IVL – Q1 2010 Analyst Presentation

Strong Fundamentals – the growth story continues…

May 13, 2010
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Agenda

• Highlights Q1 2010
• Financial results Q1 2010
• Strategy update
• Outlook
Highlights Q1 2010

Solid results

• Strong operating performance
• Lower net gearing

Strategy on track

• Expanding market reach in Europe via selective acquisition of PTA and PET plants from a Dow Chemical JV in Italy
• Strengthening manufacturing base in Europe through the expansion of Rotterdam PET plant
• Enhancing energy integration at Rotterdam site through the acquisition of a co-located power and utility plant from Air Products

Outlook

• Industry provides significant room for organic and inorganic growth
• IVL is well-positioned to capitalize on the market trends
Agenda

• Highlights Q1 2010
• Financial results Q1 2010
• Strategy update
• Outlook
## High returns to shareholders

<table>
<thead>
<tr>
<th>(THB bn)</th>
<th>Q1 2009</th>
<th>Q4 2009</th>
<th>Q1 2010</th>
<th>QoQ %</th>
<th>YoY %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>17.6</td>
<td>20.9</td>
<td>24.1</td>
<td>15%</td>
<td>37%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>2.8</td>
<td>2.7</td>
<td>3.0</td>
<td>12%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>1.6</td>
<td>1.7</td>
<td>1.9</td>
<td>11%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>1.1</td>
<td>1.4</td>
<td>1.6*</td>
<td>15%</td>
<td>43%</td>
</tr>
</tbody>
</table>

**Comments**

- Higher sales revenues in all business segments on higher volumes and higher average selling prices.
- Net profit margin 6.6%, which is the same as Q4 2009, despite increase in absolute price of crude oil and petrochemicals, and higher than Q1 2009.
- Growth in absolute earnings despite negative impact on translation of overseas subsidiaries earnings from strengthening of Thai Baht against both Euro and US$.
- Annualized weighted earnings per share of Baht 1.51.
- Annualized return on equity of 30.8%.

*Including minority interest of Baht 53 million for IRP considering on completion of tender offer IVL shareholding has increased from 69.295 to 99.08% on February 3, 2010.*
PET Polymers: Higher volumes and margins

<table>
<thead>
<tr>
<th>(THB bn)</th>
<th>Q1 2009</th>
<th>Q4 2009</th>
<th>Q1 2010</th>
<th>QoQ %</th>
<th>YoY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>10.0</td>
<td>12.0</td>
<td>14.3</td>
<td>19%</td>
<td>42%</td>
</tr>
<tr>
<td>*EBITDA</td>
<td>1.6</td>
<td>1.3</td>
<td>1.7</td>
<td>27%</td>
<td>4%</td>
</tr>
</tbody>
</table>

**Comments**
- Higher production volumes, increase from AlphaPet in USA and Indorama Polyester PET line in Thailand
- Increase in revenues from higher sales volumes and higher average selling price
- Higher operating EBITDA margin QoQ
- Represents 59.2% of consolidated sales and 55.7% of consolidated EBITDA

Sales performance bridge quarter on quarter (THB bn)

Q4 2009: 12
- Price: +14%
- Volume: +8%
- Currency: -4%
- Q1 2010: 14.3

*EBITDA based on pro-rata allocation of earnings of PTA business calculated on intra-group sales to PET and Polyester fibres
Polyester Fibers & Wool: Turnaround to positive earnings

<table>
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<tr>
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<th>Q1 2010</th>
<th>QoQ %</th>
<th>YoY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1.9</td>
<td>3.2</td>
<td>3.5</td>
<td>7%</td>
<td>83%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>0.3</td>
<td>0.4</td>
<td>0.4</td>
<td>-1%</td>
<td>57%</td>
</tr>
</tbody>
</table>

Comments:
- Higher volumes from increase in utilization rates
- Increase in revenues from higher sales volumes and higher average selling price
- Reduction in conversion costs results in profits
- Represents 14.3% of consolidated sales and 14.1% of consolidated EBITDA

