

Part 3

Financial Status and Performance

13. Financial Information

The consolidated and separate financial statements for the year ended December 31, 2015 2016 and 2017 and were audited by Mr. Sakda Kaothanthong, Certified Public Accountant, with registration No. 4628 of KPMG Phoomchai Audit Ltd.

Summary of audit report of Certified Public Accountant of the Company

Financial Statement For the years ended 31 December 2017

The auditor gave an opinion that the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Without qualifying the opinion, the auditor drew attention to note 4 to the consolidated financial statements for the following matters:

The Group completed the acquisition of 100% equity interest in Glanzstoff Group resulting in the recording goodwill of Baht 952.2 million in the consolidated statement of financial position as of 31 December 2017. The fair value of business acquired and the allocation of purchase price have been provisionally determined and are subject to potential amendment.

The Group completed the acquisitions of 100% equity interest in DuraFiber Mexico, Longlaville DuraFiber Technologies (DFT) SAS and of PTA assets of Artlant PTA S.A. and the adjacent utility assets of Artelia Ambiente S.A. resulting in the recording gains on bargain purchases of Baht 3,672.7 million in the consolidated statement of income for the year ended 31 December 2017. The fair value of business acquired and the allocation of purchase price have been provisionally determined and are subject to potential amendment.

The following table sets forth summary of the consolidated financial statements of Indorama Ventures Public Company Limited from 2015 to 2017

Statements of Financial Position (Consolidated Financial Statements)

Unit: Baht million	As of December 31					
	2015	%	2016	%	2017	%
Assets						
Current assets						
Cash and cash equivalents	3,232.5	1.5	4,025.6	1.6	6,877.0	2.4
Current investments	451.8	0.2	114.7	0.0	138.0	0.0
Trade accounts receivable	27,499.6	12.4	31,085.5	12.0	32,098.2	11.4
Short-term loans to related parties	265.6	0.1	434.2	0.2	155.6	0.1
Inventories	31,785.6	14.3	40,458.9	15.7	46,036.5	16.3
Other current assets	7,313.2	3.3	8,376.4	3.2	7,647.7	2.7
Total current assets	70,548.2	31.8	84,495.3	32.7	92,953.0	32.9
Non-current assets						
Investments in joint ventures	1,962.4	0.9	5,529.8	2.1	6,247.1	2.2
Other long-term investments	119.6	0.1	90.0	0.0	14.9	0.0
Long-term loans to related parties	165.4	0.1	127.0	0.0	53.1	0.0
Property, plant and equipment	120,365.6	54.3	136,860.3	53.0	151,202.0	53.5
Goodwill	9,788.6	4.4	9,654.8	3.7	9,837.7	3.5
Other intangible assets	13,581.2	6.1	17,602.2	6.8	18,027.2	6.4
Deferred tax assets	2,686.8	1.2	2,233.5	0.9	2,620.5	0.9
Other non-current assets	2,422.9	1.1	1,787.5	0.7	1,402.8	0.5
Total non-current assets	151,092.4	68.2	173,885.2	67.3	189,405.4	67.1
Total assets	221,640.6	100.0	258,380.5	100.0	282,358.4	100.0
Liabilities and equity						
Current liabilities						
Bank overdrafts and short-term loans from financial institutions	12,115.0	5.5	9,205.6	3.6	6,115.1	2.2
Trade accounts payable	31,149.0	14.1	37,316.1	14.4	39,301.4	13.9
Current portion of long-term loans from financial institutions	2,118.2	1.0	4,403.6	1.7	6,167.8	2.2
Current portion of debentures	2,898.0	1.3	5,499.3	2.1	2,728.8	1.0
Current portion of finance lease liabilities	8.4	0.0	7.6	0.0	48.5	0.0
Income tax payable	1,162.7	0.5	1,189.9	0.5	1,327.3	0.5
Other current liabilities	7,931.9	3.6	8,239.4	3.2	9,932.5	3.5
Total current liabilities	57,383.2	25.9	65,861.5	25.5	65,621.6	23.2
Non-current liabilities						
Long-term loans from financial institutions	34,140.3	15.4	51,167.9	19.8	42,329.1	15.0
Debentures	32,310.0	14.6	31,789.8	12.3	38,116.8	13.5
Finance lease liabilities	16.4	0.0	12.4	0.0	278.9	0.1
Deferred tax liabilities	11,223.1	5.1	14,796.0	5.7	13,138.6	4.7
Employee benefit obligations	1,795.5	0.8	2,027.8	0.8	2,209.6	0.8

	As of December 31					
	2015	%	2016	%	2017	%
<i>Unit: Baht million</i>						
Other non-current liabilities	1,819.3	0.8	910.0	0.4	1,677.1	0.6
Total non-current liabilities	81,304.5	36.7	100,704.0	39.0	97,750.1	34.6
Total liabilities	138,687.7	62.6	166,565.5	64.5	163,371.7	57.9
Equity						
Share capital						
Authorised share capital	5,666.0	2.6	5,666.0	2.2	5,666.0	2.0
Issued and paid-up share capital	4,814.3	2.2	4,814.3	1.9	5,245.4	1.9
Additional paid in capital:						
Share premium	29,775.1	13.4	29,775.1	11.5	44,848.2	15.9
Unrealised surpluses (deficits)						
Hedging reserve	(61.8)	(0.0)	(52.4)	(0.0)	305.1	0.1
Currency translation differences	4,658.7	2.1	1,491.2	0.6	(2,639.6)	(0.9)
Excess of cost over book value of acquired subsidiaries	(3,290.8)	(1.5)	(3,290.8)	(1.3)	(2,862.3)	(1.0)
Differences arising from common control transactions	(1,235.6)	(0.6)	(1,235.6)	(0.5)	(1,235.6)	(0.4)
Retained earnings						
Appropriated						
Legal reserve	1,989.9	0.9	2,327.1	0.9	2,956.8	1.0
Unappropriated	28,301.3	12.8	40,352.4	15.6	55,569.5	19.7
Equity attributable to shareholders	64,951.2	29.3	74,181.3	28.7	102,187.6	36.2
Subordinated perpetual debentures	14,874.1	6.7	14,874.1	5.8	14,874.1	5.3
Equity attributable to equity holders	79,825.2	36.0	89,055.4	34.5	117,061.7	41.5
Non-controlling interests	3,127.7	1.4	2,759.6	1.1	1,925.0	0.7
Total equity	82,953.0	37.4	91,814.9	35.5	118,986.7	42.1
Total liabilities and equity	221,640.6	100.0	258,380.5	100.0	282,358.4	100.0

Statements of Income (Consolidated Financial Statements)

Unit: Baht million	For the year ended December 31					
	2015	%	2016	%	2017	%
Income						
Revenue from sale of goods	234,697.9	100.0	254,619.5	100.0	286,332.3	100.0
Net foreign exchange gain	48.5	0.0	543.1	0.2	0.0	0.0
Interest income	166.7	0.1	124.4	0.0	102.4	0.0
Gain on a bargain purchase	3,625.7	1.5	6,698.6	2.6	3,672.7	1.3
Other income	1,594.8	0.7	1,459.5	0.6	1,160.2	0.4
Total income	240,133.6	102.3	263,445.1	103.5	291,267.7	101.7
Expenses						
Cost of sale of goods	208,177.2	88.7	218,197.7	85.7	240,888.6	84.1
Selling and administrative expenses	19,180.0	8.2	21,679.0	8.5	25,766.7	9.0
Management benefit expenses	112.9	0.0	143.7	0.0	136.9	0.0
Impairment losses	-	0.0	607.9	0.2	899.4	0.3
Net foreign exchange loss	-	0.0	-	0.0	61.9	0.0
Total expenses	227,470.1	96.9	240,628.4	94.5	267,753.5	93.5
Share of losses of investments in joint ventures, net	(242.2)	(0.1)	(173.1)	(0.1)	28.4	0.0
Profit before finance costs and income tax expense	12,421.3	5.3	22,643.7	8.9	23,542.6	8.2
Finance costs	3,652.1	1.6	4,222.3	1.7	3,864.5	1.3
Profit before income tax expense	8,769.2	3.7	18,421.3	7.2	19,678.1	6.9
Income tax expense	1,880.8	0.8	2,062.2	0.8	(1,400.2)	(0.5)
Profit for the year	6,888.4	2.9	16,359.2	6.4	21,078.3	7.4
Attributable to:						
Owners of the Company	6,609.3	2.8	16,197.1	6.4	20,882.9	7.3
Non-controlling interests	279.1	0.1	162.1	0.1	195.4	0.1
Profit for the year	6,888.4	2.9	16,359.2	6.4	21,078.3	7.4
Earnings per share (in Baht)	1.15		3.15		3.98	
Core earnings per share (in Baht)*	1.06		1.79		2.91	

*Core financials are calculated as reported financials less Inventory gain/ (loss) and less extraordinary items, if any to reflect operations before any extraordinary items.

