MINOR INTERNATIONAL

May 15, 2020 Minor International Public Company Limited

Management Discussion and Analysis

Overview

1Q20 Performance

Summary: Minor International Public Company Limited ("MINT") reported 1Q20 core revenue of Baht 22,421 million, decreasing by 22% y-y. This was attributable to adverse impact from COVID-19 outbreak on all three business units, most notably challenging environment of Minor Hotels globally and Minor Food in China.

In order to compare the performance on a like-for-like basis, core EBITDA excluding TFRS 16 regarding leases dipped into net loss of Baht 111 million in 1Q20 from core EBITDA of Baht 4,272 million in 1Q19. The EBITDA declined at a faster rate than revenue as the decline in revenue from the impact of the pandemic was severe and sudden while costs did not fall as fast, resulting in compounding effect from negative flow-through. Particularly, the majority of EBITDA net loss was from NH Hotel Group which structurally has high fixed leases, and therefore lower profitability than MINT in general while Minor Hotels still recorded positive EBITDA. Including the impact of TFRS 16, with forgone rental expenses, core EBITDA was Baht 2,982 million in 1Q20, falling by 30% y-y from 1Q19 level.

Core net profit of Baht 633 million in 1Q19 turned into a pre-TFRS 16 core loss of Baht 2,834 million in 1Q20, as a result of the same reasons mentioned above. With the unfavorable accounting impact from the adoption of TFRS16, including additional amortization and interest expenses net of the above-mentioned forgone rental and taxes related to leases of Baht 339 million, MINT reported core loss of Baht 3,173 million during the quarter.

Note that in 1Q20 and 1Q19, MINT recorded non-core accounting-related items which are detailed in the table on page 2. Including non-core items, with the adoption of TFRS 16, MINT posted a 22% y-y decline in revenue to Baht 22,533 million and a 3% increase in EBITDA to Baht 4,402 million in 1Q20. Reported net profit dipped into net loss of Baht 1,774 million in the quarter.

Financial Performance*

Bt million	**1Q20**	**1Q19**	**%Chg**
As Reported			
Total Revenue	22,533	29,030	-22
Total EBITDA	4,402	4,262	3
EBITDA Margin (%)	**19.5**	**14.7**	
Total Net Profit	-1,774	583	-404
Net Profit Margin (%)	**-7.9**	**2.0**	
Core**			
Total Revenue	22,421	28,848	-22
Total EBITDA	2,982	4,272	-30
EBITDA Margin (%)	**13.3**	**14.8**	
Total Net Profit	-3,173	633	-601
Net Profit Margin (%)	**-14.2**	**2.2**	

* Include the impact of TFRS16
** Exclude non-core items as detailed in the table on page 2

TFRS16 Impact on P&L*

Bt million	**1Q20 Pre-TFRS16**	**1Q20 Post-TFRS16**
Total EBITDA	**-111**	**2,982**
EBITDA Margin (%)	**-0.5**	**13.3**
Depreciation	2,319	4,874
Interest Expense	892	1,808
Corporate Income Tax	-305	-344
Minority Interest	-182	-182
Total Net Profit	**-2,834**	**-3,173**
Net Profit Margin (%)	**-12.6**	**-14.2**

* Exclude non-core items as detailed in the table on page 2

Performance Breakdown by Business*

1Q20	**% Core Revenue Contribution**	**% Core EBITDA Contribution**
Hotel & Mixed-use	70	72
Restaurant Services	25	28
Retail trading & Contract Manufacturing	5	0
Total	**100**	**100**

* Exclude non-core items as detailed in the table on page 2 but include the impact of TFRS16

Non-Recurring Items*

Period	Amount (Bt million)	Business Unit	Non-recurring Items
1Q19	50	Minor Food	Gain from the divestment of Bread Talk Thailand (Revenue)
	132 pre-tax 91 post-tax	Minor Hotels	Capital gain from asset rotation of NH Hotel Group
	-191	Minor Hotels	Foreign exchange loss on unmatched USD Cross-Currency Swap (SG&A expense)
1Q20	113 revenue 49 net profit	Minor Hotels	Non-recurring items of NH Hotel Group
	755	Minor Hotels	Foreign exchange gain on unmatched USD Cross-Currency Swap (SG&A expense)
	568 pre-tax 585 post-tax	Minor Hotels	Change in fair value of interest rate derivative (SG&A expense)
	10	Minor Food	Reversal of provision related to Ribs & Rumps (reversal of SG&A expense)

