

14 AUGUST 2020

THAILAND / PETROCHEM & CHEMICALS

INDORAMA VENTURES IVL TB

BUY

UNCHANGED

TARGET PRICE THB44.00
CLOSE THB25.75
UP/DOWNSIDE +70.9%
TP vs CONSENSUS +37.1%

กำไรสุทธิ 1H20 อ่อนแอจากผลขาดทุนจากสินค้าคงคลัง

ผลขาดทุนจากสินค้าคงคลังที่มากกว่าค่าดกระทบผลประกอบการ 2Q20

IVL รายงานกำไรสุทธิ 2Q20 ที่ 154 ลบ. ลดลง 93% y-y และ 73% q-q เนื่องจากมีผลขาดทุนจากสินค้าคงคลังจำนวนมากถึง 3.2 พัน ลบ. (เทียบกับที่เรคาดไว้ 2.7 พัน ลบ.) จากราคา Paraxylene (PX) ที่ลดลงแรง Core NP อยู่ที่ 2.6 พัน ลบ. (+67% q-q, -35% y-y) ต่ำกว่าที่เราคาด 3% และต่ำกว่าตลาดคาด 15% โดยมีรายการสำคัญประกอบด้วย (1) Core EBITDA/t ที่อยู่ในระดับต่ำ โดยอยู่ที่ USD94/t (+2.2% q-q, -18.3% y-y) จาก Integrated Margins ที่อ่อนแอเนื่องจากมีอุปทานใหม่ในจีน รวมถึง MTBE และ MEG Margins ถูกกดดัน; (2) ปริมาณขายที่ลดลงเหลือ 3.24 mtpa (-2.1% q-q, +2.9% y-y) เนื่องจากอัตราการใช้กำลังการผลิตของ Integrated Oxide & Derivatives Group (IOD) และเส้นใยต่าง ๆ ลดลง; และ (3) อัตราการใช้กำลังการผลิตรวมที่ลดลงเหลือ 76% จาก 77% ใน 1Q20 เนื่องจากความต้องการ IOD products (MTBE, MEG) และเส้นใยโพลีเอสเตอร์สำหรับยานยนต์และเสื้อผ้าเครื่องนุ่งห่มลดลง

EBITDA Margin รวมดีขึ้น q-q

Core EBITDA Margin ปรับตัวดีขึ้นเป็น 13% ใน 2Q20 จาก 10% ใน 1Q20 โดยได้แรงส่งจาก (1) EBITDA Margins ของ Integrated PET-PTA ที่เพิ่มขึ้นเป็น 14% จาก 9% ใน 1Q20; และ (2) EBITDA Margins ของสินค้าประเภทบรรจุภัณฑ์ที่เพิ่มขึ้นเป็น 33% จาก 23% ใน 1Q20 ซึ่งให้ผลบวกที่สูงกว่า EBITDA Margins ของ Integrated Oxide ที่ลดลงเหลือ 9% จาก 14% ใน 1Q20 เนื่องจาก MTBE and MEG Margins ถูกกดดัน; (3) EBITDA Margins ของเส้นใยต่าง ๆ ที่ลดลงเหลือ 7% จาก 8% ใน 1Q20; และ (4) EBITDA Margins ของ Specialty Chemicals ที่ลดลงเหลือ 7% จาก 8% ใน 1Q20 เนื่องจาก IPA Margin ลดลง

กำไรสุทธิมีแนวโน้มฟื้นตัวสูงใน 2H20

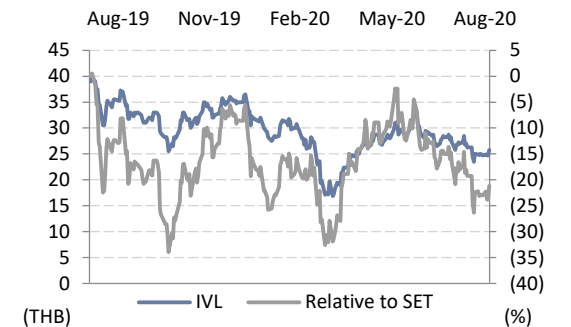
ในการประชุมหลังการรายงานผลประกอบการ 2Q20 ผู้บริหารระบุว่าแนวโน้มกำไรสุทธิของ IVL ยังคงดีใน 2H20 โดยจะได้แรงขับเคลื่อนจาก (1) Upsides จากสินทรัพย์ของ Huntsman สำหรับผลิตภัณฑ์ IOD หลัง MTBE และ MEG Margins ปรับตัวดีขึ้น q-q ตามความต้องการเบนซินและราคาน้ำมันที่เพิ่มสูงขึ้น; (2) PET-PTA Margin ซึ่งอยู่ในระดับที่ดีที่ USD220-230/t จากความต้องการที่อยู่ในระดับสูง; (3) การฟื้นตัวของ Margin และความต้องการสำหรับเส้นใยโพลีเอสเตอร์ในอุตสาหกรรมยานยนต์และเสื้อผ้าเครื่องนุ่งห่ม; และ (4) กำไรจากสินค้าคงคลังที่อาจเกิดขึ้น ซึ่งจะกลับผลขาดทุนจากสินค้าคงคลังจำนวน USD213 ล้านที่บันทึกใน 1H20

