

Key Indices

| | Prev Close | 1D % | 1W % | 1M % | YTD % |
|------------------------|------------|-------|-------|--------|--------|
| DJIA | 46946.4 | 0.8 | (1.7) | (5.2) | (2.3) |
| S&P 500 | 6699.4 | 1.0 | (1.4) | (2.0) | (2.1) |
| FTSE 100 | 10317.7 | 0.6 | 0.7 | (1.5) | 3.9 |
| AS30 | 8793.4 | (0.5) | (0.3) | (4.2) | (2.5) |
| CSI 300 | 4671.6 | 0.1 | 1.2 | 0.2 | 0.9 |
| FSSTI | 4868.7 | 0.5 | 2.4 | (1.4) | 4.8 |
| HSCEI | 8816.3 | 1.7 | 2.7 | (2.8) | (1.1) |
| HSI | 25834.0 | 1.4 | 1.7 | (3.3) | 0.8 |
| JCI | 7022.3 | (1.6) | (4.3) | (14.5) | (18.8) |
| KLCI | 1696.6 | (0.1) | 1.3 | (2.6) | 1.0 |
| KOSPI | 5549.9 | 1.1 | 5.7 | 0.8 | 31.7 |
| Nikkei 225 | 53751.2 | (0.1) | 1.9 | (5.0) | 6.8 |
| SET | 1405.0 | (0.3) | 1.6 | (3.7) | 11.5 |
| TWSE | 33342.5 | (0.2) | 3.8 | (0.8) | 15.1 |
| BDI | 2038 | 0.5 | (1.4) | (3.0) | 8.6 |
| CPO (RM/mt) | 4501 | 0.4 | 7.3 | 12.1 | 14.4 |
| Brent Crude (US\$/bbl) | 100 | (2.8) | 1.3 | 46.0 | 64.7 |

Source: Bloomberg

Corporate Events

| | Venue | Begin | Close |
|--|-----------|--------|--------|
| Analyst Marketing of Singapore Strategy by Adrian Loh | Thailand | 24 Mar | 25 Mar |
| Post-results Virtual Meeting with Horizon Robotics (9660 HK) | Hong Kong | 27 Mar | 27 Mar |
| Malaysia Gems Conference | Malaysia | 09 Apr | 09 Apr |

Corporate and Macro Calendar

| Economic Indicator/Event | Country/Region | Date |
|--|----------------|--------|
| Feb. Customs Trade Balance (Export-Import) | Thailand | 31 Mar |

Please click on the page number to move to the relevant pages

Top Stories

ASEAN Gems Corporate Highlights | Indorama Ventures (IVL TB/BUY/Bt19.70/Target: Bt25.00)

Page 2

IVL met regional fund managers at our Asian Gems Conference in Taiwan last week, with discussions focused on Chinese overcapacity and the potential impact from the Middle East tensions. Management expects Chinese capacity additions to peak in 2026, which could ease industry supply pressure. Geopolitical disruptions may also support spreads through higher oil prices and freight costs. Meanwhile, management is focusing on improving free cash flow and gradually reducing leverage. We maintain BUY with a target price of Bt25.00.

Indorama Ventures (IVL TB)

Key Takeaways From Taiwan Roadshow

Highlights

- Middle East tensions pose limited operational risk. IVL's diversified footprint and "local-for-local" strategy reduce supply disruption risks.
- Geopolitical tensions could support spreads. Higher crude prices and freight costs strengthen regional producers' pricing power.
- Expect an earnings turnaround in 2026.
- Maintain BUY with a target price of Bt25.00.

Analysis

- **Investor discussions focused on key industry concerns.** Indorama Ventures (IVL) met fund managers at our Asian Gems Conference in Taiwan last week. Key questions centred on Chinese overcapacity and the potential impact from the Middle East tensions. Management expects Chinese capacity additions to largely peak in 2026, which should help ease supply pressure. IVL's "local-for-local" strategy also helps mitigate trade and logistics risks. Overall investor feedback was positive.
- **Limited direct impact from Middle East tensions.** IVL operates 136 production sites across 31 countries, with revenue mainly from the Americas (~72%), followed by Asia (~22%) and Europe+Africa (~6%). Management sees limited direct exposure to Middle East supply disruptions, as its US operations rely primarily on domestic low-cost gas feedstock while Asian operations source feedstock mainly from local refiners.
- **Higher oil and freight costs could support spreads.** Rising crude prices during geopolitical tensions may support product pricing in oil-linked markets. In the US, IVL's gas-based feedstock structure can widen spreads when oil prices increase. Historically, spreads expanded significantly during oil upcycles (eg >US\$250/tonne in 1H22 vs ~US\$120/tonne currently). Higher freight costs during disruptions also reinforce IVL's "local-for-local" pricing power.