*EBITDA based on pro-rata allocation of earnings of PTA business calculated on intra-group sales to PET and Polyester fibres.*
PTA: Higher utilization rate

<table>
<thead>
<tr>
<th>(THB bn)</th>
<th>Q1 2009</th>
<th>Q4 2009</th>
<th>Q1 2010</th>
<th>QoQ %</th>
<th>YoY %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>5.7</td>
<td>5.7</td>
<td>6.4</td>
<td>12%</td>
<td>13%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>4%</td>
<td>5%</td>
</tr>
</tbody>
</table>

**Comments**

- Higher production on utilization rate increase to 100%
- Increase in revenues from higher sales volumes in Asia and higher average selling price
- 48% of PTA produced was for captive use in PET and Polyester fibers and yarns
- Represents 26.5% of consolidated sales and 30.2% of consolidated operating EBITDA

*External sales and EBITDA on external sales. Pro-rata earnings of PTA business are allocated on intra-group sales tp PET and Polyester fibres.*
Reduced net debt
Repaid long term loans and reduced short term loans from cash flow from operations and IPO proceeds

### IVL Net Financial Debt (THB bn)

<table>
<thead>
<tr>
<th></th>
<th>At 31-Dec-2009</th>
<th>At 31-March-2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>ST Debt</td>
<td>14.7</td>
<td>11.0</td>
</tr>
<tr>
<td>LT Debt</td>
<td>25.4</td>
<td>22.2</td>
</tr>
<tr>
<td>Cash</td>
<td>2.6</td>
<td>2.3</td>
</tr>
<tr>
<td>Net Debt</td>
<td>37.5</td>
<td>30.9</td>
</tr>
</tbody>
</table>

Note: Short term debt includes short term loans, bank overdrafts and Baht 4.6 bn in current portion of long term loans
De-leverage, prepared for growth

**Net Operating Debt / EBITDA (x)**

- Q4 2009: 3.2x
- Q1 2010: 2.4x

**Net Gearing (%)**

- Q4 2009: 63%
- Q1 2010: 53%

Note: Annualized EBITDA on net operating debt excludes debt for capex and investments not generating revenues.
Higher free cash flow

<table>
<thead>
<tr>
<th></th>
<th>Q1 2009</th>
<th>Q1 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Cash Flow (THB bn)</td>
<td>1.3</td>
<td>1.6</td>
</tr>
<tr>
<td>CF from Operations</td>
<td>1.9</td>
<td>2.6</td>
</tr>
<tr>
<td>Working Capital</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Capex &amp; Investments</td>
<td>1.2</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Cash outflow for working capital on increase in volume and selling prices.

Completed major capex and investments initiated in year 2007-8.
Agenda

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The power of a global presence
Strong growth across all geographies

North America

Europe

Asia

ROW

(Sales in THB bn)
Strategy set to ensure future growth and enhance shareholder value

2010

Selective Top Line Growth

1. Lead Consolidation in the Industry
2. Expand Customer and Market Reach
3. Enhance Feedstock Integration and Partner with Suppliers

Robust Bottom Line Growth

4. Enhance Energy Integration
5. Maximize Logistics Cost Savings

Selective M&A

Organic growth

Ongoing Focus on Capital Discipline, Cost Competitiveness, Project Execution
Strong foundations are in place – the growth story continues…
Three potential axes to achieve profitable growth

1. **Existing regions**
   - Lead consolidation
   - Expand through acquisitions and expansions

2. **Value chain steps**
   - Integration with key raw materials
   - Integration with energy

3. **New regions**
   - Expand markets
   - BRICs, Middle East and Africa
   - Enter through acquisitions or greenfield projects
Europe, strong growth dynamics