Cash Flow Statement (Consolidated Financial Statements)

	For the year ended December 31		
<i>Unit: Baht million</i>	2015	2016	2017
Cash flows from operation activities			
Profit for the year	6,888.4	16,359.2	21,078.3
<i>Adjustment for</i>			
Depreciation	8,324.5	9,626.6	10,678.8
Amortisation of intangible assets and other assets	1,001.2	1,438.8	1,560.0
Interest income	(166.7)	(124.4)	(102.4)
Gain on bargain purchases	(3,625.7)	(6,698.6)	(3,672.7)
Gain on partial disposal of interest in subsidiary with a change in control	-	(30.2)	-
Share of net (profit) losses of joint ventures	242.2	173.1	(28.4)
Finance costs	3,652.1	4,222.3	3,864.5
Unrealised foreign exchange (gain) loss	129.9	(311.9)	45.1
Provision for bad and doubtful debts expenses, net	19.9	30.4	1,978.6
Reversal of losses on inventories devaluation	40.1	(67.1)	(37.4)
Provision for impairment on property, plant and equipment	8.9	501.3	427.6
Provision for impairment on intangible assets	-	106.6	-
Reversal of unrecoverable advances payment for project	609.7	(432.9)	-
Employee benefits expense	317.5	294.8	268.2
Reversal of decommissioning liabilities	-	(221.2)	-
Loss on disposal of property, plant and equipment, net	111.3	9.3	6.0
Loss on written-off of property, plant and equipment	-	-	471.8
Income tax expense	1,880.8	2,062.2	(1,400.2)
	19,434.2	26,938.3	35,137.8
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable	4,515.8	(236.1)	(895.5)
Inventories	1,168.2	(2,633.0)	(3,672.2)
Other current assets	(92.6)	(547.4)	693.9
Other non-current assets	(124.9)	(17.9)	732.1
Trade accounts payable	(1,046.8)	3,613.7	35.8
Other current liabilities	932.7	(217.6)	(897.3)
Other non-current liabilities	770.9	(504.1)	198.7
Employee benefits obligation	(117.5)	(186.9)	(178.9)
Income taxes paid	(633.8)	(1,262.8)	(2,247.4)
Net cash from (used in) operating activities	24,806.1	24,946.2	28,906.8

	For the year ended December 31		
Unit: Baht million	2015	2016	2017
Cash flows from investing activities			
Interest received	193.0	134.4	122.5
Acquisition of property, plant and equipment	(10,281.8)	(13,411.4)	(19,773.6)
Proceeds from sale of property, plant and equipment	79.1	87.1	336.6
Proceeds from sale (purchase) of other investment, net	4,868.1	361.8	51.3
Acquisition of intangible assets	(55.8)	(107.8)	(281.9)
Proceeds from sale of intangible assets	0.8	-	0.1
Net cash outflow on acquisitions of businesses	(15,267.4)	(22,239.0)	(8,453.0)
Additional investments in subsidiaries and joint ventures	(175.9)	(2,198.9)	(558.3)
Advance payment on additional investments in subsidiary and a joint venture	(412.5)	(687.4)	(229.3)
Net cash inflow on partial disposal of interest in a subsidiary with a change in control	-	552.4	-
Reimbursement for project	(247.2)	1,126.5	-
Net cash from (used in) investing activities	(21,299.5)	(36,382.2)	(28,785.7)
Cash flow from financing activities			
Interest paid	(3,646.6)	(4,340.9)	(4,425.8)
Deferred financing cost paid	(90.5)	(224.6)	(32.8)
Dividends paid to owners of the Company	(2,069.9)	(2,599.5)	(4,048.7)
Dividends paid to non-controlling interests	(58.1)	(383.5)	(134.5)
Proceeds from short and long-term borrowings	8,803.6	27,322.7	13,726.4
Repayment of short and long-term borrowings	(14,998.8)	(8,477.1)	(21,038.6)
Repayment of debenture	-	(2,900.0)	(5,500.0)
Repayment of finance leases	(7.9)	(8.6)	(25.8)
Proceeds from issue of ordinary shares due to warrants exercised	0.5	-	15,504.1
Proceeds from issue of debenture, net of debenture issuance costs	7,686.0	4,991.6	9,477.6
Coupon payment on subordinated perpetual debentures	(1,050.0)	(1,052.9)	(1,050.0)
Loans to joint ventures	(175.9)	(104.4)	277.9
Net cash from (used in) financing activities	(5,607.5)	12,222.7	2,729.9
Net increases (decreases) in cash and cash equivalents	(2,100.9)	786.7	2,851.0
Cash and cash equivalents at beginning of year	5,339.1	3,232.5	4,025.6
Effect of exchange rate changes on balances held in foreign currencies	(5.7)	6.5	0.4
Cash and cash equivalents at end of year	3,232.5	4,025.6	6,877.0

Key Financial Ratio

		For the year ended December 31		
		2015	2016	2017
Liquidity Ratio				
Current ratio	times	1.2	1.3	1.4
Quick ratio	times	0.5	0.5	0.6
Cash from operating ratio	times	0.5	0.4	0.4
Receivable turnover ratio	times	8.7	8.7	8.8
Collection days	days	41.4	41.6	41.1
Inventory turnover ratio	times	6.7	5.9	5.5
Average number of days sales	days	53.8	60.7	65.6
Account payable turnover ratio	times	7.1	6.4	6.3
Payment days	days	50.9	56.5	57.3
Cash cycle	days	44.3	45.9	49.4
Profitability Ratio				
Gross profit margin	%	11.3	14.3	15.9
Operating profit margin	%	3.1	5.8	6.9
Non-operating profit margin	%	2.2	3.1	1.3
Net profit margin	%	2.8	6.1	7.2
Return of equity (ROE)	%	8.7	19.2	20.3
Efficiency Ratio				
Return on asset (ROA)	%	6.0	9.4	8.7
Return on fixed asset	%	11.4	17.6	16.3
Asset turnover	times	1.2	1.1	1.1
Financial Policy Ratio				
Interest bearing debt to equity	times	1.0	1.1	0.8
Net interest bearing debt to equity	times	1.0	1.1	0.7
Interest coverage ratio (on Net Cash provided by operating activities)	times	6.8	5.9	7.5
Interest coverage ratio (on EBITDA)	times	5.3	6.5	9.1

14. Management Discussion and Analysis (MD&A)

The following MD&A should be read in conjunction with our consolidated financial statements. It includes forward-looking statements reflecting our current views with respect to future events and future performance. Thus, a number of factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as described in our Risk Factors and statements appearing elsewhere.

Financial Summary - Core Financials of Consolidated Business

USD in Millions	2016	2017	YoY%
Total Production (in '000 tonnes)	8,729	9,103	4%
⁽¹⁾ Consolidated Sales	7,215	8,438	17%
PET	3,825	4,295	12%
Fibers	2,077	2,389	15%
Feedstock	2,657	3,407	28%
⁽²⁾ Core EBITDA	775	1,004	30%
PET	286	296	4%
Fibers	205	208	1%
Feedstock	271	501	85%
Core EBIT	462	647	40%
Core Net Profit after Tax and NCI (US\$ M)	274	459	68%
Core Net Profit after Tax and NCI (THB M)	9,653	15,576	61%
Core EPS after PERP Interest (THB)	1.79	2.91	63%
⁽²⁾ Reported EPS after PERP Interest (THB)	3.15	3.98	26%
Core EBITDA/t (US\$/t)	89	110	24%
Net Operating Debt to Equity	0.88	0.54	(39)%

Note:

⁽¹⁾ Consolidated financials are based upon elimination of intra-company (or intra business segment) transactions ⁽²⁾ Core EBITDA is Consolidated EBITDA less Inventory gain/(loss) whereas Core EPS is Reported EPS less Inventory gain/(loss) and onetime extraordinary items. Segments total may not match to IVL due to holdings segment. Excluding Feedstock price adjustment for captive sales to PET on freight saving. There are no impacts on regional or consolidated EBITDA.

