Indorama Ventures (IVL TB)

Strong Beneficiary Of US Reciprocal Tariffs

BUY(Maintained)	
Share Price	Bt22.10
Target Price	Bt27.00
Upside	22.17%

Analyst(s)
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Highlights

- **We see a positive earnings impact** from the new US reciprocal tariffs, effective 8 Sep 25, on PET. We are estimating an EBITDA contribution of US$50m per year, reflecting 40% of IVL's total capacity in the US.
- **We continue to expect a sharp earnings recovery in 3Q-4Q25**, with quarterly net profit likely to exceed Bt2.0b, supported by healthy spreads in PET, higher production volumes and incremental earnings from Essel Propack.
- **Maintain BUY** with a target price of Bt27.00.

Analysis

- **Beneficiary of new US tariffs.** According to Indorama Venture (IVL), polyethylene terephthalate (PET) resins are now subject to US reciprocal tariffs (effective 8 Sep 25), raising import duties from 6.5% to 27-28%. This is highly positive for IVL, one of the largest US PET producers with integrated PTA-MEG-PX supply and the ability to scale without added costs. We estimate an EBITDA uplift of around US$50m/year, which implies a 4% and 10% increase in core profit in 2025-26 respectively. It is worth noting that about 40% of IVL's total capacity is in the US.
- **Beneficiary of lower gas costs.** Lower Dutch Title Transfer Facility (TTF) LNG prices are expected to remain under pressure over the next 12-18 months due to soft demand and ample global supply. This is positive for IVL, which benchmarks its US and European operations against TTF gas costs. Lower feedstock prices should reduce production costs, improve PET-PTA margins and support stronger earnings recovery in 2H25-2026.
- **Earnings recovery underway.** We expect net profit to come in above Bt2.0b/ quarter in 2H25, supported by tariff gains, higher volumes and Essel Propack's contribution (25% stake acquired in May 25). IVL also stands to benefit from US$40m-50m land sale gains in 2H25. The outlook for 2026 remains strong on improved demand-supply balance and the potential asset monetisation of US$60m-70m.

Key Financials

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	541,458.0	541,582.6	515,408.6	506,928.0	465,183.2
EBITDA	31,510.0	38,103.8	46,560.2	55,433.4	60,204.5
Operating profit	6,675.4	13,088.6	19,437.2	27,308.4	32,078.5
Net profit (rep./act.)	(10,797.9)	(19,262.1)	4,206.1	8,553.9	12,403.2
Net profit (adj.)	5,943.1	6,161.9	4,206.1	8,553.9	12,403.2
EPS	1.1	1.1	0.8	1.5	2.2
PE	20.9	20.1	29.5	14.5	10.0
P/B	0.8	1.0	1.0	1.0	0.9
EV/EBITDA	11.4	9.7	8.4	7.1	6.6
Dividend yield	4.2	3.2	3.2	3.6	3.8
Net margin	(2.0)	(3.6)	0.8	1.7	2.7
Net debt/(cash) to equity	135.1	184.6	203.2	196.4	190.0
Interest cover	2.2	2.4	3.3	3.4	3.7
ROE	(7.0)	(14.2)	3.1	6.2	8.8
Consensus net profit	n.a	n.a	5,149.2	9,650.8	12,213.2
UOBKH/Consensus (x)	n.a	n.a	0.8	0.9	1.0

Source: IVL, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Materials
Bloomberg ticker	IVL TB
Shares issued (m)	5,614.6
Market cap (Btm)	130,257.6
Market cap (US$m)	4,104.04
3-mth avg daily t'over (US$m)	12.7

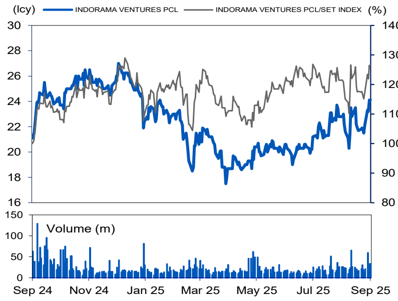
Price Performance (%)

52-week high/low: Bt27.5/Bt16.9

1mth	3mth	6mth	1yr	YTD
1.8	17.2	7.9	11.5	(6.8)

Major Shareholders	%
Lohia Family	66.00
FY25 NAV/Share (Bt)	22.38
FY25 Net Debt/Share (Bt)	45.48

Price Chart



Source: Bloomberg

Company Description

IVL is one of the world's largest polyester chain makers with a total production capacity of 17m tonnes.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt27.00,** based on 18x 2026F PE, in line with the historical average, reflecting a strong outlook in 2026. IVL trades at a discount to peers at 0.8x P/B and 15.0x 2026F PE, well below historical averages. With EBITDA improvement in sight and strategic catalysts (IPO and asset sales) on the horizon, investors are advised to accumulate ahead of a clearer inflection point in 2026.

Earnings Revision/Risk

- **None.**

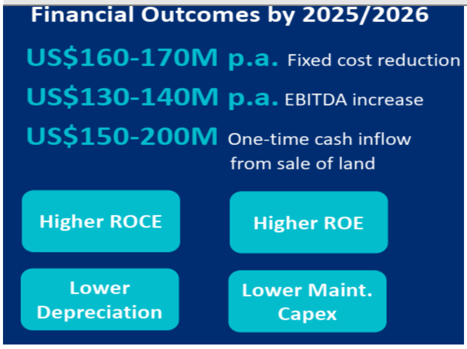
Share Price Catalyst

- 3Q25: Driving seasons support MTBE spread.
- Oct 25: Implementation of China's Anti-Involution policy.

