

2 APRIL 2021

THAILAND / PETROCHEM & CHEMICALS

INDORAMA VENTURES IVL TB

BUY

UNCHANGED

TARGET PRICE	THB57.00
CLOSE	THB45.75
UP/DOWNSIDE	+24.6%
PRIOR TP	THB57.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+20.6%

การเริ่มของคลื่นการเติบโตขนาดใหญ่

กำไรสุทธิเริ่มมีแนวโน้มโตในระดับสูงใน 1Q21

นับจากจุดต่ำสุดในช่วง 3Q20 อัตรากำไรของผลิตภัณฑ์หลักของ IVL ประกอบด้วย PET-PTA รวม MEG และ MTBE ที่ผลิตจากก๊าซในสหรัฐฯ ซึ่งมีกำลังการผลิตรวม 14mtpa จากกำลังการผลิตที่ IVL มี 18mtpa ได้ปรับขึ้นอย่างต่อเนื่อง และเนื่องจากเรคาดว่าปริมาณการขายจะเพิ่มขึ้นจาก 3.6mt ใน 1Q21 เป็น 3.8mt ใน 2Q21 และ 3.9mt ใน 3Q-4Q21 เรคาดว่ากำไรสุทธิของ IVL จะเพิ่มจาก 0.6พัน ลบ. ใน 1Q21 เป็น 2-3พัน ลบ. ภายใน 4Q21

อัตรากำไรของผลิตภัณฑ์อยู่ในช่วงขาขึ้น

อัตรากำไรระหว่าง PET-PTA ที่ผลิตในเอเชียในไตรมาสต้นและเอเชียตะวันตกเพิ่มถึงกว่า 30% q-q ใน 1Q21 จากสภาวะอุปทานตึงตัวและความต้องการบรรจุภัณฑ์ที่สูงขึ้น อัตรากำไรระหว่าง MEG-ethylene และของ MTBE ปรับตัวดีขึ้นจากจุดต่ำสุดในปี 2020 เป็นกว่า USD200/t ในเดือน มี.ค. 21 โดยอัตรากำไรของ MTBE สูงเกินจุดคุ้มทุนที่ USD130/t และมีแนวโน้มปรับตัวขึ้นต่อเนื่องใน 2Q21 เนื่องจากตลาดคาดว่าความต้องการเบนซินในสหรัฐฯ จะเพิ่มจากการค่อย ๆ กลับมาของกิจกรรมทางเศรษฐกิจ อัตรากำไรระหว่าง MEG-ethylene ปรับตัวขึ้นต่อเนื่องจาก 300/t ในกลางปี 2020 เป็น USD680/t ในเดือน มี.ค. 21E ใกล้เคียงกับจุดสูงสุดในรอบ 8 ปีที่ USD850/t ในช่วง 2Q14 และ 1Q18 เมื่ออุปทาน MEG ทั่วโลกตึงตัวและความต้องการเพิ่มสูงขึ้น

คาดการณ์กำไรสุทธิ 1Q21 ที่ 4.1พัน ลบ.

