

Indorama Ventures Pcl (IVL TB) - SELL

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News Update

Announced packaging merger

- **Indovida listing via EPL**
- **Expands packaging; improves balance sheet**
- **Valuation in line with peers**
- **Maintain SELL; rally priced in**

IVL plans to merge Indovida India with EPL, enabling Indovida's listing on the Indian exchange. We see the deal as modestly positive, strengthening the packaging platform and balance sheet, albeit at a higher valuation than prior EPL deals and with near-term earnings dilution. Nonetheless, we maintain SELL, as the recent rally already prices in short-term gains from the Iran-US conflict.

- **Transaction overview:** IVL will merge Indovida (rigid packaging) into EPL (India-listed flexible packaging), where it holds 24.9%. EPL will issue new shares to IVL (via Indorama Netherlands), raising IVL's stake to ~51.8%, while its ownership in Indovida falls from 100% to 51.8%. The deal is cash-neutral, valued at ~INR62.6bn (~Bt23.8bn), with completion expected within ~12 months, subject to approvals.
- **Valuations:** The implied multiple is ~12.5x EV/EBITDA, above IVL's initial EPL entry at ~9x (2025), but broadly in line with global flexible packaging peers (~12x).
- **Rational:** The merger strengthens IVL's downstream packaging platform and India presence, while expanding both product mix and geographic reach. EPL focuses on laminated tubes for FMCG and pharma, while Indovida adds rigid PET packaging (bottles, preforms, closures), creating a broader multi-format platform.
- **Financial impacts:** We expect modest net profit dilution of ~US\$5-10m. However, management guides for ~10% EBITDA uplift from EPL consolidation and a reduction in net D/E to ~1.5x (from 1.8x). A one-off gain of ~US\$600m will be recognized, largely booked to equity (retained earnings) rather than the P&L.

Key Valuations

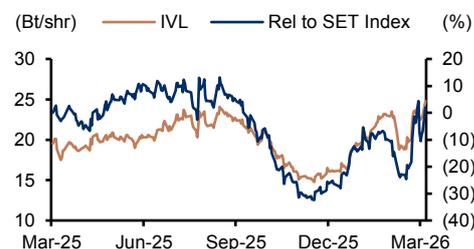
| Y/E Dec (Bt m) | 2025A | 2026F | 2027F | 2028F |
|-----------------|---------|---------|---------|---------|
| Revenue | 447,246 | 360,667 | 360,099 | 363,717 |
| Net profit | (7,348) | 5,635 | 6,388 | 5,853 |
| Norm net profit | (3,067) | 5,635 | 6,388 | 5,853 |
| Norm EPS (Bt) | (0.5) | 0.8 | 1.0 | 0.9 |
| Norm EPS gr (%) | na | na | 16.0 | (9.8) |
| Norm PE (x) | na | 29.5 | 25.4 | 28.2 |
| EV/EBITDA (x) | 10.0 | 7.4 | 7.0 | 6.7 |
| P/BV (x) | 1.2 | 1.1 | 1.1 | 1.1 |
| Div. yield (%) | 2.8 | 2.8 | 2.8 | 2.6 |
| ROE (%) | na | 4.6 | 4.9 | 4.5 |
| Net D/E (%) | 174.8 | 134.7 | 128.2 | 122.2 |

Source: ttb wealth estimates

Stock Data

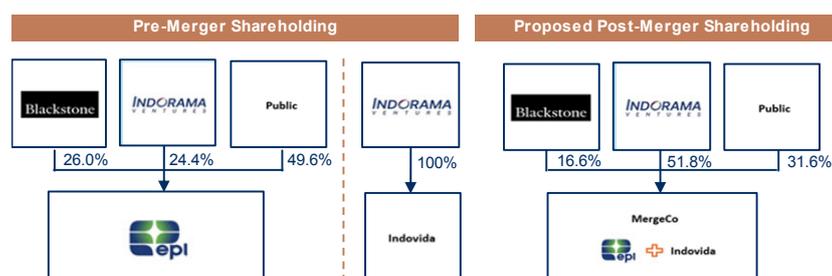
| | |
|-----------------------------|-------------|
| Closing price (Bt) | 24.80 |
| Target price (Bt) | 14.00 |
| Market cap (US\$ m) | 4,238 |
| Avg daily turnover (US\$ m) | 16.2 |
| 12M H/L price (Bt) | 24.40/14.80 |

Price Performance



Source: Bloomberg

Ex 1: Pre Vs. Post Merger Transaction Structure



Upon the merger of EPL with Indovida, the shareholders of Indovida will be issued 286 equity shares of EPL as consideration for every 10,000 equity shares held in Indovida

Source: Company data

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