



Ref. No. IVL007/05/2014

12 May 2014

The President  
The Stock Exchange of Thailand

Subject: Submission of Quarterly Reviewed Financial Statements of Indorama Ventures Public Company Limited for the first 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 first quarter of 2014 (a copy in Thai and English)
2. Management Discussion and Analysis (MD&A) for the first quarter of 2014 (a copy in Thai and English)
3. Company's performance report, Form F45-3 for the first quarter of 2014 (a copy in Thai and English)

Please be informed accordingly.

Sincerely yours,

(Mr. Dilip Kumar Agarwal)  
Chief Executive Officer Feedstock and PET Business

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

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

#### FOR THE PERIOD OF 1Q 2014 (CONSOLIDATED)

#### Executive Summary

Revenue of THB 62 billion (US\$ 1.88 billion) in 1Q14, reflected growth of 11% Year-on-Year (YoY) compared with THB 55 billion (US\$ 1.86 billion) in 1Q13, despite weak absolute prices, led by weaker Paraxylene (PX) prices in the quarter. IVL achieved a volume of 1.51 m tonnes in 1Q14, or 6% growth year-on-year (YoY).

**IVL grew Core EBITDA 83% YoY to THB 5.1 billion (US\$ 155 million) in 1Q14 due to:**

- a) Higher volumes and revenues for the abovementioned reasons.
- b) Better margins in our core business of PET and Fibers & Yarns, despite continued weakness in PTA, which is part of our feedstock segment.
- c) Healthier volumes YoY in our EOEG business (smooth operations and higher production following a catalyst change in 2Q13) and improved margins of PEO (Purified Ethylene Oxide) at our EO/EG site in Texas, despite weaker MEG industry margins in Asia in 1Q14
- d) Receipt of THB 140 million (US\$ 4.3 million) from loss-of-profit insurance on the Lopburi flooding of 2011 (this claim is now settled).
- e) Inventory losses of US\$ 33 million in 1Q14, against inventory gains of US\$ 11 million in 1Q13, due to a steep fall in PX prices. Accordingly, IVL reported EBITDA grew by 28% YoY to THB 3.98 billion (US\$ 122 million).

**Table 1: IVL-Core Financial Data**

	THB in Millions			US\$ in Millions		
	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13
<b>(1) Consolidated Sales</b>	<b>61,647</b>	<b>57,638</b>	<b>55,494</b>	<b>1,887</b>	<b>1,817</b>	<b>1,862</b>
PET	38,357	32,675	36,812	1,174	1,025	1,235
Fibers & Yarns	15,684	15,494	10,606	480	493	356
Feedstock	16,959	16,945	18,202	519	533	611
<b>(2) Core EBITDA</b>	<b>5,067</b>	<b>4,022</b>	<b>2,776</b>	<b>155</b>	<b>127</b>	<b>93</b>
PET	2,290	1,503	1,457	70	47	49
Fibers & Yarns	1,037	1,030	317	32	33	11
Feedstock	1,782	1,478	1,059	55	47	36
Depreciation	(1,918)	(1,882)	(1,723)	(59)	(59)	(58)
<b>Core EBIT</b>	<b>3,149</b>	<b>2,140</b>	<b>1,053</b>	<b>96</b>	<b>68</b>	<b>35</b>
Interest	(856)	(1,035)	(808)	(26)	(33)	(27)
<b>Core Profit before tax</b>	<b>2,293</b>	<b>1,105</b>	<b>245</b>	<b>70</b>	<b>35</b>	<b>8</b>
Current tax	(107)	25	(77)	(3)	1	(3)
Deferred tax	(368)	(364)	(111)	(11)	(12)	(4)
<b>Core Profit before JV and NCI</b>	<b>1,819</b>	<b>766</b>	<b>56</b>	<b>56</b>	<b>24</b>	<b>2</b>
Joint Ventures (JV) Income /(Loss)	(236)	(278)	(177)	(7)	(9)	(6)
NCI (Non Controlling Interests)	(75)	(13)	(17)	(2)	(0)	(1)
<b>Core Net Profit</b>	<b>1,508</b>	<b>474</b>	<b>(138)</b>	<b>46</b>	<b>15</b>	<b>(5)</b>
<b>(4) CAPEX and investment</b>	<b>2,047</b>	<b>1,313</b>	<b>1,754</b>	<b>63</b>	<b>41</b>	<b>59</b>
Net Operating Debt	72,798	72,991	67,933	2,244	2,224	2,318
Total Equity	61,396	61,568	54,007	1,892	1,876	1,843
<b>Net Operating Debt to Equity</b>	<b>1.19</b>	<b>1.19</b>	<b>1.26</b>	<b>1.19</b>	<b>1.19</b>	<b>1.26</b>
<b>Net Operating Long Term Debt to Equity</b>	<b>0.98</b>	<b>0.93</b>	<b>0.95</b>	<b>0.98</b>	<b>0.93</b>	<b>0.95</b>
<b>Net Operating Core ROCE (before JV's)</b>	<b>9.6%</b>	<b>6.5%</b>	<b>3.6%</b>	<b>9.5%</b>	<b>6.7%</b>	<b>3.5%</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)  
<sup>(3)</sup> 1Q14 Core EBITDA includes a business interruption insurance claim of US\$ 4 MM  
<sup>(4)</sup> CAPEX and investment are on a cash basis as per cash flow statement

IVL achieved a core profit before JV and NCI of THB 1.8 billion (US\$ 56 million) in 1Q14, as against THB 0.06 billion (US\$ 2 million) in 1Q13.

IVL achieved a core profit after tax and NCI of THB 1.5 billion (US\$ 46 million) in 1Q14, leading to a Core EPS of THB 0.31 in 1Q14.

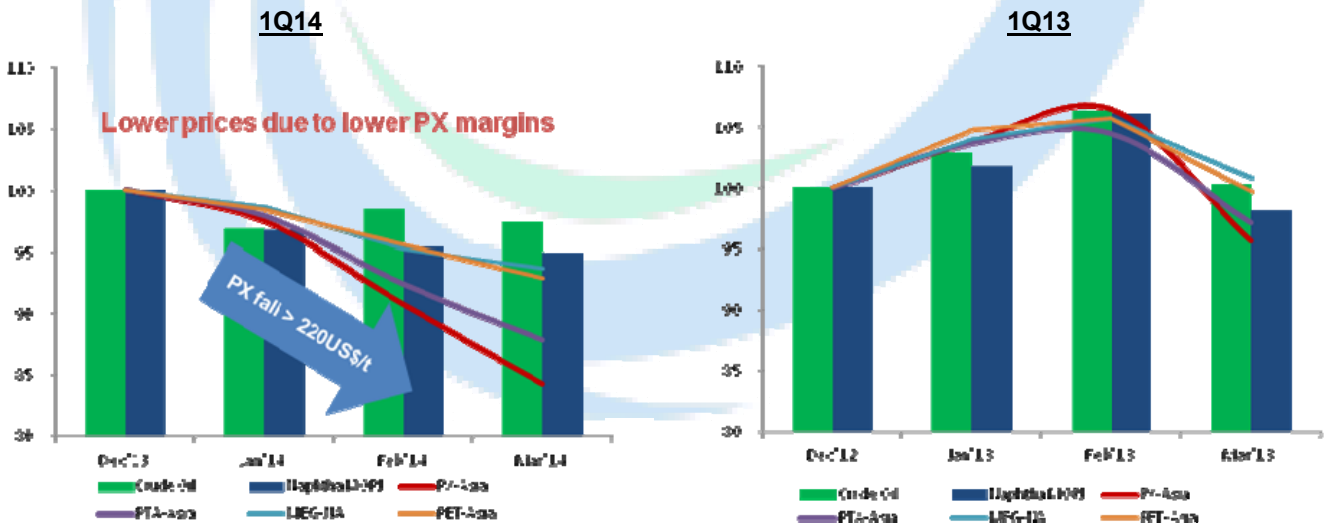
**Table 2: IVL-Non Operational/Extraordinary Items**

