

Project Lion 2: Acquisition of CEPSA's Polyester Chain Site in Spain

# Acquisition of A Well-Integrated Business with High Value-Add



November 12, 2015

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# Project Lion 2 – Transaction Highlights

## Acquisition of Integrated Business with High Value Add

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### Overview

- IVL to acquire plant located in San Roque, Spain, one of the very few integrated and differentiated sites in the industry
- Combined capacity of 720 KMT of PTA, IPA, PET adjacent to CEPSA refinery with paraxylene and metaxylene coming by pipeline
- CEPSA is committed to ensure the long-term metaxylene supply

### Strategic Rationale

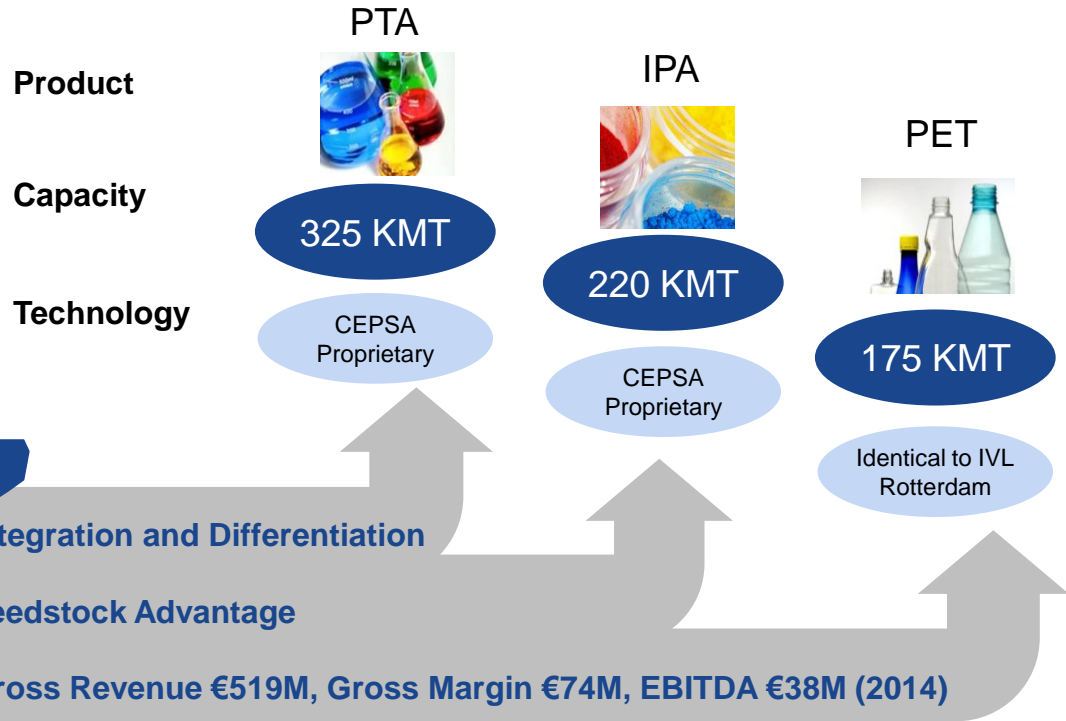
- Propels IVL to world's #2 IPA producer with 21% market share and technology leadership in attractive HVA market
- Enhances IVL integration with value add in diverse markets
- Perfectly fits into IVL's differentiated PET strategy in EMEA

### Financial Impact

- Gross Revenue €519M, Gross Margin €74M, EBITDA €38M (2014)
- A natural and value-creative integration with IVL
- Transaction expected to be completed in 2Q 2016 subject to regulatory approvals

# A Rare Investment Opportunity

## One of Very Few Integrated and Differentiated Sites



### Key Highlights

- One of the very few locations worldwide to produce PTA, PIA and PET in a single site
- Site integrated with CEPSA refinery with PX and Metaxylene coming by pipeline
- CEPSA is committed to ensure the long-term metaxylene supply
- One of two producers in the world with own IPA technology
- PET plant same as IVL Rotterdam which we have de-bottlenecked to 220 KMT