ได้เวลากลับมาสะสม

เราแนะนำซื้อ IVL ที่ราคาเป้าหมาย 44 บาท จากสมมติฐาน FY21E EV/EBITDA ที่ 8.6x ซึ่งต่ำกว่าค่าเฉลี่ย 9 ปีย้อนหลังอยู่ 15% เพื่อสะท้อนแนวโน้ม PET-PTA margin ที่อ่อนตัวต่อเนื่อง เราคิดว่ากำไรสุทธิของ IVL ยังมีแนวโน้มการเติบโตที่ดีใน 2H20-21 จากการฟื้นตัวของ Integrated PET-PTA margin และ MTBE ที่เป็น Oxide assets

KEY STOCK DATA

| YE Dec (THB m) | 2019 | 2020E | 2021E | 2022E |
|---------------------|---------|---------|---------|---------|
| Revenue | 352,692 | 326,503 | 357,855 | 358,326 |
| Net profit | 5,252 | 9,520 | 15,285 | 22,044 |
| EPS (THB) | 0.93 | 1.68 | 2.70 | 3.90 |
| vs Consensus (%) | - | 8.0 | 17.4 | 27.8 |
| EBITDA | 26,475 | 41,639 | 43,168 | 51,232 |
| Core net profit | 3,465 | 7,735 | 13,500 | 20,259 |
| Core EPS (THB) | 0.61 | 1.37 | 2.39 | 3.58 |
| EPS growth (%) | (86.3) | 123.2 | 74.5 | 50.1 |
| Core P/E (x) | 42.0 | 18.8 | 10.8 | 7.2 |
| Dividend yield (%) | 1.4 | 2.5 | 4.0 | 5.7 |
| EV/EBITDA (x) | 10.8 | 6.4 | 6.2 | 5.0 |
| Price/book (x) | 1.1 | 1.1 | 1.0 | 0.9 |
| Net debt/Equity (%) | 95.2 | 86.5 | 65.6 | 47.3 |
| ROE (%) | 2.5 | 5.8 | 9.4 | 12.9 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|---------|--------------------------|-------------|
| Absolute (%) | 0.0 | (9.6) | (32.7) |
| Relative to country (%) | 0.3 | (12.8) | (17.5) |
| Mkt cap (USD m) | | | 4,654 |
| 3m avg. daily turnover (USD m) | | | 26.0 |
| Free float (%) | | | 33 |
| Major shareholder | | Indorama Resources (63%) | |
| 12m high/low (THB) | | | 40.50/15.90 |
| Issued shares (m) | | | 5,614.55 |

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 14 สิงหาคม 2020

Exhibit 1: Summary of 2Q20/1H20 operations

| | 2Q19 | 1Q20 | 2Q20 | | 1H19 | 1H20 | Chg. | 2020E | Comments |
|-----------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|---|
| | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) | (THB m) | (y-y %) | (THB m) | |
| Revenue | 94,895 | 92,024 | 75,010 | (18.5) | (21.0) | 190,705 | (12.4) | 326,503 | Lower due to lower ASP |
| Operating costs | (91,619) | (92,176) | (74,699) | (19.0) | (18.5) | (183,680) | (9.1) | (262,009) | Decreased due to lower feedstock cost |
| EBITDA | 8,616 | 6,066 | 6,431 | 6.0 | (25.4) | 17,009 | (26.5) | 41,639 | Higher q-q due to a rise in sales volume |
| EBITDA margin (%) | 9 | 7 | 9 | nm | nm | 9 | nm | 13 | |
| Depreciation & amort | (4,309) | (4,882) | (3,716) | (23.9) | (13.8) | (8,296) | 3.6 | (15,535) | |
| EBIT | 4,307 | 1,184 | 2,715 | 129.4 | (37.0) | 8,713 | (55.3) | 26,103 | Higher q-q due to better margins |
| Interest expense | (1,544) | (2,187) | (1,785) | (18.4) | 15.6 | (2,927) | 35.7 | (9,702) | Lower q-q due to lower debt |
| Interest & invt inc | 50 | 2,025 | 92 | (95.5) | 82.4 | 93 | 2,175.3 | 1,179 | |
| Associates' contrib | (5) | 15 | 66 | 339.2 | nm | (6) | nm | 491 | |
| Exceptional | (2,832) | (991) | (2,456) | 147.8 | (13.3) | (4,185) | (17.6) | 1,785 | Inventory loss |
| Pre-tax profit | 2,246 | 539 | (409) | nm | nm | 6,082 | (97.9) | 13,657 | Lower due to inventory loss |
| Tax | (74) | 7 | 569 | nm | nm | (177) | nm | (3,552) | |
| Tax rate (%) | 3 | (1) | 139 | nm | nm | 3 | nm | 26 | |
| Minority interests | 95 | 25 | (6) | nm | nm | 70 | (73.2) | (584) | |
| Net profit | 2,267 | 571 | 154 | (73.1) | (93.2) | 5,975 | (87.9) | 9,520 | |
| Core profit | 4,027 | 1,562 | 2,609 | 67.0 | (35.2) | 8,069 | (48.3) | 7,735 | 3% below our and 15% below BBG consensus forecasts |
| EPS (THB) | 0.42 | 0.11 | 0.03 | (73.1) | (93.2) | 1.06 | (87.3) | 1.68 | |
| Core EPS (THB) | 0.74 | 0.29 | 0.48 | 67.0 | (35.2) | 1.43 | (46.0) | 1.37 | |

