

BUY (Unchanged)

Change in Numbers

TP: Bt 37.00 (From: Bt 39.00)

Upside : 21.3%

18 AUGUST 2023

Indorama Ventures Pcl (IVL TB)

Slower recovery

We maintain our BUY rating on IVL but cut our DCF-based TP to Bt37 from Bt39 on lower spreads. We think the worst is over and expect a spread recovery. Valuation at 12.6x 2024F PE is not demanding, in our view, against 29-34% EPS growth over 2024-25F.



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Better days ahead; maintaining BUY

We maintain our BUY rating on IVL but cut our DCF-based TP to Bt37 from Bt39 on lower spreads. **First**, we believe the worst is over for IVL and expect improvements from here, albeit gradual. The Asian PET spread is at a record low and now at a loss-making level for many operators, while a demand recovery from global destocking should continue in 2H23F. **Second**, IVL looks set to benefit from a strong MTBE spread amid the high oil price environment. **Finally**, the stock price has already come down by 30% from its recent peak. Despite our earning cuts, we still view the stock's valuation as attractive at 12.6x 2024F PE, which looks well supported by a robust earnings recovery.

Unsustainably low PET margin

We cut our EBITDA/tonne assumptions to reflect the weak spread environment, leading to 29-35% lower 2023-25F EPS. We now assume an Asia integrated PET spread of US\$178/tonne in 2023F and US\$212-217 in 2024-25F vs. US\$199 in 1H23 and US\$265 in 2022. We believe key reason for weak spreads has been poor domestic demand in China amid capacity additions. Although there is a strong line-up of capacities over 2024-25, we expect a gradual improvement from here since the Asian PET spread is at loss-making levels for many operators. Besides that, IVL should be able to withstand the weak-spread environment better than its peers due to its geographically diversified portfolio. About 54% of its PET volume is in markets not exposed to China PET exports, which allows IVL to have better pricing.

Destocking approach ending

IVL was severely impacted by the global destocking across all key business segments. Despite the challenging market, IVL experienced a volume recovery, and we expect the trend to continue in 2H23F. According to management, the inventory destocking is coming to an end for PET but is ongoing for the Integrated Oxides and Derivatives (IOD) business in 3Q23, with higher improvement visibility in 4Q23. We estimate IVL's volume to improve further by 8% h-h in 2H23, with overall utilization rising to 77% in 2H23F vs. 74% in 1H23 and 73% in 2H22. PET volume could see lower seasonally in 3Q23F, but it should be cushioned by higher IOD volume after a planned shutdown in 2Q23.

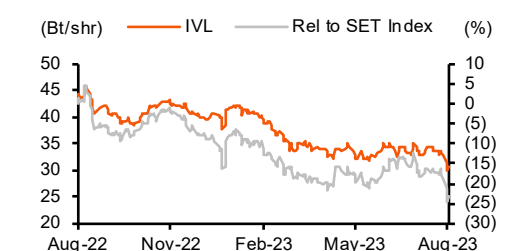
Support from strong MTBE spread

The current oil and gas price environment is positive for MTBE. The MTBE (a blending stock for gasoline) price is linked to the gasoline price, which is currently high. Its feedstock is n-butane, which is derived from natural gas, and this is being pressured by the prevailing high inventory. The spread was at US\$650/tonne last month vs. its five-year average of US\$335/tonne. The product accounts for 4% of IVL's capacity.

COMPANY VALUATION

Y/E Dec (Bt m)	2022A	2023F	2024F	2025F
Sales	655,543	707,100	682,582	671,278
Net profit	31,006	8,661	13,559	18,143
Consensus NP	—	10,755	18,453	24,255
Diff frm cons (%)	—	(19.5)	(26.5)	(25.2)
Norm profit	34,561	10,477	13,559	18,143
Prev. Norm profit	—	15,461	20,961	25,461
Chg frm prev (%)	—	(32.2)	(35.3)	(28.7)
Norm EPS (Bt)	6.2	1.9	2.4	3.2
Norm EPS grw (%)	60.2	(69.7)	29.4	33.8
Norm PE (x)	5.0	16.3	12.6	9.4
EV/EBITDA (x)	5.0	7.1	6.5	5.5
P/BV (x)	0.9	0.9	0.8	0.8
Div yield (%)	5.2	1.5	2.4	3.2
ROE (%)	20.0	5.5	6.8	8.6
Net D/E (%)	110.3	104.0	94.2	76.2

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 18-Aug-23 (Bt)	30.50
Market Cap (US\$ m)	4,841.1
Listed Shares (m shares)	5,614.6
Free Float (%)	35.2
Avg Daily Turnover (US\$ m)	14.6
12M Price H/L (Bt)	46.00/30.00
Sector	PETRO
Major Shareholder	Indorama Resources 64.74%

