MINOR INTERNATIONAL

May 14, 2018 Minor International Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

1Q18 Performance

Minor International Public Company Limited ("MINT") reported revenue growth of 5% y-y in 1Q18, driven by growth of all three business units:

- Minor Hotels delivered 6% revenue growth from the strong performance of its hotel operations both in Thailand and overseas.
- Minor Lifestyle achieved 17% revenue growth from positive momentum in sales of its retail portfolio.
- Minor Food maintained revenue growth of 1% on the back of resilient restaurant operation in Thailand, despite the adverse impact from MINT's strategic outlet closures to streamline operations of its overseas restaurant business.

MINT reported EBITDA of Bt 3,440m in 1Q18, a 9% decrease from 1Q17 EBITDA, primarily because of (1) the increase in cost of sales and selling and administrative expenses of the hotel and mixed-use business, partly from the consolidation of Corbin & King (C&K) and preparation for future growth, (2) the impact of foreign exchange translation with the strengthening of the Thai Baht and (3) the timing mismatch of mixed-use revenues recognition in the quarter, compared with the same period last year. Nevertheless, EBITDA of organic hotel operations recorded an outstanding growth of over 20% y-y on the back of favorable tourism trend in MINT's key operating markets and its effective revenue management. At the same time, EBITDA of retail trading business showed a 10% increase y-y from the robust performance of MINT's retail brands and Minor Smart Kids.

In 1Q18, MINT reported net profit of Bt 1,719m, a 11% decline from 1Q17 net profit of Bt 1,924m, due mainly to the same reasons for the decline in EBITDA mentioned above. Excluding the impact of foreign exchange, 1Q18 net profit is estimated to have declined by a lower magnitude of only 3%, compared to the same period last year. Nevertheless, profit of organic hotel operations grew impressively by over 40% y-y, while net profit of serviced suites business under Oaks, as well as restaurant and retail trading & contract manufacturing businesses showed y-y improvement as well in 1Q18.

Consequently, EBITDA margin declined from 24.6% in 1Q17 to 21.3% in 1Q18, while net profit margin contracted from 12.5% in 1Q17 to 10.6% in 1Q18.

Revenue Breakdown

Bt million	1Q18	1Q17	%Chg	Contribution
Restaurant Services	6,085	6,028	1%	38%
Hotel & Mixed-Use	8,929	8,388	6%	55%
Retail Trading & Contract Manufacturing	1,130	963	17%	7%
Total Revenue	**16,145**	**15,379**	**5%**	**100%**

EBITDA Breakdown

Bt million	1Q18	1Q17	%Chg	Contribution
Restaurant Services	1,123	1,138	-1%	33%
Hotel & Mixed-Use	2,245	2,574	-13%	65%
Retail Trading & Contract Manufacturing	72	65	10%	2%
Total EBITDA	**3,440**	**3,777**	**-9%**	**100%**
EBITDA Margin	**21.3%**	**24.6%**		

Net Profit

Bt million	1Q18	1Q17	%Chg
Total net profit	**1,719**	**1,924**	**-11%**
Net Profit Margin	**10.6%**	**12.5%**	

MINOR INTERNATIONAL

Major Developments in 1Q18

	Developments
Restaurant	• Opened 21 outlets, net q-q, majority of which were The Pizza Company and Dairy Queen outlets in Thailand • Launched the first Swensen's outlet in Pakistan
Hotel & Mixed-Use	• Launched Sunset Coast Samui Resort & Villas managed by AVANI in Samui, Thailand, which was previously acquired and closed for renovation since October 2016 • Opened AVANI Central Melbourne Residences, a management letting rights contract in Melbourne, Australia • Added nine units of Anantara Vacation Club's inventory in Phuket and Chiang Mai
Lifestyle	• Launched the full line of OVS store at Mega Bangna in Bangkok
Corporate	• Issued THB-dominated debentures in the amount of THB 1 billion

Segment Performance

Restaurant Business

At the end of 1Q18, MINT's total restaurants reached 2,085 outlets, comprising of 1,080 equity-owned outlets (52% of total) and 1,005 franchised outlets (48% of total). 1,357 outlets (65% of total) are in Thailand, while the remaining 728 outlets (35% of total) are in Australia, China, India, Middle East, New Zealand, Pakistan, Seychelles, Singapore, the Maldives, the UK and other countries in Asia.