Summary

2017 has been a momentous year for Indorama Venture in more ways than one. The Company surpassed several milestones in its journey towards its stated vision of becoming a “world-class chemical company making great products for society”.

Our ongoing focus on the triple bottom-line helped in the Company debut in the Dow Jones Sustainability Index wherein we were ranked the **fifth** most sustainable chemical company world-wide.

We continued to strengthen our Corporate Governance capabilities and The Stock Exchange of Thailand, where the Company is listed, recently ranked us, again, at a 'Five Star' level, the premier level that can be achieved by a locally listed company. Transparency International gave us the highest score in Thailand for our efforts in transparency and governance.

We continued to invest in our customer relations and consequently achieved our highest-ever customer satisfaction score of 85.61%. IVL also achieved a Net Promoter Score of 38 as compared to an average score of 20 (as reported by a third-party B-to-B research) achieved by chemical companies. EcoVadis awarded the Company its highest recognition, Gold, and ranked us among the Top 5% of performers and one of the most preferred suppliers globally.

The launch of the 'i-Lead' and 'Shadow' internal leadership programs reiterated our attention towards enhancing internal capability and strengthening our management bench strength. The Board of Directors and the Executive Directors play a pivotal role in guiding, mentoring and supporting human resources at IVL.

While we strengthened the organization for future opportunities and challenges, we also delivered operating and financial performance that was the best in the history of the Company. For the very first time Indorama Ventures surpassed the \$ 1 billion milestone in terms of its full year core earnings (EBITDA).

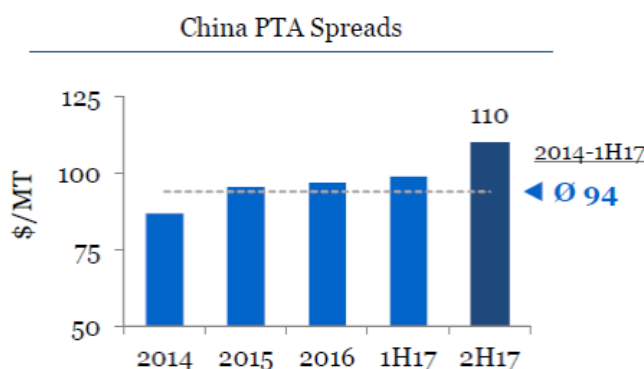
Shareholders, including the majority shareholders, expressed their faith in the performance and future prospects of the Company and subscribed, in large numbers, to the warrants (IVL-W1) that were converted to equity by August 2017. This allowed the Company to raise \$ 452 million to strengthen its balance sheet. As a post-period update, the major shareholder in IVL also partially subscribed to the Warrants (IVL-W2) where the last date of subscription is in August 2018 thereby enabling the Company to raise a further over \$ 220 million in year 2018 so far.

The gearing ratio improved by 39% to 0.54 (Net Operating Debt/Equity) and TRIS Ratings (a strategic partner of S&P Global) ascribed the Company's rating at "A+". They also upgraded the outlook of IVL to "Positive" from "Stable" reflecting the Company's successful strategy and future potential.

2017 Performance Analysis

The Company achieved its highest-ever EBITDA of \$ 1.004 billion in 2017, and achieved a 30% core EBITDA growth vis-à-vis 2016. Net Core PAT grew by 68%. All the reported segments, namely PET, Fibers and Feedstock grew on a Y-o-Y basis. Core EBITDA for PET grew by 4%, Fibers grew by 1% and Feedstock grew by 85%. Production growth was modest at 4% but the highlight was the Core EBITDA per tonne of \$ 110 in 2017, a growth of 24% Y-o-Y, demonstrating a sizeable improvement in the quality of the portfolio and earnings.

China's renewed focus on the environment is resulting in the closing of polluting manufacturing facilities including those in the polyester value chain. This has resulted in the ban of import of waste PET and additional demand of PTA, MEG and Polymers in order to fulfill existing demand which was earlier met by recycling imported waste PET. Inventory levels of PTA have reduced from earlier 25 to 30 days to less than 10 days more recently. Lower inventory levels of PTA, higher demand growth and lesser capacity addition create a positive outlook for the Asian PTA industry.



IVL has seen the improvements in PTA margins in Asia in line with margin growth in China although it is not visible in its performance. This is because the pricing in 2017 was formula based with fixed margins. Higher coal prices have also impacted costs and resulted in lower EBITDA. Our pricing has been reset for 2018 onwards and we expect to recover our EBITDA

proportionately.

Japan introducing punitive charges on import of PET from China and has affirmed them for 2018 creating a market opening for IVL. The ongoing anti-dumping duty quantification against five leading PET exporting nations in to the USA is expected to be announced in 2nd quarter this year. Even though the imports into the USA will always be a competitive factor given the large available capacity abroad, such actions place IVL and other domestic producers as a reliable supplier and increase our contracted output.

The on-going restructuring by two of the leading PET producers in key markets of Americas and EMEA in the second half of 2017 has resulted in a structural change in the business outlook of PET, and is an opportunity for well-managed and committed PET producers like IVL to align supply reliability to customers.

We benefitted from the instability created by on-going restructuring as customers looked for higher contracted volumes due to risk that the restructuring would result in planned capacity not coming on line. This is reflective of the improvements seen in the 2H17 performance vis-à-vis what we saw during the first half of the year 2017. While production was higher by 6%, EBITDA increased by 20%, highlighting the improvement seen on the margins scenario. The margin and mix improvement was more pronounced YoY, 30% for EBITDA against volume growth of 1%.

Financial Summary – 2H17 Performances

USD in Millions	2H16	1H17	2H17	YoY%	HoH%
Total Production (in '000 tons)	4,645	4,411	4,692	1%	6%
Consolidated Sales	3,723	4,130	4,308	16%	4%
<i>PET resins</i>	1,902	2,098	2,197	16%	5%
<i>Fibers</i>	1,024	1,133	1,256	23%	11%
<i>Feedstock</i>	1,561	1,678	1,729	11%	3%
Core EBITDA	422	457	547	30%	20%
<i>PET resins</i>	134	122	175	30%	44%
<i>Fibers</i>	97	105	104	7%	(1)%
<i>Feedstock</i>	178	231	270	51%	17%
Core EBITDA/t (US\$/t)	91	104	117	28%	12%
<i>PET resins</i>	70	67	92	31%	38%
<i>Fibers</i>	139	151	152	10%	1%
<i>Feedstock</i>	88	122	128	46%	5%

On an EBITDA per tonne basis, PET improved by 31%, Fibers improved by 10% and feedstock improved the most by 46% Y-o-Y.

We expect imports and customers to continue to exert margin pressure; however the improvements seen in the PET business in the 2H17 are expected to continue in 2018 with most of the volumes contracted. These margins are not yet at 2015 levels due to higher cost IPA and MEG seen in 2017 and continuing in 2018 although for IVL this is fully offset due to our captive manufacturing of these monomers.

The North America Aromatics portfolio was negatively impacted in 2H17 due to maintenance shutdown of our US Paraxylene and Canadian PTA plant and reduced sales due to mothballing of Apple Grove plant owned by M&G (an erstwhile PET producer in the Americas). Part of the lost sales was diverted to other customers and we believe we can recover all sales in 2H2018.

The Company's High-Value Added fibers business continued to gain momentum from macro-industrial trends, like composites, light-weighting and a focus on personal safety and personal hygiene. In 2017, IVL completed the acquisition of Glanzstoff which is Europe's largest manufacturer of tire cord fabrics and single-end cords. The Company also acquired DuraFiber in Mexico and France (formerly Performance Fibers), a leading producer of durable technical textiles for industrial, tire reinforcement, and specialty applications. Glanzstoff also commenced single-end cord production in China in 4Q 2017. Together with PHP and Performance Fibers, these acquisitions propel IVL into a position of strength in Rayon, Aramids, Nylon 6.6 and Polyester businesses within the auto segment.

The Company's HVA portfolio also benefitted from the strength seen in its specialty feedstocks, namely IPA and NDC. IPA witnessed record high margins in 2017 which have now dropped to levels

that are more sustainable and still accretive for producers with feedstock supply. IVL will mostly recover the EBITDA in IPA with 50% volume growth in 2018 and again similar volume growth in 2019.

