

8 MARCH 2021

THAILAND / PETROCHEM &amp; CHEMICALS

## INDORAMA VENTURES IVL TB

BUY  
UNCHANGED

TARGET PRICE	THB57.00
CLOSE	THB43.00
UP/DOWNSIDE	+32.6%
PRIOR TP	THB36.00
CHANGE IN TP	+58.3%
TP vs CONSENSUS	+41.2%

## ฟ้าหลังฝน

IOD และเส้นใย: จากธุรกิจที่เคยขาดทุนในปี 2020 กลายเป็นปัจจัยหนุนการเติบโตในปี 2021

หลังจากปี 2020 ที่ไม่ตึก เรามองว่า IVL มีแนวโน้มการเติบโตของกำไรสุทธิที่ดีในปี 2021 โดยคาดว่ากำไรสุทธิจะโต 79% y-y เราคาดว่า IVL จะรายงาน EBITDA จำนวน USD1.47 พันล้าน ในปี 2021 เพิ่มขึ้นจาก USD1.1 พันล้าน ในปี 2020 โดยได้แรงหนุนจาก EBITDA ของ 1) ธุรกิจ IOD ที่ฟื้นตัวดี โดยเพิ่มจาก USD105 ล้านในปี 2020 เป็น USD241 ล้านในปี 2021 จากปริมาณและอัตรากำไรที่สูงขึ้น, 2) ธุรกิจเส้นใยที่เพิ่มจาก USD195 ล้านเป็น USD340 ล้านจากความต้องการที่สูงขึ้น, และ 3) ธุรกิจ PET ที่เพิ่มจาก USD794 ล้านเป็น USD891 ล้านจากอัตรากำไรที่สูงขึ้นของ PIA และ NDC

## กำไรสุทธิดีเนื่องจาก 2 ใน 3 ของกำลังการผลิตมีอัตรากำไรคงที่

จากพอร์ตผลิตภัณฑ์ทั้งหมดของ IVL เราคาดว่าประมาณ 2 ใน 3 ของ EBITDA ของบริษัท มาจากผลิตภัณฑ์ที่มีอัตรากำไรคงที่ ประกอบด้วย: 1) กลุ่ม IOD เช่น PEO PO Ethanolamine และสารลดแรงตึงผิว (18% ของ COMA ในปี 2021E); 2) กลุ่มเส้นใย เช่น HVA ในโพลีเอสเตอร์ ไนลอน PP PE และเรยอน; และ 3) กลุ่ม PET เช่น PET และ PTA ซึ่งมีราคาตามสัญญาซื้อขาย (50% ของปริมาณขาย) และเคมีภัณฑ์ชนิดพิเศษ (PIA และ NDC) เราคาดว่าผลิตภัณฑ์ที่มีอัตรากำไรคงที่ของ IVL จะทำให้ EBITDA อยู่ที่ USD0.8-1 พันล้านต่อปีในช่วงปี 2021-23

## MEG MTBE และ PET เป็น 3 ปัจจัยบวกสำคัญในปี 2021

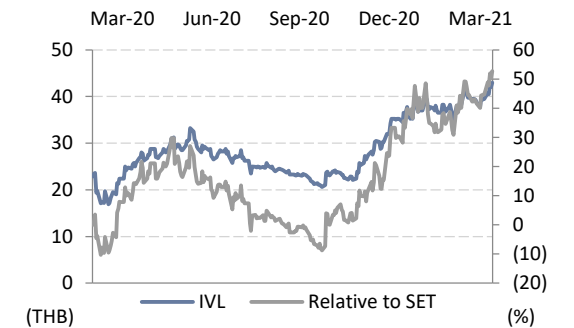
เราคาดว่า MEG อาจให้ EBITDA ที่เพิ่มขึ้นมากแก่ IVL ในปี 2021 โดยจะอยู่ในช่วง USD0.1-0.2 พันล้าน เนื่องจากเราคาดว่า MEG-ethylene margin จะเพิ่ม y-y เป็น USD500/ตันในปีนี้ จากอุปสงค์อุปทานใหม่ที่ค่อนข้างสมดุล เราเชื่อว่า EBITDA ของ IVL จาก MTBE (กำลังการผลิต 0.73 mtpa) จะฟื้นตัวเป็น USD60-100 ล้านในปี 2021 จากราคาเฉลี่ยที่สูงขึ้นเป็น USD140/ตัน จาก USD99/ตันในปี 2020 เราเห็นว่า PET-PTA margin จะคงอยู่ในระดับสูงที่กว่า USD150/ตันในเอเชียและ USD200/ตันในประเทศตะวันตกในปี 2021 โดยได้แรงหนุนจากความต้องการที่เพิ่มขึ้นและค่าระวางเรือที่สูงขึ้นเพื่อเพิ่มความเท่าเทียมของราคานำเข้า PET และ PTA ในประเทศตะวันตก

## หุ้นเด่นในกลุ่มปิโตรเคมีไทย ปรับเพิ่มราคาเป้าหมายเป็น 57 บาท

เราปรับเพิ่มประมาณการกำไรต่อหุ้นของเราอีก 15.7-52.9% ในปี 2021-22 เพื่อสะท้อนสมมติฐานอัตราการใช้กำลังการผลิตที่สูงขึ้นและการคาดการณ์ถึง PET-PTA และ PTA-PX margins รวมที่สูงขึ้นในเอเชียและประเทศตะวันตกจากมุมมองที่เป็นบวกมากขึ้นของเราสำหรับแนวโน้ม PTA-PX margin ในประเทศตะวันตก เราคงคำแนะนำซื้อหลังปรับราคาเป้าหมายขึ้นจาก 36 บาท (2021E EV/EBITDA ที่ 9.4x) เป็น 57 บาท (2021E EV/EBITDA ที่ 11.1x) ซึ่งยังต่ำกว่าค่าเฉลี่ย 10 ปีย้อนหลังของ IVL ที่ 12.7x เพื่อสะท้อนมุมมองเกี่ยวกับแนวโน้ม PET-PTA margin รวมของเราที่เป็นบวกมากยิ่งขึ้น

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	331,513	348,866	347,417	355,020
Net profit	2,414	13,340	16,593	19,180
EPS (THB)	0.43	2.36	2.93	3.39
vs Consensus (%)	-	13.2	13.0	0.6
EBITDA	31,473	44,158	47,480	54,707
Core net profit	6,430	11,518	14,571	17,158
Core EPS (THB)	1.14	2.04	2.58	3.03
Chg. In EPS est. (%)	nm	52.9	15.7	nm
EPS growth (%)	(46.4)	79.1	26.5	17.8
Core P/E (x)	37.8	21.1	16.7	14.2
Dividend yield (%)	0.5	2.6	3.2	3.7
EV/EBITDA (x)	13.6	9.3	8.3	6.9
Price/book (x)	1.9	1.8	1.6	1.5
Net debt/Equity (%)	128.9	100.8	79.7	62.5
ROE (%)	5.0	8.7	10.1	11.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	7.7	19.1	50.0
Relative to country (%)	4.1	12.6	34.8
Mkt cap (USD m)	7,767		
3m avg. daily turnover (USD m)	57.9		
Free float (%)	33		
Major shareholder	Indorama Resources (63%)		
12m high/low (THB)	43.00/15.90		
Issued shares (m)	5,614.55		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 8 มีนาคม 2021

## Investment thesis

We believe IVL is now at an inflection point for its third growth phase, transforming from a high value-added (HVA)-driven, polyethylene terephthalate (PET)/purified terephthalic acid (PTA)-focused product into a packaging, olefin-integrated company in 2019-23.

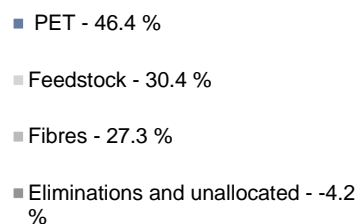
Unlike its last two growth cycles when IVL funded its capacity growth through debt and capital increases using warrants (IVL-W1 and IVL-W2), key growth strategies in IVL's third growth cycle could be driven by 1) M&As in the global packaging business, non-PET packaging in frontier markets and specialty chemicals for polyester chain products; and 2) backward integration into the olefins business, including an ethane cracker, propylene production, and downstream polyethylene (PE) and polypropylene (PP), as these are key feedstock materials for IVL's growing packaging segment. The integration focus should only be on self-sufficient, non-merchant applications.

## Company profile

Indorama Ventures (IVL) was incorporated in 2003 to start up a petrochemical business in Thailand. Initially focusing on wool fibre, the company expanded into the polyester chain, including polyester fibre, PET, and PTA.

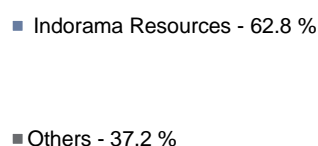
[www.indoramaventures.com](http://www.indoramaventures.com)

## Principal activities (revenue, 2020)



Source: Indorama Ventures

## Major shareholders



Source: Indorama Ventures

## Catalyst

Potential catalysts for IVL include, 1) higher PET and PTA margins; 2) a 10% y-y rising sales volume due to multiple acquired assets in 2018; and 3) an EBITDA margin recovery for HVA products, given the re-pricing of HVA products to reflect higher feedstock costs.

## Risk to our call

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.

## Event calendar

Date	Event
May 2021	1Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
	(USD/tonne)	(USD/tonne)	(USD/tonne)
Utilisation rate (%)	87	88	89
PET margin	149	161	211
PTA-PX margin	101	106	116
MEG-(0.58)ethylene margin	250	230	230

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% change in the THB/USD exchange rate, we estimate a 1.4% change in 2021 EPS, all else being equal.
- For every 1% increase in latex price, we estimate 2021 EPS would fall 0.7%, and vice versa, all else being equal.
- For every 1% increase in utilisation rate, we estimate 2021 EPS would rise 1.5%, and vice versa, all else being equal.
- For every 1% increase in ASP, we estimate 2021 EPS would rise by 0.8%, and vice versa, all else being equal.

Source: FSSIA estimates



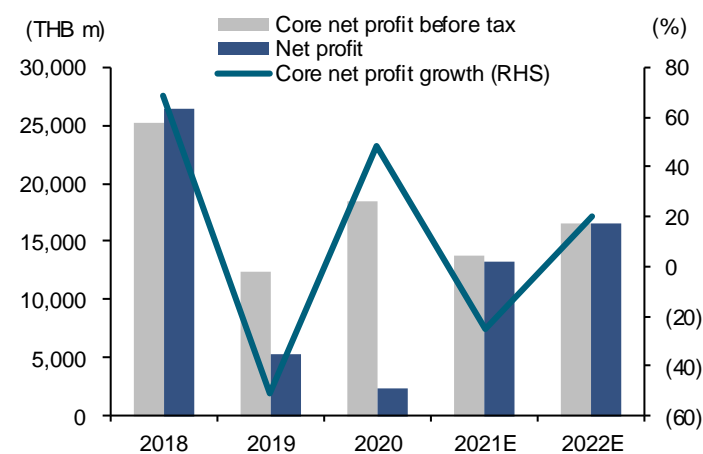
## From a perfect storm in 2020 to sunny skies in 2021

IVL posted a reported net profit of THB2.4b in 2020, down 54% y-y, due to multiple non-operating losses that we estimate at USD479m, mostly from external factors that the company could neither foresee nor control. Despite these non-operating losses, IVL still reported consistently profitable quarterly net profits in 2020 thanks to its highly diversified products and geographical production plant portfolio.

Core net profit was THB6.4b in 2020 down 46% y-y due to the lower product margins of paraxylene (PX), purified terephthalic acid (PTA), polyethylene terephthalate (PET), monoethylene glycol (MEG) and methyl tert-butyl ether (MTBE), caused by the plunging oil price, the COVID-19 impact and the production volume losses from its integrated oxide derivatives group (IOD) as a result of the planned and unplanned shutdowns in 2020.