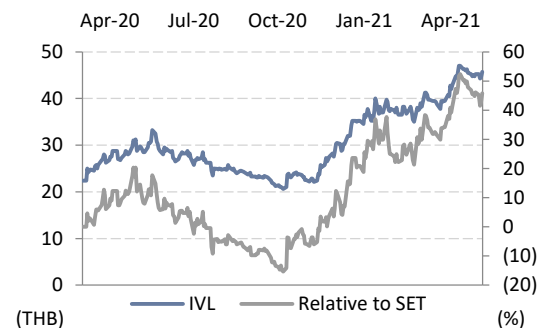
เรคาดว่า IVL จะรายงานกำไรสุทธิที่ดีใน 1Q21 ที่ 4.1พัน ลบ. (+214% q-q, +621% y-y) จากกำไรสินค้าคงคลังจำนวนมากถึง 3.3พัน ลบ. หักรายการพิเศษ เรคาดว่ากำไรสุทธิจากการดำเนินงานจะลดลงเหลือ 0.6พัน ลบ. จากการปิดโรงงานในสหรัฐฯ ส่วนมากในกลุ่ม Integrated Olefins and Derivatives (IOD) เนื่องจากลมวนข้าวโลกและราคาผลิตภัณฑ์และวัตถุดิบที่ตลาดกันเป็นระยะเวลา 1 เดือน ใน 1Q21 เรคาดว่าปริมาณขายอาจเพิ่มเป็น 3.6mt จาก 3.48mt ใน 4Q20 จากปริมาณการผลิตที่สูงขึ้นในทุกกลุ่มผลิตภัณฑ์ ยกเว้น IOD ที่ได้รับผลกระทบจากลมวนข้าวโลก ซึ่งจะทำให้อัตราการใช้กำลังการผลิตรวมเพิ่มขึ้นเป็น 86% อัตรากำไรของ PET MTBE PTA และ MEG ควรปรับตัวขึ้น q-q จากราคาน้ำมันและความต้องการที่สูงขึ้น ซึ่งมีแนวโน้มทำให้ EBITDA margin ของ IVL เพิ่มเป็น 10.6%

หุ้นเด่นในกลุ่มปิโตรเคมีไทย

เรคาดคำแนะนำซื้อที่ราคาเป้าหมาย 57 บาท (11.1x ของค่า 2021E EV/EBITDA) เราเชื่อว่ากำไรสุทธิจากการดำเนินงานของ IVL จะเพิ่มอย่างเห็นได้ชัด y-y ในปี 2021 ใน 2Q21 กำไรสุทธิควรยังเพิ่มขึ้น q-q จากผลกระทบของการตลาดกันเป็นระยะเวลา 1 เดือนที่ทำให้อัตรากำไรของผลิตภัณฑ์เริ่มปรับตัวสูงขึ้นในเดือน มี.ค. 21 ซึ่งจะเป็นประโยชน์ต่ออัตรากำไรของผลิตภัณฑ์ของ IVL อย่างเต็มที่นับตั้งแต่ 2Q21 เป็นต้นไป

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 (%)	-	7.1	11.3	6.8
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. (%)	-	-	-	-
EPS growth (%)	(46.4)	79.1	26.5	17.8
Core P/E (x)	40.2	22.5	17.8	15.1
Dividend yield (%)	0.4	2.4	3.0	3.5
EV/EBITDA (x)	14.1	9.7	8.6	7.2
Price/book (x)	2.0	1.9	1.7	1.6
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 (%)	12.3	23.6	114.8
Relative to country (%)	5.6	12.3	48.9
Mkt cap (USD m)	8,208		
3m avg. daily turnover (USD m)	49.1		
Free float (%)	33		
Major shareholder	Indorama Resources (63%)		
12m high/low (THB)	49.50/20.20		
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 2 เมษายน 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.

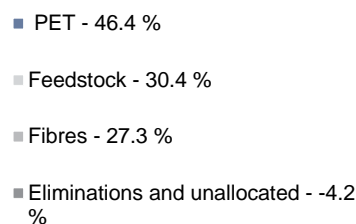
Unlike its last two growth cycles when IVL funded its capacity growth through debt and capital increases using warrants (IVL-W1 and IVL-W2), key growth strategies in IVL's third growth cycle could be driven by 1) M&A in the global packaging business, non-PET packaging in frontier markets and specialty 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 fibres, PET, and PTA.

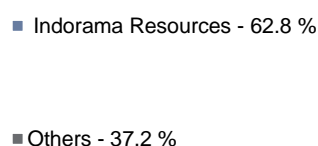
www.indoramaventures.com

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

The strong start in 1Q21 should continue into 2021-22

We project IVL to post a strong 1Q21 reported net profit of THB4.1b, up 214% q-q and 621% y-y, driven by a large inventory gain of THB3.3b. We project its core net profit to decline to THB0.6b due to the forced shutdowns of its US-based plants, mostly in the IOD group due to the polar vortex and the price mismatch between products and feedstocks caused by the one-month lag impact.