Restaurant Outlets by Owned Equity and Franchise

	1Q18	Chg q-q	Chg y-y
Owned Equity	1,080	8	54
- Thailand	870	4	47
- Overseas	210	4	7
Franchise	1,005	13	14
- Thailand	487	12	27
- Overseas	518	1	-13
Total Outlets	**2,085**	**21**	**68**

Restaurant Outlets by Brand

	1Q18	Chg q-q	Chg y-y
The Pizza Company	457	10	49
Swensen's	327	-1	-4
Sizzler	65	-1	5
Dairy Queen	451	4	15
Burger King	93	0	16
The Coffee Club	437	4	-26
Thai Express	91	0	-5
Riverside	57	1	0
Breadtalk	48	2	11
Others*	59	2	7
Total Outlets	**2,085**	**21**	**68**

* 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 the UK under "Grab", "Patara" and "Suda" brands.

Hub Performance Analysis

In 1Q18, same-store-sales growth declined by 1.8% y-y from the weak macro environment in the key markets that MINT operates in. While Thailand reported total-system-sales growth (including sales from franchised outlets) of 5.4%, group-wide total-system-sales decreased slightly by 1.7% y-y, following MINT's strategic outlet closures, particularly in selected overseas markets, to boost profitability since late 2017.

Thailand hub reported total-system-sales growth of 5.4% y-y in 1Q18, mainly attributable to its continuous outlet expansion of 6% y-y. Although the slow recovery of domestic consumption and intense competition in the restaurant sector put pressure on Thailand hub's overall same-store-sales performance, its strong multi-brand portfolio and operational excellence helped alleviate the adverse impact to a certain degree, resulting in a modest decline in same-store-sales of 1.4% y-y in 1Q18. Sizzler, Dairy Queen and The Coffee Club were brands that proved resilient and reported positive same-store-sales growth in 1Q18. Sizzler delivered same-store-sales growth of 3.9% y-y in 1Q18, led by the continued success of its marketing campaigns such as salad bar promotion and Macaroni & Cheese menu, together with the positive customer response of the renovated stores with new salad bar layout. As a result, Sizzler achieved almost 20% y-y increase in customer counts during the period. Dairy Queen reported an increase in same-store-sales, bolstered by its effective product and marketing efforts to increase customer traffic and spending. Lastly, The Coffee Club reported same-store-sales growth of 3.5% y-y in 1Q18, driven by its ongoing efforts to launch new products to attract customers and the success of new store openings in high traffic tourist locations. Consequently, The Coffee Club saw 30% increase in total customer counts in 1Q18, compared to the same period last year. In response to market challenges, Thailand hub will focus on spurring product innovation and accelerating creative marketing programs to win over customers. Minor Food expects these efforts to gradually upturn Thailand hub's organic performance for the rest of 2018.

China hub experienced pressure from the challenging economic environment, primarily in the tier-two cities outside Beijing and Shanghai in 1Q18. Although the y-y total-system-sales and same-store-sales growth turned negative in 1Q18, the overall performance showed month-on-month improving trends. To strengthen its performance, maintain its competitiveness and enhance its market share, China hub will focus on accelerating outlet expansion of its key brand, Riverside, in Beijing and Shanghai. At the same time, it will continue refining its non-Chinese restaurant concepts, including Sizzler and Thai Express, to better cater to local market.

