Press Release

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TRIS Rating Affirms Company & Senior Debt Ratings and Outlook of "IVL" at "A+/Stable"

TRIS Rating has affirmed the company rating of Indorama Ventures PLC (IVL) and the ratings of its senior debentures at "A+" with "stable" outlook. The ratings reflect the company's strong position as a leading worldwide producer in the polyester value chain, cost competitiveness, reliable production base due to vertical integration, plus its geographically diverse customer base which spans the globe. The ratings also take into consideration the capability and experience of the management team, as well as IVL's access to key technologies. However, the ratings are constrained by the volatile nature of the petrochemical industry, an oversupply of purified terephthalic acid (PTA) and polyethylene terephthalate (PET) caused by a new capacity and an uncertain global economy, plus its investments appetite in search of growth. The debt-financed investments have strained the company's balance sheet. The "stable" outlook is based on TRIS Rating's anticipation that the industry margin will gradually recover from the current level. In addition, IVL will be able to demonstrate more stable cash flow generation and have sufficient liquidity to be a cushion against the volatility inherent in the petrochemical industry.

IVL, formerly named Beacon Global Co., Ltd., was established by the Lohia family on 21 February 2003 as a holding company. IVL was listed on the Stock Exchange of Thailand (SET) on 5 February 2010. Currently, the Lohia family holds a 66.4% stake in IVL. The company invests mainly in businesses along the polyester value chain, comprising the production of monoethylene glycol (MEG), PTA, PET and polyester fiber and yarn. As of 30 June 13, IVL's total installed capacity is 6,776 thousand tonnes per annum (KTA), comprising 550 KTA of MEG equivalent, 1,761 KTA of PTA, 3,669 KTA of PET, and 797 KTA of polyester fiber equivalent. Along the polyester value chain, PTA and MEG are the major feedstocks used in producing PET and polyester fiber. PET is used to produce a wide range of packaging for beverages, food products, personal care and home care products, and pharma-ceuticals, as well as other consumer and industrial products. Polyester-based products have a broad range of uses across many industries, such as apparel, home textiles, non-wovens, technical textiles, and automotive.

At present, IVL's facilities are located in 15 countries across four continents: Asia, Europe, North America, and Africa. IVL's successful growth record is owed in part to its low-cost acquisitions of distressed assets, intense management commitment to production efficiency, and its ability to leverage the various key technologies in the polyester value chain. In addition, IVL's presence in key geographic regions enhances its access to a worldwide customer base, which in turn yields high production utilization. In addition, IVL has a reliable manufacturing base, supported by secure sources of feedstocks via captive use, and virtual integration through the co-location of production facilities with major suppliers. These factors enable IVL to offer competitive prices to customers, due to lower production and logistics costs. The placement of its production facilities at locations around the globe helps the company overcome trade barriers in some competitive markets, such as North America and Europe. IVL's business model of fully vertical integration and diversified presence around the globe should provide some cushion and a competitive advantage to mitigate the risk associated with petrochemical industry. However, a recent influx of new production capacity in China and fragile global economy have raised the specter of intensified competition in the near future.

IVL's financial profile has remained under pressure because the polyester value chain industry is currently in a down cycle. The industry outlook is expected to improve in the medium term. Uncompetitive plants have been forced to shut down, which will help balance demand and supply in the medium term. In the first half of 2013, IVL reported total revenue of Bt112,301 million, a 4.9% year-on-year (y-o-y) increase, mainly due to higher sales volumes. However, operating income before depreciation and amortization, as percentage of sales, declined from 5.7% in 2012 to 4.9% in the first half of 2013. The drop was mainly due to thinner margins for all products, especially PTA business in Asia that remained pressured by an oversupply. In addition, IVL's MEG plant was shut down for maintenance for almost two months. This plant is the most profitable plant in IVL's portfolio. IVL's profitability, in terms of earnings before interest, tax, depreciation, and amortization (EBITDA) per tonne of production volume, dropped from US$86 per tonne in 2012 to US$73 per tonne for the first half of 2013. IVL's operating margin remained under pressure because of the continued oversupply of PTA in Asia, the unresolved economic crisis in Europe, plus the uncertainty surrounding the US economy. The company generated funds from

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operations (FFO) of Bt4,526 million in the first half of 2013. The EBITDA interest coverage ratio was 3.2 times in the first half of 2013.

IVL's recent acquisitions, completed during 2011 through the first half 2012, have pressured its balance sheet. Total debt increased from Bt32,068 million at the end of 2010 to Bt81,515 million at the end of June 2013. The rise in debt included debt-financed investments, the consolidation of the debt of acquired subsidiaries, and greater working capital financing. As a result, the total debt to capitalization ratio increased from 49.9% at the end of 2010 to 58.8% at the end of June 2013. IVL has continued with its existing expansion projects, including a capacity expansion at its PET plant in the US (the Alphapet 2 project). For these expansions, the company has budgeted approximately Bt18,000 million capital expenditures over 2013-2016. The expansions will boost IVL's total capacity to approximately 8,000 KTA by 2016. IVL is interested in adding to the number of high value-added products in its portfolio. As a result, IVL may resume investment by the end of 2013 or early 2014. TRIS Rating expects that any new investment may increase leverage in short-term. The total interest bearing debt to equity ratio is expected to be less than 1.0 time in the medium term, to be in line with the company's policy to maintain the ratio of net interest bearing debt to equity less than 0.8 times. In terms of liquidity, the company's FFO is expected to be over Bt11,000 million by 2014, once the company's new capacity is in operation for a full year. This level of FFO is sufficient to repay debt in accordance with the repayment schedule. Approximately Bt7,000 million in debt will come due in 2014, while Bt11,000 million will be due in 2015. In addition, IVL also has an unused credit line of approximately Bt20,000 million. This credit line will serve as a cushion for the company.

Indorama Ventures PLC (IVL)	
Company Rating:	
Issue Ratings:	A+
IVL16OA: Bt210 million senior debentures due 2016	A+
IVL16OB: Bt2,690 million senior debentures due 2016	A+
IVL174A: Bt1,500 million senior debentures due 2017	A+
IVL174B: Bt2,500 million senior debentures due 2017	A+
IVL186A: Bt550 million senior debentures due 2018	A+
IVL18OA: Bt98 million senior debentures due 2018	A+
IVL18OB: Bt1,302 million senior debentures due 2018	A+
IVL18DA: Bt780 million senior debentures due 2018	A+
IVL194A: Bt1,500 million senior debentures due 2019	A+
IVL206A: Bt520 million senior debentures due 2020	A+
IVL20DA: Bt880 million senior debentures due 2020	A+
IVL21OA: Bt37 million senior debentures due 2021	A+
IVL21OB: Bt3,163 million senior debentures due 2021	A+
IVL224A: Bt1,250.5 million senior debentures due 2022	A+
IVL224B: Bt2,649.5 million senior debentures due 2022	A+
IVL22DA: Bt1,645 million senior debentures due 2022	A+
IVL236A: Bt1,100 million senior debentures due 2023	A+
IVL24DA: Bt1,475 million senior debentures due 2024	A+
Rating Outlook:	Stable

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