- 1Q21E sales volumes could rise to 3.6mt, up from 3.48mt in 4Q20, driven by higher production volumes across the board, except for the IOD group due to the polar vortex impact, to drive up the overall utilisation rate to 86% in 1Q21.
- Product margins for PET, MTBE, PTA, and MEG, should be higher q-q in 1Q21 thanks to the higher oil price and the rising demand. We expect the EBITDA margin to increase from 10.3% in 4Q20 to 10.6% in 1Q21, driven by the higher margins of integrated PET-PTA, MTBE, MEG, polyester fibres, and particularly the specialty product PIA due to the tight supply and higher demand for PET and coating applications.
- A 1Q21E Inventory gain of THB3.3b, or USD110m, due to the higher oil price.

Exhibit 1: 1Q21E results preview

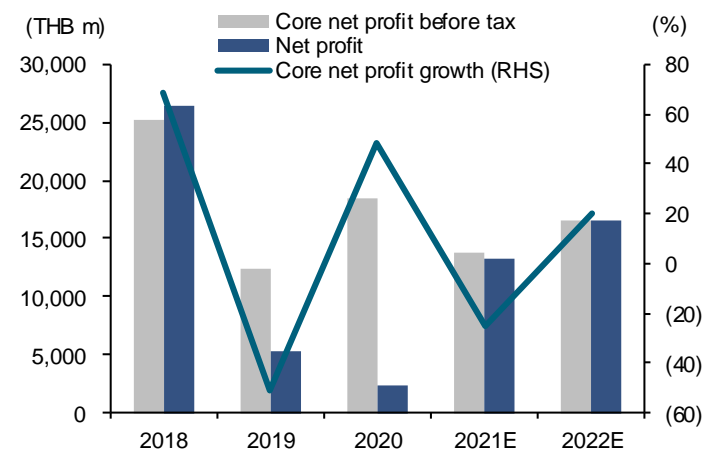
	1Q20	4Q20	----- 1Q21E-----		2020	2021E	Chg.	Comments	
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	
Revenue	92,024	85,431	87,542	2.5	(4.9)	331,513	348,866	5.2	Higher q-q due to higher selling price
Operating costs	(85,958)	(76,627)	(78,242)	2.1	(9.0)	(300,040)	(304,708)	1.6	Higher q-q due to high feedstock price
EBITDA	6,066	8,804	9,300	5.6	53.3	31,473	44,158	40.3	Higher due to higher MEG, PET and PTA margins
<i>EBITDA margin (%)</i>	6.6	10.3	10.6	<i>nm</i>	<i>nm</i>	9.5	12.7	<i>nm</i>	Higher due to higher product margins
Depn & amort.	(4,882)	(7,336)	(4,862)	(33.7)	(0.4)	(20,487)	(18,241)	(11.0)	
EBIT	1,184	1,468	4,438	202.4	274.9	10,986	25,917	135.9	Higher due to higher margins
Interest expense	(2,187)	(1,803)	(1,954)	8.4	(10.7)	(7,674)	(7,383)	(3.8)	Higher q-q due to higher debt
Interest & invt inc	2,025	(1,971)	(385)	(80.5)	(119.0)	1,998	1,179	(41.0)	
Associates' contrib	15	21	25	21.7	67.3	143	506	254.3	
Exceptionals	(498)	3,035	3,300	8.7	(763.0)	(3,896)	1,297	(133.3)	Inventory gain
Pretax profit	539	750	5,424	623.3	906.4	1,557	21,515	1,281.7	Higher due to inventory gain
Tax	7	856	(1,058)	(223.6)	(15,730.1)	1,243	(7,530)	(705.8)	
<i>Tax rate (%)</i>	(1)	(114)	20	<i>nm</i>	<i>nm</i>	(80)	35	<i>nm</i>	
Minority interests	25	(296)	(253)	(14.5)	(1,112.4)	(386)	(645)	67.3	
Net profit	571	1,310	4,113	214.0	620.7	2,414	13,340	452.5	
Non-recurring	(991)	(149)	3,509	(2,454.5)	(454.0)	(4,016)	485	(112.1)	
Core net profit	1,562	1,459	604	(58.6)	(61.3)	6,430	11,518	79.1	
EPS (THB)	0.11	0.24	0.76	214.0	620.7	0.43	2.36	452.5	
Core EPS (THB)	0.29	0.27	0.11	(58.6)	(61.3)	1.14	2.04	79.1	

