MINOR INTERNATIONAL

November 13, 2018 **Minor International Public Company Limited**

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

3Q18 and 9M18 Performance

Minor International Public Company Limited (MINT) reported another quarter of robust revenue growth with 11% increase from the same period last year, and total revenue of Bt 15,889m in 3Q18. The growth was achieved across all business units despite challenges of economic slowdown and currency depreciations in some of MINT's key operating markets, together with revenue contributions of Corbin & King (C&K) and NH Hotel Group. In 3Q18, MINT recorded additional dividend income from NH Hotel Group of Bt 84m, adjustment which was made to reflect the actual dividend received.

For 9M18, MINT's revenue from existing operations increased by 8% y-y, driven by growth of all business units, together with revenue contribution of C&K. Including gain from fair value adjustment of Benihana investment in 2Q18 and total dividend received from investment in NH Hotel Group in 2Q18 and 3Q18, MINT reported total revenue of Bt 47,095m in 9M18, an increase of 9% compared to the same period last year.

With regards to the acquisition of NH Hotel Group, MINT began to record activities relating to the transaction since June 2018. However, there is a mismatch in the revenue and expenses recognition related to NH Hotel Group. The investment in NH Hotel Group was treated as available for sale investment in both 2Q18 and 3Q18, and therefore MINT only recognized the dividend income from NH Hotel Group, primarily in 2Q18. However, interest expenses related to such acquisition have been booked since June, with an increasing amount along with the increased investment amount in 3Q18. As such, for the purpose of analysis of MINT's operations, contributions from NH Hotel Group, as detailed in the table on page 3, are excluded from the analysis in this MD&A, where applicable. Note that at the end of October, MINT has successfully completed the tender offer, which resulted in MINT's shareholding of 94% in NH Hotel Group. Therefore, with the consolidation of NH Hotel Group's financials in 4Q18, the full-year consolidated numbers in 2019 will better reflect the operational performance of MINT.

Revenue Breakdown

Bt million	3Q18	3Q17	%Chg	Contribution
As Reported				
Restaurant Services	5,836	5,693	3%	37%
Hotel & Mixed-Use	8,992	7,571	19%	56%
Retail Trading & Contract Manufacturing	1,062	1,037	2%	7%
Total Revenue	**15,889**	**14,300**	**11%**	**100%**
Operations*				
Restaurant Services	5,836	5,693	3%	37%
Hotel & Mixed-Use	8,907	7,571	18%	56%
Retail Trading & Contract Manufacturing	1,062	1,037	2%	7%
Total Revenue	**15,805**	**14,300**	**11%**	**100%**

* Exclude item related to investment in NH Hotel Group as detailed in the NH Hotel Group Contribution table on page 3

Revenue Breakdown

Bt million	9M18	9M17	%Chg	Contribution
As Reported				
Restaurant Services	17,848	17,530	2%	38%
Hotel & Mixed-Use	26,042	22,618	15%	55%
Retail Trading & Contract Manufacturing	3,205	2,918	10%	7%
Total Revenue	**47,095**	**43,066**	**9%**	**100%**
Operations*				
Restaurant Services	17,728	17,530	1%	38%
Hotel & Mixed-Use	25,598	22,618	13%	55%
Retail Trading & Contract Manufacturing	3,205	2,918	10%	7%
Total Revenue	**46,531**	**43,066**	**8%**	**100%**

* Exclude gain of Bt 121m from fair value adjustment on the investment in Benihana in 2Q18 and item related to investment in NH Hotel Group as detailed in the NH Hotel Group Contribution table on page 3

In 3Q18, MINT's EBITDA from existing operations grew by 6% y-y, mainly supported by improved performance of organic hotel operations and mixed-use business, as well as favorable contribution of C&K. Nevertheless, EBITDA margin of existing operations declined from 20.4% in 3Q17 to 19.7% in 3Q18, primarily due to lower profitability of timeshare business, which was negatively affected by the appreciation of the Thai Baht against the US Dollar, as well as lower operating leverage of restaurant and retail trading businesses amidst challenging operating environment across their key markets.

For 9M18, MINT's EBITDA from existing operations showed a y-y increase of 4%. The growth was led by performance of organic hotel operations and retail trading business, together with positive contribution of C&K. However, the timing mismatch of mixed-use revenues recognition, impact of foreign exchange translation on profitability of Anantara Vacation Club (AVC) and lower operating leverage of restaurant business put pressure on the overall EBITDA margin of existing operations. Consequently, EBITDA margin of existing operations decreased slightly from 20.5% in 9M17 to 19.8% in 9M18.

EBITDA Breakdown

Bt million	**3Q18**	**3Q17**	**%Chg**	**Contribution**
As Reported				
Restaurant Services	911	1,018	-10%	29%
Hotel & Mixed-Use	2,213	1,836	21%	69%
Retail Trading & Contract Manufacturing	67	70	-5%	2%
Total EBITDA	**3,191**	**2,924**	**9%**	**100%**
EBITDA Margin	**20.1%**	**20.4%**		
Operations*				
Restaurant Services	911	1,018	-10%	29%
Hotel & Mixed-Use	2,128	1,836	16%	69%
Retail Trading & Contract Manufacturing	67	70	-5%	2%
Total EBITDA	**3,106**	**2,924**	**6%**	**100%**
EBITDA Margin	**19.7%**	**20.4%**		

* Exclude item related to investment in NH Hotel Group as detailed in the NH Hotel Group Contribution table on page 3

