

18 AUGUST 2021

THAILAND / PETROCHEM & CHEMICALS

INDORAMA VENTURES IVL TB

BUY

UNCHANGED

| | |
|-----------------|-----------|
| TARGET PRICE | THB57.00 |
| CLOSE | THB42.00 |
| UP/DOWNSIDE | +35.7% |
| PRIOR TP | THB57.00 |
| CHANGE IN TP | UNCHANGED |
| TP vs CONSENSUS | +9.4% |

ปัจจัยการเติบโตจาก 2 ธุรกิจ IOD ใน 2 ปี

เต็มภาพการเติบโตของธุรกิจ IOD ได้สำเร็จ

เมื่อวันที่ 16 ส.ค. 2021 IVL ประกาศซื้อหุ้น 100% ใน Oxiteno ซึ่งประกอบธุรกิจ IOD จาก Ultrapar เป็นเงิน USD1.3 พัน ลบ. การซื้อดังกล่าวสอดคล้องกับการคาดการณ์ของตลาด เรามีความเห็นเชิงบวกกับการซื้อดังกล่าวจากระดับการประเมินมูลค่าที่นำเสนอสูงที่ 5-7x ของค่า EV/EBITDA ซึ่งต่ำกว่าของ IVL ที่ 8x และของ Oxiteno ที่ 7x การซื้อ Oxiteno เกิดขึ้นหลังการซื้อธุรกิจ IOD จาก Huntsman ในราคา USD2 พันล้านใน 1Q20 ซึ่งแสดงให้เห็นว่า IVL ตั้งใจที่จะขยายกำลังการผลิต IOD ของบริษัทฯ ในปี 2021-23

ช่วงการเติบโตจาก PTA (อันดับ 1) ไป HVA (อันดับ 2) และ IOD (อันดับ 3)

จาก 2 ช่วงการเติบโตที่ประสบความสำเร็จ กล่าวคือ PTA ในปี 2000-11 และ HVA ในปี 2012-18 เราคิดว่าช่วงการเติบโตที่ 3 ของ IVL จากผลิตภัณฑ์ IOD กำลังจะเกิดขึ้น Oxiteno จะช่วยเสริมธุรกิจ IOD ขนาด 4.1mtpa ของ IVL ในทวีปอเมริกาให้แข็งแกร่งมากยิ่งขึ้น โดยจะเพิ่มกำลังการผลิตอีกกว่า 1mtpa ประกอบด้วย EO ต้นน้ำ 440ktpa รวมถึงผลิตภัณฑ์ IOD ปลายน้ำประกอบด้วย Ethanolamine, PO, PEO, Surfactants, และ PEG ในทางการเงิน Oxiteno จะให้รายได้ต่อปีจำนวน USD1 พันล้าน, EBITDA จำนวน USD0.2 พันล้าน, และกำไรสุทธิจำนวน USD0.1 พันล้าน ซึ่งเราคาดว่าจะเท่ากับประมาณ 1 ใน 6 ของ 2021E EBITDA ของ IVL ที่ USD1.5 พันล้านและกำไรสุทธิจำนวน USD0.6b-0.7 พันล้าน หลังควบรวม Oxiteno เราคาดว่าธุรกิจ IOD ของ IVL จะให้ EBITDA จำนวน USD0.6b-1.0 พันล้าน คิดเป็นประมาณ 22-37% ของ 2023E EBITDA ในปี 2023 Oxiteno วางแผนเริ่มเดินเครื่องโรงงาน EO ในสหรัฐฯ ซึ่งเราคิดว่าจะเพิ่ม EBITDA อีก USD0.27 พันล้านในปี 2023 คิดเป็น 10% ของ EBITDA ที่คาดไว้ที่ USD2.7 พันล้านในปี 2023

ไม่ต้องเพิ่มทุนเพื่อซื้อ Oxiteno

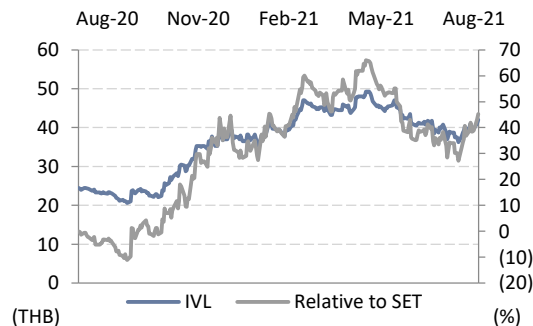
IVL จะจ่ายการซื้อกิจการมูลค่า USD1.3 พันล้านดังกล่าวด้วยหนี้ USD0.54 พันล้าน เงินทุนหมุนเวียน USD0.3 พันล้าน และกระแสเงินสดเหลือใช้จำนวน USD0.3 พันล้าน โดยผู้ขายจะเลื่อนการชำระส่วนที่เหลืออีก USD0.15 พันล้านไปในไตรมาส 2Q24 ในรอบการเติบโตที่ 3 นี้ (ซึ่งเราคาดว่าจะอยู่ในช่วงปี 2019-23) เราคาดว่า EBITDA จะโตจาก USD1.2 พันล้านในปี 2019-20 เป็น USD2.7 พันล้านในปี 2023 โดยปัจจัยผลักดันส่วนมากจะมาจากกำลังการผลิตที่เพิ่มขึ้นของธุรกิจ IOD หลัง 2 การซื้อครั้งสำคัญประกอบด้วย Huntsman (3.1mtpa) และ Oxiteno (c1mtpa) ซึ่งมากพอที่จะจ่ายเป็นค่าการควบรวมและซื้อกิจการของบริษัท

อย่าประเมินหุ้นเคมีที่เห็นการเติบโตในระดับโลกนี้ต่ำเกินไป

เราคงแนะนำซื้อที่ราคาเป้าหมาย 57 บาท (11.1x ของค่า 2021E EV/EBITDA) เราคิดว่าตลาดยังประเมินผลบวกของอัตรากำไรที่เพิ่มขึ้นของ IVL ในปี 2021 จากพอร์ต PET และ PTA ขนาดใหญ่ในตลาดตะวันตกและผลิตภัณฑ์ IOD ที่ผลิตจากก๊าซฯ ในชั้นหินดินดานในสหรัฐฯ ไว้ต่ำเกินไป เราคิดว่ากำไรการเติบโตของกำลังการผลิต IOD ของ IVL จะเป็นปัจจัยผลักดันสำคัญที่ทำให้ EBITDA ถึงเป้า USD2.7 พันล้านในปี 2023

