INDORAMA VENTURES (IVL TB)

Globlex Securities Co., Ltd.

30 October 2025

Tailwind: US tariff/China supply cut

- China's curb on PET/PTA "involution" further boost IVL's margins
- Up to USD1.0b EBITDA upsides could be added in 2026-27
- Maintain BUY/THB28 TP; Best play on US tariff/China supply cut

Finally, China makes a move to rationalize PET/PTA supplies

On 29 October, China's Ministry of Industry and Information Technology (MIIT) has convened petrochemical companies producing fibers and plastics used to make clothing and bottles, aiming to address the sector's over-capacity. The meeting aims to curb the impact of "involution," a Chinese word that means relentless competition that destroys profits, among producers of PTA and PET.

Both PET + PTA supplies should be curbed substantially

What MIIT asked producers for is to submit data on capacity, production, demand and profitability for the products, along with the status of projects under construction. Both PTA and PET are plagued by overcapacity and rank near the bottom of petrochemical sector on margins, which Beijing is seeking to curb. Bottle-grade PET chip capacity has doubled in 3 years to 22mtpa, far exceeding demand.

Chinese producers' margins are under heavy losses

China's PTA production capacity has also doubled to 92mtpa since 2019, comprising PTA units with advanced technology accounting for 60+% of total capacity in 2025 but still lose about RMB21/t while older units lose even higher at RMB561/t, according to consultancy Oilchem. China's top six producers, Zhejiang Yisheng Petrochemical, Hengli Petrochemical, Tongkun, Xin Feng Ming, Shenghong Petrochemical and Sanfangxiang, which account for 75% of China's PTA market share, will be on the list for potential production rationalization.

All supply rationalizations to drive up IVL's PET/PTA margins

We believe IVL should be one of the most beneficiaries to substantially gain from China's recent move to curb over-capacity in PET/PTA, which have plagued global margins to stay under heavy pressures due to the significant imbalance of oversupply-mediocre demand. While IVL has already gained from the U.S. tariff hikes up to USD0.5b with its large-scale capacities of PET (2.1mtpa, 12% of total) and PTA (1.1mtpa, 6%), we think the recent move by China would definitely further enhance margins of PET/PTA in Asia (3.5mtpa PET+1.9mtpa PTA) and Europe, Middle East, Africa (EMEA) (1.2mtpa PET+0.4mtpa PTA), whose margins are directly linked to China's PET/PTA margins.

Stronger tailwinds on both sides of the Pacific

With tailwinds from U.S. tariff hike (+USD0.5b) and China's supply cuts (+USD0.4-1.0b) underway, we strongly believe that IVL stands as the best play to reap the benefits on both sides of the ongoing trade war between U.S. and China. The collateral damages on long-standing depressed margins of PET/PTA since 2022 should end or at least subside, driving up margins for IVL's largest unit cPET.

Analyst

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ESG Rating : AAA

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	**28.00**
VS. BB Consensus TP (%)	+15.9%
Share Price (THB)	19.60
Upside/Downside	+42.9%

Share Data

Market Cap (THB m)	110,046.22
Par (THB)	1.00
Free Float (%)	35.16
Issued shares (m shares)	5,615

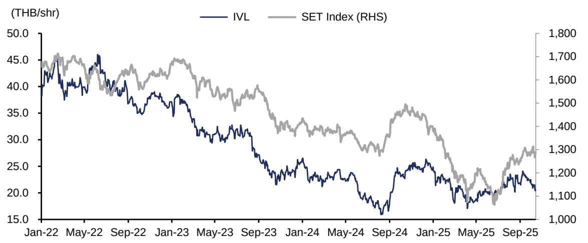
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	541,583	402,517	419,797	422,884
Net profit	(19,262)	8,812	16,634	20,471
Core net profit	6,162	8,812	16,634	20,471
vs Consensus (%)		130.9	91.5	73.6
Net profit growth (%)	(78.3)	145.7	88.8	23.1
Core net profit growth (%)	52.7	43.0	88.8	23.1
EPS (THB)	(3.43)	1.57	2.96	3.65
Core EPS (THB)	1.10	1.57	2.96	3.65
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	0.93	0.47	0.89	1.09
P/E (x)	(7.26)	12.49	6.62	5.38
P/BV (x)	1.11	0.83	0.77	0.70
ROE (%)	4.26	6.83	12.06	13.56
Dividend yield (%)	3.71	2.40	4.53	5.58

