

INDORAMA VENTURES GLOBAL SERVICES LTD.

No. 189/2022
20 October 2022

CORPORATES

Issue Rating:

Guaranteed AA-
Outlook: Stable

Last Review Date: 23/09/21

Company Rating History:

Date	Rating	Outlook/Alert
23/09/21	AA-	Stable
16/10/20	AA-	Negative
19/12/19	AA-	Stable

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RATIONALE

TRIS Rating affirms the rating on the USD300 million guaranteed debentures issued by Indorama Ventures Global Services Ltd. (IVGS) at “AA-” with a “stable” outlook. The debentures are fully guaranteed by IVGS’s parent company, Indorama Ventures PLC (IVL). The rating reflects the creditworthiness of IVL as the guarantor of the guaranteed debentures.

KEY RATING CONSIDERATIONS

Unconditional and irrevocable guarantee

The rating on IVGS’s guaranteed debentures is equal to IVL’s company rating. Under the terms and conditions of the debentures and the trust deed, IVL unconditionally and irrevocably guarantees to cover all amounts due under the terms of the debentures up to USD330 million (110% of face value), including principal, interest, default interest, expenses, fees, indemnities, and other related expenses. In addition, IVL will be liable as a primary obligor, jointly and severally with IVGS, under the trust deed.

The obligation of IVL under the guarantee is ranked *pari passu* with all other present and future unsecured and unsubordinated obligations of IVL. The debentures and the trust deed are governed by English law.

Strong credit profile of the guarantor

IVL’s credit profile reflects the company’s leading position in the polyester value chain. IVL has competitive edge stemming from its vertical integration of production as well as diversification of production locations and customers across Asia, North America, South America, Europe, Africa, and Australia. The credit assessment on IVL has taken into consideration the volatile nature of the petrochemical industry.

RATING OUTLOOK

The “stable” rating outlook on IVGS’s guaranteed debentures solely reflects the “stable” outlook of the rating on the guarantor, IVL.

RATING SENSITIVITIES

The rating on IVGS’s guaranteed debentures may change in tandem with changes in the rating on its guarantor.

COMPANY OVERVIEW

IVGS was established on 13 December 2013 by IVL. As of June 2022, IVL held 99.99% shareholding in IVGS.

IVGS has been qualified for the “International Headquarters” in accordance with the promotional privileges from the Board of Investment of Thailand (BOI) since 2015. In addition, IVGS received a “treasury center license” from the Ministry of Finance (MOF) in 2016 and was qualified as an “international business center” in accordance with the rules and regulations of the Revenue Department (RD) of Thailand in mid-2019.

As of December 2021, IVGS’s total assets were THB209.6 billion, of which THB138.3 billion was loans to related companies. IVGS’s total equity was THB47.4 billion at the same period.

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS OF THE GUARANTOR (IVL)*

Unit: Mil. THB

	Jan-Jun 2022	-----Year Ended 31 December -----			
		2021	2020	2019	2018
Total operating revenues	335,920	470,555	333,602	354,672	348,255
Earnings before interest and taxes (EBIT)	46,762	40,408	7,614	11,391	32,053
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	59,144	62,995	28,879	29,098	46,437
Funds from operations (FFO)	47,123	49,880	19,774	20,068	36,034
Adjusted interest expense	4,401	8,151	9,026	8,157	6,244
Capital expenditures	13,797	23,198	18,129	16,800	16,543
Total assets	683,071	541,828	453,172	380,568	379,195
Adjusted debt	253,257	224,504	209,388	154,046	145,480
Adjusted equity	204,292	163,551	128,155	131,007	144,418
Adjusted Ratios					
EBITDA margin (%)	17.61	13.39	8.66	8.20	13.33
Pretax return on permanent capital (%)	15.48**	10.62	2.33	3.85	12.41
EBITDA interest coverage (times)	13.44	7.73	3.20	3.57	7.44
Debt to EBITDA (times)	2.77**	3.56	7.25	5.29	3.13
FFO to debt (%)	28.89**	22.22	9.44	13.03	24.77
Debt to capitalization (%)	55.35	57.85	62.03	54.04	50.18

* Consolidated financial statements

** Annualized with trailing 12 months

RELATED CRITERIA

- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021

Indorama Ventures Global Services Ltd. (IVGS)

Issue Rating:

ISIN: XS2048606375: USD300 million guaranteed bonds due 2024

AA-

Rating Outlook:

Stable

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