EBITDA Breakdown

Bt million	**9M18**	**9M17**	**%Chg**	**Contribution**
As Reported				
Restaurant Services	3,058	3,167	-3%	32%
Hotel & Mixed-Use	6,383	5,473	17%	66%
Retail Trading & Contract Manufacturing	221	189	17%	2%
Total EBITDA	**9,663**	**8,829**	**9%**	**100%**
EBITDA Margin	**20.5%**	**20.5%**		

Bt million	**9M18**	**9M17**	**%Chg**	**Contribution**
Operations*				
Restaurant Services	2,938	3,167	-7%	32%
Hotel & Mixed-Use	6,065	5,473	11%	66%
Retail Trading & Contract Manufacturing	221	189	17%	2%
Total EBITDA	**9,224**	**8,829**	**4%**	**100%**
EBITDA Margin	**19.8%**	**20.5%**		

* Exclude gain of Bt 121m from fair value adjustment on the investment in Benihana in 2Q18 and item related to investment in NH Hotel Group as detailed in the NH Hotel Group Contribution table on page 3

MINT's net profit from existing operations grew by 10% y-y in 3Q18, led by improved performance of hotel & mixed-use business, as well as positive contribution of C&K. Net profit margin of existing operations remained stable y-y at 8.0% in 3Q18. The effective management of interest and tax expenses of hotel business and better cost control of Oaks helped offset lower operating leverage of restaurant and retail trading businesses. Including items related to investment in NH Hotel Group, MINT reported net profit of Bt 1,020m in 3Q18, an 11% decline y-y.

For 9M18, MINT's net profit from existing operations increased by 1% y-y, mainly driven by improved performance of hotel operations and retail trading business, together with positive contribution of C&K. However, net profit margin of existing operations decreased from 8.8% in 9M17 to 8.3% in 9M18 because of the impact of foreign exchange translation on AVC's profitability and lower operating leverage of restaurant business. Including gain from fair value adjustment of Benihana investment and items related to investment in NH Hotel Group, MINT reported net profit of Bt 3,944m in 9M18, a 4% growth y-y.

Net Profit

Bt million	**3Q18**	**3Q17**	**%Chg**
As Reported			
Total net profit	**1,020**	**1,143**	**-11%**
Net Profit Margin	**6.4%**	**8.0%**	
Operations*			
Total net profit	**1,260**	**1,143**	**10%**
Net Profit Margin	**8.0%**	**8.0%**	

* Exclude item related to investment in NH Hotel Group as detailed in the NH Hotel Group Contribution table on page 3

Net Profit			
Bt million	**9M18**	**9M17**	**%Chg**
As Reported			
Total net profit	**3,944**	**3,804**	**4%**
Net Profit Margin	**8.4%**	**8.8%**	
Operations*			
Total net profit	**3,849**	**3,804**	**1%**
Net Profit Margin	**8.3%**	**8.8%**	

* Exclude gain of Bt 121m from fair value adjustment on the investment in Benihana in 2Q18 and items related to investment in NH Hotel Group as detailed in the NH Hotel Group Contribution table on page 3

NH Hotel Group Contribution		
Bt million	**3Q18**	**9M18**
Revenue	84	443
EBITDA	84	318
Net Profit	-240	-25

Major Developments in 3Q18

	Developments
Restaurant	• Added 44 outlets, net q-q, majority of which were The Pizza Company, Dairy Queen, The Coffee Club and Thai Express outlets • Entered into a 51% JV with Srifa Frozen Food to invest in a manufacturing facility for bakery products in Thailand
Hotel & Mixed-Use	• Assumed management of Tivoli Évora Ecoresort in Portugal • Assumed management of Souq Al Wakra Hotel Qatar by Tivoli and Al Najada Doha Hotel by Tivoli in Qatar • Assumed management letting rights of Oaks Resort and Spa Hervey Bay in Queensland, Australia • Acquired 46% stake as of 3Q18 in NH Hotel Group, a leading European hotel operator with a diversified portfolio of more than 380 hotels in 30 countries (with a subsequent acquisition of 48% in 4Q18, resulting in current shareholding of 94%) • Recorded some residential development activities

Segment Performance

Restaurant Business

At the end of 3Q18, MINT's total restaurants reached 2,174 outlets, comprising of 1,108 equity-owned outlets (51% of total) and 1,066 franchised outlets (49% of total). 1,413 outlets (65% of total) are in Thailand, while the remaining 761 outlets (35% of total) are in 26 other countries in Asia, Oceania, Europe and Canada.

Restaurant Outlets by Owned Equity and Franchise			
	3Q18	**Chg q-q**	**Chg y-y**
Owned Equity	1,108	19	73
- Thailand	901	20	65
- Overseas	207	-1	8
Franchise	1,066	25	59
- Thailand	512	13	45
- Overseas	554	12	14
Total Outlets	**2,174**	**44**	**132**

Restaurant Outlets by Brand			
	3Q18	**Chg q-q**	**Chg y-y**
The Pizza Company	500	26	71
Swensen's	322	0	-6
Sizzler	64	-1	1
Dairy Queen	465	6	28
Burger King	99	4	15
The Coffee Club**	448	5	-10
Thai Express	91	5	0
Riverside	64	4	7
Benihana	19	0	19
Breadtalk	51	2	9
Others*	51	-7	-2
Total Outlets	**2,174**	**44**	**132**

* Others include restaurants at the airport under MINT's 51% JV, "Select Service Partner" and restaurants in the UK under "Grab", "Patara" and "Suda" brands.
** The reduction in number of The Coffee Club outlets was partly from the divestment of The Groove Train under Australia Hub

Hub Performance Analysis

In 3Q18, total-system-sales (including sales from franchised outlets) increased by 0.7% y-y, supported by 6% outlet expansion, mainly in Thailand and China. Same-store-sales decreased by 3.8% y-y as most hubs experienced pressure from the industry-wide consumption slowdown and intense competitive environment.