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 (%) | - | (29.7) | (8.9) | (3.7) |
| 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) | 36.9 | 20.6 | 16.3 | 13.8 |
| Dividend yield (%) | 0.5 | 2.6 | 3.3 | 3.8 |
| EV/EBITDA (x) | 13.4 | 9.2 | 8.2 | 6.8 |
| Price/book (x) | 1.9 | 1.7 | 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 (%) | 3.1 | (7.7) | 70.0 |
| Relative to country (%) | 5.1 | (6.3) | 46.5 |
| Mkt cap (USD m) | 7,085 | | |
| 3m avg. daily turnover (USD m) | 29.0 | | |
| Free float (%) | 33 | | |
| Major shareholder | Indorama Resources (63%) | | |
| 12m high/low (THB) | 50.00/20.20 | | |
| Issued shares (m) | 5,614.55 | | |

Sources: Bloomberg consensus; FSSIA estimates



Suwat Sinsadok

suwat.sin@fssia.com
+66 2611 3558

Siriluck Pinthusoonthorn

siriluck.pin@fssia.com
+66 2611 3562

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 18 สิงหาคม 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 company into a packaging, olefin-integrated company in 2019-23.

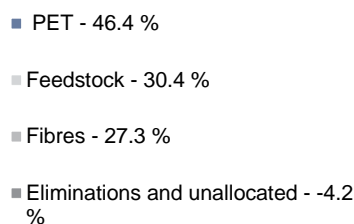
Unlike its last two growth cycles when IVL funded its capacity growth through debt and capital increases using warrants (IVL-W1 and IVL-W2), key growth strategies in IVL's third growth cycle could be driven by 1) M&A in the global packaging business, non-PET packaging in frontier markets and specialty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

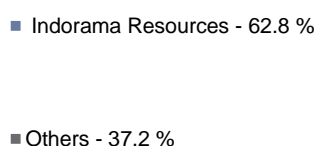
www.indoramaventures.com

Principal activities (revenue, 2020)



Source: Indorama Ventures

Major shareholders



Source: Indorama Ventures

Catalysts

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.

Risks 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 |
|----------|---------------------------|
| Nov 2021 | 3Q21 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

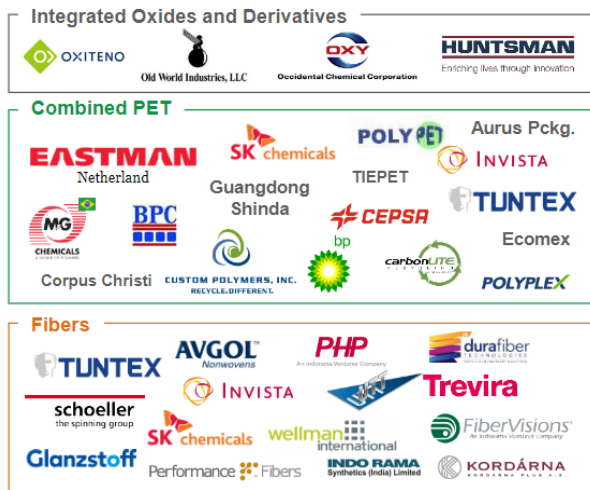
- For every 1% change in the THB/USD exchange rate, we estimate a 1.4% change in 2021 EPS, all else being equal.
- For every 1% increase in latex price, we estimate 2021 EPS would fall 0.7%, and vice versa, all else being equal.
- For every 1% increase in utilisation rate, we estimate 2021 EPS would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

Twin IOD growth drivers in two years

Yesterday, IVL announced the 100% acquisition of a USD1.3b IOD Oxiteno asset from Ultrapar. The acquisition is in line with the market’s expectation. We are highly positive on this acquisition given the highly attractive valuation at 5-7x EV/EBITDA, which is lower than IVL’s 8x and Oxiteno’s 7x EV/EBITDA, as Oxiteno is a listed company.

Exhibit 1: IVL’s 50+ historical acquisitions in the past 20 years includes three key IOD acquisitions



Source: IVL

Exhibit 2: HVA portfolio continues to grow and is an important growth pillar for IVL



Source: IVL

IVL’s new growth phase is its entry into specialty IOD products. Since 2000, IVL has grown its capacity and net profit via its timely and effective acquisitions.

IVL’s growth cycle history

Its first growth cycle (2000-11) started with the acquisition of PET and PTA capacity in the 2000s to timely capture the PTA margin upcycle in 2010-11.

In the second growth cycle (2012-18), IVL shifted its strategic growth direction to acquire mostly high value-added (HVA) products, primarily for polyester fibres, in Europe and North America, to strengthen its earnings growth and sustainability. In 2017-18, when the margin upcycle for the integrated PET-PTA and polyester fibres came, IVL had again successfully captured the strong margins of integrated PET and PTA (iPET), particularly in the Western markets (North America and Europe) where IVL has a much larger capacity via acquisitions and greenfield growth projects.

In the third growth cycle (which we estimate from 2019-23), we project that its EBITDA will grow from USD1.2b in 2019-20 to USD2.7b in 2023, driven mostly by the capacity growth from the IOD group from the two key acquisitions of Huntsman (3.1mtpa) and Oxiteno (c1mtpa).

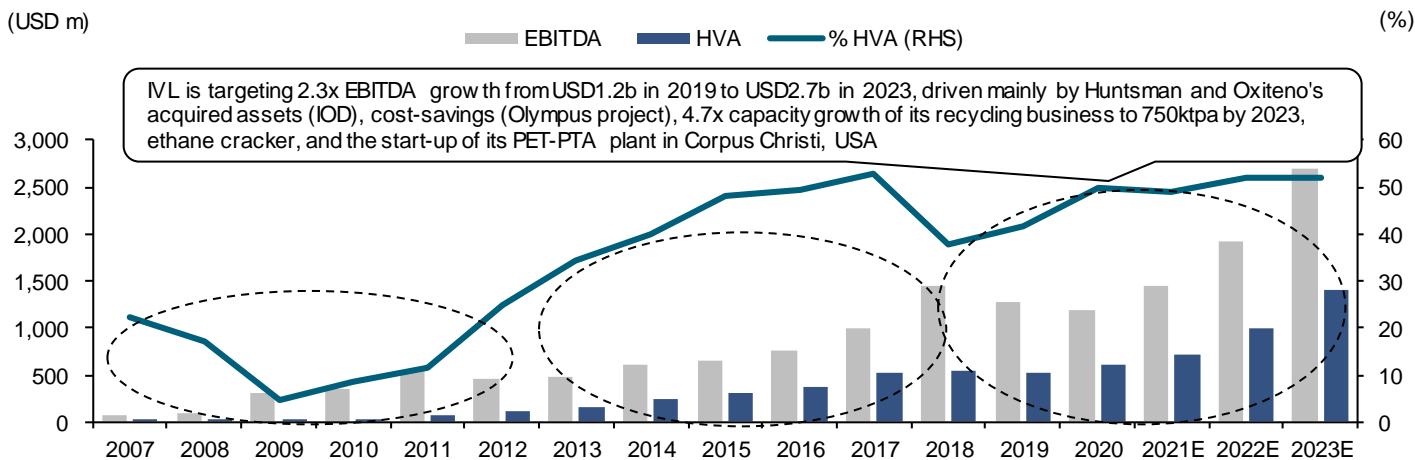
Exhibit 3: IVL’s historical growth cycles

