

Indorama Ventures

IVL TB / IVL.BK

5 มีนาคม 2564

ปีที่ดีเริ่มต้นขึ้นแล้ว!

ช่วงพีคซึ้นของอุปสงค์ต่อ PET กำลังใกล้เข้ามาและการฟื้นตัวของธุรกิจ IOD น่าจะเป็นปัจจัยหนุนให้ราคาหุ้น IVL ปรับตัวดีกว่าตลาดได้ต่อไปในช่วงครึ่งแรกของปี 2564 นอกจากนี้ยังมีอ็อปชันต่อแนวโน้มกำไรจากส่วนต่างราคาผลิตภัณฑ์ที่สูงกว่าคาด และ/หรือ การลงทุนใหม่ มูลค่าหุ้นปัจจุบันยังคงอยู่ในระดับที่น่าสนใจ โดยซื้อขายที่ PBV ณสิ้นปี 2564 อยู่ที่ 1.6 เท่า (ต่ำกว่าค่าเฉลี่ยระยะยาวอยู่ 0.4 ส่วนเบี่ยงเบนมาตรฐาน) **ซื้อ!**

มุ่งหน้าสู่ช่วงพีคซึ้นของอุปสงค์ต่อ PET

โดยปกติไตรมาสแรกของปีปฏิทินจะเป็นช่วงไฮซีซั่นของอุปสงค์ต่อ PET และจะเข้าสู่ช่วงพีคซึ้นในไตรมาสที่สอง หนุนโดยการเข้าสู่ฤดูร้อนของเอเชียและการเข้าสู่ฤดูใบไม้ผลิและฤดูร้อนของยุโรปและสหรัฐฯ จากสถิติตั้งแต่ปี 2556 ถึง 2563 บ่งชี้ว่า ส่วนต่างราคา PET ของฝั่งตะวันตกและเอเชีย ขยายตัวขึ้น 13% QoQ และ 31% QoQ โดยเฉลี่ย ตามลำดับ (เมื่อเปรียบเทียบระหว่างไตรมาสแรกและไตรมาสสุดท้ายของปีก่อนหน้า) และ ส่วนต่างราคา PET ของฝั่งตะวันตกและเอเชียขยายตัวขึ้น 9% QoQ และ 15% QoQ โดยเฉลี่ยตามลำดับ (เมื่อเปรียบเทียบระหว่างไตรมาสที่สองและไตรมาสแรก)

ปี 2564 ยังคงเป็นรูปแบบเดียวกับในอดีต

อุปสงค์ต่อบรรจุภัณฑ์อาหารและเครื่องดื่มที่แข็งแกร่งและอุปทานที่ตึงตัว (วัตถุดิบ MEG ที่มีจำกัด) หนุนให้ส่วนต่างราคา PET ปรับตัวขึ้นในไตรมาส 1/64 จนถึงปัจจุบัน ส่วนต่างราคา PET ของฝั่งตะวันตกและเอเชียปรับตัวขึ้น 22% QoQ มาอยู่ที่ 265 เหรียญสหรัฐฯต่อตัน และ 12% QoQ มาอยู่ที่ 133 เหรียญสหรัฐฯต่อตันตามลำดับ เนื่องจากธุรกิจ PET คิดเป็นมากกว่า 70% ของกำไรก่อนหักดอกเบี้ยภาษีและค่าเสื่อมราคาหลัก (core EBITDA) ของ IVL (76% ในปี 2562 และ 71% ในปี 2563) บริษัทจะได้รับประโยชน์อย่างมีนัยสำคัญจากการขยายตัวของส่วนต่างราคา PET

นอกจากนี้ บริษัทจะได้รับประโยชน์จากค่าระวางจากเอเชียไปสหรัฐฯหรือยุโรปที่ปรับตัวขึ้น เนื่องจากบริษัทมีฐานการผลิตอยู่ในทุกภูมิภาคที่บริษัทดำเนินการนำเข้าได้ (import-parity price) อุปสงค์ที่แข็งแกร่ง, อุปทานที่ตึงตัว และค่าระวางที่เพิ่มขึ้นจะเป็นปัจจัยบวกต่อค่าพรีเมียมของ IVL ตั้งแต่ต้นปีจนถึงปัจจุบัน (เรคาดจะมีผลประโยชน์ราว 22 ล้านเหรียญสหรัฐฯต่อไตรมาส) กำไรของธุรกิจ PET ที่ปรับตัวขึ้นจะช่วยบรรเทาผลกระทบจากการปิดกลุ่มโรงงาน Integrated Oxide and Derivatives (IOD) นอกแผนเป็นเวลา 14 วันในเดือน ม.ค. (เนื่องจากพายุฤดูหนาวในเท็กซัส) ทั้งนี้เรคาดว่าจะได้รับเงินชดเชยจากการประกันภัย 35-40 ล้านเหรียญสหรัฐฯในช่วงครึ่งแรกของปี 2564

