

INDORAMA VENTURES PLC

No. 154/2025
17 September 2025

CORPORATES

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

Last Review Date: 07/11/24

Company Rating History:

Date	Rating	Outlook/Alert
07/11/24	AA-	Negative
23/09/21	AA-	Stable
16/10/20	AA-	Negative
26/09/19	AA-	Stable
09/08/19	AA-	Alert Developing
29/08/18	AA-	Stable
18/10/17	A+	Positive
09/09/11	A+	Stable

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RATIONALE

TRIS Rating downgrades the company rating on Indorama Ventures PLC (IVL) to “A+” from “AA-”. We also downgrade the ratings on IVL’s existing senior unsecured debentures to “A+” from “AA-” and the ratings on IVL’s subordinated capital debentures to “A-” from “A”. At the same time, we revise the rating outlook to “stable” from “negative”.

The downgrade reflects the company’s lower-than-expected performance, resulting in its debt to EBITDA ratio exceeding the downgrade threshold of 3 times. Given the ongoing market uncertainties and the execution risks associated with its deleveraging initiatives, we now expect the company’s debt to EBITDA ratio to remain elevated in the range of 3.5-4.5 times during 2026-2027, which is higher than our earlier projections.

The “A+” ratings continue to reflect IVL’s leading position in the polyester value chain, supported by its vertical integrated production, diverse product offerings, and extensive production and customer base. The ratings also consider the management team’s expertise and access to key technologies, alongside a robust deleveraging plan. However, the ratings are constrained by the inherent volatility of the petrochemical industry and the company’s low earnings due to excess industry capacity.

KEY RATING CONSIDERATIONS

Delayed deleveraging due to low performance

The rating downgrade reflects IVL’s operating performance falling short of expectation, resulting in a delay in deleveraging. As of June 2025, the company’s debt to EBITDA ratio stood at 6.2 times (annualized with trailing 12 months), substantially exceeding the downgrade threshold of 3 times. This elevated leverage stems from a 26.1% year-on-year (y-o-y) decline in EBITDA to THB19.1 billion in the first half of 2025, driven by extensive plant turnarounds, along with persistent macroeconomic headwinds, including overcapacity in China, trade uncertainties, and geopolitical tensions. These have kept petrochemical spreads at depressed levels.

The unfavorable market conditions have materially impeded IVL’s deleveraging strategy. Plans to divest certain assets or list its subsidiaries have not materialized as expected. Additionally, the new acquisition added to the debt burden, contrary to our last-year forecast of gradual debt reduction.

EBITDA recovering slowly, improvement expected through market rebalancing and transformation

We expect IVL’s EBITDA to gradually recover over the next two to three years, supported by improving industry fundamentals and internal transformation efforts. A key driver is the potential demand-supply rebalancing of China’s polyester value chain, underpinned by slower polyethylene terephthalate (PET) capacity additions and the government’s anti-involution policy aimed at curbing inefficient petrochemical production and excessive competition over the medium to long term. Meanwhile, the downside risk to petrochemical spreads is likely limited, as current margins are at unsustainably low levels, prompting industry-wide production cuts. These conditions are expected to support a rebound in product spreads, contributing to IVL’s performance recovery in the future.

The IVL 2.0 transformation plan, aimed at cost reduction and operational efficiency, is expected to offer incremental benefits. The company's diversified business model is expected to partly mitigate earnings volatility, particularly from some benefits of reciprocal tariffs on purified terephthalic acid (PTA) and PET in North America. We expect the performance will improve in the second half of 2025, despite of some expected impacts from the scheduled turnaround of the methyl tert-butyl ether (MTBE) plant. Overall production is anticipated to normalize in 2026 and 2027

Under our base-case scenario, EBITDA uplift from asset optimization and cost-saving initiatives have been revised down from previous forecasts, reflecting execution risks and ongoing market uncertainty. We forecast IVL's EBITDA per tonne to remain at USD100 in 2025, rising to USD110-USD120 during 2026-2027. Total EBITDA is projected to reach THB40-THB45 billion in 2025 and increase to THB50-THB55 billion by 2027.

Ongoing deleveraging expected

IVL's outstanding debt is expected to be reduced, considering the management's policy to lower the net debt to EBITDA ratio to below 3.0 times. Although the deleveraging plan has experienced delays, we continue to observe some progress. So far, the initial public offering (IPO) of its key subsidiary is planned to submit its filing within 2025, with the IPO expected to take place in 2026. However, the listing of Indovida and fundraising efforts for PET recycling business units may face further delays. The company's asset disposal strategy, including the sale of property and land valued at approximately USD175 million and the divestment of USD160 million in non-core assets, is likely to be implemented within 2026.