Sources: IVL; FSSIA estimates

Exhibit 2: 2Q20/1H20 key performance

| Capacity | 2Q19 | 1Q20 | 2Q20 | (q-q %) | (y-y %) |
|----------------------------------|-------------|-------------|-------------|--------------|---------------|
| Production (mt) | | | | | |
| Combined PET | 2.66 | 2.48 | 2.41 | (2.8) | (9.4) |
| - Integrated PET | 2.45 | 2.25 | 2.21 | (1.8) | (9.8) |
| - Packaging | 0.06 | 0.05 | 0.05 | - | (16.7) |
| - Specialty chemicals | 0.16 | 0.18 | 0.15 | (16.7) | (6.3) |
| Integrated oxide and derivatives | 0.10 | 0.40 | 0.55 | 37.5 | 450.0 |
| Fibres | 0.38 | 0.43 | 0.28 | (34.9) | (26.3) |
| Total | 3.15 | 3.31 | 3.24 | (2.1) | 2.9 |
| Core EBITDA (USD m) | | | | | |
| Combined PET | 284 | 192 | 225 | 17.2 | (20.8) |
| - Integrated PET | 262 | 155 | 187 | 20.6 | (28.6) |
| - Packaging | 19 | 18 | 24 | 33.3 | 26.3 |
| - Specialty chemicals | 3 | 19 | 14 | (26.3) | 366.7 |
| Integrated oxide and derivatives | 26 | 50 | 34 | (32.0) | 30.8 |
| Fibres | 59 | 61 | 37 | (39.3) | (37.3) |
| Total | 361 | 304 | 305 | 0.3 | (15.5) |
| Core EBITDA margin (%) | | | | | |
| Combined PET | 16 | 10 | 15 | 50.0 | (6.3) |
| - Integrated PET | 20 | 9 | 14 | 55.6 | (30.0) |
| - Packaging | 23 | 23 | 33 | 43.5 | 43.5 |
| - Specialty chemicals | -5 | 8 | 7 | (12.5) | (240.0) |
| Integrated oxide and derivatives | 11 | 14 | 9 | (35.7) | (18.2) |
| Fibres | 4 | 8 | 7 | (12.5) | 75.0 |
| Total | 12 | 10 | 13 | 30.0 | 8.3 |
| Utilisation (%) | | | | | |
| Combined PET | 86 | 79 | 78 | (1.3) | (9.3) |
| - Integrated PET | 89 | 81 | 79 | (2.5) | (11.2) |
| - Packaging | 80 | 81 | 67 | (17.3) | (16.3) |
| - Specialty chemicals | 57 | 67 | 67 | - | 17.5 |
| Integrated oxide and derivatives | 75 | 61 | 83 | 36.1 | 10.7 |
| Fibres | 93 | 80 | 52 | (35.0) | (44.1) |
| Total | 87 | 77 | 76 | (1.3) | (12.6) |