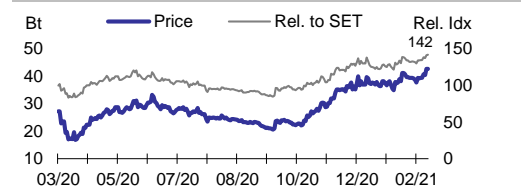
อีกหนึ่งข่าวดี...การฟื้นตัวของธุรกิจ IOD

ธุรกิจ IOD อ่อนแอในปี 2563 เนื่องจาก 1) การปิดโรงงานนอกแผนเนื่องจากภัยธรรมชาติ (พายุและพายุเฮอริเคน) และ 2) ส่วนต่างราคาของ MTBE และ MEG ที่อ่อนตัว (ความได้เปรียบของวัตถุดิบอีเทนที่ลดลง เนื่องจากราคาน้ำมันที่ดิ่งลงจากสงครามราคาน้ำมันและผลกระทบจาก COVID-19) ปี 2564 จะเป็นปีที่ดีขึ้นสำหรับธุรกิจ IOD เนื่องจาก โรงงานที่ปิดไปได้กลับมาดำเนินงานแล้ว (ยกเว้นโรงงานอีเทนแรกเกอร์ ที่จะเริ่มในไตรมาส 2/64) นอกจากนี้การฟื้นตัวของอุปสงค์ (หนุนโดยการกระจายวัคซีน COVID-19), ความได้เปรียบของวัตถุดิบอีเทนที่กลับมา (ราคาน้ำมันที่สูงขึ้น) และอุปทานที่ตึงตัว หนุนให้ส่วนต่างราคา MEG (สหรัฐฯ) และส่วนต่างราคา MTBE ปรับตัวขึ้น 38% QoQ มาอยู่ที่ 518 เหรียญสหรัฐฯต่อตันและ 78% QoQ มาอยู่ที่ 141 เหรียญสหรัฐฯต่อตันนับตั้งแต่ต้นไตรมาส 1/64 จนถึงปัจจุบัน

Sector: Chemical OVERWEIGHT

คำแนะนำพื้นฐาน: **ซื้อ**
เป้าหมายพื้นฐาน: 44.00 บาท
ราคา (4/3/64): 42.00 บาท

Price chart

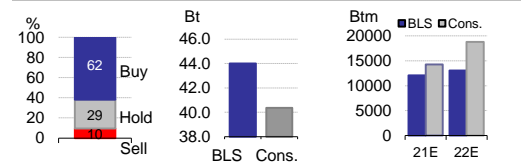


Share price perf. (%)	1M	3M	12M
Relative to SET	7.1	25.4	48.7
Absolute	10.5	31.3	60.0

Key statistics

Market cap	Bt235.8bn	USD7.8bn
12-mth price range	Bt15.9/Bt42.0	
12-mth avg daily volume	Bt1,056m	USD34.9m
# of shares (m)	5,615	
Est. free float (%)	35.1	
Foreign limit (%)	100.0	

Consensus rating BLS target price vs. Consensus Consensus earnings



Financial summary

FY Ended 31 Dec	2020	2021E	2022E	2023E
Revenues (Btm)	331,513	387,949	388,861	388,861
Net profit (Btm)	2,415	12,083	13,041	14,274
EPS (Bt)	0.43	2.13	2.30	2.52
EPS growth (%)	-54.0%	+400.3%	+7.9%	+9.5%
Core profit (Btm)	5,490	12,083	13,041	14,274
Core EPS (Bt)	1.00	2.19	2.37	2.59
Core EPS growth (%)	-48.7%	+120.1%	+7.9%	+9.5%
PER (x)	63.8	19.7	18.2	16.7
PBV (x)	1.1	1.6	1.5	1.4
Dividend (Bt)	0.7	0.6	0.7	0.8
Dividend yield (%)	2.6	1.5	1.6	1.8
ROE (%)	1.9	9.2	9.3	9.5

