



Ref. No. IVL001/08/2014

5 August 2014

The President  
The Stock Exchange of Thailand

Subject: Submission of Quarterly Reviewed Financial Statements of Indorama Ventures Public Company Limited for the second quarter of 2014 and the Management Discussion and Analysis

We are pleased to submit:

1. A copy of the Consolidated and Company only Quarterly Reviewed Financial Statements for the second quarter of 2014 (a copy in Thai and English)
2. Management Discussion and Analysis (MD&A) for the second quarter of 2014 (a copy in Thai and English)
3. Company's performance report, Form F45-3 for the second quarter of 2014 (a copy in Thai and English)

Please be informed accordingly.

Sincerely yours,

(Mr. Aloke Lohia)  
Group Chief Executive Officer

Company Secretary  
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## INDORAMA VENTURES PUBLIC CO., LTD (SET: "IVL")

### MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

#### FOR THE PERIOD OF 2Q 2014 AND 1H14 (CONSOLIDATED)

#### Executive Summary

##### Key financial highlights of 1H14:

Increase in Consolidated sales to THB 125.7 billion in 1H14 from THB 112.3 billion in 1H13, an increase of 12% driven primarily by volume growth in all business segments, despite lower absolute prices due to weak paraxylene. 1H14 achieved total production volume of 3.1 million tons, a growth of 8% Year on Year (YoY).

Increase in Core EBITDA to THB 10.2 billion in 1H14 from THB 7.1 billion in 1H13, an increase of 44%, on higher volumes and increased proportion of high value added "HVA" business. In 1H14 PTA margins have been steady at the low end and are now bottoming out on Chinese producer's discipline. Recent announcement of Anti Dumping Duties (ADD) on PTA imports in India has neutral effect on IVL Thailand plants as having 27.5\$/t ADD which is 2<sup>nd</sup> lowest in Asia. IVL Joint Venture in Indonesia has no ADD to India and will benefit from this development.

Increase in Core net profit to THB 2.8 billion in 1H14 from THB 1.1 billion 1H13 an increase of 158%.

**Table 1: Financial Summary - Core Financials of Consolidated IVL**

	THB in Millions			THB in Millions		
	2Q14	1Q14	2Q13	1H14	1H13	YoY%
<b>(1) Consolidated Sales</b>	<b>64,030</b>	<b>61,647</b>	<b>56,807</b>	<b>125,676</b>	<b>112,301</b>	<b>12%</b>
PET	38,644	38,357	38,704	77,002	75,516	2%
Fibers & Yarns	18,313	15,684	10,827	33,998	21,433	59%
Feedstock	16,454	16,959	16,494	33,413	34,696	(4)%
<b>(2) Core EBITDA</b>	<b>5,114</b>	<b>5,067</b>	<b>4,301</b>	<b>10,181</b>	<b>7,077</b>	<b>44%</b>
PET	2,586	2,290	2,745	4,876	4,202	16%
Fibers & Yarns	1,083	1,037	1,115	2,119	1,432	48%
Feedstock	1,505	1,782	378	3,287	1,437	129%
Depreciation	(2,045)	(1,918)	(1,650)	(3,964)	(3,373)	17%
<b>Core EBIT</b>	<b>3,069</b>	<b>3,149</b>	<b>2,651</b>	<b>6,218</b>	<b>3,704</b>	<b>68%</b>
Interest	(907)	(856)	(890)	(1,762)	(1,698)	4%
<b>Core Profit before tax</b>	<b>2,162</b>	<b>2,293</b>	<b>1,761</b>	<b>4,455</b>	<b>2,005</b>	<b>122%</b>
Current tax	(204)	(107)	(102)	(311)	(179)	74%
Deferred tax	(303)	(368)	(289)	(670)	(400)	67%
<b>Core Profit before JV and NCI</b>	<b>1,655</b>	<b>1,819</b>	<b>1,369</b>	<b>3,474</b>	<b>1,426</b>	<b>144%</b>
Joint Ventures (JV) Income /(Loss)	(204)	(236)	(79)	(440)	(256)	72%
NCI (Non Controlling Interests)	(115)	(75)	(52)	(191)	(69)	176%
<b>Core Net Profit</b>	<b>1,336</b>	<b>1,508</b>	<b>1,238</b>	<b>2,844</b>	<b>1,100</b>	<b>158%</b>
<b>(3) CAPEX and investment</b>	<b>5,518</b>	<b>2,042</b>	<b>2,412</b>	<b>7,560</b>	<b>4,166</b>	<b>81%</b>
Net Operating Debt	72,059	72,798	70,417	72,059	70,417	2%
Total Equity	63,118	61,396	57,235	63,118	57,235	10%
<b>Net Operating Debt to Equity</b>	<b>1.14</b>	<b>1.19</b>	<b>1.23</b>	<b>1.14</b>	<b>1.23</b>	<b>(7)%</b>
<b>Net Operating Long Term Debt to Equity</b>	<b>0.97</b>	<b>0.98</b>	<b>0.96</b>	<b>0.97</b>	<b>0.96</b>	<b>0%</b>
<b>Net Operating Core ROCE (before JV's)</b>	<b>9.2%</b>	<b>9.6%</b>	<b>8.6%</b>	<b>9.3%</b>	<b>6.0%</b>	<b>55%</b>

Note <sup>(1)</sup> Consolidated financials are based upon elimination of intra-company (or intra business segment) transactions

<sup>(2)</sup> Core EBITDA is Consolidated EBITDA less Inventory gain/ (loss)

1H14 Core EBITDA includes a LOP (loss of profit) Lopburi flooding insurance claim of THB 140 MM



1H13 Core EBITDA includes a LOP Lopburi flooding insurance claim of THB 380 MM

<sup>(3)</sup>CAPEX and investment (including net proceeds from sales of PPE and investments) are on a cash basis as per cash flow statement

**Key financial highlights of 2Q14:**

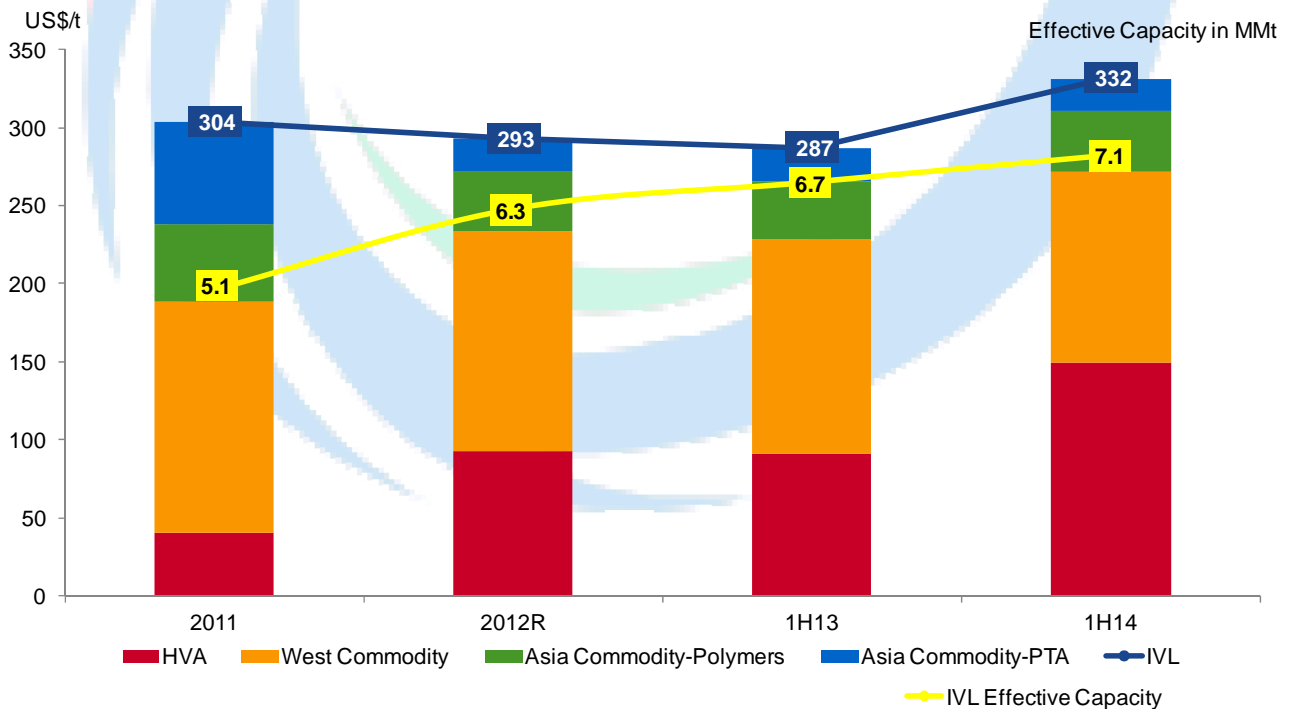
Increase in Consolidated sales to THB 64.0 billion in 2Q14 from THB 56.8 billion in 2Q13 an increase of 13% driven by volume growth of 10% during this period. Stable operations and higher volumes in MEG/PEO business which took a planned shutdown for catalyst change in 2Q13.