Australia hub showed a slight y-y decline in same-store-sales in 1Q18, mainly attributable to soft domestic operation of The Coffee Club amidst the challenging economic environment in Queensland, Australia. Nevertheless, the overseas operations, including The Coffee Club brand in New Zealand, Thailand, the Maldives and the UAE, continued to perform well. Domestically, Australia hub is in the process of strengthening the quality of its portfolio through the improvement of the store performance and product innovation. In addition, as part of its initiative to deliver sustainable earnings in the midst of challenging operating environment, Australia hub has rationalized its portfolio since late 2017, by strategically closing down non-performing outlets and divesting the Groove Train, the brand that came with the acquisition of VGC Group in 2014. Consequently, in 1Q18, Australia hub's number of outlets decreased by 6% y-y and total-system-sales declined by over 10% y-y. Nevertheless, excluding the impact of the Groove Train divestment, total-system-sales of Australia hub increased y-y in 1Q18. Australia hub expects the better quality of its portfolio and outlet network, together with the growth of The Coffee Club operations overseas, to strengthen profitability and drive operational performance of the overall hub going forward.

In Singapore, the economic stagnation and fierce competition in the restaurant industry continued to put pressure on the performance of Singapore hub with negative same-store-sales growth of 4.6% in 1Q18. However, with the successful repositioning of each individual outlet, month-on-month same-store-sales growth showed an improving trend. In February and March 2018, Singapore hub delivered flattish same-store-sales growth, compared to the same period last year. With the closure of non-performing outlets to protect Singapore hub's profitability, total number of outlets in Singapore decreased by 14% y-y. Although this resulted in further negative total-system-sales growth of more than 30% y-y in 1Q18, Singapore hub remained slightly profitable in this quarter, compared to a slight loss in 1Q17. In response to these challenges, Singapore hub will focus on maximizing operational efficiency by enhancing sales of existing outlets, selectively shutting down non-performing stores and streamlining operations to deliver sustainable profitability and earnings.

Restaurant Business Performance

%	1Q18	1Q17
Average Same-Store-Sales Growth	(1.8)	1.3
Average Total-System-Sales Growth	(1.7)	8.2

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

Financial Performance Analysis

1Q18 total restaurant revenues grew by 1% y-y, mainly driven by the resilient top-line growth of Thailand hub, which helped offset the adverse impact from MINT's strategic outlet closures to streamline operations of its overseas restaurant business. Franchise fee declined by 8% y-y in 1Q18, primarily due to the slowdown of franchise outlet expansion in overseas, together with the translation impact from the weakening of Australian dollar during the quarter. 1Q18 EBITDA declined slightly by 1% y-y. While Thailand and Australia hubs experienced margin pressure from prolonged weakness of domestic consumption, the effective streamlining of operations and cost management in China and Singapore helped improve the profitability and ease the pressure on overall EBITDA performance. Consequently, EBITDA margin declined marginally from 18.9% in 1Q17 to 18.5% in 1Q18.

Going into the remainder of 2018, MINT will drive proactive product and marketing strategies to stay ahead of competition, while its portfolio rationalization initiative will bear fruit and help strengthen performance and profitability across all hubs. With brighter macro outlook, MINT expects to deliver stronger results and accelerate outlet expansion to achieve robust growth.

Financial Performance

Bt million	**1Q18**	**1Q17**	**%Chg**
Revenues from Operation*	5,681	5,591	2%
Franchise Fee	404	437	-8%
Total Revenues	**6,085**	**6,028**	**1%**
EBITDA	**1,123**	**1,138**	**-1%**
EBITDA Margin	**18.5%**	**18.9%**	

* Includes share of profit and other income

Hotel & Mixed-Use Business

Hotel Business

At the end of 1Q18, MINT owns 70 hotels and manages 90 hotels and serviced suites in 26 countries. Altogether, these properties have 20,379 hotel rooms and serviced suites, including 9,123 that are equity-owned and 11,256 that are purely-managed under the Company's brands including Anantara, AVANI, Oaks, Tivoli and Elewana Collection. Of the total, 4,411 rooms in Thailand accounted for 22%, while the remaining 15,968 rooms or 78% are located in Australia, Botswana, Brazil, Cambodia, China, Kenya, Laos, New Zealand, India, Indonesia, Lesotho, Malaysia, Mozambique, Namibia, Oman, Portugal, Qatar, Seychelles, Sri Lanka, Tanzania, the Maldives, the UAE, the UK, Vietnam and Zambia.

