



# *Accelerating Growth in High Value Automotive Business*

## *Acquisition of Kordarna*

*June 29, 2018*

# Disclaimer

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# Transaction Summary

## Acquisition of Kordarna

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### Acquisition

- IVL entered into agreement to acquire Kordarna
- European largest producer of tire cord fabrics serving leading tire brands
- Strategic assets located in Czech R. and Slovakia - at the heart of automotive supply chain in Europe



### Strategic Rationale

- Propels IVL to a leading tire cord producer in Europe and globally, with a complete range of tire reinforcement products
- Provides great long-term potential for use of our free cash flow in a diversified earnings stream



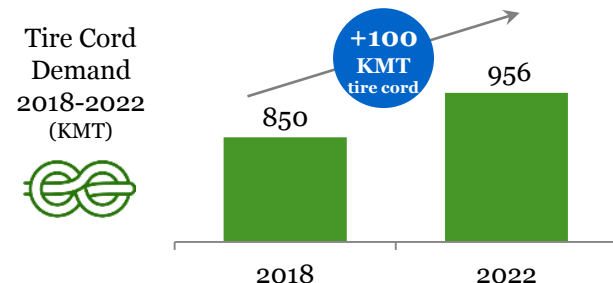
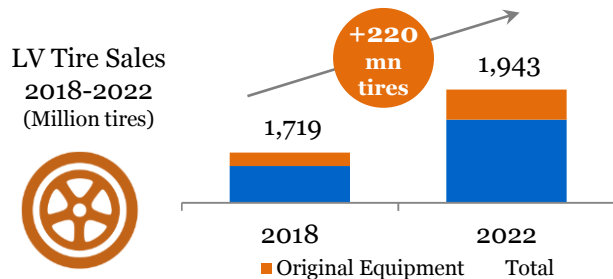
### Transaction Highlights

- Transaction closing expected in 2H18
- Clear and well-defined integration plan leveraging on IVL strong execution capabilities

# Rapidly Expanding Tire Cord Market

*Creates Opportunity for Investment through M&A and Organic Growth*

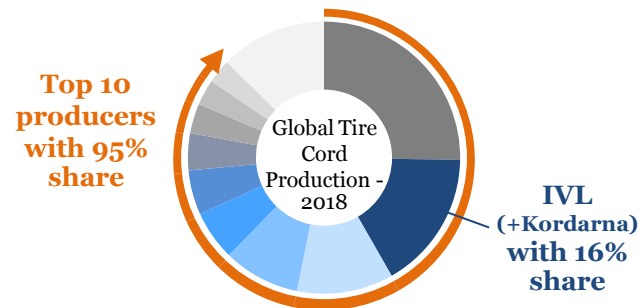
## Robust Structural Demand Growth



## Customer Intimacy and Distinct Entry Requirements

- Long customer approval process (over 2 years)
- Long standing customer relationships
- High degree of technical know-how required
- IP Protected

## High Value-Add Business with Ample Avenues for Growth



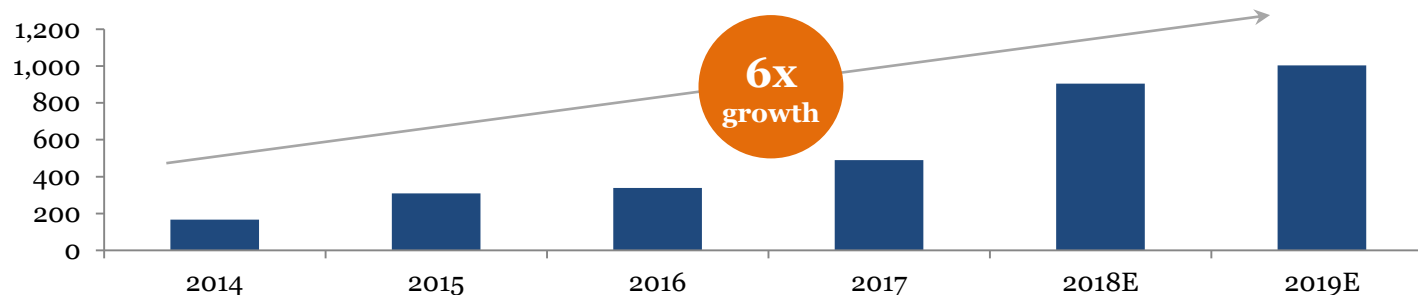
Note: LV = Light Vehicles (Passenger Cars and Light Trucks)  
Source: Industry Data, IVL Analysis

