

BUSINESS

Minor lavishes billions of baht on Phuket projects

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Avadina Hills Residences by Anantara is one of the three projects in Phuket being developed by Minor.

SET-listed Minor International Plc (MINT), a hospitality and food company, is pouring a few billion baht into developing three luxury projects in Phuket to be completed by 2020.

The projects are the ultra-luxury Avadina Hills Residences by Anantara, the extended area of Anantara Vacation Club apartment and pool villas, and Turtle Village shopping mall.

William Heinecke, chairman and group chief executive, said the launch of the new projects should strengthen Minor's Phuket footprint.

Avadina Hills Residences by Anantara is a 50:50 joint venture with Japanese property developer Kajima Overseas Asia on a 99-rai plot adjacent to the company's Anantara Layan Phuket and the Layan Residences.

The project with 16 luxury villas worth 6 billion baht in sales value has two phases. The first phase with 11 villas is under construction and due to be completed in 2018, while the second phase of five villas will start after that and is due to be completed in 2020.

The extended area of Anantara Vacation Club Mai Khao, the luxury apartment and pool villas, will be built on 20 rai next to the club and is due to be completed in 2018. The estimated value of the additional area is 3 billion baht.

The addition of 1,270 square metres of retail space and 534 sq m of office space at Turtle Village shopping mall on Mai Khao beach is due to be completed in 2019.

"We're optimistic about Phuket, which is a fast-growing destination in Thailand, and we believe in its long-term growth," Mr Heinecke said.

Last year Phuket saw an 18% rise in foreign tourist arrivals, up from 5% in 2015.

Apart from the investment in the three projects in Phuket, Minor is confident of achieving growth of 15-20% this year thanks to its strong hotel and food operations in both Thailand and abroad.

He said Thailand is becoming more stable as the overall economy has improved from last year, which should be reflected in Minor's performance.

Minor reported a 17% rise in core net profit excluding items to 1.92 billion baht in the first quarter after it rebounded from the mourning period in the last quarter of 2016. However, its total revenue fell by 3% year-on-year to 15.3 billion baht in the first quarter.

"The mourning period is winding down and will be over in the fourth quarter," Mr Heinecke said. "We're optimistic we will be stronger this year and next."

Minor is looking for new opportunities to broaden its hotel, food and lifestyle product businesses both in Thailand and overseas.

He said one of Minor's strengths is having revenue sources from both domestic and international. The company wants to set up offices for the food business in Africa and Europe after opening offices for hotel operations.

"The new food offices in Africa and Europe will allow us to easily integrate with the hotels and this will drive our overall performance," Mr Heinecke said.

He said competition is quite intense in all three businesses. However, the performance of Minor Hotels Group (MHG) became more stable the past few years as it has become more diversified to reduce risks at home and generate revenue from international operations.

MHG reported 1.36 billion baht in net profit in the first quarter, a 21% rise year-on-year. MHG runs 156 hotels in 24 countries under the Anantara, Avani, Oaks, Per Aquum, Tivoli, Elewana Collection, JW Marriott, Four Seasons, St Regis, Radisson Blu and Minor International brands.

"I think we have well-positioned our hotel business because we have offices in key hubs in Thailand, the Indian Ocean, Australia, the Middle East, Europe and South America," Mr Heinecke said.

Minor is one of Asia's largest restaurant companies with over 2,000 outlets operating in 19 countries. Some of its food brands are The Pizza Company, Swensen's, Sizzler, Dairy Queen, Burger King, Thai Express, The Coffee Club, BreadTalk Thailand and Riverside brands.

MINT shares closed yesterday on the Stock Exchange of Thailand at 35 baht, down 1.25 baht, in trade worth 637 million baht.