

INDORAMA VENTURES PLC

No. 36/2023
27 March 2023

CORPORATES

Company Rating:	AA-
Issue Ratings:	
Senior unsecured	AA-
Hybrid	A
Outlook:	Stable

Last Review Date: 20/10/22

Company Rating History:

Date	Rating	Outlook/Alert
23/09/21	AA-	Stable
16/10/20	AA-	Negative
26/09/19	AA-	Stable
09/08/19	AA-	Alert Developing
29/08/18	AA-	Stable
18/10/17	A+	Positive
09/09/11	A+	Stable

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RATIONALE

TRIS Rating affirms the company rating on Indorama Ventures PLC (IVL) and the ratings on IVL's existing senior unsecured debentures at "AA-" and also affirms IVL's subordinated capital debentures at "A", with a "stable" outlook. At the same time, TRIS Rating assigns the rating of "AA-" to IVL's proposed issue of up to THB10 billion in senior unsecured debentures. The proceeds from the new debentures are intended to be used for refinancing IVL's existing debts, as well as funding working capital and investment.

The "AA-" ratings continue to reflect the company's leading position in the polyester value chain, a competitive edge stemming from its vertical integration of production, variety of products, as well as diversification of production facilities and customers across six continents. The ratings also take into consideration the management team's capability and experience, as well as IVL's access to key technologies. However, the ratings are constrained by the volatile nature of the petrochemical industry.

For 2022, IVL's earnings before interest, taxes, depreciation, and amortization (EBITDA) increased by 30% to THB81.8 billion. The increase was mainly due to the contribution from the Oxiteno assets, acquired in April 2022, coupled with the widened spreads between product and raw material prices for the year of 2022. Despite IVL's product spread softening in the fourth quarter of 2022, we expect the product spread to improve in 2023 as a result of China's reopening and lower energy cost.

IVL's adjusted debt of THB248.1 billion at the end of December 2022 was below our projection. This was mainly due to lower working capital needs and lower-than-expected capital expenditures. At the end of 2022, the company's debt to EBITDA ratio was healthy at 3.0 times, in line with our projection.

As of December 2022, IVL's consolidated debt was about THB258.3 billion, including hybrid debentures. IVL's priority debt consisted of THB47.7 billion of secured debt and THB59.1 billion of senior unsecured debt owed by its subsidiaries. The priority debt to total debt ratio was about 41.3% at the end of 2022.

RATING OUTLOOK

The "stable" outlook reflects our expectation that IVL will deliver a strong performance during the forecast period. The blending of high value-added products in its portfolio will help it cope with the volatile petrochemicals and derivatives industry. We also expect the company's debt to EBITDA ratio to remain in the 3-4 times range over the next few years.

RATING SENSITIVITIES

A rating upgrade could occur if the company's net debt to EBITDA ratio stays below 2 times on a sustained basis. Conversely, the ratings could be revised downward if IVL's financial profile is materially weaker than our forecast. This could occur following materially weaker-than-expected earnings or an unexpected large-scale debt-funded acquisition.

CreditUpdate, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company's current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been "upgraded," "downgraded," "affirmed" or "cancelled." The update includes information to supplement the previously published ratings.

Credit Updates are part of TRIS Rating's monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

RELATED CRITERIA

- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Hybrid Securities Rating Criteria, 28 June 2021
- Issue Rating Criteria, 15 June 2021

Indorama Ventures PLC (IVL)

Company Rating:	AA-
Issue Ratings:	
IVL236A: THB1,100 million senior unsecured debentures due 2023	AA-
IVL236B: THB3,000 million senior unsecured debentures due 2023	AA-
IVL243A: THB1,400 million senior unsecured debentures due 2024	AA-
IVL245A: THB1,000 million senior unsecured debentures due 2024	AA-
IVL24NA: THB300 million senior unsecured debentures due 2024	AA-
IVL24DA: THB1,475 million senior unsecured debentures due 2024	AA-
IVL256A: THB1,500 million senior unsecured debentures due 2025	AA-
IVL25NA: THB4,000 million senior unsecured debentures due 2025	AA-
IVL25DA: THB1,150 million senior unsecured debentures due 2025	AA-
IVL26OA: THB200 million senior unsecured debentures due 2026	AA-
IVL26NA: THB3,000 million senior unsecured debentures due 2026	AA-
IVL274A: THB4,300 million senior unsecured debentures due 2027	AA-
IVL275A: THB2,000 million senior unsecured debentures due 2027	AA-
IVL27NA: THB700 million senior unsecured debentures due 2027	AA-
IVL27NB: THB1,990 million senior unsecured debentures due 2027	AA-
IVL286A: THB1,800 million senior unsecured debentures due 2028	AA-
IVL28OA: THB2,200 million senior unsecured debentures due 2028	AA-
IVL28NA: THB2,000 million senior unsecured debentures due 2028	AA-
IVL294A: THB2,700 million senior unsecured debentures due 2029	AA-
IVL295A: THB2,000 million senior unsecured debentures due 2029	AA-
IVL306A: THB5,000 million senior unsecured debentures due 2030	AA-
IVL30NA: THB3,010 million senior unsecured debentures due 2030	AA-
IVL31OA: THB2,300 million senior unsecured debentures due 2031	AA-
IVL324A: THB5,000 million senior unsecured debentures due 2032	AA-
IVL325A: THB5,000 million senior unsecured debentures due 2032	AA-
IVL32NA: THB1,000 million senior unsecured debentures due 2032	AA-
IVL336A: THB3,200 million senior unsecured debentures due 2033	AA-
IVL19PA: THB15,000 million subordinated capital debentures	A
Up to THB10,000 million senior unsecured debentures due within 15 years	AA-
Rating Outlook:	Stable

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