Sources: IVL; FSSIA estimates

Margins on the rise

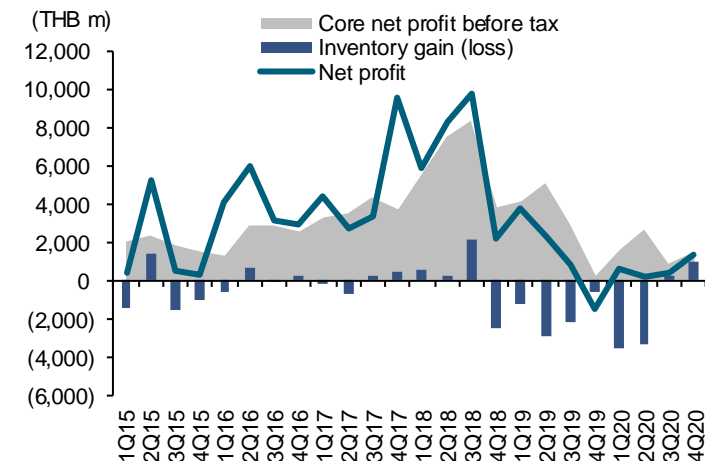
Since bottoming in 3Q20, the margins of IVL’s major products – integrated PET-PTA and gas-based US MEG and MTBE – with a combined capacity of 14mtpa out of IVL’s 18mtpa, have continued to rise. Coupled with our projected higher sales volumes, rising from 3.6mt in 1Q21 to 3.8mt in 2Q21 and 3.9mt in 3Q-4Q21, we think IVL’s core net profit will grow from THB0.6b in 1Q21 to THB2b-3b by 4Q21.

Exhibit 2: Annual core net profit, net profit (including inventory gains/losses), and core net profit growth



Sources: IVL; FSSIA estimates

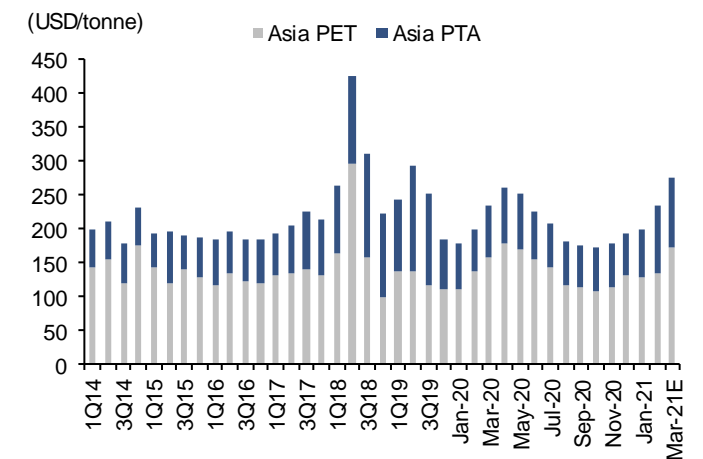
Exhibit 3: Quarterly core net profit, inventory gains (losses), and reported net profit