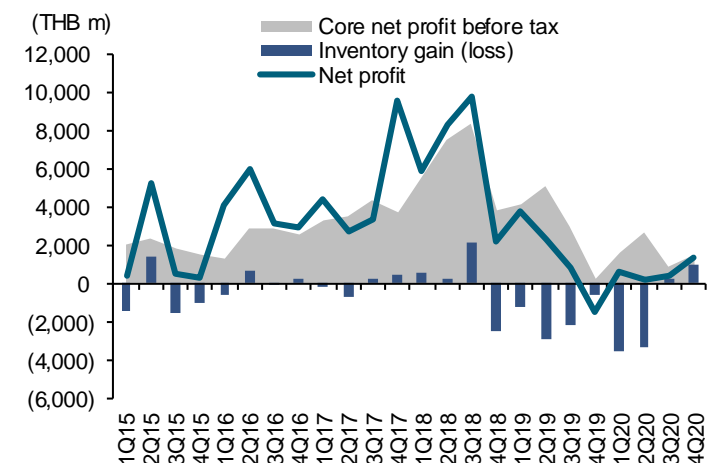
We now project IVL's net profit outlook to significantly improve in 2021-23, led by sharp earnings rebounds for the IOD and fibre groups and stronger net profits from the combined PET group led by IVL's two specialty products, purified isophthalic acid (PIA) and naphthalene dicarboxylate (NDC) following their 4-year downcycles.

**Exhibit 1: Annual core net profit, net profit (including inventory gains/losses), and core net profit growth**



Sources: IVL; FSSIA estimates

**Exhibit 2: Quarterly core net profit, inventory gains (losses), and reported net profit**



Source: IVL

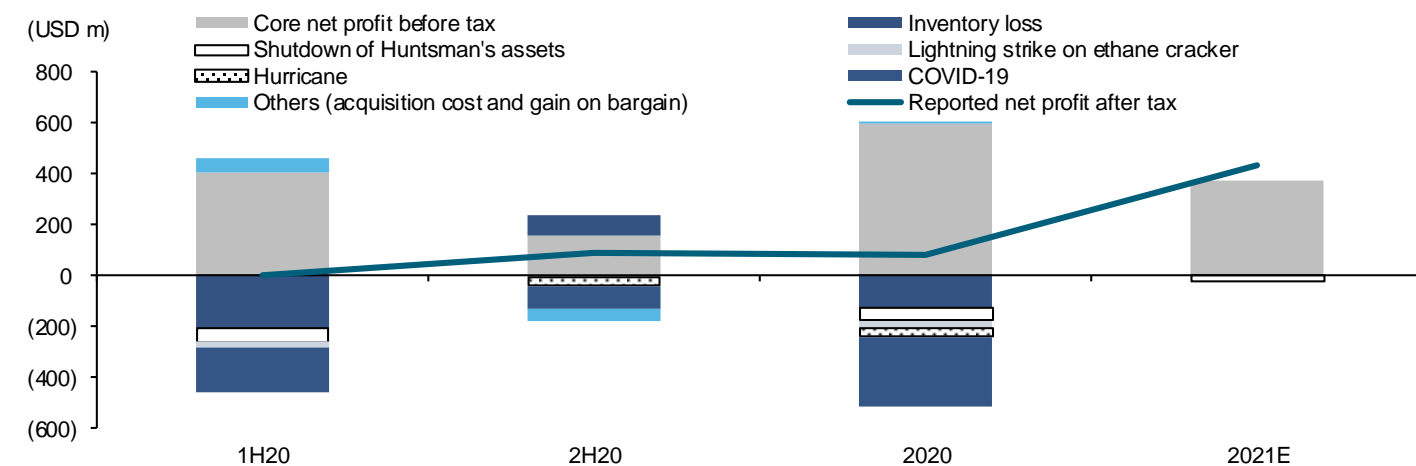
## A perfect storm in 2020

In 2020, IVL witnessed an unprecedented series of mishaps that resulted in significant net losses amounting to USD479m, based on our estimate, comprising both internal factors (unplanned shutdowns of its MTBE/propylene oxide (PO) plants) and external factors (plant shutdowns and damages due to a hurricane, lightning strike damage, inventory losses, and lower demand due to the COVID-19 pandemic).

Our analysis indicates that IVL's multiple net losses from non-recurring items includes 1) a USD131m inventory loss due to the sharp plunge in oil price in 1H20; 2) USD50m due to the unplanned shutdowns of the MTBE and PO plants in 1H20; 3) USD30m due to the lightning strike on IVL's 0.44mtpa ethane cracker in March 2020; 4) USD35m due to the hurricane impact in 2H20; 5) USD271m from the demand drop by 9% y-y, particularly for lifestyle and automotive fibres, due to the COVID-19 impact throughout 2020.

As a result, IVL's 2020 reported net profit was only THB2.4b and its reported EBITDA was only USD1.1b, significantly below IVL's projected EBITDA target of USD1.3b and our projected EBITDA of USD1.4b in 2020.

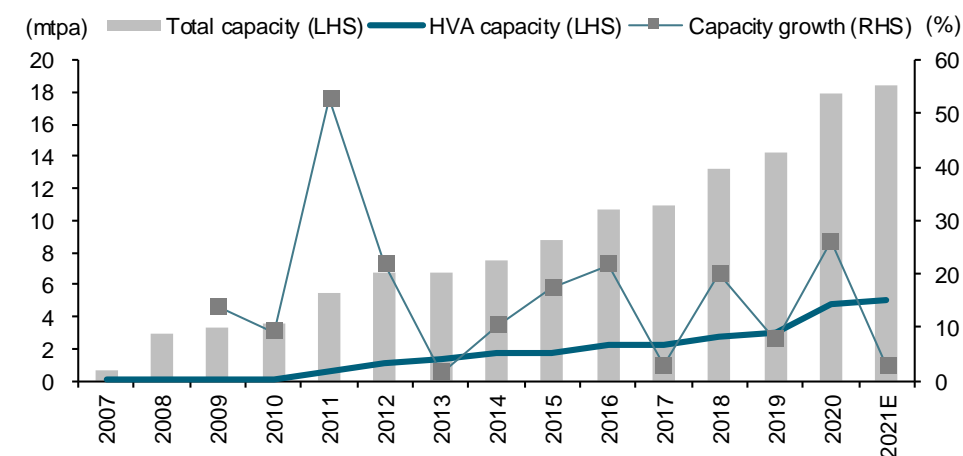
### Exhibit 3: Breakdown of IVL's core net profit against the multiple non-recurring items in 2020



Sources: IVL; FSSIA estimates

We think IVL's capacity growth for both commodity and high value-added (HVA) products will be one of the key net profit catalysts in 2021-23, given that we expect a margin improvement y-y for IVL's products across the board in 2021.

### Exhibit 4: IVL's capacity, HVA capacity, and capacity growth



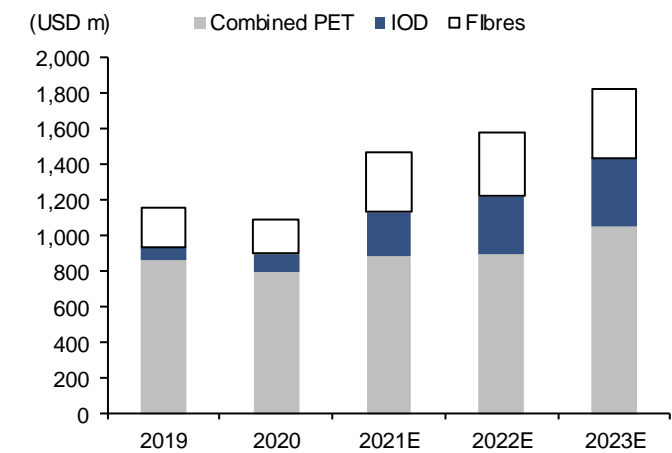
Sources: IVL; FSSIA estimates

Sunny skies in 2021

We think IVL’s net profit growth in 2021 looks highly promising, projecting 79% y-y net profit growth this year. We estimate that IVL could generate USD1.47b EBITDA in 2021, up from USD1.1b in 2020, backed by sharp EBITDA rebounds from IOD, rising from USD105m in 2020 to USD241m in 2021, from fibres, USD195m to USD340m, and from combined PET, from USD794m to USD891m.

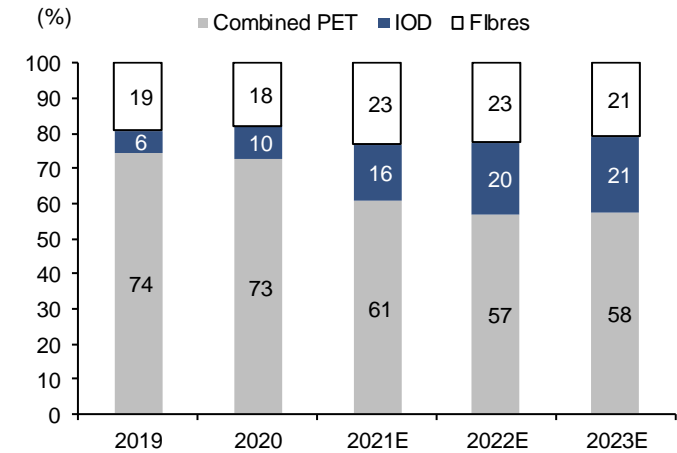
Based on our projected core EBITDA growth from USD1.1b in 2020 to USD1.47b in 2021, we estimate that EBITDA generated from IOD will rise from 10% of IVL’s total EBITDA in 2020 to 16% in 2021, mainly driven by the improving MEG margin. We project the EBITDA proportion from fibres to remain stable y-y at 23%, thanks to higher sales volumes for the lifestyle and automotive segments. The EBITDA proportion from IVL’s combined PET could decline from 73% in 2020 to 61% in 2021 as we expect only a marginal increase in EBITDA from combined PET by only USD0.1b y-y vs USD1.5b increases y-y for both IOD and fibres, based on our estimate.

Exhibit 5: EBITDA breakdown by business unit



Sources: IVL: FSSIA estimates

Exhibit 6: EBITDA breakdown by business unit (%)



Sources: IVL: FSSIA estimates

## Driver #1: A sharp rebound in EBITDA and contribution margin from the IOD group in 2021

We project EBITDA from the IOD group to rise from USD105m in 2020 to USD241m in 2021. IVL saw multiple mishaps that hit its IOD operations hard in 2020, including a hurricane (for all of its IOD plants in the US Gulf of Mexico), a lightning strike (on IVL's 0.44mtpa ethane cracker), and unplanned shutdowns (MTBE/PO plants). The IOD product group normally generates annual EBITDA in the range of USD250m-400m (30% of contribution margin (COMA)) but in 2020 IVL posted only USD105m EBITDA (10% of 2020 EBITDA or 12% of COMA) due to the series of unforeseen incidents.

### Exhibit 7: IVL's estimated contribution margin breakdown by products in 2021

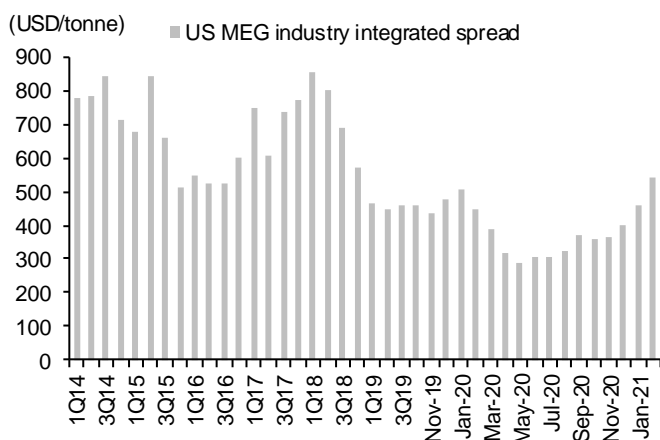
	Product	Contribution margin (%)	Application
Combined PET	PET/PTA	50	F&B
	PX, IPA		Packaging
Fibres	Polyester, Nylon, PP/PE, Rayon	20	Automotive, hygiene & personal care, lifestyle
Integrated Oxides (IOD)	Ethane/Propylene	30	PO/Oxyfuel
	EG/EO		
	PO/PG		
	Ethanolamine/Surfactants		
	MTBE		

Sources: IVL; FSSIA estimates

While there are four key products in IVL's IOD portfolio, only MTBE and EO/EG are commodity product groups, with their margins highly linked to the oil price and demand-supply balance. Hence, when the simultaneous collapses of the oil price and the demand for gasoline, a key product for MTBE, occurred in March 2020, IVL saw its EBITDA from MTBE and EO/EG turn negative in 1H20.