| | Unit | 1st growth cycle | 2nd growth cycle | 3rd growth cycle |
|---|-------|------------------|---------------------|--|
| Period (bottom to peak margin) | year | 2000-11 | 2012-18 | 2019-23E |
| Capacity growth | % | 20x | 25 | 22 |
| % EBITDA | % | 26 | 26 | 23 |
| Key drivers | | Tuntex | AlphaPET, HVA | Huntsman, Oxiteno, ethane cracker |
| Product added | | PTA, PET | PET, HVA, polyester | Olefins and derivatives (IOD), recycling |
| PET-PTA integrated margin | USD/t | 188-194 | 188-194 | 250 |
| Estimated EBITDA contribution from new capacity | USD b | 0.4 | 0.7 | 1.0 |
| Peak EBITDA | USD b | 0.6 | 1.4 | 2.7 |

Source: IVL

USD2.7b EBITDA target in 2023, driven mostly by IOD. As a result, we project that IVL will generate EBITDA of up to USD1b from its HVA products, which include mostly the IOD and polyester fibre product groups. In 2021, we project IVL's EBITDA to jump to USD1.5b, rising to USD1.9b in 2022 before reaching its target of USD2.7b in 2023.

Exhibit 4: EBITDA and HVA capacity growth via IOD three key IOD acquisitions – Old World (2010), Huntsman (2020), and Oxiteno (2021)



Source: IVL, FSSIA estimates

IOD emerges as IVL's next growth driver. After having successfully transitioned its production portfolio from commodity-driven to HVA-driven during its two growth cycles (2000-18), we estimate that IVL is now in the next growth phase to increase its EBITDA by 2.3x during 2019-23 to USD2.7b in 2023. It should be backed by the EBITDA from its IOD group that we project at USD0.6b-1.0b, and the remaining EBITDA growth should come from IVL's capacity expansion into new markets and the capacity growth of its recycling PET (rPET) globally, which we project to reach 750ktpa by 2025.

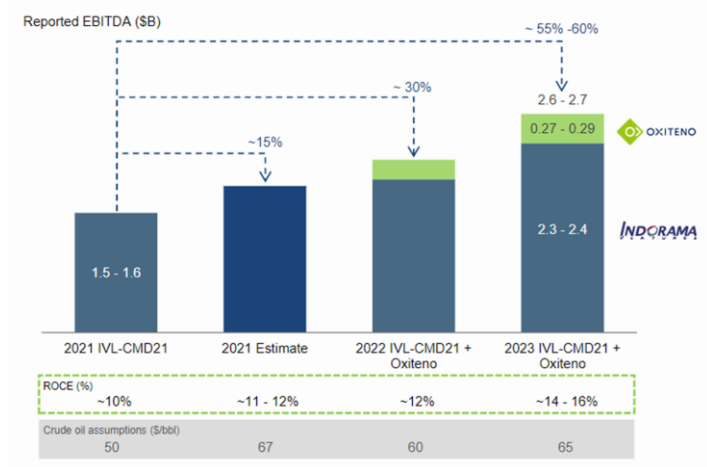
Exhibit 5: IVL's and Oxiteno's IOD product portfolios

| IVL's capacity post acquisition of Huntsman's assets (ktpa) | Huntsman | Ethane cracker | Texas plant | Oxiteno | Total |
|---|--------------|----------------|-------------|------------|--------------|
| Ethylene | 218 | 420 | | | 638 |
| Propylene | 64 | 20 | | | 84 |
| EG | 532 | | 300 | / | 832 |
| EO | 635 | | 250 | 440 | 1,325 |
| Surfactants | 360 | | | / | 360 |
| PO | 238 | | | / | 238 |
| MTBE | 731 | | | / | 731 |
| Ethanolamine (EOA, MEA, DEA, TEA) | 181 | | | | 181 |
| Natural fatty alcohol | | | | / | |
| Others | 188 | | | / | 188 |
| Total | 3,147 | 440 | 550 | 440 | 4,577 |

Source: IVL

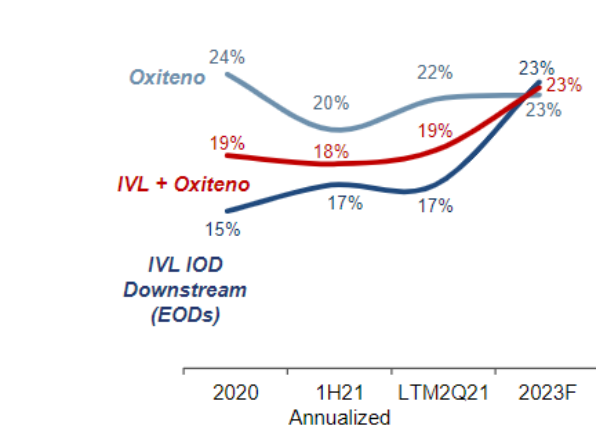
Oxiteno is IVL’s latest strategic growth jigsaw. Oxiteno will strengthen IVL’s 4.1mtpa IOD assets in the Americas, adding over 1mtpa of capacity consisting of 440ktpa of upstream EO capacity and the downstream IOD products of ethanolamine, PO, PEO, surfactants, and PEG – all being high-valued, specialty IOD products, plus the commodity EG that will be IVL’s core feedstock to produce polyester and PET.