Source: IVL

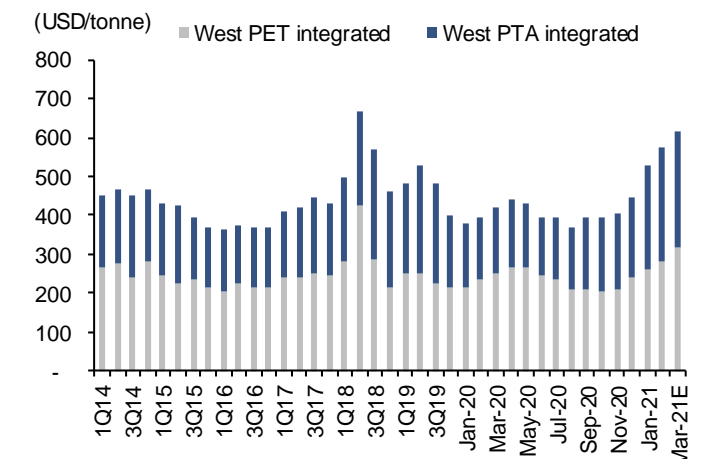
The Asian PET-PTA margin in western (Europe and North America) and Asian markets has jumped by over 30% q-q in 1Q21 due to the tight supply and the higher demand for packaging as the global economies have all gradually eased the restrictions on their economic activities after starting to roll out vaccinations.

Exhibit 4: Asia industry PET and PTA spread



Source: IVL

Exhibit 5: West industry PET and PTA spread



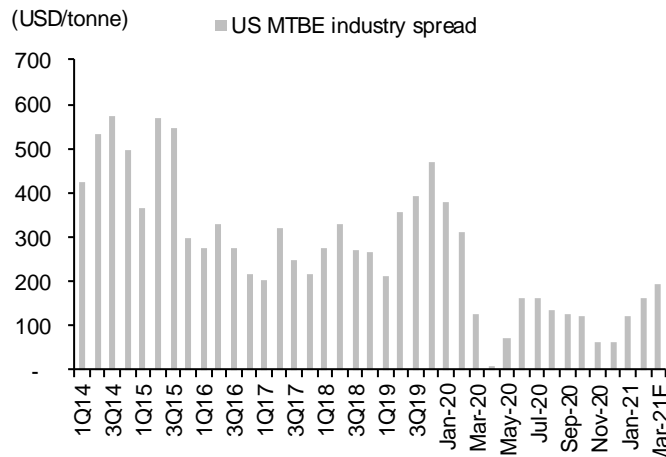
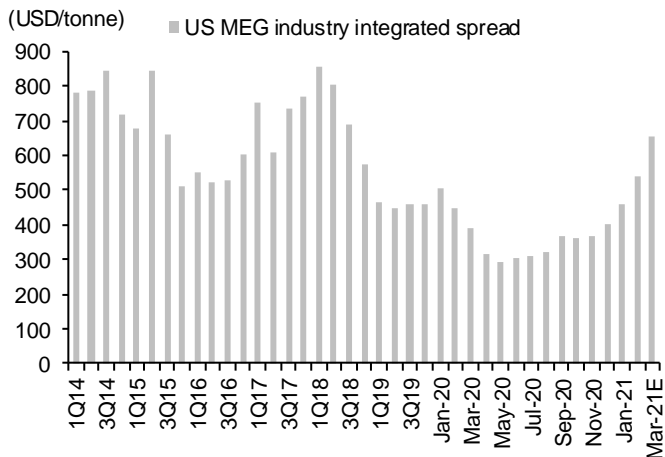
Source: IVL

Similarly, the margins of MEG over ethylene and MTBE over methanol and butadiene have improved from their bottoms in 2020 to recover to strong margin levels. The MTBE margin rose to over USD200/t, surpassing the breakeven margin of USD130/t, and is likely to rise further in 2Q21 as US gasoline demand is projected to rise on the gradual reopening of economic activities.

The MEG-ethylene margin has gone from strength to strength, rising from 300/t in mid-2020 to USD680/t in Mar-21E, close to its 8-year high of USD850/t last seen in 2Q14 and 1Q18 when the global MEG supply was tight and demand had risen.