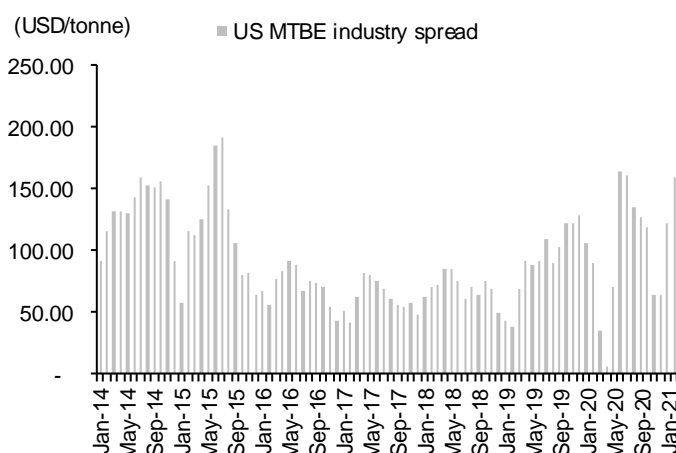
**MTBE is seeing the light at the end of the tunnel.** MTBE – the blending product for gasoline – suffered a margin collapse from USD130/t in December 2019 to only USD6/t in April 2020 when the US implemented its nationwide lockdown to fight the COVID-19 outbreak, causing the gasoline demand collapse in the US market. Since then, the MTBE margin sharply rebounded to USD161/t in June, and softened to USD64/t in Nov-Dec 2020 due to the concerns over the second wave of infections in the US. However, it rebounded to USD160/t again in February 2021 thanks to the higher oil price.

### Exhibit 8: US MEG-ethylene spread



Source: IVL

### Exhibit 9: US MTBE spread

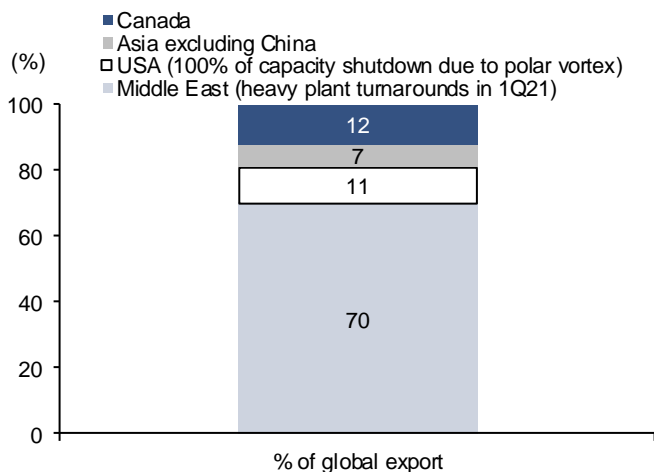


Source: IVL

We believe IVL's net profit from MTBE (0.73mtpa capacity, or 6% of the company's total capacity as of 2020) will recover meaningfully to an average of USD140/t in 2021, up from USD99/t in 2020, generating EBITDA of USD60m-100m for IVL in 2021.

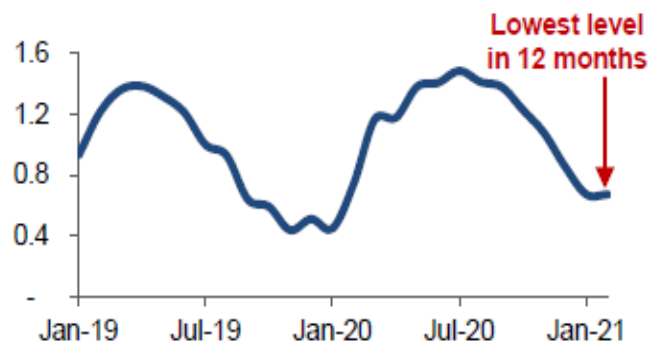
In addition, we expect that the IOD sales volume will rise by 20-30% y-y from a mere 1.97mt in 2020 to 2.4-2.6mt in 2021, given that we project the production volumes of MTBE and MEG to rebound markedly on the back of higher utilisation rates on rising demand and fewer planned and unplanned shutdowns.

**Exhibit 10: 2020 Key exporters of MEG (% of global exports)**



Source: IVL

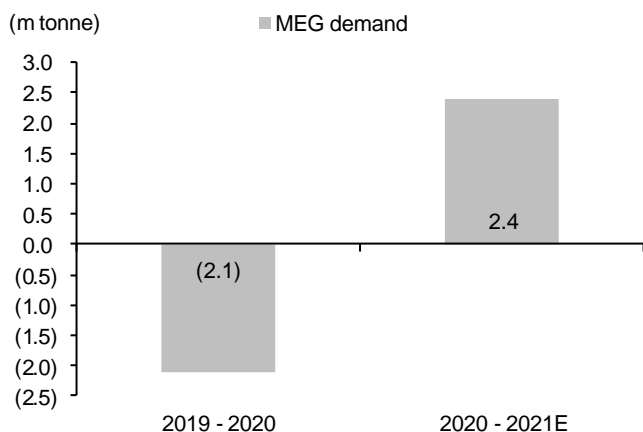
**Exhibit 11: China shore tank inventory (m tonnes)**



Source: IVL

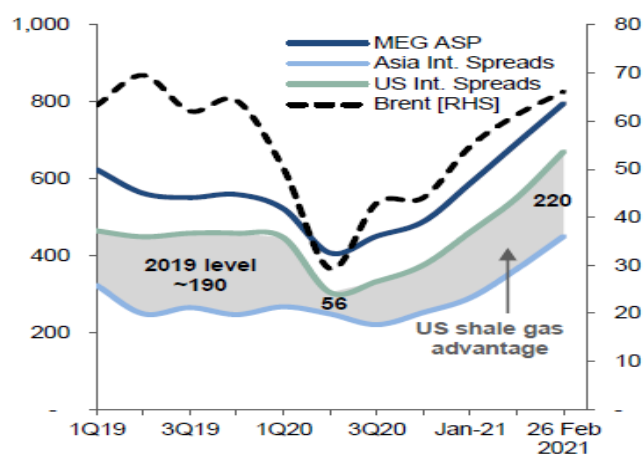
**MEG could be a surprising key driver in 2021.** In 2020, the US MEG-ethylene margin sharply declined from USD457/t in 2019 to USD364/t in 2020 thanks to the lower demand due to the US lockdowns and the decline in the oil price. However, we project that in 2021 MEG could generate much higher EBITDA for IVL in the range of USD100m-200m as we forecast a y-y higher MEG-ethylene margin of USD500/t this year. The MEG-ethylene margin spiked to USD461/t in Jan-21 and USD542/t in Feb-21, up from USD321-400/t in Aug-Dec 2020.

**Exhibit 12: MEG demand recovery**



Source: IVL

**Exhibit 13: Crude oil (USD/bbl) & MEG price (USD/tonne)**



Source: IVL

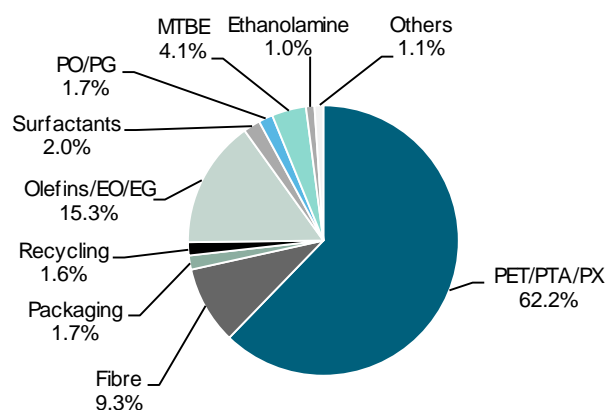
We think two reasons support our high MEG-ethylene margin projection in 2021. First would be the global MEG supply tightness due to the planned and unplanned shutdowns for US and Canadian MEG plants caused by two major hurricanes and the recent freezing weather (polar vortex) in Feb-Mar 2021. US and Canada are global MEG producers, exporting 23% of the global MEG capacity, mostly to Asian markets. We believe the MEG supply in the US and Canada are unlikely to return to their normal operations until at least 3Q21, thus potentially resulting in a tight global MEG supply in 1H21.



Second, China's current MEG inventory is low due to the seasonal demand and supply disruption in 4Q20-1Q21 caused by the higher-than-expected demand for MEG to produce polyester. We think the global demand for MEG, led by China, could increase by 2.4mt in 2021 vs the demand plunge by 2.1mt in 2020.

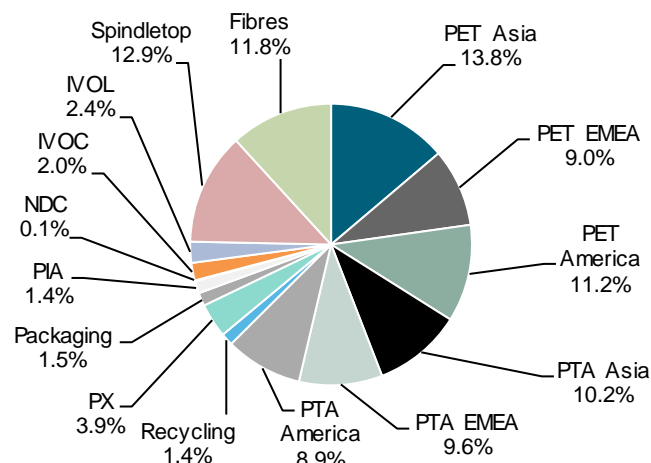
However, the margins of PO/propylene glycol (PG) and ethanolamine/surfactants, the specialty products in IVL's IOD group, have remained relatively stable at high levels, thanks to their limited supply and necessary nature in terms of their use in hygiene, anti-freeze, and packaging applications.

**Exhibit 14: IVL's capacity breakdown by key product groups**



Source: IVL

**Exhibit 15: IVL's capacity breakdown by key product groups**



Source: IVL

**Two-thirds of IVL's products are fixed margin.** Within IVL's product portfolio, we estimate that around two-thirds of its EBITDA comes from fixed margin products: 1) the IOD group: pure EO (PEO), PO, ethanolamine, and surfactants (18% of COMA in 2021E); 2) the fibre group: HVA products in polyester, nylon, polypropylene (PP), polyethylene (PE) and rayon; and 3) combined PET group: PET and PTA with contract price (50% of sales volume) and specialty chemical products (PIA and NDC). We estimate that IVL's fixed products will generate EBITDA of USD0.8b-1.0b annually in 2021-23 thanks to their fixed margin natures.

**Exhibit 16: IVL's product portfolio breakdown by fixed and floating margins**

Margin structure	Product group	Product	Contribution margin COMA (%)
Fixed margin products	IOD	PEO/PO/Ethanolamine/surfactants	18
Fixed margin products	Fibres	HVA for polyester, nylon, PP/PE, and rayon	15
Fixed margin products	Combined PET	Contract cost-plus PET and PTA in North America and Europe	30
<b>Total fixed margin products</b>			<b>63</b>
Gas-based products	IOD	MTBE/MEG	12
Commodity products	Fibres	Lifestyle attire and clothes	5
Spot margin products	Combined PET	Spot price PET and PTA in Asia	20
<b>Total volatile margin products</b>			<b>37</b>

Sources: IVL; FSSIA estimates

**One-third of IVL's products are volatile commodity products.** We estimate that around one-third of IVL's product portfolio is commodity products with high margin volatility, including 1) the IOD group: gas-based MEG and gasoline-blended MTBE; 2) commodity fibres for lifestyle attire and clothing; and 3) PET and PTA with spot selling prices, mostly in Asia, and PX.