Note: Financial information is based on Vendor's Info Memo

# Perfect Fit with IVL's Strategy

## Focused on Growth, Resilience, Returns

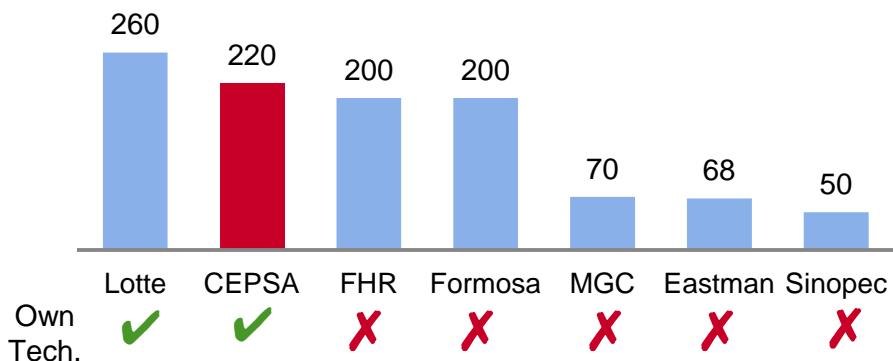
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# Strategic Rationale 1: Growing HVA Portfolio Propels IVL to Leading Producer in Attractive IPA Market

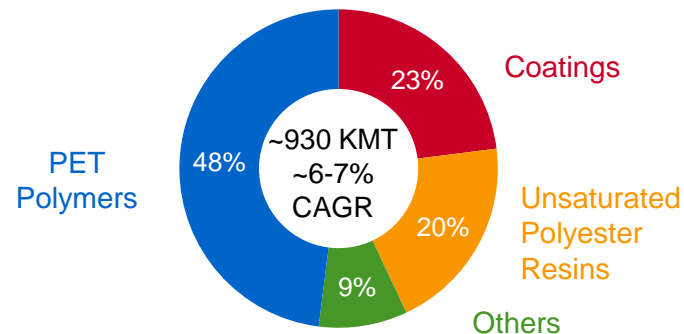
## Limited Number of Market Participants Cepsa the only IPA Producer in Europe

Global IPA Capacity - 2015E (KMT)

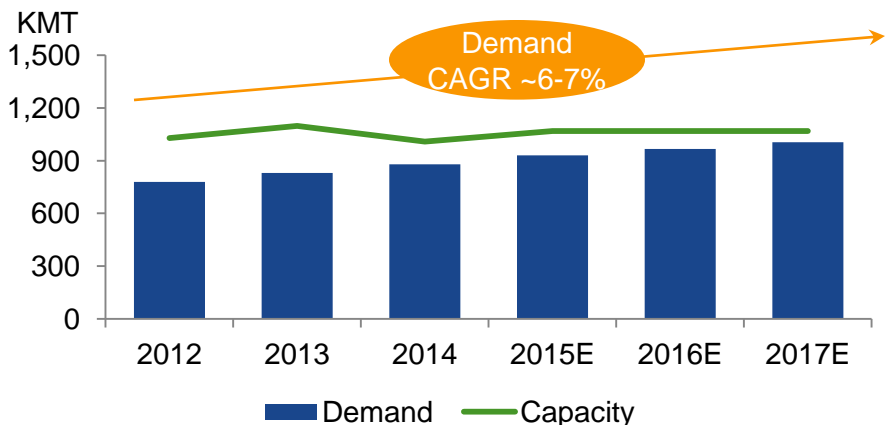


## Diversified, Attractive and Growing Markets

Global IPA Demand - 2015E (KMT)

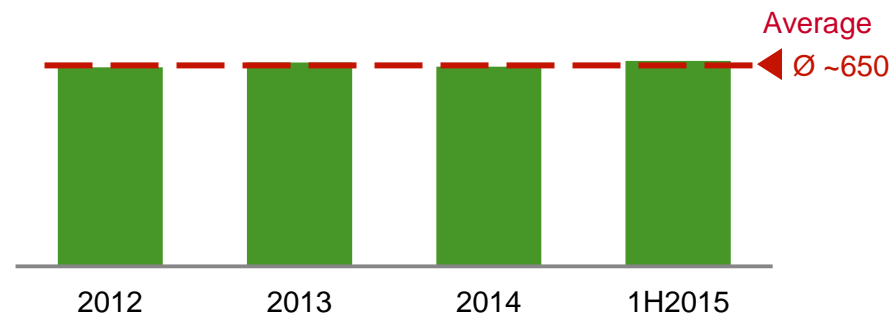


## Supportive Market Fundamentals and Outlook



## Superior and Steady IPA Margins

European IPA Spreads over Mixed Xylenes (€/MT)