Under our base-case scenario, we project IVL's capital expenditures to be THB22.4 billion in 2025, declining to approximately THB16-THB17 billion annually from 2026 to 2027. We factor asset sales and assume that the IPO could raise around USD700-USD750 million. Based on these initiatives, we forecast the debt to EBITDA ratio to improve from around 5.5-6.0 times in 2025 to a range of 3.5-4.5 times by 2026-2027.

A leading position in the polyester value chain supports strong business risk profile

IVL's strong business profile is underpinned by a strong market position in the polyester value chain, extensive global operational scale, and vertical integration. IVL is known as the world's largest producer of PET and has a significant global footprint with operating sites in 32 countries in five continents. The company's integrated value chain also provides cost advantages. The company operates across the polyester value chain, from producing petrochemicals like PTA, PET, and monoethylene glycol (MEG) to downstream products such as polyester fiber, yarn, and packaging. IVL's product portfolio also covers high value-added specialty chemicals, in surfactants and disinfectants, which help enhance overall margins. The company's diverse range of products allows it to serve multiple industries, accessing steady demand from various end-markets.

IVL benefits from its broad geographical diversification of manufacturing locations. Its strong North America operations, largely backed by low-cost shale gas and protected by anti-dumping measures, help offset the high-cost structure in Europe and intense price competition in Asia. Despite this strategic balance, the company remains exposed to the inherent volatility of the petrochemical industry, facing earnings pressure from a persistent global oversupply.

Manageable liquidity

We view IVL's liquidity is manageable, underpinned by its proactive refinancing plan to address its debt repayments over the next 12 months. As of June 2025, IVL's sources of funds comprised THB19.7 billion in cash and short-term investment, projected funds from operations (FFO) of approximately THB31 billion, and THB40.6 billion in undrawn revolving short-term credit facilities. Its funding needs over the same period included THB48.3 billion short-term debt, THB21.9 billion long-term loan repayment, THB14.4 billion in maturing debentures, and capital expenditures of THB17.7 billion. During the third quarter of 2025, the company secured new loans totaling USD1.9 billion (approximately THB61.7 billion), primarily to increase liquidity. Of this amount, USD1.25 billion (THB40.6 billion) will be used to repay short-term debt and other loans maturing within the next 12 months, while the remaining USD0.65 billion (THB21.1 billion) will be used to refinance loan payments due from the second half of 2026 onwards.

Debt structure

At the end of June 2025, IVL's consolidated debt was about THB272 billion (including hybrid debentures). IVL's priority debt, including secured debts and subsidiaries' debts, amounted to THB65.9 billion. Its priority debt to total debt ratio was about 24.2% at the end of June 2025.

BASE-CASE ASSUMPTIONS

Key assumptions in TRIS Rating's base-case forecast for 2025-2027 are as follows:

- Adjusted EBITDA per tonne to be USD100 in 2025 and rise to USD120 in 2027.
- Total sales volume of around 13.2 million tonnes per annum (MTA) in 2025 and increase to 13.6 MTA in 2027.

- CAPEX, excluding share acquisition, to be THB22.4 billion in 2025 and about THB16-THB17 billion per annum during 2026-2027.
- THB11 billion expected from land and non-core asset sales, plus around THB24 billion from IPO.

RATING OUTLOOK

The “stable” outlook reflects TRIS Rating’s expectation that IVL’s operating performance will gradually recover, supported by improving industry conditions and the company’s ongoing strategic initiatives. These include cost reductions measures, operational efficiency improvement, divestment of non-core assets, and fundraising through the planned IPO.

Given these efforts and the anticipated industry recovery, we expect the company’s debt to EBITDA ratio to improve to below 5.0 times by 2026, a level considered consistent with the current ratings.

RATING SENSITIVITIES

The upside potential for IVL’s ratings is limited over the next 12-18 months. A meaningful recovery in financial leverage, specifically maintaining debt to EBITDA ratio below 3.0 times on a sustainable basis, would be considered a positive rating driver. Conversely, a further downgrade could occur if IVL’s performance is materially weaker than expected or if the company fails to reduce its leverage in line with our expectations.

COMPANY OVERVIEW

IVL was established by the Lohia Family on 21 February 2003. As a holding company, the company invests mainly in businesses along the polyester value chain. IVL was listed on the Stock Exchange of Thailand (SET) on 5 February 2010. As of 28 May 2025, the Lohia Family held about 65% stake in IVL. The company’s core businesses comprise the Combined PET segment (PET, PTA, PX, MEG, MTBE, specialty chemicals, and recycled PET), Indovida (packaging), Indovinya (integrated surfactants and specialty chemicals), and Fibers segment (lifestyle, hygiene, and mobility).