CG/Anti-corruption



สัพพตา ศรีสุข

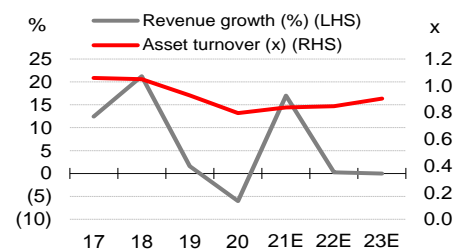
นักวิเคราะห์การลงทุนปัจจัยพื้นฐานด้านหลักทรัพย์
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See disclaimer at the end of report

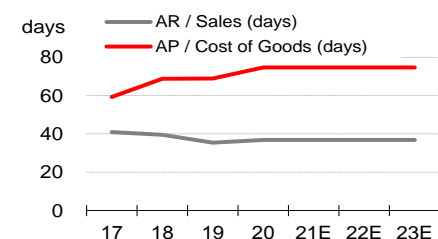
IVL: Financial Tables – Year

PROFIT & LOSS (Btm)	2019	2020	2021E	2022E	2023E
Revenue	352,692	331,513	387,949	388,861	388,861
Cost of sales and services	(302,632)	(282,360)	(330,434)	(331,159)	(331,458)
Gross profit	50,060	49,153	57,515	57,702	57,403
SG&A	(34,221)	(39,092)	(38,795)	(38,886)	(38,886)
EBIT	15,839	10,060	18,720	18,816	18,517
Interest expense	(5,615)	(7,674)	(7,319)	(6,500)	(4,979)
Other income/exp.	2,367	2,872	3,061	3,204	3,354
EBT	12,591	5,259	14,462	15,520	16,892
Corporate tax	(1,169)	1,243	(1,607)	(1,725)	(1,878)
After-tax net profit (loss)	11,423	6,502	12,855	13,795	15,014
Minority interest	888	(386)	(922)	(919)	(921)
Equity earnings from affiliates	5	143	150	165	181
Extra items	(7,064)	(3,843)	0	0	0
Net profit (loss)	5,252	2,415	12,083	13,041	14,274
Reported EPS	0.95	0.44	2.19	2.37	2.59
Fully diluted EPS	0.93	0.43	2.13	2.30	2.52
Core net profit	10,703	5,490	12,083	13,041	14,274
Core EPS	1.94	1.00	2.19	2.37	2.59
EBITDA	30,183	25,742	35,799	36,126	36,070
KEY RATIOS					
Revenue growth (%)	1.6	(6.0)	17.0	0.2	0.0
Gross margin (%)	14.2	14.8	14.8	14.8	14.8
EBITDA margin (%)	8.6	7.8	9.2	9.3	9.3
Operating margin (%)	4.5	3.0	4.8	4.8	4.8
Net margin (%)	1.5	0.7	3.1	3.4	3.7
Core profit margin (%)	3.0	1.7	3.1	3.4	3.7
ROA (%)	1.4	0.6	2.6	2.8	3.3
ROCE (%)	1.9	0.8	3.5	3.9	4.8
Asset turnover (x)	0.9	0.8	0.8	0.8	0.9
Current ratio (x)	1.1	1.0	1.0	0.9	0.8
Gearing ratio (x)	1.0	1.5	1.4	1.0	0.7
Interest coverage (x)	2.8	1.3	2.6	2.9	3.7
BALANCE SHEET (Btm)					
Cash & Equivalent	10,447	18,949	30,278	14,593	(4,465)
Accounts receivable	34,305	33,422	39,111	39,203	39,203
Inventory	62,165	53,938	63,122	63,260	63,317
PP&E-net	212,423	264,291	261,958	249,747	237,523
Other assets	49,388	69,046	64,848	64,128	63,507
Total assets	380,568	453,172	473,520	445,843	414,743
Accounts payable	57,173	57,783	67,620	67,769	67,830
ST debts & current portion	36,413	29,645	57,960	47,960	39,960
Long-term debt	106,300	173,018	146,261	110,257	74,742
Other liabilities	23,110	27,384	28,754	30,191	31,701
Total liabilities	242,401	317,564	329,352	291,641	250,429
Paid-up capital	5,615	5,615	5,615	5,615	5,615
Share premium	60,331	60,331	60,331	60,331	60,331
Retained earnings	70,497	67,561	76,121	85,360	95,473
Shareholders equity	129,712	126,655	135,215	144,454	154,567
Minority interests	8,455	8,953	8,953	9,748	9,748
Total Liab. & Shareholders' equity	380,568	453,172	473,520	445,843	414,743
CASH FLOW (Btm)					
Net income	5,252	2,415	12,083	13,041	14,274
Depreciation and amortization	17,028	18,387	19,784	20,016	20,258
Change in working capital	15,074	15,395	(4,582)	394	504
FX, non-cash adjustment & others	3,491	7,239	7,600	7,973	8,363
Cash flows from operating activities	40,845	43,436	34,885	41,423	43,399
Capex (Invest)/Divest	(16,233)	(16,740)	(14,746)	(5,099)	(5,329)
Others	(9,065)	(61,863)	4,198	720	621
Cash flows from investing activities	(25,298)	(78,602)	(10,548)	(4,379)	(4,708)
Debt financing (repayment)	(2,736)	47,853	(9,485)	(49,723)	(53,588)
Equity financing	(1,308)	(258)	(0)	795	0
Dividend payment	(6,752)	(3,858)	(3,523)	(3,802)	(4,162)
Others	(9,065)	(61,863)	4,198	720	621
Cash flows from financing activities	(10,678)	43,668	(13,008)	(52,730)	(57,749)
Net change in cash	4,868	8,502	11,330	(15,686)	(19,058)
Free cash flow (Btm)	24,612	26,696	20,140	36,325	38,071
FCF per share (Bt)	4.38	4.75	3.59	6.47	6.78
Key assumptions	2019	2020	2021E	2022E	2023E
Production volume (kt)	12,340	13,574	13,981	14,401	14,833
PET spread (US\$/t)	203	228	235	235	235
PTA spread (US\$/t)	137	78	103	108	108
Core EBITDA (US\$/t)	93	74	110	111	110