Sources: IVL; FSSIA estimates

Financial Statements

Indorama Ventures

| Profit and Loss (THB m) Year Ending Dec | 2018 | 2019 | 2020E | 2021E | 2022E |
|---|----------------|----------------|----------------|----------------|----------------|
| Revenue | 347,171 | 352,692 | 326,503 | 357,855 | 358,326 |
| Cost of goods sold | (277,071) | (292,304) | (262,009) | (293,215) | (285,595) |
| Gross profit | 70,100 | 60,388 | 64,494 | 64,639 | 72,731 |
| Other operating income | - | - | - | - | - |
| Operating costs | (28,569) | (33,914) | (22,855) | (21,471) | (21,500) |
| Operating EBITDA | 41,531 | 26,475 | 41,639 | 43,168 | 51,232 |
| Depreciation | (12,161) | (17,040) | (15,535) | (15,424) | (16,053) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| Operating EBIT | 29,370 | 9,434 | 26,103 | 27,744 | 35,179 |
| Net financing costs | (3,395) | (5,730) | (8,523) | (8,523) | (6,822) |
| Associates | 586 | 5 | 491 | 506 | 506 |
| Recurring non operating income | 2,933 | 407 | (5,709) | 506 | 506 |
| Non recurring items | 1,243 | 1,787 | 1,785 | 1,785 | 1,785 |
| Profit before tax | 30,151 | 5,898 | 13,657 | 21,512 | 30,648 |
| Tax | (3,812) | (1,534) | (3,552) | (5,595) | (7,972) |
| Profit after tax | 26,339 | 4,364 | 10,105 | 15,917 | 22,676 |
| Minority interests | 128 | 888 | (584) | (632) | (632) |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Other items | - | - | - | - | - |
| Reported net profit | 26,466 | 5,252 | 9,520 | 15,285 | 22,044 |
| Non recurring items & goodwill (net) | (1,243) | (1,787) | (1,785) | (1,785) | (1,785) |
| Recurring net profit | 25,224 | 3,465 | 7,735 | 13,500 | 20,259 |
| Per share (THB) | | | | | |
| Recurring EPS * | 4.46 | 0.61 | 1.37 | 2.39 | 3.58 |
| Reported EPS | 4.68 | 0.93 | 1.68 | 2.70 | 3.90 |
| DPS | 0.35 | 0.35 | 0.63 | 1.02 | 1.47 |
| Diluted shares (used to calculate per share data) | 5,656 | 5,656 | 5,656 | 5,656 | 5,656 |
| Growth | | | | | |
| Revenue (%) | 21.2 | 1.6 | (7.4) | 9.6 | 0.1 |
| Operating EBITDA (%) | 28.4 | (36.3) | 57.3 | 3.7 | 18.7 |
| Operating EBIT (%) | 35.6 | (67.9) | 176.7 | 6.3 | 26.8 |
| Recurring EPS (%) | 15.5 | (86.3) | 123.2 | 74.5 | 50.1 |
| Reported EPS (%) | 26.7 | (80.2) | 81.3 | 60.5 | 44.2 |
| Operating performance | | | | | |
| Gross margin inc depreciation (%) | 16.7 | 12.3 | 15.0 | 13.8 | 15.8 |
| Gross margin of key business (%) | - | - | - | - | - |
| Operating EBITDA margin (%) | 12.0 | 7.5 | 12.8 | 12.1 | 14.3 |
| Operating EBIT margin (%) | 8.5 | 2.7 | 8.0 | 7.8 | 9.8 |
| Net margin (%) | 7.3 | 1.0 | 2.4 | 3.8 | 5.7 |
| Effective tax rate (%) | 12.6 | 26.0 | 26.0 | 26.0 | 26.0 |
| Dividend payout on recurring profit (%) | 7.8 | 57.1 | 46.4 | 42.7 | 41.0 |
| Interest cover (X) | 9.5 | 1.7 | 2.4 | 3.3 | 5.2 |
| Inventory days | 76.5 | 82.6 | 83.4 | 75.1 | 80.7 |
| Debtor days | 36.7 | 37.2 | 36.9 | 33.9 | 35.5 |
| Creditor days | 65.6 | 74.2 | 82.2 | 74.0 | 79.5 |
| Operating ROIC (%) | 14.5 | 4.2 | 12.5 | 0.9 | 1.1 |
| ROIC (%) | 13.3 | 3.6 | 8.1 | 0.7 | 0.9 |
| ROE (%) | 19.3 | 2.5 | 5.8 | 9.4 | 12.9 |
| ROA (%) | 8.7 | 2.3 | 4.2 | 3.2 | 4.5 |

* Pre exceptional, pre-goodwill and fully diluted

| Revenue By Division (THB m) | 2018 | 2019 | 2020E | 2021E | 2022E |
|------------------------------|----------|----------|----------|----------|----------|
| PET | 182,415 | 196,047 | 134,859 | 139,458 | 139,930 |
| Feedstock | 147,296 | 132,911 | 100,905 | 113,613 | 113,613 |
| Fibres | 99,207 | 107,059 | 104,621 | 124,019 | 124,019 |
| Eliminations and unallocated | (81,747) | (83,325) | (13,882) | (19,236) | (19,236) |