Hotel Rooms by Owned Equity and Management

	1Q18	**Chg q-q**	**Chg y-y**
Equity-owned*	9,123	24	141
- Thailand	2,716	24	209
- Overseas	6,407	0	-68
Management	11,256	146	444
- Thailand	1,695	0	0
- Overseas	9,561	146	444
Total Hotel Rooms	**20,379**	**170**	**585**

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

Hotel Rooms by Ownership

	1Q18	**Chg q-q**	**Chg y-y**
Owned Hotels	7,063	24	-55
Joint Ventures	2,060	0	196
Managed Hotels	4,745	53	261
MLRs*	6,511	93	183
Total Hotel Rooms	**20,379**	**170**	**585**

* Properties under Management Letting Rights in Australia and New Zealand

Hotel Performance Analysis

Owned-hotels portfolio, which accounted for 61% of hotel & mixed-use revenues in 1Q18, reported y-y organic revenues per available room ("RevPar") increase of 13% in 1Q18. Owned hotels in Thailand achieved organic RevPar growth of 15% y-y, supported by strong industry-wide tourist arrivals and MINT's effective revenue management. Organic RevPar of owned hotels in Bangkok increased by 16% y-y, driven by both occupancy and MINT's ability to raise rates successfully by more than 10% y-y. At the same time, organic RevPar of owned hotels in Thailand provinces grew by 14% y-y, attributable to strong performance of hotels in key tourist destinations, including Phuket, Samui, Chiang Mai, Chiang Rai and Pattaya. Outside of Thailand, organic RevPar of owned overseas hotels increased by 14% y-y, driven by strong performance of all key overseas operations. The Portugal portfolio delivered exceptional RevPar growth of 45% y-y, led by the hotels in Lisbon and Sintra areas. The remarkable performance was attributable to MINT's effective revenue management and marketing strategy after the hotel renovations. The Brazil portfolio saw increased demand, especially in Sao Paulo, and achieved RevPar growth of 7% y-y. The Maldives operation continued on its recovery path, with RevPar growth of 15% y-y, supported by strong demand from European markets and MINT's successful market diversification efforts. Lastly, the Africa portfolio showed RevPar growth of 6% y-y, driven by performance of hotels in Namibia and Zambia. With the inclusion of Sunset Coast Samui Resort & Villas managed by AVANI, 1Q18 system-wide RevPar of owned hotels grew by 13% y-y.

The management letting rights portfolio, contributing 17% of 1Q18 hotel & mixed-use revenues, saw strong demand with occupancy rate of 78% and ADR increase of 4% y-y in the Australian dollar term to AUD 189, resulting in RevPar growth of 4% y-y. With the weakening of the Australian dollar, Oaks' 1Q18 RevPar decreased by 4% y-y in the Thai Baht term.

Revenue contribution of management contract to MINT's hotel & mixed-use revenue was 4% in 1Q18. Organic RevPar of management contract portfolio decreased by 12% y-y in 1Q18, led by the soft performance of the hotels in the UAE, Qatar and Indonesia. The UAE operations were impacted by the weakening of the UAE Dirham during the quarter, together with contracted buy-out of hotel rooms in 1Q17. In Qatar, the occupancies experienced slowdown from the diplomatic crisis, while the hotels in Indonesia had lingering impact from the volcano explosion in late 2017. Furthermore, the absence of the PER AQUUM portfolio in the UAE and the Maldives, which had high ADRs, following the sale of MINT's shareholding in the brand in 2017, also contributed to the RevPar decline. Including new hotels, which are still ramping up, system-wide RevPar of managed hotels declined by 16% y-y in 1Q18.

