

INDORAMA VENTURES GLOBAL SERVICES LTD.

No. 154/2021
23 September 2021

CORPORATES

Issue Rating:

Guaranteed

AA-

Outlook:

Stable

Last Review Date: 16/10/20

Company Rating History:

Date	Rating	Outlook/Alert
16/10/20	AA-	Negative
19/12/19	AA-	Stable

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RATIONALE

TRIS Rating affirms the rating on the USD300 million guaranteed debentures issued by Indorama Ventures Global Services Ltd. (IVGS) at “AA-”. At the same time, TRIS Rating revises the rating outlook to “stable” from “negative”.

The outlook revision follows the outlook revision on Indorama Ventures PLC (IVL), the guarantor. TRIS Rating revised the rating outlook on IVL to “stable” from “negative” while affirms its company rating at “AA-” on 23 September 2021.

The debentures are fully guaranteed by IVL. The issue rating reflects the creditworthiness of IVL as the guarantor of the guaranteed debentures.

KEY RATING CONSIDERATIONS

Unconditional and irrevocable guarantee

The rating on IVGS’s guaranteed debentures is equal to IVL’s company rating. Under the terms and conditions of the bond and the trust deed, IVL unconditionally and irrevocably guarantees to cover all amounts due under the terms of the debentures up to USD330 million (110% of face value), including principal, interest, default interest, expenses, fees, indemnities, and other related expenses. In addition, IVL will be liable as a primary obligor, jointly and severally with IVGS, under the trust deed.

The obligation of IVL under the guarantee is ranked *pari passu* with all other present and future unsecured and unsubordinated obligations of IVL. The debentures and the trust deed are governed by English law.

Strong credit profile of the guarantor

IVL’s creditworthiness reflects the company’s leading position in the polyester value chain. IVL has competitive edge stemming from its vertical integration of production as well as diversification of production locations and customers across Asia, North America, South America, Europe, Africa, and Australia. The credit assessment on IVL has taken into consideration the volatile nature of the petrochemical industry.

RATING OUTLOOK

The “stable” rating outlook for IVGS’s guaranteed debentures solely reflects the “stable” outlook of the rating on the guarantor, IVL.

RATING SENSITIVITIES

The rating of IVGS’s guaranteed debentures may change in tandem with changes in the rating on its guarantor.

COMPANY OVERVIEW

IVGS was established on 13 December 2013 by IVL. As of June 2021, IVL held 99.99% shareholding in IVGS.

IVGS has been qualified for the “International Headquarters” in accordance with the promotional privileges from the Board of Investment of Thailand (BOI) since 2015. In addition, IVGS received a “treasury center license” from the Ministry of Finance (MOF) in 2016 and was qualified as an “international business center” in accordance with the rules and regulations of the Revenue Department (RD) of Thailand in mid-2019.

As of December 2020, IVGS's total assets were THB183.6 billion, of which THB123.7 billion was loans to related companies. IVGS's total equity was THB45 billion at the same period.

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS OF THE GUARANTOR (IVL)*

Unit: Mil. THB

	Jan-Jun 2021	-----Year Ended 31 December -----			
		2020	2019	2018	2017
Total operating revenues	210,272	333,602	354,672	348,255	287,335
Earnings before interest and taxes (EBIT)	20,169	7,406	11,391	32,053	20,939
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	30,258	27,750	29,098	46,437	33,788
Funds from operations (FFO)	23,333	20,175	19,406	36,381	29,803
Adjusted interest expense	3,703	8,818	8,157	6,244	5,385
Capital expenditures	10,266	18,129	16,800	16,543	20,055
Total assets	506,634	453,172	380,568	379,195	282,358
Adjusted debt	215,989	208,403	154,046	145,480	102,560
Adjusted equity	150,068	128,155	131,007	144,418	111,550
Adjusted Ratios					
EBITDA margin (%)	14.39	8.32	8.20	13.33	11.76
Pretax return on permanent capital (%)	6.91 **	2.27	3.85	12.41	9.97
EBITDA interest coverage (times)	8.17	3.15	3.57	7.44	6.27
Debt to EBITDA (times)	4.67 **	7.51	5.29	3.13	3.04
FFO to debt (%)	16.36 **	9.68	12.60	25.01	29.06
Debt to capitalization (%)	59.00	61.92	54.04	50.18	47.90

* Consolidated financial statements

** Annualized with trailing 12 months

RELATED CRITERIA

- Issue Rating Criteria, 15 June 2021
- Group Rating Methodology, 13 January 2021
- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018

Indorama Ventures Global Services Ltd. (IVGS)

Issue Rating:

ISIN: XS2048606375: USD300 million guaranteed bonds due 2024

AA-

Rating Outlook:

Stable

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