Successful completion in 2017 of several operational excellence projects, tire-cord acquisitions and committed expansion plans coming on-stream in 2018, as discussed in forthcoming sections, are providing impetus to our business and our ability to generate positive operating cash flows. The Company reduced its leverage ratio (Net Operating Debt to Equity) to 0.54, a significant reduction of 39% on a Y-o-Y basis. Our Asian business shows a dip in ROCE in 2017, which was due to lower production in China and Indonesia due to certain debottlenecking projects and a technical glitch that has been overcome in end 4Q17. An impact from utilization of cash flow to prepay part of trade payables also had a moderate impact on Asia ROCE.

During the year, the Company invested \$ 873 million (\$569 million related to year 2017) in capital expenditure to support future earnings growth. Projects currently underway include the dual-feed gas cracker in USA, expansion of the HVA auto fibers in China, full year impact in 2018 of the acquisitions and the expansions done in 2017, all of which add to overall production quantity and earnings quality of IVL in 2018 & 2019 (see Table for details).

Production Volumes, Utilization and Core EBITDA/t

	2016	2017	YoY%
Production (000 tonnes)	8,729	9,103	4%
PET	3,799	3,734	(2)%
Fibers	1,384	1,370	(1)%
Feedstock	3,545	4,000	13%
West Feedstock	2,376	2,796	18%
Asia PTA	1,169	1,204	3%
Operating rate (%)	86%	88%	2%
PET	84%	88%	5%
Fibers	88%	88%	(0)%
Feedstock	87%	87%	1%
West Feedstock	88%	87%	(0)%
Asia PTA	85%	88%	3%
Core EBITDA/t (US\$/t)	89	110	24%
PET	75	79	5%
Fibers	148	152	2%
Feedstock	76	125	64%
West Feedstock	96	173	79%
Asia PTA	36	15	(59)%

On a Y-o-Y basis, the western feedstocks portfolio improved significantly as a consequence of the full-year earnings from former BP and CEPESA facilities acquired in March/April 2016. Volume from the newly expanded PTA facility in Rotterdam will mostly benefit 2018 since the impact in 2017 was offset with tie-in shutdowns and teething issues. Feedstock portfolio also benefited from higher production from the EO-EG facility in USA in 2H17 post catalyst change in 1H17.

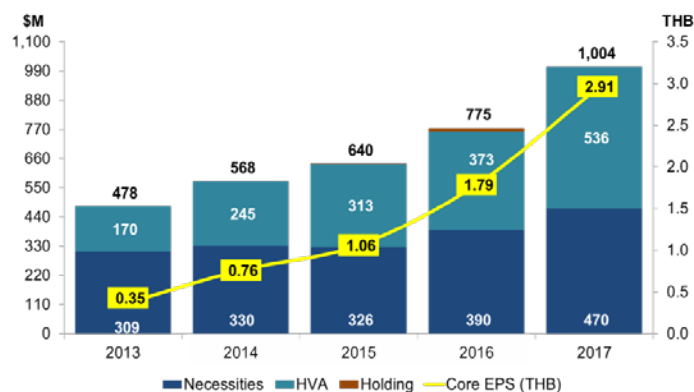
Production of PTA was higher in Asia which benefitted from a full year production volume (as against a maintenance shutdown at the TPT facility in Thailand in 2016). Although data in Table does not reflect the improved PTA margins in Asia which is due to a fixed margin formula pricing in 2017 as discussed above.

PET production was marginally lower, despite higher operating rates due to de-bottlenecking turnaround in China, mothballing of the Adana facility in Turkey (2016) and the deconsolidation of India (also partly in 2016). Higher operating rates helped reduce the impact of these events to a certain extent.

Production of fibers in 2017 remained almost flat, with higher production following the acquisitions of Glanzstoff and DuraFiber offsetting lower production in Indonesia due to technical issue and with the impairment (approx. \$10 million) of a marginal manufacturing facility in Indonesia which was underperforming since last few years.

Impact of last 4 years strategy:

IVL Core EBITDA



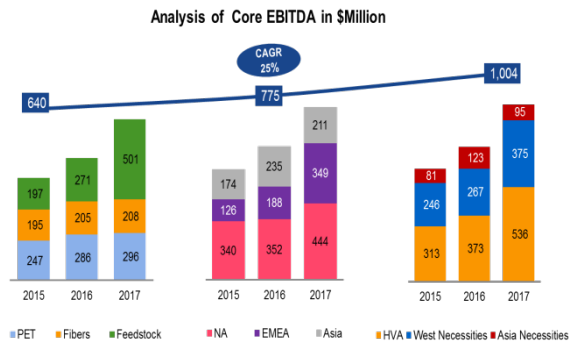
Note: Core EPS for 2013 numbers are not restated by quarters with change in new accounting policy as not material. Though yearly numbers are restated.

The Company has achieved a Core EBITDA growth of 20% CAGR over 4 years and core EPS growth has been exponential at 70% CAGR over the same period.

This performance is an outcome of the Company's strategy of timely investments in the PET industry, creating a diversified earnings stream in the form of the HVA businesses, integration into advantaged feedstocks

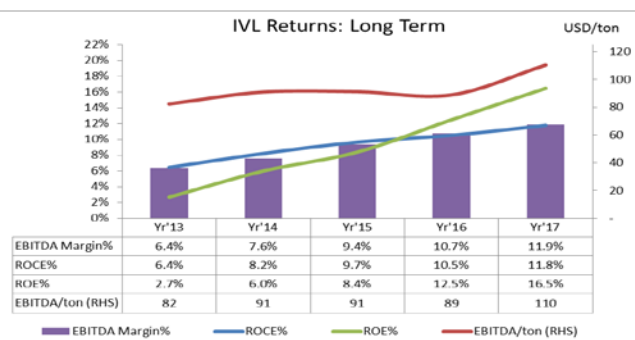
and expansions in key geographies. Earnings growth has accelerated significantly in recent years. While it is our stated goal of doubling the EBITDA every five years, we have achieved this target in the last four years.

IVL's Business profile



Note: Segments total may not match to IVL due to holdings segment, except regions where holdings are allocated

Margins and Returns



Note: Core Financials, all ratios are based on US\$ calculation

IVL is well positioned to deliver on its consistent strategy of diversifying its earning streams within its core areas of competence. This strategy has played a key role in creating long-term value at the Company and for the benefit of all its stakeholders. Timely diversification has also helped the Company create a natural hedge against margins volatility seen in a particular product or region

Business Outlook

The doubling of PTA production in The Netherlands, acquisition of 700 kta PTA in Portugal, the doubling of IPA production in Spain and the commissioning of the ethylene cracker in the USA will provide earnings upside for the feedstock segment for most part of 2018 and for the full year in 2019. The advantages of brownfield expansions (PTA and IPA) are expected to also result in lowering of unit cost of production thereby making these manufacturing sites more competitive and sustainable.

IVL will also benefit from the full year earnings from the Glanzstoff facilities and its recent expansion in China. Improvements and synergies at DuraFiber in Mexico and France as well as the announced projects in China and Indonesia will add incremental production and earnings growth to the HVA portfolio within the Fibers business and will provide further growth impetus to the earnings of the Company in the forth-coming quarters. Polyester fibers are also proving to be product of choice in industries that are benefiting from macro-industrial trends, like composites, light-weighting and a focus on personal hygiene and personal safety. Demand for high-value fibers are expected to continue to grow at a healthy 6 to 7 percent annually.

Global polyester demand growth continues to be around 5 to 6 percent on year on year basis. In the context of the overall polyester business, PET has retained its position as the world's preferred packaging solution, particularly in the growing beverages business and in food packaging. Supporting this are the inherent material advantages which include light-weighting, recycling and versatility leading to better performance and lower carbon footprint. The PET segment will witness growth in volumes in 2018-2019 from multiple de-bottleneck projects done in 2017 and ongoing presently as well as a plan to consolidate our existing JV business in India as per our option in the agreement in order to fully leverage on IVL synergies and post challenging macro regulations adopted in India in 2017.

The diversity of our products, intellectual property and geographies provides us predictability in cash flows, allows for prudent reinvestment and the delivery of industry-leading returns. IVL has been on a transformational journey in order to create a business portfolio which is not impacted by weakness in any one product and can deliver double-digit returns across business cycles.