	THB in Millions			US\$ in Millions		
	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13
<b>Core Net Profit</b>	<b>1,508</b>	<b>474</b>	<b>(138)</b>	<b>46</b>	<b>15</b>	<b>(5)</b>
Add: Inventory gain/(loss)	<b>(1,084)</b>	<b>(376)</b>	<b>337</b>	<b>(33)</b>	<b>(12)</b>	<b>11</b>
<b>Net Profit, before extra ordinaries</b>	<b>424</b>	<b>98</b>	<b>200</b>	<b>13</b>	<b>3</b>	<b>6</b>
<b>Add: Extraordinary income/(expense)</b>	<b>(55)</b>	<b>(568)</b>	<b>291</b>	<b>(2)</b>	<b>(19)</b>	<b>10</b>
Insurance claims (flood related)		(1)	295		(0)	10
<sup>(1)</sup> Impairment of assets (incl. Ottana)		(385)			(13)	
Restructuring expenses (Debt & Tax)		(169)			(5)	
Workington Mothball & non operational expenses	(55)	(94)		(2)	(3)	
Other extraordinary gain (loss)		81	(4)		3	(0)
<b>= Net profit</b>	<b>368</b>	<b>(469)</b>	<b>491</b>	<b>11</b>	<b>(16)</b>	<b>16</b>

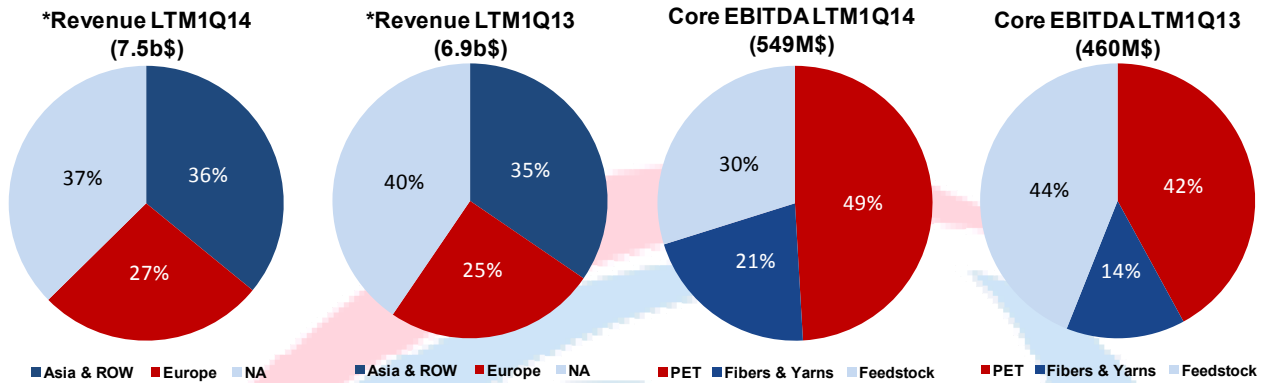
<sup>(1)</sup> Ottana impairment includes 12 mm US\$

A steep drop in PX prices from Jan'14 to Mar'14, led to a weaker absolute prices of PTA and downstream product PET, despite Naphtha and Crude Oil remained mostly stable. This sharp fall of PX led to an inventory loss of US\$ 33 million in 1Q14 for IVL as against an inventory gain of US\$ 11 million in 1Q13. As on 1Q14 IVL had an inventory of about 2.9 weeks of its production in the form of finished, raw materials and in process stocks.

**Absolute Indexed Prices**

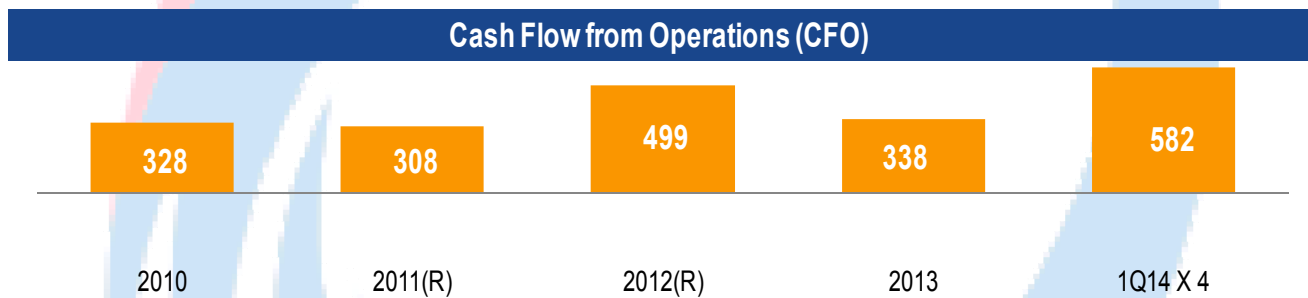


IVL achieved a Core EBITDA of THB 17.3 billion (US\$ 549 million) in the **last twelve months** (LTM) of 1Q14 versus THB 14.2 billion (US\$ 460 million) in LTM 1Q13, signifying growth of 22%.



