

INDORAMA VENTURES GLOBAL SERVICES LTD.

No. 196/2023
12 October 2023

CORPORATES

Issue Rating:

Guaranteed AA-
Outlook: Stable

Last Review Date: 20/10/22

Rating History:

Date	Rating	Outlook/Alert
23/09/21	AA-	Stable
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-” with a “stable” outlook. The debentures are fully guaranteed by IVGS’s parent company, Indorama Ventures PLC (IVL). The 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 debentures 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 credit profile 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 on IVGS’s guaranteed debentures solely reflects the “stable” outlook of the rating on the guarantor, IVL.

RATING SENSITIVITIES

The rating on 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 2023, 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 2022, IVGS’s total assets were THB228.4 billion, of which THB138.4 billion was loans to related companies. IVGS’s total equity was THB55.4 billion at the same period.

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

Unit: Mil. THB

	Jan-Jun 2023	-----Year Ended 31 December -----			
		2022	2021	2020	2019
Total operating revenues	275,580	660,378	470,555	333,602	354,672
Earnings before interest and taxes (EBIT)	7,836	55,403	40,395	7,614	11,391
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	20,928	81,819	62,995	28,879	29,098
Funds from operations (FFO)	13,416	62,896	49,893	19,783	20,068
Adjusted interest expense	7,512	11,787	8,138	9,018	8,157
Capital expenditures	13,441	28,561	23,198	18,129	16,800
Total assets	637,693	623,878	541,828	453,172	380,568
Adjusted debt	256,269	248,059	224,128	209,388	154,046
Adjusted equity	196,886	193,433	163,551	128,155	131,007
Adjusted Ratios					
EBITDA margin (%)	7.59	12.39	13.39	8.66	8.20
Pretax return on permanent capital (%)	3.44 **	12.78	10.62	2.33	3.85
EBITDA interest coverage (times)	2.79	6.94	7.74	3.20	3.57
Debt to EBITDA (times)	5.85 **	3.03	3.56	7.25	5.29
FFO to debt (%)	11.47 **	25.36	22.26	9.45	13.03
Debt to capitalization (%)	56.55	56.19	57.81	62.03	54.04

* Consolidated financial statements

** Annualized with trailing 12 months

RELATED CRITERIA

- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021

Indorama Ventures Global Services Ltd. (IVGS)

Issue Rating:

ISIN: XS2048606375: USD300 million guaranteed bonds due 2024

AA-

Rating Outlook:

Stable

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