Increase in Core EBITDA to THB 5.1 billion in 2Q14 from THB 4.3 billion in 2Q13 an increase of 19% on higher volumes, increase in blended margins, higher margins in PEO business in North America benefiting from product tightness and increased proportion of high value added “HVA” business with acquisition of PHP Fibers in the quarter.

Core net profit increased slightly to THB 1.3 billion in 2Q14 from THB 1.2 billion in 2Q13 on account of healthy operations, additional earnings from PHP Fibers, TurkPET and Trevira, however partly muted by higher Joint Ventures losses.

Our core margins have increased to USD 332 per ton in 1H14 from USD 287 per ton in 1H13. The margin increase is driven through higher proportion of high value added “HVA” business in total business portfolio of IVL. The increase in proportion of HVA business portfolio to 20% of total volume has mitigated the weakness in our Asian Commodity PTA business. The margins in the West Commodity and Asia Commodity-Polymers have remained steady. The margins in Asian Commodity-PTA has weakened due to overcapacity in the last 3 years and are now bottoming out on Chinese producer’s discipline and expected change in pricing formula.

**Reaping benefits from HVA portfolio developed over last 2 years**



Note: Core Margins on the weight age of IVL effective capacity across the years.  
Periods with (“R”) are restated numbers as per change in Thai Accounting Standards

1H14 reported Net profit before exceptional items saw a 424% improvement YoY. The numbers including the exceptional items improved by 163% YoY.

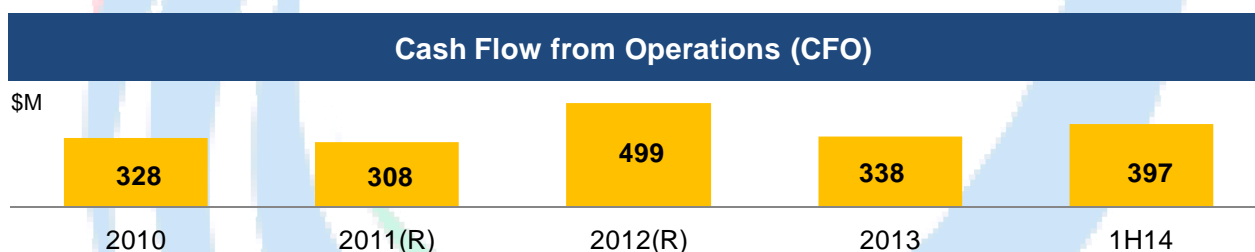
**Table 2: Reported Net Profit and Non Operational/Extraordinary Items reconciliation**

	THB in Millions			THB in Millions		
	2Q14	1Q14	2Q13	1H14	1H13	YoY%
<b>Core Net Profit</b>	<b>1,336</b>	<b>1,508</b>	<b>1,238</b>	<b>2,844</b>	<b>1,100</b>	<b>158%</b>
Add: Inventory gain/(loss)	(127)	(1,084)	(1,126)	(1,211)	(789)	54%
<b>Net profit, before extraordinary items</b>	<b>1,209</b>	<b>424</b>	<b>112</b>	<b>1,632</b>	<b>311</b>	<b>424%</b>
<b>Add: Non Operational/Extraordinary income/(expense)</b>	<b>274</b>	<b>(55)</b>	<b>103</b>	<b>219</b>	<b>394</b>	<b>(44)%</b>
Acquisition cost & pre-operative expense	(22)		31	(22)	31	
Gain on Bargain Purchases and Impairments (Net)	403			403		
Insurance Claims (Lopburi Flood Related)			0		295	
Other Extraordinary Income/(Expense)	(107)	(55)	72	(162)	68	
<b>= Net profit after tax and minority</b>	<b>1,483</b>	<b>368</b>	<b>214</b>	<b>1,851</b>	<b>705</b>	<b>163%</b>

Gain on bargain purchase needs to be accounted for on completion of any acquisition as per Thai Accounting Standards

2Q14 booked a provisional gain on bargain purchase on acquisition of PHP Fibers and TurkPET for THB 1,670 millions and took an impairment of Ottana and Workington for THB 1,267 millions, shown in the above table of extraordinary items. Our residual investment amount in the books of IVL on Ottana Joint Venture as on 30<sup>th</sup> Jun'14 is THB 168 millions.

Cash flows have grown in line with the earnings in 1H14, operational excellence measures on working capital management and cash inflow from working capital on lower absolute prices, due to which 6 months operating cash flow in 1H14 is higher than last full year 2013.



## Update 2014 outlook

1. **Increased volumes:** We expect volume growth from 5.8 million tonnes in 2013 to 6.5 million tonnes in 2014 from:
  - Restart of Poland PET after De-bottleneck which was offline for 6 weeks in 2Q14
  - Full year operations at our North American EO/EG business after its catalyst change in 2Q13
  - Startup of Polychem (CP4) Greenfield polyester fiber plant in Indonesia which will operate at higher utilization rate in 2H14 with higher proportion of PSF and Yarns over 1H14.
  - Additional volumes from acquisition of Artenius TurkPET A.S. and PHP Fibers GmbH. First full quarter of operations starting 3Q14
  - Start-up of Philippines Packaging business in 2H14
  
2. **Operational excellence** initiatives are expected to derive better utilization and cost optimization. Effective from **April 1, 2014**, the newly-established Regional Operating Headquarters (ROH) is now operational and has started bringing synergies and savings to the Company.
  
3. **HVA volume growth** on completion of the acquisition of PHP Fibers and various debottlenecking and expansion projects
  
4. **Recycled product** volumes will grow: Indorama Ventures is the only “backbone” rPET producer in North America. This capability is now extended to our Mexican operations. With the startup of Recycling facility in Thailand, producing recycled resins and flakes, recycle products are now available from Asia as well.
  
5. **Joint Ventures (JV):** Trevira (a JV in the past till 30<sup>th</sup> Sep’13) has been successfully turned around with introduction of new products, lower raw material costs and restructurings. Polyprima (a JV with 43% equity stake) have identified various retrofit projects, including a captive power plant to reduce operating cost and start benefitting from later part of 2015. Ottana (a JV with 50% equity stake) remains a difficult asset and IVL has taken non-cash impairments of US\$ 12 million in 4Q13 and US\$ 21 million in 2Q14.
  