In 3Q18, Thailand hub reported total-system-sales growth of 4.7% y-y, supported by 8% outlet growth. 3Q18 same-store-sales declined by 4.4% y-y as weak domestic consumption, especially in the provinces of Thailand, continued to impede same-store-sales growth across all brands. In addition, the recent slowdown of Chinese tourist arrivals to Thailand also put pressure on the performance of outlets in tourist locations, most of which are Burger King and The Coffee Club outlets. In the midst of challenging business environment, every brands focused on new product launches and marketing efforts to attract customers and spur spending. For example, Swensen's successfully launched Bingsu Festival menu in September 2018, which significantly improved its same-store-sales performance month-on-month. The Coffee Club officially launched its loyalty program for the first time and leveraged crowdsourcing to gather customers' ideas for new product innovations, which helped improve store traffic in 3Q18. To combat the market downturn and strengthen its competitive position, Thailand Hub will continue to improve its product offerings and customer service, as well as optimize operational efficiencies. Thailand hub is confident that it will emerge stronger and better once the economic climate turns around.

China hub reported total-system-sales growth of 8.7% y-y in 3Q18, mainly attributable to a rapid expansion of Riverside outlets, which resulted in outlet growth of 8% y-y. 3Q18 same-store-sales declined by 4.7% y-y, chiefly driven by operations in tier-2 cities, which suffered from increased competition and lower store traffic. However, the overall performance showed month-on-month improving trend. For the remainder of the year, China hub will continue to accelerate the expansion of Riverside outlets, primarily in Beijing and Shanghai, and launch proactive marketing campaigns and new delivery-only products in order to restore overall sales growth.

With the prolonged slowdown in domestic consumption, Australia hub saw a y-y decline in same-store-sales in 3Q18. Nevertheless, overseas operations, led by The Coffee Club in the Maldives and New Zealand, continued to show robust growth. As part of its initiative to respond to challenges in the domestic market, Australia hub has carried out portfolio rationalization program 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 (today known as Nomad Coffee Group) in 2014. Consequently, in 3Q18, Australia hub's number of outlets decreased by 8% y-y, which resulted in a negative total-system-sales growth. However, excluding the impact of The Groove Train divestment, total-system-sales of Australia hub showed an increase of 1.6% y-y. Australia hub is putting in place strategy to strengthen its performance for both domestic and international businesses. Domestically, Australia hub will focus on driving customer traffic through effective marketing campaigns and new store concept, as well as improving franchise store performance. Internationally, it will further grow The Coffee Club operation through disciplined outlet expansion both in existing markets and new territories, including the recently formed joint venture in Vietnam.

In Singapore, same-store-sales performance continued to stumble in 3Q18 as the slowdown of domestic consumption and intense competition in the restaurant sector adversely affected Singapore hub's performance. To protect its profitability, Singapore hub has closed down non-performing outlets, which resulted in a 19% decrease in number of outlets in the country in 3Q18. Consequently, total-system-sales of Singapore hub declined by almost 20% y-y in 3Q18. To ensure sustainable profitability, Singapore hub will continue to enhance sales and operational efficiency of existing outlets and selectively close down and convert non-performing stores to other potential brands. Given the ongoing downsizing plan, Minor Food expects the contribution of Singapore to become smaller in the future.

Overall, 9M18 group-wide total-system-sales decreased slightly by 0.6% y-y. The positive total-system-sales growth of Thailand and China hubs helped offset the adverse impact of strategic outlet closures of Australia and Singapore hubs. Given the challenging operating environments across all key hubs, 9M18 group-wide same-store-sales showed a decline of 2.9% y-y. Nevertheless, Minor Food will continue to focus on new product and marketing initiatives, operational efficiency improvement, and profitable expansion plan. In addition, the recent investment in Benihana's non-US operations will also provide positive contribution.

Restaurant Business Performance

%	3Q18	3Q17	9M18	9M17
Average Same-Store-Sales Growth	(3.8)	(2.5)	(2.9)	(0.8)
Average Total-System-Sales Growth	0.7	3.2	(0.6)	5.7

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

Financial Performance Analysis

3Q18 total restaurant revenues increased by 3% y-y. The resilient top-line growth of Thailand and China hubs helped offset the adverse impact from MINT's strategic outlet closures in Singapore and the devaluation of the Australian dollar. Franchise fee grew by 2% y-y in 3Q18, led by solid growth of franchise income from Thailand. 3Q18 EBITDA declined by 10% y-y as all key hubs experienced margin pressure from same-store-sales contraction. Furthermore, to keep ahead of competition and drive customer traffic, Thailand and China hubs launched various product and marketing campaigns during the quarter, which temporarily put pressure on the overall profitability. Consequently, EBITDA margin declined to 15.6% in 3Q18, compared to 17.9% in 3Q17.

9M18 total core restaurant revenues grew by 1% y-y, mainly supported by resilient growth of Thailand hub, which helped offset the slowdown of overseas operations. 9M18 core EBITDA dropped by 7% y-y, mainly from negative same-store-sales growth of all hubs and impact of new product and promotional campaigns launched by Thailand and China hubs, which led to lower operating leverage. As a result, core EBITDA margin decreased to 16.6% in 9M18, compared to 9M17 EBITDA margin of 18.1%.

