2 NOVEMBER 2022

EQUITY RESEARCH - COMPANY REPORT

FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

INDORAMA VENTURES IVL TB

THAILAND / PETROCHEM & CHEMICALS

BUY

UNCHANGED

TARGET PRICE	THB65.00
CLOSE	THB42.25
UP/DOWNSIDE	+53.8%
PRIOR TP	THB65.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+15.4%

การเพิ่มของต้นทุนก๊าซจะลดลงใน 4Q22

- เรายังมีความมั่นใจเกี่ยวกับกำไรปกติของ IVL ใน 3Q-4Q22 จากอัตรากำไรที่อยู่ในเกณฑ์ดีของผลิตภัณฑ์ IOD ปลายน้ำรวมถึง PET และ PTA
- เราคาดว่า IVL จะรายงานกำไรปกติ 8พัน ลบ. ใน 3Q22
- คงแนะนำซื้อที่ราคาเป้าหมาย 65 บาท

คงมุมมองเชิงบวกต่อแนวโน้มการเติบโตของกำไรสุทธิ

เรายังมีความมั่นใจเกี่ยวกับ Core EBITDA และกำไรสุทธิของ IVL ใน 3Q22 และ 4Q22 จากอัตรากำไรที่อยู่ในเกณฑ์ดีของผลิตภัณฑ์ Integrated Oxides and Derivatives (IOD) รวมถึง PET และ PTA เราคาดว่า IVL จะรายงานกำไรปกติ 8พัน ลบ. ใน 3Q22 จากอัตรากำไรของผลิตภัณฑ์ IOD ปลายน้ำและ PET-PTA รวมที่อยู่ในระดับสูง อย่างไรก็ดีเราเห็นว่ามีปัจจัยถ่วง q-q สำคัญประกอบด้วย 1) ต้นทุนก๊าซที่สูงขึ้น USD80m q-q; 2) ผลขาดทุนสินค้าคงคลัง USD90ล้าน; 3) EBITDA ที่ลดลง USD10m q-q ในธุรกิจเส้นใยจากผลกระทบของมาตรการปิดเมืองในจีน; และ 4) EBITDA ที่ลดลง USD50m q-q จากธุรกิจ IOD ส่วนมากมาจากอัตรากำไร MTBE และ MEG ที่ลดลง

คาดต้นทุนก๊าซจะเพิ่มขึ้น USD80m q-q ใน 3Q22

เราคาดว่า Core EBITDA ในธุรกิจ PET และ PTA รวมของ IVL จะลดลงมาอยู่ที่ USD349ล้าน ใน 3Q22 จาก USD431ล้านใน 2Q22 จากต้นทุนก๊าซที่ปรับขึ้น USD80ล้าน q-q ใน 4Q22 เราคาดว่า EBITDA จะปรับตัวดีขึ้น ซึ่งน่าเกิดต่อเนื่องไปถึงปี 2023 เนื่องจากต้นทุนก๊าซในยุโรปซึ่งอ้างอิงจาก The Title Transfer Facility (TTF) ได้ปรับตัวลดลงมาอยู่ที่ €139/MWh ณ. วันที่ 31 ต.ค. 22

