business increased by 17% y-y, primarily attributable to the higher operating leverage of the retail trading business. As a result, EBITDA margin increased from 5.2% in 3Q15 to 6.2% in 3Q16.

9M16 revenue from retail trading and contract manufacturing was flat y-y, whereas 9M16 EBITDA decreased by 12% y-y because of the promotional discounts, higher sales and marketing expenses earlier in the year to drive revenue amidst the challenging domestic market conditions, and pre-opening expenses to launch new brands. Consequently, EBITDA margin decreased from 7.7% in 9M15 to 6.8% in 9M16.

Retail Trading and Contract Manufacturing's Revenue Breakdown

Bt million	3Q16	3Q15	%Chg
Retail Trading	606	574	6%
Manufacturing	230	282	-19%
Total Revenue*	**836**	**856**	**-2%**
EBITDA	**52**	**44**	**17%**
EBITDA Margin	**6.2%**	**5.2%**	
	9M16	**9M15**	**%Chg**
Retail Trading	1,865	1,796	4%
Manufacturing	730	795	-8%
Total Revenue*	**2,595**	**2,591**	**0%**
EBITDA	**176**	**200**	**-12%**
EBITDA Margin	**6.8%**	**7.7%**	

*Includes share of profit and other income

Balance Sheet & Cash Flows

At the end of 3Q16, MINT reported total assets of Bt 104,865m, an increase of Bt 8,681m from Bt 96,184m at the end of 2015. The increase was primarily the result of:

1. Bt 12,823m increase in property, plant and equipment due mainly to the consolidation of Tivoli hotels in Portugal and two hotels in Zambia;
2. Bt 1,148m increase in investment in associates, primarily from reclassification of investment in BreadTalk Group in Singapore, netted off with;
3. Bt 4,906m decrease in land and real estates project for sales, mainly from the reclassification of existing five Tivoli hotels in Portugal at the end of 2015 to property, plant, and equipment since 1Q16, together with reduced inventory of The Residences by Anatara, Layan in 1H16 as a result of sale of the residential units;
4. Bt 1,090m decrease in available-for-sale investment, mainly from the reclassification of investment in BreadTalk Group in Singapore to investment in associates.

MINT reported total liabilities of Bt 66,015m at the end of 3Q16, an increase of Bt 5,746m from Bt 60,269m at the end of 2015. The increase was mainly from (1) the issuance of 5-year debenture of Bt 2,800m and 15-year debenture of Bt 1,200m to support investment in Tivoli Hotels & Resorts, (2) the increase in long-term borrowings of Bt 1,601m to support the hotel investment, (3) the increase in deferred tax liabilities of Bt 1,165m from the consolidation of Tivoli hotels in Portugal and two hotels in Zambia, netted off with (4) the repayment of bank overdrafts and short-term borrowings of Bt 1,371m.

Shareholders' equity increased by Bt 2,935m from Bt 35,915m at the end of 2015 to Bt 38,850m in 3Q16 owing mainly to 9M16 net profit of Bt 5,297m, netted off with dividends paid of Bt 1,540m and non-controlling interests of Bt 723m, mainly from 30% minority interest arising from the consolidation of Minor DKL in Australia.

For the first 9 months of 2016, MINT and its subsidiaries reported positive cash flows from operations of Bt 4,067m, an increase of Bt 4,056m y-y. This was partly from (1) the increase in profit before income tax of Bt 2,212m, (2) the decrease in land and real estates project for sales of Bt 483m in 9M16, which was back to a more normalized level compared to a significant increase of Bt 2,636m in 9M15 from the acquisition of Tivoli hotels in Portugal, netted off with (3) non-cash gain from bargain purchase of Tivoli Hotels & Resorts of Bt 1,932m and (4) the decrease in trade and other payables of Bt1,426m, primarily from other payables.

Net cash used in investing activities was Bt 7,208m, due primarily to net cash invested in subsidiaries of Bt 2,962m mainly from the Tivoli and Zambia investments and normal capital expenditures of hotel, restaurant and other businesses of Bt 3,722m.

The Company reported net cash received from financing activities of Bt 3,121m, comprising primarily of net proceeds from the issuance of 5-year and 15-year debentures of Bt 4,000m, net cash received from long-term borrowings of Bt 1,871m, netted off with net repayment of short-term borrowings of Bt 1,349m and dividend payment of Bt 1,540m.

In summary, cash flows from operating, investing and financing activities resulted in MINT's net cash and cash equivalents' decrease of Bt 20m in 9M16.

Financial Ratio Analysis

MINT's gross profit margin decreased from 58.0% in 9M15 to 57.8% in 9M16, primarily from the margin pressure on Anantara Vacation Club. Reported net profit margin increased from 10.9% in 9M15 to 12.4% in 9M16, while core net profit margin declined from 8.9% in 9M15 to 8.0% in 9M16, in line with lower gross profit margin, together with increase in effective tax rate to a more normalized level.

Annualized return on equity increased from 15.5% in 9M15 to 18.9% in 9M16. Correspondingly, annualized return on assets was up from 6.0% in 9M15 to 7.0% in 9M16. The increase of both ratios was a result of significantly improved net profit.

Collection days decreased from 67 days in 9M15 to 63 days in 9M16, mainly because of the lower receivables from instalment sales of Anantara Vacation Club. The provision for impairment as a percentage of gross trade receivables increased from 3.7% at the end of 2015 to 5.7% in 9M16 due to the consolidation of Tivoli portfolio in Portugal. MINT's inventory comprises primarily raw materials, work-in-process and finished products of the restaurant, retail trading and contract manufacturing businesses, while hotel business has lower level of inventory because of the nature of its business. Inventory days decreased from 50 days in 9M15 to 49 days in 9M16 primarily from higher turnover of restaurant and retail trading businesses. Account payable days increased from 44 days in 9M15 to 46 days in 9M16, due to higher accounts payable being added from the consolidation of new businesses, including the Tivoli portfolio and Minor DKL, as well as the extension of credit term by suppliers of the restaurant business.