Exhibit 6: US MEG industry integrated spread

Exhibit 7: US MTBE industry spread

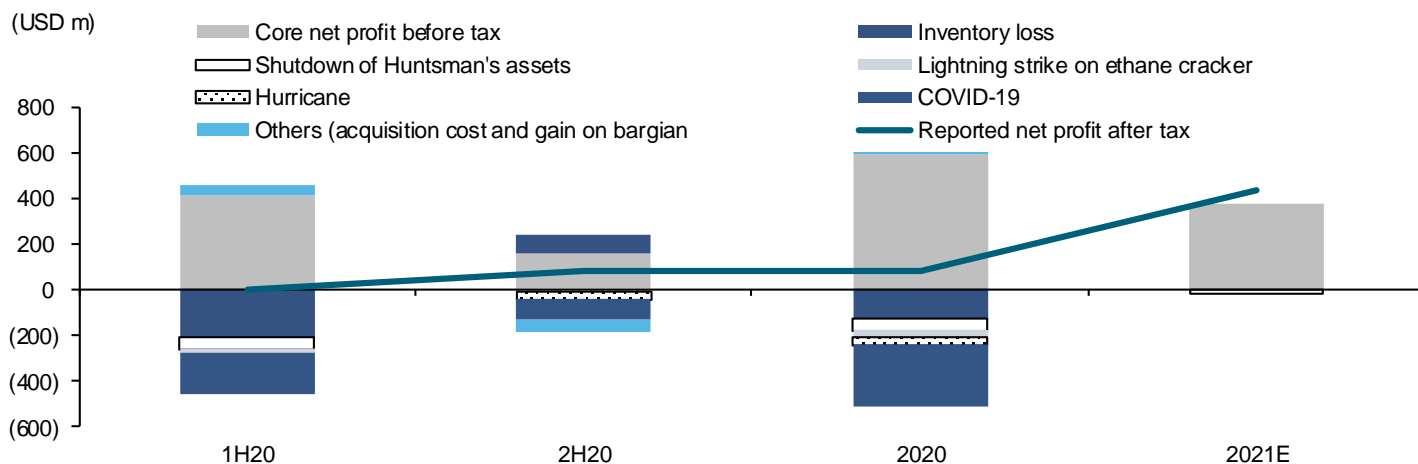


Source: IVL

Source: IVL

We believe IVL's core net profit will rise markedly y-y in 2021, driven by the higher margins for all products. The net profit outlook for 2Q21 should be even stronger q-q given the one-month lag impact for the higher product margins that started to rise in Mar-21, which should fully benefit IVL's product margins in 2Q21 onward.