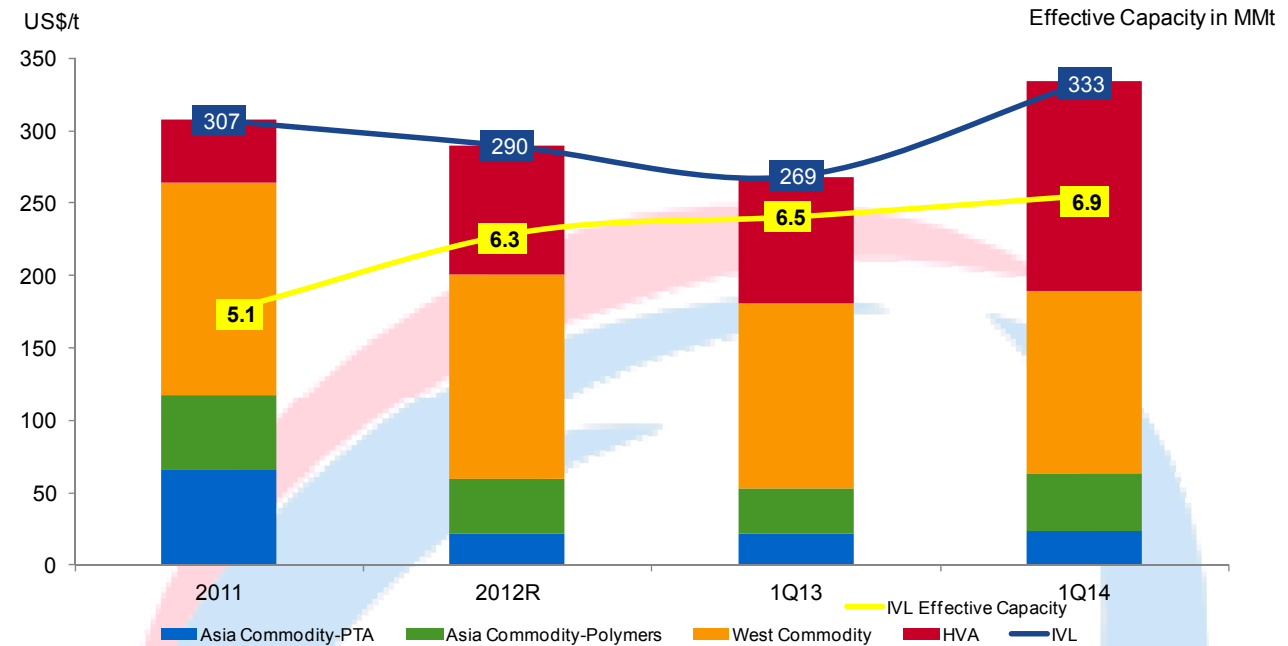
\*Regional revenues breakup on customers' location

Cash flows remained healthy and in line with past few years.  
US\$M



**Indorama Ventures' core margins remained healthy** as our High Value Add (HVA) portfolio keeps growing and has helped the Company to mitigate weaker commodity product margins in recent years. The chart below reflects IVL core margins in commodity and HVA products across time, weighted against effective capacity. IVL achieved a Core margin of US\$/t 333 on effective capacity in 1Q14, as against US\$ 269/t in 1Q13, whereas effective capacity has consistently grown from 3.0 m tonnes in 2009 to 6.3 m tonnes in 2012 and 6.9 m tonnes in 1Q14. It has been through the timely and strategic expansion of our HVA portfolio over the past two years that IVL has managed to maintain healthy margins across cycles. This has helped IVL to mitigate the weakness in our Asian PTA business, which has been hit by massive over construction of PTA over the last 10 quarters. This has helped IVL to perform better over its pure play commodity-only and other regional peers.

## Reaping benefits from HVA portfolio developed in last over 2 years

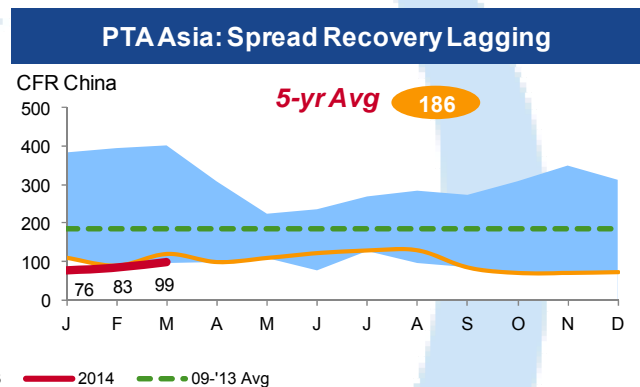
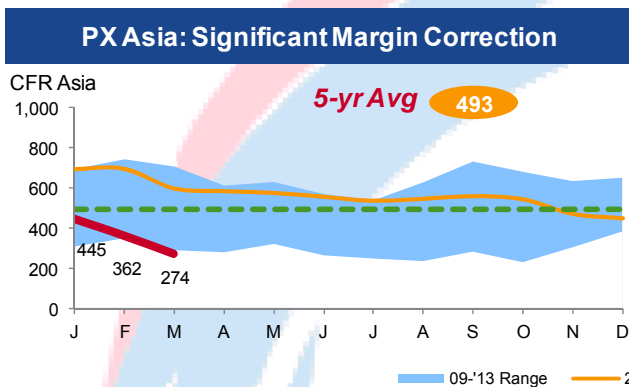


Note: Core Margins on the weightage of IVL effective capacity across the years.  
Periods with ("R") are restated numbers as per change in Thai Accounting Standards

### Update 2014 outlook

- Increased volumes:** In 2014, we expect volume growth from 5.8 million tonnes in 2013 to 6.5 million tonnes in 2014 (12% YoY) from:
  - Higher utilization rates of existing assets. 88% operating rate was achieved in 1Q14.
  - Full operations at our North American EO/EG business after its catalyst change in 2Q13
  - The startup of Polychem (CP-4) Greenfield polyester fiber plant in Indonesia
  - Nigeria strategy to ramp-up utilization after packaging expansions in Ghana**1Q14 volumes are in line with our expectations.**
- 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 operational and will be bringing synergies and savings to the Company.
- The HVA portfolio** will expand via debottlenecking and acquisitions. Announcement of our new acquisitions PHP and SASA indicate this direction.
- 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.
- Startup of new operations in the Philippines market** in 2Q14 by our packaging segment will enhance our relationship with brand owners.
- Mergers & Acquisitions:**
  - First acquisition of 2014 completed:** Acquisition of 80 percent equity of **PHP Fibers GmbH (formerly referred to as "Project Panda")** was completed on **April 30, 2014**. The total acquisition cost for the 80 % equity interest is approximately EUR 78.4 million (Baht 3,496.4 million). 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.

- b) **Second acquisition of 2014 announced and expect completion in 3Q14:** Announcement on **April 9, 2014** of the acquisition of 51% of leading Polyester and PET producer **SASA Polyester Sanayi A.Ş** (formerly referred to **“Project SILK”**) in Turkey from Hacı Ömer Sabancı Holding A.Ş. SASA is a publicly-listed company on the Stock Exchange of Istanbul and Indorama Ventures will be conducting a mandatory tender offer for the remaining 49% of SASA’s shares as required by Turkish Capital Markets Legislation. The completion of the deal is subject to usual conditions precedent and regulatory approvals and is expected to be completed within 3Q14.
- c) **Other M&A opportunities that would support the strategy of IVL in 2014 and are currently under study** - Project Thor, a 130kt PET plant in the Middle East-North Africa (MENA) region, and Project Poseidon.
- 7. **Margins:** the weakness of the PTA industry due to oversupply over the past two years has created financial distress in the industry, margins are close to variable costs and is forcing the rationalization of high-cost assets. Together with approximately 7 million tonnes of new Paraxylene (PX) capacity in 2014, we expect to see support for PTA margins this year.