Source: Financial Statement and Globlex Research

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(12.50)	(12.50)	3.16	(21.29)
Market	(14.33)	(17.95)	(8.17)	(16.23)
12M High/Low (THB)				27.50 / 16.90



Major Shareholders (%) as of 28 Aug 2025

Indorama Resources Co., Ltd	62.43
Thai NVDR	5.50
Bangkok Bank Public Co., Ltd	4.83

Company Profile

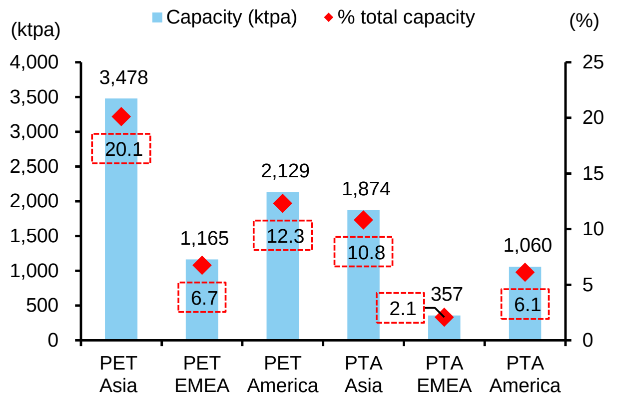
Indorama Ventures Public Company Limited, a holding company conducting its business through investment in subsidiaries and affiliates engaged in the manufacture of integrated petrochemical products both domestic and overseas. These companies manufacture and distribute Ethylene Oxide and Ethylene Glycol (EO&EG), Purified Terephthalic Acid (PTA), Polyethylene Terephthalate (PET), Polyester Fiber and Yarn and Wool products.