IVL continues to invest in the business to enhance overall production, vertical integration and quality of earnings. The Company has in motion several earnings-accretive capital investment brownfield projects and de-bottlenecks which are budgeted to have higher returns than our entire existing portfolio as seen in the table below.

IVL Organic Growth Plan with Associate Capex Estimated EBITDA Growth in 2019 over 2H17 Annualized

Amount in US\$ million, billion or per tonne	IVL Consolidated	PET	Fibers	Feedstocks	North America	EMEA	Asia
EBITDA 2H17 (\$M)	547	175	104	270	244	193	111
EBITDA 2H17 Annualised (\$M)	1,094	350	207	540	488	387	222
Production 2H17 Annualised (MMT)	9.4	3.8	1.4	4.2	3.6	2.8	3.0
EBITDA (\$/t)	117	92	152	128	137	140	73
Net Op CE as on Dec'17 (\$B)	5.6						
Simple payback of existing businesses	5.1 years						
Approved and under implementation Projects estimated impact in 2019 over 2H17 Annualised Results							
Increase in Production	~25%	~25%	~20%	~30%	~10%	~40%	~35%
Increase in EBITDA	~35%	~30%	~50%	~35%	~35%	~20%	~70%
Growth Capex related to year 2018 & 2019 (\$B)	1.6	~30%	~20%	~50%	~50%	~30%	~20%
Maintenance Capex in 2018 & 2019 (\$B)	0.3	~20%	~20%	~60%	~40%	~30%	~30%
Total Capex related to year 2018 & 2019 (\$B)	1.8						
Simple payback of approved projects in 2019	~4.5 years						
Incremental Capex Headroom of approx US\$ 7Billions by year 2021 (over approved projects as above)							

Notes:

a) Out of \$1.8B capex, \$764M is spent already by 2017

b) Brent/boi: \$70 (2018) and \$75 (2019 & onwards), US Natural Gas: ~\$3/mmbtu, THB/US\$: 32.5

c) Net Op CE= Net operating capital employed, EMEA= Europe, Middle East and Africa

d) Core financials, Simple payback = Net Op CE/EBITDA in years

Disclaimer:

2019 evolution over 2H17 is as per management best estimates and may change materially if there are changes in underlying assumptions due to external or internal reasons

Improved cash flows and ongoing commitment from shareholders provide the liquidity for several investment opportunities during the 2018-21 plan periods. In addition to announced investments of \$ 1.8 billion in 2018-19 (including \$764 million carried forward from year 2017), the Company believes it will have an investment headroom of approximately \$ 7 billion (based on budgets and our internal guideline of 1:1 Net Debt: Equity over the plan period).

The previously announced Dupont Teijin Film business is not considered in the budgets as it awaits regulatory and third party consents. We have not included any new acquisitions in our 2018-2019 budgets as shown in the table above. However, at the time of writing we are expecting to conclude another acquisition in March 2018, which is not included in the current plan.

Equally importantly, IVL is investing in opportunities that continue to enhance the quality of earnings on an ongoing basis. The ongoing investments which are completing in 2018-19 are expected to result in an estimated EBITDA growth of approximately 35% in 2019 over 2H17 annualized and results in a pay-back of around four and a half years. This is estimated to be achieved with a production increase of approximately 25% which should lead to the higher earnings for the Company on a per-tonne basis with scale and product mix impact. This is superior to existing portfolio which

based on 2H17 run-rate provides a simple pay-back period of 5 years, which in itself is an industry-leading performance.

Accounting Policy

The accounting policies are adopted and applied consistently to all the periods. For more information on key accounting policies, please refer to Note numbers 2 and 3 of our full-year 2017 audited financial statements.

Emphasis of Matter in the Auditors Opinion

There is no qualification by the auditors and they have drawn the attention to note 4 to the consolidated financial statements for the following matters:

The Group completed the acquisition of 100% equity interest in Glanzstoff Group resulting in the recording goodwill of Baht 952.2 million in the consolidated statement of financial position as of 31 December 2017. The fair value of business acquired and the allocation of purchase price have been provisionally determined and are subject to potential amendment.

The Group completed the acquisitions of 100% equity interest in DuraFiber Mexico, Longlaville DuraFiber Technologies (DFT) SAS and of PTA assets of Artlant PTA S.A. and the adjacent utility assets of Artelia Ambiente S.A. resulting in the recording of gains on bargain purchases of Baht 3,672.7 million in the consolidated statement of income for the year ended 31 December 2017. The fair value of business acquired and the allocation of purchase price have been provisionally determined and are subject to potential amendment.

Performance Comparison

Revenue from the sale of goods

THB in Millions	FY 2016	FY 2017	Change (%)
Revenue from the sale of goods	254,619.5	286,332.3	12.5%
Add: Eliminations	47,432.0	56,091.1	
Adjusted revenue from the sale of goods	302,051.5	342,423.3	13.4%
PET	134,989.5	145,760.3	8.0%
Fibers	73,291.0	81,065.4	10.6%
*Feedstock	93,771.1	115,597.6	23.3%

*Excluding Feedstock price adjustment for captive sales to PET on freight saving.

Sales revenue for the year ended 2017 was THB 286,332.3 million, an increase of 12.5% from 2016 and in-line with volume growth of 4% and higher prices followed the trend in crude prices.

PET Revenue

PET revenue for the year ended 2017 was THB 145,760.3 million, an increase by THB 10,770.8 million or 8.0% from 2016. This increase was a result of higher prices followed the trend in crude prices.

Fibers Revenue

Fibers revenue for the year ended 2017 was THB 81,065.4 million, an increase from THB 7,774.5 million or 10.6% from 2016 despite a 1% decrease in volumes as prices were higher over the last year, assets mix improved with the acquisitions of Glanzstoff and DuraFiber.

Feedstock Revenue

Feedstock revenue for the year ended 2017 was THB 115,597.6 million, an increase of THB 21,826.5 million or 23.3% from 2016, in-line with volume growth of 13%. Feedstocks production improved significantly as a consequence of the full-year impact from former BP and CEPESA facilities acquired in March/April 2016.

Cost of Sale of Goods

THB in Millions	FY 2016	FY 2017	Change (%)
Cost of sale of goods	211,696.0	234,483.4	10.8%
As a percentage of total revenues	83.1%	81.9%	
Add: Eliminations	44,126.3	52,510.0	
Adjusted cost of sale of goods	255,822.2	286,993.4	12.2%
*PET	116,532.2	127,290.9	9.2%
As a percentage of total PET revenue	86.3%	87.3%	
Fibers	61,428.0	68,482.6	11.5%
As a percentage of total Fibers revenue	83.8%	84.5%	
Feedstock	77,862.1	91,219.9	17.2%
As a percentage of total Feedstock revenue	83.0%	78.9%	

*Excluding Feedstock price adjustment for captive sales to PET on freight saving.

Our cost of sales for the year ended 2017 was THB 234,483.4 million, an increase of THB 22,787.4 million or 10.8% from 2016 which is in-line with the increase in sales revenue.

PET Cost of Sale of Goods

For the year ended 2017, PET cost of sale of goods was THB 127,290.9 million, an increase of THB 10,758.7 million or 9.2% from 2016, in-line with an increase in sales revenue.

Fibers Cost of Sale of Goods

For the year ended 2017, Fibers cost of sale of goods was THB 68,482.6 million, an increase of THB 7,054.6 million or 11.5% from 2016, in-line with an increase in sales revenue.

Feedstock Cost of Sale of Goods

For the year ended 2017, Feedstock cost of sale of goods was THB 91,219.9 million, an increase of THB 13,357.9 million or 17.2% from 2016, in-line with an increase in sales revenue.

Gross Profit

THB in Millions	FY 2016	FY 2017	Change (%)
Gross Profit	42,923.6	51,848.9	20.8%
As a percentage of total revenues	16.9%	18.1%	
Add: Eliminations	(3,305.7)	(3,581.1)	
Adjusted gross profit	46,229.3	55,429.9	19.9%
PET	18,457.3	18,469.4	0.1%
As a percentage of total PET revenue	13.7%	12.7%	
Fibers	11,862.9	12,582.8	6.1%
As a percentage of total Fibers revenue	16.2%	15.5%	
Feedstock	15,909.0	24,377.7	53.2%
As a percentage of total Feedstock revenue	17.0%	21.1%	

Gross Profit for the year ended 2017 was THB 51,848.9 million, an increase of THB 8,925.3 million or 20.8% from 2016. The gross profit margin of 18.1% in 2017 increased from the prior year mainly due to a change in the product mix towards higher value-addition and from hedging the value chain by increasing feedstock integration.