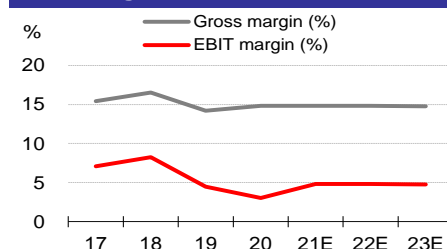
Revenue growth and asset turnover



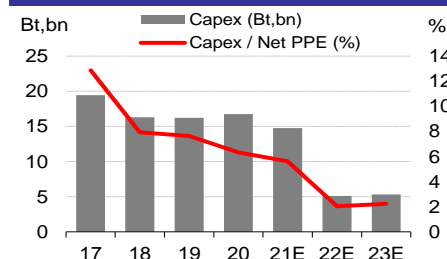
A/C receivable & A/C payable days



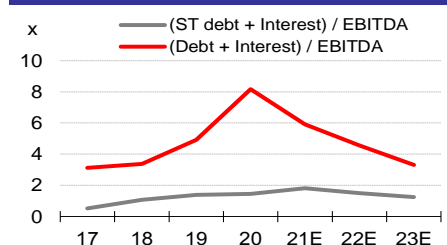
Profit margins



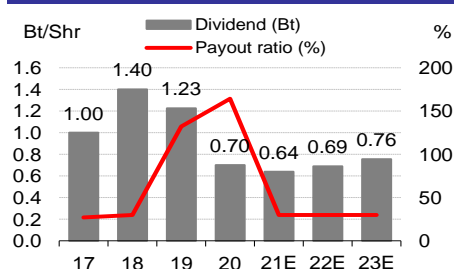
Capital expenditure



Debt serviceability



Dividend payout



IVL: Financial Tables – Quarter

QUARTERLY PROFIT & LOSS (Btm)	4Q19	1Q20	2Q20	3Q20	4Q20
Revenue	77,509	92,024	75,010	81,019	83,460
Cost of sales and services	(68,778)	(78,206)	(62,472)	(69,472)	(72,211)
Gross profit	8,731	13,818	12,538	11,547	11,249
SG&A	(8,419)	(10,149)	(8,919)	(9,726)	(10,298)
EBIT	312	3,669	3,620	1,821	951
Interest expense	(1,331)	(2,187)	(1,785)	(1,899)	(1,803)
Other income/exp.	742	604	722	522	1,025
EBT	(277)	2,085	2,557	444	172
Corporate tax	(765)	7	569	(188)	856
After-tax net profit (loss)	(1,042)	2,092	3,125	256	1,028
Minority interest	617	25	(6)	(109)	(296)
Equity earnings from affiliates	16	15	66	42	21
Extra items	(1,106)	(1,561)	(3,031)	191	558
Net profit (loss)	(1,516)	571	154	380	1,311
Reported EPS	(0.27)	0.10	0.03	0.07	0.23
Fully diluted EPS	(0.27)	0.10	0.03	0.07	0.23
Core net profit	(631)	1,820	2,579	227	865
Core EPS	(0.11)	0.32	0.46	0.04	0.15
EBITDA	4,098	7,887	7,999	6,374	3,482

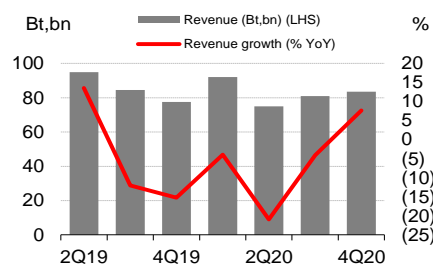
KEY RATIOS

Gross margin (%)	11.3	15.0	16.7	14.3	13.5
EBITDA margin (%)	5.3	8.6	10.7	7.9	4.2
Operating margin (%)	0.4	4.0	4.8	2.2	1.1
Net margin (%)	(2.0)	0.6	0.2	0.5	1.6
Core profit margin (%)	(0.8)	2.0	3.4	0.3	1.0
BV (Bt)	24.6	25.6	24.1	24.7	24.2
ROE (%)	(4.6)	1.7	0.5	1.2	4.1
ROA (%)	(1.6)	0.5	0.1	0.3	1.1
Current ratio (x)	1.1	1.0	1.0	1.0	1.0
Gearing ratio (x)	0.6	1.1	1.2	1.1	1.0
Interest coverage (x)	0.2	1.7	2.0	1.0	0.5

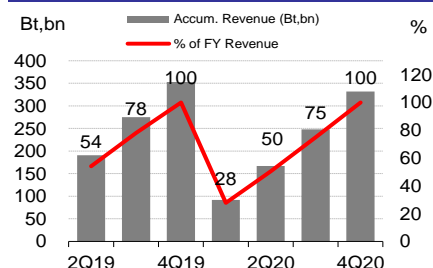
QUARTERLY BALANCE SHEET (Btm)

Cash & Equivalent	10,447	20,908	22,572	18,956	18,949
Accounts receivable	34,305	42,831	32,489	32,849	33,422
Inventory	62,165	62,600	55,539	54,876	53,938
PP&E-net	212,423	280,159	265,626	273,643	264,291
Other assets	49,388	70,219	68,624	68,535	69,046
Total assets	380,568	491,316	458,864	461,709	453,172
Accounts payable	57,173	62,220	52,639	53,816	57,783
ST debts & current portion	36,413	47,596	45,519	40,744	29,645
Long-term debt	43,240	116,567	112,440	113,085	108,392
Other liabilities	23,110	26,730	26,342	27,169	27,384
Total liabilities	242,401	347,509	323,428	323,168	317,564
Paid-up capital	5,615	5,615	5,615	5,615	5,615
Share premium	60,331	60,331	60,331	60,331	60,331
Retained earnings	70,497	70,808	68,811	68,009	67,561
Shareholders equity	129,712	134,095	126,686	129,126	126,655
Minority interests	8,455	9,713	8,750	9,414	8,953
Total Liab.&Shareholders' equity	380,568	491,316	458,864	461,709	453,172
Key operating data	4Q19	1Q20	2Q20	3Q20	4Q20
Production volume (kt)	2,880	3,310	3,240	3,680	3,500
Core EBITDA/tonne (US\$)	70	92	94	68	71