Source: SETSMART, SET

Exhibit 1: Hengli Petrochemical's new refining-petrochemical complex

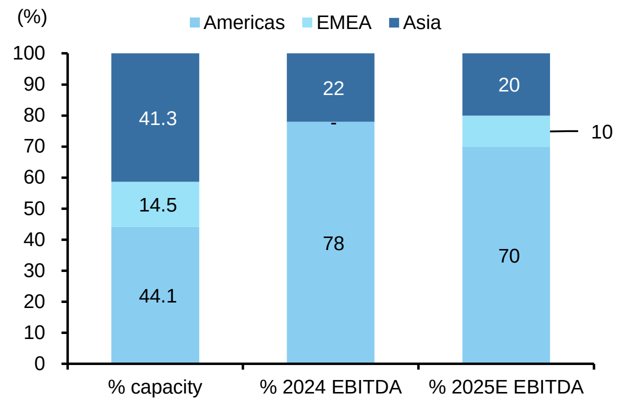
Sources: Reuters

Exhibit 2: IVL's PET/PTA/PX capacity and % of total capacity



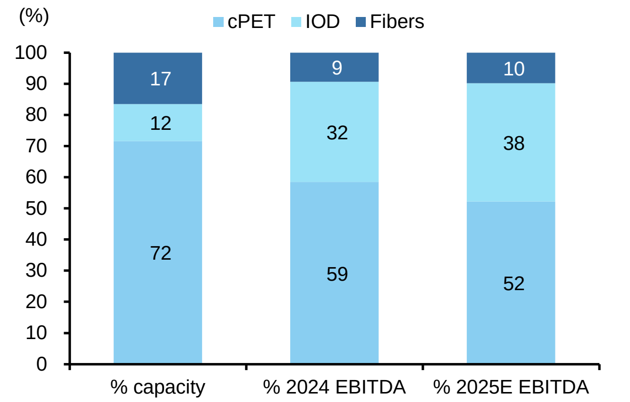
Sources: IVL; Globlex Research

Exhibit 3: Capacity & EBITDA breakdowns by region



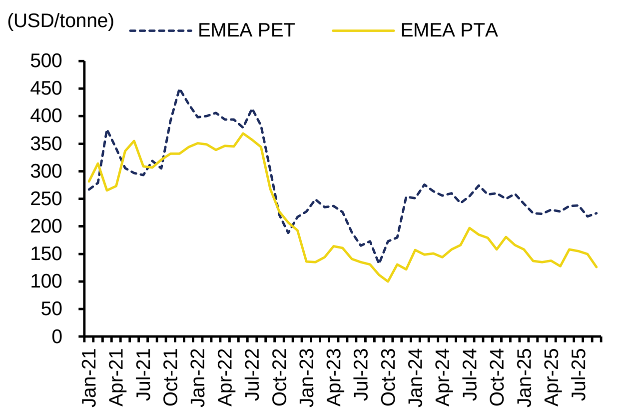
Sources: IVL; Globlex Research

Exhibit 4: Capacity & EBITDA breakdowns by segment



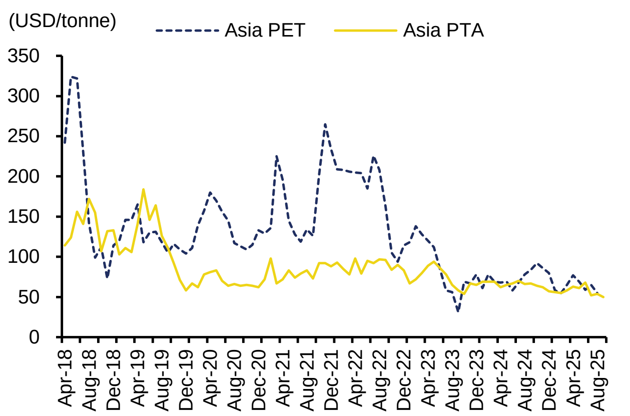
Sources: IVL; Globlex Research

Exhibit 5: PET/PTA margins in Americas, Europe, Middle East (EMEA)



Sources: IVL

Exhibit 6: PET/PTA margins in Asia



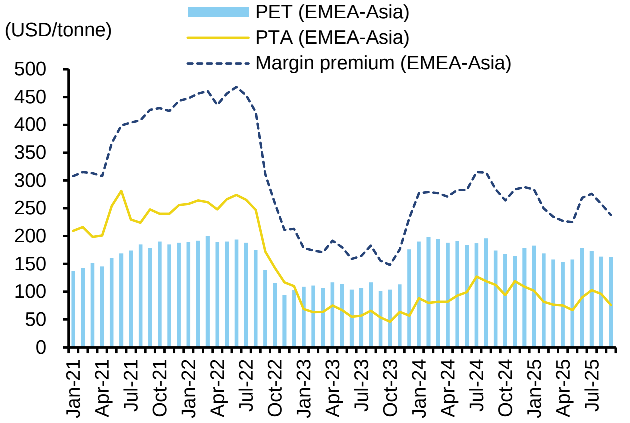
Sources: IVL

Exhibit 7: IVL's capacity breakdown in 2025

Effective capacity	Current Capacity	Effective capacity	Current Capacity	Effective capacity	Current Capacity
ASIA	**7.2**	**EMEA**	**2.5**	**Americas**	**7.6**
CPET	5.4	CPET	1.9	CPET with Intermediate Chemicals	5.2
Integrated PET	**5.4**	**Integrated PET**	**1.5**	**Integrated PET**	**3.2**
PTA	1.9	PTA	0.4	PX	0.7
PET	3.5	PET	1.2	PTA	1.1
Packaging	0.3	Specialty Chemicals	0.4	PET	2.1
Indovinya	0.0	Packaging	0.1	Specialty Chemicals	0.3
Fibers	1.5	Fibers	0.5	Intermediate Chemicals	1.7
Lifestyle	1.2	Lifestyle	0.1	MTBE	0.7
Mobility	0.1	Mobility	0.2	Int. MEG and PEO	0.9
Hygiene	0.2	Hygiene	0.2	Indovinya	2.0
Wool	0.0	Wool	0.0	NAM	1.1
				SAM	0.9
Total IVL	**17.3**			Fibers	0.4
				Lifestyle	0.1
				Mobility	0.0
				Hygiene	0.3