Exhibit 6: Reported EBITDA



Source: IVL

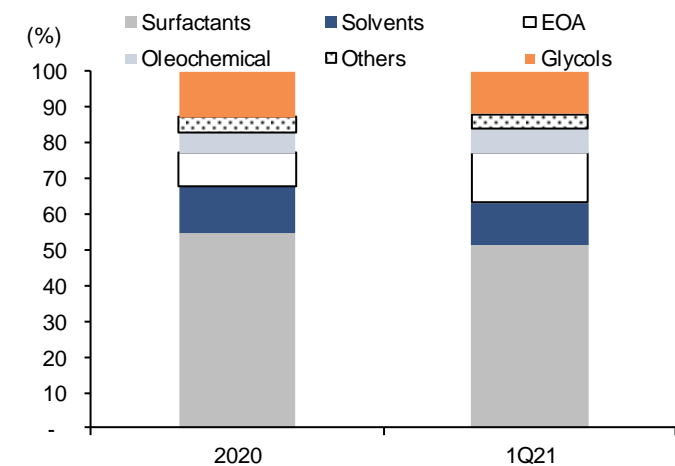
Exhibit 7: EBITDA margin (%)



Source: IVL

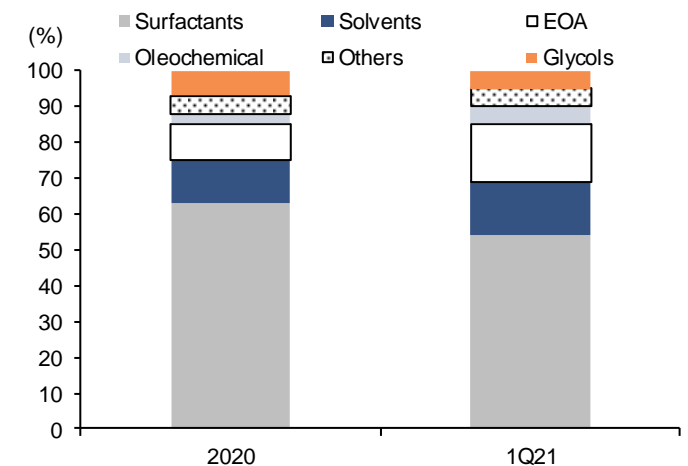
Financially, Oxiteno generates annual revenue of USD1b, EBITDA of USD0.2b, and net profit of USD0.1b – around 1/6 of IVL’s 2021E EBITDA of USD1.5b and net profit of USD0.6b-0.7b, based on our estimate. In addition to the downstream ethanolamine, EO, and surfactants produced by Huntsman’s IOD assets acquired in 1Q20, Oxiteno’s IOD assets will have olechemicals and solvents as two additional key downstream IOD products within the IOD value chain.

Exhibit 8: Oxiteno’s revenue breakdown by product (%)



Source: IVL

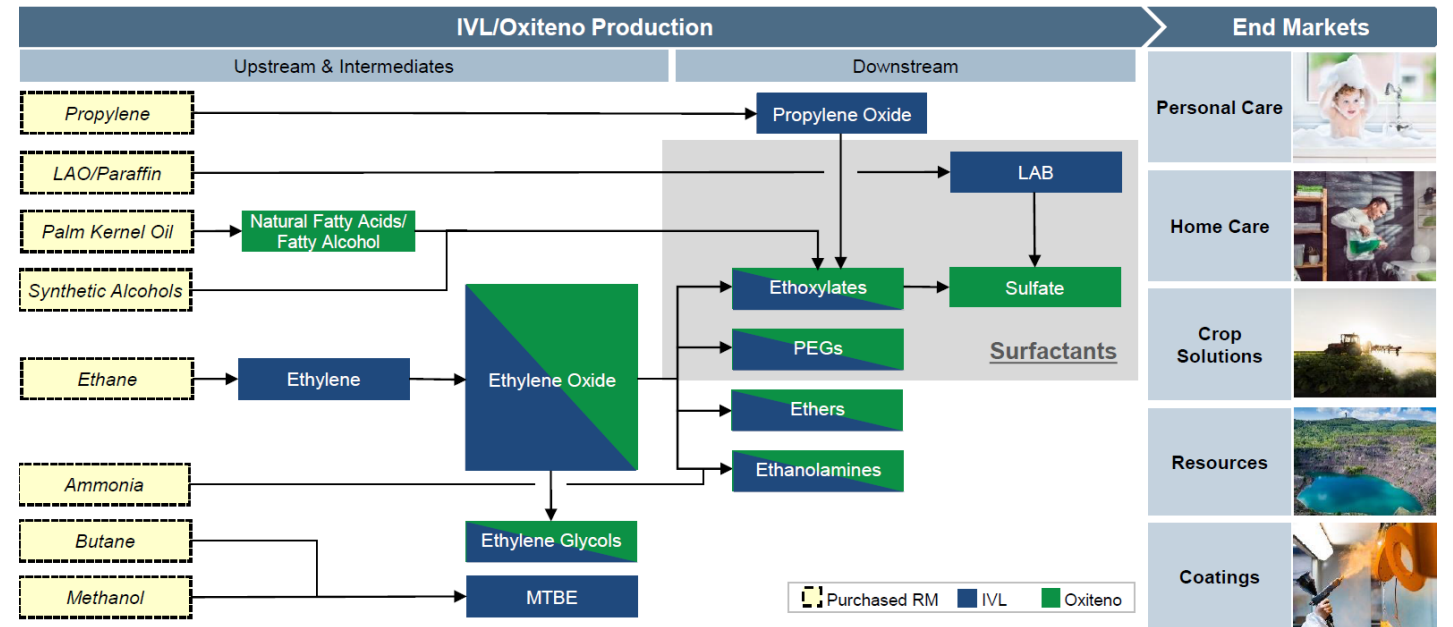
Exhibit 9: Oxiteno’s EBITDA breakdown by product (%)



Source: IVL

Unlike the IOD assets acquired from Huntsman, the IOD assets acquired from Oxiteno include olechemical products like fatty alcohol and other specialty surfactants for mining, along with green surfactants produced from fatty alcohol, which, unlike Huntsman's surfactants produced from hydrocarbon-based ethylene and EO, Oxiteno's surfactants will be produced from crude kernel palm oil (CPKO)-based fatty alcohol.