6. **Mergers & Acquisitions**

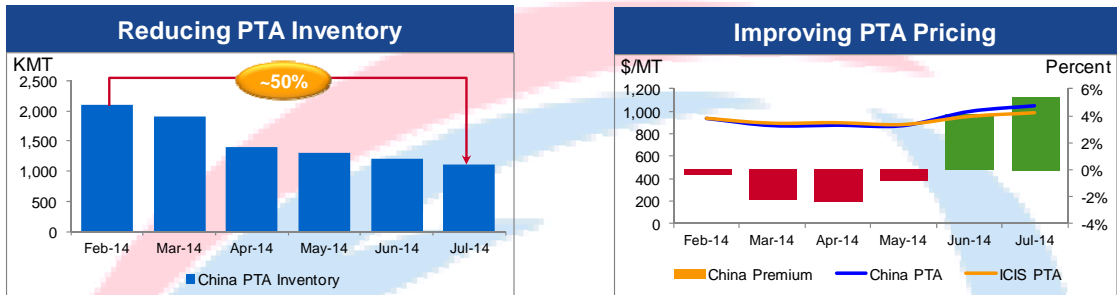
Acquisition of 80 percent equity stake in **PHP Fibers GmbH** was completed on **April 30, 2014**. The net consideration paid on acquisition of 80 % equity interest is EUR 63.7 million (Baht 2.8 billion, net of cash & cash equivalents acquired Baht 0.5 billion). It significantly enhances the Company’s HVA portfolio, adding high performance automotive and industrial products. Leadership positions in the airbag and tire cord segments in Europe add significant value to IVL. We have booked a provisional Gain on Bargain Purchase on this acquisition for THB 1.1 billion. The first full quarter of operation starts 3Q14 and first full year in 2015.

Acquisition of 100% percent equity of Artenius Turkept,a 139kt PET Plant in Turkey was completed on **June 2, 2014**. The net consideration paid on acquisition of 100 % equity interest is EUR 17.2 million (Baht 768 million, net of cash & cash equivalents acquired Baht 2 million). It gives a foothold to IVL as PET manufacturer in Turkey. We have booked a provisional Gain on Bargain Purchase on this acquisition for THB 0.6 billion. The first full quarter of operation starts 3Q14 and first full year in 2015.

Both of new acquired entities have contributed positive bottom line to IVL in 2Q14.
  
7. **Margins:** PET & commodity Fibers margin have improved in 1H14 mainly due to seasonal factors especially in Europe.

Ethylene Oxide and Ethylene Glycol (EO/EG) margins are expected to remain strong due to supply tightness and low ethylene input costs in the USA due to shale gas abundance. The industry expects a major producer of Mono Ethylene Glycol (MEG) to conduct extensive production capacity maintenance starting in second half of 2014, which could lead to supply tightness. IVL’s EOEG business in Texas is strong due to tightness in PEO product and has shown significant improvement in margins due to the limited supply.

The weakness of the PTA industry due to oversupply over the past 11 quarters has created financial distress in the industry, margins are close to variable costs and is forcing the rationalization of high-cost assets. Disciplinary approach by major Chinese producers has led to lower PTA inventory in China and is a recent positive development in the PTA industry. Chinese PTA producers have recently started to offer PX linked PTA prices leading to improved margins within China. We expect to see a positive effect on the rest of Asian PTA producer's also from this discipline. Together with approximately 14 million tonnes of new Paraxylene (PX) capacity in 2014 to 2016, we expect to see support for PTA margins in the future.

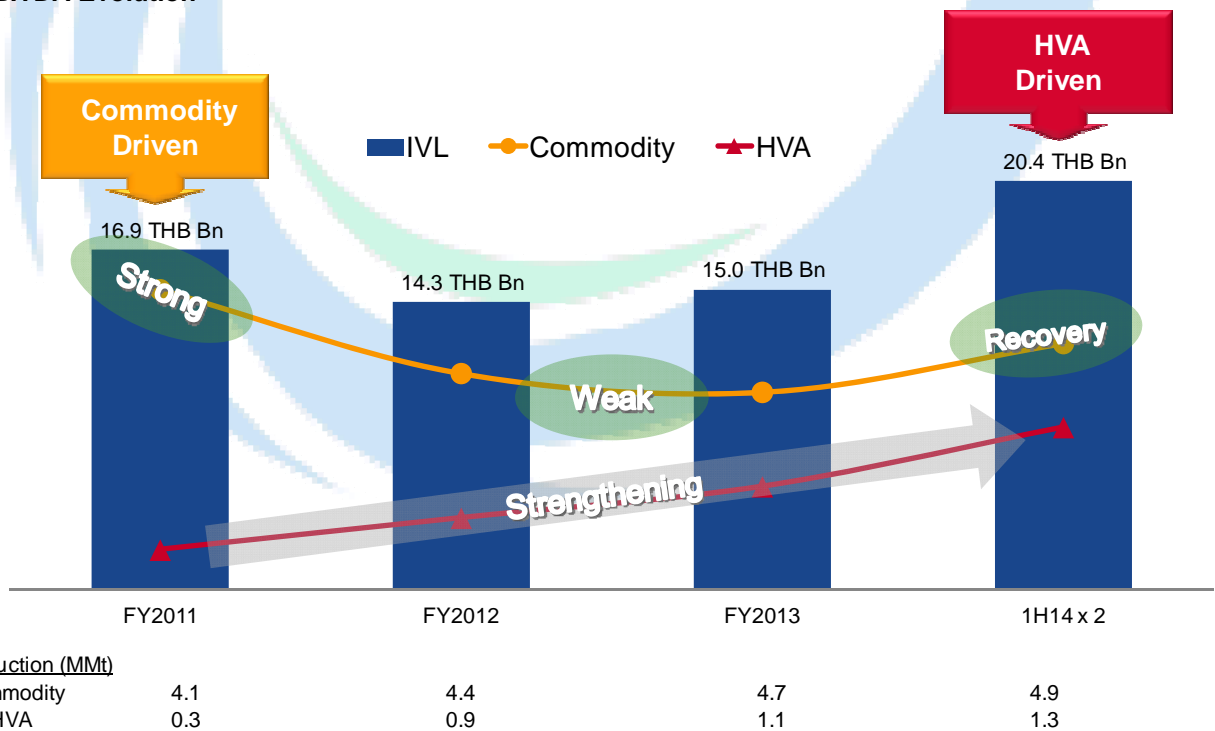


Note: China PTA = Domestic Contract Price, ICIS PTA = China Import PTA Price CFR Basis  
Source: Industry Data

### Strategic Planning

IVL has a rich pipeline of potential projects (confirmed & under study) with a CAPEX and investment plan of approximately US\$ 5.9 billion over the period 2014 to 2018. The planned proforma capacity by end 2018 will increase to 15 million tons on completion of potential projects (confirmed & under study). IVL will fund the potential CAPEX and investment through a mix of earnings from operations, debt and warrants. IVL targets to maintain an optimum capital structure with net debt to equity ratio of 1 time across the cycle.

### Core EBITDA Evolution



The Board of Directors of IVL has passed a resolution to issue warrants through a rights issue to existing shareholders and increase share capital to accommodate the exercise of the IVL Warrants. Further, the Board of Directors have convened a shareholders EGM No. 1/2014 on 6 August 2014 to consider and approve increase in registered share capital and issue of warrants. The key terms of warrants proposed are;

<b>Warrant</b>	<b>IVL W1</b>	<b>IVL W2</b>
Term	3 Years	4 Years
Exercise Ratio	1 unit of warrant for 1 share	1 unit of warrant for 1 share
Exercise Price	Thb 36 per share	Thb 43 per share
*Issue Date	August 2014	August 2014
*Expiry Date	3 years from issue date	4 years from issue date
Warrant Issue Price	Baht 0 (at no cost)	Baht 0 (at no cost)
Allocation	To existing shareholders at the ratio of 10 IVL existing shares to 1 IVL-W1	To existing shareholders at the ratio of 13 IVL existing shares to 1 IVL-W2
Exercise Period	Last business day of each month for every 3 months starting from October 2014. The last exercise date is the 3 <sup>rd</sup> anniversary from issue date (totaling 13 times)	Last business day of each month for every 3 months starting from October 2017. The last exercise date is the 4 <sup>th</sup> anniversary from issue date (totaling 5 times)

*\*Warrants are expected to be issued and allocated in August 2014 but final date to be determined.*

**PET**

The PET segment achieved a higher Core EBITDA of US\$ 150 million in 1H14 (including LOP Lopburi flooding insurance claim for US\$ 4 million) as against US\$ 141 million in 1H13 (including LOP Lopburi flooding insurance claim for US\$ 6 million). The increase in Core EBITDA was driven by higher volumes and margins. Volume increase was driven from higher utilization rate. Margin increase was driven by summer season demand. In 2H14, our PET business volume will increase with completion of acquisition in June 2014 of Turkpets and the restart of our Poland PET plant post de-bottleneck. The growth in global demand for PET remains healthy both organically and through substitution from competing materials.

