

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

Arsit Pamaranont

arsit@uobkayhian.co.th

(66 2) 090-3354

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

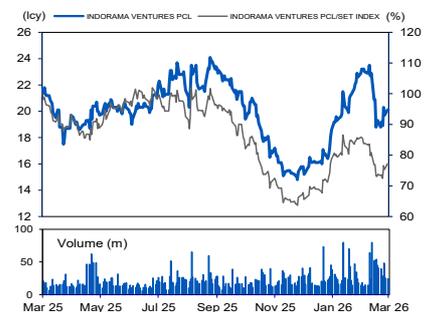
Major Shareholders

	%
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.

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

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at the following link: <https://research-api.uobkayhian.com/assets/disclaimer/df64a6ea-7980-447c-ae9e-fd19b93257dc> or by scanning the QR code below:



The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full."