ผลิตภัณฑ์ PET, PTA, และ IOD ปลายน้ำยังเป็นปัจจัยสำคัญ

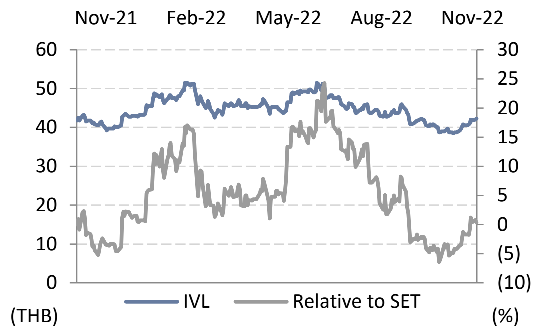
PET และ PTA มีอัตรากำไรที่ดีต่อเนื่องใน 3Q22 จากความต้องการที่อยู่ในระดับสูงในตลาดตะวันตก (อเมริกาเหนือและยุโรป) และสภาวะอุปทานตึงตัว PET-PTA margin รวมในตะวันตกยังอยู่ในระดับสูงที่ USD715/t ในเดือน ก.ย. 22 ซึ่งลดลงเล็กน้อย m-m จาก USD757/t ในเดือน ส.ค. 22 เช่นเดียวกัน PET-PTA margin รวมในเอเชียก็อยู่ที่ USD275/t ในเดือน ก.ย. 22 ลดลงจาก USD320/t ในเดือน ส.ค. 22 อย่างไรก็ดี PET-PTA margin รวมในตลาดตะวันตกและเอเชียยังอยู่ในระดับสูงใน 3Q22 จากความต้องการที่อยู่ในระดับสูง สภาวะอุปทานตึงตัวและต้นทุนทดแทนการนำเข้าที่ทรงตัวในระหว่างภูมิภาคอันเป็นผลจากแนวโน้มการแยกตัวออกจากกระแสโลกาภิวัฒน์ที่สูงขึ้นระหว่างกลุ่มสหรัฐฯ - ยุโรปและกลุ่มจีน - รัสเซีย

การลงทุนที่น่าสนใจจากศักยภาพในด้านกำไรที่อยู่ในระดับสูง

IVL มีความน่าสนใจจากศักยภาพในการทำกำไรสุทธิที่อยู่ในระดับสูงใน 3Q-4Q22 ซึ่งน่าจะต่อเนื่องไปถึงปี 2023 จากอัตรากำไรที่ทรงตัวในระดับสูงของผลิตภัณฑ์ IOD ปลายน้ำและ PET-PTA รวมในตลาดตะวันตกและเอเชีย หุ้นมีการซื้อขายที่เพียง 4.4x ของค่า 2023E EV/EBITDA เพราะฉะนั้นเราจึงคิดว่า IVL มีความน่าสนใจสูงเมื่อเทียบกับการเติบโตของกำไรสุทธิที่มีความชัดเจนและอยู่ในเกณฑ์ดี

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	468,108	443,823	444,616	442,642
Net profit	22,247	41,004	43,114	44,648
EPS (THB)	3.96	7.30	7.68	7.95
vs Consensus (%)	-	(1.5)	19.1	34.0
EBITDA	58,084	71,393	80,628	80,912
Core net profit	21,886	36,355	38,465	39,999
Core EPS (THB)	3.90	6.48	6.85	7.12
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	204.5	66.1	5.8	4.0
Core P/E (x)	10.8	6.5	6.2	5.9
Dividend yield (%)	2.8	8.5	8.9	9.2
EV/EBITDA (x)	7.6	5.5	4.4	3.9
Price/book (x)	1.5	1.2	1.1	0.9
Net debt/Equity (%)	111.0	77.0	52.0	31.7
ROE (%)	15.3	20.4	18.2	16.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	8.3	(5.1)	0.6
Relative to country (%)	5.9	(7.0)	(0.1)

Mkt cap (USD m)	6,286
3m avg. daily turnover (USD m)	24.4
Free float (%)	33
Major shareholder	Indorama Resources (63%)
12m high/low (THB)	52.75/38.00
Issued shares (m)	5,614.55

Sources: Bloomberg consensus; FSSIA estimates

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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 2 พฤศจิกายน 2022

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 from 2019-23.

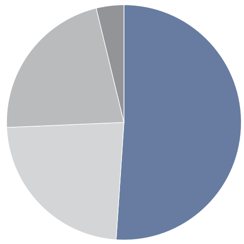
Unlike its last two growth cycles when IVL funded its capacity growth through debt and capital increases using warrants (IVL-W1 and IVL-W2), the key growth strategies in IVL's third growth cycle could be driven by: 1) M&A in the global packaging business, non-PET packaging in frontier markets and specialty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

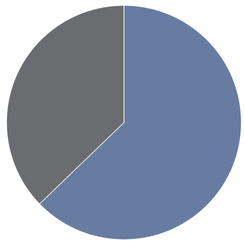
www.indoramaventures.com

Principal activities (revenue, 2021)



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 2022	3Q22 results announcement

Key assumptions

	2022E	2023E	2024E
	(USD/tonne)	(USD/tonne)	(USD/tonne)
Utilisation rate (%)	88	89	89
PET margin	478	604	594
PTA-PX margin	147	122	122
MEG-(0.58) ethylene margin	230	230	230
IOD EBITDA	400	400	620