PET Gross Profit

For the year ended 2017, PET gross profit was THB 18,469.4 million, which flat comparing to 2016. PET gross profit margin in 2017 was 12.7%, marginally decrease YoY as a result of negatively impacted by the cost increase from secondary raw material IPA.

Fibers Gross Profit

For the year ended 2017, Fibers gross profit was THB 12,582.8 million, an increase of THB 719.9 million from 2016 in-line with Fibers revenue. Gross profit margin in 2017 was 15.5%, decreasing from the prior year as a result of higher revenue with higher prices and improved product mix.

Feedstock Gross Profit

For the year ended 2017, Feedstock gross profit was THB 24,377.7 million, an increase of THB 8,468.7 million from 2016 in-line with an increase in volumes and a change in the product mix. Gross profit margin in 2017 was 21.1%, an increase from the prior year due to a change in the portfolio mix and full-year impact from new volumes arising from the addition of feedstock assets (including PTA, NDC and IPA) in the United States and Spain.

*Spread or Raw Material Margins

Amount in USD per MT	FY 2016	FY 2017
Industry spread		
Asia PET	114	125
West PET (50:50- North America : Europe)	178	203

Amount in USD per MT	FY 2016	FY 2017
IVL spread		
Asia PET	149	157
West PET (IVL Actual Mix)	222	233
Industry spread		
Asia PTA	97	104
West PTA (50:50- North America : Europe)	213	223
IVL spread		
Asia PTA	126	123
West PTA (IVL Actual Mix)	217	229

*Selling price less raw material consumption

IVL normally gets a minor premium over industry margins due to its volume and vast global presence. IVL's actual geography capacity mix also impacts the IVL margin when compared with the industry.

Earnings before Interest Expenses, Income Taxes, Depreciation & Amortization (EBITDA)

THB in Millions	FY 2016	FY 2017	Change (%)
EBITDA⁽¹⁾	27,626.7	35,348.7	28.0%
Add: Inventory loss/(gain) ⁽²⁾	(261.1)	(1,271.2)	
CORE EBITDA	27,365.7	34,077.5	24.5%
As a percentage of total revenues	10.7%	11.9%	
Add: Eliminations and others ⁽³⁾	(452.2)	58.3	
Adjusted CORE EBITDA	26,913.5	34,135.7	26.8%
PET	10,103.8	10,060.9	(0.4)%
As a percentage of total PET revenue	7.5%	6.9%	
Fibers	7,246.2	7,064.2	(2.5)%
As a percentage of total Fibers revenue	9.9%	8.7%	
Feedstock	9,563.4	17,010.6	77.9%
As a percentage of total Feedstock revenue	10.2%	14.8%	

(1) EBITDA is calculated from sales revenue adding net foreign exchange gain (loss) and other income, then deducting cost of sales, selling & administrative expenses (excludes depreciation & amortization), management benefits expenses, and adjusting by extraordinary items. Excluding Feedstock price adjustment for captive sales to PET on freight saving. There are no impacts on regional or consolidated EBITDA

(2) Inventory gains (losses) are the gains or losses on the inventories that IVL carries every month, due to the movement in the prices of finished products and raw materials following market movements.

(3) Eliminations and others include the amounts attributable to intra-group transactions and the EBITDA of holding companies.

Core EBITDA for the year ended 2017 was THB 34,077.5 million, an increase of THB 6,711.8 million or 24.5% from Feedstock segment. Core EBITDA is defined as EBITDA less Inventory loss/(gain).

PET Core EBITDA

PET Core EBITDA for the year ended 2017 was THB 10,060.9 million, remain flat comparing with 2016. Even though the spread went up, production was marginally lower due to de-bottlenecking turnaround in China, mothballing of the Adana facility in Turkey (2016) and the deconsolidation of the business in India (also partly in 2016).

Fibers Core EBITDA

Fibers Core EBITDA for the year ended 2017 was THB 7,064.2 million, slightly decrease of THB 182.0 million or 2.5% from 2016. The Fiber segment benefitted with the consolidation of high performance Rayon tire-cord business 'Glanzstoff' but the overall earnings were negated due to planned maintenance shutdown at a site in Indonesia.

Feedstock Core EBITDA

Feedstock Core EBITDA for 2017 was THB 17,010.6 million, an increase of 77.9% from THB 9,563.4 million in 2016. This was due to a change in the portfolio mix and new volumes arising from the addition of feedstock assets (including PTA, NDC and IPA) in the United States and Spain.

Other Revenues

THB in Millions	FY 2016	FY 2017	Change (%)
Interest Income	124.4	102.4	(17.6)%
Net foreign exchange gain/(loss)	543.1	(34.6)	(106.4)%
Gain on a bargain purchase	6,698.6	3,672.7	(45.2)%
Other income	1,459.5	1,160.2	(20.5)%
Total	8,825.5	4,900.8	(44.5)%

Interest Income

Interest Income for the year ended 2017 was THB 102.4 million, a decrease of THB 21.9 million or 17.6% from 2016. This was mainly due to a decrease in current investment during the year.

Net foreign exchange gain/(loss)

There was a net foreign exchange loss for 2017 of THB 34.6 million, decrease from gain of THB 543.1 million in 2016. This was primarily due to IVL's disciplined approach to hedging receivables and payables. Currency volatilities are also hedged in a natural way due to our global presence, for example USD assets are hedged naturally against USD liabilities and hence we do not have major gains or losses in 2017.

Gains on bargain purchases

During 2017, IVL acquired several businesses where the excess of the Group's interest in the net identified assets and liabilities of the companies acquired over cost (recognized values are higher than the consideration transferred) are considered to be gains on bargain purchases, and recognized in the consolidated statement of income in accordance with generally accepted accounting principles

for business combinations. A valuation of net identified assets acquired and liabilities assumed is calculated every time to arrive at recognized values. Fair value adjustments are the difference between the carrying amount and the recognized value. In 2017, IVL had gains on bargain purchases of THB 3,672.7 million. The following details are given:

Baht in Millions	Net identified assets acquired and liabilities assumed				
	Interest acquired (%)	Recognized values	Total Consideration	Gain on a bargain purchase	Goodwill
Companies acquired during the years ended December 31, 2016					
Chemical complex of BP Amoco Chemical Company, USA	100%	18,042.2	14,752.4	3,289.8	
Guadarranque Polyester S.L.U., Spain	100%	11,246.2	7,837.4	3,408.8	
Dhunseri Petglobal Limited, India	50%	1,300.3	2,198.9	-	898.6
				6,698.6	
Companies acquired during the years ended December 31, 2017					
DuraFiber Mexico, Mexico	100%	1,102.4	894.4	207.9	
Longlaville DuraFiber Technologies (DFT) SAS, France	100%	601.9	-	601.9	
The PTA assets of Artlant PTA S.A. and the utility assets of Artelia Ambiente, S.A., Portugal	100%	4,503.5	1,640.6	2,862.9	
Glanzstoff Group, Europe	100%	5,148.4	6,100.6	-	952.2
				3,672.7	

A gain on bargain purchase is considered by management as an extraordinary item which does not arise from the normal operation of the business, but is included in the net profit of the Company. Additional information on each acquisition is provided in Note 4 – Acquisitions of Businesses in the Audited Financial Statements. Net identifiable assets acquired including intangible assets i.e. customer contracts, technology licenses and know-how, trade names and trademarks, were all recognized in the financial statements at fair value, and subject to depreciation, amortization or impairment (if any) in accordance with generally accepted accounting principles, as disclosed in Note 3 – Significant accounting policies in the Audited Financial Statements.

IVL's management expertise and business model allows us to buy companies most of the time at below their fair value as determined by an appraiser. We therefore need to record the gain on bargain purchases. These gains are recorded under property plant & equipment or intangibles or other assets, as applicable.

Other Income

Other income for the year ended 2017 was THB 1,160.2 million, a decrease of THB 299.2 million or 20.5% from 2016. Mainly due to in 2016, IVL received partial reimbursement of THB 432.9 million in respect of these advance payments against which provision for loss had previously been provided and recorded as other income. Please refer to Note 26 – Other income in the Audited Financial Statements for further details.