# Attractive and Growing IPA Markets Driven by Packaging, Auto, Construction Sector Demand

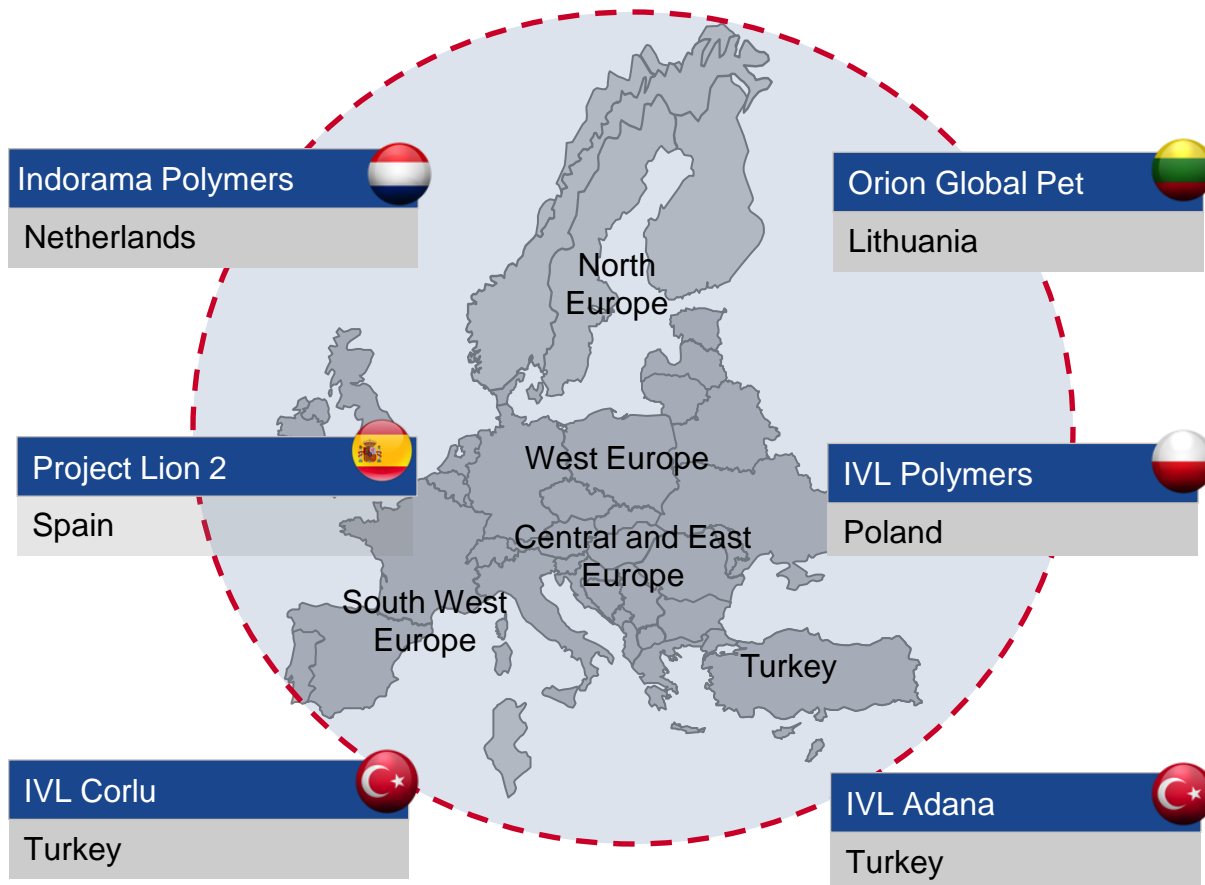
End Markets	Products	End Use Applications
<p>48%</p> <p><b>PET Polymers</b></p>	<ul style="list-style-type: none"> <li>PIA used as a co-monomer together with PTA for production of PET resin (~2% per MT)</li> </ul>	<ul style="list-style-type: none"> <li>Bottles</li> <li>Trays</li> <li>Flexibles</li> </ul> 
<p>23%</p> <p><b>Coatings</b></p>	<ul style="list-style-type: none"> <li>Surface coatings</li> <li>Powder coatings</li> <li>Liquid coatings</li> </ul>	<ul style="list-style-type: none"> <li>Furniture</li> <li>Vending machines</li> <li>Auto parts</li> </ul> 
<p>20%</p> <p><b>Unsaturated Polyester Resins</b></p>	<ul style="list-style-type: none"> <li>Composites</li> <li>Gel coats</li> <li>Artificial marble</li> </ul>	<ul style="list-style-type: none"> <li>Storage tanks</li> <li>Piping</li> <li>Furniture</li> </ul> 
<p>9%</p> <p><b>Other Applications</b></p>	<ul style="list-style-type: none"> <li>Industrial and Personal Care Textiles</li> <li>- Polyester</li> <li>- Aramid</li> <li>- Polyamide</li> </ul>	<ul style="list-style-type: none"> <li>Protective wear</li> <li>Diapers</li> <li>Industrial applications</li> </ul> 