Source: FSSIA estimates

Earnings sensitivity

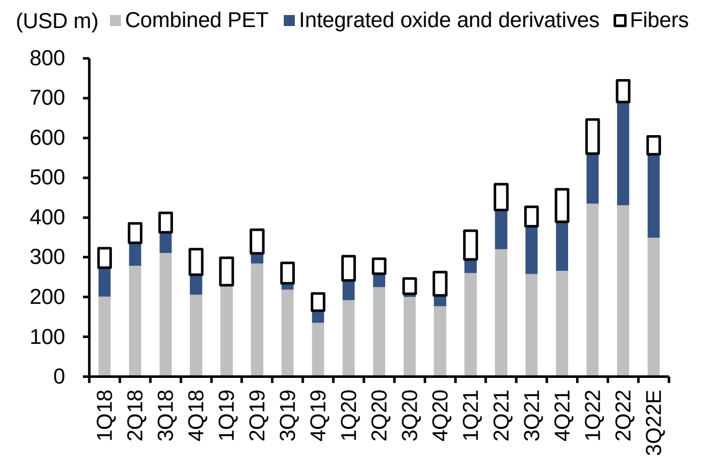
- We project that every 1% change in PTA-PX margin would result in a 2022 net profit change of 1.2%, all else being equal.
- We project that every 1% change in PET-PTA margin would result in a 2022 net profit change of 1.3%, all else being equal.
- We project that every 1% change in the average Dubai oil price would result in a 2022 net profit change of 0.9%, all else being equal.

Source: FSSIA estimates

Softer q-q but stronger y-y outlook

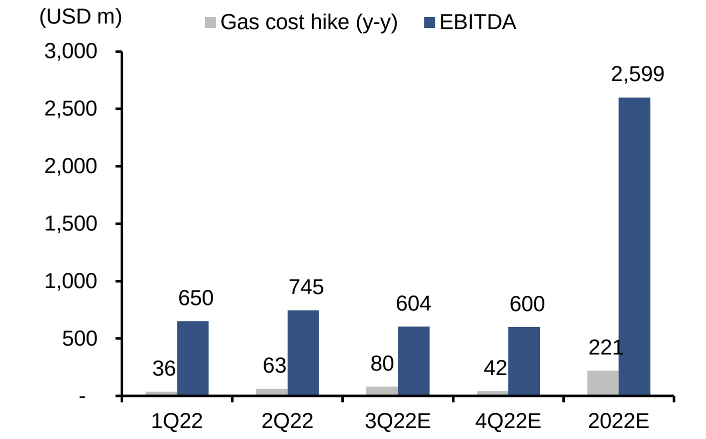
We remain positive on IVL's core EBITDA and net profit in 3Q22 and 4Q22, backed by the strong margins of IOD downstream and PET and PTA products. However, on a q-q basis, we expect IVL to see q-q lower core EBITDA at USD0.6b, down from USD0.75b in 2Q22 but up from USD427m in 3Q21.

Exhibit 1: Quarterly EBITDA breakdown



Sources: IVL; FSSIA estimates

Exhibit 2: Estimated gas cost increases vs EBITDA



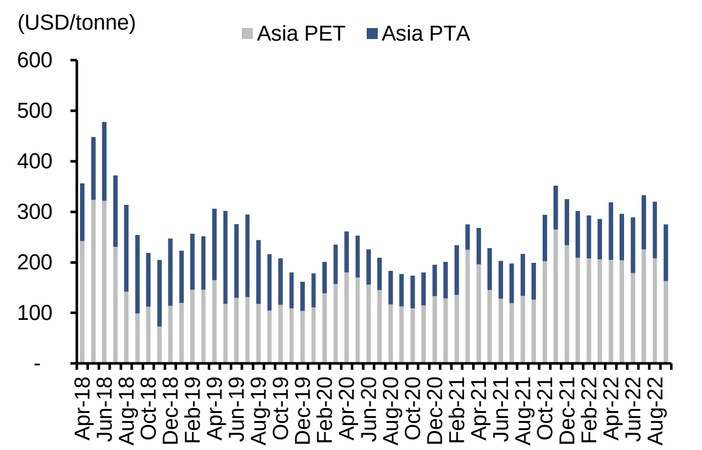
Sources: IVL; FSSIA estimates

PET and PTA have continued to see strong margins in 3Q22, backed by the strong demand in the Western market (North America and Europe) and the tight supply. The integrated PET-PTA margin in the West remained high at USD715/t in Sep-22, slightly down m-m from USD757/t in Aug-22.