IVL’s production bases are well diversified geographically. Currently, IVL has 114 plants located in 32 countries across five continents: Asia, Europe, North America, South America, and Africa. At the end of December 2024, the company’s effective capacity of 18.05 MTA comprised the combined PET (73%), Indovida (2%), Indovinya (12%), and Fibers (13%). The capacities are located in the Americas (44%), Europe, Middle East, and Africa (EMEA) (18%), and Asia (38%).

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	Jan-Jun 2025	-----Year Ended 31 December -----			
		2024	2023	2022	2021
Total operating revenues	238,062	544,909	544,296	660,378	470,555
Earnings before interest and taxes (EBIT)	6,332	20,300	10,756	55,358	40,337
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	19,096	48,879	38,460	81,122	61,941
Funds from operations (FFO)	10,799	27,243	17,941	62,245	48,897
Adjusted interest expense	7,880	18,281	17,281	11,741	8,080
Capital expenditures	10,655	17,590	26,230	28,561	23,198
Total assets	548,555	541,552	590,132	623,878	541,828
Adjusted debt	262,891	259,154	250,229	247,414	223,476
Adjusted equity	136,768	131,481	170,616	193,433	163,551
Adjusted Ratios					
EBITDA margin (%)	8.0	9.0	7.1	12.3	13.2
Pretax return on permanent capital (%)	3.6 **	4.8	2.4	12.8	10.6
EBITDA interest coverage (times)	2.4	2.7	2.2	6.9	7.7
Debt to EBITDA (times)	6.2 **	5.3	6.5	3.0	3.6
FFO to debt (%)	8.1 **	10.5	7.2	25.2	21.9
Debt to capitalization (%)	65.8	66.3	59.5	56.1	57.7

* Consolidated financial statements

** Annualized with trailing 12 months

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Hybrid Securities: Equity Content and Credit Rating Criteria , 20 December 2024
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

Indorama Ventures PLC (IVL)

Company Rating:	A+
Issue Ratings:	
IVL25NA: THB4,000 million senior unsecured debentures due 2025	A+
IVL25DA: THB1,150 million senior unsecured debentures due 2025	A+
IVL265A: THB2,950 million senior unsecured debentures due 2026	A+
IVL260A: THB200 million senior unsecured debentures due 2026	A+
IVL26NA: THB3,000 million senior unsecured debentures due 2026	A+
IVL26DA: THB1,200 million senior unsecured debentures due 2026	A+
IVL273A: THB1,300 million senior unsecured debentures due 2027	A+
IVL274A: THB4,300 million senior unsecured debentures due 2027	A+
IVL275A: THB2,000 million senior unsecured debentures due 2027	A+
IVL27NA: THB700 million senior unsecured debentures due 2027	A+
IVL27NB: THB1,990 million senior unsecured debentures due 2027	A+
IVL285A: THB3,500 million senior unsecured debentures due 2028	A+
IVL286A: THB1,800 million senior unsecured debentures due 2028	A+
IVL280A: THB2,200 million senior unsecured debentures due 2028	A+
IVL28NA: THB2,000 million senior unsecured debentures due 2028	A+
IVL293A: THB2,800 million senior unsecured debentures due 2029	A+
IVL294A: THB2,700 million senior unsecured debentures due 2029	A+
IVL295A: THB2,000 million senior unsecured debentures due 2029	A+
IVL306A: THB5,000 million senior unsecured debentures due 2030	A+
IVL30NA: THB3,010 million senior unsecured debentures due 2030	A+
IVL313A: THB1,200 million senior unsecured debentures due 2031	A+
IVL310A: THB2,300 million senior unsecured debentures due 2031	A+
IVL324A: THB5,000 million senior unsecured debentures due 2032	A+
IVL325A: THB5,000 million senior unsecured debentures due 2032	A+
IVL32NA: THB1,000 million senior unsecured debentures due 2032	A+
IVL335A: THB1,550 million senior unsecured debentures due 2033	A+
IVL336A: THB3,200 million senior unsecured debentures due 2033	A+
IVL343A: THB1,100 million senior unsecured debentures due 2034	A+
IVL355A: THB2,000 million senior unsecured debentures due 2035	A+
IVL363A: THB2,400 million senior unsecured debentures due 2036	A+
IVL24PA: THB15,000 million subordinated capital debentures	A-
Rating Outlook:	Stable

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