Key Financials

| Year to 31 Dec (Btm) | 2024 | 2025 | 2026F | 2027F | 2028F |
|------------------------------|------------|-----------|-----------|-----------|-----------|
| Net turnover | 541,582.6 | 447,245.6 | 506,928.0 | 465,183.2 | 473,962.5 |
| EBITDA | 41,078.6 | 24,680.7 | 47,132.4 | 51,342.3 | 52,369.1 |
| Operating profit | 13,088.6 | (854.8) | 20,587.4 | 23,216.3 | 24,243.1 |
| Net profit (rep./act.) | (19,262.1) | (7,348.4) | 5,150.3 | 7,178.6 | 7,770.9 |
| Net profit (adj.) | 6,161.9 | (3,080.4) | 5,150.3 | 7,178.6 | 7,770.9 |
| EPS | 1.1 | (0.6) | 0.9 | 1.3 | 1.4 |
| PE (x) | 20.9 | (41.7) | 25.0 | 17.9 | 16.6 |
| P/B (x) | 1.0 | 1.1 | 1.1 | 1.1 | 1.0 |
| EV/EBITDA (x) | 9.0 | 14.8 | 8.1 | 7.6 | 7.4 |
| Dividend yield (%) | 3.1 | 3.1 | 3.1 | 3.3 | 3.3 |
| Net margin (%) | (3.6) | (1.6) | 1.0 | 1.5 | 1.6 |
| Net debt/(cash) to equity(%) | 182.2 | 192.3 | 202.9 | 205.9 | 200.7 |
| Interest cover (x) | 2.5 | 1.7 | 3.3 | 3.6 | 3.6 |
| ROE (%) | (14.2) | (5.6) | 3.9 | 5.4 | 5.8 |
| Consensus net profit | n.a | n.a | (2,670.1) | 5,282.5 | 8,773.1 |
| UOBKH/Consensus (x) | n.a | n.a | (1.9) | 1.4 | 0.9 |

Source: Indorama Ventures, Bloomberg, UOB Kay Hian

BUY (Maintained)

| | |
|--------------|---------|
| Share Price | Bt19.70 |
| Target Price | Bt25.00 |
| Upside | 26% |
| Previous TP | Bt25.00 |

Analyst

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Stock Data

| | |
|---------------------------------|-----------|
| GICS sector | Materials |
| Bloomberg ticker: | IVL TB |
| Shares issued (m): | 5,614.6 |
| Market cap (Btm): | 128,573.2 |
| Market cap (US\$m): | 4,136.4 |
| 3-mth avg daily t'over (US\$m): | 15.7 |

Price Performance (%)

| | | | | | |
|------------------|------|------|------|------|---------------|
| 52-week high/low | | | | | Bt24.1/Bt14.8 |
| 1mth | 3mth | 6mth | 1yr | YTD | |
| 15.7 | 50.7 | 3.2 | 18.6 | 42.2 | |

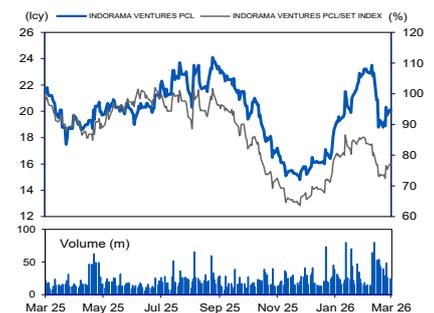
Major Shareholders

| | |
|--------------|-------|
| | % |
| Lohia Family | 62.43 |
| Thai NVDR | 5.50 |
| Bangkok Bank | 4.83 |

Balance Sheet Metrics

| | |
|---------------------|------|
| | % |
| FY26 NAV/Share | 21.0 |
| FY26 Net Debt/Share | 42.6 |

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.