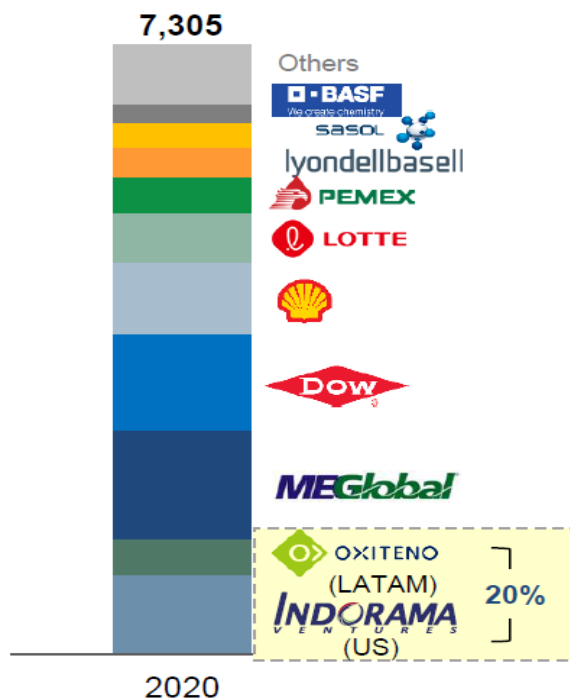
Exhibit 10: IVL + Oxiteno IOD product value chain



Source: IVL

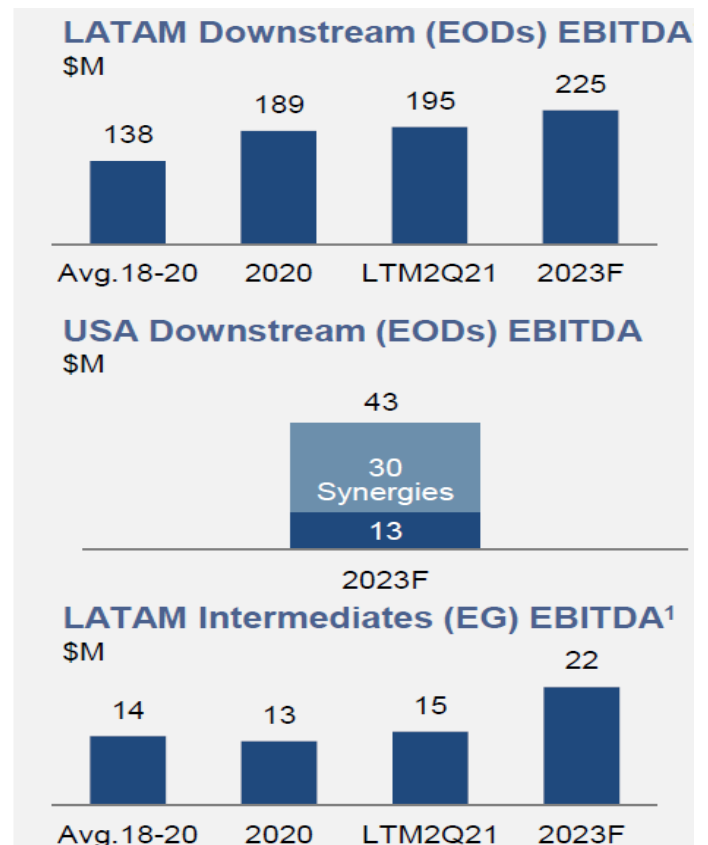
Exhibit 11: EO capacity breakdown by producers in the Americas

Americas EO Capacities
KT



Source: IVL

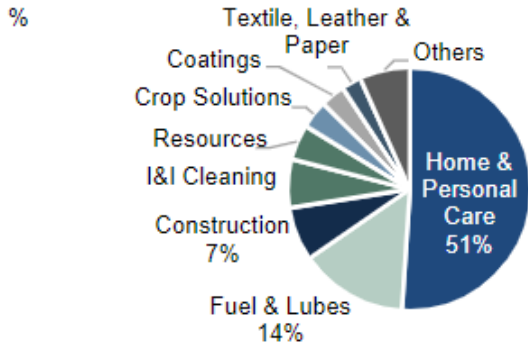
Exhibit 12: Oxiteno's EBITDA by product group



Source: IVL

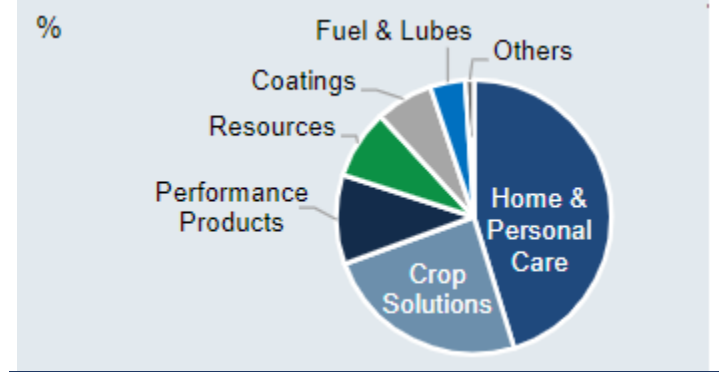
New applications in resources and coating for surfactants from Oxiteno. Post-Oxiteno consolidation, we project IVL’s IOD group to contribute USD0.6b-1.0b EBITDA, around 22-37% of IVL’s projected EBITDA of USD2.7b in 2023. The additional market expansion into resources (mining) and coatings on top of the current fuel & lubes (MTBE), home and personal care, and performance products, should position IVL well ahead of the demand growth in consumer megatrends like healthcare, personal care, and transportation, in our view.

Exhibit 13: Americas surfactants demand by end-use



Source: IVL

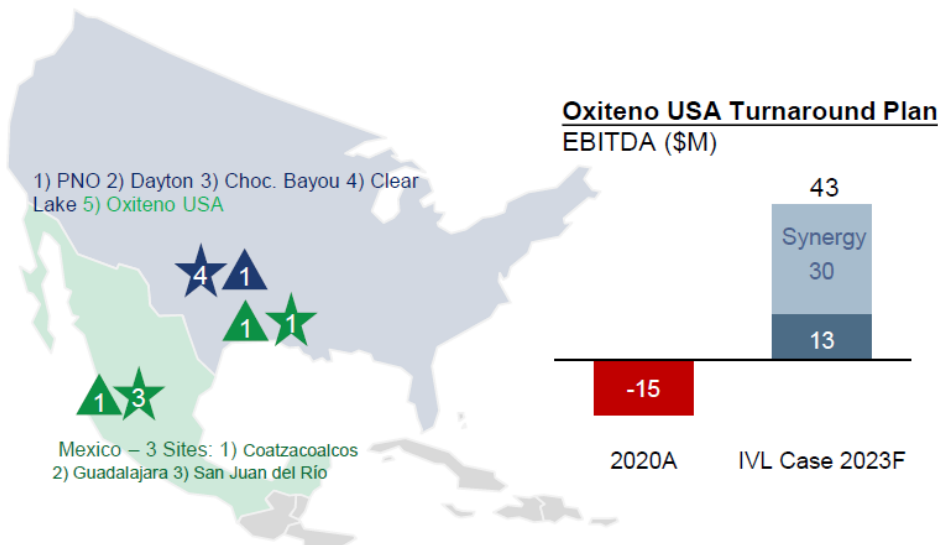
Exhibit 14: IVL’s IOD & Oxiteno’s surfactants market by end-use



Source: IVL

Upside from a financial turnaround for Oxiteno’s US plants. In 2023, IVL plans to fully turn around Oxiteno’s loss-making production plants in Pasadena, Texas, which includes many downstream IOD products. While having commenced operations since 2018, Oxiteno’s IOD plants in the US have incurred net losses due to a lack of sufficient clients and EO and PEO feedstock availability to produce surfactants.