Expenses

THB in Millions	FY 2016	FY 2017	Change (%)
Distribution costs	14,637.9	15,778.3	7.8%
Administrative expenses	7,041.1	9,988.4	41.9%
Management benefit expenses	143.7	136.9	(4.7)%
Total	21,822.7	25,903.6	18.7%

Total expenses for the year ended December 31, 2017 was THB 25,903.6 million, an increase of THB 4,080.9 million or 18.7% from 2016 as a result of higher spending on selling and administrative expenses in-line with our volume growth. Please refer to Note 28 and 29 – Distribution costs and Administrative expenses of the Audited Financial Statements for further details on this item.

Management benefit expenses decreased 4.7% from last year which was considered insignificant.

Doubtful Debts Expenses

IVL had doubtful debt expenses in amount of THB 1,978.6 million in 2017 and THB 30.4 million in 2016. Big expenses were recorded in 2017 as M&G who is the customer of Cepsa Canada filed bankruptcy. IVL recorded provision for doubtful debt amounting to THB 1,794.3 million against the said provision.

Research and Development (R&D) Expenses

IVL has a strong R&D platform with 11 centers for innovation around the world. IVL is strongly committed to providing innovative solutions to our customers and focusing on an agenda geared to sustainability. IVL has many high value-added businesses which require R&D, and as a result, IVL has a focused approach to innovation. In 2017, IVL spent THB 401.9 million (2016: THB 356.7million) on R&D which was booked under appropriate expenses.

Finance Costs

Finance costs for the year ended 2017 was THB 3,864.5 million, a decrease of THB 357.9 million from 2016 that was in-line with a decrease in overall interest-bearing liabilities as well as interest rate.

Share of profit of jointly-controlled entities, net

IVL had a share of profit from joint ventures in the amount of THB 28.4 million and loss of THB 173.1 million for the year ended 2017 and 2016, respectively. A significant increase in the share of profit from joint ventures was due to improved performance in most of the joint venture companies

especially Dhunseri and MicroPet. Please refer to Note 12 – Investment in joint ventures in the Audited Financial Statements for further details.

Income Tax Expense

Tax income for 2017 was THB 1,400.2 million and tax expense was 2,062.2 in 2016. There was amendment in US corporate income tax rate reducing from 35% to 21%. Accordingly some deferred tax liabilities have been reversed as a one-time income in 2017. Please refer to Note 33 – Tax expense (income) in the Audited Financial Statements for further details.

Net Profit

THB in Millions	FY 2016	FY 2017	Change (%)
Net profit	16,359.2	21,078.3	28.8%
As a percentage of total revenues	6.4%	7.4%	
Profit attributable to:			
Owners of the Company	16,197.1	20,882.9	28.9%
Non-controlling interests	162.1	195.4	20.6%

Net Profit for the year ended December 31, 2017 was THB 21,078.3 million, an increase of THB 4,719.1 million or 28.8% from 2016 due to higher earnings. Please refer to the explanation of EBITDA above for more details. Net profit for the period included extraordinary items, i.e. gains on bargain purchases, acquisition costs and related transaction expenses incurred on acquisitions completed. These non-recurring items are not from the normal operation of the business.

Financial Position

The Company closely monitors the financial position, and any changes, of various businesses at the group level. An analysis of the financial position is presented below:

Total Assets

As of December 31, 2017 and 2016, IVL had total assets of THB 282,358.4 million and THB 258,380.5 million, respectively. The increase of 9.3% was mainly due to growth in the Company's business from expansions and acquisitions. The major assets are as follows:

Trade Accounts Receivable

As of December 31, 2017 and 2016, IVL reported trade accounts receivable of THB 32,098.2 million, and THB 31,085.5 million respectively, representing 11.4% and 12.0% of total assets. The Company has continued to improve and control its debt management. Each subsidiary takes responsibility to set up and monitor their allowance for doubtful accounts by focusing on amounts that are over 12 months overdue in order to ensure that the allowance is adequate. The allowance for doubtful accounts is normally in a narrow low-range due to the close follow-up and collections that is conducted on time. However, the allowance for doubtful accounts rose substantially in 2017 mainly due to one of IVL's PTA customer, M&G, filed bankruptcy under Chapter 11 as mentioned earlier. As a consequence, the Company has taken a net impairment of THB 1,296.9 million (receivables impairment of THB 1,794.3

million and a deferred tax income of THB 497.4 million). The aging analysis for trade accounts receivable is as follows:

	Consolidated	
	financial statements	
	December 31, 2016	December 31, 2017
	(THB in Millions)	
Related parties		
Within credit terms	709.4	796.7
Overdue:		
Less than 3 months	284.6	265.5
3-6 months		9.4
6-12 months		0.2
Net	994.0	1,071.7
Other parties		
Within credit terms	27,069.8	26,542.6
Overdue:		
Less than 3 months	2,907.7	4,692.7
3-6 months	57.3	798.4
6-12 months	48.3	854.1
Over 12 months	134.0	153.0
	30,217.2	33,040.8
Less: allowance for doubtful accounts	(125.8)	(2,014.3)
Net	30,091.5	31,026.5
Total	31,085.5	32,098.2

Inventories

As of December 31, 2017 and 2016, IVL reported inventories of THB 46,036.5 million and THB 40,458.9 million, respectively, representing 16.3% and 15.7% of total assets. This increase was in-line with the Company's expansion and business growth in 2017.

Investment in joint ventures

As of December 31, 2017 and 2016, IVL reported investment in jointly-controlled entities of THB 6,247.1 million and THB 5,529.8 million, respectively, representing 2.2% and 2.1% of total assets. The increase mainly resulted from the increase in share capital of some joint ventures namely

Polyprima, ES FiberVisions (Suzhou) and MicroPet in which the Group entirely subscribed to the portion of its shareholdings.

Property, plant and equipment (PPE)

As of December 31, 2017 and 2016, IVL reported property, plant and equipment of THB 151,202.0 million and THB 136,860.3 million, respectively, representing 53.5% and 53.0% of total assets. The increase resulted from various acquisitions, Rotterdam PTA expansion and ongoing Gas Cracker project in the US.

The PET segment saw a decrease of 6.1% in its PPE in 2017 over 2016 to THB 36,503.8 million. There was no major asset acquisition in this segment. The decline in PPE was mainly as a result of depreciation during the year.

The Fibers segment saw an increase of 11.4% in its PPE in 2017 from 2016 to THB 37,806.4 million. In 2017, IVL completed the acquisition of Glanzstoff which is Europe's largest manufacturer of tire cord fabrics and single-end cords. The Company also acquired DuraFiber in Mexico and France (formerly Performance Fibers), a leading producer of durable technical textiles for industrial, tire reinforcement, and specialty applications. Glanzstoff also commenced single-end cord production in China in 4Q 2017. Together with PHP and Performance Fibers, these acquisitions propel IVL into a position of strength in Rayon, Aramids, Nylon 6.6 and Polyester businesses within the auto segment.

The Feedstock segment saw an increase of 20.0% in its PPE in 2017 from 2016 to THB 76,639.3 million. This was primarily due to the acquisition of PTA facility in Portugal as well as the completion of PTA expansion at our Rotterdam site in 2017 together with the ongoing Gas Cracker project in the US.

Other Intangible Assets

As of December 31, 2017 and 2016, IVL reported intangible assets of THB 18,027.2 million and THB 17,602.2 million, respectively, representing 6.4% and 6.8% of total assets. Intangible assets increased 2.4% from last year which was considered insignificant.

Loan to related parties

IVL has given certain loans to related parties as per Note 5 – Related parties in the Audited Financial Statements. There are given for various strategic reasons and as of December 2017, these amounts are not material.

Total Liabilities

As of December 31, 2017 and 2016, IVL reported total liabilities of THB 163,371.7 million and THB 166,565.5 million, respectively. The decrease in total liabilities resulted from a decrease in loans from financial institutions, issuance of debentures and a decrease in deferred tax liability offset with a higher in trade accounts payable which was in-line with the growth in volumes from business expansion and acquisitions.

Trade accounts payable

As of December 31, 2017 and 2016, IVL had trade accounts payable of THB 39,301.4 million and THB 37,316.1 million, respectively. This was in-line with the growth in volumes from business expansion and acquisitions. The payment days for the year ended 2017 and 2016 was 57.3 days and 56.5 days, respectively. IVL was able to get extended credits from its suppliers as its volume increased in 2017 from 2016.