Financial Performance*

Bt million	3Q18	3Q17	%Chg
Revenues from Operation**	5,422	5,286	3%
Franchise Fee	415	407	2%
Total Revenues	**5,836**	**5,693**	**3%**
EBITDA	**911**	**1,018**	**-10%**
EBITDA Margin	**15.6%**	**17.9%**	

Bt million	9M18	9M17	%Chg
Revenues from Operation**	16,509	16,277	1%
Franchise Fee	1,219	1,253	-3%
Total Revenues	**17,728**	**17,530**	**1%**
EBITDA	**2,938**	**3,167**	**-7%**
EBITDA Margin	**16.6%**	**18.1%**	

* Exclude gain of Bt 121m from fair value adjustment on the investment in Benihana

** Include share of profit and other income

Hotel & Mixed-Use Business

Hotel Business

At the end of 3Q18, MINT owns 70 hotels and manages 94 hotels and serviced suites in 26 countries. Altogether, these properties have 20,660 hotel rooms and serviced suites, including 9,123 rooms that are equity-owned and 11,537 rooms that are purely-managed under the Company's brands including Anantara, AVANI, Oaks, Tivoli and Elewana Collection. In addition, MINT has expanded further into Europe with its shareholding of 46% in NH Hotel Group, a world-leading urban hotel operator, as at the end of 3Q18 (with a subsequent acquisition of 48% in 4Q18, resulting in current shareholding of 94%). NH Hotel Group is listed on the Madrid Stock Exchange. Its portfolio includes 384 hotels and 59,682 rooms under the brands NH Collection, NH Hotel and nhow in 30 markets across Europe, the Americas and Africa. Together, the combined MINT-NH Hotel Group portfolio has a total of 548 hotels and serviced suites and 80,262 rooms. Of the total, 4,272 rooms in Thailand accounted for 5%, while the remaining 75,990 rooms or 95% are located in 53 other countries in Asia, Oceania, Europe, the Americas and Africa.

Hotel Rooms by Owned Equity and Management

	3Q18	Chg q-q	Chg y-y
Equity-owned*	9,123	0	220
- Thailand	2,716	0	220
- Overseas	6,407	0	0
Management	11,537	275	580
- Thailand	1,556	-139	-139
- Overseas	9,981	414	719
NH Hotel Group	59,602	59,602	59,602
Total Hotel Rooms	**80,262**	**59,877**	**60,402**

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

Hotel Rooms by Ownership

	3Q18	Chg q-q	Chg y-y
Owned Hotels	7,063	0	24
Joint Ventures	2,060	0	196
Managed Hotels	4,919	169	300
MLRs*	6,618	106	280
NH Hotel Group	59,602	59,602	59,602
Total Hotel Rooms	**80,262**	**59,877**	**60,402**

* Properties under Management Letting Rights in Australia and New Zealand

Hotel Performance Analysis

Owned-hotels portfolio, which accounted for 65% of hotel & mixed-use revenues in 3Q18, reported y-y organic revenues per available room ("RevPar") increase of 8% in 3Q18. Owned hotels in Thailand achieved organic RevPar growth of 1% y-y, led by improved performance of the operation in Bangkok. Owned hotels in Bangkok continued to see an increase in both occupancy and room rates, supported by strong demand from foreign tourists, especially from Japan and Korea, which helped offset the slowdown of Chinese tourist arrivals into Thailand. Outside of Thailand, organic RevPar of owned overseas hotels grew by 12% y-y, driven by robust performance of all key markets. Owned hotels in Portugal reported organic RevPar growth of 12% y-y, attributable to the growing recognition of the Tivoli brand and MINT's effective revenue management after the extensive renovations. The Brazil portfolio delivered organic RevPar growth of 9% y-y in the Thai Baht term, despite the devaluation of the Brazilian real by 21% y-y. The growth was driven by robust demand from local and the US markets, as well as MINT's ability to raise room rates successfully by more than 10% y-y in local currency. In the Maldives, the owned hotel showed organic RevPar growth of 10% y-y, primarily driven by occupancy increase as a result of MINT's successful targeted marketing efforts. Lastly, in Africa, the organic RevPar growth of owned hotels increased by 15% y-y, led by strong performance of hotels in Zambia and Botswana. Excluding the foreign exchange translation impact from the strengthening of the Thai Baht, organic RevPar of owned hotels grew at a faster rate of 13% y-y. With the inclusion of Sunset Coast Samui Resort & Villas managed by AVANI, 3Q18 system-wide RevPar of owned hotels increased by 8% y-y.

The management letting rights portfolio, contributing 18% of 3Q18 hotel & mixed-use revenues, recorded a stable RevPar growth of 3% y-y in the Australian dollar term. The growth was supported by both higher occupancy level, which rose to 82% in 3Q18, as well as ADR increase. With the weakening of the Australian dollar, 3Q18 RevPar of the management letting rights portfolio decreased by 5% y-y in the Thai Baht term.

Revenue contribution of management contract to MINT's hotel & mixed-use revenue was 3% in 3Q18. Organic RevPar of management contract portfolio increased by 2% y-y in 3Q18, led by improved performance of managed hotels in China and Indonesia, both of which delivered double-digit RevPar growth in 3Q18. Excluding the foreign exchange translation impact from the strengthening of the Thai Baht, organic RevPar of managed hotels grew at a faster rate of 4% y-y in 3Q18. Including the new hotels, which are still ramping up, system-wide RevPar of managed hotels declined by 1% y-y in 3Q18.

In summary, in 3Q18, MINT's organic RevPar of the entire portfolio increased by 2% y-y, driven by growth of both Thailand and overseas operations. Including new hotels, which commanded lower RevPar than MINT's average, system-wide RevPar of MINT's entire portfolio increased by 1% y-y.

In 9M18, organic RevPar of MINT's entire portfolio was flat y-y. The robust performance of owned hotel portfolio, both in Thailand and overseas, helped alleviate the slowdown of managed hotel portfolio in the first 5 months of 2018. Including new hotels, system-wide RevPar of the entire portfolio decreased by 1% y-y.