Note: \$ per ton  
Source: Industry data, IVL Analysis

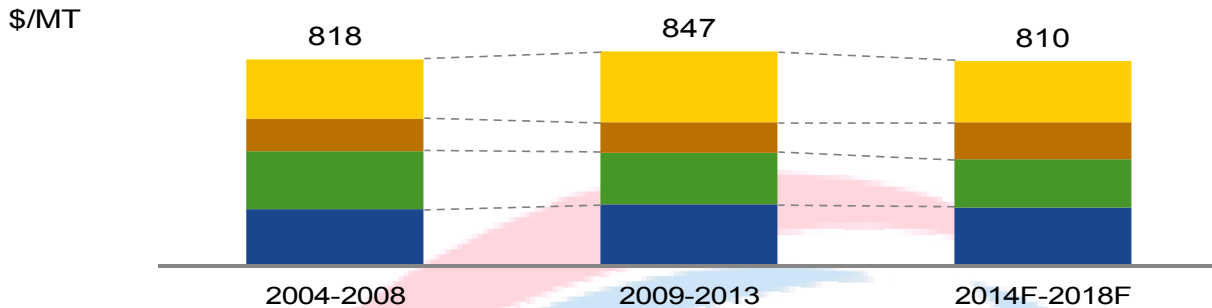
PET & commodity fibers margin have improved in 1Q14 mainly due to seasonal factors. Further substitution possibilities of Polyethylene and other polymers now arise due to PET’s lower cost, leading to further growth of demand.

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 in 2014, which should lead to further tightness.

### Long-term Outlook

IVL acknowledges the advantages of integration to reduce volatility and has taken various strategic steps to enhance feedstock integration. We have announced a PX Greenfield Joint Venture with Abu Dhabi National Chemicals Company (“ChemaWEyaat”) to develop the Tacaamol Aromatics Plant, to commence production in 2018; we also have a 1.2 m tonnes PTA Greenfield (Project Manhattan in the MENA region) under study, which would commence in 2017.

### GLOBAL Margins per mt of PET



Note: Per ton of PET  
Source: Industry Data, IHS, IVL Analysis

- Joint Ventures (JV):** IVL has successfully turnaround Trevira (a JV in the past till 30<sup>th</sup> Sep'13) by introducing new products, under IVL and JV partner management and various restructurings. IVL is now doing various retrofit projects at its JV in Indonesia –Polyprima with 43% equity interests. These retrofit projects are expected to reduce the operating cost of the plant and make it more economical. Ottana, another JV in Italy with 50% equity interests, remains difficult asset and JV partners are discussing various options. IVL took a partial non-cash impairment of US\$ 12 million in 4Q13 on Ottana.

## Business Segments

### PET

The PET segment achieved a Core EBITDA of US\$ 70 million in 1Q14 (including an insurance claim from business interruption for US\$ 4 million) as against US\$ 49 million in 1Q13, despite the mothballed, non-operational Workington site in this quarter. PET margins remained healthy in 1Q14 across the globe due to post winter restocking and upcoming summer seasonal demand. In the medium and long term, PET margins are expected to be less volatile and more firm as light-weighting of PET bottles has to all intents and purposes reached completion. Further substitution of Polyethylene and other polymers by PET due to lower cost should drive further growth in PET. Recycling initiatives in North America should get boost with the startup of rPET at our Mexican operations soon. Entry into the Philippines market in 2014 by our packaging segment will be another step towards enhancing IVL's relationship with brand owners and enhance HVA portfolio in the PET segment.

### Fibers and Yarns

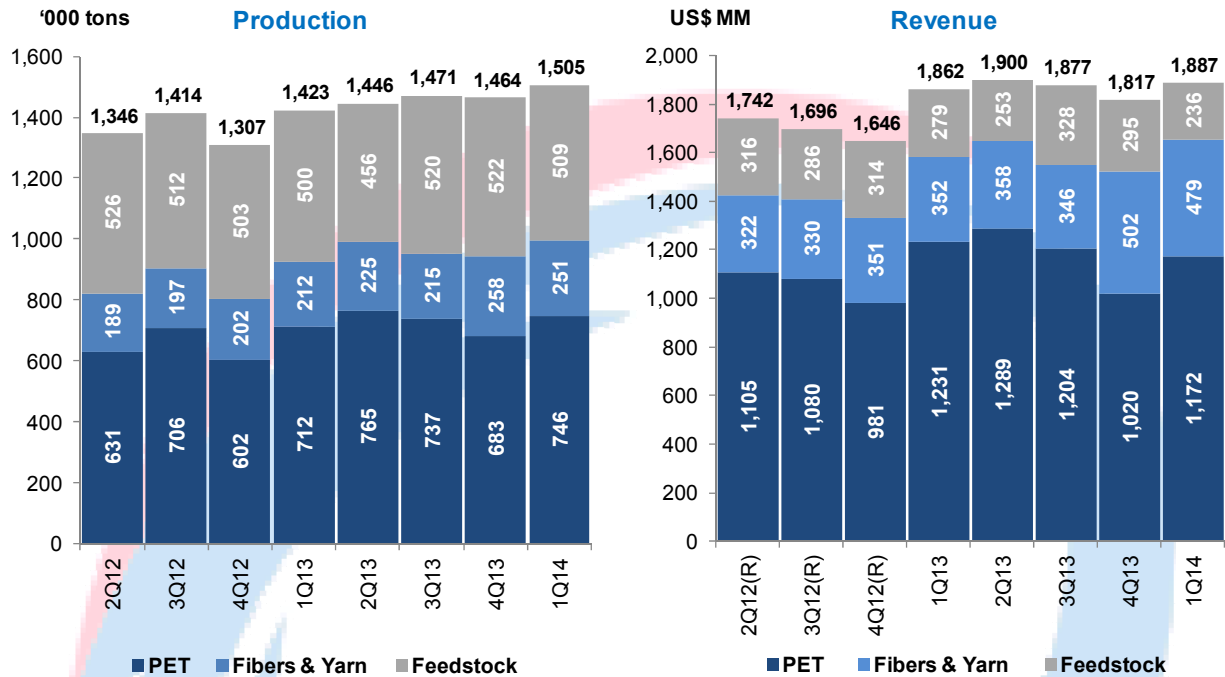
The Fibers & Yarns achieved a strong Core EBITDA of US\$ 32 million in 1Q14 as against US\$ 11 million in 1Q13. Consolidation of Trevira, Germany, since October 2013 has improved earnings in this segment. Polyester fibers margins remained healthy in 1Q14, with some post Chinese New Year demand pick-up. The startup of our flagship site, Polychem (lowest conversion cost plant in the world of its kind) in Indonesia in February 2014 should further enhance earnings in this segment. The HVA portfolio in this segment has been expanded with the completion of the acquisition of 80 percent equity in **PHP Fibers GmbH on April 30, 2014**. A leadership position in the **airbag** and **tire cord** segment in Europe adds significant value to IVL. We expect the completion of the **SASA ("Project Silk")** acquisition soon. This should further add new products, geographic spread and earnings to the business.