**IVL: PET Performance in Europe**
- Q4 2006, IVL start PET operations in Europe
- Q1, 2008, acquired PTA and PET plants from Eastman
- PET plants operating at high utilization rate
- Return on capital employed has increased in 2009 over 2008 and further increased significantly in Q1, 2010

**Europe: PET Demand – Supply Situation**
- Europe demand exceeds supply
- Ongoing capacity rationalization
- Substitute imports
- More Anti-dumping duty initiatives expected

**ROCE**
- 2008: 12.3%
- 2009: 15.6%
- Q1 2010: 25.1%

**Utilization**
- 2008: 91%
- 2009: 97%
- Q1 2010: 103%

**Million tpa**
- 2008: 3.2
- 2010: 3.3
- 2011: 3.4
- 2012: 3.5

Source: IVL
Note: Q1 2010, Annualized ROCE

Source: Industry data
In Europe, increasing market share and integration

Three investment projects currently undertaken …

- Brownfield PET project in Rotterdam
- Acquisition of co-located power and utility plant in Rotterdam from Air Products
- Acquisition of PTA and PET plants in Italy

…to satisfy one or more of the value creation initiatives

<table>
<thead>
<tr>
<th></th>
<th>Scale</th>
<th>Market Reach</th>
<th>Integration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Italy</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Rotterdam Expansion</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Rotterdam Energy Integration</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

Opportunity for growth, large domestic market with demand of 3.2 million tons but lower domestic production which provides opportunity to substitute net imports of 0.9 million tons
Value accretive to IVL earnings

<table>
<thead>
<tr>
<th></th>
<th>*Ottana</th>
<th>Rotterdam PET</th>
<th>Rotterdam Utilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase earnings</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Increase book value</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Increase margins</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>IRR &gt; 20%</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>ROCE &gt; 15%</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>

*50:50 Joint Venture, it is expected to be accounted for on equity basis in IVL
Utility assets at Rotterdam Site

Transaction highlights

• Acquire from Air Products
• Located at site of PTA-PET plant
• 24mw of electricity and other utilities
• Completed asset purchase on May 5, 2010

Strategic rationale

• Energy costs make up for nearly 40% of conversion costs for PET and nearly 50% of conversion costs for PTA
• Focused on reducing energy costs through either consumption efficiency and investments in its own generating capacity where appropriate

Increase margins through energy integration
PET expansion, increase competitiveness of Rotterdam site

**Project Highlights**
- Capacity addition: single line 190,000 tpa
- On expansion total PET capacity at single location of 390,000 tpa
- Start of production: Q1 2012

**Strategic Rationale**
- Increasing market share
- Full Integrated with PTA, 350,000 tpa, and utilities
- Savings on logistics cost
- Utilize ideal infrastructure
- Benefit from economies of scale

Larger scale and full PTA integration at site will provide further cost benefits
Ottana, Targeted acquisition of a quality asset in distress situation...

Transaction highlights

- Acquisition from the Dow Chemical JV
- Plant located in Ottana, Italy
- Integrated facility with PTA and PET
- IVL acquire in a 50:50 JV with PCH Holding S.R.L.
- Expected completion end May, 2010

Strategic rationale

- Participation in opportunity to lead industry consolidation in Europe
- Enables to access new markets and customers in South Europe
- Underutilized asset which can be optimized and expanded with low capex
- Potential for synergies after integration

Another turn-around opportunity
...which creates opportunity to enhance market position and completing regional coverage in Europe

Opportunity to capture additional market share of 11%...