In summary, in 1Q18, MINT's organic RevPar of the entire portfolio was flat y-y. The solid performance of owned hotel operations both in Thailand and overseas helped offset the temporary slowdown of managed hotel portfolio. Including new hotels, system-wide RevPar of MINT's entire portfolio decreased by 2% y-y, due to the lower RevPar commanded by the new hotels than MINT's average.

Hotel Business Performance by Ownership

Occupancy (%)	(System-wide)		(Organic)	
	1Q18	**1Q17**	**1Q18**	**1Q17**
Owned Hotels	60	58	60	58
Joint Ventures	58	48	59	48
Managed Hotels	68	70	71	70
MLRs*	78	79	78	79
Average	**68**	**67**	**69**	**67**
MINT's Portfolio in Thailand	83	82	85	82
Industry Average in Thailand**	77	73	N/A	N/A

ADR (Bt/night)	(System-wide)		(Organic)	
	1Q18	**1Q17**	**1Q18**	**1Q17**
Owned Hotels	7,314	6,791	7,321	6,791
Joint Ventures	10,352	12,429	11,352	12,429
Managed Hotels	6,103	7,034	6,129	7,034
MLRs*	4,621	4,830	4,621	4,830
Average	**6,157**	**6,338**	**6,188**	**6,338**
MINT's Portfolio in Thailand	5,922	5,467	6,003	5,467
Industry Average in Thailand**	1,681	1,505	N/A	N/A

RevPar (Bt/night)	(System-wide)		(Organic)	
	1Q18	**1Q17**	**1Q18**	**1Q17**
Owned Hotels	4,400	3,907	4,414	3,907
Joint Ventures	6,013	5,965	6,644	5,965
Managed Hotels	4,170	4,952	4,361	4,952
MLRs*	3,624	3,793	3,624	3,793
Average	**4,204**	**4,270**	**4,278**	**4,270**
MINT's Portfolio in Thailand	4,931	4,483	5,097	4,483
Industry Average in Thailand**	1,291	1,104	N/A	N/A

* Properties under Management Letting Rights in Australia & New Zealand

** Source for Industry Average: Bank of Thailand

Hotel Performance Analysis

1Q18 revenue from hotel and related services operations grew by 23% y-y, driven by solid performance of owned hotels in Thailand and the Maldives on the back of strong tourist arrivals, significant operational improvement of Portugal portfolio after the renovations and contribution from MINT's recent investment in C&K since December 2017. 1Q18 management income grew impressively by 18% y-y, despite the declining RevPar for the quarter, attributable to the solid performance of managed hotels in Thailand, together with the additional management fee from 6% y-y increase in number of managed rooms.

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 latest project is Layan Residences by Anantara in Phuket, with 15 villas next to Anantara Layan Phuket Resort. In addition, MINT launched two 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. Another joint-venture project outside of Thailand is the Torres Rani in Maputo, Mozambique with 187 condominium units. While most of the units are leased out, there are six penthouses available for sale. In addition, three new residential development projects have already been announced and are under construction, including Avadina Hills by Anantara in Phuket, 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 1Q18, AVC had a total inventory of 195 units in Samui, Phuket, Bangkok and Chiang Mai in Thailand, Queenstown in New Zealand, Bali in Indonesia, and Sanya in China. With the successful sales and marketing efforts, AVC maintained positive momentum in 1Q18 with the increase in number of members by 28% y-y to 10,842 members at the end of 1Q18.