Similarly, the integrated PET-PTA margin in Asia was at USD275/t in Sep-22, down from USD320/t in Aug-22. Nevertheless, the integrated PET-PTA margins in the Western and Asian markets have stayed high in 3Q22 thanks to the solid demand, tight supply, and the sustained import parity cost among each region as a result of the increasing de-globalisation trend between the US-EU bloc and the China-Russia bloc.

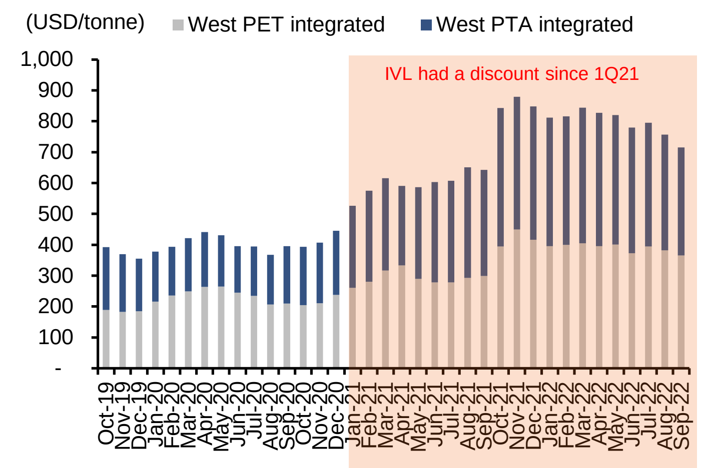
USD80m q-q higher gas cost in 3Q22. We estimate that the core EBITDA from the combined PET and PTA group for IVL will drop to USD349m in 3Q22 from USD431m in 2Q22 due to a q-q higher gas cost by USD80m.

Exhibit 3: Asia PET and PTA margins



Source: IVL

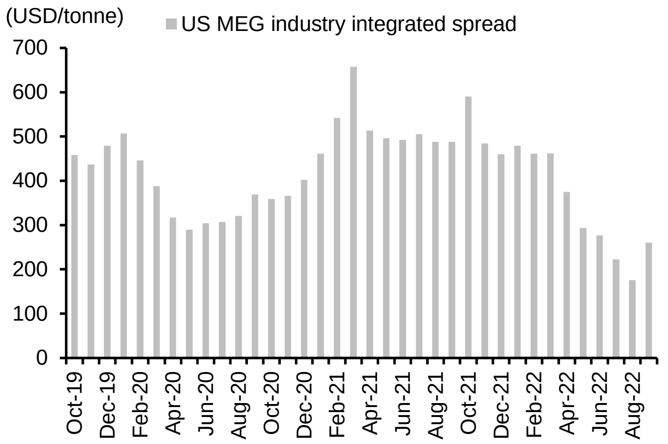
Exhibit 4: West PET and PTA margins



Source: IVL

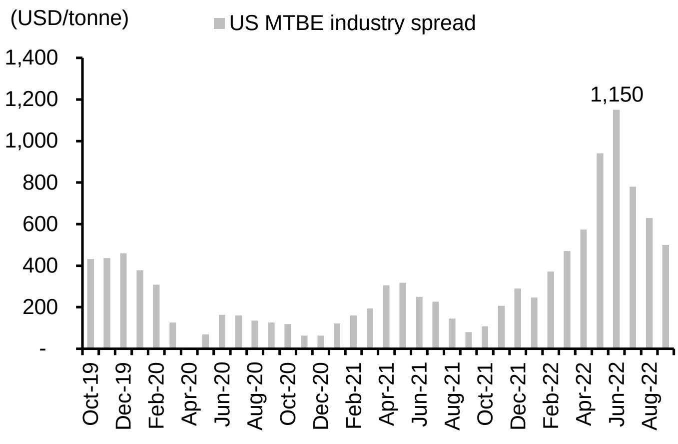
IVL's margins for two key commodities in the IOD group declined q-q in Sep-22, led by the plunging MEG margin due to the rising supply, while the MTBE margin remained high at USD500/t. Nevertheless, we project the core EBITDA from the IOD group to remain high at USD210m in 3Q22, down from USD259m, mainly due to the q-q lower MTBE margin.