EU PET capacity share (%)¹

<table>
<thead>
<tr>
<th>Before acquisition</th>
<th>After acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>31*</td>
</tr>
<tr>
<td>19</td>
<td>17</td>
</tr>
<tr>
<td>17</td>
<td>11</td>
</tr>
<tr>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>32</td>
<td>30</td>
</tr>
</tbody>
</table>

...gives an access to the South European market and complements the North European operations

IVL European production footprint

- **PTA = 540K tpa**
- **PET = 700K tpa**

**Before acquisition**

- IVL
- La Seda
- Equi-polymers
- NEO Group
- Others

**After acquisition**

- **PET Capacity – 390 Kt**
- **PTA Capacity – 350 Kt**
- **PET Capacity – 198 Kt**

Note: Bubble size indicates plant capacity

1. Source: SBA-CCI (April 2010) and *Includes announced expansion at Rotterdam site of 190 Kt
IVL aims to be the largest Polyester company and the most Global
Fragmented industry provides significant scope for inorganic growth

Top 10 PET producers account for 50% of global capacity

- M&G, 9.1%
- IVL, 8.0%
- SFX, 7.5%
- Far Eastern, 4.4%
- DAK, 4.1%
- Invista, 3.8%
- Nan Ya, 3.6%
- Eastman, 3.4%
- La Seda, 3.2%
- Lotte, 3.0%
- Others, 49.8%

Global PET capacity shares

At 2010 April

20.7MMt

Top 10 PET and Polyester fiber producers account for 32% of global polyester capacity

- Reliance, 5.0%
- SFX, 4.4%
- IVL, 3.5%
- Nan Ya, 3.4%
- M&G, 3.4%
- Far Eastern, 3.2%
- Sinopec Yizheng, 3.0%
- Zhejiang Yuandong, 2.0%
- Zhejiang Tongkun, 1.7%
- Zhejiang Hengyi, 1.7%
- Others, 68.7%

Global PET and Polyester fiber capacity shares

At 2010 April

53.7MMt

1. Installed capacity
2. Includes IVL Italy capacity
3. Sinopec Yizheng only; other Sinopec Co’s listed separately
Source: SBA-CCI (April 2010), IVL analysis
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Growth industry provides significant room for organic growth
The BRIC countries main drivers for PET growth; strong fiber demand growth across all regions

PET industry projected to become
~21MMt in 2013

Polyester Fiber industry size to reach
~44MMt in 2013

Global PET demand

CAGR '04 – '09 CAGR '09 – '13
C. Europe 3 12
S. America 8 7
ME & Africa 20 11
EU 5 3
N. America 3 2
Asia 13 13

Global Polyester fiber consumer demand

CAGR '03 – '08 CAGR '08 – '13
C. Europe 2 11
S. America 8 6
ME & Africa 10 13
EU 1 8
N. America -3 8
Asia 12 8

Source: SBA-CCI (April 2010), IVL analysis
PTA expected to become tighter going forward
Securing PTA feedstock supply is becoming increasingly important

PTA projected to become short in Asia…

Asia PTA structural balance

Global PTA structural balance

Note: Surplus (deficit) at 96% capacity utilization less actual demand
Source: SBA-CCI (April 2010), IVL analysis
IVL is ideally positioned to capitalize on the industry trends

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth industry</td>
<td>Pursuing ongoing assessment of strategic M&amp;A and capital investments in the emerging markets, including the BRIC countries</td>
</tr>
<tr>
<td>Market consolidation</td>
<td>IVL has a proven track record of acquiring assets and “turning them around”</td>
</tr>
<tr>
<td>PTA feedstock tightness</td>
<td>Upstream integration into PTA business helps us expand our gross margin as well as secure PTA supply during periods of market fluctuations, specifically in periods of high PTA demand</td>
</tr>
<tr>
<td>Market regionalization</td>
<td>Our geographic footprint in the USA and Europe allows us to compete as local players and benefit from averting existing trade barriers</td>
</tr>
</tbody>
</table>
IVL : Q2 Outlook

- Strong demand for products
- 2\textsuperscript{nd} line to start-up initial operations in AlphaPet
- Earnings contribution from acquisition of utilities project in Rotterdam
- Increase in earnings
Visit our website

www.indoramaventures.com
Organizational & Ownership Structure

Notes:
1. As of 30 April 2010.
2. Indo Poly (Thailand) Ltd under dissolution.

IVL Corporate Structure[1]