In 2020, we estimate that IVL's commodity products generated only USD0.2b EBITDA with a net loss for MTBE and small EBITDA from MEG, PET, PTA, and PX due to their depressed margins caused by the demand collapse from the COVID-19 impact.

## Driver #2: Demand recovery for IVL's high value-added fibre products

Within IVL's fibre group, we estimate that up to 80% of its 3mtpa fibre capacity consists of HVA products with end applications in automobiles (100% HVA), hygiene personal care products (100% HVA) and lifestyle polyester fibres (60% HVA). The remaining 20% of IVL's fibre capacity is in lifestyle commodity products used to produce clothing, which was hit by the COVID-19 lockdowns in 2020.

### Exhibit 17: IVL's high value-added products breakdown

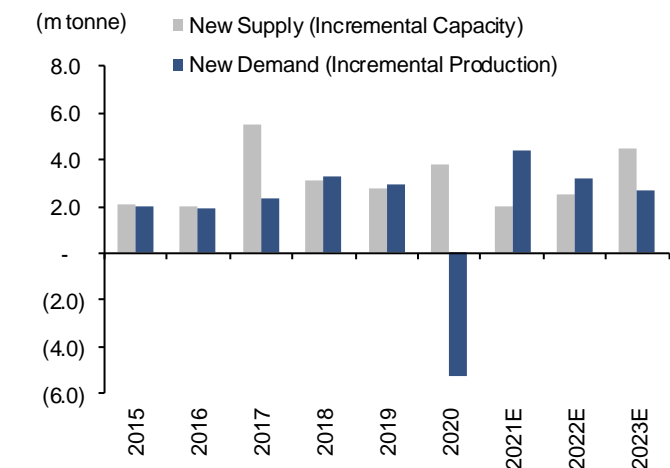
HVA	-----Capacity-----		Revenue	EBITDA/tonne	Net profit
	(%)	(mtpa)	(%)	(USD/tonne)	(%)
Automotive	30	0.9	26	200	25
Hygiene	17	0.5	27	200	25
Lifestyle	33	1.0	37	180	30
Lifestyle - commodity	20	0.6	10	130	20
Total	100	3.0	100.0	249	100

Sources: IVL; FSSIA estimates

In 2020, IVL saw its core EBITDA from fibres plunge by 12% y-y, despite a y-y flat EBITDA margin at 7% due to the lower utilisation rate to 72%, down from 83% in 2019 due to the sharp drop in demand for polyester fibres for the lifestyle and automotive markets. We believe the fibre products' highly resilient EBITDA margin at 7% was due to its HVA-dominant product portfolio.

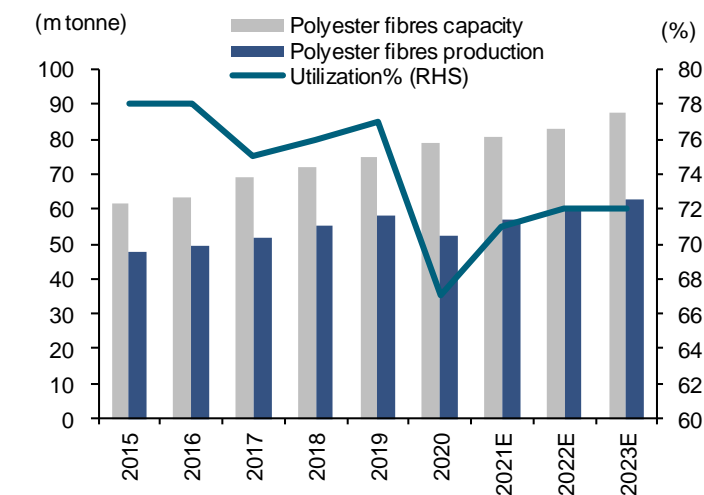
For IVL's commodity fibres, we think the margin will improve y-y since the new supply for fibres and polyester is projected to be lower than the new demand in 2021-22, driving up the global utilisation rates from 67% in 2020 to 72% in 2021-23, based on IVL's information.

### Exhibit 18: Polyester fibre supply and demand



Source: IVL

### Exhibit 19: Polyester fibre capacity, production and utilisation

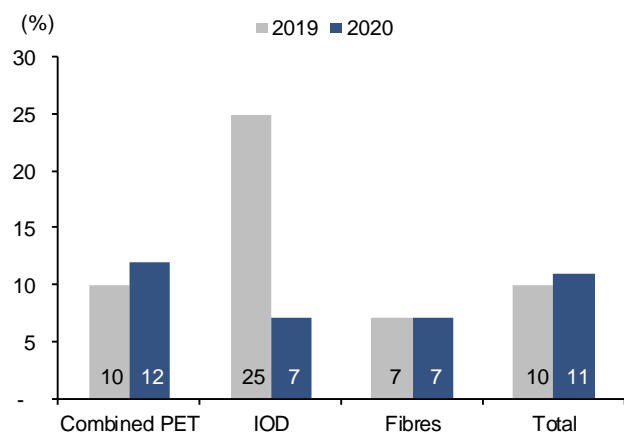


Source: IVL

In 2021, we project that the EBITDA from the fibre group will rebound from USD195m in 2020 to USD340m, driven mainly by the higher demand for lifestyle and automotive fibres that should mostly manifest in 2H21 after the global lockdowns have been eased due to the successful global vaccinations, based on our estimate.

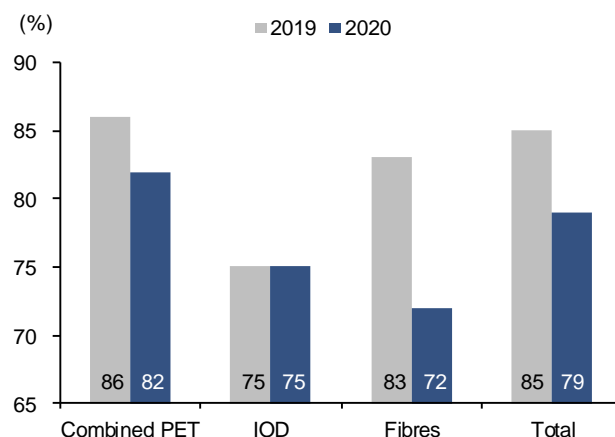
We estimate that IVL's utilisation rate for its fibre group will rise from 72% in 2020 to 84% in 2021, with 90% of the 2021E EBITDA increase coming from the volume rise with around 10% coming from the margin improvement.

Exhibit 20: Core EBITDA margins by product group



Sources: IVL

Exhibit 21: Utilisation rates by product group



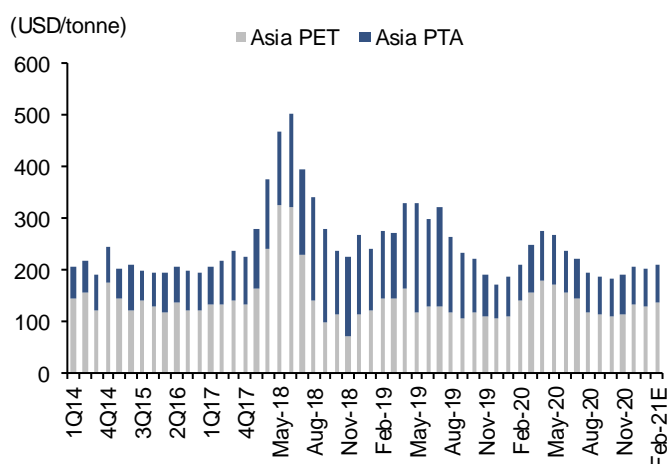
Sources: IVL

### Driver #3: Margin recovery for the combined PET group led by PIA and NDC

While IVL's combined PET group is the largest product group with around two-thirds of IVL's total 18.7mtpa capacity as of 2020, we think the EBITDA growth from combined PET will be the smallest among IVL's three major product groups, given that the core EBITDA from combined PET was USD794m or 73% of USD1.1b EBITDA in 2020.

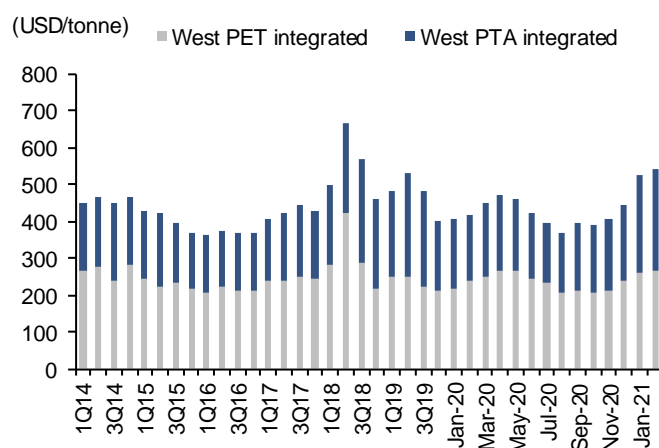
The main reason for IVL's resilient core EBITDA from the combined PET group is due to the highly resilient margin of integrated PET-PTA (PET-PTA plus PTA-PX margins), which hovered in the range of USD174-261/t in Asia and USD368-445/t in Western markets (North America and Europe) in 2020. The volatility of the PET-PTA margin was caused mostly by the fluctuation of the depressed PTA-PX margin in the USD72-97/t range, far below the USD205-265/t level in Western markets due to the supply influx in China.

Exhibit 22: PET-PTA and PTA-PX spreads in Asia



Source: IVL

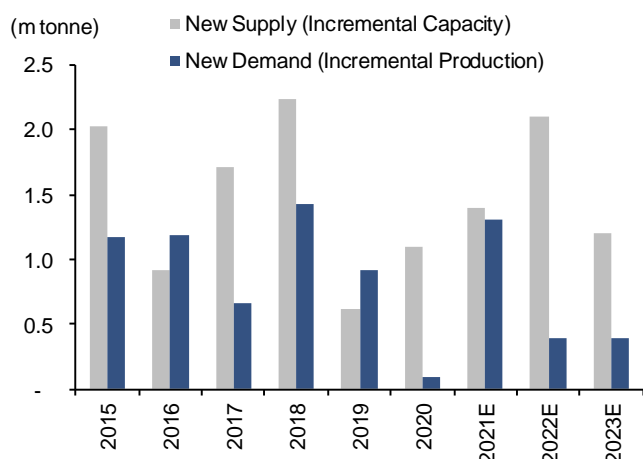
Exhibit 23: PET-PTA and PTA-PX spreads in Europe and North America (West)



Source: IVL

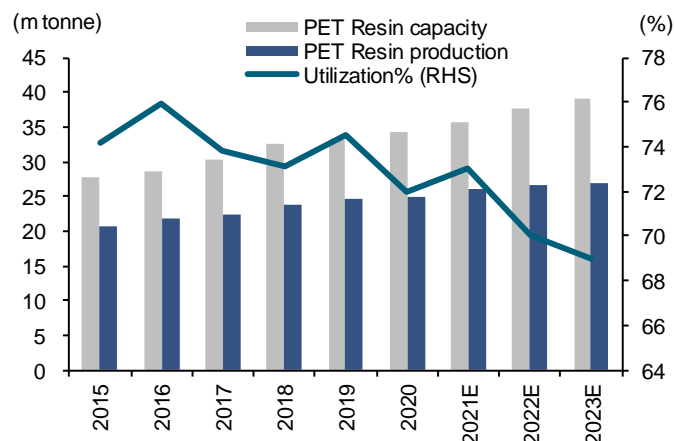
In 2021, while we project the integrated PET-PTA margin to remain in the range of USD180-220/t in Asia, we think the integrated PET-PTA margin will be around USD380-459/t in Europe and North America. This would generate USD800m to USD1b EBITDA for IVL from PET and PTA alone in 2021-22, based on our estimate. We note that in Jan-Feb 2021 the margin of integrated PET-PTA has been higher than our projected margin levels, rising to USD201/t in Jan-21 and USD212/t in Feb-21 in Asia and to USD526/t in Jan-21 and USD542/t in Feb-21 in Western markets. We believe the faster and larger-than-expected demand recoveries are the key reasons for the recent spike in the margins of integrated PET-PTA in both Asian and Western markets.