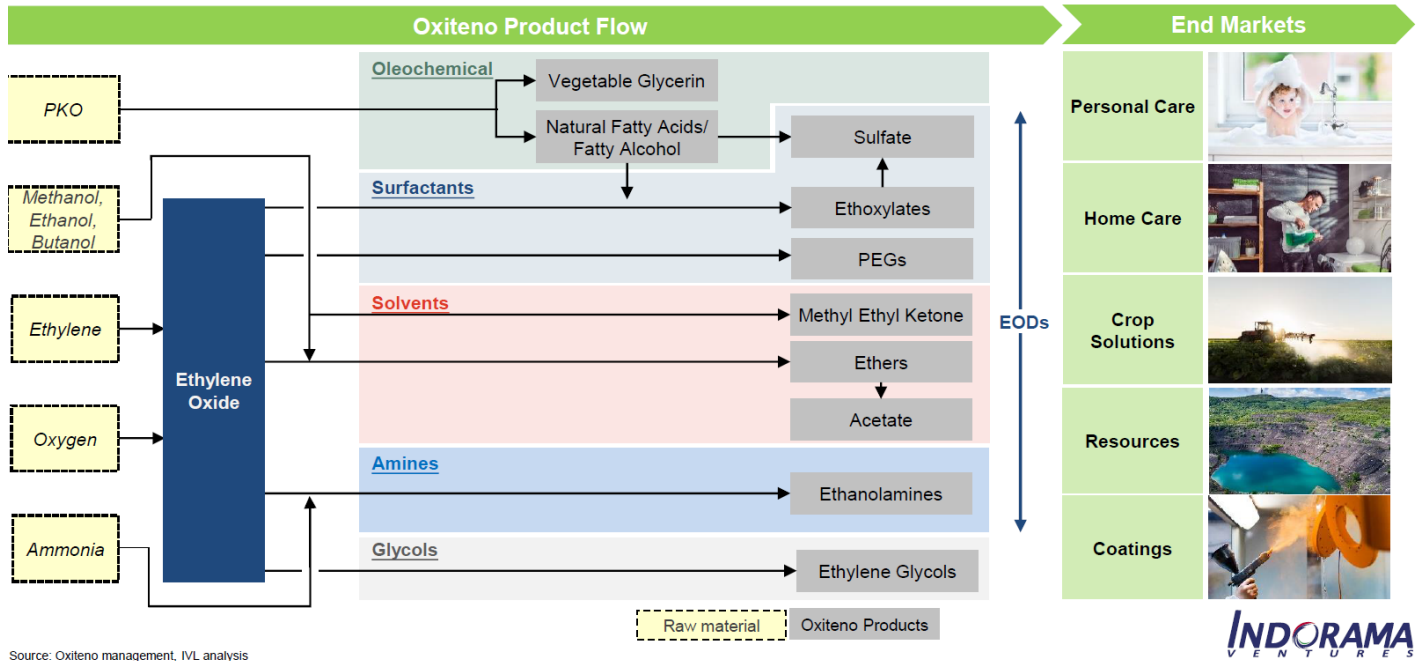
Exhibit 15: Turnaround of Oxiteno’s US plants, potentially by 2023



Source: IVL

Up to 10% of IVL’s 2023 USD2.7b target could come from Oxiteno’s US plant turnaround. IVL will deploy its strong integrated IOD value chain, including its 0.44mtpa upstream ethane cracker that is currently in the ramping up process and its extensive procurement and supply chain, to enhance Oxiteno’s utilisation rate and efficiency, which is currently running at a 50% utilisation rate, based on our estimate. We think Oxiteno’s EO downstream product plants in the US, which we project to generate USD0.27b in 2023, will add 10% of IVL’s projected USD2.7b EBITDA in 2023.

Exhibit 16: Integrated IOD product value chain of IVL and Oxiteno

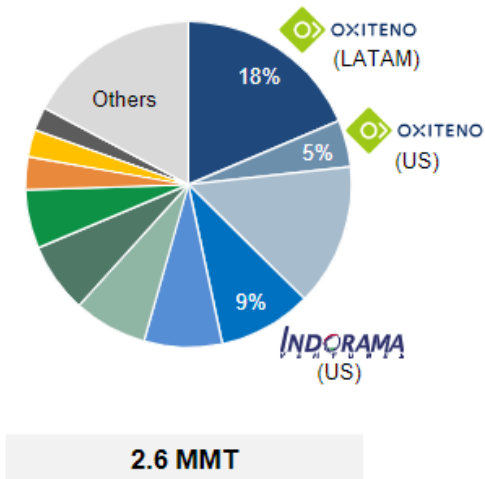


Source: Oxiteno management, IVL analysis

Source: IVL

Old World + Huntsman + Oxiteno = IVL’s competitive and integrated product group. We think the combined production plants of its Old World EO/EG and Huntsman’s and Oxiteno’s IOD production plants in North and South America will create a “long-term competitive value proposition” for its global customers, given its extensive market presence, wide range of products in the IOD group, and the cost competitiveness leveraging IVL’s proven track record of highly efficient operations and effective business integration via its over 50 M&A in the past 20 years.