* Include the impact of TFRS16

Major Developments in 1Q20

	Developments
Restaurant	• Reduced 15 outlets, net q-q, majority of which were a result of store closure of Ribs and Rumps in Australia and The Coffee Club in Thailand and Australia
Hotel & Mixed-Use	• Opened a total of 3 new hotels q-q - Anantara: Anantara Phuket Services Suits & Villas (owned hotel) in Thailand - NH Collection: NH Collection Palazzo Verona (leased hotel) in Italy - nhow: nhow Amsterdam Rai (leased hotel) in the Netherlands • Closed a total of 6 hotels, all of which were managed hotels in Dominican Republic

Segment Performance

Restaurant Business

At the end of 1Q20, MINT's total restaurants reached 2,362 outlets, comprising of 1,181 equity-owned outlets (50% of total) and 1,181 franchised outlets (50% of total). 1,567 outlets (66% of total) are in Thailand, while the remaining 795 outlets (34% of total) are in 25 other countries in Asia, Oceania, Middle East, Europe, Canada and Mexico.

Restaurant Outlets by Owned Equity and Franchise

	1Q20	Chg q-q	Chg y-y
Owned Equity	1,181	-17	57
- Thailand	951	-11	37
- Overseas	230	-6	20
Franchise	1,181	2	51
- Thailand	616	0	45
- Overseas	565	2	6
Total Outlets	**2,362**	**-15**	**108**

Restaurant Outlets by Brand

	1Q20	Chg q-q	Chg y-y
The Pizza Company	576	6	32
Swensen's	321	-1	1
Sizzler	66	1	-1
Dairy Queen	515	-7	3
Burger King	121	0	10
The Coffee Club	468	-13	2
Thai Express	88	-2	-5
Riverside	90	-1	19
Benihana	19	0	-2
Bonchon	46	0	46
Others*	52	2	3
Total Outlets	**2,362**	**-15**	**108**

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

Hub Performance Analysis

In 1Q20, total-system-sales (including sales from franchised outlets) decreased by 5.8% y-y. The positive total-system-sales of Thailand hub supported by the store expansion, together with the contribution of Bonchon which was recently added in the portfolio, partially helped alleviate the slowdown of Minor Food in China and Australia. Overall same-store-sales declined by 10.5% y-y as operations across all markets were impacted by the COVID-19 outbreak. Local governments of all regions have adopted measures to curb the spread of the disease which resulted in the temporary closure of stores and a drop in dine-in sales. Accordingly, all Minor Food's brands shifted their focus to delivery and takeaway segments which have become the key sales drivers in the quarter.

Thailand hub reported total-system-sales growth of 5.5% y-y in 1Q20, attributable to resilient performance of the brands suitable for delivery, including The Pizza Company and Burger King, together with the addition of Bonchon brand. 1Q20 overall same-store-sales, however, declined by 6.9% y-y. Although most of the key brands reported strong same-store-sales growth in January, this only partially offset the adverse impact of the COVID-19 outbreak since February. Furthermore, at the end of March, dine-in stores were closed temporarily while the operations of the remaining were scaled down to only delivery and takeaway functions. Nevertheless, The Pizza Company continued to see growth in customer counts and achieved 3.4% same-store-sales growth in the quarter. This was driven by its delivery initiatives including "Zero Touch Delivery" campaign, free delivery on its 1112 Delivery application and partnership with selected third-party delivery aggregator to enhance its delivery sales, together with positive feedback of its new menus and marketing campaigns such as Pizza 149. Meanwhile, other brands including Sizzler, The Coffee Club and Bonchon also focused on driving the delivery and takeaway markets, especially on 1112 Delivery platform and cloud kitchens by leveraging The Pizza Company's store space in order to cover more delivery trade zone especially in high density household area with limited investment.

China hub's total-system-sales and same-store-sales in 1Q20 declined by 59.1% and 49.4% y-y, respectively. The temporary closure of majority of stores in response to the strict lock down of many cities in the country especially in February due to COVID-19 outbreak offset the positive same-store-sales growth during the first three weeks of January. Nevertheless, same-store-sales improved w-w in March, following the reopening of the outlets and Minor Food's effort on delivery. To regain its sales momentum and drive store traffic, China hub will focus on building customer loyalty, launching new menus and improving delivery offerings. As the epidemic alerts in most of the cities including Beijing are lowered, together with all sales initiatives kicking in, Minor Food expects the recovery to be even stronger from May onwards. Furthermore, China hub views this as the opportunity to streamline its outlets, by applying early closure of non-strategic brands and locations at minimal cost, while securing good locations to cautiously expand the Riverside brand.