Sources: Indorama Ventures; FSSIA estimates

Financial Statements

Indorama Ventures

| Cash Flow (THB m) Year Ending Dec | 2018 | 2019 | 2020E | 2021E | 2022E |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Recurring net profit | 25,224 | 3,465 | 7,735 | 13,500 | 20,259 |
| Depreciation | 12,161 | 17,040 | 15,535 | 15,424 | 16,053 |
| Associates & minorities | - | - | - | - | - |
| Other non-cash items | (1,233) | (978) | (1,002) | (1,001) | (1,001) |
| Change in working capital | (5,933) | 19,446 | 2,613 | (3,128) | (47) |
| Cash flow from operations | 30,218 | 38,973 | 24,882 | 24,795 | 35,264 |
| Capex - maintenance | - | - | - | - | - |
| Capex - new investment | (16,275) | (16,233) | (13,200) | (13,200) | (13,200) |
| Net acquisitions & disposals | 0 | 0 | 0 | 0 | 0 |
| Other investments (net) | (39,953) | (9,065) | 0 | 0 | 0 |
| Cash flow from investing | (56,228) | (25,298) | (13,200) | (13,200) | (13,200) |
| Dividends paid | (9,615) | (6,929) | (1,980) | (3,588) | (5,761) |
| Equity finance | 0 | 0 | 0 | 0 | 0 |
| Debt finance | 40,414 | 8,881 | 66,179 | 0 | 0 |
| Other financing cash flows | (6,088) | (10,760) | 2,880 | 2,912 | 2,912 |
| Cash flow from Financing | 24,711 | (8,807) | 67,079 | (676) | (2,849) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | 0 | 0 | 0 | 0 | 0 |
| Movement in cash | (1,299) | 4,868 | 78,761 | 10,918 | 19,215 |
| Free cash flow to firm (FCFF) | (21,782.24) | 19,290.25 | 21,383.33 | 21,296.31 | 31,765.77 |
| Free cash flow to equity (FCFE) | 8,316.31 | 11,796.62 | 80,740.29 | 14,506.57 | 24,976.02 |
| Per share (THB) | | | | | |
| FCFF per share | (3.88) | 3.44 | 3.81 | 3.79 | 5.66 |
| FCFE per share | 1.48 | 2.10 | 14.38 | 2.58 | 4.45 |
| Recurring cash flow per share | 6.39 | 3.45 | 3.94 | 4.94 | 6.24 |
| Balance Sheet (THB m) Year Ending Dec | 2018 | 2019 | 2020E | 2021E | 2022E |
| Tangible fixed asset (gross) | 279,828 | 304,108 | 317,308 | 330,508 | 343,708 |
| Less: Accumulated depreciation | (74,645) | (91,686) | (107,221) | (122,645) | (138,698) |
| Tangible fixed assets (Net) | 205,182 | 212,423 | 210,087 | 207,863 | 205,011 |
| Intangible fixed assets (Net) | 0 | 0 | 0 | 0 | 0 |
| Long-term financial assets | - | - | - | - | - |
| Invest. In associates & subsidiaries | 0 | 0 | 0 | 0 | 0 |
| Cash & equivalents | 5,578 | 10,447 | 89,207 | 100,126 | 119,341 |
| A/C receivable | 37,637 | 34,305 | 31,758 | 34,807 | 34,853 |
| Inventories | 70,085 | 62,165 | 57,549 | 63,075 | 63,158 |
| Other current assets | 10,984 | 11,840 | 11,840 | 11,840 | 11,840 |
| Current assets | 124,284 | 118,757 | 190,354 | 209,848 | 229,192 |
| Other assets | 49,728 | 49,388 | 46,415 | 46,416 | 46,416 |
| Total assets | 379,195 | 380,568 | 446,857 | 464,127 | 480,619 |
| Common equity | 144,838 | 129,712 | 137,253 | 148,949 | 165,232 |
| Minorities etc. | 7,018 | 8,455 | 286 | 15,743 | 22,706 |
| Total Shareholders' equity | 151,855 | 138,167 | 137,538 | 164,692 | 187,938 |
| Long term debt | 93,244 | 105,611 | 171,790 | 171,790 | 171,790 |
| Other long-term liabilities | 20,395 | 11,828 | 3,954 | 3,955 | 3,955 |
| Long-term liabilities | 113,639 | 117,439 | 175,744 | 175,745 | 175,745 |
| A/C payable | 57,578 | 61,281 | 56,730 | 62,178 | 62,260 |
| Short term debt | 39,899 | 36,413 | 36,413 | 36,413 | 36,413 |
| Other current liabilities | 16,223 | 27,268 | 40,431 | 25,100 | 18,263 |
| Current liabilities | 113,700 | 124,962 | 133,575 | 123,691 | 116,936 |
| Total liabilities and shareholders' equity | 379,195 | 380,568 | 446,857 | 464,127 | 480,619 |
| Net working capital | 44,904 | 19,762 | 3,985 | 22,445 | 29,329 |
| Invested capital | 299,815 | 281,573 | 260,488 | 276,724 | 280,755 |
| * Includes convertibles and preferred stock which is being treated as debt | | | | | |
| Per share (THB) | | | | | |
| Book value per share | 25.61 | 22.93 | 24.27 | 26.33 | 29.21 |
| Tangible book value per share | 25.61 | 22.93 | 24.27 | 26.33 | 29.21 |
| Financial strength | | | | | |
| Net debt/Equity (%) | 84.0 | 95.2 | 86.5 | 65.6 | 47.3 |
| Net debt/total assets (%) | 33.6 | 34.6 | 26.6 | 23.3 | 18.5 |
| Current ratio (x) | 1.1 | 1.0 | 1.4 | 1.7 | 2.0 |
| CF interest cover (x) | 8.2 | 5.9 | 12.0 | 4.3 | 6.6 |
| Valuation | 2018 | 2019 | 2020E | 2021E | 2022E |
| Recurring P/E (x) * | 5.8 | 42.0 | 18.8 | 10.8 | 7.2 |
| Recurring P/E @ target price (x) * | 9.9 | 71.8 | 32.2 | 18.4 | 12.3 |
| Reported P/E (x) | 5.5 | 27.7 | 15.3 | 9.5 | 6.6 |
| Dividend yield (%) | 1.4 | 1.4 | 2.5 | 4.0 | 5.7 |
| Price/book (x) | 1.0 | 1.1 | 1.1 | 1.0 | 0.9 |
| Price/tangible book (x) | 1.0 | 1.1 | 1.1 | 1.0 | 0.9 |
| EV/EBITDA (x) ** | 6.7 | 10.8 | 6.4 | 6.2 | 5.0 |
| EV/EBITDA @ target price (x) ** | 9.2 | 14.7 | 8.8 | 8.6 | 7.0 |
| EV/invested capital (x) | 0.9 | 1.0 | 1.0 | 1.0 | 0.9 |
| * Pre-exceptional & pre-goodwill are fully diluted ** EBITDA includes associate income and recurring non operating income | | | | | |