Exhibit 5: US MEG margin



Source: IVL

Exhibit: US MTBE margin



Source: IVL

3Q22 results preview

We project IVL to post a core net profit of THB8b in 3Q22, backed the high IOD downstream and integrated PET-PTA margins. However, in our view, the key q-q drags include 1) a USD80m q-q higher gas cost; 2) an inventory loss of USD90m; 3) USD10m q-q lower EBITDA for the fibre group due to the impact of China's lockdown; and 4) USD50m q-q lower EBITDA from the IOD group, mainly from the poorer MTBE and MEG margins.

Exhibit 6: 3Q22 results preview

	3Q21	2Q22	------------------------ 3Q22E ------------------------			9M21	9M22E	*Change*
	(THB m)	(THB m)	(THB m)	*(q-q%)*	*(y-y%)*	(THB m)	(THB m)	*(y-y%)*
Revenue	126,838	186,492	188,357	*1.0*	*48.5*	336,182	521,712	*55.2*
Operating costs	(111,021)	(151,907)	(165,215)	*8.8*	*48.8*	(288,501)	(438,044)	*51.8*
EBITDA	15,817	34,585	23,142	*(33.1)*	*46.3*	47,681	83,668	*75.5*
EBITDA margin (%)	*12.5*	*18.5*	*12.3*	*nm*	*nm*	*14.2*	*16.0*	*nm*
Depn & amort.	(4,929)	(5,677)	(5,532)	*(2.6)*	*12.2*	(13,733)	(16,004)	*16.5*
EBIT	10,888	28,908	17,610	*(39.1)*	*61.7*	33,948	67,664	*99.3*
Interest expense	(1,806)	(2,327)	(2,348)	*0.9*	*30.0*	(5,323)	(6,535)	*22.8*
Interest & invt inc	54	249	286	*15.0*	*433.1*	171	630	*267.3*
Associates' contrib	59	0	(5)	*nm*	*(108.5)*	94	41	*(56.6)*
Exceptionals	(706)	(712)	(4,020)	*464.7*	*469.3*	(2,022)	(5,456)	*169.8*
Pretax profit	8,489	26,118	11,523	*(55.9)*	*35.7*	26,868	56,344	*109.7*
Tax	(1,642)	(4,381)	(3,586)	*(18.1)*	*118.4*	(4,864)	(11,205)	*130.4*
Tax rate (%)	*19.3*	*16.8*	*31.1*	*nm*	*nm*	*18.1*	*19.9*	*nm*
Minority interests	(300)	(1,459)	(1,236)	*(15.3)*	*312.6*	(1,108)	(4,089)	*269.2*
Net profit	**6,548**	**20,278**	**6,701**	***(67.0)***	***2.3***	**20,896**	**41,049**	***96.4***
Non-recurring	619	7,046	(1,311)	*(118.6)*	*(311.8)*	4,476	9,227	*106.1*
Core net profit	**5,929**	**13,232**	**8,012**	***(39.4)***	***35.1***	**16,420**	**31,822**	***93.8***
EPS (THB)	1.17	3.61	1.19	*(67.0)*	*2.3*	3.72	7.31	*96.4*
Core EPS (THB)	1.06	2.36	1.43	*(39.4)*	*35.1*	2.92	5.67	*93.8*

