Indorama Ventures (IVL TB)

3Q26: Earnings Recovery To Gain Momentum In 2027

Highlights

- IVL reported 3Q26 net profit of Bt2.2b, turning around from a Bt818m loss in 3Q25 but down 64% qoq. Core profit was Bt2.4b, reversing a Bt386m loss in 3Q25 but down 73% yoy. 9M26 net profit was Bt5.3b, compared with a loss of Bt2.7b in 9M25.
- We expect additional cost savings, a gradual recovery in fibres and EPL consolidation in 1Q27.
- Maintain BUY with a target price of Bt28.00.

3Q26 Results

Year to 31 Dec (Btm)	3Q26	3Q25	2Q26	yoy %	qoq %	9M26	9M25	yoy
Revenue	133,431	109,163	136,014	22	(2)	378,811	345,163	*10*
Reported EBITDA	13,724	8,310	21,687	65	(37)	43,459	26,935	61
Int. Expense	(3,106)	(3,615)	(3,133)	(14)	(1)	(9,530)	(10,867)	(12)
Net income	2,169	(818)	5,961	(365)	(64)	5,314	(2,651)	(300)
Net Profit before impairments and other exceptional items*	2,433	(386)	9,165	(730)	(73)	9,827	(2,562)	(484)
EPS	0.39	(0.15)	1.06	(365)	(64)	0.95	(0.47)	(300)

** including inventory impact as IVL no longer discloses inventory gain/loss under its new reporting format*

Source: Indorama Ventures, UOB Kay Hian

Analysis

- **3Q26 earnings recovered yoy but slowed qoq.** Indorama Ventures (IVL) reported 3Q26 net profit of Bt2.2b, turning around from a Bt818m loss in 3Q25 but down 64% qoq (no consensus forecast for 3Q26). According to IVL's MD&A, core profit was Bt2.4b, reversing a Bt386m loss in 3Q25 but down 73% qoq. 9M26 net profit came in at Bt5.3b, compared with a loss of Bt2.7b in 9M25.
- **Key earnings driver in 3Q26.** The lower qoq core profit came from seasonal factors and a weaker Integrated PET spread. Asia integrated PET spreads declined 37% qoq to US$176/t from US$279/t in 2Q26, due to higher energy costs in Europe, while the fibre business EBITDA was down by 52% qoq to Bt924m. However, the stronger yoy recovery was driven by better MEG/MTBE spreads, improved operating reliability and structural cost reductions. IVL's interest expenses are still down 14% yoy and 1% qoq to Bt3.1b, supporting management's deleveraging strategy. We believe 3Q26 provides a reasonable reference point for 2027 earnings, supported by further cost savings, EPL consolidation and a potential recovery in fibres.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	541,582.6	447,245.6	506,928.0	465,183.2	473,962.5
EBITDA	41,078.6	24,680.7	50,244.7	56,075.0	54,273.5
Operating profit	13,088.6	(854.8)	22,664.7	23,875.0	26,147.5
Net profit (rep./act.)	(19,262.1)	(7,348.4)	7,712.6	8,496.4	9,294.4
Net profit (adj.)	6,161.9	(3,080.4)	12,712.6	8,496.4	9,294.4
EPS	1.1	(0.6)	2.3	1.5	1.7
PE (x)	21.1	(42.3)	10.2	15.3	14.0
P/B (x)	1.0	1.1	1.1	1.0	1.0
EV/EBITDA (x)	9.1	14.9	8.1	8.2	7.2
Dividend yield (%)	3.0	3.0	3.0	3.2	3.2
Net margin (%)	(3.6)	(1.6)	1.5	1.8	2.0
Net debt/(cash) to equity(%)	182.2	192.3	198.1	201.1	192.7
Interest cover (x)	2.5	1.7	3.7	3.9	3.7
ROE (%)	(14.2)	(5.6)	5.8	6.3	6.8
Consensus net profit	n.a	n.a	6,130.5	8,371.1	11,697.8
UOBKH/Consensus (x)	n.a	n.a	2.1	1.0	0.8

Source: Indorama Ventures, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt22.30
Target Price	Bt28.00
Upside	20.7%
Previous TP	Bt27.00