Total-system-sales of Australia hub decreased by 12.5% y-y in 1Q20, as a result of a decrease of 7.9% in same-store-sales, dragged most notably by negative growth in March due to the pandemic, the government's announcement to temporarily close dine-in restaurants, as well as, the permanent closure of underperforming stores. Nevertheless, despite the difficult retail environment, including the impact of the bushfires, the first two months of the quarter demonstrated a very strong result as same-store-sales of Australia hub in the first two months of the year remained positive for the fourth and fifth consecutive month, attributable to improving domestic operations of The Coffee Club through brand renewal strategy and the strengthening of loyalty program and delivery platform. In March, as over 80% of total outlets were in operation but only for delivery and takeaway, Minor Food launched "The Coffee Club Pantry" and "The Coffee Club @ Home", delivering groceries and coffee bean through its own website and third-party e-commerce website on top of its regular food delivery. Going forward, digital will continue to be a key driver of the Coffee Club in Australia, with delivery sales and mobile application transactions building sales momentum.

While 2Q20 was still under pressure as a result of the pandemic, for the remainder of 2020, Minor Food is well-prepared for the recovery and will continue to drive its performance on the back of its strong platform. Meanwhile, Minor Food is ready to adapt its strategy to capture the opportunity arising from consumers' behavior shifts post pandemic.

Restaurant Business Performance

%	1Q20	1Q19
Average Same-Store-Sales Growth	(10.5)	(4.0)
Average Total-System-Sales Growth	(5.8)	5.3

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

Financial Performance Analysis

1Q20 total core restaurant revenue declined by 11% y-y. The resilient top-line growth of Thailand partially helped ease the pressure on sales performance of China and Australia hubs, as well as, lower profit sharing from the joint ventures. Thailand hub's operations were supported by solid performance of The Pizza Company and the consolidation of Bonchon in the portfolio while sales activities in China and Australia were more impacted by the COVID-19 outbreak.

Meanwhile, franchise fee also decreased by 14% y-y in 1Q20. Growth of franchise income from The Pizza Company in both Thailand and overseas partially offset lower franchise revenue from other brands.

Core EBITDA excluding TFRS16 in 1Q20 was 46% lower y-y, declining by a larger magnitude than revenue decrease despite cost saving initiatives put in place across Minor Food. Lower flow-through from sales shortfall, deepened by higher food wastage from immediate store closure in China and increased rental support for franchisees and information technology related expenses in Australia dampened overall EBITDA performance in the quarter. Consequently, core EBITDA margin decreased to 10.6% in 1Q20, compared to 1Q19 EBITDA margin of 17.3%. Including favorable impact from adoption of TFRS16, core EBITDA margin in 1Q20 was at 16.2%.

Financial Performance*

Bt million	1Q20	1Q19	%Chg
Revenue from Operation**	5,296	5,936	-11
Franchise Fee	369	431	-14
Total Revenue	**5,664**	**6,367**	-11
EBITDA	**919**	**1,103**	-17
EBITDA Margin (%)	**16.2**	**17.3**	
EBITDA (pre-TFRS16)	601	1,103	-46
EBITDA Margin (%) (pre-TFRS16)	10.6	17.3	

* Exclude non-core items as detailed in the table on page 2 but include the impact of TFRS16
** Includes share of profit and other income

Hotel & Mixed-use Business

Hotel Business

At the end of 1Q20, MINT owns 376 hotels and manages 154 hotels and serviced suites in 55 countries. Altogether, these properties have 76,320 hotel rooms and serviced suites, including 56,514 rooms that are equity-owned and leased and 19,806 rooms that are purely-managed under the Company's brands including Anantara, Avani, Oaks, Tivoli, NH Collection, NH Hotels, nhow and Elewana Collection. Of the total, 5,092 rooms in Thailand accounted for 7%, while the remaining 71,228 rooms or 93% are located in 54 other countries in Asia, Oceania, Europe, the Americas and Africa.

Hotel Rooms by Owned Equity and Management

	1Q20	Chg q-q	Chg y-y
Owned Equity*	56,514	430	1,510
- Thailand	3,188	83	472
- Overseas	53,326	347	1,038
Management	19,806	-2,470	-478
- Thailand	1,904	0	463
- Overseas	17,902	-2,470	-941
Total Hotel Rooms	**76,320**	**-2,040**	**1,032**

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

Hotel Rooms by Ownership

	1Q20	Chg q-q	Chg y-y
Owned Hotels	20,015	83	863
Leased Hotels	34,670	347	844
Joint-venture Hotels	1,829	0	-197
Managed Hotels	12,626	-2,503	-658
MLRs*	7,180	33	180
Total Hotel Rooms	**76,320**	**-2,040**	**1,032**

* Properties under management letting rights in Australia and New Zealand

Hotel Performance Analysis

<u>Owned & Leased Hotels</u>

MINT's owned and leased hotels portfolio (including NH Hotel Group) accounted for 85% of core hotel & mixed-use revenues in 1Q20. During the quarter, the hotel business was gradually impacted by the COVID-19 outbreak with declining global traveling. By the end of March, travel restrictions and banning on incoming international flights in most of the regions resulted in temporary hotel closures, primarily in Europe at the time. In addition, a slightly stronger Thai Baht during the quarter had an adverse translation impact on the performance of all key markets. Accordingly, organic revenue per available room ("RevPar") of the owned and leased hotels portfolio in 1Q20 declined by 28% y-y in Thai Baht term. At constant foreign exchange rate, organic RevPar decreased by 25% y-y.