**Fibers and Yarns**

The Fibers & Yarns segment achieved a strong growth of 36% in Core EBITDA to US\$ 65 million in 1H14 as against US\$ 48 million in 1H13 (excluding LOP Lopburi flooding insurance claim for US\$ 6.7 million in 1H13, Core EBITDA grew by 57% in 1H14 YoY). The increase in Core EBITDA was driven by higher volumes and margins. The higher volume was driven by consolidation of Trevira, completion of acquisition of PHP Fibers and start-up of CP4 project in Indonesia. The margin increase has been driven by increase in proportion of high value added business and turnaround of Trevira. CP4 project in Indonesia has gradually started-up operations after resolving teething issues in 1H14 and did not contribute to Core EBITDA. We expect higher volume and positive earnings contribution from CP4 in 2H14. Similarly PHP Fibers, post-acquisition will reflect full operations in 2H14.

**Feedstock**

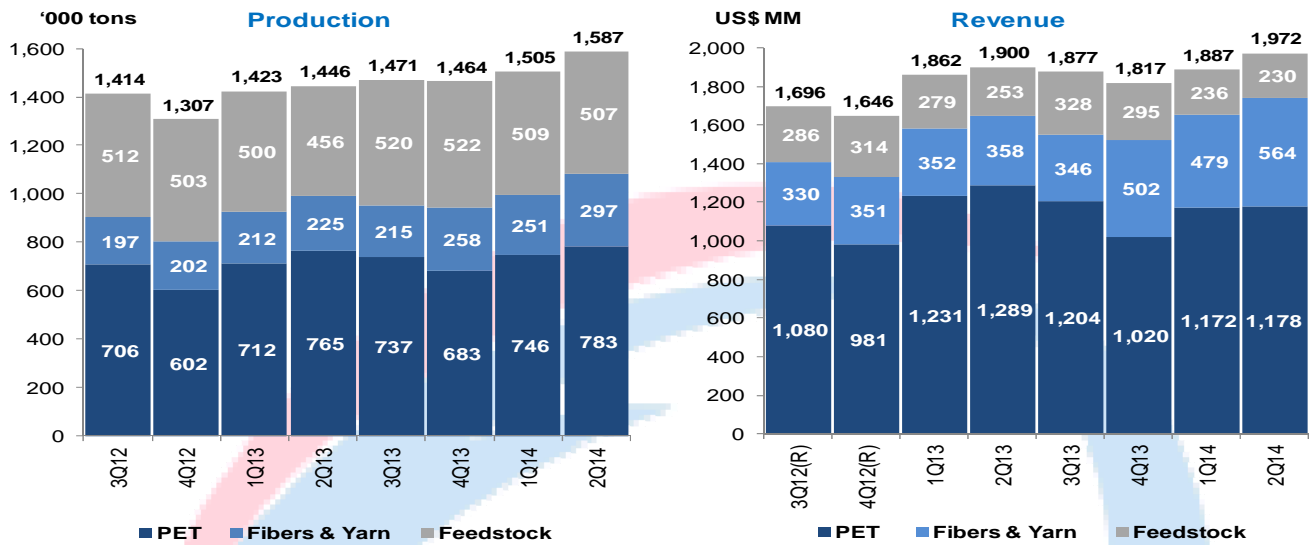
The Feedstock segment achieved strong growth of 110% in Core EBITDA to US\$ 101 million in 1H14 as against US\$ 48 million in 1H13. The increase in core EBITDA is driven by higher volumes (stabilized operations post 2 months of planned shutdown at our EOEG site in 2Q13 for Catalyst change) and strong PEO margins. The MEG and PEO margins were healthy in North America on the back of higher demand and advantage of low-cost Ethylene.

In 2H14, Ethylene Oxide and Ethylene Glycol (MEG) margins are expected to remain strong due to supply tightness and continued low-cost ethylene in the USA. One major producer of MEG has planned extensive maintenance in 2014 and therefore we expect further tightness in the market.

PTA demand continues to grow, however IVL production was lower by 62k tones in 1H14 over 1H13, primarily due to planned turnarounds in Thailand. In 2Q14 IVL Core PTA margins in Asia remained steady over 1Q14. PTA margin improvement is to be seen in coming quarters, driven by recent actions by major producers of PTA in China to maintain discipline and also the expected rationalization of high cost assets.



Figure 1: Business Segments-Production Volume and Revenue



Note: Periods with ("R") are restated numbers as per change in Thai Accounting Standards

Table 3: Business Segments-Key Financial Data (YoY)

	THB in Millions			US\$ in Millions		
	1H14	1H13	YoY%	1H14	1H13	YoY%
<b>Core EBITDA/tonne</b>	<b>3,292</b>	<b>2,467</b>	33%	<b>101</b>	<b>83</b>	22%
PET	3,189	2,845	12%	98	95	3%
Fibers and Yarns	3,866	3,278	18%	119	110	8%
Feedstock	3,237	1,504	115%	99	50	97%
<b>Core EBITDA</b>	<b>10,181</b>	<b>7,077</b>	44%	<b>313</b>	<b>237</b>	32%
PET	4,876	4,202	16%	150	141	6%
Fibers and Yarns	2,119	1,432	48%	65	48	36%
Feedstock	3,287	1,437	129%	101	48	110%
<b>Consolidated EBITDA</b>	<b>8,970</b>	<b>6,288</b>	43%	<b>275</b>	<b>211</b>	31%
PET	3,970	3,585	11%	122	120	2%
Fibers and Yarns	1,901	1,297	47%	58	43	34%
Feedstock	3,200	1,400	129%	98	47	110%

Notes: Since 1Q14, IVL has changed the quantity calculation methodology for Polyester Fibers & Yarns and included Packaging business quantities in PET. The impacts of these changes are not material.

1H14 EBITDA includes LOP Lopburi flooding insurance claim of US\$ 4 MM in PET.

1H13 EBITDA includes LOP Lopburi flooding insurance claim of US\$ 6 MM in PET and US\$ 7 MM in Fibers and Yarns.

## Operating Regions

### Asia

Our Asian business achieved a higher Core EBITDA of US\$ 73 million in 1H14 (including LOP Lopburi flooding insurance claim for US\$ 4.0 million) as against US\$ 70 million in 1H13 (including LOP Lopburi flooding insurance claim for US\$ 12.7 million). The increase in Core EBITDA was primarily volume driven. The CP4 fibers and yarns project in Indonesia which had started production in 1Q14 has steadily ramped-up production and has stabilized operations. Earnings contribution from this project is expected to kick-in from 2H14. IVL has significant capacity of 1.8 million tons (including the JV Polyprima, Indonesia) in the region for PTA. Expected recovery in PTA margins from discipline and easing cost pressure from supply increase of paraxylene will contribute significantly to earnings growth in the region.