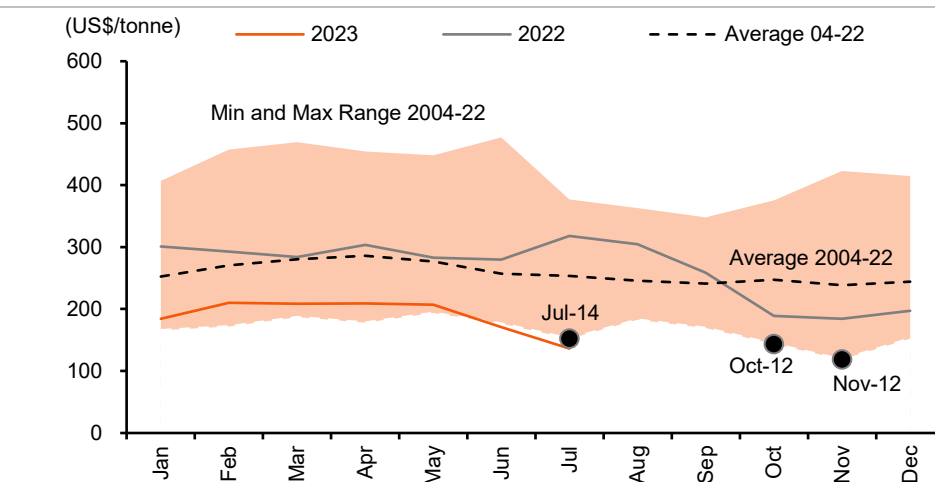
Sources: Bloomberg, Company data, Thanachart estimates

Unsustainably low PET margin

At current Asia integrated PET spread levels, many operators are making losses

We have been negatively surprised by the recent movements in Asia integrated spreads. We had anticipated that spreads would have moved up in the high season (2Q) and instead the opposite took place. We believe one of the key reasons for the weak spreads has been poor domestic demand in China amid capacity additions. Another factor is coming from a strong paraxylene (Px) spread, which we expect to ease once the tightness in the gasoline market fades after the driving season ends. We believe the worst is over and expect a gradual spread improvement from now on. The Asia integrated PET spread was at US\$137/t last month, below the industry cash cost level of US\$160-180/t. Therefore, we believe the current spread level is unsustainable as it is below the cash cost for many producers. This means spreads should improve as producers scale back utilization rates.

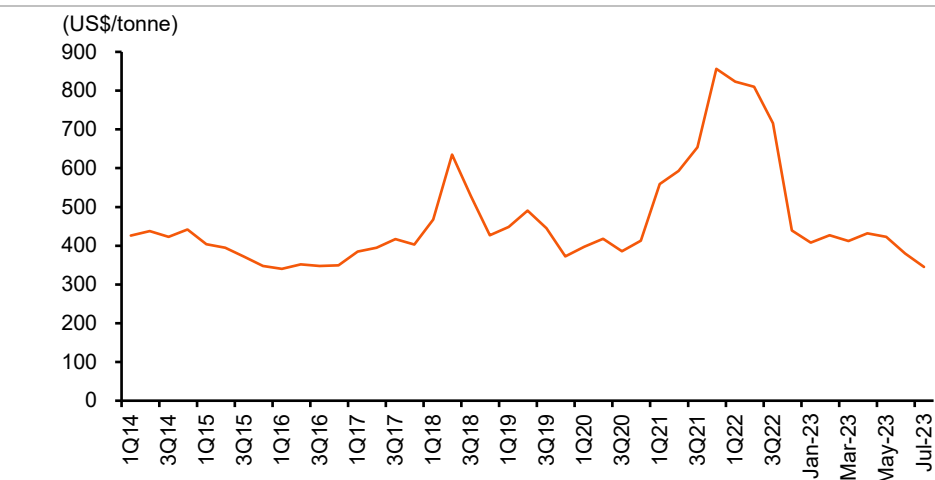
Ex 1: Asia Integrated PET Spread Is At A Historic Low



Sources: Company data

The situation is similar in both Asian and Western markets (US/Europe).