Owned hotels in Thailand reported a decline in organic RevPar of 34% y-y in 1Q20, mainly due to lower international tourist arrivals to the country amidst the pandemic. In Bangkok, Minor Hotels was able to hold up the room rates of owned hotels and thus the organic RevPar decline of 39% y-y was solely a result of lower occupancy rate. For the operation of owned hotels in the provinces of Thailand, organic RevPar decreased by 31% y-y, from both lower average occupancy and room rates.

1Q20 owned and leased portfolio in Europe and Latin America posted organic RevPar decline of 24% y-y at constant foreign exchange rate, entirely pressured by lower occupancy rate in all regions, although all of NH Hotel Group's key markets except Latin America saw room rate increases. A strong organic RevPar growth of 9% in January and 3% in February partially alleviated an unfavorable impact of the hotel closures and lower activities in March from the COVID-19 outbreak. In Spain, activities started to decline since the announcement of country's state of emergency on March 14th while Italy was negatively impacted by the spread of the disease since mid of February. Meanwhile, cancellations of events and congresses were seen in Benelux. Both Central Europe and Latin America also faced lower demand together with higher supply particularly in Frankfurt.

For hotels in the Maldives, organic RevPar decreased by 18% y-y in Thai Baht, primarily from the decrease in occupancy rate. Challenging operating conditions in February and March offset the strong performance in January which posted RevPar growth of 13% y-y.

With the inclusion of new hotels, system-wide RevPar of MINT's entire owned and leased hotel portfolio declined by 28% y-y in 1Q20 in Thai Baht term.

Management Letting Rights

The management letting rights portfolio (MLRs), contributing 8% of 1Q20 core hotel & mixed-use revenues, saw a decline in RevPar of 13% y-y at constant foreign exchange rate. This was attributable to the lower occupancy rate amid soft demand in Australia and a slight decrease of room rate due to COVID-19 outbreak. With the weakening of the Australian dollar against Thai Baht, the RevPar in Thai Baht term declined by 20% y-y.

Management Contracts

Revenue contribution of management contract to MINT's core hotel & mixed-use revenues was 2% in 1Q20. Organic RevPar of management contract portfolio declined by 22% y-y in Thai Baht term, pressured by challenges of the hotel operations across Asia and the Middle East from the pandemic.

Overall Hotel Portfolio

In summary, in 1Q20, MINT's organic RevPar of the entire portfolio declined by 26% y-y in Thai Baht term, mainly due to the impact from COVID-19 pandemic globally and the strengthening of Thai Baht. Excluding the foreign exchange translation impact, organic RevPar would decrease by 22% y-y. Including new hotels, which are still being ramped up, system-wide RevPar of MINT's entire portfolio declined by 27% in Thai Baht term.

Hotel Business Performance by Ownership

Occupancy (%)	(System-wide)		(Organic)	
	1Q20	**1Q19**	**1Q20**	**1Q19**
Owned Hotels	46	65	46	65
Joint Ventures	41	56	41	56
Managed Hotels	48	64	51	64
MLRs*	71	77	69	77
Average	**49**	**66**	**49**	**66**
MINT's Portfolio in Thailand	51	82	54	82
Industry Average in Thailand**	52	77	N/A	N/A
ADR (Bt/night)	(System-wide)		(Organic)	
	1Q20	**1Q19**	**1Q20**	**1Q19**
Owned Hotels	3,810	3,748	3,784	3,748
Joint Ventures	7,530	7,281	7,530	7,281
Managed Hotels	4,641	4,963	4,866	4,963
MLRs*	3,702	4,124	3,702	4,124
Average	**3,982**	**4,021**	**3,990**	**4,021**
MINT's Portfolio in Thailand	5,662	5,811	5,962	5,811
Industry Average in Thailand**	1,652	1,816	N/A	N/A
RevPar (Bt/night)	(System-wide)		(Organic)	
	1Q20	**1Q19**	**1Q20**	**1Q19**
Owned Hotels	1,752	2,444	1,757	2,444
Joint Ventures	3,067	4,063	3,067	4,063
Managed Hotels	2,234	3,172	2,486	3,172
MLRs*	2,641	3,188	2,558	3,188
Average	**1,935**	**2,655**	**1,967**	**2,655**
MINT's Portfolio in Thailand	2,901	4,737	3,191	4,737
Industry Average in Thailand**	852	1,401	N/A	N/A

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

Hotel Performance Analysis

In 1Q20, core revenue from hotel and related services operation declined by 24%, compared to the same period last year. Despite the strong operations of NH Hotel Group up until February and hotels in the Maldives in January, a decrease in core revenue y-y in the quarter was mainly attributable to the challenging operating conditions of all key markets due to travel disruptions across regions especially in March from COVID-19 impact. Meanwhile, 1Q20 management income also posted a decline of 34% y-y, primarily from decreasing organic RevPar of managed hotels in all markets, as well as, the exit of some hotel management contracts.