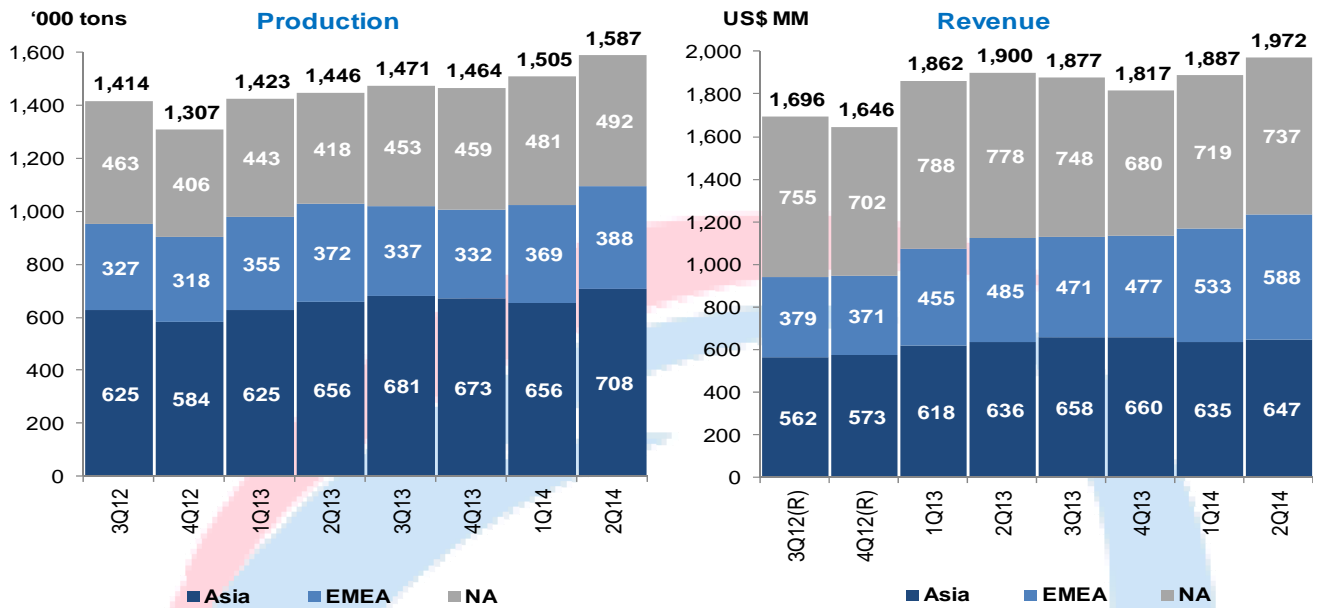
### Europe, Middle East and Africa (EMEA)

Our European business achieved a much higher Core EBITDA of US\$ 79 million in 1H14 as against US\$ 46 million in 1H13, a significant growth of 71%. The increase in Core EBITDA was driven primarily by margin improvement with increase in Core EBITDA per ton to US\$ 104 in 1H14 from US\$ 63 in 1H13 and earnings contribution from Trevira, PHPFibers and TurkPET (22% of 1H14 Core EBITDA came from these 3 companies). PET margins remained healthy as post winters restocking and the effect of IVL's initiative to mothball Workington PET assets improved market discipline. Fibers and Yarns margins improved with the turnaround of Trevira and addition of PHP Fibers automotive and industrial yarns business. In June 2014 completed acquisition of a PET plant owned by Turkpets which will contribute to volume and earnings in 2H14. The operations in Nigeria are expected to run at higher utilization rates in 2H14 with the start-up of packaging business in Ghana in 2Q14. In Poland, an operational excellence project to debottleneck capacity and lower cost is completed at a low CAPEX which will start contributing to earnings in 2H14.

### North America (NA)

Our North American business achieved a strong increase in Core EBITDA of US\$ 160 million in 1H14 as against US\$ 121 million in 1H13. The strong increase in Core EBITDA is driven by increase in volumes by 13% and increase in Core EBITDA per ton to US\$ 165 in 1H14 from US\$ 140 in 1H13. The volume increase is primarily driven from our flagship EO/EG site in Texas which is a result of higher production following the catalyst change made in 2Q13. The MEG and PEO margins were strong on the back of higher demand and advantage of low-cost Ethylene in North America. IVL is advantageously placed to benefit from increased volumes and expected enhanced margins in Oxide & Glycols business in 2H14. The MEG and PEO margins are expected to strengthen due to supply tightness and continued low-cost ethylene in the USA, which keeps glycol margins in USA at a premium over margins in Asia.

Figure 2: Operating Regions-Production Volume and \*Revenue



Note: Periods with "(R)" are restated numbers as per change in Thai Accounting Standards

Table 4: Operating Regions-Key Financial Data (YoY)

	THB in Millions			US\$ in Millions		
	1H14	1H13	YoY%	1H14	1H13	YoY%
<b>Core EBITDA/tonne</b>	<b>3,292</b>	<b>2,467</b>	33%	<b>101</b>	<b>83</b>	22%
Asia	1,753	1,641	7%	54	55	(2)%
<sup>(1)</sup> EMEA	3,396	1,891	80%	104	63	65%
NA	5,370	4,181	28%	165	140	18%
<b>Core EBITDA</b>	<b>10,181</b>	<b>7,077</b>	44%	<b>313</b>	<b>237</b>	32%
Asia	2,390	2,101	14%	73	70	4%
<sup>(1)</sup> EMEA	2,570	1,376	87%	79	46	71%
NA	5,222	3,600	45%	160	121	33%
<b>Consolidated EBITDA</b>	<b>8,970</b>	<b>6,288</b>	43%	<b>275</b>	<b>211</b>	31%
Asia	2,070	1,731	20%	64	58	10%
<sup>(1)</sup> EMEA	2,107	1,024	106%	65	34	89%
NA	4,793	3,533	36%	147	118	24%

Note <sup>(1)</sup> EMEA includes Europe, Middle East and Africa,  
 1H14 EBITDA includes LOP Lopburi flooding insurance claim of US\$ 4 MM in Asia.  
 1H13 EBITDA includes LOP Lopburi flooding insurance claim of US\$ 13 MM in Asia.

## Diversified Portfolio

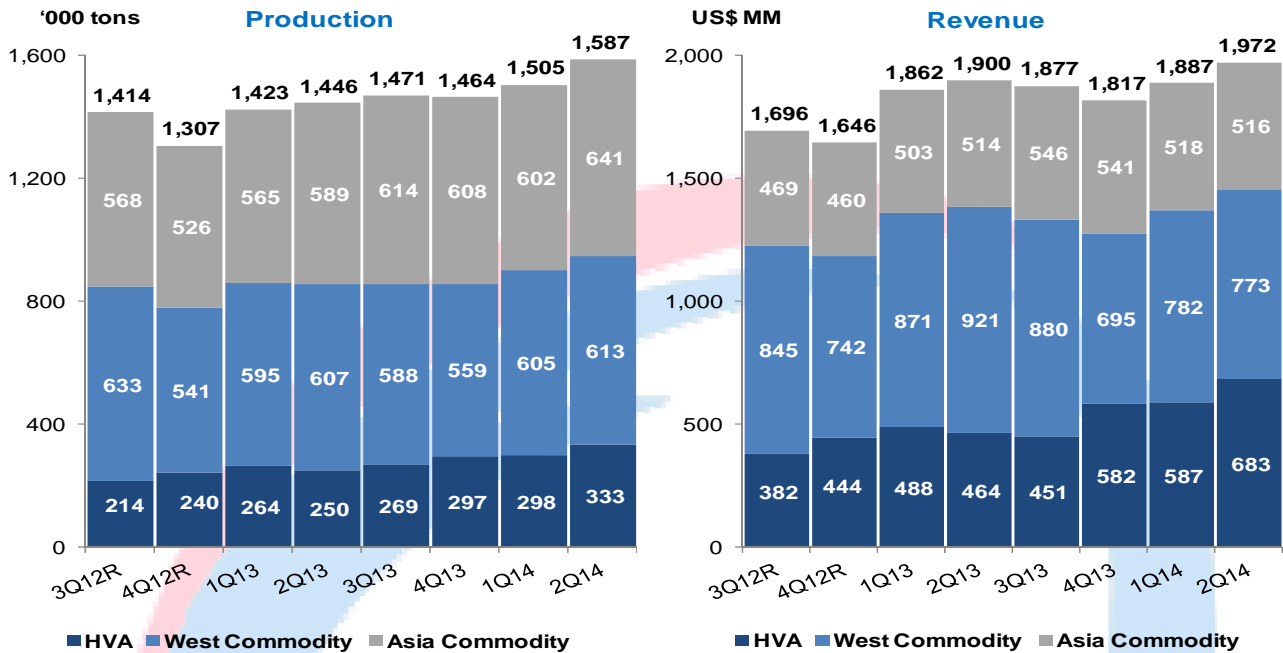
**Our High Value Added (HVA) business** achieved a strong growth in Core EBITDA to US\$ 124 million in 1H14 from US\$ 77 million in 1H13. The strong growth is driven by volume growth of 23% on higher utilization rates, consolidation of Trevira and addition of PHP Fibers in 1H14. Further, the Core EBITDA per ton increased to US\$ 197 per ton in 1H14 from US\$ 150 per ton in 1H13. The increase in EBITDA per ton has been achieved through cost optimization, turnaround of Trevira and addition of new products in the portfolio of airbags and tire cord through the acquisition of PHP Fibers. In 1H14 HVA business represented around 20% of our total volumes.