Overall, revenues from mixed-use business decreased by 37% y-y in 1Q18. MINT believes that the slowdown in revenue is merely the timing mismatch of mixed-use activities, compared to prior period, and the foreign exchange translation impact as the Thai Baht appreciated against the US Dollar during the quarter. Nevertheless, AVC continued to perform well with double-digit increase in sales in the US dollar term, while all shopping plazas recorded revenue growth y-y. For the rest of 2018, MINT is confident in delivering growth of mixed-use business for the full year 2018 with anticipated sale of additional real estate inventory and continued growth of AVC.

Overall Hotel & Mixed-Use Financial Performance Analysis

In 1Q18, total hotel & mixed-use revenues increased by 6% y-y. The robust growth of hotel and related services and management income helped offset the impact of foreign currency translation and the timing mismatch of mixed-use revenues recognition, compared with the prior year. 1Q18 EBITDA decreased by 13% y-y, largely due to the increase in cost of sales and selling and administrative expenses, partly from the consolidation of C&K and preparation for future growth. Furthermore, the translation impact from the strengthening of the Thai Baht and the mismatch in the timing of revenues recognition mentioned above also contributed to the decline in EBITDA as well. Consequently, EBITDA margin declined from 30.7% in 1Q17 to 25.1% in 1Q18. Nevertheless, EBITDA of organic hotel operations increased by over 20% y-y, while EBITDA margin of organic hotel operations showed a y-y improvement in 1Q18.

For the remainder of 2018, MINT expects its organic hotel operations both in Thailand and overseas to remain strong, supported by favorable tourism trend and MINT's ongoing marketing initiatives. The Portugal portfolio is also expected to achieve significant improvement with the completion of its renovation program. Lastly, the mixed-use business will deliver stronger results with expected residential sales and continued growth of Anantara Vacation Club.

Financial Performance*

Bt million	**1Q18**	**1Q17**	**%Chg**
Hotel & related services *	7,114	5,802	23%
Management fee	387	327	18%
Mixed-use	1,428	2,259	-37%
Total Revenues	**8,929**	**8,388**	**6%**
EBITDA	**2,245**	**2,574**	**-13%**
EBITDA Margin	**25.1%**	**30.7%**	

* Includes share of profit and other income

Retail Trading & Contract Manufacturing Business

At the end of 1Q18, MINT had 416 retail trading points of sales, an increase of 87 points of sales from 329 points at the end of 1Q17. Of total 416 retail trading outlets, 90% are operated under fashion brands including Anello, Banana Republic, Bossini, Brooks Brothers, Charles & Keith, Esprit, Etam, GAP, OVS, Pedro and Radley, while 10% are operated under home and kitchenware brands including Joseph Joseph and Zwilling J.A. Henckels.

Retail Trading's Outlet Breakdown

	1Q18	**Chg q-q**	**Chg y-y**
Fashion	373	9	68
Home and Kitchenware	43	9	19
Total Outlets	**416**	**18**	**87**

In 1Q18, total retail trading & contract manufacturing revenues grew by 17% y-y. Retail trading business showed solid revenue growth of 21% y-y, driven by the strong performance of MINT's existing retail portfolio, both fashion and home & kitchenware brands, solid growth of Minor Smart Kids, together with additional revenue from the newly launched brand, OVS. Performance of contract manufacturing business continued to improve with revenue growth of 8% y-y, supported by improved demand from existing customer and contribution from new customers. EBITDA of the retail trading & contract manufacturing business increased by 10% y-y, lower than the revenue growth rate, due primarily to the pre-opening expense to launch the new fashion brand, the ramping up of recently-launched brands and the higher labor cost of contract manufacturing business. As a result, EBITDA margin decreased from 6.7% in 1Q17 to 6.3% in 1Q18.