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. MINT has completed the sales of the first two projects, The Estates Samui, consisting of 14 villas, adjacent to MINT's Four Seasons Resort Koh Samui, and St. Regis Residences, with 53 residential units located above The St. Regis Bangkok. The third project is Layan Residences by Anantara in Phuket, with 15 villas next to Anantara Layan Phuket Resort. In addition, MINT launched three joint-venture residential projects. Anantara Chiang Mai Serviced Suites is situated across Anantara Chiang Mai Resort & Spa and consists of 44 condominium units available for sale. Avadina Hills by Anantara is located next to Layan Residences by Anantara in Phuket with 16 luxury villas for sale. Lastly, the Torres Rani in Maputo, Mozambique has six penthouses available for sale. In addition, two new residential development projects are currently under construction, including Anantara Desaru in Malaysia and Anantara Ubud Bali in Indonesia to ensure continuous pipeline of MINT's real estate business in the coming years.

Another real estate business of MINT is the point-based vacation club under its own brand, Anantara Vacation Club (AVC). At the end of 1Q20, AVC had a total inventory of 241 units in Samui, Phuket, Bangkok and Chiang Mai in Thailand, Queenstown in New Zealand, Bali in Indonesia, and Sanya in China. With MINT's sales and marketing efforts especially in January before the impact from COVID-19, the number of members increased by 16% y-y to 14,835 members at the end of 1Q20.

Revenue from mixed-use business decreased by 43% in 1Q20, pressured by mismatched timing of residential unit sales, softer AVC revenues and weaker operations of plaza and entertainment business. AVC business demonstrated strong growth in January with the increase in price per point, but tour volumes and overall activities were significantly impacted by COVID-19 outbreak later in the quarter, especially with the Chinese as its main customer base. Similarly, plaza and entertainment revenues were negatively impacted by the soft retail business environment and temporary closure of the venues as per the government direction.

Overall Hotel & Mixed-Use Financial Performance Analysis

In 1Q20, total core revenue of hotel & mixed-use business decreased by 26% y-y, primarily due to adverse impact from the pandemic which led to softer performance across all portfolio including owned and leased hotels and the mixed-use businesses.

Excluding impact of TFRS16, core EBITDA of hotel & mixed-use business in 1Q20 dipped into net loss from positive EBITDA in the same period last year, reflecting flow-through of revenue shortfall, especially at NH Hotel Group due to its lease structure. As a result, hotel & mixed-use business reported negative core EBITDA margin of -4.3% in 1Q20, compared to 14.5% in 1Q19. Including tailwind from the adoption of TFRS16, 1Q20 core EBITDA decreased by 33%, compared to the same period of last year while core EBITDA margin was at 13.1%.

For the remainder of 2020, MINT maintains its readiness for the recovery. Minor Hotels has re-opening plans in place, including re-opening checklists and safety measures. Sales channels and reservation systems have been opened in selected countries such as in Northern Europe and Italy to capture bookings progressively and ensure the flexibility to adapt to the evolving demand.

Financial Performance*

Bt million	**1Q20**	**1Q19**	**%Chg**
Hotel & related services **	14,700	19,422	-24
Management fee	289	440	-34
Mixed-use	782	1,368	-43
Total Revenue	**15,770**	**21,230**	-26
EBITDA	**2,070**	**3,085**	-33
EBITDA Margin (%)	**13.1**	**14.5**	
EBITDA (pre-TFRS16)	-670	3,085	-122

EBITDA Margin (%) (pre-TFRS16)	-4.3	14.5

* Exclude non-core items as detailed in the table on page 2 but include the impact of TFRS16
** Include share of profit and other income

Retail Trading & Contract Manufacturing Business

At the end of 1Q20, MINT had 473 retail trading points of sales, a decrease of 13 points of sales from 486 points at the end of 1Q19, primarily from the closing down of the Save My Bag brand. Of total 473 retail trading outlets, 83% are operated under fashion brands including Anello, Bossini, Brooks Brothers, Charles & Keith, Esprit, Etam, OVS and Radley, while 17% are operated under home and kitchenware brands including Joseph Joseph, Zwilling J.A. Henckels and Bodum.