**Strategically, we aspire to grow HVA segment to ~25% of our total capacity** in long term, which will mainly come from the acquisitions of state-of-the-art, leading companies in this segment. IVL is actively pursuing such inorganic growth to add more functionality to our products portfolio. The HVA portfolio has enabled IVL to enhance its brand value, as we are the market leader and innovator of many products that are well-received by our customers in the consumer staple industry.

**Our West Commodity business** achieved a growth in Core EBITDA to US\$ 144 million in 1H14 from US\$ 118 million in 1H13. The growth in Core EBITDA is driven by margin increase to US\$ 119 per ton in 1H14 from US\$ 98 per ton in 1H13. The margin increase is driven from better seasonal demand for PET and strong demand for Glycols.

**Our Asia Commodity business** achieved a marginal growth in Core EBITDA to US\$ 44 million in 1H14 from US\$ 42 million in 1H13. The marginal growth in EBITDA is volume driven. The margins remained low in our PTA business which is a large portion of our Asia Commodity business with 1.8 million tons capacity (including JV Polyprima, Indonesia).

Figure 3: Product Type-Production Volume and Revenue



Note: Periods with ("R") are restated numbers as per change in Thai Accounting Standards  
Revenues are net of captive sales.

Table 5: Product Type-Key Financial Data (YoY)

	THB in Millions			US\$ in Millions		
	1H14	1H13	YoY%	1H14	1H13	YoY%
<b>Core EBITDA/tonne</b>	<b>3,292</b>	<b>2,467</b>	33%	<b>101</b>	<b>83</b>	22%
HVA	6,404	4,465	43%	197	150	31%
West Commodity	3,861	2,935	32%	119	98	21%
Asia Commodity	1,155	1,089	6%	35	36	(3)%
<b>Core EBITDA</b>	<b>10,181</b>	<b>7,077</b>	44%	<b>313</b>	<b>237</b>	32%
HVA	4,042	2,295	76%	124	77	61%
West Commodity	4,703	3,526	33%	144	118	22%
Asia Commodity	1,435	1,256	14%	44	42	5%
<b>Consolidated EBITDA</b>	<b>8,970</b>	<b>6,288</b>	43%	<b>275</b>	<b>211</b>	31%
HVA	3,952	2,350	68%	121	79	54%
West Commodity	3,902	3,052	28%	120	102	17%
Asia Commodity	1,115	886	26%	34	30	15%

Note : 1H14 EBITDA includes LOP Lopburi flooding insurance claim of US\$ 4 MM in HVA.  
1H13 EBITDA includes LOP Lopburi flooding insurance claim of US\$ 4 MM in Asia Commodity and US\$ 9 MM in HVA.

## Capital Structure and Liquidity

**Debt** : IVL net debt to equity stands at 1.2 times as at June 2014, which is lower than the 1.4 times as of December 2013, after CAPEX and investments of US\$ 232 million in 1H14 (cash flow basis). IVL's net operating debt decreased from US\$ 2,224 million at the end of December 31, 2013 to US\$ 2,220 million at the end of June 30, 2014, with the cash generated from operations net of investments and finance cost.

**Liquidity** : A strong cash flow profile and long loan maturity led to a comfortable liquidity position in the company. As at June 2014, IVL has a liquidity of US\$ 1.2 billion, in the form of cash and cash under management, plus unutilized banking credit lines. This liquidity helps the Company to meet any immediate working capital need in case prices rise sharply and also to close any acquisition opportunities faster in case any time-bound accretive opportunities arise.

The table below provides movement of total debt and net operating debt in US\$ millions:

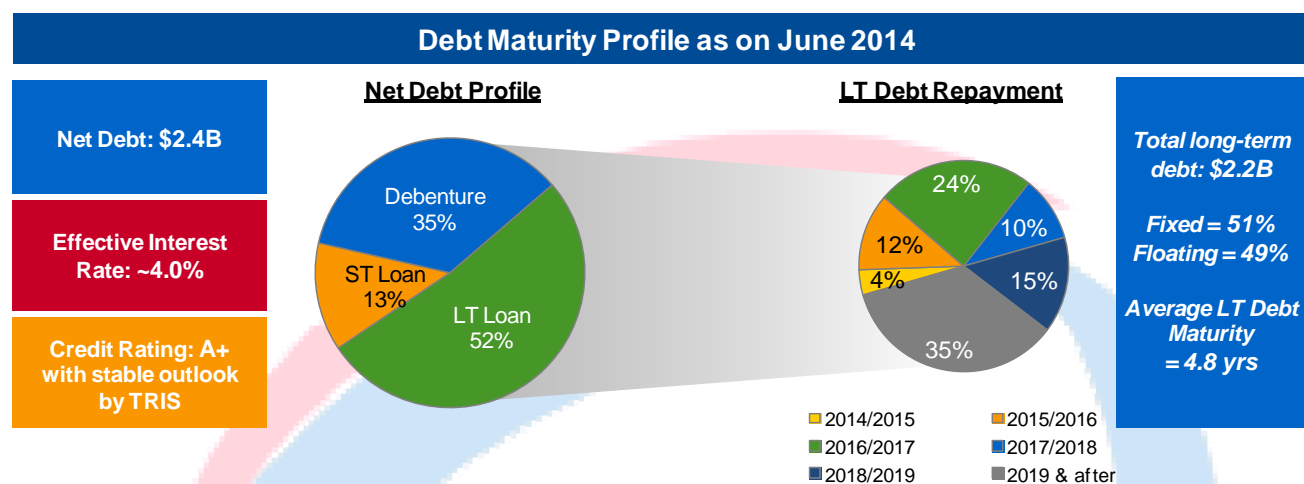
**Table 6: Total Debt and Net Operating Debt**

Details	US\$ in Millions	
	1H14	2013
<b>Total Debt</b>	<b>2,535</b>	<b>2,598</b>
Bank overdraft and short-term loans	339	490
Long term debt (Current portion)	99	120
Debentures (Non-current portion)	847	725
Long term debt (Non-current portion)	1,250	1,264
<b>Cash &amp; Cash under management</b>	<b>124</b>	<b>133</b>
Cash and cash equivalents	109	125
Current investments and loans given	15	7
<b>Net Debt</b>	<b>2,411</b>	<b>2,466</b>
<sup>(1)</sup> Non-operating Debt (Project Debt)	191	241
<b>Net Operating Debt</b>	<b>2,220</b>	<b>2,224</b>
Net operating debt to equity (times)	1.1	1.2
Net operating long term debt to equity (times)	1.0	0.9
Debts with fixed interest %	51%	37%
Credit Rating by TRIS (Reaffirmed in October 2013)	A+	A+
<b>Liquidity (US\$ billions)</b>	<b>1.2</b>	<b>0.8</b>
Unutilized credit line (US\$ billions)	1.1	0.7
<b>Financial Ratios</b>		
Current ratios (times)	1.4	1.3
Debt Servicing Coverage Ratio (DSCR) times	2.4	1.6
Interest coverage ratio (times)	5.1	3.9

Note <sup>(1)</sup> Net debt after debt for capex and investments which are not generating revenue and earnings as on date.

The table below provides repayment schedule of long-term debt and debentures in US\$ millions:

**Table 7: Repayment Schedule of Long-Term Debt and Debentures**



### Cash Flow Statement

IVL generated an operating cash flow of US\$ 397 million in 1H14 versus US\$ 207 million in 1H13, a growth of 92% YoY from increase in EBITDA and cash release from working capital. In 1H14 there was a cash outflow of US\$ 232 million for CAPEX and investments on acquisition of 80% equity in PHP Fibers for US\$ 87 million, acquisition of 100% equity stake in Arteniur, Turkey for US\$ 24 million (in addition assumed debt of US\$ 21 million) and ongoing capex on Brownfield expansions, debottlenecking and cost optimization projects. The CAPEX and investments of US\$ 232 million has been funded by a mix of long-term loans, cash proceeds from debentures issued and cash flow from operations.