Interest-bearing liabilities

As of December 31, 2017 and 2016, IVL reported interest-bearing liabilities of THB 95,785.1 million and THB 102,086.3 million, respectively, representing 33.9% and 39.5% of total liabilities and shareholders' equity.

Our net operating debt-to-equity decreased substantially from 0.88 times at the end of 2016 to 0.54 times at the end of 2017, after spending on capex and investments of THB 29,624.7 million in 2017. IVL's net operating debt decreased from THB 81,019.1 million at the end of December 31, 2016 to THB 64,015.0 million at the end of December 31, 2017, mainly due to loan repayments from the proceed from issue of ordinary shares due to warrants exercised.

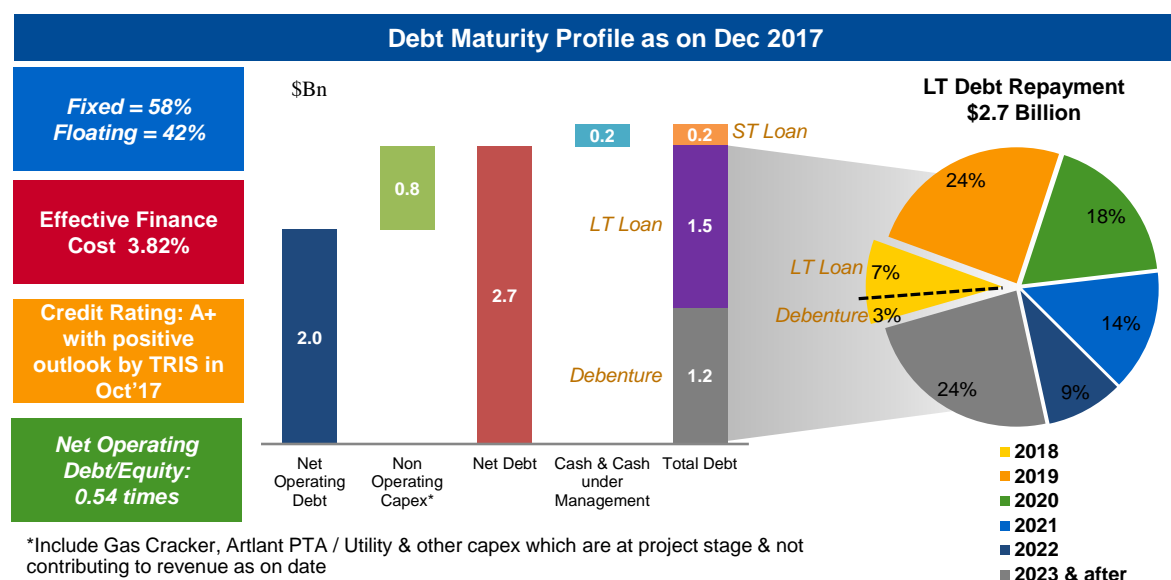
The table below describes total debt and net operating debt in THB billions:

THB in Billions	2016	2017
Total Debt	102	96
Bank overdraft and short-term loans	9	6
Long-term debt (Current portion)	4	6
Debentures (Current portion)	5	3
Long-term debt (Non-current portion)	51	43
Debentures (Non-current portion)	32	38
Cash & Cash under management	5	7
Cash and cash equivalents	4	7
Current investments and loans given	1	(0)
Net Debt	98	89
⁽¹⁾ Non-operating Debt (Project Debt)	16	25
Net Operating Debt	81	64
Net debt-to-equity (times)	1.06	0.75
Net operating debt-to-equity (times)	0.88	0.54
Debts with fixed interest %	50%	58%
Credit Rating by TRIS (Reaffirmed in October 2017)	A+	A+
Liquidity	51	63
Unutilized credit line	47	57
Financial Ratios		

THB in Billions	2016	2017
Current ratios (times)	1.3	1.4
Debt Servicing Coverage Ratio (DSCR) times	2.9	3.6
Interest coverage ratio (times)	6.7	10.0

Note ⁽¹⁾ Net debt after debt for capex and investments which are not generating revenue and earnings as on date.

The graph below provides the repayment schedule for long-term debt and debentures in USD billions:



Shareholders' equity

As of December 31, 2017 and 2016, IVL reported shareholders' equity of THB 118,986.7 million and THB 91,814.9 million, respectively. The increase in shareholders' equity was mainly due to capital raising from warrants exercised, an increase in retained earnings resulting from the profitability of the Company, net of dividends paid and the decrease in the translation reserve from the translation loss of overseas investments due to a stronger Thai baht in 2017 over 2016. Please refer to "Statement of Changes of Equity" in the Audited Financial Statements for more details.

Cash Flow

IVL generated THB 28,906.8 million of cash flow from operating activities in 2017 compared to THB 24,946.2 million in 2016 due to improvement in its performance and outflow of net working capital on higher absolute prices following the crude oil trend.

Cash flow used in investing activities of THB 28,785.7 million in 2017 was primarily paid towards the acquisition of the Glanzstoff, DuraFiber France and Mexico, Artlant PTA as well as the expansion of PTA facility in Rotterdam and US Gas Cracker. Capex and investments were funded by a mix of long-term loans and cash flow from operations.

Cash flow from financing activities of THB 2,729.9 million in 2017 was principally a result of cash proceeds from the issuance of ordinary shares due to warrants exercised, the issuance of

debentures, and short and long-term loans-net of repayment that were used to support business growth. In contrast, there was cash outflow for interest and dividend payments in 2017.

Liquidity

Strong cash flow from operations and a longer average loan maturity led to a high liquidity position for the Company. As at December 2017, IVL had liquidity of THB 63,356.0 million, in the form of cash and cash under management, plus un-utilized banking credit lines. The high liquidity provides us greater flexibility in business operations and to finance accretive growth opportunities.

Key Financial Ratios

Current Ratio

Our current ratio is calculated by dividing total current assets by total current liabilities. The current ratio stood at 1.4 times at the end of 2017, slightly increased from 1.3 times in 2016. This illustrated the strong financial position and liquidity of the Company as well as assurance of the Company's ability to pay off our short-term liabilities.

Return on Equity Ratio (ROE)

Our ROE ratio is calculated by dividing our profit attributable to owners of the Company for the period by the average of the total equity attributable to equity holders of the Company. IVL achieved a return on equity (ROE) of 20.3% and 19.2% in 2017 and 2016, respectively. In addition, IVL achieved core ROE of 16.5% in 2017 compared to 12.4% in 2016, a significant increase of 33.2%. ROE increased in-line with core net profit growth.

Note: For Core ROE% calculation, we use the formula as follows: Core profit attributable to owners of the Company after interest on perp / average of the equity attributable to shareholders of the Company.

Return on Assets Ratio (ROA)

Our ROA ratio is calculated by dividing profit before finance costs and income tax expenses by the average total assets. For the year ended 2017 and 2016, our ROA ratio was 8.7% and 9.4%, respectively. The decrease in ROA was mainly because of large amount of gain on bargain purchase from major strategic acquisitions of BP Decatur and Cepsa Spain recognized in 2016 whereas gain on bargain purchase was lower in 2017. However, IVL achieved core ROA of 8.1% in 2017 compared to 6.7% in 2016, representing a 21.1% increase which was in-line with core net profit growth.

Net Debt-to-Equity Ratio (D/E)

Our Net Interest Bearing Debt-to-Equity Ratio is calculated by dividing our interest-bearing liabilities-less cash and cash equivalents by total shareholders' equity. As of December 31, 2017 and 2016, our net interest bearing debt-to-equity stood at 0.75 times and 1.06 times, respectively. The Company's gearing ratio decreased from last year as the Company raised cash through the issuance of ordinary shares due to warrants exercised, which was used to support the repayment of loans, the

acquisitions, ongoing expansion and working capital needs. However, the debt covenant for most of the debts is not over two times net debt-to-equity.

Debt Servicing Coverage Ratio (DSCR)

Our DSCR is calculated by dividing core EBITDA by annual interest and principal payments on debt. As of December 31, 2017 and 2016, our DSCR was at 3.6 times and 2.9 times, respectively. The DSCR increased in-line with core EBITDA growth which indicated that operations-generated income is sufficient to cover outstanding debt payments during the year. However, the debt covenant for most of the debts is at 1.1 times DSCR.