Exhibit 24: PET supply and demand



Source: IVL

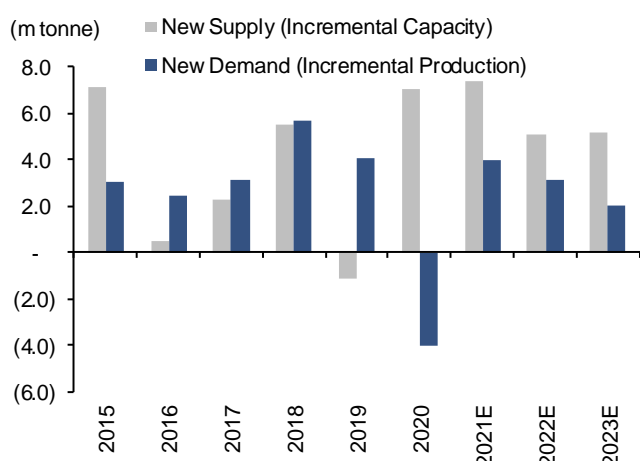
Exhibit 25: PET capacity, production and utilisation



Source: IVL

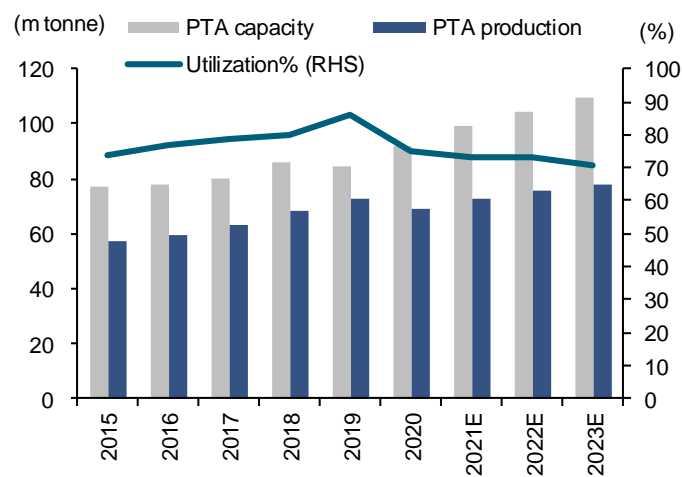
**PET-PTA margin is likely to stay high in 2021.** Thanks to the relatively balanced new demand and supply, based on IVL's information, we think the PET-PTA margin will stay high at above USD150/t in Asia and USD200/t in Western markets in 2021. This should help IVL's integrated PET-PTA margin stay above USD200/t in Asia and USD400/t in Western markets, based on our estimate.

Exhibit 26: PTA supply and demand



Source: IVL

Exhibit 27: PTA capacity, production and utilisation



Source: IVL

**PTA-PX margin to remain weak in Asia but should be stronger in Western markets in 2021.** Unlike the PET-PTA margin, we think PTA-PX margin will continue to remain weak at below USD100/t, thanks to the supply influx from Chinese producers despite the strong demand forecast in 2021. In Jan-Feb 2021, the PTA-PX margin in Asia, a key index for the global PTA-PX margin, has remained weak at USD72-76/t, down slightly from the 2020 average of USD80/t.

However, the PTA-PX margin in Western markets has remained strong, rising from USD188/t in 2020 to USD270/t in 2M21. We believe the spike in the PTA-PX margin in Western markets is due to the higher freight cost which tripled to over USD150/t in 2021, up from USD70/t in 2020 for the PTA transported from Asia to the Europe and US markets, the two key PTA import markets for PTA and PET using import parity pricing (product cost plus freight and other related import duties and tax expenses).

## 4Q20 results review

IVL's 4Q20 net profit was THB1.3b, up from a net loss of THB1.5b in 4Q19, up 245% q-q due to an acquisition expense of THB0.9b that was partly offset by an inventory gain of THB0.8b. Core net profit was THB1.46b (+82% q-q, +835% y-y), 3%/5% below our own and BBG's consensus estimate, respectively.

The key factors are:

- 1) Strong 4Q20 core EBITDA of USD255m (+1.6% q-q, +27% y-y) from improving integrated margins due to the rising MTBE and MEG margins that helped offset the weak PTA-PX margin;
- 2) A lower sales volume to 3.48mtpa in 4Q20 (-5.4% q-q, +21% y-y) due to the lower utilisation rate for PET, but was partly offset by the q-q higher utilisation rate of the IOD group at 85%;
- 3) The overall utilisation rate dipped to 80% in 4Q20, down from 85% in 3Q20, due to the lower demand for PET, while the demand for IOD products and polyester fibres for the automotive and lifestyle apparel segments improved q-q.

### Exhibit 28: Summary of 4Q20/2020 operations

	4Q19	3Q20	----- 4Q20 -----			2019	2020	Chg.	Comments
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	
<b>Revenue</b>	<b>77,509</b>	<b>81,019</b>	<b>85,431</b>	<b>5.4</b>	<b>10.2</b>	<b>352,692</b>	<b>331,513</b>	<b>(6.0)</b>	<b>Lower y-y in 2020 due to lower ASP</b>
Operating costs	(72,023)	(72,895)	(76,627)	5.1	6.4	(285,554)	(267,316)	(6.4)	Lower y-y in 2020 due to lower feedstock cost
<b>EBITDA</b>	<b>5,486</b>	<b>8,124</b>	<b>8,804</b>	<b>8.4</b>	<b>60.5</b>	<b>35,010</b>	<b>31,473</b>	<b>(10.1)</b>	<b>Higher due to a rise in sales volume</b>
<i>EBITDA margin (%)</i>	<i>7.1</i>	<i>10.0</i>	<i>10.3</i>	<i>nm</i>	<i>nm</i>	<i>9.9</i>	<i>9.5</i>	<i>nm</i>	
Depreciation & amort	(4,391)	(4,553)	(7,336)	61.1	67.1	(17,040)	(20,487)	20.2	
EBIT	1,095	3,571	1,468	(58.9)	34.0	17,969	10,986	(38.9)	Higher y-y due to higher sales volume
Interest expense	(1,331)	(1,899)	(1,803)	(5.0)	35.5	(5,615)	(7,674)	36.7	Higher y-y due to higher debt
Interest & invt inc	40	46	(1,971)	nm	nm	183	192	4.8	
Associates' contrib	16	42	21	(50.7)	30.4	5	143	2,584.4	
Exceptional	(622)	(1,083)	3,035	nm	nm	(7,046)	(3,896)	(44.7)	Acquisition loss
<b>Pre-tax profit</b>	<b>(802)</b>	<b>677</b>	<b>750</b>	<b>10.8</b>	<b>(193.5)</b>	<b>5,898</b>	<b>1,557</b>	<b>(73.6)</b>	<b>Higher q-q due to an inventory gain</b>
Tax	(1,330)	(188)	856	nm	nm	(1,534)	1,243	(181.0)	
<i>Tax rate (%)</i>	<i>(166)</i>	<i>28</i>	<i>(114)</i>	<i>nm</i>	<i>nm</i>	<i>26</i>	<i>(80)</i>	<i>nm</i>	
Minority interests	617	(109)	(296)	172.1	nm	888	(386)	(143.4)	
<b>Net profit</b>	<b>(1,516)</b>	<b>380</b>	<b>1,310</b>	<b>244.7</b>	<b>nm</b>	<b>5,252</b>	<b>2,414</b>	<b>(54.0)</b>	
Non-recurring	(1,672)	(420)	(149)	(64.5)	(91.1)	(6,750)	(4,016)	(40.5)	
<b>Core profit</b>	<b>156</b>	<b>800</b>	<b>1,459</b>	<b>82.4</b>	<b>835.3</b>	<b>12,002</b>	<b>6,430</b>	<b>(46.4)</b>	<b>3% below our estimate and 5% below BBG consensus</b>
EPS (THB)	(0.28)	0.07	0.24	244.7	nm	0.93	0.43	(54.0)	
Core EPS (THB)	0.03	0.15	0.27	82.4	835.3	2.12	1.14	(46.4)	

Sources: IVL; FSSIA estimates

The core EBITDA margin dipped to 9% in 4Q20, down from 10% in 3Q20, dragged down by 1) a low EBITDA margin for integrated PET-PTA at 11%, down from 12% in 3Q20; 2) a higher integrated oxide EBITDA margin at 3%, up from 2% in 3Q20 due to the improving MTBE and MEG margins; and 3) the fibre margin at 8%, up from 6% in 3Q20.

## Exhibit 29: 4Q20/2020 key performance

Capacity	4Q19	3Q20	4Q20	(q-q %)	(y-y %)	2019	2020	(y-y %)
<b>Production (mt)</b>								
Combined PET	2.33	2.81	2.47	(12.1)	6.0	10.31	10.17	(1.4)
- Integrated PET	2.08	2.57	2.24	(12.8)	7.7	9.36	9.27	(1.0)
- Packaging	0.05	0.05	0.05	nm	nm	0.21	0.20	(4.8)
- Specialty chemicals	0.19	0.19	0.18	(5.3)	(5.3)	0.74	0.70	(5.4)
Integrated oxide and derivatives	0.15	0.46	0.57	23.9	280.0	0.41	1.98	382.9
Fibres	0.40	0.40	0.45	12.5	12.5	1.61	1.57	(2.5)
<b>Total</b>	<b>2.88</b>	<b>3.68</b>	<b>3.48</b>	<b>(5.4)</b>	<b>20.8</b>	<b>12.34</b>	<b>13.72</b>	<b>11.2</b>
<b>Core EBITDA (USD m)</b>								
Combined PET	134	199	177	(11.1)	32.1	866	794	(8.3)
Integrated oxide and derivatives	31	8	13	62.5	(58.1)	75	105	40.0
Fibres	43	39	59	51.3	37.2	222	195	(12.2)
<b>Total</b>	<b>201</b>	<b>251</b>	<b>255</b>	<b>1.6</b>	<b>26.9</b>	<b>1,147</b>	<b>1,114</b>	<b>(2.9)</b>
<b>Core EBITDA margin (%)*</b>								
Combined PET	7	12	11	(1.0)	4.0	12	12	nm
Integrated oxide and derivatives	33	2	3	1.0	(30.0)	7	25	18.0
Fibres	6	6	8	2.0	2.0	7	7	0.0
<b>Total</b>	<b>8</b>	<b>10</b>	<b>9</b>	<b>(1.0)</b>	<b>1.0</b>	<b>11</b>	<b>10</b>	<b>(1.0)</b>
<b>Utilisation (%)*</b>								
Combined PET	81	90	79	(11.0)	(2.0)	86	82	(4.0)
- Integrated PET	82	91	80	(11.0)	(2.0)	88	83	(5.0)
- Packaging	74	76	69	(7.0)	(5.0)	76	73	(3.0)
- Specialty chemicals	70	86	79	(7.0)	9.0	69	74	5.0
Integrated oxide and derivatives	110	69	85	16.0	(25.0)	75	75	0.0
Fibres	76	74	81	7.0	5.0	83	72	(11.0)
<b>Total</b>	<b>81</b>	<b>85</b>	<b>80</b>	<b>(5.0)</b>	<b>(1.0)</b>	<b>85</b>	<b>79</b>	<b>(6.0)</b>

\* Note: Change in margin % is represented in ppt change  
 Sources: IVL; FSSIA estimates

## EPS and TP upgrades

We raise our EPS forecasts by 15.7-52.9% for 2021-22 to reflect 1) our higher utilisation rate assumptions from 85-86% to 87-88% for 2021-22; 2) our estimate for a higher blended PET-PTA margin by 34.3-35.8% in Asian and Western markets due to our more positive view on the demand recovery; 3) our estimate for a higher blended PTA-PX margin in Asian and Western markets by 23.4-24.8% to reflect our more positive view on the PTA-PX margin outlook in Western markets; and 4) our 15-25% higher MEG-(0.58)ethylene margin assumption to reflect our expectation of a tight MEG market in 2021-22.