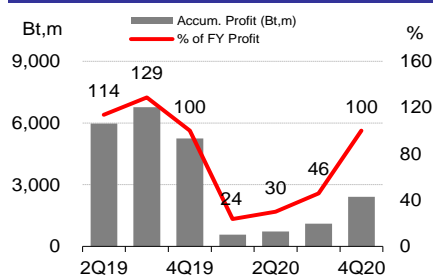
Revenue trend



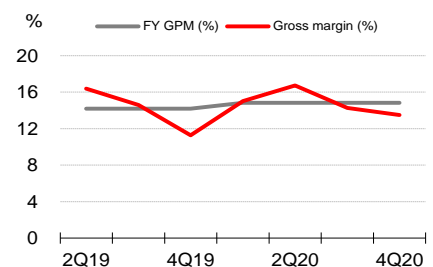
Revenue trend (accumulated)



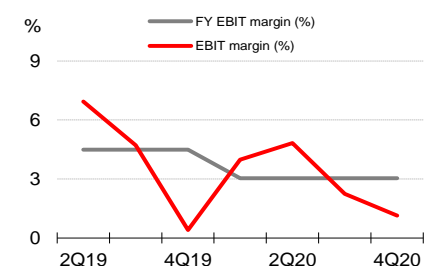
Net profit trend (accumulated)



Gross profit margin



EBIT margin



Company profile

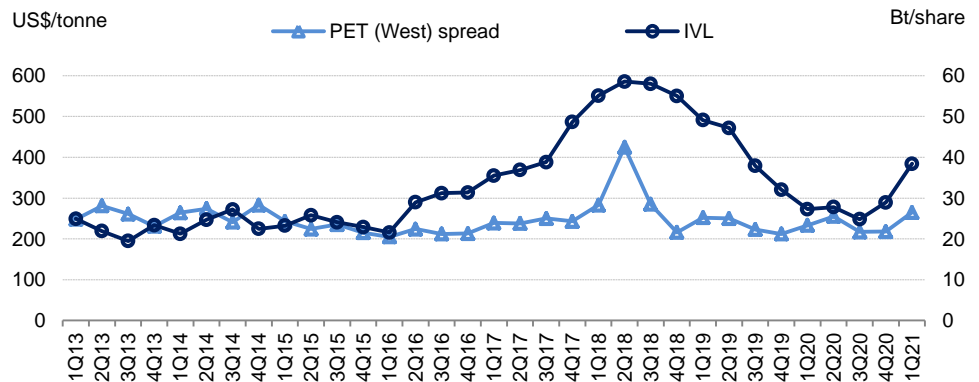
Indorama Ventures Plc (IVL) has expanded horizontally, upstream and across the world to become a leading global integrated polyester chain producer. From its Bangkok headquarters, the firm now operates 101 sites in 31 countries—Thailand, the US, Lithuania, the UK, Ireland, the Netherlands, Italy, China, Mexico, Indonesia, Poland, Germany, France, Denmark, Nigeria, Ghana, the Philippines, Turkey, Canada, Spain, Luxembourg, Czech Republic, India, Myanmar, Portugal, Brazil, Egypt, Israel, Austria, Russia, and Slovakia. IVL currently has total annual production capacity of 6.5mt of PET, 1.6mt of fibers, 5.8mt of feedstock, and 0.5mt of specialty chemicals.

Figure 1: The first-quarter is normally a period of high seasonal demand for PET, the second-quarter is the peak season

PET (West) spread movements					PET (Asia) spread movements						
	PET (West) spread (US\$/tonne)					PET (Asia) spread (US\$/tonne)					
	4Q	1Q	QoQ (%)	2Q	QoQ (%)	4Q	1Q	QoQ (%)	2Q	QoQ (%)	
2013	226	248	9.7	281	13.3	2013	85	136	60.0	157	15.4
2014	231	264	14.3	274	3.8	2014	107	145	35.5	155	6.9
2015	283	243	-14.1	224	-7.8	2015	176	143	-18.8	121	-15.4
2016	215	205	-4.7	224	9.3	2016	129	118	-8.5	135	14.4
2017	213	239	12.2	238	-0.4	2017	120	132	10.0	134	1.5
2018	243	283	16.5	425	50.2	2018	133	163	22.6	296	81.6
2019	216	252	16.7	250	-0.8	2019	100	137	37.0	138	0.7
2020	212	233	9.7	255	9.4	2020	110	135	22.7	169	25.2
2021	218	265	21.6			2021	119	133	11.8		