**Table 8: Cash Flow Statement (YoY)**

	THB in Millions			US\$ in Millions		
	1H14	1H13	YoY	1H14	1H13	YoY
<b>Core EBITDA</b>	<b>10,197</b>	<b>7,077</b>	<b>44%</b>	<b>313</b>	<b>237</b>	<b>32%</b>
Income tax	(160)	(444)	(64)%	(5)	(15)	(67)%
Net working capital and others	4,113	326	1,160%	126	11	1,055%
<b>CFO (before Inventories Gain/Loss)</b>	<b>14,150</b>	<b>6,959</b>	<b>103%</b>	<b>435</b>	<b>233</b>	<b>86%</b>
Inventories Gain/(Loss)	(1,211)	(789)	54%	(37)	(26)	41%
<b>Cash inflow from Operations (CFO)</b>	<b>12,939</b>	<b>6,170</b>	<b>110%</b>	<b>397</b>	<b>207</b>	<b>92%</b>
Net Growth & Investments CAPEX <sup>(1)</sup>	(6,862)	(3,441)	99%	(211)	(115)	83%
Maintenance CAPEX	(698)	(623)	12%	(21)	(21)	3%
Net Financial Costs	(1,757)	(1,728)	2%	(54)	(58)	(7)%
Dividends	(733)	(870)	(16)%	(23)	(29)	(23)%
Effect of Foreign Exchange Changes and Others <sup>(2)</sup>	(223)	(595)	(63)%	(34)	21	
<b>Increase/(Decrease) in Net Debt</b>	<b>(2,666)</b>	<b>1,087</b>		<b>(55)</b>	<b>(5)</b>	<b>1,098%</b>

Note

<sup>(1)</sup> Includes net proceeds from disposals of PPE and investments.

<sup>(2)</sup> Includes effect of Exchange rate changes on balance held in foreign currencies & others.



### **Notes**

The consolidated financials are based upon the elimination of intra-company (or intra-business segment) transactions. For this reason the total of each segment may not tally with consolidated financials.

Since 1Q14, IVL has changed the quantity calculation methodology for Fibers & Yarns and included Packaging business quantities in PET. The impacts of these changes are not material.

The Polyester Chain businesses are generally traded in US dollars and therefore IVL believes in helping its readers with translated US Dollar figures. IVL's reporting currency is in Thai Baht and the accompanying pages are an integral part of this report. The accompanying pages report the Reviewed Thai Baht results and its translation into US Dollars at average exchange rates and closing exchange rates where applicable. Readers should rely on the Thai Baht results only.

### **Definitions**

Core EBITDA is after excluding inventory gains/losses from reported EBITDA. Inventory gains/losses in a period result from the movement in prices of raw materials and products from the end of the last reported period to the end of the current reported period. The cost of sales is impacted by inventory gains/losses wherein inventory gains decrease cost of sales and inventory losses increase cost of sales.

Net operating debt is defined as net debt (total debt less cash and current investments) less cash outflow for the various project expansions underway which are not completed and have not yet started contributing to the earnings of IVL.

### **Forward-looking Statements**

The statements included herein contain "forward-looking statements" about the [financial condition and results of operations] of Indorama Ventures Public Company Limited (the "Company"), which are based on management's current beliefs, assumptions, expectations and projections about future economic performance and events, considering the information currently available to the management. Any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "plans", "could", "should", "predicts", "projects", "estimates", "foresees" or similar expressions or the negative thereof, identify or signal the presence of forward-looking statements as well as predictions, projections and forecasts of the economy or economic trends of the markets, which are not necessarily indicative of the future or likely performance of the Company. Such forward-looking statements, as well as those included in any other material discussed at the presentation, are not statements of historical facts but concern future circumstances and results and involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from the expectations of future results, performance or achievements expressed or implied by such forward-looking statements.

Factors that could contribute to such differences include, but are not limited to: the highly competitive nature of the industries in which the Company operates; a potential recurrence of regional or global overcapacity; exposures to macro-economic, political, legal and regulatory risks in markets where the Company operates; dependence on availability, sourcing and cost of raw materials; ability to maintain cost structure and efficient operation of manufacturing facilities; shortages or disruptions of supplies to customers; operational risks of production facilities; costs and difficulties of integrating future acquired businesses and technologies; project and other risks carried by significant capital investments including future development of new facilities; exchange rate and interest rate fluctuations; pending environmental lawsuits; changes in laws and regulations relating beverage containers and packaging; the impact of environmental, health and safety laws and regulations in the countries in which the Company operates.

All such factors are difficult or impossible to predict and contain uncertainties that may materially affect actual results. New factors emerge from time to time, and it is not possible for management to predict all such factors or to assess the impact of each such factor on the Company. Such forward-looking statements are also based on numerous assumptions and estimates regarding the Company and its subsidiaries' present and future business strategies and the environment in which the Company will operate in the future. Any forward-looking statements are not guarantees of future performance and speak only as at the date of this presentation, and none of the Company, nor any of its agents, employees or advisors intends or has any duty or obligation to supplement, amend, update or revise any such forward-looking statements to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based or whether in the light of new information, future events or otherwise, except as may be required by applicable laws and stock exchange regulations. The above and other risks and uncertainties are described in the Company's most recent annual registration statement (Form 56-1), and additional risks or uncertainties may be described from time to time in other reports filed by the Company with the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand. Given the aforementioned and other risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements as a prediction of actual results or otherwise.

The results of operations for the periods reflected herein are not necessarily indicative of results that may be achieved for future periods, and the Company's actual results may differ materially from those discussed in the forward-looking statements as a result of various factors not foreseen at the time of giving this presentation.

This statement must not be treated as advice relating to legal, taxation, financial, accounting or investment matters. By attending this presentation, you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and of the risks and merits of any investment in the Shares, and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company's business.





## **DATA ANNEXURES**

**Table 9: IVL-Key Operating Data**

	2Q14	1Q14	2Q13	1H14	1H13	YoY%
<sup>(1)</sup> <b>Total capacity (in '000 tonnes)</b>	<b>1,849</b>	<b>1,711</b>	<b>1,693</b>	<b>3,559</b>	<b>3,364</b>	<b>6%</b>
<sup>(2)</sup> PET resins	923	860	896	1,783	1,782	0%
<sup>(2)</sup> Fibers & Yarns	350	281	221	631	436	45%
Feedstock	576	570	576	1,146	1,146	0%
<b>Total production (in'000 tonnes)</b>	<b>1,587</b>	<b>1,505</b>	<b>1,446</b>	<b>3,092</b>	<b>2,869</b>	<b>8%</b>
<sup>(2)</sup> PET resins	783	746	765	1,529	1,477	4%
<sup>(2)</sup> Fibers & Yarns	297	251	225	548	437	25%
Feedstock	507	509	456	1,015	955	6%
<b>Combined operating rate (%)</b>	<b>86%</b>	<b>88%</b>	<b>85%</b>	<b>87%</b>	<b>85%</b>	
PET resins	85%	87%	85%	86%	83%	
Fibers & Yarns	85%	89%	102%	87%	100%	
Feedstock	88%	89%	79%	88%	83%	

<sup>(1)</sup> Capacity based on available days in the quarter for production excluding J/V capacity.

<sup>(2)</sup> Some of IVL Mexican PET assets have been allocated to Fibers & Yarns segment as per changes in products output. Workington capacity not included in PET in 1H14 due to mothball.