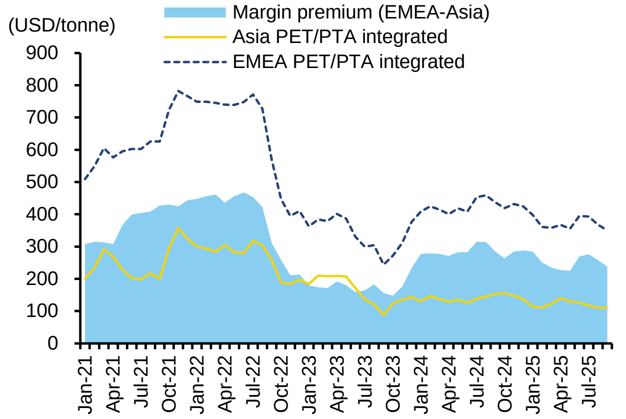
Sources: IVL

Exhibit 8: PET/PTA margins and margin premiums (EMEA vs Asia)



Sources: IVL

Exhibit 9: PET/PTA margins and margin premiums (EMEA vs Asia)



Sources: IVL

Balance sheet (THB m) Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets					
Cash & ST investment	18,683	17,496	86,475	137,226	191,789
Account receivable	51,114	53,085	39,454	41,148	41,450
Inventories	96,657	92,855	69,012	71,975	72,504
Others	22,901	20,680	20,680	20,680	20,680
Non-current assets					
Net fixed assets	312,393	271,124	252,851	234,344	215,600
Others	88,385	86,312	85,000	85,000	85,000
Total Assets	**590,132**	**541,552**	**553,473**	**590,373**	**627,024**
Current liabilities					
Account payable	117,493	106,061	78,827	82,211	82,816
ST borrowing	51,397	58,164	58,164	58,164	58,164
Others	32,457	28,512	32,562	32,562	32,562
Long-term liabilities					
Long-term debts	173,824	178,870	178,870	178,870	178,870
Others	36,893	31,015	72,667	94,304	115,906
Total liabilities	**412,064**	**402,622**	**421,090**	**446,111**	**468,318**
Paid-up capital	5,615	5,615	5,615	5,615	5,615
Retained earnings	93,755	70,008	76,176	87,820	102,150
Others	63,794	50,328	50,328	50,328	50,328
Minority interest	14,905	12,979	264	499	614
Shareholders' equity	**178,068**	**138,930**	**132,383**	**144,262**	**158,706**

Profit & loss (THB m) Year ending Dec	2023	2024	2025E	2026E	2027E
Revenue	**541,458**	**541,583**	**402,517**	**419,797**	**422,884**
Cost of goods sold	(448,342)	(438,328)	(324,936)	(331,313)	(329,619)
Gross profit	**93,116**	**103,254**	**77,582**	**88,484**	**93,265**
Operating expenses	(58,169)	(61,408)	(30,189)	(31,485)	(31,716)
Operating profit	**34,947**	**41,846**	**47,393**	**56,999**	**61,548**
EBIT	**22,088**	**39,280**	**24,171**	**33,541**	**37,855**
Depreciation	(27,697)	(27,990)	(23,222)	(23,458)	(23,694)
EBITDA	**49,785**	**67,270**	**47,393**	**56,999**	**61,548**
Non-operating income	**5,807**	**(18,313)**	**5,471**	**5,604**	**5,742**
Other incomes	5,091	4,314	4,443	4,576	4,713
Other non-op income	716	(22,626)	1,028	1,028	1,028
Non-operating expense	**(26,669)**	**(17,995)**	**(18,974)**	**(18,974)**	**(18,974)**
Interest expense	(15,367)	(17,228)	(17,474)	(17,474)	(17,474)
Other non-op expense	(11,301)	(768)	(1,500)	(1,500)	(1,500)
Equity income/(loss)	8	(589)	620	475	620
Pre-tax Profit	**1,235**	**2,383**	**11,287**	**20,646**	**25,242**
Extraordinary items	(14,838)	(25,424)	0	0	0
Current taxation	2,684	3,855	(1,888)	(3,454)	(4,223)
Minorities	115	(76)	(587)	(558)	(548)
Net Profit	**(10,804)**	**(19,262)**	**8,812**	**16,634**	**20,471**
Core net profit	**4,034**	**6,162**	**8,812**	**16,634**	**20,471**
EPS (THB)	**(1.92)**	**(3.43)**	**1.57**	**2.96**	**3.65**
Core EPS (THB)	**0.72**	**1.10**	**1.57**	**2.96**	**3.65**