### Feedstock

The Feedstock segment achieved a Core EBITDA of US\$ 55 million in 1Q14 as against US\$ 36 million in 1Q13, reflecting a stronger quarter YoY, mainly due to the higher volumes at our flagship EO/EG site at Texas as smooth operations and higher production following the catalyst change in 2Q13 and lower production due to old catalyst in 1Q13.. Furthermore, a portfolio mix of PEO at this site led to a stronger quarter for feedstock. Ethylene Oxide and Ethylene Glycol (MEG) margins are expected to be 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 margins showed some improvement over the last quarter due to the sharp deterioration of PX prices and some rationalization of high-cost assets. IVL's long-term initiatives

include constructing a PTA facility (“Project Manhattan”) targeted for production start-up in 2017 and a joint venture agreement with Abu Dhabi National Chemicals Company (“ChemaWEyaat”) to develop the Tacaamol Aromatics Plant, which should enhance further feedstock integration.

**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		
	1Q14	1Q13	YoY	1Q14	1Q13	YoY
<b>Core EBITDA/tonne (US\$/t)</b>	<b>3,366</b>	<b>1,950</b>	<b>73%</b>	<b>103</b>	<b>65</b>	<b>57%</b>
PET	3,071	2,047	50%	94	69	37%
Fibers and Yarns	4,133	1,493	177%	127	50	153%
Feedstock	3,501	2,119	65%	107	71	51%
<b>Core EBITDA</b>	<b>5,067</b>	<b>2,776</b>	<b>83%</b>	<b>155</b>	<b>93</b>	<b>67%</b>
PET	2,290	1,457	57%	70	49	43%
Fibers and Yarns	1,037	317	227%	32	11	199%
Feedstock	1,782	1,059	68%	55	36	54%
<b>Consolidated EBITDA</b>	<b>3,983</b>	<b>3,113</b>	<b>28%</b>	<b>122</b>	<b>104</b>	<b>17%</b>
PET	1,555	1,760	(12)%	48	59	(19)%
Fibers and Yarns	874	394	122%	27	13	102%
Feedstock	1,596	1,016	57%	49	34	43%

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.



## Operating Regions

### Asia

The Asian business showed a significant improvement on Core EBITDA from US\$ 23 million in 1Q13 to US\$ 39 million in 1Q14 (including an insurance claim from business interruption for US\$ 4 million). Recovery in Asia in 2013 & 2014 over 2012, with a portfolio of diverse products and PET market leadership in Thailand, Indonesia and China PRD region, has resulted in an improved performance, wherein IVL achieved a Core EBITDA/t US\$ 59 in 1Q14 versus US\$ 36 in 1Q13, or YoY growth of 64%. Oversupply of PX in 2014, should benefit the PTA industry, and particularly Indorama Ventures, with assets around 1.8 million tons in Asia including JV capacity in Indonesia. Increased volumes from better utilizations of assets and startup of our flagship state of the art polyester production site in Indonesia (Polychem) should enable IVL to increase its revenues & earnings in this region. HVA initiatives in Thailand with the startup recycling unit at Nakhon Pathom and BICO (Hygiene fibers) at Rayong, Thailand will bring more resilience to this region's performance.

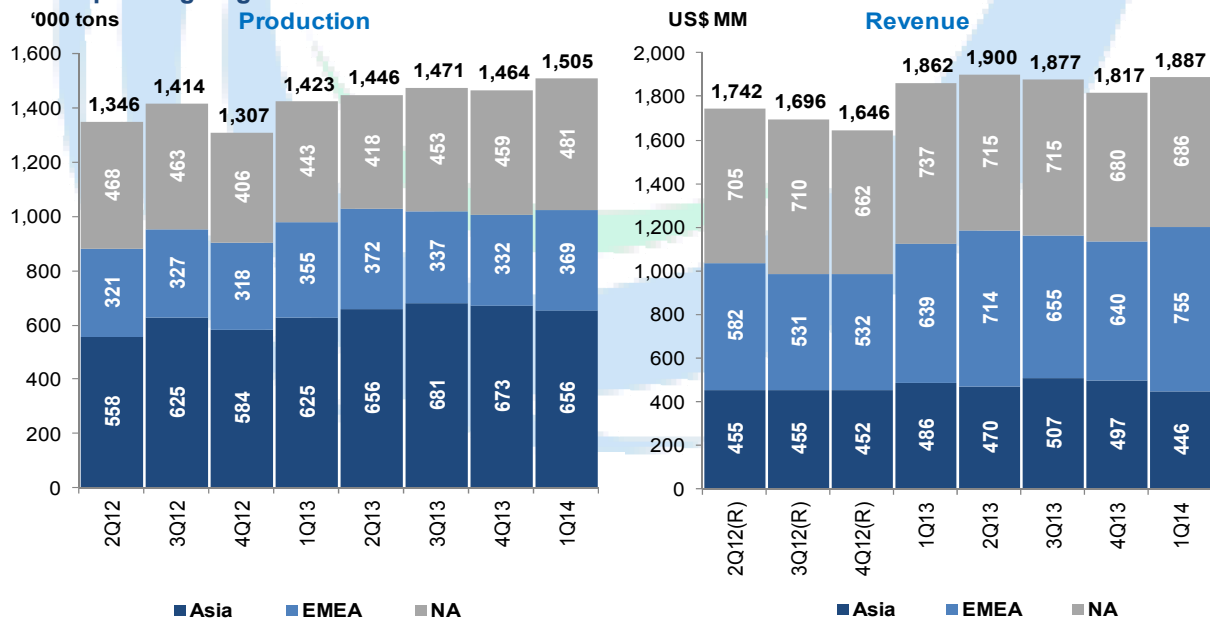
### Europe, Middle East and Africa (EMEA)

Our European business achieved a Core EBITDA of US\$ 35 million in 1Q14 as against US\$ 16 million in 1Q13, registering a YoY growth of over 100%. PET margins remained healthy as post winters restocking and the effect of IVL's initiative to mothball improved market discipline. Consolidation of Trevira has also improved earnings in this region. Nigeria operations are expected to run at higher utilization rates with the entry of a new packaging business in Ghana in 2Q14. An operational excellence project in Poland to debottleneck capacity commenced and should contribute towards overall cost reduction when completed in 2H14 at a lower debottlenecking CAPEX.

### North America (NA)

The North American business saw an improved quarter as reflected by Core EBITDA of US\$ 82 million in 1Q14 as against US\$ 55 million in 1Q13. Higher volumes at our flagship EO/EG site in Texas are a result of smooth operations and higher production following the catalyst change in 2Q13. Furthermore, PEO sales at this site led to a stronger quarter for the Oxide & Glycols business in North America. IVL is advantageously placed to benefit from increased volumes and expected enhanced margins in Oxide & Glycols business in 2H14. EO and EG (MEG) margins are expected to strengthen due to supply tightness and continued low-cost ethylene in the USA, which keeps US Glycols margins at a premium over Asian margins.