### Exhibit 30: Key changes in EPS and assumptions

THB m	Current			Previous			Change (%)		
	2021E	2021E	2023E	2021E	2021E	2023E	2021E	2022E	2023E
Revenue	348,866	347,417	355,020	344,703	343,920	355,020	1.2	1.0	nm
Gross profit	65,090	68,325	76,008	58,618	64,403	76,008	11.0	6.1	nm
Operating profit	44,158	47,480	54,707	37,936	43,768	54,707	16.4	8.5	nm
Recurring net profit	11,518	14,571	17,158	7,533	12,594	17,158	52.9	15.7	nm
Core EPS	2.0	2.6	3.0	1.3	2.2	3.0	52.9	15.7	nm
<b>Key assumptions (USD/t)</b>									
Utilisation rate (%)	87	88	89	85	86	89	2.4	2.3	nm
PET margin	149	161	211	110	120	211	35.8	34.3	nm
PTA-PX margin	101	106	116	81	86	116	24.8	23.4	nm
MEG-(0.58)ethylene margin	250	230	230	200	200	230	25.0	15.0	nm

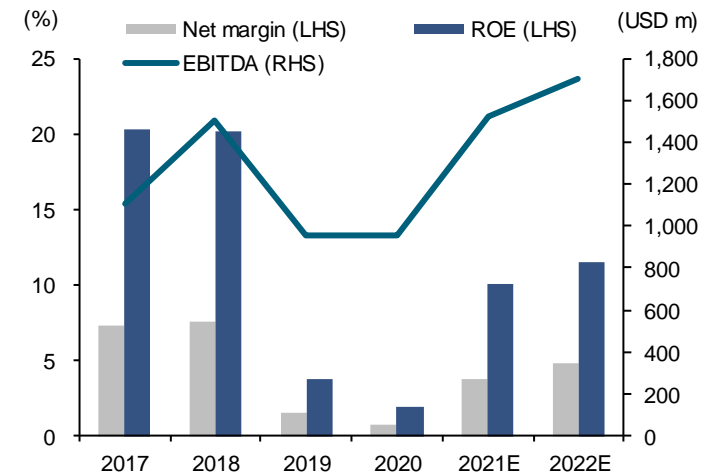
Note: Change of items in percentage terms are represented in ppt change

Sources: IVL; FSSIA estimates

We maintain BUY and raise our TP from THB36, previously based on 9.4x 2021E EV/EBITDA, a 15% discount to its 9-year average, up to THB57, now based on 11.1x 2021E EV/EBITDA, still lower than IVL's 10-year average of 12.7x, to reflect our more positive but still cautious view on the integrated PET-PTA margin outlook. We project IVL's net profit to have good growth momentum in 2021, driven by an integrated PET-PTA margin recovery, MTBE-driven oxide assets and the absence of non-operating expenses.

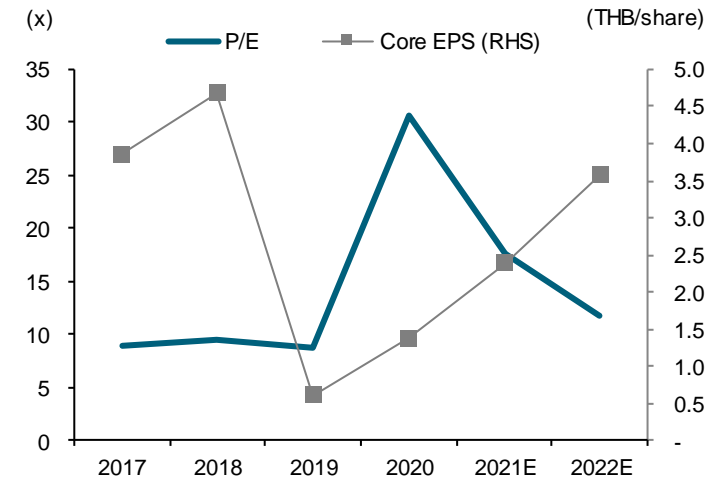
We project IVL's net margin, ROE and EBITDA to rise in 2021-23 from their bottom levels in 2019-20 given that we expect IVL's net profit to rebound, driven by stronger product margins and the absence of several one-time, non-operating items. Key potential drivers in 2021-23 include 1) net profit growth from its Huntsman assets for its IOD products, with the MTBE and MEG margins improving q-q due to the projected higher gasoline demand and oil price; 2) a healthy PET-PTA margin at over USD200/t, thanks to the higher demand; and 3) a polyester fibre margin recovery for the automotive and lifestyle segments.

Exhibit 31: IVL's net margin, ROE and EBITDA



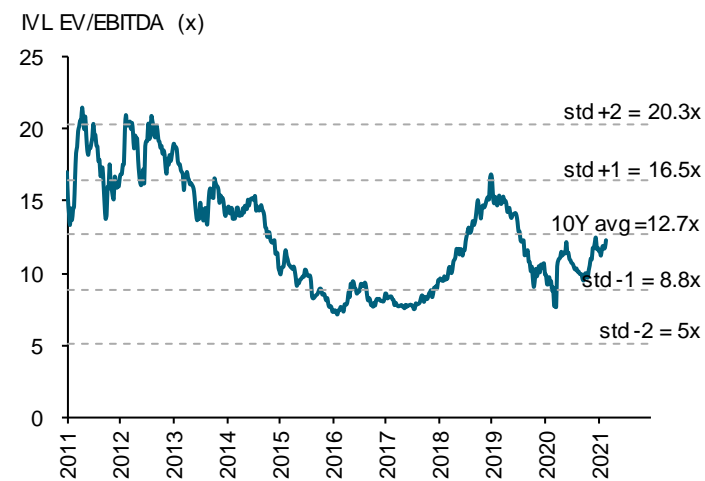
Sources: IVL; FSSIA estimates

Exhibit 32: Forward P/E and core EPS



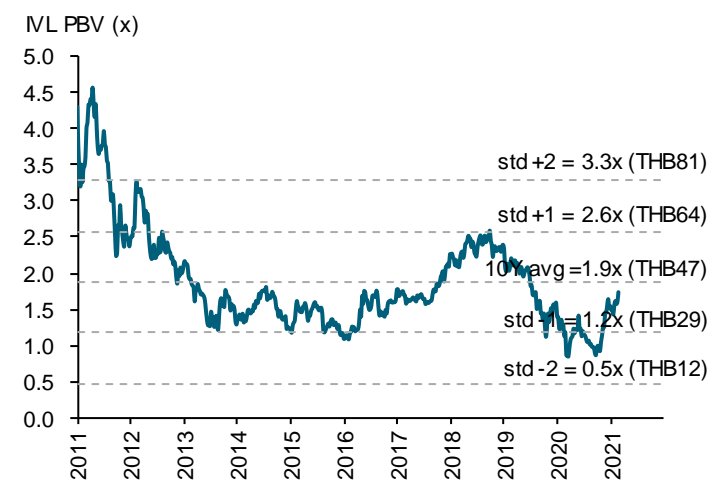
Sources: IVL; FSSIA estimates

Exhibit 33: One-year forward rolling EV/EBITDA band



Sources: IVL; FSSIA estimates

Exhibit 34: One-year forward rolling P/BV band



Sources: IVL; FSSIA estimates



## Exhibit 35: Peer comparisons

Company	BBG code	Rec	Share Price	Target price	Upside	Market Cap	3Y EPS CAGR	----- PE -----		---- ROE ----		---- PBV ----		EV / EBITDA	
								21E	22E	21E	22E	21E	22E	21E	22E
			(LCY)	(LCY)	(%)	(USD m)	(%)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
<b>THAILAND</b>															
Indorama Ventures	IVL TB	BUY	43.00	57.00	33	7,767	68.5	21.1	16.7	8.7	10.1	1.8	1.6	9.3	8.3
Irpc Pcl	IRPC TB	BUY	3.50	5.30	51	2,315	(309.4)	13.6	6.3	6.9	13.6	0.9	0.8	7.0	4.6
Ptt Global Chem	PTTGC TB	BUY	65.50	86.00	31	9,347	36.2	15.2	11.8	6.9	9.0	1.0	1.1	10.0	8.6
Siam Cement	SCC TB	BUY	368.00	445.00	21	14,624	3.8	12.5	12.3	10.8	10.3	1.3	1.2	12.1	12.2
Eastern Polymer	EPG TB	BUY	9.85	12.00	22	904	18.2	27.8	18.5	9.3	13.2	2.5	2.4	18.6	13.1
Vinythai Public	VNT TB		34.75	NA	NA	1,347	(4.3)	13.6	13.0	13.1	12.8	1.7	1.6	7.6	7.3
<b>THAILAND avg</b>						<b>36,303</b>	<b>7.3</b>	<b>15.5</b>	<b>12.9</b>	<b>9.1</b>	<b>10.3</b>	<b>1.4</b>	<b>1.3</b>	<b>10.6</b>	<b>9.8</b>
<b>INDIA</b>															
Reliance Industries	RIL IN	NA	2,178.70	NA	NA	196,236	11.0	32.5	24.1	8.3	9.7	2.4	2.2	19.9	14.2
<b>INDIA avg</b>						<b>196,236</b>	<b>59.7</b>	<b>175.4</b>	<b>130.1</b>	<b>45.0</b>	<b>52.5</b>	<b>13.0</b>	<b>11.8</b>	<b>107.4</b>	<b>76.8</b>
<b>TAIWAN</b>															
Formosa Plastics	1301 TT	NA	101.50	NA	NA	23,317	6.0	18.5	16.3	10.5	10.7	1.8	1.8	18.9	18.8
Nan Ya Plastics	1303 TT	NA	72.90	NA	NA	20,973	20.0	20.1	16.5	9.2	10.2	1.7	1.7	17.0	17.1
Formosa Chem&Fi	1326 TT	NA	87.40	NA	NA	18,830	3.4	19.7	18.5	7.1	7.4	1.5	1.5	14.5	14.0
Formosa Petro	6505 TT	NA	99.00	NA	NA	34,893	5.1	29.0	25.3	10.4	11.5	3.0	3.0	17.8	16.0
<b>TAIWAN avg</b>						<b>98,013</b>	<b>7.4</b>	<b>61.6</b>	<b>53.8</b>	<b>25.7</b>	<b>27.6</b>	<b>5.9</b>	<b>5.7</b>	<b>46.6</b>	<b>44.6</b>
<b>SOUTH KOREA</b>															
Hanwha Solutions	009830 KS	NA	43,950.00	NA	NA	6,435	43.5	13.1	11.8	8.8	9.0	1.1	1.0	8.8	8.1
Lotte Chemical	011170 KS	NA	322,000.00	NA	NA	9,729	8.9	10.6	10.3	7.6	7.5	0.8	0.7	5.3	5.0
Lg Chem	051910 KS	NA	904,000.00	NA	NA	56,092	78.0	30.1	26.3	11.5	12.0	3.3	3.0	11.7	10.2
Kumho Petro	011780 KS	NA	234,000.00	NA	NA	6,120	34.3	8.3	9.0	24.1	18.1	1.9	1.6	5.7	6.2
Oci	010060 KS	NA	137,500.00	NA	NA	2,758	(225.9)	23.0	17.4	5.3	6.7	1.2	1.1	11.7	10.0
<b>SOUTH KOREA avg</b>						<b>81,134</b>	<b>56.1</b>	<b>54.8</b>	<b>48.3</b>	<b>25.8</b>	<b>25.7</b>	<b>6.0</b>	<b>5.4</b>	<b>22.9</b>	<b>20.4</b>
<b>MALAYSIA</b>															
Petronas Chem	PCHEM MK	NA	7.82	NA	NA	16,255	7.0	22.7	19.7	9.0	9.9	2.1	2.0	11.4	10.2
Lotte Chemical Titan	TTNP MK	NA	2.21	NA	NA	1,291	(14.6)	17.1	20.0	2.3	1.5	0.4	0.4	1.7	1.8
<b>MALAYSIA avg</b>						<b>17,545</b>	<b>6.3</b>	<b>10.8</b>	<b>9.5</b>	<b>4.1</b>	<b>4.5</b>	<b>0.9</b>	<b>0.9</b>	<b>5.2</b>	<b>4.6</b>
<b>Average (Asia)</b>						<b>429,231</b>	<b>35.6</b>	<b>106.4</b>	<b>82.4</b>	<b>32.2</b>	<b>36.2</b>	<b>8.6</b>	<b>7.9</b>	<b>65.2</b>	<b>50.2</b>
<b>US</b>															
Eastman Chem	EMN US	NA	115.28	NA	NA	15,662	5.6	14.9	13.7	16.1	15.7	2.3	2.2	10.2	9.8
Dupont De Nem	DD US	NA	74.03	NA	NA	39,856	16.5	21.7	18.6	4.9	5.2	1.4	1.4	15.2	14.3
Celanese	CE US	NA	147.86	NA	NA	16,882	4.7	14.8	13.5	29.7	29.7	4.6	4.0	11.0	10.5
Westlake Chem	WLK US	NA	89.40	NA	NA	11,428	11.2	17.6	17.2	9.6	9.2	1.9	1.7	7.8	7.8
Ppg Industries	PPG US	NA	142.61	NA	NA	33,791	9.8	19.4	17.4	28.6	28.5	5.0	4.4	13.0	12.1
Alpek Sa De Cv	ALPEKA MM	NA	19.01	NA	NA	1,887	(20.4)	11.8	10.8	7.8	7.9	1.0	1.0	5.7	5.5
<b>Avg (US)</b>						<b>119,507</b>	<b>9.0</b>	<b>61.3</b>	<b>54.7</b>	<b>56.1</b>	<b>56.1</b>	<b>10.0</b>	<b>9.0</b>	<b>41.2</b>	<b>38.8</b>
<b>ME/Europe</b>															
Saudi Basic	SABIC AB	NA	108.20	NA	NA	86,516	9.3	35.0	23.5	6.5	8.5	1.9	1.9	11.4	10.0
Saudi Kayan	KAYAN AB	NA	15.34	NA	NA	6,133	(212.5)	45.1	31.0	4.0	3.9	1.6	1.4	11.7	10.9
Yanbu National	YANSAB AB	NA	68.50	NA	NA	10,270	15.6	28.1	22.8	9.7	12.3	2.6	2.5	13.6	12.0
Industries Qatar	IQCD QD	NA	11.41	NA	NA	18,619	7.2	23.6	21.9	7.2	8.5	2.1	2.1	23.2	20.8
Basf Se	BAS GR	NA	71.52	NA	NA	78,256	19.8	17.3	15.8	8.8	10.5	1.8	1.8	9.4	8.8
Arkema	AKE FP	NA	96.00	NA	NA	8,776	0.6	15.7	14.4	8.4	8.4	1.3	1.2	7.7	7.2
Lanxess Ag	LXS GR	NA	64.48	NA	NA	6,717	(2.4)	16.0	13.5	9.1	10.4	1.5	1.4	8.2	7.4
Solvay Sa	SOLB BB	NA	105.35	NA	NA	13,288	1.6	16.0	13.7	8.2	10.3	1.6	1.5	7.7	7.0
<b>Avg (ME/Europe)</b>						<b>228,575</b>	<b>11.2</b>	<b>161.0</b>	<b>123.9</b>	<b>48.4</b>	<b>59.1</b>	<b>11.8</b>	<b>11.6</b>	<b>71.3</b>	<b>64.3</b>
<b>Petrochem under coverage</b>						<b>34,957</b>	<b>7.3</b>	<b>15.0</b>	<b>12.4</b>	<b>8.6</b>	<b>9.8</b>	<b>1.3</b>	<b>1.2</b>	<b>10.3</b>	<b>9.5</b>
<b>Average (all)</b>						<b>777,313</b>	<b>19.7</b>	<b>115.5</b>	<b>90.3</b>	<b>40.7</b>	<b>46.0</b>	<b>9.7</b>	<b>9.2</b>	<b>63.3</b>	<b>52.6</b>