Sources: Indorama Ventures; FSSIA estimates

Corporate Governance report of Thai listed companies 2019

| EXCELLENT LEVEL | | | | | | | | | | |
|-----------------|----------|---|--------|--------|--------|--------|--------------|--------|--------|--------|
| AAV | ADVANC | AIRA | AKP | AKR | AMA | AMATA | AMATAV | ANAN | AOT | AP |
| ARROW | BAFS | BANPU | BAY | BCP | BCPG | BOL | BRR | BTS | BTW | BWG |
| CFRESH | CHEWA | CHO | CK | CKP | CM | CNT | COL | COMAN | CPALL | CPF |
| CPI | CPN | CSS | DELTA | DEMCO | DRT | DTAC | DTC | EA | EASTW | ECF |
| EGCO | GBX | GC | GCAP | GEL | GGC | GGC | GOLD | GPSC | GRAMMY | GUNKUL |
| HANA | HARN | HMPRO | ICC | ICHI | III | ILINK | INTUCH | IRPC | IVL | JKN |
| JSP | K | KBANK | KCE | KKP | KSL | KTB | KTC | KTIS | LH | LHFG |
| LIT | LPN | MAKRO | MALEE | MBK | MBKET | MC | MCOT | MFEC | MINT | MONO* |
| MTC | NCH | NCL | NKI | NSI | NVD | NYT | OISHI | OTO | PAP | PCSGH |
| PDJ | PG | PHOL | PJW | PLANB | PLANET | PORT | PPS | PR9 | PREB | PRG |
| PRM | PSH | PSL | PTG | PTT | PTTEP | PTTGC | PYLON | Q-CON | QH | QTC |
| RATCH | ROBINS** | RS | S | S & J | SABINA | SAMART | SAMTEL | SAT | SC | SCB |
| SCC | SCCC | SCN | SDC | SEAFCO | SEAOL | SE-ED | SELIC | SENA | SIS | SITHAI |
| SNC | SORKON | SPALI | SPI | SPRC | SSSC | STA | STEC | SVI | SYNTEC | TASCO |
| TCAP | THAI | THANA | THANI | THCOM | THIP | THREL | TIP | TISCO | TK | TKT |
| TMB | TMILL | TNDT | TOA | TOP | TRC | TRU | TRUE | TSC | TSR | TSTH |
| TTA | TTCL | TTW | TU | TVD | TVO | U | UAC | UV | VGI | VIH |
| WACOAL | WAVE | WHA | WHAUP | WICE | WINNER | | | | | |
| VERY GOOD LEVEL | | | | | | | | | | |
| 2S | ABM | ADB | AF | AGE | AH | AHC | AIT | ALLA | ALT | AMANAH |
| AMARIN | APCO | APCS | AQUA | ARIP | ASAP | ASIA | ASIAN | ASIMAR | ASK | ASN |
| ASP | ATP30 | AUCT | AYUD | B | BA | BBL | BDMS | BEC | BEM | BFIT |
| BGC | BGRIM | BIZ | BJC | BJCHI | BLA | BPP | BROOK | CBG | CEN | CENTEL |
| CGH | CHG | CHOTI | CHOW | CI | CIMBT | CNS | COLOR | COM7 | COTTO | CRD |
| CSC | CSP | DDC | DCON | DDD | DOD | EASON | ECL | EE | EPG | ERW |
| ESTAR | ETE | FLOYD | FN | FNS | FORTH | FPI | FPT | FSMART | FSS | FVC |
| GENCO | GJS | GL | GLOBAL | GLOW** | GULF | HPT | HTC | HYDRO | ICN | IFS |
| INET | INSURE | IRC | IRCP | IT | ITD*** | ITEL | J | JAS* | JCK | JCKH |