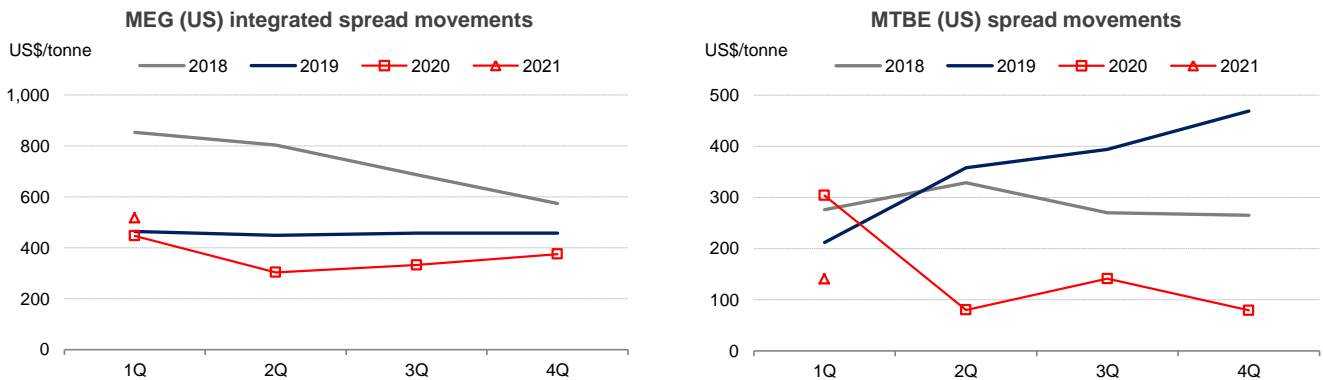
Sources: Company data, Bualuang Research

Figure 2: There is a close correlation between the movements of PET (West) spread and IVL's stock price