Share prices as of 4 March 2021

Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Indorama Ventures

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	352,692	331,513	348,866	347,417	355,020
Cost of goods sold	(285,554)	(267,316)	(283,776)	(279,092)	(279,012)
<b>Gross profit</b>	<b>67,138</b>	<b>64,197</b>	<b>65,090</b>	<b>68,325</b>	<b>76,008</b>
Other operating income	-	-	-	-	-
Operating costs	(32,129)	(32,724)	(20,932)	(20,845)	(21,301)
<b>Operating EBITDA</b>	<b>35,010</b>	<b>31,473</b>	<b>44,158</b>	<b>47,480</b>	<b>54,707</b>
Depreciation	(17,040)	(20,487)	(18,241)	(18,870)	(19,498)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>17,969</b>	<b>10,986</b>	<b>25,917</b>	<b>28,610</b>	<b>35,209</b>
Net financing costs	(5,728)	(7,362)	(6,729)	(4,609)	(7,240)
Associates	5	143	506	506	506
Recurring non operating income	407	1,949	506	506	506
Non recurring items	(6,750)	(4,016)	1,822	2,022	2,022
<b>Profit before tax</b>	<b>5,898</b>	<b>1,557</b>	<b>21,515</b>	<b>26,530</b>	<b>30,496</b>
Tax	(1,534)	1,243	(7,530)	(9,285)	(10,674)
<b>Profit after tax</b>	<b>4,364</b>	<b>2,800</b>	<b>13,985</b>	<b>17,244</b>	<b>19,823</b>
Minority interests	888	(386)	(645)	(651)	(643)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>5,252</b>	<b>2,414</b>	<b>13,340</b>	<b>16,593</b>	<b>19,180</b>
<b>Non recurring items &amp; goodwill (net)</b>	<b>6,750</b>	<b>4,016</b>	<b>(1,822)</b>	<b>(2,022)</b>	<b>(2,022)</b>
<b>Recurring net profit</b>	<b>12,002</b>	<b>6,430</b>	<b>11,518</b>	<b>14,571</b>	<b>17,158</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.12	1.14	2.04	2.58	3.03
Reported EPS	0.93	0.43	2.36	2.93	3.39
DPS	0.35	0.20	1.11	1.37	1.59
Diluted shares (used to calculate per share data)	5,656	5,657	5,657	5,657	5,657
<b>Growth</b>					
Revenue (%)	1.6	(6.0)	5.2	(0.4)	2.2
Operating EBITDA (%)	(15.7)	(10.1)	40.3	7.5	15.2
Operating EBIT (%)	(38.8)	(38.9)	135.9	10.4	23.1
Recurring EPS (%)	(52.4)	(46.4)	79.1	26.5	17.8
Reported EPS (%)	(80.2)	(54.0)	452.5	24.4	15.6
<b>Operating performance</b>					
Gross margin inc depreciation (%)	14.2	13.2	13.4	14.2	15.9
Gross margin of key business (%)	12.3	13.2	13.4	14.2	15.9
Operating EBITDA margin (%)	9.9	9.5	12.7	13.7	15.4
Operating EBIT margin (%)	5.1	3.3	7.4	8.2	9.9
Net margin (%)	3.4	1.9	3.3	4.2	4.8
Effective tax rate (%)	26.0	-79.8	35.0	35.0	35.0
Dividend payout on recurring profit (%)	16.5	17.6	54.3	53.4	52.4
Interest cover (X)	3.2	1.8	3.9	6.3	4.9
Inventory days	84.5	79.3	71.2	74.1	74.8
Debtor days	37.2	37.3	35.9	36.9	36.4
Creditor days	76.0	86.5	86.3	89.8	90.6
Operating ROIC (%)	8.0	4.6	0.7	0.8	1.0
ROIC (%)	6.8	4.4	0.6	0.7	0.8
ROE (%)	8.7	5.0	8.7	10.1	11.1
ROA (%)	4.5	3.5	2.8	3.4	3.9

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue By Division (THB m)	2019	2020	2021E	2022E	2023E
PET	196,047	153,889	139,458	139,930	142,705
Feedstock	132,911	100,905	117,776	117,110	121,937
Fibres	107,059	90,601	110,868	109,613	109,613
Eliminations and unallocated	(83,325)	(13,882)	(19,236)	(19,236)	(19,236)

Sources: Indorama Ventures; FSSIA estimates

## Financial Statements

### Indorama Ventures

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	12,002	6,430	11,518	14,571	17,158
Depreciation	17,040	20,487	18,241	18,870	19,498
Associates & minorities	-	-	-	-	-
Other non-cash items	(978)	(1,002)	(1,001)	(1,001)	(1,001)
Change in working capital	19,446	19,603	19,240	20,717	17,678
<b>Cash flow from operations</b>	<b>47,510</b>	<b>45,518</b>	<b>47,998</b>	<b>53,157</b>	<b>53,333</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(16,233)	(16,231)	(13,200)	(13,200)	(13,200)
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	(9,065)	(9,059)	(9,059)	(9,059)	(9,059)
<b>Cash flow from investing</b>	<b>(25,298)</b>	<b>(25,290)</b>	<b>(22,259)</b>	<b>(22,259)</b>	<b>(22,259)</b>
Dividends paid	(6,929)	(6,930)	(1,131)	(6,251)	(7,776)
Equity finance	0	0	0	0	0
Debt finance	8,881	51,695	(9,654)	(9,654)	(9,654)
Other financing cash flows	(19,297)	(56,491)	6,023	6,229	6,220
<b>Cash flow from Financing</b>	<b>(17,344)</b>	<b>(11,726)</b>	<b>(4,762)</b>	<b>(9,676)</b>	<b>(11,210)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>4,868</b>	<b>8,502</b>	<b>20,976</b>	<b>21,221</b>	<b>19,863</b>
Free cash flow to firm (FCFF)	27,827.25	27,901.55	33,121.86	38,280.64	38,456.48
Free cash flow to equity (FCFE)	11,796.62	15,431.42	22,107.48	27,472.26	27,639.10
<b>Per share (THB)</b>					
FCFF per share	4.96	4.97	5.90	6.82	6.85
FCFE per share	2.10	2.75	3.94	4.89	4.92
Recurring cash flow per share	4.96	4.58	5.08	5.73	6.30
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed asset (gross)	304,108	376,464	389,664	402,864	416,064
Less: Accumulated depreciation	(91,686)	(112,173)	(130,414)	(149,284)	(168,782)
<b>Tangible fixed assets (Net)</b>	<b>212,423</b>	<b>264,291</b>	<b>259,250</b>	<b>253,580</b>	<b>247,282</b>
<b>Intangible fixed assets (Net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	-	-	-	-	-
Invest. In associates & subsidiaries	0	0	0	0	0
Cash & equivalents	10,447	18,949	39,924	61,145	81,008
A/C receivable	34,305	33,422	35,171	35,025	35,791
Inventories	62,165	53,938	56,762	56,526	57,763
Other current assets	11,840	13,526	13,526	13,526	13,526
<b>Current assets</b>	<b>118,757</b>	<b>119,835</b>	<b>145,383</b>	<b>166,222</b>	<b>188,088</b>
Other assets	49,388	69,046	46,416	46,416	46,416
<b>Total assets</b>	<b>380,568</b>	<b>453,172</b>	<b>451,049</b>	<b>466,218</b>	<b>481,786</b>
Common equity	129,712	126,655	138,863	149,205	160,609
Minorities etc.	8,455	8,953	13,740	17,091	19,755
<b>Total Shareholders' equity</b>	<b>138,167</b>	<b>135,608</b>	<b>152,603</b>	<b>166,295</b>	<b>180,364</b>
Long term debt	105,611	164,073	164,073	164,073	164,073
Other long-term liabilities	11,828	39,552	10,135	11,897	11,897
<b>Long-term liabilities</b>	<b>117,439</b>	<b>203,625</b>	<b>174,208</b>	<b>175,971</b>	<b>175,971</b>
A/C payable	61,281	65,366	68,788	68,502	70,001
Short term debt	36,413	29,645	29,645	29,645	29,645
Other current liabilities	27,268	18,927	25,805	25,805	25,805
<b>Current liabilities</b>	<b>124,962</b>	<b>113,938</b>	<b>124,238</b>	<b>123,952</b>	<b>125,451</b>
<b>Total liabilities and shareholders' equity</b>	<b>380,568</b>	<b>453,172</b>	<b>451,049</b>	<b>466,218</b>	<b>481,786</b>
Net working capital	19,762	16,593	10,866	10,770	11,275
Invested capital	281,573	349,930	316,532	310,766	304,972
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	22.93	22.39	24.55	26.38	28.39
Tangible book value per share	22.93	22.39	24.55	26.38	28.39
<b>Financial strength</b>					
Net debt/Equity (%)	95.2	128.9	100.8	79.7	62.5
Net debt/total assets (%)	34.6	38.6	34.1	28.4	23.4
Current ratio (x)	1.0	1.1	1.2	1.3	1.5
CF interest cover (x)	5.9	5.3	6.2	9.8	6.6
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>20.3</b>	<b>37.8</b>	<b>21.1</b>	<b>16.7</b>	<b>14.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>26.9</b>	<b>50.1</b>	<b>28.0</b>	<b>22.1</b>	<b>18.8</b>
Reported P/E (x)	46.3	100.7	18.2	14.7	12.7
Dividend yield (%)	0.8	0.5	2.6	3.2	3.7
Price/book (x)	1.9	1.9	1.8	1.6	1.5
Price/tangible book (x)	1.9	1.9	1.8	1.6	1.5
EV/EBITDA (x) **	10.9	13.6	9.3	8.3	6.9
EV/EBITDA @ target price (x) **	13.2	16.1	11.1	9.9	8.3
EV/invested capital (x)	1.4	1.2	1.3	1.3	1.2
* 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 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## 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 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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