Retail Trading's Outlet Breakdown

	1Q20	Chg q-q	Chg y-y
Fashion	393	-9	-17
Home & Kitchenware	80	-3	4
Total Outlets	**473**	**-12**	**-13**

In 1Q20, total retail trading & contract manufacturing revenue decreased by 21% y-y, due to COVID-19 outbreak which resulted in lower foot traffic and consumer spending and slowdown of the tourism sector. However, the manufacturing operations were relatively resilient during this difficult time with only a slight dip of 1% in revenue, attributable to strong sanitizer sales through both wholesale and retail channels and higher demand of cleaning products in March. For retail trading business including fashion and home and kitchenware, overall sales were 27% lower y-y, impacted by reducing customer traffic, challenging competitive environment and the temporary store closures in accordance with the government's measures despite a surge in e-commerce sales driven by brands' standalone website and other partnership channels.

The lower operating leverage from overall sales shortfall, together with loss contribution of Scomadi tampered 1Q20 overall EBITDA of retail trading & contract manufacturing. At the beginning of 2020, Minor Lifestyle entered into a partnership to own and operate Scomadi, the British designed scooter brand, which still generates losses at its initial stage of the business. Consequently, EBITDA of retail trading & contract manufacturing excluding the impact from TFRS16 turned into a loss with negative EBITDA margin of -4.2% in 1Q20. Including the impact from the adoption of TFRS16, EBITDA loss in 1Q20 was at Baht 7 million.

Financial Performance*

Bt million	1Q20	1Q19	%Chg
Retail Trading	692	955	-27
Manufacturing	294	296	-1
Total Revenue**	**986**	**1,251**	**-21**
EBITDA	**-7**	**84**	**-108**
EBITDA Margin (%)	**-0.7**	**6.7**	
EBITDA (pre-TFRS16)	-41	84	-149
EBITDA Margin (%) (pre-TFRS16)	-4.2	6.7	

* Exclude non-core items as detailed in the table on page 2 but include the impact of TFRS16
** Include share of profit and other income

Balance Sheet & Cash Flows

At the end of 1Q20, MINT reported total assets of Baht 360,514 million, a rise of Baht 106,330 million from Baht 254,184 million at the end of 2019. The increase was primarily the result of (1) Baht 7,381 million increase in cash due to liquidity management, (2) Baht 5,047 million increase in property, plant and equipment and Baht 3,527 million increase in intangible assets, mainly attributable to the impact of foreign exchange translation with the weakening of the Thai Baht at the end of the quarter and (3) Baht 90,948 million emergence of right of use assets from the adoption of TFRS16.

MINT reported total liabilities of Baht 280,279 million at the end of 1Q20, an increase of Baht 111,963 million from Baht 168,316 million at the end of 2019. The increase was mainly due to (1) a rise in net financing of Baht 17,139 million from both short-term and long-term borrowings and (2) Baht 95,204 million emergence of financial lease liabilities as a result of TFRS16 adoption.

Shareholders' equity decreased by Baht 5,633 million, from Baht 85,868 million at the end of 2019 to Baht 80,235 million at the end of 1Q20, owing mainly to (1) reported 1Q20 post-TFRS16 net loss of Baht 1,774 million, (2) interest paid on perpetual bonds of Baht 438 million and (3) the majority of the remaining is from the adverse impact from the difference between right of use assets and financial lease liabilities as a result of the adoption of TFRS16.

For the first three months of 2020, MINT and its subsidiaries reported positive cash flows from operations of Baht 1,898 million, a decrease of Baht 1,250 million y-y. This was mainly from the net decrease in 1Q20 bottom line and the net decrease related to the foreign exchange translations of Baht 8,569 million.

Cash flow paid for investing activities was Baht 5,027 million, primarily due to capital expenditures of hotel, restaurant, and other businesses including the acquisition of Bonchon operations in Thailand, amounting to Baht 5,394 million.

The Company reported net cash receipt for financing activities of Baht 9,776 million, primarily due to cash received from short-term and long-term borrowings from financial institutions of Baht 24,115 million, netted of with repayments of debt financing of Baht 10,647 million and interest paid on perpetual debentures of Baht 438 million.

In summary, cash flows from operating, investing and financing activities resulted in an increase of MINT's net cash and cash equivalents of Baht 6,647 million in 1Q20.

Financial Ratio Analysis

MINT's gross profit margin declined from 43.9% in 1Q19 to 33.4% in 1Q20, primarily due mainly to softer margins of all three businesses from the COVID-19 impact. MINT reported post-TFRS16 core net loss margin of 14.2% in 1Q20 from core net profit margin of 2.2% in 1Q19. Lower flow-through from revenue shortfall, together with unfavorable impact from the adoption of TFRS16 pressured MINT's bottom line.

Annualized return on equity was negative at 15.3% in 1Q20 from positive return on equity of 3.1% in 1Q19, as a result of core loss in the quarter and the lower equity base from the adoption of new financial reporting standards of TFRS16. Correspondingly, MINT recorded negative annualized return on assets of 4.1% in 1Q20.