Key ratios Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)					
Sales	(17.5)	0.0	(25.7)	4.3	0.7
Operating profit	(53.6)	19.7	13.3	20.3	8.0
EBITDA	(37.8)	35.1	(29.5)	20.3	8.0
Net profit	(134.8)	(78.3)	145.7	88.8	23.1
Core net profit	(88.7)	52.7	43.0	88.8	23.1
EPS	(134.8)	(78.3)	145.7	88.8	23.1
Core EPS	(88.7)	52.7	43.0	88.8	23.1
Profitability (%)					
Gross margin	17.2	19.1	19.3	21.1	22.1
Operation margin	6.5	7.7	11.8	13.6	14.6
EBITDA margin	9.2	12.4	11.8	13.6	14.6
Net margin	(2.0)	(3.6)	2.2	4.0	4.8
ROE	2.3	4.3	6.8	12.1	13.6
ROA	2.6	3.6	4.2	5.4	5.7
Stability					
Interest bearing debt/equity (x)	1.3	1.7	1.8	1.6	1.5
Net debt/equity (x)	1.2	1.6	1.1	0.7	0.3
Interest coverage (x)	1.4	2.3	1.4	1.9	2.2
Interest & ST debt coverage (x)	0.3	0.5	0.3	0.4	0.5
Cash flow interest coverage (x)	0.1	0.1	0.2	0.2	0.2
Current ratio (x)	0.9	1.0	1.3	1.6	1.9
Quick ratio (x)	0.3	0.4	0.7	1.0	1.3
Net debt (THB m)	206,538	219,538	150,559	99,808	45,245
Activity					
Asset turnover (X)	0.9	1.0	0.7	0.7	0.7
Days receivables	36.0	35.1	42.0	35.0	35.6
Days inventory	86.5	78.9	90.9	77.7	80.0
Days payable	93.4	93.1	103.8	88.7	91.4
Cash cycle days	29.1	20.9	29.0	24.0	24.3

Cash flow (THB m) Year ending Dec	2023	2024	2025E	2026E	2027E
Operating cash flow	**36,424**	**27,674**	**89,243**	**73,246**	**78,363**
Net profit	(10,804)	(19,262)	8,812	16,634	20,471
Depre.& amortization	27,697	27,990	23,222	23,458	23,694
Change in working capital	19,531	18,947	57,209	33,154	34,199
Others	0	0	0	0	0
Investment cash flow	**(25,266)**	**(36,724)**	**(32,554)**	**(32,550)**	**(32,562)**
Net CAPEX	(16,225)	(16,223)	(4,950)	(4,950)	(4,950)
Change in LT investment	(9,041)	(9,035)	(9,035)	(9,035)	(9,035)
Change in other assets		(11,466)	(18,568)	(18,564)	(18,577)
Free cash flow	**11,158**	**(9,050)**	**56,689**	**40,696**	**45,801**
Financing cash flow	**(13,687)**	**7,863**	**12,290**	**10,055**	**8,762**
Change in share capital	0	0	0	0	0
Net change in debt	(12,917)	11,813	13,774	13,774	13,774
Dividend paid	(5,193)	(5,193)	(2,643)	(4,990)	(6,141)
Others	4,424	1,243	1,160	1,271	1,129
Net cash flow	**(2,529)**	**(1,187)**	**68,979**	**50,751**	**54,563**
Per share (THB)					
EPS	(1.92)	(3.43)	1.57	2.96	3.65
Core EPS	0.72	1.10	1.57	2.96	3.65
CFPS	5.63	6.10	5.81	7.24	7.96
BVPS	29.06	22.43	23.53	25.61	28.16
Sales/share	96.44	96.46	71.69	74.77	75.32
EBITDA/share	8.87	11.98	8.44	10.15	10.96
DPS	0.93	0.93	0.47	0.89	1.09
Valuation					
P/E (x)	-14.16	-7.26	12.49	6.62	5.38
P/BV (x)	0.94	1.11	0.83	0.77	0.70
Dividend yield (%)	3.39	3.71	2.40	4.53	5.58
Divdend payout ratio (%)	-48.07	-26.96	30.00	30.00	30.00

GENERAL DISCLAIMER

Analyst Certification

Suwat Sinsadok, Register No. 020799, Globlex Securities Public Company Limited

RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause 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.

Sector Recommendations

Overweight: The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: 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: 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: 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.