Ex 2: West Integrated PET Spread



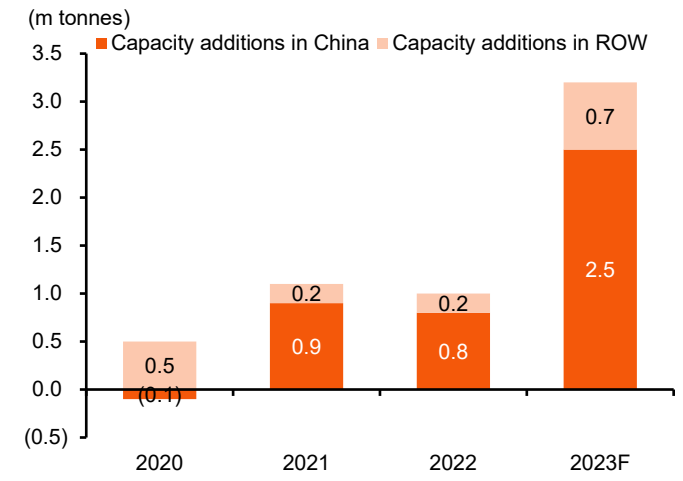
Sources: Company data

More trade barriers to curtail China PET exports

China PET supply additions are a key factor that is pressuring the market

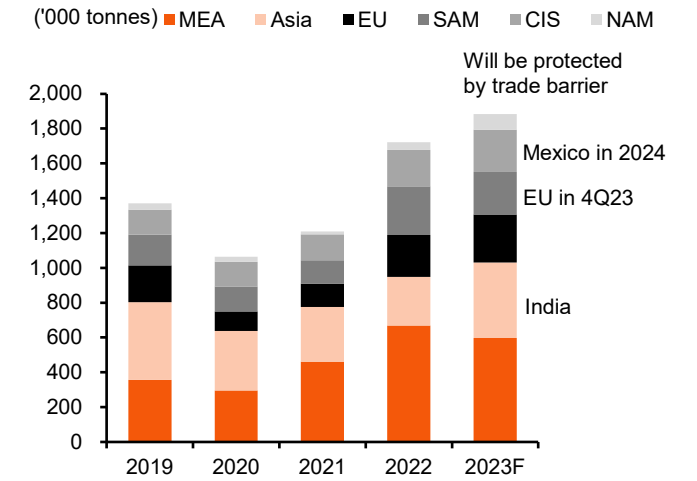
One of the key factors pressuring the PET market is new China supply additions, but we expect this pressure to ease with the upcoming implementation of a trade barrier that would affect China’s key export markets, which include Europe, Mexico, and India. Europe and Mexico plan to impose an anti-dumping tax on imported PET. If the tax is imposed, it would consequently make PET imports less competitive compared to domestic PET and, therefore, lead to less PET import demand from China. This should eventually lead to lower China PET exports, in our view.

Ex 3: Global PET Capacity Additions



Sources: Company data

Ex 4: China PET Exports

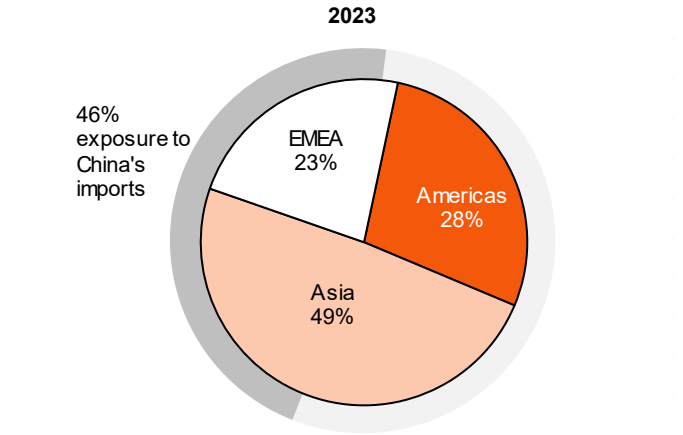


Sources: Company data

IVL is exposed to markets that are impacted less by China PET exports

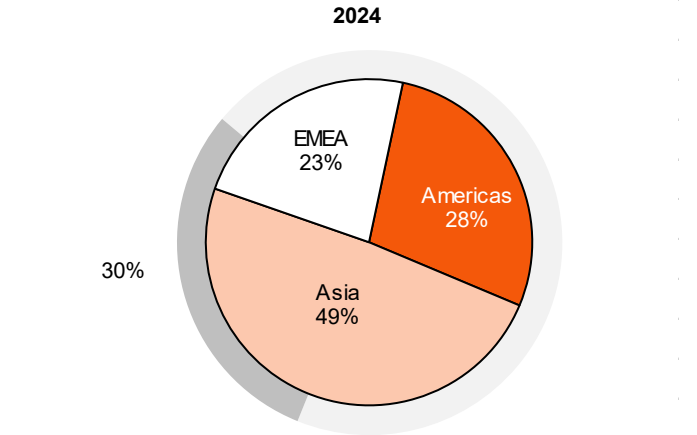
About 54% of IVL’s PET volume is in markets that are not exposed to China PET exports, which allows IVL to have better pricing. With the upcoming import tax scheduled to be imposed next year, this exposure would increase to 70%.

Ex 5: IVL’s Current PET Sales Volume (2023)



Source: Company data

Ex 6: IVL’s Potential PET Sales Volume (2024F)