Sources: IVL; FSSIA estimates

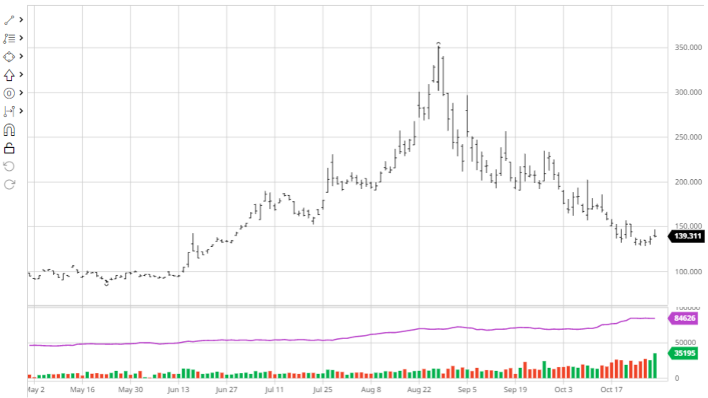
Gas cost softening should continue into 2023

In 4Q22, we expect IVL's EBITDA to improve, which should continue into 2023, as the gas cost in Europe, based on the benchmark TTF, has declined to €139/MWh as of 31 Oct-22.

The 27 EU countries are split by "different views" around the unprecedented proposal that aims to set a maximum price on the daily transactions taking place in the gas market. The cap will apply to the TTF, Europe's leading trading hub, and other similar venues, and will act as an emergency ceiling to prevent cases of extreme speculation and volatility. The actual price range is yet to be defined.

We believe the gas prices, particularly in Europe, will decline from the 3Q22 levels thanks to the demand shifts to other substitute fuels such as diesel, coal, and fuel oil, and hence should improve IVL's EBITDA in 4Q22-2023.

Exhibit 7: TTF gas price Dec-22 (TGZ22)



Source: Barchart.com

Exhibit 8: LNG futures for South East Asia Dec-22 (JKMZ22)

Source: Barchart.com

Financial Statements

Indorama Ventures

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	331,513	468,108	443,823	444,616	442,642
Cost of goods sold	(266,558)	(363,002)	(345,801)	(330,642)	(328,531)
Gross profit	**64,955**	**105,107**	**98,022**	**113,974**	**114,111**
Other operating income	-	-	-	-	-
Operating costs	(32,724)	(47,022)	(26,629)	(33,346)	(33,198)
Operating EBITDA	**32,231**	**58,084**	**71,393**	**80,628**	**80,912**
Depreciation	(20,487)	(20,487)	(20,521)	(21,149)	(21,778)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**11,744**	**37,597**	**50,872**	**59,478**	**59,134**
Net financing costs	(7,362)	(7,202)	(3,618)	(9,588)	(7,345)
Associates	143	160	712	692	692
Recurring non-operating income	1,949	160	712	692	692
Non-recurring items	(758)	361	4,649	4,649	4,649
Profit before tax	**5,573**	**30,916**	**52,615**	**55,232**	**57,130**
Tax	1,243	(6,703)	(10,981)	(11,483)	(11,847)
Profit after tax	**6,816**	**24,213**	**41,634**	**43,749**	**45,284**
Minority interests	(386)	(1,966)	(631)	(635)	(635)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	**6,430**	**22,247**	**41,004**	**43,114**	**44,648**
Non-recurring items & goodwill (net)	**758**	**(361)**	**(4,649)**	**(4,649)**	**(4,649)**
Recurring net profit	**7,188**	**21,886**	**36,355**	**38,465**	**39,999**
Per share (THB)					
Recurring EPS *	1.28	3.90	6.48	6.85	7.12
Reported EPS	1.15	3.96	7.30	7.68	7.95
DPS	0.10	1.20	3.60	3.77	3.89
Diluted shares (used to calculate per share data)	5,615	5,615	5,615	5,615	5,615
Growth					
Revenue (%)	(6.0)	41.2	(5.2)	0.2	(0.4)
Operating EBITDA (%)	(5.2)	80.2	22.9	12.9	0.4
Operating EBIT (%)	(30.8)	220.1	35.3	16.9	(0.6)
Recurring EPS (%)	(34.7)	204.5	66.1	5.8	4.0
Reported EPS (%)	22.4	246.0	84.3	5.1	3.6
Operating performance					
Gross margin inc. depreciation (%)	13.4	18.1	17.5	20.9	20.9
Gross margin of key business (%)	13.2	18.2	18.5	21.9	21.9
Operating EBITDA margin (%)	9.7	12.4	16.1	18.1	18.3
Operating EBIT margin (%)	3.5	8.0	11.5	13.4	13.4
Net margin (%)	2.2	4.7	8.2	8.7	9.0
Effective tax rate (%)	(79.8)	19.2	19.2	19.2	19.2
Dividend payout on recurring profit (%)	7.8	30.8	55.7	55.0	54.6
Interest cover (X)	1.9	5.2	14.3	6.3	8.1
Inventory days	79.5	71.9	91.5	93.2	93.7
Debtor days	37.3	33.8	42.6	41.4	41.6
Creditor days	86.7	82.2	100.8	102.7	103.2
Operating ROIC (%)	4.9	0.9	1.1	1.3	1.4
ROIC (%)	4.6	0.7	1.0	1.2	1.2
ROE (%)	5.6	15.3	20.4	18.2	16.7
ROA (%)	3.7	4.9	6.5	6.7	6.8