Current ratio decreased from 1.5x at the end of 2015 to 1.2x at the end of 3Q16 primarily because of a significant decrease in land and real estates project for sales. Interest bearing debt to equity slightly increased from 1.27x at the end of 2015 to 1.28x at the end of 3Q16 from the issuance of aforementioned debentures of Bt 4,000m in 1Q16 to support the Company's expansion. Interest coverage ratio increased from 4.0x in 9M15 to 5.0 in 9M16 because of the higher cash flow from operations.

Financial Ratio Analysis		
Profitability Ratio (9 months)	**30 Sep 16**	**30 Sep 15**
Gross Profit Margin (%)	57.8%	58.0%
Net Profit Margin – As Reported (%)	12.4%	10.9%
Core Net Profit Margin (%)	8.0%	8.9%
Efficiency Ratio	**30 Sep 16**	**30 Sep 15**
Return on Equity* (%)	18.9%	15.5%
Return on Assets* (%)	7.0%	6.0%
Collection Period* (days)	63	67
Inventory Days*	49	50
Accounts Payable Days*	46	44
Liquidity Ratio	**30 Sep 16**	**31 Dec 15**
Current Ratio (x)	1.2	1.5
Leverage & Financial Policy	**30 Sep 16**	**31 Dec 15**
Interest Bearing Debt/Equity (x)	1.28	1.27
Net Interest Bearing Debt/Equity (x)	1.18	1.15
	30 Sep 16	**30 Sep 15**
Interest Coverage (x) (9 months)	5.0	4.0

Note: *Annualized

Management's Outlook

It is with the deepest sorrow for the nation with the passing of His Majesty King Bhumibol Adulyadej in October. At this sad time, MINT continues to operate as a good corporate citizen. Going into 4Q16, each business unit is cautious with its operations and adapt its strategy to maintain operational resiliency and achieve business sustainability. MINT firmly believes in the strong fundamental of Thailand and expects the Thai economy to continue to expand in the long term.

Looking forward to the end of 2016, MINT highlights the importance of its people working together and supporting each other at the time of grief in Thailand. One of His Majesty King Bhumibol Adulyadej's enduring aspirations is the sustainable development of Thailand and Thai people. MINT is proud to take part in sustainable development, not only in Thailand but in any markets it operates. The followings highlight some of MINT's sustainability initiatives.

Creating Tomorrow by Driving People Development

MINT views people as its valuable asset that can shape the future of the company, the communities and the country. With over 62,000 employees in 32 countries, MINT places great emphasis on people development. Targeting from the grass-root level, MINT's efforts involve charitable contributions and community activities to support disadvantageous schools and students in need. MINT creates education opportunities for local communities by offering hands-on training environment and employment. MINT set up Minor Corporate University (MCU), in collaboration with vocational schools and universities, to become a practical knowledge training center. The initiative offers students an opportunity to obtain hands-on experience, while allowing MINT to build its employee pipeline to support the rapid expansion of the company. In 2015, over 4,000 students participated in the MCU program. In order to build benchstrength in the organization, MINT invests in its employees' personal and professional development. This includes being a responsible employer, providing equal work opportunities and remuneration, training and development and a safe working environment. Workforce capability development and mobility is embedded in MINT's five-year plan and reviewed every year by the Board of Directors to ensure that the company has adequate human capital capabilities to support growth aspirations of all business units.

Uplifting Local Suppliers and Communities through Local Sourcing

MINT believes local sourcing enables the company to support the local communities while bringing high quality products to its customers. Following His Majesty King Bhumibol Adulyadej's footsteps of promoting sustainable economic and social development of local communities, MINT has partnered with the Royal Project Foundation of Thailand to supply to Sizzler restaurants in Thailand. The Foundation, founded by His Majesty King Bhumibol Adulyadej, aims to solve problems of deforestation, poverty and opium production by promoting alternative crops in Thailand. By working collaboratively with the Foundation, MINT has supported Thai villagers and hill tribes to engage in sustainable and commercially-viable farming, which leads to improvement of their social well-being.

Conserving Resources for Future Generations

MINT believes sustainable development requires serving not only immediate needs of the company, but also conserving for future generations. MINT's hotels, restaurants and retail outlets are strongly encouraged to consume energy and water responsibly.

Minor Hotels proactively identifies opportunities to incorporate energy-saving component into its operations since the beginning of the design and construction stage. For example, it installs energy-saving lighting and automatic sensor to turn off air conditioning wherever possible. Upon operations, hotel properties carry on conservation practices with effective recycling, energy-saving and waste management practices. The energy and water usage are reported at a property level for better monitoring and control of energy consumption.

Likewise, Minor Restaurant places emphasis on material savings of its new outlet development. For example, Dairy Queen came up with a new kiosk concept, which enabled faster installation, recyclability and material savings. Furthermore, Minor Restaurant is preparing to report on the energy and water usage of its logistics activities and factory operations in Thailand as part of its sustainability strategy.

Lastly, Minor Lifestyle also organized energy conservation-themed events to promote energy conservation and used earth-friendly materials for window displays to promote environmental awareness.

At MINT, sustainability becomes one of the critical drivers for its long-term growth and success in these rapidly changing economic, environmental and social conditions. MINT is committed to integrate sustainability into its business strategy and operation and will continue to make positive contributions through hard work and devotion in order to follow His Majesty King Bhumibol Adulyadej's sustainable development philosophy.

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Mr. Chaiyapat Paitoon
Deputy Corporate Chief Financial Officer