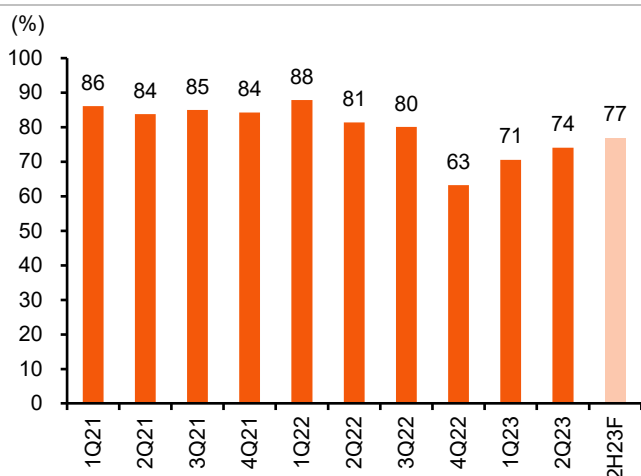
Source: Company data

Destocking approach ending

Volume recovery despite the challenging market environment

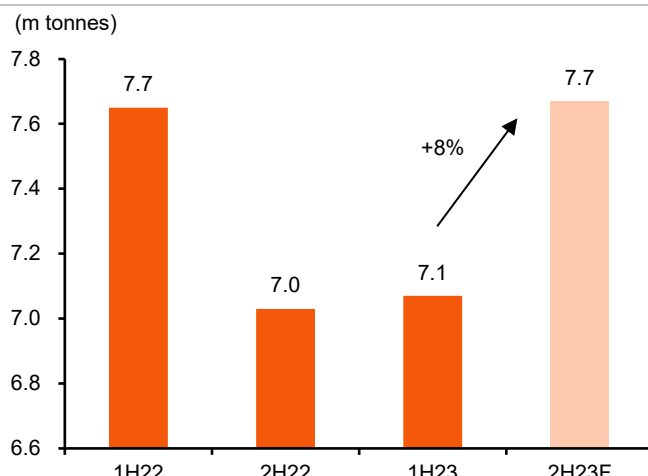
IVL was severely hit by the global destocking across all key business segments. Despite the challenging market environment, IVL was able to see a recovery in volume and we expect the trend to continue in 2H23F. According to management, inventory destocking is coming to an end for PET but it is still ongoing for the Integrated Oxides and Derivatives (IOD) business in 3Q23 with higher visibility for an improvement in 4Q23. We estimate IVL's volume to improve further by 8% h-h in 2H23F with its overall utilization rate rising to 77% in 2H23F vs. 74% in 1H23 and 73% in 2H22. PET volume could see lower seasonally in 3Q23F, but it should be cushioned by higher volume from the IOD business after a planned shutdown in 2Q23.

Ex 7: IVL's Utilization Rate



Sources: Company data, Thanachart estimates

Ex 8: IVL's Sales Volume

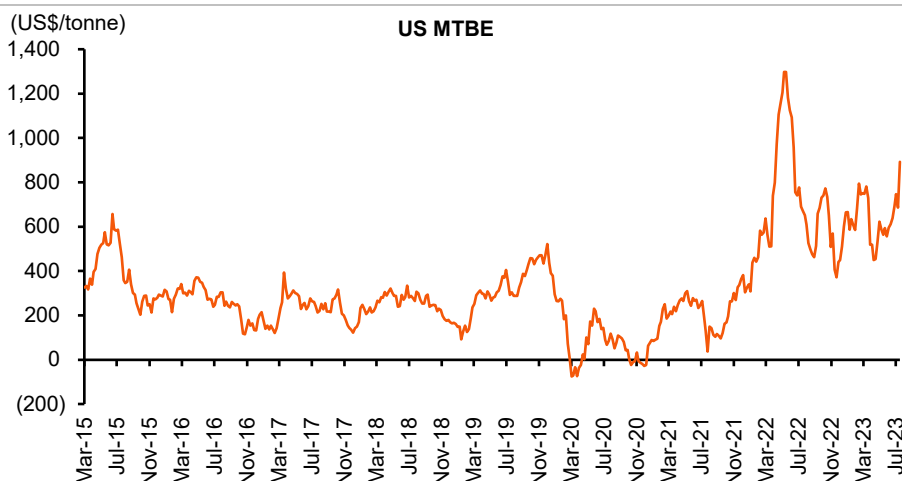


Sources: Company data, Thanachart estimates

Support from strong MTBE spread

The current oil and gas price environment is positive for MTBE. The MTBE (a blending stock for gasoline) price is linked to the gasoline price, which is currently high. Its feedstock is n-butane, which is derived from natural gas, and this is being pressured by the prevailing high inventory. The spread was at US\$650/tonne last month vs. its five-year average of US\$335/tonne. The product accounts for 4% of IVL's capacity.

Ex 9: US MTBE Spread



Sources: Bloomberg

Earnings revisions

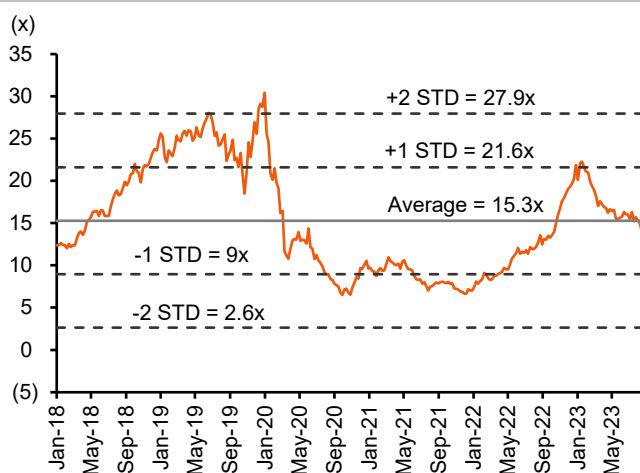
Given the slower PET/PTA spread recovery, we have cut our Asia integrated PET forecasts per tonne as shown in Exhibit 10 below. We also lower our IOD EBITDA assumptions as we factor in the impact from destocking. With our lower profit estimates, our DCF-based 12-month TP drops to Bt37/share from Bt39 previously. We have also rolled over our valuation base year to 2024F.