Sources: Company data, Bloomberg, Bualuang Research

Figure 3: MEG (US) and MTBE margins have recovered QoQ in 1Q21-to-date

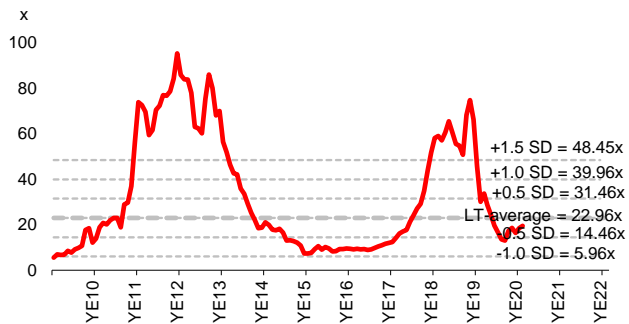


Sources: Company data, Bualuang Research estimates

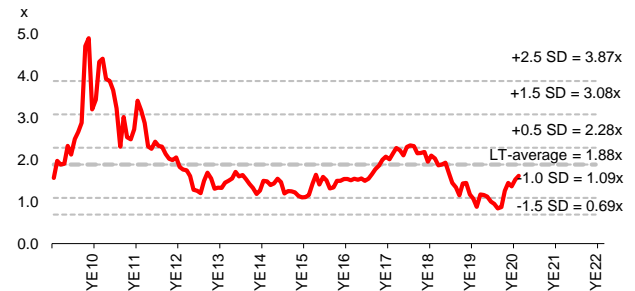
Regional Comparisons

	Bloomberg	Price	Market Cap	PER (x)		EPS Growth (%)		PBV (x)		ROE (%)		Div Yield (%)	
	Code	(local curr.)	(US\$ equivalent)	2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E
Lotte Chemical	011170 KS	KRW321,000	9,692	10.7	10.3	518.6	4.6	0.8	0.7	7.6	7.5	2.5	2.7
LG Chem	051910 KS	KRW865,000	53,790	29.2	25.7	307.3	13.9	3.3	3.0	11.4	11.9	1.1	1.1
Petronas Chemicals Group	PCHEM MK	MYR7.8	15,277	21.4	18.4	77.5	16.3	1.9	1.8	9.0	9.9	2.4	2.8
Formosa Petrochemical	6505 TT	TWD99.8	34,155	28.0	24.8	342.4	11.6	3.0	2.9	10.4	11.5	2.6	2.9
Formosa Plastics	1301 TT	TWD101.5	23,213	32.8	18.4	-47.5	77.2	1.9	1.8	5.7	10.5	2.3	4.3
Global Green Chemicals	GGC TB	THB10.00	336	18.1	16.4	495.8	-4.1	1.0	0.9	5.3	5.7	3.5	3.7
Indorama Ventures	IVL TB	THB42.00	7,749	19.7	18.2	-54.0	400.3	1.6	1.5	9.2	9.3	1.5	1.6
PTT Global Chemical	PTTGC TB	THB63.25	9,326	14.6	14.9	-98.3	9660.2	0.9	0.9	6.8	6.4	3.1	3.0