Exhibit 8: Core net profit breakdown



Sources: IVL; 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)
Gross profit	67,138	64,197	65,090	68,325	76,008
Other operating income	-	-	-	-	-
Operating costs	(32,129)	(32,724)	(20,932)	(20,845)	(21,301)
Operating EBITDA	35,010	31,473	44,158	47,480	54,707
Depreciation	(17,040)	(20,487)	(18,241)	(18,870)	(19,498)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	17,969	10,986	25,917	28,610	35,209
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
Profit before tax	5,898	1,557	21,515	26,530	30,496
Tax	(1,534)	1,243	(7,530)	(9,285)	(10,674)
Profit after tax	4,364	2,800	13,985	17,244	19,823
Minority interests	888	(386)	(645)	(651)	(643)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	5,252	2,414	13,340	16,593	19,180
Non recurring items & goodwill (net)	6,750	4,016	(1,822)	(2,022)	(2,022)
Recurring net profit	12,002	6,430	11,518	14,571	17,158
Per share (THB)					
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
Growth					
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
Operating performance					
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)					
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
Cash flow from operations	47,510	45,518	47,998	53,157	53,333
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)
Cash flow from investing	(25,298)	(25,290)	(22,259)	(22,259)	(22,259)
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
Cash flow from Financing	(17,344)	(11,726)	(4,762)	(9,676)	(11,210)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	4,868	8,502	20,976	21,221	19,863
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
Per share (THB)					
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
Balance Sheet (THB m) Year Ending Dec					
	2019	2020	2021E	2022E	2023E
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)
Tangible fixed assets (Net)	212,423	264,291	259,250	253,580	247,282
Intangible fixed assets (Net)	0	0	0	0	0
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
Current assets	118,757	119,835	145,383	166,222	188,088
Other assets	49,388	69,046	46,416	46,416	46,416
Total assets	380,568	453,172	451,049	466,218	481,786
Common equity	129,712	126,655	138,863	149,205	160,609
Minorities etc.	8,455	8,953	13,740	17,091	19,755
Total Shareholders' equity	138,167	135,608	152,603	166,295	180,364
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
Long-term liabilities	117,439	203,625	174,208	175,971	175,971
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
Current liabilities	124,962	113,938	124,238	123,952	125,451
Total liabilities and shareholders' equity	380,568	453,172	451,049	466,218	481,786
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					
Per share (THB)					
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
Financial strength					
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
Valuation					
	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	21.6	40.2	22.5	17.8	15.1
Recurring P/E @ target price (x) *	26.9	50.1	28.0	22.1	18.8
Reported P/E (x)	49.3	107.2	19.4	15.6	13.5
Dividend yield (%)	0.8	0.4	2.4	3.0	3.5
Price/book (x)	2.0	2.0	1.9	1.7	1.6
Price/tangible book (x)	2.0	2.0	1.9	1.7	1.6
EV/EBITDA (x) **	11.4	14.1	9.7	8.6	7.2
EV/EBITDA @ target price (x) **	13.2	16.1	11.1	9.9	8.3
EV/invested capital (x)	1.4	1.3	1.3	1.3	1.3
* 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	ICI	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	PAP	PCSGH	PDJ	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	SEAOIL	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	AMANAH	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

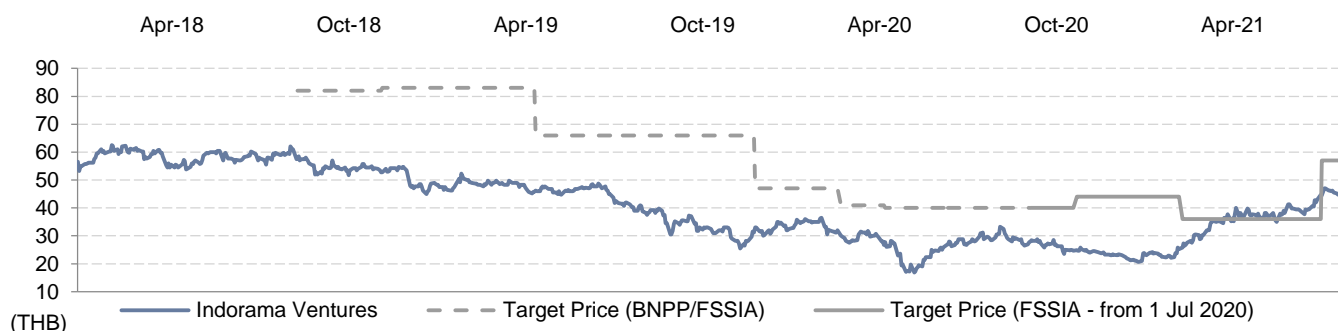
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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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	20-Jan-2020	BUY	41.00	06-Nov-2020	BUY	36.00
21-Dec-2018	BUY	83.00	27-Feb-2020	BUY	40.00	08-Mar-2021	BUY	57.00
02-May-2019	BUY	66.00	09-Jun-2020	BUY	40.00			
07-Nov-2019	BUY	47.00	07-Aug-2020	BUY	44.00			

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 45.75	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

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 01-Apr-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

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.