| JMART | JMT | JWD | KBS | KCAR | KGI | KIAT | KOOL | KWC | KWM | L&E |
| LALIN | LANNA | LDC | LHK | LOXLEY | LRH | LST | M | MACO | MAJOR | MBAX |
| MEGA | METCO | MFC | MK | MODERN | MOONG | MPG | MSC | MTI | NEP | NETBAY |
| NEX | NINE | NOBLE | NOK | NTV | NWR | OCC | OGC | ORI | OSP | PATO |
| PB | PDG | PDI | PL | PLAT | PM | PPP | PRECHA | PRIN | PRINC | PSTC |
| PT | QLT | RCL | RICHY | RML | RWI | S11 | SAAM | SALEE | SAMCO | SANKO |
| SAPPE | SAWAD | SCG | SCI | SCP | SE | SFP | SIAM | SINGER | SIRI | SKE |
| SKR | SKY | SMIT | SMK | SMPG | SMT | SNP | SONIC | SPA | SPC | SPCG |
| SPVI | SR | SRICHA | SSC | SSF | SST | STANLY | STPI | SUC | SUN | SUSCO |
| SUTHA | SWC | SYMC | SYNEX | T | TACC | TAE | TAKUNI | TBSP | TCC | TCMC |
| TEAM | TEAMG | TFG | TFMAMA | THG | THRE | TIPCO | TITLE | TIW | TKN | TKS |
| TM | TMC | TMD | TMI | TMT | TNITY | TNL | TNP | TNR | TOG | TPA |
| TPAC | TPBI | TPCORP | TPOLY | TRITN | TRT | TSE | TSTE | TVI | TVT | TWP |
| TWPC | UBIS | UEC | UMI | UOBKH | UP | UPF | UPOIC | UT | UWC | VNT |
| WIUK | XO | YUASA | ZEN | ZMICO | | | | | | |
| GOOD LEVEL | | | | | | | | | | |
| A | ABICO | ACAP*** | AEC | AEONTS | AJ | ALUCON | AMC | APURE | AS | ASEFA |
| AU | B52 | BCH | BEAUTY | BGT | BH | BIG | BLAND | BM | BR | BROCK |
| BSBM | BSM | BTNC | CCET | CCP | CGD | CHARAN | CHAYO | CITY | CMAN | CMC |
| CMO | CMR | CPL | CPT | CSR | CTW | CWT | D | DIMET | EKH | EMC |
| EPCO | ESSO | FE | FTE | GIFT | GLAND | GLOCON | GPI | GREEN | GTB | GYT |
| HTECH | HUMAN | IHL | INGRS | INOX | JTS | JUBILE | KASET | KCM | KKC | KWG |
| KYE | LEE | LPH | MATCH | MATI | M-CHAI | MCS | MDX | META | MGT | MJD |
| MM | MVP | NC | NDR | NER | NNCL | NPK | NUSA | OCEAN | PAF | PF |
| PICO | PIMO | PK | PLE | PMTA | POST | PPM | PROUD | PTL | RCI | RJH |
| ROJNA | RPC | RPH | SF | SGF | SGP | SKN | SLP | SMART | SOLAR | SPG |
| SQ | SSP | STI | SUPER | SVOA | TCCC | THE | THMUI | TIC | TIGER | TNH |
| TOPP | TPCH | TPIPP | TPLAS | TQM | TTI | TYCN | UTP | VCOM | VIBHA | VPO |
| WIN | WORK | WP | WPH | ZIGA | | | | | | |
| Score Range | | Number of Logo | | | | | Description | | | |
| 90-100 | |  | | | | | Excellent | | | |
| 80-89 | |  | | | | | Very Good | | | |
| 70-79 | |  | | | | | Good | | | |
| 60-69 | |  | | | | | Satisfactory | | | |
| 50-59 | |  | | | | | Pass | | | |
| Less than 50 | | No logo given | | | | | - | | | |