Environmental, Social, Governance (ESG)

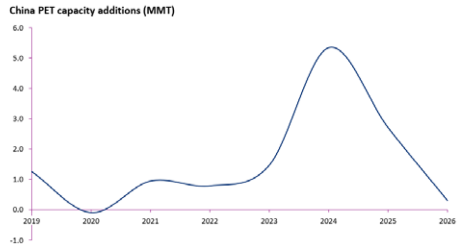
CG Report: 5 **SET ESG Rating: AA**
• **Environmental**
- IVL is committed to reducing greenhouse gas emissions from its operations and is focusing on the entire value chain when looking for ways to improve resource productivity. IVL targets a 10% combined GHG intensity reduction in 2025.
• **Social**
- IVL executes 65 initiatives that promote recycling awareness and education. The company has also set up 165 initiatives that support infrastructure and health. - IVL implemented global Environment, Health & Safety and Sustainability Software Management systems.
• **Governance**
- IVL received an "Excellent - 5 Star" CG score by the Thai Institute of Directors for the ninth consecutive year.

2025 TARGET



Source: Bloomberg

PET Capacity



Source: IVL

Profit & Loss

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	**541,583**	**515,409**	**506,928**	**465,183**
EBITDA	38,104	46,560	55,433	60,204
Deprec. & amort.	25,015	27,123	28,125	28,126
EBIT	13,089	19,437	27,308	32,078
Total other non-operating income	(19,341)	500	600	700
Associate contributions	(589)	30	35	40
Net interest income/(expense)	(16,200)	(14,200)	(16,251)	(16,252)
Pre-tax profit	**(23,041)**	**5,767**	**11,692**	**16,566**
Tax	3,855	(1,211)	(2,338)	(3,313)
Minorities	(76)	(350)	(800)	(850)
Net profit	**(19,262)**	**4,206**	**8,554**	**12,403**
Net profit (adj.)	6,162	4,206	8,554	12,403

Balance Sheet

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	271,124	294,001	295,876	297,750
Other LT assets	86,312	89,240	89,392	93,588
Cash/ST investment	17,496	(1,733)	3,029	2,924
Other current assets	166,621	170,578	175,500	183,300
Total assets	**541,552**	**552,085**	**563,797**	**577,562**
ST debt	71,109	72,771	74,408	78,527
Other current liabilities	121,628	124,552	126,700	128,793
LT debt	178,870	180,870	182,870	184,870
Other LT liabilities	31,015	34,521	36,666	34,587
Shareholders' equity	125,951	125,665	129,447	137,078
Minority interest	12,979	13,706	13,706	13,707
Total liabilities & equity	**541,552**	**552,085**	**563,797**	**577,562**

Cash Flow

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Operating	**(13,131)**	**33,864**	**39,011**	**31,747**
Pre-tax profit	(23,041)	5,767	11,692	16,566
Tax	3,855	(1,211)	(2,338)	(3,313)
Deprec. & amort.	25,015	27,123	28,125	28,126
Working capital changes	(18,157)	1,807	2,332	(8,783)
Non-cash items	(76)	(350)	(800)	(850)
Other operating cashflows	(727)	727	-	1
Investing	**21,893**	**(52,263)**	**(33,113)**	**(33,199)**
Capex (growth)	16,254	(50,000)	(30,000)	(30,000)
Investments	5,639	(2,263)	(3,113)	(3,199)
Others	-	-	-	-
Financing	**(9,949)**	**(830)**	**(1,135)**	**1,347**
Dividend payments	(4,558)	(4,492)	(4,772)	(4,772)
Issue of shares	(14,591)	-	-	-
Proceeds from borrowings	9,200	3,662	3,637	6,119
Others/interest paid	-	-	-	-
Net cash inflow (outflow)	**(1,187)**	**(19,229)**	**4,763**	**(105)**
Beginning cash & cash equivalent	**18,683**	**17,496**	**(1,733)**	**3,029**
Ending cash & cash equivalent	**17,496**	**(1,733)**	**3,029**	**2,924**

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	7.0	9.0	10.9	12.9
Pre-tax margin	(4.3)	1.1	2.3	3.6
Net margin	(3.6)	0.8	1.7	2.7
ROA	(3.4)	0.8	1.5	2.2
ROE	(13.3)	3.3	6.7	9.3
Growth				
Turnover	0.0	(4.8)	(1.6)	(8.2)
EBITDA	20.9	22.2	19.1	8.6
Pre-tax profit	n.a.	n.a.	102.7	41.7
Net profit	n.a.	n.a.	103.4	45.0
Net profit (adj.)	3.7	(31.7)	103.4	45.0
EPS	3.7	(31.7)	103.4	45.0
Leverage				
Debt to total capital	64.3	64.5	64.3	63.6
Debt to equity	198.5	201.8	198.8	192.2
Net debt/(cash) to equity	184.6	203.2	196.4	190.0
Interest cover (x)	2.4	3.3	3.4	3.7

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