Ex 10: Key Assumption Changes

	2019	2020	2021	2022	2023F	2024F	2025F
Normalized profit (Bt m)							
- New	12,002	6,738	21,567	34,561	10,477	13,559	18,143
- Old					15,461	20,961	25,461
- Change (%)					(32.2)	(35.3)	(28.7)
Reported profit (Bt m)							
- New	5,252	2,414	26,288	31,006	8,661	13,559	18,143
- Old					11,726	20,961	25,461
- Change (%)					(26.1)	(35.3)	(28.7)
Asia Integrated PET spread (US\$/tonne)							
- New	243	206	252	265	178	212	217
- Old					217	225	225
- Change (%)					(18.1)	(5.9)	(3.7)
West Integrated PET spread (US\$/tonne)							
- New	439	397	666	699	403	408	413
- Old					422	427	432
- Change (%)					(4.5)	(4.4)	(4.4)
IOD EBITDA (US\$ m)							
- New	75	115	377	730	475	533	591
- Old					592	609	671
- Change (%)					(19.7)	(12.5)	(11.9)

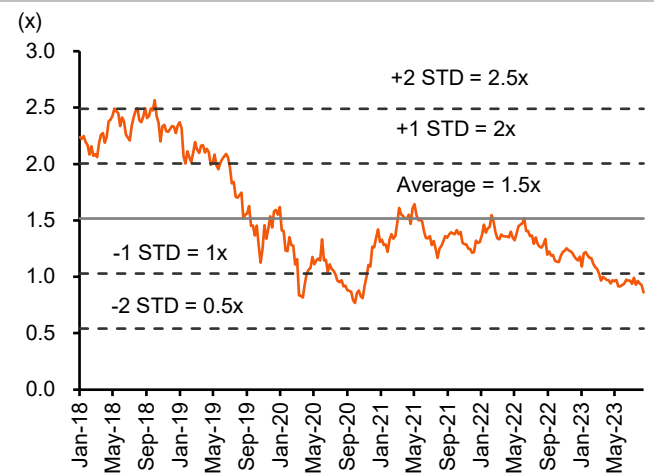
Sources: Company data, Thanachart estimates

Ex 11: IVL's Forward PE Band



Sources: Bloomberg, Thanachart estimates

Ex 12: IVL's Forward P/BV Band



Sources: Bloomberg, Thanachart estimates

Ex 13: 12-month DCF-based TP Calculation, Using A Base Year Of 2024F

(Bt m)	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	Terminal value
EBITDA	58,037	63,219	63,304	59,772	61,354	69,624	71,302	73,032	74,814	76,651	78,544	
Free cash flow	27,812	43,933	36,256	18,783	27,021	33,992	35,464	37,090	38,756	40,466	42,220	571,142
PV of free cash flow	25,605	37,236	28,291	13,494	17,867	20,174	19,296	18,501	17,719	16,960	16,222	209,521
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.3											
WACC (%)	8.6											
Terminal growth (%)	2.0											
Enterprise value - add investments	440,886											
Net debt	217,471											
Minority interest	15,246											
Equity value	208,169											
# of shares	5,615											
Equity value/share (Bt)	37											

Sources: Company data, Thanachart estimates

Valuation Comparison**Ex 14: Comparison With Regional Peers**

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		– Div yield –	
			23F	24F	23F	24F	23F	24F	23F	24F	23F	24F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
Reliance Industries	RIL IN	India	11.9	10.9	na	na	na	na	na	na	na	na
Lotte Chemical	011170 KS	South Korea	16.9	182.2	27.7	9.8	0.4	0.3	10.0	6.1	2.4	3.0
Alpek	ALPEKA MM	Mexico	(76.0)	51.5	11.2	7.4	0.8	0.8	4.8	4.7	7.3	6.3
Sinopec	386 HK	Hong Kong	10.7	5.1	6.6	6.3	0.6	0.6	5.1	4.6	9.7	9.3
IRPC	IRPC TB *	Thailand	85.2	46.7	13.6	9.3	0.6	0.6	9.2	7.7	3.7	5.4
Indorama Ventures	IVL TB *	Thailand	(69.7)	29.4	16.3	12.6	0.9	0.8	7.1	6.5	1.5	2.4
PTT Global Chemical	PTTGC TB *	Thailand	(43.5)	71.9	16.8	9.8	0.5	0.5	9.4	7.7	2.1	4.6
Siam Cement	SCC TB *	Thailand	27.7	56.9	13.8	8.8	1.0	0.9	10.5	7.6	3.6	5.7
Average			0.9	56.6	14.3	8.8	0.8	0.8	8.5	6.8	3.7	4.7

Sources: Bloomberg, * Thanachart estimates

Based on 18 August 2023 closing prices

COMPANY DESCRIPTION

Indorama Ventures Pcl (IVL) manufactures and distributes polyethylene terephthalate (PET), polyester fibers and yarns, purified terephthalic acid (PTA), and monoethylene glycol (MEG). It is one of the largest vertically integrated polyester chain producers in the world. Its global sales and manufacturing presence can be seen in major markets such as the US, Europe and Asia, serving major players in diversified end-user markets, including food, beverages, personal and home care, health care, automotive, textiles and industrial. We believe IVL is now at an inflection point for its third growth phase, via expanding into a packaging, olefin-integrated company.