PET Capacity

- **Deleveraging could support valuation re-rating.** Following several years of expansion-driven leverage, management is focusing on strengthening its free cash flow and portfolio optimisation to gradually reduce debt. As EBITDA recovers, leverage should trend lower. IVL is targeting a net D/E target of 1.1x in 2028, vs 1.8x currently.
- **Recovery expected after a weak 2025.** We believe industry conditions are approaching a cyclical trough after several years of weak spreads. With Chinese capacity additions expected to peak in 2026 and IVL benefitting from US cost advantages and tariff protection, spreads could gradually recover in 2026. We expect IVL to turn to a core profit of Bt5.2b in 2026 from a loss of Bt3.1b in 2025.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt25.00**, based on 1.2x 2026F P/B, in line with historical averages, reflecting earnings recovery and gradual spread normalisation in 2026. IVL currently trades at around 1.1x P/B, below its historical average. We recommend investors accumulate the stock ahead of earnings normalisation.

Earnings Revision/Risk

- None.

Share Price Catalyst

- 1H26: Expected extra income from US\$100m in land sale gains.
- 5 May: Dividend payment.

Environment, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AA

Environmental

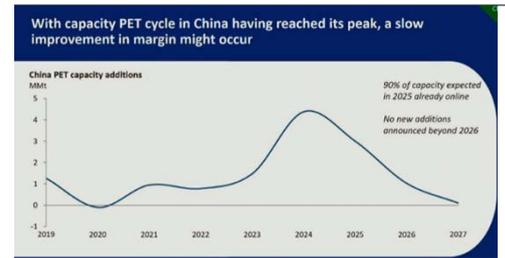
- IVL is committed to reducing greenhouse gas emissions from its operations and is focusing on the entire value chain when looking for ways to improve resource productivity. IVL targets a 10% combined GHG intensity reduction in 2025.

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.

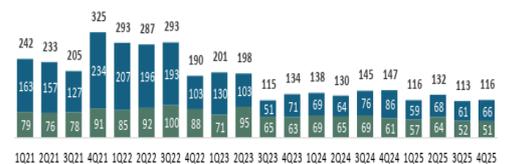
Governance

- IVL received an "Excellent - 5 Star" CG score by the Thai Institute of Directors for the ninth consecutive year.



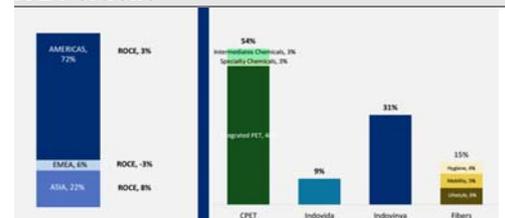
Source: IVL

PET Spread: 2021-25



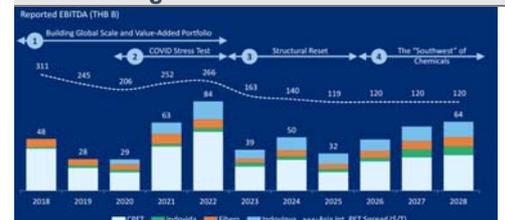
Source: IVL

IVL Portfolio



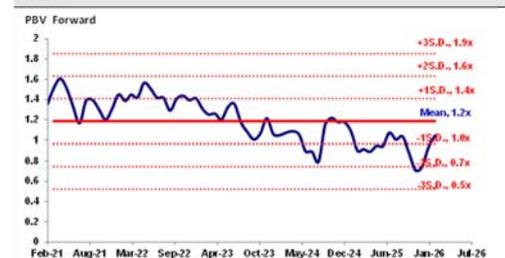
Source: IVL

EBITDA Target



Source: IVL

P/B



Source: IVL

Profit & Loss

| Year to 31 Dec (Btm) | 2025 | 2026F | 2027F | 2028F |
|----------------------------------|----------|----------|----------|----------|
| Net turnover | 447,246 | 506,928 | 465,183 | 473,963 |
| EBITDA | 24,681 | 47,132 | 51,342 | 52,369 |
| Deprec. & amort. | 25,535 | 26,545 | 28,126 | 28,126 |
| EBIT | (855) | 20,587 | 23,216 | 24,243 |
| Total other non-operating income | 7,045 | 600 | 700 | 800 |
| Associate contributions | 270 | 35 | 40 | 45 |
| Net interest income/(expense) | (14,463) | (14,222) | (14,358) | (14,687) |
| Pre-tax profit | (8,002) | 7,000 | 9,598 | 10,401 |
| Tax | 1,096 | (1,400) | (1,920) | (2,080) |
| Minorities | (442) | (450) | (500) | (550) |
| Net profit | (7,348) | 5,150 | 7,179 | 7,771 |
| Net profit (adj.) | (3,080) | 5,150 | 7,179 | 7,771 |