Simple average				21.8	18.4	192.7	1272.5	1.8	1.7	8.2	9.1	2.4	2.8

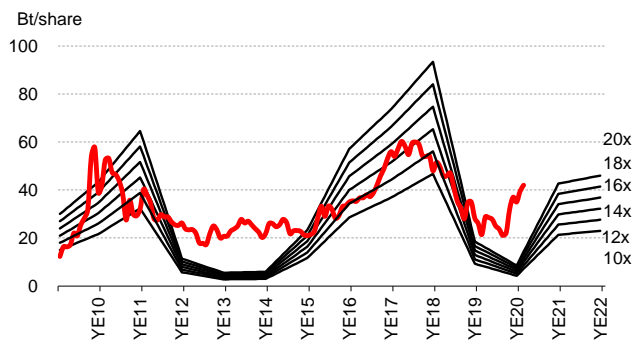
PER band versus SD (next 12 months)



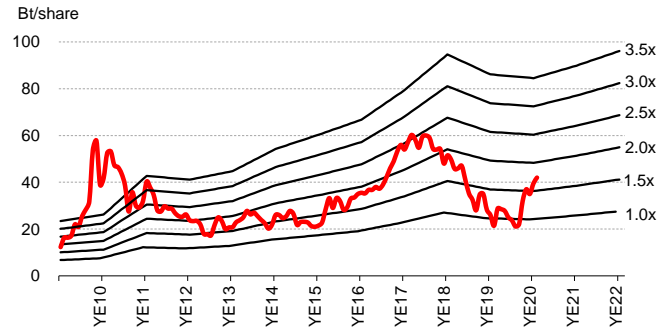
PBV band versus SD (next 12 months)



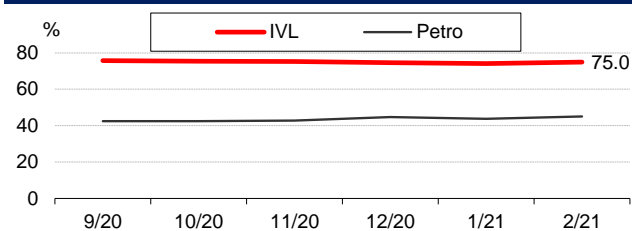
PER band and share price



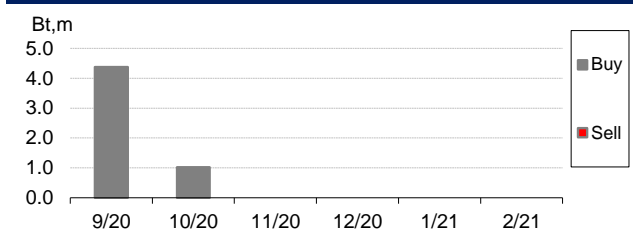
PBV band and share price



Foreign holdings



Management trading activities during past six months



Bualuang Securities Public Company Limited

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CKP	STA	BGRIM	GULF	MTC	AWC	TCAP	CRC	CFP	CPN	HANA	HMPRO	IVL	OSP	SAWAD
THANI	BANPU	BCH	BTS	CK	SCC	STEC	TISCO	TRUE	TU	INTUCH	RATCH	VGI	PRM	SCGP
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80 – 89		Very Good
70 – 79		Good
60 – 69		Satisfactory
50 – 00359		Pass
Below 50	No logo given	N/A

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HOLD: Expected total returns of between -15% and +15% over the next 12 months.

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TRADING BUY: Expected positive total returns of 15% or more over the next 3 months.

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