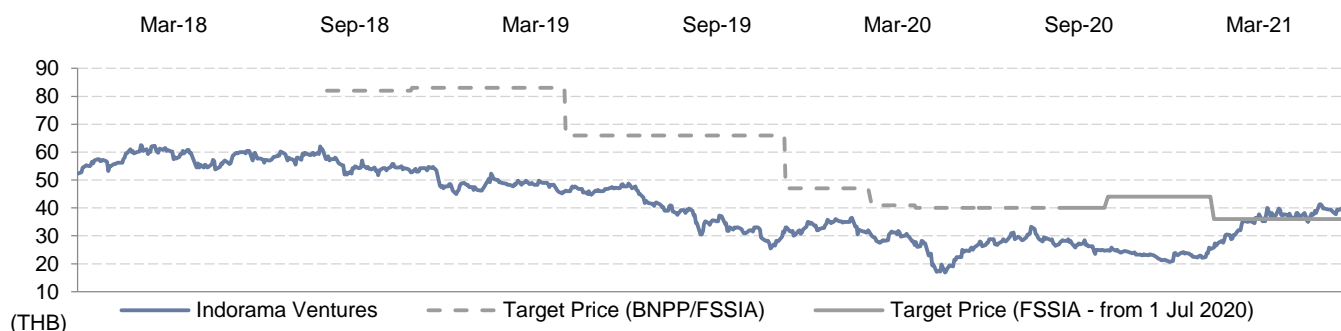
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

#### History of change in investment rating and/or target price

##### Indorama Ventures (IVL TB)



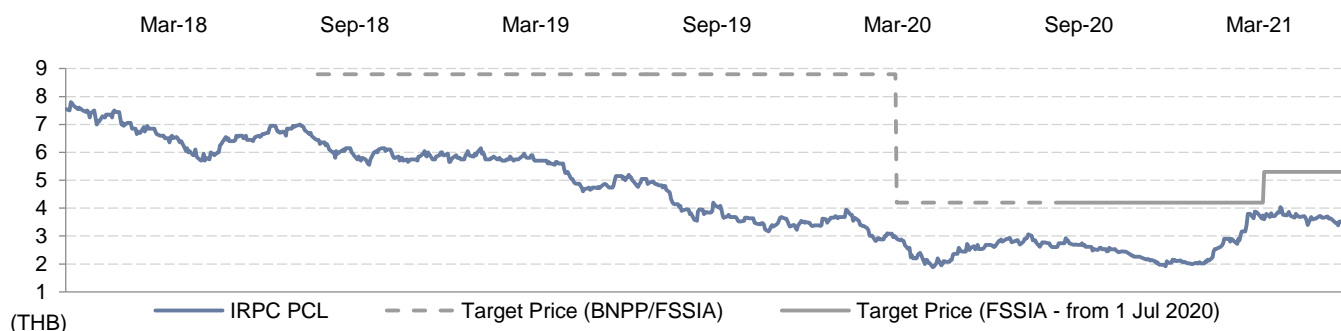
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	82.00	07-Nov-2019	BUY	47.00	09-Jun-2020	BUY	40.00
21-Dec-2018	BUY	83.00	20-Jan-2020	BUY	41.00	07-Aug-2020	BUY	44.00
02-May-2019	BUY	66.00	27-Feb-2020	BUY	40.00	06-Nov-2020	BUY	36.00

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

Price and TP are in local currency

Source: FSSIA estimates

##### IRPC PCL (IRPC TB)



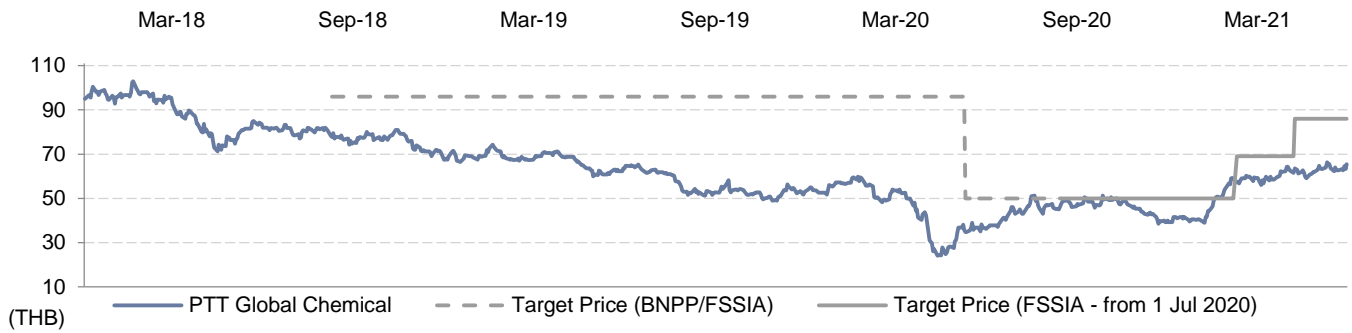
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	8.80	14-Feb-2020	BUY	4.20	22-Dec-2020	BUY	5.30
13-Feb-2019	BUY	8.80	08-May-2020	BUY	4.20			

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

Price and TP are in local currency

Source: FSSIA estimates

## PTT Global Chemical (PTTGC TB)



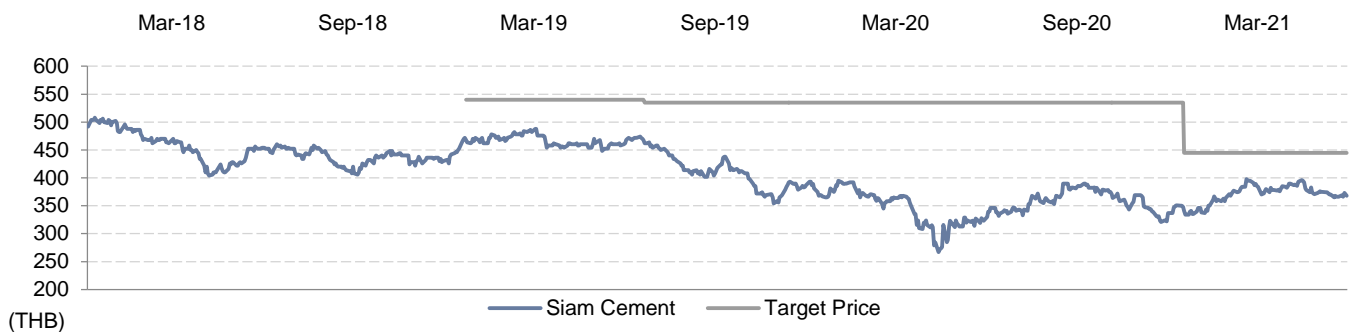
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	96.00	08-May-2020	BUY	50.00	18-Jan-2021	BUY	86.00
09-Apr-2020	BUY	50.00	27-Nov-2020	BUY	69.00			

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

Price and TP are in local currency

Source: FSSIA estimates

## Siam Cement (SCC TB)



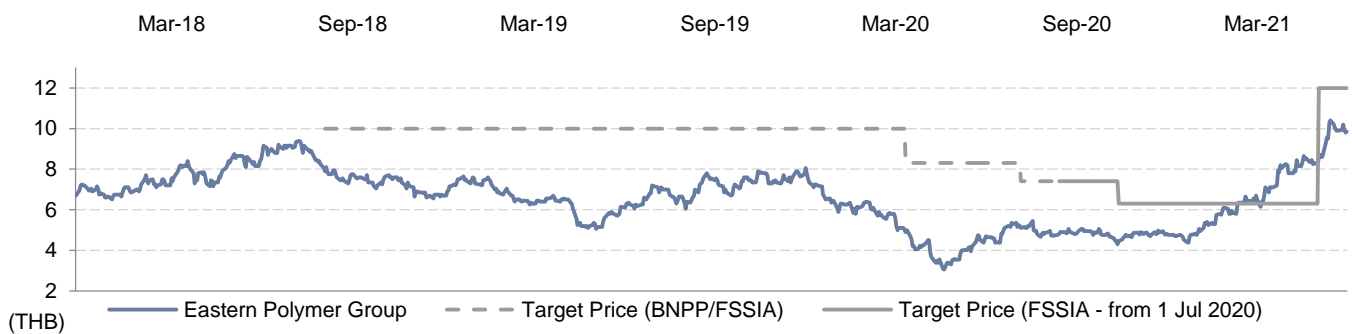
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
31-Jan-2019	BUY	540.00	02-Apr-2020	BUY	535.00	-	-	-
05-Jul-2019	BUY	535.00	14-Oct-2020	BUY	445.00			

Suwat Sinsadok started covering this stock from 14-Oct-2020

Price and TP are in local currency

Source: FSSIA estimates

## Eastern Polymer Group (EPG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	10.00	29-May-2020	BUY	7.40	08-Feb-2021	BUY	12.00
20-Feb-2020	BUY	8.30	20-Aug-2020	BUY	6.30			
29-May-2020	BUY	7.40	10-Nov-2020	BUY	6.30			

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 43.00	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.
IRPC PCL	IRPC TB	THB 3.50	BUY	Key risks to our positive view and EV/EBITDA-based target price are weaker-than-expected oil product demand growth and lower-than-expected PP-naphtha and SM-benzene margins.
PTT Global Chemical	PTTGC TB	THB 65.50	BUY	The key downside risks to our EV/EBITDA-based TP are the weaker-than-expected HDPE price and HDPE-naphtha margin.
Siam Cement	SCC TB	THB 368.00	BUY	Downside risks to our call include 1) a lower-than-expected demand for chemicals, CBM, and packaging; 2) rising coal costs for its cement and packaging units; and 3) weaker demand from the automobile industry that could erode the demand for SCC's chemical unit and its dividend contributions.
Eastern Polymer Group	EPG TB	THB 9.85	BUY	Downside risks to our EV/EBITDA-based target price include 1) a sharp rise in feedstock prices, driven mostly by a higher oil price; and 2) lower-than-expected demand for plastics used for insulators and the automobile and packaging industries.

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 05-Mar-2021 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.