Cash Flow

| Year to 31 Dec (Btm) | 2025 | 2026F | 2027F | 2028F |
|----------------------------------|----------|----------|----------|----------|
| Operating | 33,991 | 24,671 | 32,400 | 39,395 |
| Pre-tax profit | (8,002) | 7,000 | 9,598 | 10,401 |
| Tax | 1,096 | (1,400) | (1,920) | (2,080) |
| Deprec. & amort. | 25,535 | 26,545 | 28,126 | 28,126 |
| Working capital changes | 17,359 | (9,306) | (2,906) | 3,497 |
| Non-cash items | (442) | (450) | (500) | (550) |
| Other operating cashflows | (1,555) | 2,282 | 1 | 1 |
| Investing | (29,452) | (33,096) | (36,096) | (34,414) |
| Capex (growth) | (27,319) | (30,000) | (30,000) | (30,000) |
| Investments | (2,133) | (3,096) | (6,096) | (4,414) |
| Financing | 2,347 | 6,236 | 1,347 | 1,348 |
| Dividend payments | (4,609) | (4,772) | (4,772) | (4,772) |
| Issue of shares | 3,533 | 0 | 0 | 0 |
| Proceeds from borrowings | 3,423 | 11,008 | 6,119 | 6,120 |
| Net cash inflow (outflow) | 6,886 | (2,188) | (2,350) | 6,329 |
| Beginning cash & cash equivalent | 20,470 | 27,356 | 25,168 | 22,818 |
| Ending cash & cash equivalent | 27,356 | 25,168 | 22,818 | 29,147 |

Balance Sheet

| Year to 31 Dec (Btm) | 2025 | 2026F | 2027F | 2028F |
|---------------------------------------|----------------|----------------|----------------|----------------|
| Fixed assets | 269,933 | 273,388 | 275,262 | 277,136 |
| Other LT assets | 86,906 | 89,245 | 96,338 | 101,749 |
| Cash/ST investment | 27,356 | 25,168 | 22,818 | 29,147 |
| Other current assets | 139,285 | 162,650 | 165,840 | 169,030 |
| Total assets | 523,480 | 550,450 | 560,258 | 577,061 |
| ST debt | 58,825 | 67,833 | 71,952 | 76,072 |
| Other current liabilities | 111,738 | 117,763 | 121,123 | 130,886 |
| LT debt | 194,577 | 196,577 | 198,577 | 200,577 |
| Other LT liabilities | 29,389 | 36,666 | 34,587 | 32,508 |
| Shareholders' equity | 117,527 | 117,905 | 120,311 | 123,310 |
| Minority interest | 11,424 | 13,706 | 13,707 | 13,708 |
| Total liabilities & equity | 523,480 | 550,450 | 560,258 | 577,061 |

Key Metrics

| Year to 31 Dec (%) | 2025 | 2026F | 2027F | 2028F |
|---------------------------|---------|--------|--------|--------|
| Profitability | | | | |
| EBITDA margin | 5.5 | 9.3 | 11.0 | 11.0 |
| Pre-tax margin | (1.8) | 1.4 | 2.1 | 2.2 |
| Net margin | (1.6) | 1.0 | 1.5 | 1.6 |
| ROA | (1.6) | 1.1 | 1.5 | 1.6 |
| ROE | (5.6) | 3.9 | 5.4 | 5.8 |
| Growth | | | | |
| Turnover | 28.8 | 46.0 | 34.0 | 36.5 |
| EBITDA | (43.1) | 8.7 | 18.4 | 20.8 |
| Pre-tax profit | (128.4) | (75.2) | (66.0) | (63.1) |
| Net profit | (127.8) | (80.5) | (72.9) | (70.6) |
| EPS | (112.0) | (79.9) | (72.0) | (69.7) |
| Leverage | | | | |
| Debt to total capital | 196.5 | 200.9 | 201.9 | 201.9 |
| Debt to equity | 215.6 | 224.3 | 224.9 | 224.4 |
| Net debt/(cash) to equity | 192.3 | 202.9 | 205.9 | 200.7 |
| Interest cover | 1.7 | 3.3 | 3.6 | 3.6 |

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