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator

| CERTIFIED | | | | | | | | | | |
|-----------|--------|--------|--------|-------|--------|--------|--------|--------|-------|--------|
| ADVANC | AIE | AKP | AMANAH | AP | APCS | AQUA | ARROW | ASK | ASP | AYUD |
| BAFS | BANPU | BAY | BBL | BCH | BCP | BCPG | BGRIM | BJCHI | BKI | BLA |
| BROOK | BRR | BSBM | BTS | BWG | CEN | CENTEL | CFRESH | CGH | CHEWA | CIG |
| CIMBT | CM | COM7 | CPALL | CPF | CPI | CPN | CSC | DCC | DEMCO | DIMET |
| DRT | DTAC | DTC | EASTW | ECL | EGCO | FE | FNS | FSS | GBX | GC |
| GCAP | GEL | GFPT | GGC | GJS | GOLD | GPSC | GSTEEL | GUNKUL | HANA | HARN |
| HMPRO | HTC | ICC | IFS | INET | INSURE | INTUCH | IRPC | IVL | K | KASET |
| KBANK | KBS | KCAR | KCE | KGI | KKP | KSL | KTB | KTC | KWC | L&E |
| LANNA | LHK | LPN | LRH | M | MAKRO | MALEE | MBAX | MBK | MBKET | MC |
| MCOT | MFC | MINT | MONO | MOONG | MSC | MTI | NBC | NINE | NKI | NMG |
| NNCL | NSI | OCC | OCEAN | OGC | PAP | PATO | PB | PCSGH | PDG | PDI |
| PDJ | PE | PG | PHOL | PL | PLANB | PLANET | PLAT | PM | PPP | PPS |
| PREB | PRG | PRINC | PSH | PSTC | PT | PTG | PTT | PTTEP | PTTGC | PYLON |
| Q-CON | QH | QLT | QTC | RATCH | RML | S & J | SABINA | SAT | SC | SCB |
| SCC | SCCC | SCG | SCN | SE-ED | SELIC | SENA | SGP | SIRI | SIS | SITHAI |
| SMIT | SMK | SMPC | SNC | SNP | SORKON | SPACK | SPC | SPI | SPRC | SRICHA |
| SSF | SSI | SSSC | SST | STA | SUSCO | SVI | SYNTEC | TASCO | TCAP | TFG |
| TFI | TFMAMA | THANI | THCOM | THIP | THRE | THREL | TIP | TIPCO | TISCO | TKT |
| TMB | TMD | TMILL | TMT | TNITY | TNL | TNP | TNR | TOG | TOP | TPA |
| TPCORP | TRU | TRUE | TSC | TSTH | TTCL | TU | TVD | TVI | TWPC | U |
| UBIS | UEC | UKEM | UOBKH | VGI | VIH | VNT | WACOAL | WHA | WICE | WIIK |
| DECLARED | | | | | | | | | | |
| 2S | ABICO | AF | AI | AIRA | ALT | AMA | AMARIN | AMATA | ANAN | B |
| BM | BPP | BUI | CHG | CHO | CHOTI | CHOW | CI | CMC | COL | DDD |
| DELTA | EFORL | EPCO | ESTAR | ETE | FPI | FTE | ICHI | INOX | IRC | ITEL |
| JAS | JSP | JTS | KWG | LDC | LIT | META | MFEC | MPG | NEP | NOK |
| NWR | ORI | PRM | PSL | ROJNA | RWI | SAAM | SAPPE | SCI | SEOIL | SHANG |
| SKR | SPALI | STANLY | SYNEX | TAE | TAKUNI | TMC | TOPP | TPP | TRITN | TVO |
| UV | UWC | WHAUP | XO | YUASA | ZEN | | | | | |

| Level | |
|-----------|---|
| Certified | This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties. |
| Declared | This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) |

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by ThaiPat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. ThaiPat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of ThaiPat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Suwat Sinsadok FSS International Investment Advisory Securities Co., Ltd

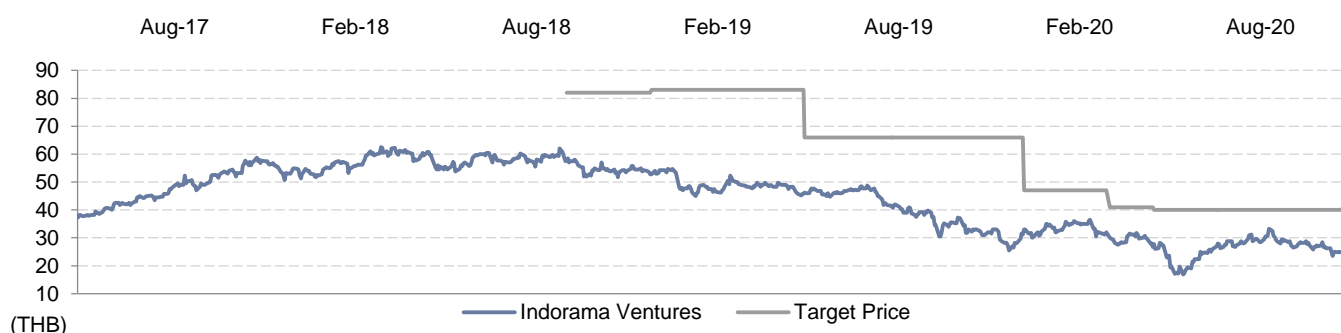
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Indorama Ventures (IVL TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 09-Oct-2018 | BUY | 82.00 | 07-Nov-2019 | BUY | 47.00 | 09-Jun-2020 | BUY | 40.00 |
| 21-Dec-2018 | BUY | 83.00 | 20-Jan-2020 | BUY | 41.00 | 07-Aug-2020 | BUY | 44.00 |
| 02-May-2019 | BUY | 66.00 | 27-Feb-2020 | BUY | 40.00 | | | |

Suwat Sinsadok Started covering this stock from 09-Oct-2018

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|-------------------|--------|-----------|--------|---|
| Indorama Ventures | IVL TB | THB 25.75 | BUY | The key downside risks to our EV/EBITDA-based TP are weaker-than-expected margins for PX-PTA and PET-PTA, lower demand for polyester, and delays in IVL's projects. |

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

All share prices are as at market close on 13-Aug-2020 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.