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



*Note: Periods with ("R") are restated numbers as per change in Thai Accounting Standards  
Regional revenues breakup on customers' location*

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

	THB in Millions			US\$ in Millions		
	1Q14	1Q13	YoY	1Q14	1Q13	YoY
<b>Core EBITDA/tonne (US\$/t)</b>	<b>3,366</b>	<b>1,950</b>	<b>73%</b>	<b>103</b>	<b>65</b>	<b>57%</b>
Asia	1,933	1,078	79%	59	36	64%
<sup>(1)</sup> EMEA	3,059	1,314	133%	94	44	112%
NA	5,555	3,690	51%	170	124	37%
<b>Core EBITDA</b>	<b>5,067</b>	<b>2,776</b>	<b>83%</b>	<b>155</b>	<b>93</b>	<b>67%</b>
Asia	1,267	673	88%	39	23	72%
<sup>(1)</sup> EMEA	1,129	467	142%	35	16	120%
NA	2,671	1,635	63%	82	55	49%
<b>Consolidated EBITDA</b>	<b>3,983</b>	<b>3,113</b>	<b>28%</b>	<b>122</b>	<b>104</b>	<b>17%</b>
Asia	852	494	72%	26	18	57%
<sup>(1)</sup> EMEA	779	513	52%	24	17	39%
NA	2,351	2,105	12%	72	71	2%

Note <sup>(1)</sup> EMEA includes Europe, Middle East, Africa and rest of the world,

## Diversified Portfolio

IVL's High Value Add (HVA) segment contributed 19% of production, 28% of revenues and 34% of Core EBITDA in LTM1Q14 as against 17% of production, 25% of revenues and 28% of Core EBITDA in LTM 1Q13.

HVA segments achieved EBITDA of US\$ 188 million in LTM 1Q14 as against US\$ 131 million in LTM 1Q13, registering a growth of 43%.

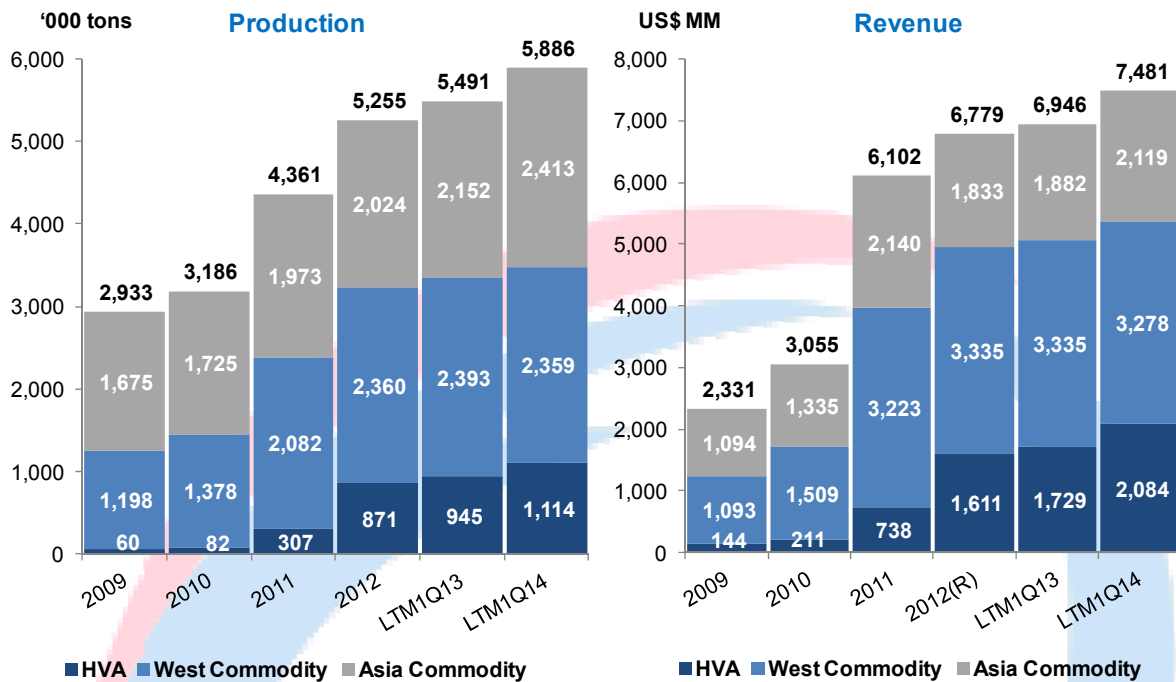
Our HVA portfolio continues to gain traction with customers and there is new growth planned in this segment, both organically as well as strategically. Completion of the acquisition of 80 percent equity of **PHP Fibers GmbH ("Project Panda")** on **April 30, 2014** significantly enhances the Company's HVA product portfolio with the addition of high performance automotive and industrial products. Leadership position in **Airbags and Tire cord segment** in Europe adds significant value to IVL.

An announcement on **April 9, 2014** of the acquisition of 51% of leading Polyester and PET producer **SASA Polyester Sanayi A.Ş (Project SILK)** in Turkey brings a significant portfolio of new and complimentary products to IVL, thereby enhancing the HVA suite of products in a new region. The completion of the deal is subject to the usual conditions precedent and regulatory approvals and is expected to be completed within 2Q14.

Strategically, we aspire to grow this 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.

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		
	LTM1Q14	LTM1Q13	Growth	LTM1Q14	LTM1Q13	Growth
<b>Core EBITDA/tonne (US\$/t)</b>	<b>2,932</b>	<b>2,585</b>	<b>13%</b>	<b>93</b>	<b>84</b>	<b>11%</b>
HVA	5,319	4,279	25%	169	139	22%
West Commodity	3,567	3,718	(4%)	113	120	(6%)
Asia Commodity	1,210	581	108%	39	19	104%
<b>Core EBITDA</b>	<b>17,258</b>	<b>14,193</b>	<b>22%</b>	<b>549</b>	<b>460</b>	<b>19%</b>
HVA	5,917	4,046	46%	188	131	43%
West Commodity	8,421	8,898	(5%)	268	288	(7%)
Asia Commodity	2,920	1,250	134%	93	41	129%
<b>Consolidated EBITDA</b>	<b>14,908</b>	<b>14,166</b>	<b>5%</b>	<b>474</b>	<b>460</b>	<b>3%</b>
HVA	5,777	4,062	42%	183	132	39%
West Commodity	6,694	9,040	(26%)	213	293	(27%)
Asia Commodity	2,437	1,064	129%	78	34	127%