Exhibit 17: Americas non-ionic surfactants capacity (total 2.6m tonnes)



Source: IVL

Exhibit 18: IVL IOD + Oxiteno’s downstream footprint

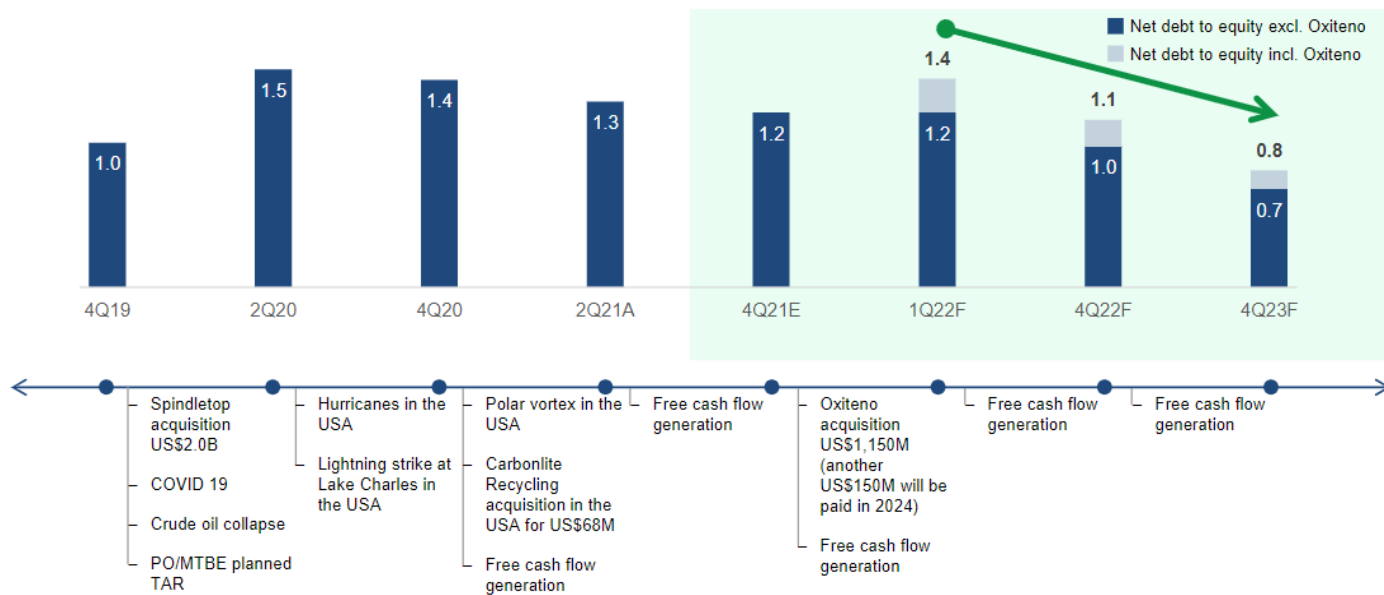


Source: IVL

No capital increase needed to fund Oxiteno acquisition. IVL intends to fund its USD1.3b acquisition via four funding sources: 1) USD0.54b debt; 2) USD0.3b from lower working capital; 3) USD0.3b from free cash flow; and 4) USD0.15b from the seller’s deferred payment to 2Q24. According to IVL, its net debt-to-equity (DE) will decline from 1.4x in 1Q22 down to 0.8x in 4Q23, as it expects the EBITDA generated from its existing business and Oxiteno combined to be more than sufficient to reduce its debt and enlarge its equity base, resulting in the declining net DE.

Exhibit 19: Oxiteno fully funded by existing committed sources

Net debt to equity (x)

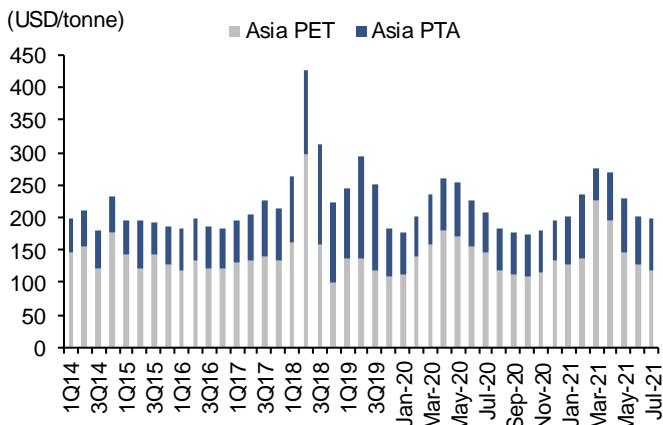


Source: IVL

Upside from margin hikes

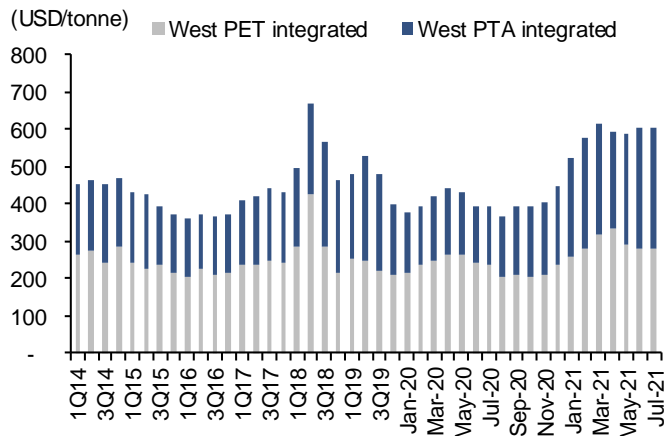
While the integrated PET-PTA margin in Asia has declined to USD200/t since Jul-21 due to the new supply in China, we believe the impact will be limited for IVL, given that it has only 10-15% EBITDA generated from the combined capacity of PET and PTA in Asia. In contrast, the integrated PET-PTA margin in Western markets has remained high at over USD580/t since Feb-21, thanks to the high freight cost and the shortage of containers caused by the global lockdowns to curb the Covid-19 pandemic.

Exhibit 20: Asia industry PET and PTA spread



Source: IVL

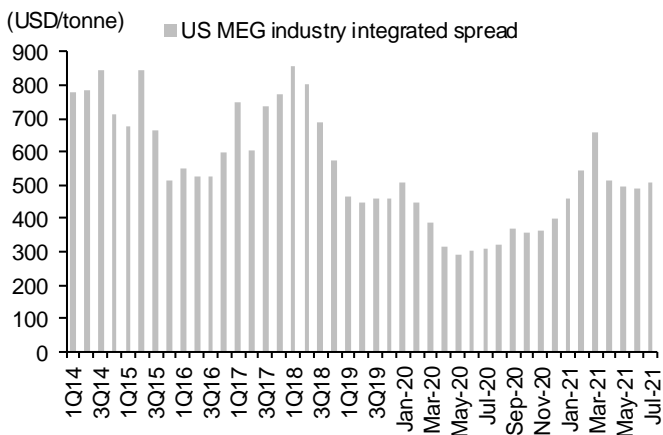
Exhibit 21: West industry PET and PTA spread