**Table 10: IVL-Revenue Breakup**

	2Q14	1Q14	2Q13	1H14	1H13	YoY%
<b>IVL</b>						
<sup>(1)</sup> <b>Total revenues</b>						
Baht in millions	64,030	61,647	56,807	125,676	112,301	12%
USD in millions	1,972	1,887	1,900	3,860	3,762	3%
<b>Proportion of revenues by geography</b>						
Thailand	6%	6%	7%	6%	8%	
Rest of Asia	22%	17%	1%	19%	18%	
North America	35%	36%	38%	36%	39%	
Europe	30%	29%	27%	29%	26%	
Rest of the World	7%	11%	11%	9%	10%	

<sup>(1)</sup> Consolidated financials are based upon elimination of intra-company (or intra business segment) transactions

## IVL CONSOLIDATED STATEMENT OF INCOME

Baht in millions	2Q14	1Q14	2Q13	1Q14 vs.		1H14	1H13	1H14
				1Q14	2Q13			vs.
								1H13
<b>Net sales</b>	<b>64,030</b>	<b>61,647</b>	<b>56,807</b>	4%	13%	<b>125,676</b>	<b>112,301</b>	12%
<sup>(1)</sup> Other income (expense), net	259	491	661	(47)%	(61)%	750	729	3%
Total Revenue	64,289	62,138	57,468	3%	12%	126,427	113,030	12%
<sup>(2)</sup> Cost of sales	57,401	56,334	52,932	2%	8%	113,736	104,317	9%
<b>Gross profit</b>	<b>6,887</b>	<b>5,804</b>	<b>4,536</b>	19%	52%	<b>12,691</b>	<b>8,713</b>	46%
<sup>(2)</sup> Selling and administrative expenses	4,119	3,838	2,926	7%	41%	7,957	5,872	36%
Foreign exchange gain (loss)	174	99	(86)	76%		272	73	273%
<b>EBITDA</b>	<b>4,987</b>	<b>3,983</b>	<b>3,175</b>	25%	57%	<b>8,970</b>	<b>6,288</b>	43%
Depreciation and amortization	2,045	1,918	1,650	7%	24%	3,964	3,373	17%
<b>Operating income</b>	<b>2,941</b>	<b>2,065</b>	<b>1,525</b>	42%	93%	<b>5,006</b>	<b>2,915</b>	72%
Share of profit of JV	(204)	(236)	(79)	(13)%	157%	(440)	(256)	72%
<sup>(3)</sup> Extraordinary items	274	(55)	103		167%	219	394	(44)%
Interest income	11	10	37	17%	(69)%	21	140	(85)%
Interest expense	918	865	927	6%	(1)%	1,783	1,838	(3)%
<b>Profit (loss) before tax</b>	<b>2,105</b>	<b>918</b>	<b>658</b>	129%	220%	<b>3,023</b>	<b>1,354</b>	123%
Income tax expense	507	475	392	7%	29%	981	580	69%
- Current tax expense	204	107	102	91%	100%	311	179	74%
- Deferred tax expense	303	368	289	(18)%	5%	670	400	67%
<b>Profit (loss) for the period</b>	<b>1,598</b>	<b>444</b>	<b>266</b>	260%	500%	<b>2,042</b>	<b>774</b>	164%
Non-controlling interests (NCI)	115	75	52	53%	122%	191	69	176%
<b>Net profit after NCI</b>	<b>1,483</b>	<b>368</b>	<b>214</b>	302%	592%	<b>1,851</b>	<b>705</b>	163%
Weighted average no. of shares (in Millions)	4,814	4,814	4,814			4,814	4,814	
EPS (in Baht)	<b>0.30</b>	<b>0.08</b>	<b>0.05</b>	298%	585%	<b>0.38</b>	<b>0.15</b>	163%

<sup>(1)</sup> This by our internal classification includes insurance claim for business interruption loss of profits

<sup>(2)</sup> This by our internal classification includes depreciation and amortization expenses

<sup>(3)</sup> This by our internal classification includes gain on bargain purchase on new acquisitions, including Joint Ventures and their related transaction costs, pre operative expenses, insurance claim of property damage, reversal of provision for impairment of property, plant and equipment and inventories from floods in Lopburi, Thailand and other impairments.

**Note: The consolidated financials are based upon elimination of intra-company (or intra business segment) transactions. For this reason the total of each segment may not tally with consolidated financials.**

## IVL CONSOLIDATED BALANCE SHEET

Baht in millions	<u>30-Jun-14</u>		
	<u>30-Jun-14</u>	<u>31-Dec-13</u>	<u>VS.</u> <u>31-Dec-13</u>
<b>Assets</b>			
Cash and current investments	3,787	4,377	(13)%
Trade accounts receivable	31,970	28,827	11%
Inventories	28,081	28,940	(3)%
Other current assets	6,205	6,279	(1)%
<b>Total current assets</b>	<b>70,044</b>	<b>68,423</b>	<b>2%</b>
Investment	1,961	2,887	(32)%
Property, plant and equipment	99,490	96,213	3%
Intangible assets	19,524	19,264	1%
Deferred tax assets	1,178	1,185	(1)%
Other assets	1,070	1,069	0%
<b>Total assets</b>	<b>193,267</b>	<b>189,042</b>	<b>2%</b>
<b>Liabilities</b>			
Bank OD and short-term loans from financial institutions	11,007	16,075	(32)%
Trade accounts payable	28,779	25,663	12%
Current portion of long-term loans	3,194	3,922	(19)%
Current portion of finance lease liabilities	11	5	102%
Other current liabilities	7,657	7,315	5%
<b>Total current liabilities</b>	<b>50,648</b>	<b>52,980</b>	<b>(4)%</b>
Long-term loans from financial institutions	40,550	41,463	(2)%
Debenture	27,493	23,796	16%
Finance lease liabilities	25	5	451%
Deferred tax liabilities	8,641	6,925	25%
Other liabilities	2,792	2,305	21%
<b>Total liabilities</b>	<b>130,149</b>	<b>127,474</b>	<b>2%</b>
<b>Shareholder's equity</b>			
Share capital	4,814	4,814	0%
Share premium	29,775	29,775	0%
Retained earnings	28,118	26,846	5%
Reserves	(1,823)	(930)	96%
<b>Total equity attributable to shareholders</b>	<b>60,883</b>	<b>60,506</b>	<b>1%</b>
Non-controlling interests (NCI)	2,235	1,062	110%
<b>Total shareholder's equity</b>	<b>63,118</b>	<b>61,568</b>	<b>3%</b>
<b>Total liabilities and shareholder's equity</b>	<b>193,267</b>	<b>189,042</b>	<b>2%</b>

Note: The consolidated financials are based upon elimination of intra-company (or intra business segment) transactions. For this reason the total of each segment may not totally with consolidated financials.

## IVL ANALYST COVERAGE

AIRA SECURITIES PUBLIC COMPANY LIMITED	KKTRADE SECURITIES COMPANY LIMITED
ASIA PLUS SECURITIES PUBLIC COMPANY LIMITED	MAYBANK KIM ENG SECURITIES (THAILAND) PUBLIC COMPANY LIMITED
BUALUANG SECURITIES PUBLIC COMPANY LIMITED	MACQUARIE SECURITIES (THAILAND) LIMITED
CIMB SECURITIES (THAILAND) CO., LTD	MORGAN STANLEY, SINGAPORE
CAPITAL NOMURA SECURITIES PUBLIC COMPANY LIMITED	PHATRA SECURITIES PUBLIC COMPANY LIMITED
CITI GROUP	PHILLIP SECURITIES (THAILAND) PUBLIC COMPANY LIMITED
CREDIT SUISSE SECURITIES (THAILAND) LIMITED	RHB OSK SECURITIES (THAILAND) PUBLIC COMPANY LIMITED
DBS VICKERS SECURITIES (THAILAND) COMPANY LIMITED	SCB SECURITIES COMPANY LIMITED
FINANSIA SYRUS SECURITIES PUBLIC COMPANY LIMITED	THANACHART SECURITIES PUBLIC COMPANY LIMITED
HSBC, UAE	TRINITY SECURITIES COMPANY LIMITED
I V GLOBAL SECURITIES PUBLIC CO., LTD.	TISCO SECURITIES COMPANY LIMITED
JPMORGAN SECURITIES (THAILAND) LIMITED	UOB KAYHIAN SECURITIES (THAILAND) PUBLIC COMPANY LIMITED
KASIKORN SECURITIES PUBLIC COMPANY LIMITED	UBS SECURITIES (THAILAND) LIMITED

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