## Capital Structure and Liquidity

**Debt** : IVL net debt to equity stands at 1.28 times as at March 2014, which is lower than the 1.31 times as of December 2013, after CAPEX and investments of US\$ 63 million in 1Q14 (cash flow basis). IVL's net operating debt decreased from US\$ 2,318 million at the end of March 31, 2013 to US\$ 2,244 million at the end of March 31, 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 March 2014, IVL has liquidity of US\$ 1.0 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**

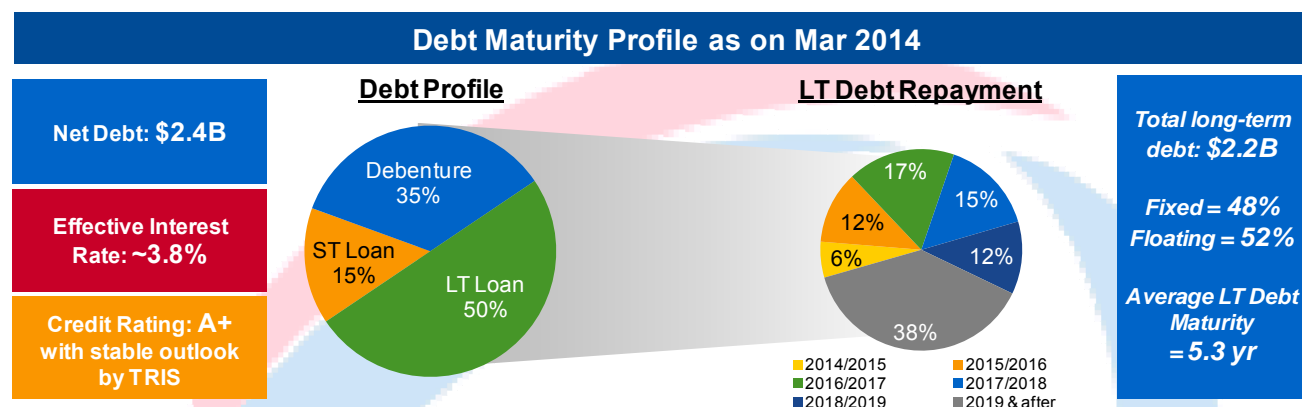
Details	1Q14	1Q13
<b>Total Debt</b>	<b>2,554</b>	<b>2,755</b>
Bank overdraft and short-term loans	384	566
Long term debt (Current portion)	113	172
Debentures (Non-current portion)	847	738
Long term debt (Non-current portion)	1,210	1,279
<b>Cash &amp; Cash under management</b>	<b>139</b>	<b>195</b>
Cash and cash equivalents	127	188
Current investments and loans given	12	7
<b>Net Debt</b>	<b>2,415</b>	<b>2,560</b>
<sup>(1)</sup> Non-operating Debt (Project Debt)	171	242
<b>Net Operating Debt</b>	<b>2,244</b>	<b>2,318</b>
Net operating debt to equity (times)	1.2	1.3
Net operating long term debt to equity (times)	1.0	1.0
Debts with fixed interest %	48%	36%
Credit Rating by TRIS (Reaffirmed in October 2013)	A+	A+
<b>Liquidity (US\$ billions)</b>	<b>1.0</b>	<b>0.8</b>
Unutilized credit line (US\$ billions)	0.9	0.6
<b>Financial Ratios</b>		
Current ratios (times)	1.4	1.2
Debt Servicing Coverage Ratio (DSCR) times	2.4	1.4
Interest coverage ratio (times)	4.7	3.9

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

IVL successfully completed its 5<sup>th</sup> THB Bond issuance in Mar'14 and raised THB 3.7 billion with 10 years tenor at 5.3%, 5 years tenor at 4.5% and 3 years tenor at 4.0%.

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**

Inflows on working capital of US\$ 24 million in 1Q14 and outflows of US\$ 31 million in 1Q13 led to an operating cash flow of US\$ 145 million in 1Q14 versus US\$ 63 million in 1Q13. IVL spent US\$ 63 million in 1Q14 on CAPEX and investments on ongoing Brownfield, debottlenecking and operational excellence projects. The CAPEX and investments have 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		
	1Q14	1Q13	YoY	1Q14	1Q13	YoY
<b>Core EBITDA</b>	<b>5,067</b>	<b>2,776</b>	<b>83%</b>	<b>155</b>	<b>93</b>	<b>66%</b>
Income tax	(14)	(289)	(95)%	(0)	(10)	(95)%
Net working capital and others	783	(933)		24	(31)	
<b>CFO (before Inventories Gain/Loss)</b>	<b>5,835</b>	<b>2,487</b>	<b>135%</b>	<b>178</b>	<b>52</b>	<b>240%</b>
Inventories Gain/(Loss)	(1,084)	337		(33)	11	
<b>Cash inflow from Operations (CFO)</b>	<b>4,751</b>	<b>1,891</b>	<b>151%</b>	<b>145</b>	<b>63</b>	<b>129%</b>
Growth & Investments CAPEX	(1,757)	(1,513)	16%	(54)	(51)	6%
Maintenance CAPEX	(286)	(241)	19%	(9)	(8)	8%
Net Financial Costs	(586)	(518)	13%	(18)	(17)	3%
Dividends	(1)	(4)	(74)%	(0)	(0)	(77)%
Effect of Foreign Exchange Changes and Others <sup>(1)</sup>	438	1,381	(68)%	(14)	(65)	(78)%
<b>Increase/(Decrease) in Net Debt<sup>(1)</sup></b>	<b>(2,559)</b>	<b>(997)</b>	<b>157%</b>	<b>(51)</b>	<b>78</b>	<b>-</b>

Note<sup>(1)</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.

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.

## 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 minus cash and cash under management) minus the project spending for various expansions underway which are not completed and have not yet started contributing to the earnings of IVL.

Forward-looking Statements: This earnings release might include forward-looking statements concerning current expectations for demand for the company's products, implementation and impact of previously announced growth initiatives, Such expectations are based upon certain preliminary information, internal estimates, and management assumptions, expectations, and plans, and are subject to a number of risks and uncertainties inherent in projecting future conditions, events, and results. Actual results could differ materially from expectations expressed in the forward-looking statements if one or more of the underlying assumptions or expectations prove to be inaccurate or are unrealized.

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.



**DATA ANNEXURES**

Table 9: IVL-Key Operating Data

	1Q14	4Q13	1Q13	1Q14 vs.	
				4Q13	1Q14
<sup>(1)</sup> Total capacity (in '000 tonnes)	1,711	1,743	1,671	(2)%	2%
<sup>(2)</sup> PET resins	860	881	886	(2)%	(3)%
<sup>(2)</sup> Fibers & Yarns	281	279	216	1%	30%
Feedstock	570	582	570	(2)%	0%
<b>Total production (in '000 tonnes)</b>	<b>1,505</b>	<b>1,464</b>	<b>1,423</b>	<b>3%</b>	<b>6%</b>
<sup>(2)</sup> PET resins	746	683	712	9%	5%
<sup>(2)</sup> Fibers & Yarns	251	258	212	(3)%	18%
Feedstock	509	522	500	(3)%	2%
<b>Combined operating rate (%)</b>	<b>88%</b>	<b>84%</b>	<b>85%</b>		
PET resins	87%	78%	80%		
Fibers & Yarns	89%	93%	98%		
Feedstock	89%	90%	88%		

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

(2) 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 1Q14 due to mothball.