Collection days increased from 47 days in 1Q19 to 56 days in 1Q20 due to a decline of total revenue which was impacted by COVID-19 pandemic. Meanwhile, the provision for impairment as a percentage of gross trade receivables increased significantly from 5.6% in 1Q19 to 17.2% in 1Q20, because of the new TFRS9 where the methodology of calculating the amount of provision for impairment is more conservative, with additional forward-looking assumptions to record provision.

MINT's inventory comprises primarily raw materials, work-in-process and finished products of the restaurant and retail trading & contract manufacturing businesses. Inventory days rose from 25 days in 1Q19 to 36 days in 1Q20, mainly from higher amount of inventory due to temporary closures of some restaurants and retail trading stores according to government's measures to curb COVID-19 spread. Account payable days increased from 79 days in 1Q19 to 91 days in 1Q20, mainly from lower amount of cost of sale due to cost saving initiatives.

Current ratio decreased to 0.8x in 1Q20, compared to 1.1x at the end of 2019, mainly due to the adoption of TFRS16 which resulted in a large amount of current portion of finance lease liabilities. According to MINT's new debt covenant which carves out lease liabilities in calculating the gearing ratio, interest bearing debt to equity rose from 1.3x at the end of 2019 to 1.6x in 1Q20, primarily attributable to higher borrowings from financial institution and lower equity base from net loss in the quarter and the impact of TFRS16. Interest coverage ratio decreased to 1.9x in 1Q20, compared to 4.4x in 1Q19 due to a decrease in cash flows from operations.

Financial Ratio Analysis*

Profitability Ratio	**31 Mar 20**	**31 Mar 19**
Gross Profit Margin (%)	33.4	43.9
Net Profit Margin (%)	-7.9	2.0
Core Net Profit Margin** (%)	-14.2	2.2
Efficiency Ratio***	**31 Mar 20**	**31 Mar 19**
Return on Equity** (%)	-15.3	3.1
Return on Assets** (%)	-4.1	1.0
Collection Period (days)	56	47
Inventory (days)	36	25
Accounts Payable (days)	91	79
Liquidity Ratio	**31 Mar 20**	**31 Dec 19**
Current Ratio (x)	0.8	1.1
Leverage & Financial Policy	**31 Mar 20**	**31 Dec 19**
Interest Bearing Debt/Equity (x)	1.6	1.3
Net Interest Bearing Debt/Equity (x)	1.4	1.2
	31 Mar 20	**31 Mar 19**
Interest Coverage (x)	1.9	4.4

* Include the impact of TFRS16
** Exclude non-core items as detailed in the table on page 2
*** In an annualized term

Management's Outlook

MINT has been through many external challenges throughout its history. As in the past, MINT is confident that it will survive this headwind, the COVID-19 pandemic, learn from it, and will emerge stronger once the pandemic is over. The Company remains proactive, agile and always acts quickly. Every team member is ready to adapt strategies as the situation evolves, in order to ensure that the Company is in the best competitive position for winning business and to support all its stakeholders.

Update on Business Environment

For MINT's hotel business, the hotels have been gradually closed starting in February as the outbreak intensified across the globe. As of today, about 80% of the hotels are temporarily closed or remained open with limited operation, with the exception of hotels in Australia and New Zealand which are all operational. Since mid-March, some of the hotels started to resume operation, from China, followed by Vietnam. Since early May, six restaurants in Bangkok hotels have re-opened in compliance with the post-COVID guidelines with inspections completed by the district officer, while AVC's two sales operations in China have gradually re-opened to accommodate China-based members. Minor Hotels will continue to monitor the change in government's policies, as well as, assess the demand in each country in light of the plan to reopen each of its hotel. In the meantime, each brand is heightening its sanitization and hygiene standards in collaboration with industry experts, including Anantara's "Stay with Peace of Mind" program and NH Hotel Group's "Feel Safe at NH". Furthermore, in order to keep the brands' top-of-mind position, Minor Hotels rolled out promotional campaigns, the 'Anantara Escapism' to showcase interesting and lighthearted content from its hotels.

For food business in Thailand and Australia, Minor Food has temporarily closed most of the full dine-in restaurants in response to government directives in each city and country. Since beginning of May, Thailand has started to reopen standalone dine-in locations, with operations adjusted to official public health and social distancing regulations. In Australia, over 80% of the outlets remain operational for delivery and takeaway. In China, over 90% of outlets already re-opened in the beginning of March after most of the 100 outlets being temporarily closed in February.

Most of the Minor Lifestyle's stores nationwide are closed in response to the government's announcement. Nevertheless, the Company has shifted focus to on-line channels while its manufacturing unit is operating at full capacity to capitalize on the rising demand for hand sanitizer and other cleaning solutions. Minor Lifestyle remains prepared for business recovery with implementation of rebalancing supply chain and realigning its resources.