Stock Data

Sector	Materials
Bloomberg ticker	IVL TB
Shares issued (m)	5,614.6
Market cap (Btm)	123,520.1
Market cap (US$m)	3,737.6
3-mth avg daily t'over (US$m)	20.8

Price Performance (%)

52-week high/low				Bt26.0/Bt14.8
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(3.9)	(8.7)	(3.9)	(3.5)	36.6

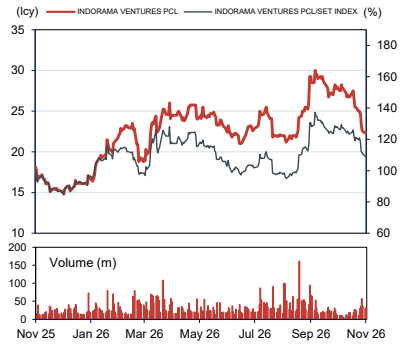
Major Shareholders (%)

Lohia Family	62.43
Thai NVDR	5.50

Balance Sheet Metrics

FY26 NAV/Share (Bt)	21.5
FY26 Net Debt/Share (Bt)	42.5

Price Chart



Source: Bloomberg

Company Description

IVL is one of the world's largest polyester chain makers with a total production capacity of 17m tonnes.

- **Balance sheet continues to strengthen.** Strong operating cash flow and disciplined working capital management reduced net debt by Bt19.4b to Bt224b at end-3Q26. As a result, net D/E improved to 1.52x from 1.83x at end-25, while net debt/EBITDA went down to 4.7x with fixed cost reduced to Bt74b from Bt83b at end-24.
- **4Q26-2027 guidance.** Management reaffirmed 2026 EBITDA guidance of Bt54b-56b, implying a Bt10b-Bt12b EBITDA in 4Q26 due to a seasonally weaker quarter. The 2027 outlook is supported by additional cost savings, fibres recovery, and EPL consolidation in 1Q27, potentially doubling Indovida's (packaging business) EBITDA. We expect IVL's earnings to improve in 2027, supported by the aforementioned factors.
- **Potential upside from asset disposals.** As stated during the analyst meeting, IVL expects to receive approximately Bt5.5b in proceeds from asset disposals in 2027, following delays caused by geopolitical uncertainties. These transactions should accelerate deleveraging, reduce financing costs and strengthen the balance sheet. Additional gains on asset sales could provide further earnings. We do not factor potential disposal gains or incremental interest savings into our 2027 earnings forecast

Valuation/Recommendation

- **Maintain BUY with target price of Bt28.00,** based on 1.3x 2027F P/B, in line with historical averages. We roll over our valuation to 2027 and maintain our target price at Bt27.00. While we remain positive on IVL's medium-term outlook.

Earnings Revision/Risk

- We maintain our 2026 earnings forecast while raising our 2027 net profit estimate by approximately 5%, supported by further structural cost savings, a gradual recovery in fibres and the expected consolidation of EPL in 1Q27. We believe 3Q26 provides a reasonable reference point for normalised operating earnings, although some normalisation in MEG/MTBE margins is likely. Potential gains from asset disposals and associated incremental interest savings have not been factored into our forecasts.

Share Price Catalyst

- 2027: Consolidation of EPL.
- 2Q26-3Q26: Peak seasonal PET demand.

Environment, Social, Governance (ESG) Updates

Environmental

- IVL is committed to reducing greenhouse gas emissions from its operations and is focusing on the entire value chain when looking for ways to improve resource productivity. IVL targets a 10% combined GHG intensity reduction in 2025.

Social

- IVL executes 65 initiatives that promote recycling awareness and education. The company has also set up 165 initiatives that support infrastructure and health our text here
- IVL implemented global Environment, Health & Safety and Sustainability Software Management systems our text here

Governance

- IVL received an "Excellent - 5 Star" CG score by the Thai Institute of Directors for the ninth consecutive year

3Q26 Operation Statistics

Year to 31	3Q26	3Q25	2Q26	yoy	qoq
Production vol ('000)	3,030	3,170	3,020	(4)	0
EBITDA/ton	136	81	82	68	(38)
EBITDA (US$)	**3Q26**	**3Q25**	**2Q26**	**yoy**	**qoq**
CPET	260	143	443	82	(41)
Indoviya	128	80	144	60	(11)
Fibers	28	29	57	(3)	(52)
Packaging	31	22	40	41	(24)