Retail Trading & Contract Manufacturing's Revenue Breakdown

Bt million	**1Q18**	**1Q17**	**%Chg**
Retail Trading	868	720	21%
Manufacturing	262	243	8%
Total Revenues*	**1,130**	**963**	**17%**
EBITDA	**72**	**65**	**10%**
EBITDA Margin	**6.3%**	**6.7%**	

* Includes share of profit and other income

Balance Sheet & Cash Flows

At the end of 1Q18, MINT reported total assets of Bt 116,785m, a decrease of Bt 1,659m from Bt 118,444m at the end of 2017. The reduction was mainly a result of:

1. Bt 604m decrease in property, plant and equipment, from the foreign exchange translation impact with the strengthening of the Thai Baht during the quarter;
2. Bt 640m decrease in intangible assets from the impact of foreign exchange translation, and
3. Bt 861m decrease in net investments, following divestment of certain strategic investments.

MINT reported total liabilities of Bt 66,084m, a decrease of Bt 2,339m from Bt 68,423m at the end of 2017. The decrease was primarily due to (1) the decrease in bank overdrafts and short-term borrowings from financial institutions of Bt 1,082m, (2) the decrease in debentures of Bt 572m due to the maturity of existing debentures and (3) the decrease in long-term borrowings of Bt 591m due primarily to foreign exchange translation impact.

Shareholders' equity increased by Bt 680m from Bt 50,021m at the end of 2017 to Bt 50,701m in 1Q18, owing mainly to 1Q18 net profit of Bt 1,719m, netted off with foreign exchange translation adjustment of Bt 769m.

For the first 3 months of 2018, MINT and its subsidiaries reported positive cash flows from operations of Bt 1,670m, a decrease of Bt 1,254m y-y. This was partly from (1) the decrease in profit before income tax of Bt 379m, (2) the decrease in the foreign exchange translations of Bt 486m and (3) the increase in operating assets of 951m, netted off with (4) the increase in operating liabilities of 423m.

Cash flow paid for investing activities was Bt 896m, due primarily to capital expenditures of hotel, restaurant, and other businesses amounted to Bt 1,797m, netted off with proceeds from divestment of the strategic investments of Bt 869m.

The Company reported negative cash flows from financing activities of Bt 1,150m, comprising primarily of (1) net repayments of short-term borrowings of Bt 1,061m and (2) net repayments of debentures of Bt 500m.

In summary, cash flows from operating, investing and financing activities resulted in MINT's net cash and cash equivalents' decrease of Bt 213m in 1Q18.

Financial Ratio Analysis

MINT's gross profit margin improved from 59.4% in 1Q17 to 60.6% in 1Q18, driven by the decrease in depreciation expense recorded in the direct cost of hotel and related services operations, together with the improved margin of restaurant and retail trading & contract manufacturing businesses. MINT's net profit margin decreased from 12.5% in 1Q17 to 10.6% in 1Q18, owing mainly to the increase in cost and expenses of hotel and mixed-use business, the foreign currency translation impact and the timing mismatch of mixed-use revenues recognition as explained earlier. Nevertheless, net profit margin of organic hotel operations, management letting rights business, restaurant operation and retail trading & contract manufacturing business showed improvement y-y in 1Q18.

Annualized return on equity decreased from 18.6% in 1Q17 to 13.7% in 1Q18. Correspondingly, annualized return on assets declined from 7.0% in 1Q17 to 5.8% in 1Q18. The decrease of both ratios was affected by the decline in net profit in 1Q18, compared to the same period last year.

Collection days increased from 52 days in 1Q17 to 53 days in 1Q18, driven by higher receivables of all businesses. The provision for impairment as a percentage of current trade receivables increased from 5.5% at the end of 2017 to 7.3% in 1Q18, mainly from the restaurant business. MINT's inventory comprises primarily raw materials, work-in-process and finished products of the restaurant, retail trading & contract manufacturing businesses, while hotel business has lower level of inventory because of the nature of its business. Inventory days decreased from 54 days in 1Q17 to 52 days in 1Q18, driven by effective inventory management of the restaurant business and higher turnover of the retail trading & contract manufacturing business. Accounts payable days remained flat y-y at 42 days in 1Q8.