# IVL - A Global Leader in Tire Reinforcement

Automotive and Tire Business Heading to \$1B Revenue and Growing at ~43% CAGR



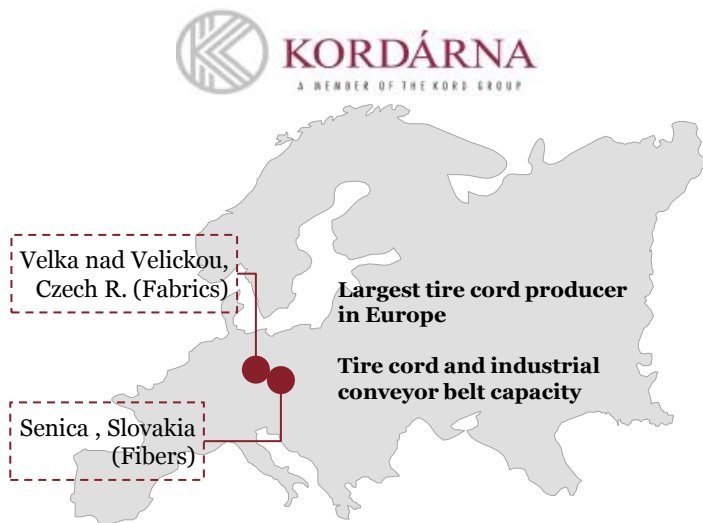
## IVL Automotive and Tire Revenue (\$m)



Note: Including Kordarna acquisitions on the proforma basis

# Kordarna – Perfect Fit with IVL Tire Business

## Market Leader, Close Customer Relationships, Synergy Potential



Strategic assets located at the heart of the automotive supply chain in Europe

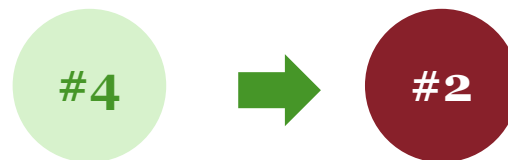
Cost leadership through strategic location and backwards integration into Polyester fibers

Proven track record in winning and developing new customers

### Strategic Rationale

**Propels IVL to a leading tire cord producer globally**

IVL Global Market Position in Tire Cord - 2018



**Serving Customers from Reliable, Innovative Domestic Platform**



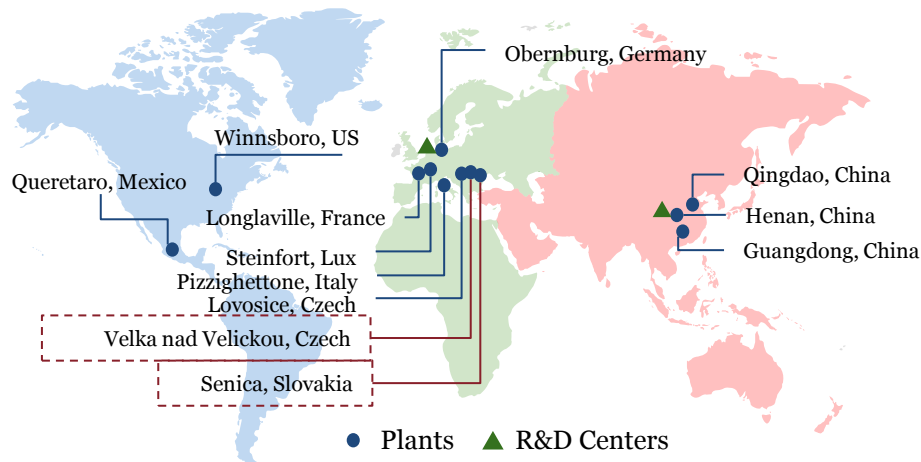
**Provides great long-term potential for use of our free cash flows in a diversified earnings stream**



