



NATION/SUKUL KERDRAIMONGKOL

PAUL KENNY, CEO of Minor Food Group, announces business expansion in China with the acquisition of the Beijing Riverside & Courtyard restaurant chain in China.

HOTELS AND RESTAURANTS

MINT SEEKS TO RAISE OVERSEAS INCOME TO 40%

Group acquires stake in China chain

THE NATION

Minor International (MINT) plans to raise its revenue contribution from international business to 40 per cent within five years, up from 25 per cent in 2011.

The group yesterday announced that it had invested in Beijing

Riverside & Courtyard, a distinctive chain of casual-concept restaurants in China.

Established in 2005, Riverside has expanded rapidly and was expected to have 22 restaurants across Beijing and Shanghai by the end of 2012. Riverside's revenue was expected to exceed 180 million yuan (Bt878 mil-

lion) last year and 240 million yuan this year.

Chaiyapat Paitoon, MINT vice president for strategic planning, said the overseas expansion was part of the group's policy to diversify business risks into many markets. It also wants to cash in on the rich potential of such countries as Sri Lanka, Maldives, Singapore, Australia, China, the Middle East, and Asean nations.

The implementation of the Asean Economic Community, to be effective in 2015, is expected to boost spending and purchasing power of people in the region. MINT posted revenue of Bt28 billion in 2011, of which 43 per cent was from food business, 46 per cent from hotels, and 11 per cent from retail, trading, and contract manufacturing. The group achieved Bt24 billion in revenue in the first nine months of last year.

"What we want to see is more than 40 per cent of our revenue contributed by overseas businesses in the next five years. We want to increase the proportion of our profit from overseas markets from about 15 per cent in 2011 to 50 per cent in five years," Chaiyapat said.

He said that with the overseas

expansion, MINT wanted net profit to grow by not less than 15 per cent annually on average over the next five years. The overseas expansions will be through MINT's own investment, contract management for hotels, and franchising for restaurants.

"We will manage more hotels in China and the UAE [United Arab Emirates] this year, as well as in Laos, Oman and India by 2014. We have operated restaurants in Thailand, Singapore, China, Australia and Southeast Asia, and are looking for opportunities in Indonesia."

For Riverside, it invested 249 million yuan for the initial 49-per-cent stake acquired from a financial investor, together with a convertible loan that entitles MINT to another stake of 11-30 per cent in two years, subject to a performance hurdle.

The investment will be funded by a combination of MINT's operating cash flows and financing facilities. The remaining shares of Riverside will continue to be held by the original founders. Despite a 49-per-cent stake, MINT holds a majority of the board seats.

William Heinecke, chairman and chief executive officer of Minor International, commented: "China is a country of vast opportunities that arise from its rapidly growing middle class, accumulation of wealth, and increasing domestic consumption."

"Since our entry into the country in 2005, MINT has expanded to 19 restaurants under The Pizza Company, Sizzler and Thai Express

brands in Beijing, and The Coffee Club in Guangzhou, manages a luxury hotel, Anantara Sanya Resort & Spa, and seven spas across the country.

"Our experience in China has afforded us an understanding of local consumer preferences and how best to navigate the country's dynamic business environment."

"The lessons we learned have enabled us to improve performance year over year."

"Most recently, our first hotel launch in China has been well received by domestic and international tourists. I am confident that Riverside will add a new dimension to our market coverage in China and greatly contribute to our success there."

Paul Kenny, CEO of Minor Food Group, added: "Riverside is a unique food concept, and the number of players in this space is still limited. Not

only does this acquisition enhance our diversification and double the number of our restaurants in the world's most populous nation, it will also bring in immediate earnings, which will be a turning point for our entire food business in China operationally and financially in 2013."

"The brand offers potential to significantly expand the number of outlets post-acquisition. It is another milestone that reinforces our commitment to strengthen our business in China."

"Riverside's founders will remain the chief executive officer and chief operating officer, and they will gain an advantage of expanding into new frontiers by becoming a part of MINT's international food chain, thus leveraging on our depth of management expertise and resources. The synergistic value is priceless."