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2020	2021	2022E	2023E	2024E
PET	153,889	258,701	176,399	162,510	162,054
Feedstock	100,905	117,776	117,110	121,937	121,937
Fibres	90,601	110,868	109,613	109,613	109,613
Eliminations and unallocated	(13,882)	(19,236)	40,701	50,555	49,037

Sources: Indorama Ventures; FSSIA estimates

Financial Statements

Indorama Ventures

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	7,188	21,886	36,355	38,465	39,999
Depreciation	20,487	20,487	20,521	21,149	21,778
Associates & minorities	-	-	-	-	-
Other non-cash items	(1,002)	(1,001)	(1,001)	(1,001)	(1,001)
Change in working capital	19,603	19,639	11,313	20,892	21,135
Cash flow from operations	**46,276**	**61,011**	**67,188**	**79,505**	**81,912**
Capex - maintenance	-	-	-	-	-
Capex - new investment	(16,231)	(16,229)	(13,200)	(13,200)	(13,200)
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	(9,059)	(9,053)	(9,053)	(9,053)	(9,053)
Cash flow from investing	**(25,290)**	**(25,282)**	**(22,253)**	**(22,253)**	**(22,253)**
Dividends paid	(3,088)	(5,474)	(6,737)	(20,232)	(21,167)
Equity finance	0	0	0	0	0
Debt finance	51,695	12,380	65,893	(24,107)	5,893
Other financing cash flows	(61,091)	(45,368)	(7,469)	(7,444)	(7,444)
Cash flow from financing	**(12,484)**	**(38,462)**	**51,686**	**(51,783)**	**(22,718)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**8,502**	**(2,733)**	**96,621**	**5,468**	**36,940**
Free cash flow to firm (FCFF)	28,659.55	42,849.85	54,737.48	65,775.79	68,182.24
Free cash flow to equity (FCFE)	11,589.60	2,741.28	103,358.00	25,700.59	58,107.04
Per share (THB)					
FCFF per share	5.10	7.63	9.75	11.72	12.14
FCFE per share	2.06	0.49	18.41	4.58	10.35
Recurring cash flow per share	4.75	7.37	9.95	10.44	10.82

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	376,464	424,337	437,537	450,737	463,937
Less: Accumulated depreciation	(112,173)	(132,660)	(153,181)	(174,330)	(196,108)
Tangible fixed assets (net)	**264,291**	**291,677**	**284,356**	**276,407**	**267,829**
Intangible fixed assets (net)	**0**	**0**	**0**	**0**	**0**
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	18,949	16,215	112,836	118,305	155,245
A/C receivable	33,422	53,172	50,413	50,503	50,279
Inventories	53,938	88,979	84,363	84,513	84,138
Other current assets	13,526	18,493	18,493	18,493	18,493
Current assets	**119,835**	**176,859**	**266,105**	**271,815**	**308,155**
Other assets	69,046	73,292	46,416	46,416	46,416
Total assets	**453,172**	**541,828**	**596,878**	**594,637**	**622,400**
Common equity	126,655	158,769	197,684	225,215	253,344
Minorities etc.	8,953	12,235	1,370	1,433	1,479
Total shareholders' equity	**135,608**	**171,003**	**199,054**	**226,647**	**254,823**
Long term debt	164,073	169,893	229,893	199,893	199,893
Other long-term liabilities	39,552	43,034	11,897	11,897	11,897
Long-term liabilities	**203,625**	**212,927**	**241,790**	**211,790**	**211,790**
A/C payable	65,366	98,049	92,962	93,128	92,715
Short term debt	29,645	36,206	36,206	36,206	36,206
Other current liabilities	18,927	23,643	26,866	26,866	26,866
Current liabilities	**113,938**	**157,898**	**156,034**	**156,200**	**155,787**
Total liabilities and shareholders' equity	**453,172**	**541,828**	**596,878**	**594,637**	**622,400**
Net working capital	16,593	38,952	33,442	33,516	33,330
Invested capital	349,930	403,922	364,214	356,339	347,575