Table 10: IVL-Revenue Breakup

	1Q14	4Q13	1Q13	1Q14 vs.	
				4Q13	1Q14
<b>IVL</b>					
<sup>(1)</sup> Total revenues					
Baht in millions	61,647	57,638	55,494	7%	11%
USD in millions	1,887	1,817	1,862	4%	1%
<b>Proportion of revenues by geography</b>					
Thailand	6%	7%	8%		
Rest of Asia	17%	20%	18%		
North America	36%	37%	40%		
Europe	29%	25%	25%		
Rest of the World	11%	10%	9%		
<sup>(2)</sup> PET					
<b>Total revenues</b>					
Baht in millions	38,357	32,675	36,812	17%	4%
USD in millions	1,174	1,025	1,235	15%	(5)%
<b>Proportion of revenues by geography</b>					
Thailand	5%	5%	4%		
Rest of Asia	13%	18%	13%		
North America	39%	36%	43%		
Europe	31%	28%	29%		
Rest of the World	12%	13%	10%		
<sup>(2)</sup> Fibers & Yarns					
<b>Total revenues</b>					
Baht in millions	15,684	15,494	10,606	1%	48%
USD in millions	480	493	356	(3)%	35%
<b>Proportion of revenues by geography</b>					
Thailand	7%	7%	9%		
Rest of Asia	20%	21%	30%		
North America	25%	35%	26%		
Europe	40%	34%	31%		
Rest of the World	8%	3%	5%		
<sup>(2)</sup> Feedstock					
<b>Total revenues</b>					
Baht in millions	16,959	16,945	18,202	0%	(7)%
USD in millions	519	533	611	(3)%	(15)%
<b>Proportion of revenues by geography</b>					
Thailand	29%	33%	34%		
Rest of Asia	22%	22%	21%		
North America	27%	25%	18%		
Europe	17%	13%	21%		
Rest of the World	5%	7%	6%		

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

<sup>(2)</sup> Segment Revenues are on the gross basis for the segment, before any inter-segment elimination. Some of IVL Mexican PET assets have been allocated to Fibers & Yarns segment as per changes in products output



## IVL CONSOLIDATED STATEMENT OF INCOME

Baht in millions	1Q14	4Q13	1Q13	1Q14 vs.	
				4Q13	1Q13
<b>Net sales</b>	<b>61,647</b>	<b>57,638</b>	<b>55,494</b>	<b>7%</b>	<b>11%</b>
<sup>(1)</sup> Other income (expense), net	491	911	68	(46)%	623%
Total Revenue	62,138	58,549	55,562	6%	12%
<sup>(2)</sup> Cost of sales	56,334	53,409	51,385	5%	10%
<b>Gross profit</b>	<b>5,804</b>	<b>5,140</b>	<b>4,177</b>	<b>13%</b>	<b>39%</b>
<sup>(2)</sup> Selling and administrative expenses	3,838	3,450	2,946	11%	30%
Foreign exchange gain (loss)	99	74	159	33%	(38)%
<b>EBITDA</b>	<b>3,983</b>	<b>3,645</b>	<b>3,113</b>	<b>9%</b>	<b>28%</b>
Depreciation and amortization	1,918	1,882	1,723	2%	11%
<b>Operating income</b>	<b>2,065</b>	<b>1,764</b>	<b>1,390</b>	<b>17%</b>	<b>49%</b>
Share of profit of JV	(236)	(278)	(177)	(15)%	33%
<sup>(3)</sup> Extraordinary items	(55)	(568)	291	(90)%	-
Interest income	10	(12)	103	-	(91)%
Interest expense	865	1,022	911	(15)%	(5)%
<b>Profit (loss) before tax</b>	<b>918</b>	<b>(117)</b>	<b>696</b>	-	<b>32%</b>
Income tax expense	475	339	188	40%	153%
Current tax expense	107	(25)	77	-	39%
Deferred tax expense	368	364	111	1%	232%
<b>Profit (loss) for the period</b>	<b>444</b>	<b>(456)</b>	<b>508</b>	-	<b>(13)%</b>
Non-controlling interests (NCI)	75	13	17	468%	343%
<b>Net profit after NCI</b>	<b>368</b>	<b>(469)</b>	<b>491</b>	-	<b>(25)%</b>
Weighted average no. of shares (in Millions)	4,814	4,814	4,814	-	-
<b>EPS (in Baht)</b>	<b>0.08</b>	<b>(0.10)</b>	<b>0.10</b>	-	<b>(25)%</b>

<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 acquisition, insurance claim, 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

31-Mar-14

vs.

31-Dec-13

Baht in millions

### Assets

	31-Mar-14	31-Dec-13	
Cash and current investments	4,493	4,377	3%
Trade accounts receivable	30,417	28,827	6%
Inventories	27,171	28,940	(6)%
Other current assets	6,285	6,279	0%
<b>Total current assets</b>	<b>68,366</b>	<b>68,423</b>	<b>(0)%</b>
Investment	2,622	2,887	(9)%
Property, plant and equipment	96,110	96,213	(0)%
Intangible assets	18,878	19,264	(2)%
Deferred tax assets	1,135	1,185	(4)%
Other assets	775	1,069	(28)%
<b>Total assets</b>	<b>187,886</b>	<b>189,042</b>	<b>(1)%</b>

### Liabilities

Bank OD and short-term loans from financial institutions	12,470	16,075	(22)%
Trade accounts payable	27,095	25,663	6%
Current portion of long-term loans	3,649	3,922	(7)%
Current portion of finance lease liabilities	8	5	56%
Other current liabilities	7,175	7,315	(2)%
<b>Total current liabilities</b>	<b>50,396</b>	<b>52,980</b>	<b>(5)%</b>
Long-term loans from financial institutions	39,237	41,463	(5)%
Debenture	27,490	23,796	16%
Finance lease liabilities	19	5	309%
Deferred tax liabilities	7,165	6,925	3%
Other liabilities	2,183	2,305	(5)%
<b>Total liabilities</b>	<b>126,490</b>	<b>127,474</b>	<b>(1)%</b>

### Shareholder's equity

Share capital	4,814	4,814	0%
Share premium	29,775	29,775	0%
Retained earnings	27,262	26,846	2%
Reserves	(1,596)	(930)	72%
<b>Total equity attributable to shareholders</b>	<b>60,254</b>	<b>60,506</b>	<b>(0)%</b>
Non-controlling interests (NCI)	1,141	1,062	7%
<b>Total shareholder's equity</b>	<b>61,396</b>	<b>61,568</b>	<b>(0)%</b>

**Total liabilities and shareholder's equity**

**187,886**      **189,042**      **(1)%**

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	

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