Source: IVL

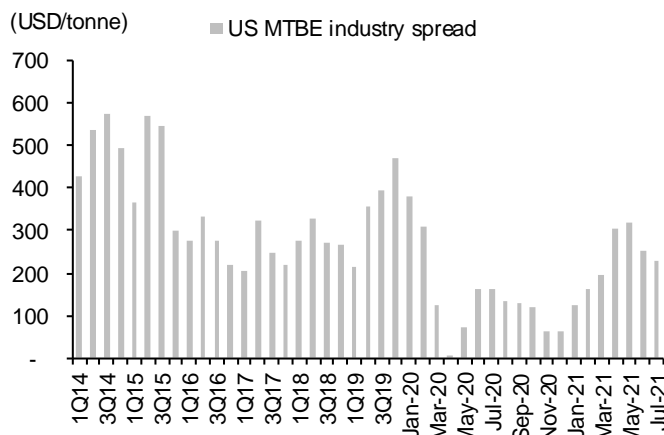
Meanwhile, the margins of MEG and MTBE have remained strong YTD, recovering from their bottoms in 2020 due to the demand recovery in North America and Europe. Hence, we expect IVL's IOD product group to generate another impressive quarterly EBITDA of over USD100m in 3Q-4Q21, up from USD99m in 2Q21 and USD37m in 1Q21.

Exhibit 22: US MEG industry integrated spread



Source: IVL

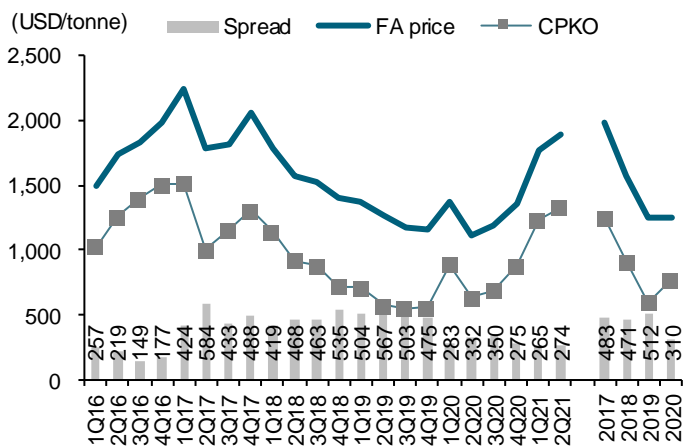
Exhibit 23: US MTBE industry spread



Source: IVL

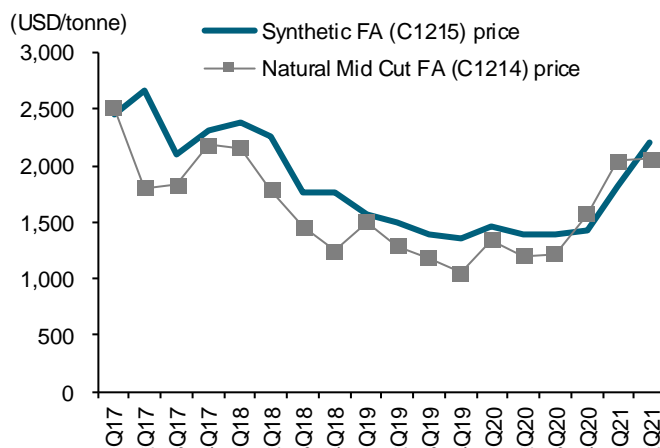
However, we believe that by 1Q21 when IVL starts to consolidate the EBITDA and net profit generated from Oxiten's IOD products into its financial statement, the margin of fatty alcohol could rebound from its currently depressed level. We expect demand to rebound substantially on the global economic reopening and the gradual return of global travel.

Exhibit 24: FA price and spread vs CPKO price



Source: Global Green Chemicals (GGC)

Exhibit 25: Synthetic FA and natural mid cut FA price



Source: GGC

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 assets (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) * | 19.8 | 36.9 | 20.6 | 16.3 | 13.8 |
| Recurring P/E @ target price (x) * | 26.9 | 50.1 | 28.0 | 22.1 | 18.8 |
| Reported P/E (x) | 45.2 | 98.4 | 17.8 | 14.3 | 12.4 |
| Dividend yield (%) | 0.8 | 0.5 | 2.6 | 3.3 | 3.8 |
| Price/book (x) | 1.8 | 1.9 | 1.7 | 1.6 | 1.5 |
| Price/tangible book (x) | 1.8 | 1.9 | 1.7 | 1.6 | 1.5 |
| EV/EBITDA (x) ** | 10.8 | 13.4 | 9.2 | 8.2 | 6.8 |
| EV/EBITDA @ target price (x) ** | 13.2 | 16.1 | 11.1 | 9.9 | 8.3 |
| EV/invested capital (x) | 1.3 | 1.2 | 1.3 | 1.2 | 1.2 |
| * Pre-exceptional, pre-goodwill and 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 | 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 | 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 | AMANAHA | 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

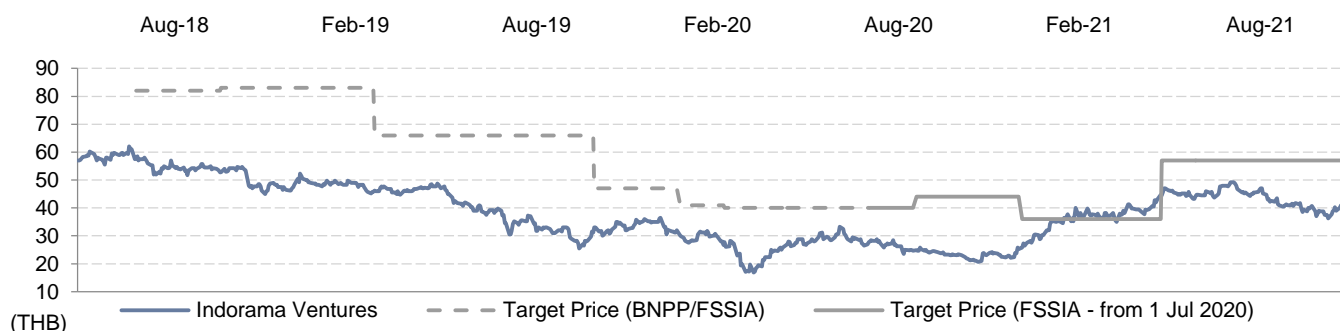
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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 | 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 42.00 | 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. |

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 17-Aug-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.