Company's Crisis Management and Leadership

The Company has set up a senior crisis management team which comprises representatives from all business units and relevant support functions. The team is carefully monitoring the situation and working with senior leadership to act decisively in difficult times and communicate on necessary actions and activities across all business units, as well as with relevant stakeholders including creditors, shareholders, customers and suppliers.

MINT has also come up with strategic roadmap during & post-COVID-19. MINT's main priorities are to survive, stabilize, and grow. Therefore, the Company has addressed immediate priorities in both financial and non-financial perspectives. These include health and safety, business continuity management, sustainability, stress test, cost cutting initiatives, liquidity and cash flow management, as well as, balance sheet management. The results of the cost saving measures will be more apparent in 2Q20. In addition to the immediate actions, MINT has also focused the efforts on shaping its medium and long-term plans, taking into consideration the permanent impact of this situation on consumers' behavior, way of living, supply chain and distribution.

Cash Flow and Balance Sheet Management

Protecting cash flow and preserving liquidity remain MINT's priority. As of April, MINT had cash on hand of Baht 22.2 billion and unutilized short-term credit facilities of Baht 27 billion. Together with additional unutilized credit facilities of Euro 250 million from NH Hotel Group in May, these provide sufficient liquidity for the Company going forward. Furthermore, all significant capex investments have been suspended and will only proceed when an obligation occurs. Accordingly, MINT's 2020 capex plan has been cut significantly by almost half to Baht 11 billion, and the Company continues to explore ways to further reduce or delay investments.

MINT's interest-bearing debt to equity ratio as at end of 1Q20 was at 1.6, below its debt covenant of 1.75x. The Company continues to conduct scenario analysis on an ongoing basis with assumptions changing alongside the evolution of the situation while also adjust the financing initiatives in order to maintain the leverage profile within debt covenant level. In the long-term, MINT remains committed to bringing the interest-bearing debt to equity to its internal policy of 1.3x.

MINT is fully committed to proactively manage its capital structure. The Company continuously evaluates its funding options, with the objective to maximize the quality of both debt and equity while optimizing the funding costs.

Preparation for Recovery

Amidst the fluid situation, MINT has prepared various stress test analysis and is ready to take action on any scenarios as there is more visibility. In any case, MINT expects restaurants to rebound first given the pent-up demand as normal life resumes. Domestic hotel business will see recovery first, followed by business travels, and leisure travels.

As a proven example, Minor Food's China hub is experiencing a quick recovery after the COVID-19 situation subsides. As the situation stabilizes and improves, Minor Food anticipates recovering to pre-crisis level by June. Sales continue to improve week on week, tracking ahead of the best-case scenario.

Under any circumstances, the Company has maintained readiness for the recovery and is well-positioned to capitalize on the eventual rebound of the business. In order to capture the medium-term demand rebound, MINT continues to strengthen its brand equity, rationalize cost structure, plan for defensive supply chain and re-configure workforce. More importantly, MINT is adjusting its long-term plans for the new normal post crisis. Identifying consumers' behavior shifts and trend spotting are the key to modify or re-invent its business models to stay relevant in the market. MINT recently launched the "Business Beyond COVID" initiative project to prepare itself for the new normal by focusing on solid fact-base of industry and competitor dynamics. For example, the Company expects that the number of tourists will increase over the long-term, but hygiene and health standards of accommodations and hotels will become very crucial. Meanwhile, food safety and strong brand reputation will increasingly become more important for food business.

At the same time, MINT is very proactive in looking for additional business. For example, Minor Hotels is driving advanced purchase pre-paid hotel bookings and implementing Revenue Driving Recovery Plan by region, by country and by market segment, as COVID-19 situation continues to improve positively. Minor Food continues to promote exciting campaigns on its 1112 Delivery application to maintain sales momentum.

Sustainability Initiatives

Sustainability is a part of MINT's key focus, even at difficult times like the COVID-19 outbreak. Some of the Company's hotels in Europe are used to accommodate the recovery of COVID-19 patients or for people such as healthcare personnel or other groups that are forced to travel under the current circumstance. MINT's hotels have also donated food and necessary materials such as beds, blankets and gloves to various charity associations. Many of the food brands, including Sizzler, The Pizza Company, Dairy Queen and Burger King have provided food for doctors, nurses and other hospital staff members across Thailand. Particularly, The Pizza Company has launched "Buy-One-Give-One" campaign to support charities across the country.

In summary, MINT reiterates its commitment to the health and safety of all guests, customers, team members and all partners. This is indeed an unprecedented time, but MINT is confident that it will be able to emerge on the other side of recovery as a stronger company.

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Mr. Chaiyapat Paitoon
Chief Strategy Officer