Current ratio decreased to 1.1x in 1Q18, compared to 1.3x at the end of 2017, primarily because of the increase in current portion of debentures. Interest bearing debt/equity decreased from 1.ox at the end of 2017 to 0.9x in 1Q18 from the decrease in bank overdrafts and short-term borrowings from financial institutions, the repayments of debentures and the foreign exchange translation impact. Interest coverage ratio decreased from 9.0x in 1Q17 to 5.3x in 1Q18 because of lower cash flows from operating activities.

Financial Ratio Analysis

Profitability Ratio (3 months)	**31-Mar-18**	**31-Mar-17**
Gross Profit Margin (%)	60.6%	59.4%
Net Profit Margin (%)	10.6%	12.5%
Efficiency Ratio	**31-Mar-18**	**31-Mar-17**
Return on Equity* (%)	13.7%	18.6%
Return on Assets* (%)	5.8%	7.0%
Collection Period* (days)	53	52
Inventory Days*	52	54
Accounts Payable Days*	42	42
Liquidity Ratio	**31 Mar 18**	**31 Dec 17**
Current Ratio (x)	1.1	1.3
Leverage & Financial Policy	**31 Mar 18**	**31 Dec 17**
Interest Bearing Debt/Equity (x)	0.9	1.0
Net Interest Bearing Debt/Equity (x)	0.8	0.9
	31-Mar-18	**31-Mar-17**
Interest Coverage (x) (3 months)	5.3	9.0

Note: *Annualized

Management's Outlook

Over the past 50 years of Minor Group's history, MINT has transformed itself into a broadly diversified multinational conglomerate, leading at the forefront of the hospitality, restaurant and lifestyle industries. With trusted brands, strong global operating platform, operational excellence and unique human capital asset, MINT has equipped itself with the right ingredients to gain competitive edge. Looking ahead, MINT is taking a holistic approach to transform the organization in all aspects. Below highlight some of MINT's strategies to fuel its future growth.

Investing in Complementary Businesses to Maximize Value Creations of Core Businesses

In addition to diversifying in terms of geographies and business models, MINT looks for opportunities to invest in complementary businesses to strengthen its organizational capabilities. Minor Hotels' recent investment in Corbin & King (C&K), which operates a chain of distinctive upscale restaurants in the UK, is part of the company's efforts to accelerate growth beyond its core hotel business. Through collaborations with C&K, MINT can leverage on their expertise to beef up its hotel F&B capabilities and transform its hotel restaurants into an attraction that draws the crowd and accelerate growth of the hotel business. At the same time, the latest investment in Benihana has given Minor Food the opportunity to grow beyond its existing casual dining market and venture into the upscale segment. The new iconic brand and upscale restaurant network in 12 countries across Europe, Asia, Middle East and North America are highly complementary to Minor Food. In addition to the immediate earnings contribution, Minor Food plans to leverage Benihana's established platform to drive scalable expansion of its international business.

Vertical Integration to Drive Productivity

MINT keeps sights on value-creating opportunities along its value chain to boost productivity and enhance long-term profits. Building on its past successful vertical integrations, including the investments in Veneziano Coffee Roasters and Pecan Deluxe, Minor Food will focus on elevating its manufacturing capabilities to boost its restaurant ecosystem. Various partnership opportunities with upstream suppliers are being considered to transform its global supply chain network. Minor Food believes the integrated supply chain management with improved flexibility, speed to market, quality and sustainability will be the new driving force to support profitable expansion of the restaurant business globally.

While MINT is confident in delivering another year of robust earnings growth in 2018 as supported by the positive outlook of all three businesses, it is determined to scale new heights of success for its shareholders on the back of solid business fundamentals, unique strengths of its organizational capabilities and disciplined execution.

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Mr. Chaiyapat Paitoon

Deputy Corporate Chief Financial Officer