Note: Percentages represent share of 2015E total IPA demand

Source: Industry Data, IVL Analysis

# Strategic Rationale 2 – Expanding Leadership Positions Completes IVL’s Differentiated PET Strategy in EMEA

## IVL EMEA PET Portfolio



## Differentiation

### Market Share Leadership

- #1 PET producer in EMEA with >30% market share
- Leading industry consolidation

### Cost Leadership

- Rotterdam and Poland expansion
- Workington and Ottana rationalization
- Spain plant to be debottlenecked

### Customer Reach Beyond Compare

- Acquisition of Cepsa in addition to Artenius and Polyplex to enable full market coverage

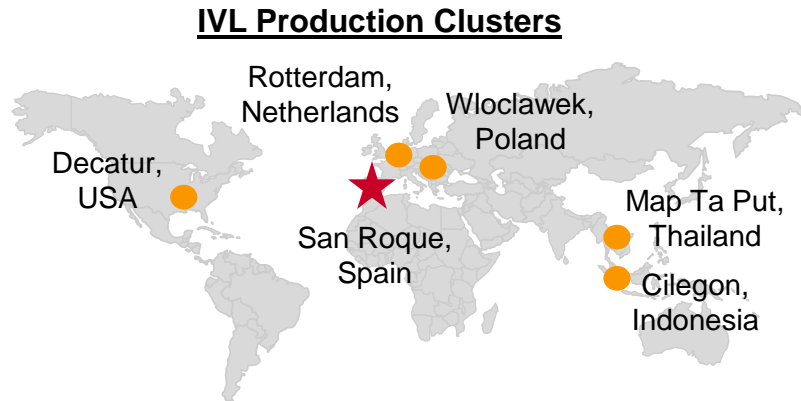
### Strong synergy potential

- Customer synergies
- Logistics synergies
- Procurement synergies



# Strategic Rationale 3: Acquiring Integrated Businesses Enhances Cost and Technology Leadership

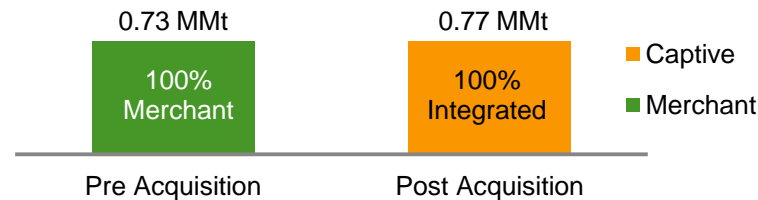
## Value Chain Clusters



- San Roque value chain cluster to enhance IVL's competitiveness
- ~80% of IVL business captures synergies from integration
- 6 value chain clusters, production in 20 countries

## IPA Integration & Technology Leadership

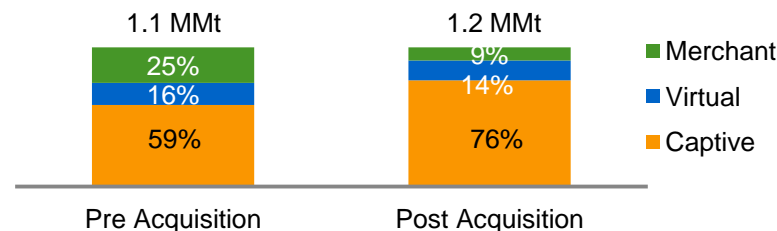
### IVL Global IPA Requirement



- Ensures 100% IPA integration globally
- Competitive advantage through leading IPA technology leadership

