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IVL announces agreement to acquire Performance Fibers in China Synergies with HVA business and expanding presence in automotive safety sector

Dec 08, 2014

Bangkok, Thailand – 8 December 2014 – Indorama Ventures PCL (“IVL”), one of the world’s foremost petrochemical producers, has reached a definitive agreement to acquire one of the world’s premium automotive fiber businesses, Performance Fibers Asia, including all its Asian manufacturing operations and the right to continue using the name Performance Fibers. IVL will make the acquisition from an affiliate of Sun Capital Partners, Inc., a leading private investment firm specializing in leveraged buyouts and investments in market-leading companies. [Financial terms of the agreement were not disclosed].

Performance Fibers Asia is the premier producer of tire fabrics in the region and is the 2nd largest production facility of its kind in China. Asia is the largest and fastest-growing market for tires globally, accounting for more than 50% of global tire demand in 2013 and expanding at 8% CAGR over the last five years.

This acquisition represents the continuation of IVL’s strategy to increase and strengthen its presence in the high value-added (“HVA”) automotive safety applications. Performance Fibers Asia brings together a broad and complementary portfolio of innovative products to IVL, following the acquisition of PHP Fibers and Trevira in the last two years. The combined three businesses are expected to have annual revenue of at least \$850 million.

The Performance Fibers business in Europe and the Americas will continue to operate separately under the ownership of Sun Capital and the leadership of the existing management team in those regions.

Performance Fibers Asia production facilities are strategically situated in the Pearl River Delta city of Kaiping, where IVL’s Guangdong facility is a supplier of specialty PET polymers, providing immediate synergies in the raw material supply chain and operational excellence.

Aloke Lohia, Indorama Ventures Vice Chairman and Group CEO commented:

“This acquisition is a great strategic fit for IVL. We are acquiring a company that has an established premier position in the life-critical end-use applications in the tire industry across the world. The company has a proven management team with a track record of value creation, expanding the business at 17% CAGR over the last 4 years.”

“Our specialty polymers, fire retardant yarns, and airbag yarns businesses together with Performance Fiber Asia’s tire fabrics will create scale as well as operational and technical leverage to firmly place Indorama Ventures amongst the leading brands in automotive safety applications worldwide.”

“With the continued growth of China, India and all emerging nations, the industry growth outlook for tires remains very attractive especially as radial tires’ importance is increasing for fuel efficiency and passenger comfort.”

The transaction closing is expected in the next three months subject to customary regulatory approvals.

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