Source: Thanachart

THANACHART’S SWOT ANALYSIS

S — Strength

- Large scale and efficient facilities are helping IVL to become one of the lowest-cost producers in the world.
- Large scale and good relationships with customers help IVL to keep its utilization rate high and improve economies of scale.
- Setting up plants in many major markets helps IVL to save on transportation costs and avoid trade barriers.

O — Opportunity

- IVL still has room for further growth potential from expanding its IOD portfolio via horizontal and vertical integration.
- Potential upside from the rPET business.
- Market consolidation in the US and Europe is helping to sustain product spreads.

CONSENSUS COMPARISON

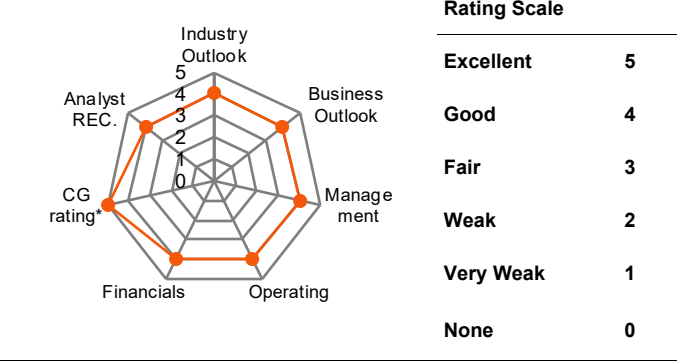
	Consensus	Thanachart	Diff
Target price (Bt)	38.45	37.00	-4%
Net profit 23F (Bt m)	10,755	8,661	-19%
Net profit 24F (Bt m)	18,453	13,559	-27%
Consensus REC	BUY: 13	HOLD: 6	SELL: 2

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2023-24F net profits are lower than the Bloomberg consensus estimates, which we attribute to us having lower PET margin assumptions.
- Consequently, our DCF-based TP is lower than the Street's.

Sources: Bloomberg consensus, Thanachart forecasts

COMPANY RATING



W — Weakness

- IVL’s heavy reliance on the PET/polyester product value chain and its investment in US ethane crackers makes it vulnerable to oil price fluctuations.
- For PET, IVL’s customers are major food & beverage companies, and they could have very strong bargaining power.

T — Threat

- Threat from higher environmental awareness that would lead to lower virgin PET demand.
- New technology to lower production costs would require existing players to invest more capex to improve efficiency.
- Overpaying for acquisitions and limited synergies.

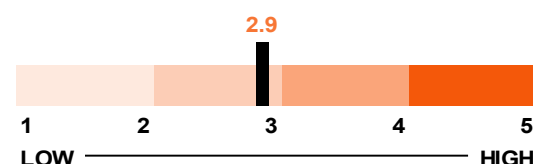
RISKS TO OUR INVESTMENT CASE

- Lower-than-expected spreads and/or poor cost control represent the key downside risks to our view.
- A collapse in oil prices that would lead to lower MTBE and MEG spreads is a secondary downside risk to our call.
- Unsuccessful integration of recent acquisitions would be another downside risk.
- Higher-than-expected gas costs could lead to margin pressure.
- Softer-than-expected demand leading to weaker volume and margins.

Source: Thanachart

IVL is the world's largest PET producer. As a petrochemical company, IVL releases meaningful amounts of greenhouse gases. However, our ESG score for IVL is moderate at 2.94, which is in line with the sector average. We think the company has a strong commitment to meeting targets for various ESG issues, including its more aggressive move toward recycling PET, but this is offset by its high energy intensity.

Thanachart ESG Rating



	SETTHSI Index	THSI Index	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
IVL	YES	YES	YES	BBB	51.16	38.78	80.00	48.0	5.0

Sources: SETTRADE, SETTHSI Index, Thailand Sustainability Investment (THSI), The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on "terms of use" toward the back of this report.

Factors

Our Comments

ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- In 2021, IVL released 9.7mt of CO2 equivalent, a 65% increase from 2018 due to its business expansions, including M&As. In terms of emission intensity, the company emitted 589kg/BOE (barrels of crude oil equivalent) vs. the 280kg average for Thai energy companies. IVL has a target to cut greenhouse gas (GHG) emissions by 30% between 2020 and 2030. Note that carbon emissions fell by 3% in 2021 from 2020.
- IVL targets to increase its PET recycling capacity to 750,000 tonnes by 2025 from 420,000 tonnes (12% of virgin PET capacity) in 2021 and 174,000 tonnes (3.4% of virgin PET capacity) in 2019. It has also allocated a budget for recycling technology to convert PET waste into virgin-grade feedstock for use in food packaging.
- IVL also targets to increase the use of renewable electricity in its production process to 10% of its total electricity requirements by 2025 and 25% by 2030. And it plans to increase biomass as a feedstock from 1% of the total in 2021 to 16% in 2030.

SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- IVL's human rights policy was revised in 2021 to cover more areas such as human trafficking, sexual and non-sexual harassment, and bullying. All site and business heads must issue this declaration annually. In 2021, 80-81% of its site and business heads issued declarations that didn't indicate any significant issues or major violations.
- IVL also has CSR targets. The company encourages recycling awareness projects in different communities and countries and targets to educate 1m people globally by 2030. The company also aims to develop engagement with local communities to improve their quality of life and raise living standards, and it expects to reach out to at least 100,000 beneficiaries/people in communities with its well-being initiative by 2030.

GOVERNANCE &
SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- IVL has a 15-member board of directors, which we consider to be an appropriate level for the company's size and scope of businesses. Of the 15 members, seven are independent directors. There are five members, including the chairman, who are the owner's family members. There are two female board members.
- As a family-owned business, there have been transactions between group subsidiaries. That said, IVL ensures pricing transparency.
- IVL is a company that has grown inorganically via a series of acquisitions, and its balance sheet could be of concern. However, the balance sheet is now stronger with warrants that were issued in 2014. Its internal net debt-equity ratio target is not to exceed 1.50x.

Sources: Company note, Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Sales	468,108	655,543	707,100	682,582	671,278
Cost of sales	386,738	539,644	612,466	585,844	570,909
Gross profit	81,370	115,899	94,635	96,738	100,369
% gross margin	17.4%	17.7%	13.4%	14.2%	15.0%
Selling & administration expenses	47,343	62,416	67,251	64,919	63,844
Operating profit	34,027	53,483	27,384	31,819	36,525
% operating margin	7.3%	8.2%	3.9%	4.7%	5.4%
Depreciation & amortization	21,736	25,767	27,609	26,218	26,694
EBITDA	55,763	79,250	54,993	58,037	63,219
% EBITDA margin	11.9%	12.1%	7.8%	8.5%	9.4%
Non-operating income	1,978	518	0	0	0
Non-operating expenses	0	0	0	0	0
Interest expense	(6,905)	(9,610)	(13,260)	(14,410)	(13,386)
Pre-tax profit	29,100	44,391	14,125	17,409	23,139
Income tax	6,703	7,078	3,274	3,477	4,623
After-tax profit	22,397	37,313	10,850	13,932	18,516
% net margin	4.8%	5.7%	1.5%	2.0%	2.8%
Shares in affiliates' Earnings	160	(28)	(23)	(23)	(23)
Minority interests	(2,137)	(3,228)	(350)	(350)	(350)
Extraordinary items	5,868	(3,051)	(1,816)	0	0
NET PROFIT	26,288	31,006	8,661	13,559	18,143
Normalized profit	21,567	34,561	10,477	13,559	18,143
EPS (Bt)	4.7	5.5	1.5	2.4	3.2
Normalized EPS (Bt)	3.8	6.2	1.9	2.4	3.2

We expect a profit recovery in 2024-25F from 2023's low

BALANCE SHEET

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
ASSETS:					
Current assets:	176,859	215,708	231,249	227,613	223,060
Cash & cash equivalent	16,456	21,744	15,533	20,533	20,533
Account receivables	53,172	55,580	59,952	57,873	56,914
Inventories	88,979	115,872	131,508	125,792	122,586
Others	18,252	22,511	24,256	23,415	23,027
Investments & loans	3,603	4,065	4,065	4,065	4,065
Net fixed assets	291,677	320,630	326,021	326,203	312,709
Other assets	69,689	83,475	86,338	84,977	84,349
Total assets	541,828	623,878	647,673	642,858	624,184
LIABILITIES:					
Current liabilities:	161,121	202,200	204,945	213,049	214,036
Account payables	90,265	106,721	121,122	115,857	112,904
Bank overdraft & ST loans	26,619	31,248	29,912	29,201	25,482
Current LT debt	17,371	33,777	18,278	35,689	43,255
Others current liabilities	26,866	30,455	35,633	32,302	32,395
Total LT debt	169,893	178,388	184,814	162,582	129,765
Others LT liabilities	39,811	42,404	48,807	47,545	46,963
Total liabilities	370,825	422,993	438,567	423,176	390,764
Minority interest	12,235	14,896	15,246	15,596	15,946
Preferreds shares	0	0	0	0	0
Paid-up capital	5,615	5,615	5,615	5,615	5,615
Share premium	60,331	60,331	60,331	60,331	60,331
Warrants	0	0	0	0	0
Surplus	4,330	8,047	13,047	13,047	13,047
Retained earnings	88,492	111,997	114,867	125,093	138,481
Shareholders' equity	158,769	185,990	193,860	204,086	217,474
Liabilities & equity	541,828	623,878	647,673	642,858	624,184