Hotel Business Performance by Ownership

(System-wide)	Occupancy (%)			
	3Q18	**3Q17**	**9M18**	**9M17**
Owned Hotels	74	69	66	63
Joint Ventures	53	48	53	47
Managed Hotels	63	63	63	64
MLRs*	82	80	79	78
Average	**72**	**70**	**69**	**67**
MINT's Portfolio in Thailand	78	79	78	78
Industry Average in Thailand**	65	64	N/A	N/A

(System-wide)	ADR (Bt/night)			
	3Q18	**3Q17**	**9M18**	**9M17**
Owned Hotels	6,152	6,095	6,295	6,104
Joint Ventures	6,660	7,473	8,065	9,465
Managed Hotels	5,459	5,530	5,664	6,123
MLRs*	4,240	4,581	4,285	4,552
Average	**5,293**	**5,444**	**5,472**	**5,657**
MINT's Portfolio in Thailand	4,506	4,319	4,962	4,701
Industry Average in Thailand**	1,674	1,621	N/A	N/A
(System-wide)	RevPar (Bt/night)			
	3Q18	**3Q17**	**9M18**	**9M17**
Owned Hotels	4,533	4,206	4,164	3,858
Joint Ventures	3,501	3,556	4,238	4,495
Managed Hotels	3,413	3,460	3,575	3,933
MLRs*	3,480	3,680	3,384	3,547
Average	**3,823**	**3,800**	**3,761**	**3,814**
MINT's Portfolio in Thailand	3,519	3,415	3,851	3,678
Industry Average in Thailand**	1,095	1,033	N/A	N/A
(Organic)	Occupancy (%)			
	3Q18	**3Q17**	**9M18**	**9M17**
Owned Hotels	74	69	66	63
Joint Ventures	52	48	53	47
Managed Hotels	65	63	65	64
MLRs*	82	80	79	78
Average	**73**	**70**	**70**	**67**
MINT's Portfolio in Thailand	80	79	79	78
(Organic)	ADR (Bt/night)			
	3Q18	**3Q17**	**9M18**	**9M17**
Owned Hotels	6,154	6,095	6,299	6,104
Joint Ventures	7,224	7,473	8,760	9,465
Managed Hotels	5,467	5,530	5,687	6,123
MLRs*	4,240	4,581	4,285	4,552
Average	**5,312**	**5,444**	**5,494**	**5,657**
MINT's Portfolio in Thailand	4,555	4,319	5,017	4,701
(Organic)	RevPar (Bt/night)			
	3Q18	**3Q17**	**9M18**	**9M17**
Owned Hotels	4,553	4,206	4,181	3,858
Joint Ventures	3,750	3,556	4,615	4,495
Managed Hotels	3,538	3,460	3,707	3,933
MLRs*	3,480	3,680	3,384	3,547
Average	**3,883**	**3,800**	**3,821**	**3,814**
MINT's Portfolio in Thailand	3,630	3,415	3,978	3,678

* Properties under Management Letting Rights in Australia & New Zealand
** Source for Industry Average: Bank of Thailand

Hotel Performance Analysis

In 3Q18, revenue from existing hotel and related services operations (excluding contribution of NH Hotel Group) increased by 19% y-y, mainly driven by 7% growth of organic hotel operations, both in Thailand and overseas markets, together with the consolidation of C&K revenue since December 2017. 3Q18 management income declined by 10% y-y, partly due to lower contributions from hotels in the UAE and Qatar.

In 9M18, revenue from existing hotel and related services operations grew by 18% y-y, reflecting 8% growth of organic hotel operations, together with revenue contribution of C&K. 9M18 management income increased by 8% y-y, primarily supported by robust organic RevPar growth of managed hotels in Thailand and additional management fee from the expansion of managed hotel portfolio.

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 3Q18, AVC had a total inventory of 224 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 9M18 with the increase in number of members by 23% y-y to 11,813 members at the end of 9M18.

Revenues from mixed-use business increased by 18% y-y in 3Q18, driven by residential sales activities and continued growth of AVC, which was driven by both the increase in number of members and price. For 9M18, revenues from mixed-use business decreased by 6% y-y. The revenue decline was merely the timing mismatch of residential development activities, compared to the same period last year.

Overall Hotel & Mixed-Use Financial Performance Analysis (Excluding NH Hotel Group)

In 3Q18, total revenues of existing hotel & mixed-use business increased by 18% y-y, attributable to growth of hotel & related services and mixed-use business, together with the consolidation of C&K revenue. 3Q18 EBITDA of existing hotel & mixed-use business increased by 16% y-y, slightly lower than revenue growth rate, partly due to adverse impact of foreign exchange translation on AVC's profitability. Consequently, EBITDA margin of existing hotel & mixed-use business decreased from 24.2% in 3Q17 to 23.9% in 3Q18.

For 9M18, total revenues of existing hotel and mixed-use business increased by 13% y-y, attributable to growth of hotel & related services and management income, together with revenue contribution from investment in C&K. 9M18 EBITDA of existing hotel & mixed-use business grew by 11% y-y. The lower growth rate of EBITDA, compared to revenue growth, was driven by impact of foreign exchange translation on AVC's profitability and weaker profitability of C&K in the first six months of 2018. As a result, EBITDA margin of existing hotel & mixed-use business decreased from 24.2% in 9M17 to 23.7% in 9M18.