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)					
Book value per share	22.56	28.28	35.21	40.11	45.12
Tangible book value per share	22.56	28.28	35.21	40.11	45.12
Financial strength					
Net debt/equity (%)	128.9	111.0	77.0	52.0	31.7
Net debt/total assets (%)	38.6	35.0	25.7	19.8	13.0
Current ratio (x)	1.1	1.1	1.7	1.7	2.0
CF interest cover (x)	4.8	3.6	33.2	5.1	10.7

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	**33.0**	**10.8**	**6.5**	**6.2**	**5.9**
Recurring P/E @ target price (x) *	**50.8**	**16.7**	**10.0**	**9.5**	**9.1**
Reported P/E (x)	36.9	10.7	5.8	5.5	5.3
Dividend yield (%)	0.2	2.8	8.5	8.9	9.2
Price/book (x)	1.9	1.5	1.2	1.1	0.9
Price/tangible book (x)	1.9	1.5	1.2	1.1	0.9
EV/EBITDA (x) **	13.1	7.6	5.5	4.4	3.9
EV/EBITDA @ target price (x) **	17.0	9.8	7.3	6.0	5.5
EV/invested capital (x)	1.2	1.1	1.1	1.0	0.9

* 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 2021

EXCELLENT LEVEL – Score range 90-100

AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	PSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	

VERY GOOD LEVEL – Score range 80-89

2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIIK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	

GOOD LEVEL – Score range 70-79

A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TPIPP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAH	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIIK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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)

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Suwat Sinsadok, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

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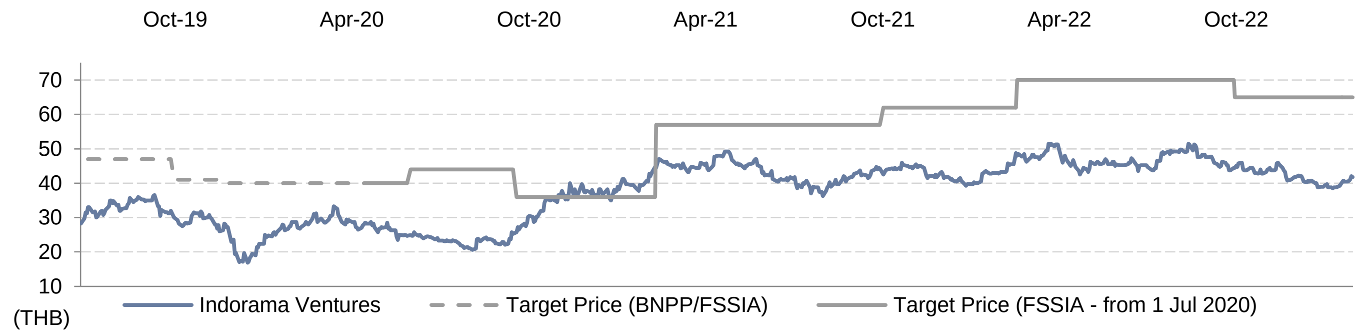
History of change in investment rating and/or target price

Indorama Ventures (IVL TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
07-Nov-2019	BUY	47.00	07-Aug-2020	BUY	44.00	17-Sep-2021	BUY	62.00
20-Jan-2020	BUY	41.00	06-Nov-2020	BUY	36.00	12-Jan-2022	BUY	70.00
27-Feb-2020	BUY	40.00	08-Mar-2021	BUY	57.00	18-Jul-2022	BUY	65.00

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 09-Jun-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Indorama Ventures	IVL TB	THB 42.25	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 1-Nov-2022 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.