# IVL - Well Positioned Within Tire Industry

## The Only Supplier Delivering Full Range of Tire Cord Fabrics

### Global, Customer-Centric Presence



12

Production sites



2

R&D centers



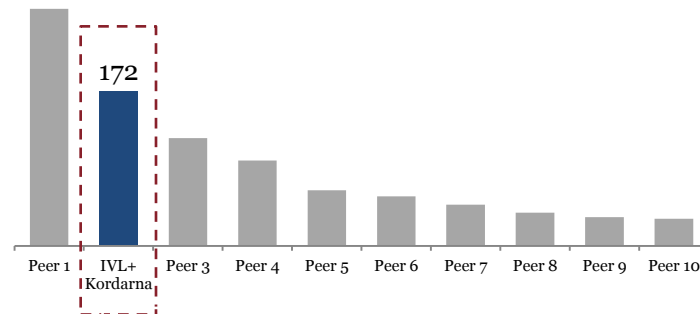
9

Countries

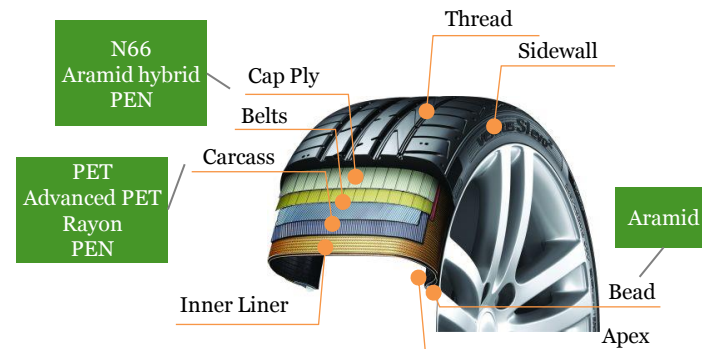


### Global Leading Industry Player

Global Tire Fabric Capacity (kt)








### Unique Product Portfolio



# Robust Delivery on Our Long-Term Strategy

*Closing What We Have Signed Already Since Our Capital Markets Day 2018*

		Business	Region	Strategic Rationale	Capacity	Status
Necessities	Brazil PET	PET	Brazil 	Geographical diversification with strong position in South America	550 KMT	Signed: Mar 16, 2018 Closed: May 24, 2018
	Corpus Christi JV	PET - PTA	USA 	Scale with advantaged integration in a sector desiring more supply	PET: 1.1 MMT PTA: 1.3 MMT	Signed: May 21, 2018 Expected closing: 2H18 PET start-up: 1Q20E PTA start-up: 1Q21E
	Egypt PET	PET	Egypt 	Geographical diversification with a strong position in Africa	540 KMT	Signed: Jun 15, 2018 Expected closing: early July 2018
HVA	Avgol	Hygiene Fabrics	Israel, USA, China, Russia and India 	Earnings diversification in a consolidated Personal Hygiene fiber business	203 KMT	Signed: May 13, 2018 Expected closing: 2H18
	Kordarna	Tire cord	Czech R. and Slovakia 	Propels IVL to number tire cord one producer in Europe and to a global number two market player	50 KMT	Signed: Jun 28, 2018 Expected closing: 3Q18

*Scale Enhancement, Geographical Presence, Earnings Diversification*



# Creating Value with HVA

## Acquisitions of Avgol and Kordarna Provide Long-Term Potential

### IVL HVA Segments

Automotive  
Fibers and  
Fabrics



Hygiene Fibers  
and Fabrics



Industrial  
Fibers and  
Fabrics



Specialty  
Polymers



Specialty  
Chemicals



### Emerging Trends

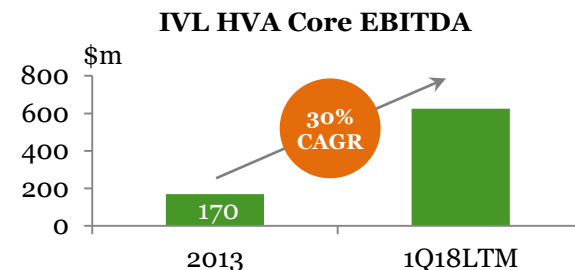
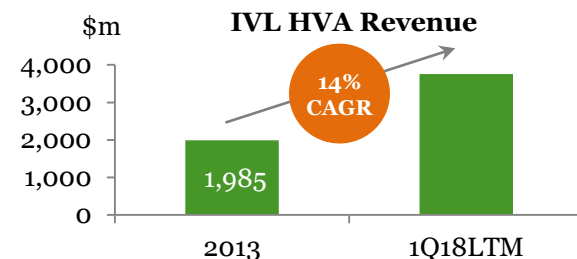
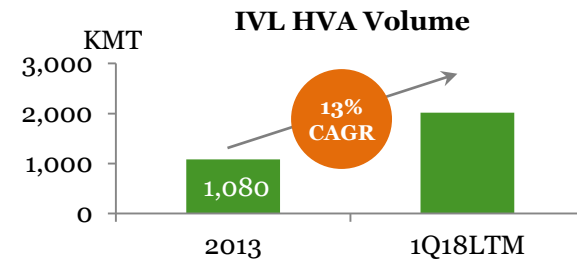
Safety and well-being  
Light weighting of cars and tires  
Fuel efficiency

Growing and aging population  
Higher disposable income  
Increasing use of hygiene products

Accelerating urbanization  
Rising population  
Climate change and sustainability

Rise in technology  
Preference and performance  
Climate change and sustainability

Rise in technology  
Climate change and sustainability



# Integrating the Best

## High Value Automotive Business - Solid Platform for Future Growth

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Well positioned, **innovation**-driven, high **growth** business for IVL



A global **market leader** in tire reinforcement with focus on premium segments



Partnering with world-class customers and delivering **best-in-class solutions** for their needs



Robust and long-term **value driver** for IVL