For the remainder of 2018, Minor Hotels remains positive on the outlook of all business segments. Its organic hotel operations both in Thailand and key overseas markets will continue to improve on the back of favorable tourism trends and MINT's pro-active marketing initiatives. The mixed-use business will grow, driven by strong residential sales pipeline, including the new luxury villas project, Avadina Hills by Anantara, which is next to Layan Residences by Anantara in Phuket. Moreover, AVC will continue to drive targeted sales and marketing initiatives to expand its member base, which will also help support growth of mixed-use business. Lastly, the investment in NH Hotel Group will contribute more significantly as MINT completed the acquisition of NH Hotel Group in October with the final shareholding stake of 94% in NH Hotel Group.

Financial Performance*

Bt million	**3Q18**	**3Q17**	**%Chg**
Hotel & related services **	7,441	6,266	19%
Management fee	230	256	-10%
Mixed-use	1,236	1,049	18%
Total Revenues	**8,907**	**7,571**	**18%**
EBITDA	**2,128**	**1,836**	**16%**
EBITDA Margin	**23.9%**	**24.2%**	
	9M18	**9M17**	**%Chg**
Hotel & related services **	20,739	17,559	18%
Management fee	911	843	8%
Mixed-use	3,949	4,216	-6%
Total Revenues	**25,598**	**22,618**	**13%**
EBITDA	**6,065**	**5,473**	**11%**
EBITDA Margin	**23.7%**	**24.2%**	

* Exclude items related to investment in NH Hotel Group as detailed in the NH Hotel Group Contribution table on page 3
** Include share of profit and other income

Retail Trading & Contract Manufacturing Business

At the end of 3Q18, MINT had 452 retail trading points of sales, an increase of 98 points of sales from 354 points at the end of 3Q17. Of total 452 retail trading outlets, 85% are operated under fashion brands including Anello, Banana Republic, Bossini, Brooks Brothers, Charles & Keith, Esprit, Etam, GAP, OVS, Pedro and Radley, while 15% are operated under home and kitchenware brands including Joseph Joseph, Zwilling J.A. Henckels and Bodum.

Retail Trading's Outlet Breakdown

	3Q18	Chg q-q	Chg y-y
Fashion	382	9	55
Home and Kitchenware	70	14	43
Total Outlets	**452**	**23**	**98**

In 3Q8, total retail trading & contract manufacturing revenues grew by 2% y-y. Retail trading business reported revenue growth of 5% y-y, driven by improved performance of MINT's existing retail portfolio, both fashion and home & kitchenware segments. However, contract manufacturing business experienced a drop in orders from key customers amidst soft domestic consumption, resulting in a 7% revenue decline y-y in 3Q18. EBITDA of retail trading & contract manufacturing business decreased by 5% y-y, mainly driven by higher mark-downs amidst the consumption slowdown on end of season sales of some fashion brands. As a result, EBITDA margin decreased slightly to 6.3% in 3Q18 from 6.8% in 3Q17.

9M18 total revenues from retail trading & contract manufacturing increased by 10% y-y, mainly driven by higher sales of retail portfolio. 9M18 EBITDA grew by 17% y-y, led by higher operating leverage of retail trading & contract manufacturing business in the first six months of the year. Therefore, EBITDA margin improved to 6.9% in 9M18 from 6.5% in 9M17.

Financial Performance

Bt million	3Q18	3Q17	%Chg
Retail Trading	827	784	5%
Manufacturing	235	253	-7%
Total Revenues*	**1,062**	**1,037**	**2%**
EBITDA	**67**	**70**	**-5%**
EBITDA Margin	**6.3%**	**6.8%**	
	9M18	**9M17**	**%Chg**
Retail Trading	2,495	2,209	13%
Manufacturing	710	710	0%
Total Revenues*	**3,205**	**2,918**	**10%**
EBITDA	**221**	**189**	**17%**
EBITDA Margin	**6.9%**	**6.5%**	

* Include share of profit and other income

Balance Sheet & Cash Flows

At the end of 3Q18, MINT reported total assets of Bt 159,035m, an increase of Bt 40,592m from Bt 118,444m at the end of 2017. The increase was primarily the result of (1) Bt 43,118m increase in available-for-sale investments, from MINT's investment in NH Hotel Group, netted of with (2) Bt 1,662m decrease in property, plant and equipment, mainly from translation impact of overseas assets with the strengthening of the Thai Baht.

MINT reported total liabilities of Bt 95,538m, an increase of Bt 27,115m from Bt 68,423m at the end of 2017. The increase was primarily due to (1) the increase in bank overdrafts and short-term borrowings from financial institutions of Bt 4,080m and (2) the increase in bridging facilities and long-term borrowings of Bt 24,114m, all of which were mainly used to support the Company's investment in NH Hotel Group and additional investment in Riverside in China.

Shareholders' equity increased by Bt 13,477m from Bt 50,021m at the end of 2017 to Bt 63,498m at the end of 3Q18, owing mainly to (1) 9M18 net profit of Bt 3,944m, (2) the subordinated perpetual debentures of Bt 14,904m netted off with (3) the dividend payment of Bt 1,848m and (4) the decrease in investment in subsidiary of Bt 951m, from the discount on additional investment in Riverside, arising from the adjustment of the incremental 14% stake to the value of the existing 86% stake.

For the first 9 months of 2018, MINT and its subsidiaries reported positive cash flows from operations of Bt 2,670m, a decrease of Bt 2,135m y-y, primarily from (1) the increase in land and real estates project for sales of Bt 753m with additional inventory of real estates projects, (2) the increase in land and project under development of Bt 513m from new residential projects under construction, (3) the decrease in trade and other payables of Bt 435m, mainly from hotel business and (4) the increase in gain on translation adjustments of Bt 348m.