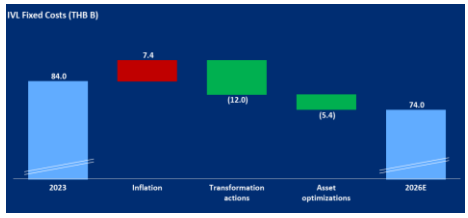
Source: UOB Kay Hian

PET Spread



Source: IVL, UOB Kay Hian

Lower Fixed Cost



Source: IVL, UOB Kay Hian

Debt Reduction



Source: IVL, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**447,246**	**506,928**	**465,183**	**473,963**
EBITDA	24,681	47,245	48,075	54,273
Deprec. & amort.	25,535	24,580	24,200	28,126
EBIT	(855)	22,665	23,875	26,147
Total other non-operating income	7,045	3,495	2,985	800
Associate contributions	270	250	250	45
Net interest income/(expense)	(14,463)	(12,790)	(12,350)	(14,687)
Pre-tax profit	**(8,002)**	**13,620**	**14,760**	**12,305**
Tax	1,096	(4,222)	(4,576)	(2,461)
Minorities	(442)	(1,685)	(1,688)	(550)
Net profit	**(7,348)**	**7,713**	**8,496**	**9,294**
Net profit (adj.)	(3,080)	12,713	8,496	9,294

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	269,933	275,353	281,153	283,027
Other LT assets	86,906	89,245	96,338	101,749
Cash/ST investment	27,356	25,765	20,807	28,659
Other current assets	139,285	162,650	165,840	169,030
Total assets	**523,480**	**553,013**	**564,138**	**582,465**
ST debt	58,825	67,833	71,952	76,072
Other current liabilities	111,738	117,763	121,123	130,886
LT debt	194,577	196,577	198,577	200,577
Other LT liabilities	29,389	36,666	34,587	32,508
Shareholders' equity	117,527	120,467	124,191	128,713
Minority interest	11,424	13,706	13,707	13,708
Total liabilities & equity	**523,480**	**553,013**	**564,138**	**582,465**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**33,991**	**25,268**	**29,791**	**40,918**
Pre-tax profit	(8,002)	13,620	14,760	12,305
Tax	1,096	(4,222)	(4,576)	(2,461)
Deprec. & amort.	25,535	24,580	24,200	28,126
Working capital changes	17,359	(9,306)	(2,906)	3,497
Non-cash items	(442)	(1,685)	(1,688)	(550)
Other operating cashflows	(1,555)	2,282	1	1
Investing	**(29,452)**	**(33,096)**	**(36,096)**	**(34,414)**
Capex (growth)	(27,319)	(30,000)	(30,000)	(30,000)
Investments	(2,133)	(3,096)	(6,096)	(4,414)
Financing	**2,347**	**6,236**	**1,347**	**1,348**
Dividend payments	(4,609)	(4,772)	(4,772)	(4,772)
Issue of shares	3,533	0	0	0
Proceeds from borrowings	3,423	11,008	6,119	6,120
Net cash inflow (outflow)	**6,886**	**(1,591)**	**(4,958)**	**7,852**
Beginning cash & cash equivalent	**20,470**	**27,356**	**25,765**	**20,807**
Ending cash & cash equivalent	**27,356**	**25,765**	**20,807**	**28,659**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	5.5	9.3	10.3	11.4
Pre-tax margin	(1.8)	2.7	3.2	2.6
Net margin	(1.6)	1.5	1.8	2.0
ROA	(1.6)	1.6	1.8	1.9
ROE	(5.6)	5.8	6.3	6.8
Growth				
Turnover	28.8	46.0	34.0	36.5
EBITDA	(43.1)	9.0	10.9	25.2
Pre-tax profit	(128.4)	(51.7)	(47.7)	(56.4)
Net profit	(127.8)	(70.9)	(67.9)	(64.9)
EPS	(112.0)	(50.4)	(66.8)	(63.7)
Leverage				
Debt to total capital	196.5	197.1	196.2	194.2
Debt to equity	215.6	219.5	217.8	214.9
Net debt/(cash) to equity	192.3	198.1	201.1	192.7
Interest cover	1.7	3.7	3.9	3.7

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