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Earnings before tax	29,100	44,391	14,125	17,409	23,139
Tax paid	(5,123)	(7,208)	(2,322)	(3,961)	(4,507)
Depreciation & amortization	21,736	25,767	27,609	26,218	26,694
Chg In working capital	(22,308)	(12,846)	(5,606)	2,530	1,212
Chg In other CA & CL / minorities	481	2,531	2,435	(2,030)	342
Cash flow from operations	23,886	52,634	36,240	40,167	46,879
Capex	(49,122)	(54,720)	(33,000)	(26,400)	(13,200)
Right of use	415	(943)	0	0	0
ST loans & investments	96	7	24	0	0
LT loans & investments	(374)	(462)	0	0	0
Adj for asset revaluation	11,539	3,717	5,000	0	0
Chg In other assets & liabilities	3,757	(16,972)	1,724	99	45
Cash flow from investments	(33,688)	(69,374)	(26,252)	(26,301)	(13,155)
Debt financing	12,581	29,530	(10,409)	(5,532)	(28,970)
Capital increase	0	0	(0)	0	0
Dividends paid	(5,193)	(8,141)	(5,791)	(3,333)	(4,755)
Warrants & other surplus	(520)	639	0	0	0
Cash flow from financing	6,867	22,028	(16,200)	(8,866)	(33,725)
Free cash flow	(25,236)	(2,086)	3,240	13,767	33,679

VALUATION

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Normalized PE (x)	7.9	5.0	16.3	12.6	9.4
Normalized PE - at target price (x)	9.6	6.0	19.8	15.3	11.4
PE (x)	6.5	5.5	19.8	12.6	9.4
PE - at target price (x)	7.9	6.7	24.0	15.3	11.4
EV/EBITDA (x)	6.6	5.0	7.1	6.5	5.5
EV/EBITDA - at target price (x)	7.3	5.4	7.7	7.1	6.1
P/BV (x)	1.1	0.9	0.9	0.8	0.8
P/BV - at target price (x)	1.3	1.1	1.1	1.0	1.0
P/CFO (x)	7.2	3.3	4.7	4.3	3.7
Price/sales (x)	0.4	0.3	0.2	0.3	0.3
Dividend yield (%)	3.3	5.2	1.5	2.4	3.2
FCF Yield (%)	(14.7)	(1.2)	1.9	8.0	19.7
(Bt)					
Normalized EPS	3.8	6.2	1.9	2.4	3.2
EPS	4.7	5.5	1.5	2.4	3.2
DPS	1.0	1.6	0.5	0.7	1.0
BV/share	28.3	33.1	34.5	36.3	38.7
CFO/share	4.3	9.4	6.5	7.2	8.3
FCF/share	(4.5)	(0.4)	0.6	2.5	6.0

Sources: Company data, Thanachart estimates

*We see IVL's 0.9x 2023F
P/BV as already pricing in
weak PET spreads*

FINANCIAL RATIOS

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Growth Rate					
Sales (%)	41.2	40.0	7.9	(3.5)	(1.7)
Net profit (%)	988.9	17.9	(72.1)	56.6	33.8
EPS (%)	988.9	17.9	(72.1)	56.6	33.8
Normalized profit (%)	220.1	60.2	(69.7)	29.4	33.8
Normalized EPS (%)	220.1	60.2	(69.7)	29.4	33.8
Dividend payout ratio (%)	21.4	29.0	30.0	30.0	30.0
Operating performance					
Gross margin (%)	17.4	17.7	13.4	14.2	15.0
Operating margin (%)	7.3	8.2	3.9	4.7	5.4
EBITDA margin (%)	11.9	12.1	7.8	8.5	9.4
Net margin (%)	4.8	5.7	1.5	2.0	2.8
D/E (incl. minor) (x)	1.3	1.2	1.1	1.0	0.9
Net D/E (incl. minor) (x)	1.2	1.1	1.0	0.9	0.8
Interest coverage - EBIT (x)	4.9	5.6	2.1	2.2	2.7
Interest coverage - EBITDA (x)	8.1	8.2	4.1	4.0	4.7
ROA - using norm profit (%)	4.3	5.9	1.6	2.1	2.9
ROE - using norm profit (%)	15.1	20.0	5.5	6.8	8.6
DuPont					
ROE - using after tax profit (%)	15.7	21.6	5.7	7.0	8.8
- asset turnover (x)	0.9	1.1	1.1	1.1	1.1
- operating margin (%)	7.7	8.2	3.9	4.7	5.4
- leverage (x)	3.5	3.4	3.3	3.2	3.0
- interest burden (%)	80.8	82.2	51.6	54.7	63.4
- tax burden (%)	77.0	84.1	76.8	80.0	80.0
WACC (%)	8.6	8.6	8.6	8.6	8.6
ROIC (%)	8.5	12.6	5.2	6.2	7.1
NOPAT (Bt m)	26,189	44,955	21,036	25,464	29,227
invested capital (Bt m)	356,196	407,658	411,331	411,025	395,443

Sources: Company data, Thanachart estimates

Leverage is trending
down with lower capex

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

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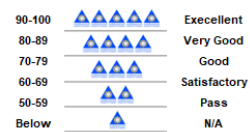
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Disclosure of Interest of Thanachart Securities

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Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Moshi Moshi Retail Corporation Pcl. (MOSHI TB)

Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. 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 the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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