## PTA Integration & Technology Leadership

### IVL EMEA PTA Requirement

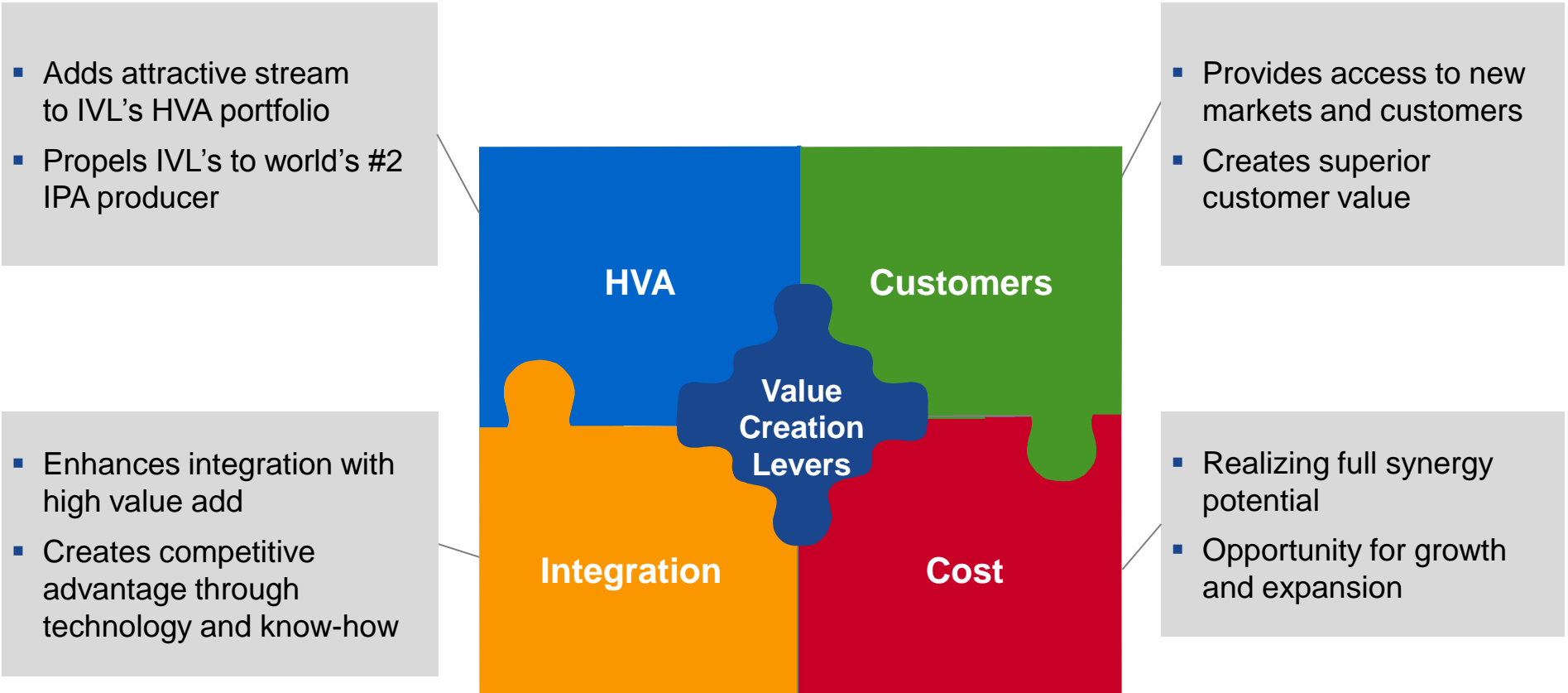


- Enhances PTA integration in Europe in addition to Rotterdam PTA expansion
- Synergies through integration

Note: EMEA PTA requirements calculated post Rotterdam PTA expansion and Spain PET debottlenecking

# Track Record of Successful Integration

## Project Lion 2 to Help Realize IVL's Full Potential



**A natural and value-creative integration with IVL**



For further information on IVL, please visit the  
Investor Section of our website  
[www.indoramaventures.com](http://www.indoramaventures.com)