Cash flow paid for investing activities was Bt 44,411m, due primarily to (1) cash invested in available-for-sale investments to acquire NH Hotel Group shares of Bt 44,068m and (2) capital expenditures of hotel, restaurant, and other businesses amounted to Bt 3,730m, netted off with (3) proceeds from sale of the Company's strategic investments of Bt 2,718m.

The Company reported net cash receipt from financing activities of Bt 40,790m, comprising primarily of (1) cash received from subordinated perpetual debentures of

Bt 15,000m, (2) net receipt of short-term borrowings of Bt 4,181m, (3) net receipt of bridging facilities and long-term borrowings of Bt 25,132m, netted off with (4) repayments of debentures of Bt 1,500m and (5) dividends paid to shareholders of Bt 1,848m.

In summary, cash flows from operating, investing and financing activities resulted in MINT's net cash and cash equivalents' increase of Bt 322m in 3Q18.

Financial Ratio Analysis

MINT's gross profit margin decreased from 58.9% in 9M17 to 57.5% in 9M18, due mainly to higher depreciation expense recorded in direct cost of hotel and related services operation. Nevertheless, gross profit margin of restaurant and retail trading & contract manufacturing businesses improved y-y. MINT's reported net profit margin decreased from 8.8% in 9M17 to 8.4% in 9M18. Stripping out gain from fair value adjustment of Benihana investment in 2Q18 and items related to investment in NH Hotel Group in 2Q18 and 3Q18, net profit margin of existing operations declined to 8.3% in 9M18 from 8.8% in 9M17. The decline was primarily due to lower profitability of AVC and restaurant business. However, net profit margin of hotel operations and retail trading & contract manufacturing business continued to improve y-y in 9M18.

Annualized return on equity decreased from 12.3% in 9M17 to 9.3% in 9M18, partly as a result of the issuance of perpetual debentures in September 2018. Correspondingly, annualized return on assets declined from 4.6% in 9M17 to 3.8% in 9M18. The decrease of both ratios was primarily from the Company's new investments, which were still ramping up. Furthermore, the investment in NH Hotel Group, which MINT recognized only dividend income in 2Q18 and 3Q18, also put temporary pressure on MINT's overall returns. However, MINT expects the ramping up of its recent investments, together with the consolidation of NH Hotel Group's financials starting in 4Q18, to help improve both ratios in the future.

Collection days increased from 57 days in 9M17 to 59 days in 9M18, driven by higher receivables of all business units. The provision for impairment as a percentage of gross trade receivables increased from 5.5% at the end of 2017 to 6.0% in 9M18, mainly from restaurant business with the consolidation of Benihana. MINT's inventory comprises primarily raw materials, work-in-process and finished products of the restaurant and retail trading & contract manufacturing businesses, as well as the C&K operation, which is part of hotel business. Inventory days decreased from 55 days in 9M17 to 51 days in 9M18, thanks to effective inventory management of restaurant business and higher turnover of retail trading business. Account payable days declined slightly from 42 days in 9M17 to 41 days in 9M18, mainly from hotel and restaurant businesses.

Current ratio decreased from 1.3x at the end of 2017 to 0.8x at the end of 3Q18, primarily because of the increase in current portions of debentures and long-term borrowings. Interest bearing debt to equity increased from 1.0x at the end of 2017 to 1.2x at the end of 3Q18, largely from the increase in borrowings to support the Company's investment in NH Hotel Group, which was partly offset by the Company's larger equity base as a result of the issuance of perpetual debentures. With the completion of tender offer for NH Hotel Group, MINT expects the ratio to go up temporarily in 4Q18. Nevertheless, the improved return from new investments, the consolidation of NH Hotel Group's financials and the proactive management of capital structure together with continued improvement in performance overall, will bring the ratio down over the next few years. Interest coverage ratio decreased from 5.1x in 9M17 to 3.0x in 9M18 because of the higher interest expense from acquisition of NH Hotel Group and lower cash flows from operations.

Financial Ratio Analysis

Profitability Ratio (9 months)	**30-Sep-18**	**30-Sep-17**
Gross Profit Margin (%)	57.5%	58.9%
Net Profit Margin (%)	8.4%	8.8%
Net Profit Margin from Existing Operations** (%)	8.3%	8.8%
Efficiency Ratio	**30-Sep-18**	**30-Sep-17**
Return on Equity* (%)	9.3%	12.3%
Return on Assets* (%)	3.8%	4.6%
Collection Period* (days)	59	57
Inventory Days*	51	55
Accounts Payable Days*	41	42
Liquidity Ratio	**30-Sep-18**	**31 Dec 17**
Current Ratio (x)	0.8	1.3
Leverage & Financial Policy	**30-Sep-18**	**31 Dec 17**
Interest Bearing Debt/Equity (x)	1.2	1.0
Net Interest Bearing Debt/Equity (x)	1.2	0.9

	30-Sep-18	30-Sep-17
Interest Coverage (x) (9 months)	3.0	5.1

* Annualized
** Exclude gain of Bt 121m from fair value adjustment on the investment in Benihana in 2Q18 and items related to investment in NH Hotel Group as detailed in the NH Hotel Group Contribution table on page 3

NH Hotel Group

NH Hotel Group delivered solid results in 9M18 with reported revenue growth of 4% y-y. RevPar of the overall portfolio increased by 2% y-y in 9M18. Benelux and Italy hotel portfolio showed strongest improvement, with RevPar growth of 7% and 5% respectively in 9M18. Including hyperinflation accounting effect (IAS 29), NH Hotel Group's revenue grew by 3% to EUR 1,190m in 9M18.

9M18 recurring EBITDA grew by 9% y-y on the back of robust revenue growth and effective cost control. As a result, recurring EBITDA margin improved to 15.5% in 9M18, compared to 14.7% in 9M17.

9M18 net recurring profit grew by 88% y-y, which was significantly faster than revenue and EBTIDA growth rates, mainly driven by improvement in operational performance and substantial reduction in interest expense, following the early redemption of convertible bond in June 2018. Therefore, net recurring profit margin improved to 4.2% in 9M18 from 2.3% in 9M17. In 9M18, NH Hotel Group recorded non-recurring gains of EUR 56m, mostly related to gains from asset rotation. Including the non-recurring items, NH Hotel Group's reported net profit increased more than fourfold to EUR 107m in 9M18. For the remainder of 2018, NH Hotel Group reiterates confidence in its business outlook on the back of positive demand across its key markets, improved asset quality and strong balance sheet and maintains its full-year EBITDA target of EUR 260m in 2018.

MINT expects the accounting consolidation of NH Hotel Group to be highly accretive to the company. MINT has done an unaudited pro forma exercise for the combined financial information. Combined revenue would almost double to Bt 92,567m in 9M18. 9M18 combined EBITDA would increase by 78% to Bt 17,185m, while combined EBITDA margin would decline to 18.6% in 9M18. Correspondingly, 9M18 combined net recurring profit, excluding non-recurring items and interest expense on the Bt 15 billion perpetual bond, would increase by 16% to Bt 4,437m in 9M18, while combined net recurring profit margin would decline to 4.8% in 9M18. The decline in profitability ratios is mainly due to the nature of lease hotel segment of NH Hotel Group, which has lower profitability than MINT's existing hotel portfolio. Nevertheless, MINT expect the continued improvement in operational performance of NH Hotel Group to yield higher contribution and profitability from 2019 onwards.

Financial Performance*

EUR million	9M18	9M17	%Chg
Revenue	1,190	1,156	3%
Recurring EBITDA	185	170	9%
Recurring EBITDA Margin	*15.5%*	*14.7%*	*0.8%*
Net Recurring Profit	51	27	88%
Net Recurring Profit Margin	*4.2%*	*2.3%*	*1.9%*
Net Profit	107	24	75%
Net Profit Margin	*8.9%*	*2.1%*	*6.8%*

* Include hyperinflation accounting effect (IAS 29), which was implemented on 1 January 2018 and required the operating result of Argentina to be restated for the effects of inflation

MINT's Pro Forma Financial Performance*

Bt million	MINT 9M18	MINT + NH 9M18	%Chg	NH Contribution
Revenue	47,095	92,567	97%	49%
EBITDA	9,663	17,185	78%	44%
EBITDA Margin	*20.5%*	*18.6%*	*-1.9%*	
Net Recurring Profit**	3,823	4,437	16%	14%
*Net Recurring Profit Margin***	*8.1%*	*4.8%*	*-3.3%*	

* Pro forma numbers are based on the assumption that (1) the acquisition of NH Hotel Group was completed on 1 January 2017, (2) No fair value adjustment, (3) borrowings from financial institutions and corporate bonds bearing interest at an annual rate of 2.2%
** Exclude non-recurring items and interest expense on Bt 15 billion perpetual bond at annual rate of 5.85%, which was realized in the retained earnings

Management's Outlook

The successful acquisition of NH Hotel Group has transformed MINT into a truly global hospitality company, with a platform of 548 hotels across Asia, Australia, the Middle East, Africa, Europe and the Americas. Looking ahead, MINT is confident in the strong business fundamentals and growth momentum of NH Hotel Group. At the 94% shareholding stake in NH Hotel Group, MINT expects the investment to be highly accretive to the company with sizable full-year contribution in 2019. With the tender offer completed, MINT will immediately turn its focus to the integration and unlock the synergistic values of the two companies. In addition, MINT will optimize its capital structure to ensure financial discipline and solid balance sheet. MINT has complete confidence that it will maintain its leverage level below its financial covenant of 1.75x gross debt-to-equity (D/E) ratio. Furthermore, TRIS Rating Agency has recently announced that it views the result of MINT's tender offer for NH Hotel Group has no immediate impact on MINT's credit ratings, which is currently at A and stable outlook. Below highlights strategic options that MINT is currently exploring as part of its efforts to bring down the gearing level over the next few quarters.

- Fair value adjustment of NH Hotel Group investment: To comply with Thai GAAP, MINT is required to record its investment at fair value. Therefore, MINT is in the process of working with a third-party valuation advisor to assess the fair value of NH Hotel Group, which potentially can create a gain on fair value adjustment to increase MINT's equity base.

- Perpetual bond issuance: MINT has an option to issue additional perpetual bonds to finance the acquisition of NH Hotel Group, following its successful issuance of Bt 15 billion perpetual bond in the domestic market in September 2018. With favorable market conditions, MINT may opt to issue either onshore or offshore perpetual bonds to optimize its capital structure.

- Strategic partnership and asset disposal: MINT is in active conversations with institutional investors for a possibility to divest a stake in NH Hotel Group. By partnering with a strategic co-investor, who believes in MINT's investment thesis and has a vision to build a long-term partnership with the company, MINT will be able to reduce the investment size and debt requirement. Furthermore, MINT has various assets which efforts have been put in to increase their value. These assets can potentially be used to profitably recycle MINT's capital.

By implementing a rigorous and disciplined approach to balance sheet management, MINT is confident that it will maintain optimal capital structure. By bringing together the two great companies with complementary strengths, MINT believes it will improve the value proposition for all stakeholders in the long run.

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Mr. Chaiyapat Paitoon

Deputy Corporate Chief Financial Officer