INEOS

INEOS GROUP HOLDINGS S.A.

Condensed consolidated interim financial statements as of September 30, 2020

INEOS GROUP HOLDINGS S.A.
CONSOLIDATED INCOME STATEMENT

	Three-Month Period Ended September 30,	
	2020	**2019**
	(€ in millions)	
Revenue	**2,747.9**	**3,319.3**
Cost of sales	(2,338.3)	(2,809.1)
Gross profit	**409.6**	**510.2**
Distribution costs	(52.6)	(51.9)
Administrative expenses before exceptional items	(92.6)	(102.9)
Exceptional administrative expenses	(8.9)	-
Total administrative expenses	(101.5)	(102.9)
Operating profit	**255.5**	**355.4**
Share of profit of associates and joint ventures using the equity accounting method	8.3	16.9
Profit on disposal of property, plant and equipment	1.3	-
Profit before net finance costs	**265.1**	**372.3**
Finance income	12.0	18.4
Finance costs	83.8	(222.1)
Profit before tax	**360.9**	**168.6**
Tax charge	(23.4)	(27.1)
Profit for the period	**337.5**	**141.5**

The condensed notes on pages 8 to 20 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS GROUP HOLDINGS S.A.
CONSOLIDATED INCOME STATEMENT

	Nine-month Period Ended September 30,	
	2020	**2019**
	(€ in millions)	
Revenue	**8,342.8**	**10,490.0**
Cost of sales	(7,364.2)	(8,929.5)
Gross profit	**978.6**	**1,560.5**
Distribution costs	(158.4)	(164.0)
Administrative expenses before exceptional items	(279.2)	(332.6)
Exceptional administrative expenses	(8.9)	(13.0)
Total administrative expenses	(288.1)	(345.6)
Operating profit	**532.1**	**1,050.9**
Share of (loss)/profit of associates and joint ventures using the equity accounting method	(169.8)	18.7
Profit on disposal of fixed assets	1.3	-
Profit on disposal of investments	-	2.6
Profit before net finance costs	**363.6**	**1,072.2**
Finance income	41.2	64.1
Finance costs before exceptional items	(63.0)	(361.3)
Exceptional finance costs	-	(11.7)
Total finance costs	(63.0)	(373.0)
Profit before tax	**341.8**	**763.3**
Tax charge	(53.3)	(133.5)
Profit for the period	**288.5**	**629.8**

The condensed notes on pages 8 to 20 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS GROUP HOLDINGS S.A.
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Three-Month Period Ended September 30,	
	2020	**2019**
	(€ in millions)	
Profit for the period	337.5	141.5
Other comprehensive (expense)/income:		
Items that will not be recycled to profit and loss:		
Remeasurement of post employment benefit obligations net of tax	16.0	(54.0)
Items that may subsequently be recycled to profit and loss:		
Foreign exchange translation differences	19.3	(21.8)
Net (loss)/gain on hedge of net investment in foreign operations net of tax	(246.2)	257.0
Other comprehensive (expense)/income for the period net of tax	**(210.9)**	**181.2**
Total comprehensive income for the period	**126.6**	**322.7**

	Nine-month Period Ended September 30,	
	2020	**2019**
	(€ in millions)	
Profit for the period	288.5	629.8
Other comprehensive (expense)/income:		
Items that will not be recycled to profit and loss:		
Remeasurement of post employment benefit obligations net of tax	(27.0)	(198.0)
Items that may subsequently be recycled to profit and loss:		
Foreign exchange translation differences	(7.0)	(25.2)
Net (loss)/gain on hedge of net investment in foreign operations net of tax	(324.6)	236.3
Other comprehensive (expense)/income for the period net of tax	**(358.6)**	**13.1**
Total comprehensive (expense)/income for the period	**(70.1)**	**642.9**

The condensed notes on pages 8 to 20 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS GROUP HOLDINGS S.A.
CONSOLIDATED BALANCE SHEET

	September 30, 2020	December 31, 2019
	(€ in millions)	
Non-current assets		
Property, plant and equipment	7,385.2	6,964.8
Intangible assets	774.4	799.0
Investments in equity-accounted investees	195.5	371.4
Financial assets at fair value through other comprehensive income	28.3	28.3
Employee benefits	48.4	48.5
Trade and other receivables	636.6	742.4
Deferred tax assets	197.7	184.8
	9,266.1	9,139.2
Current assets		
Inventories	1,031.8	1,227.0
Trade and other receivables	1,522.8	1,544.9
Derivative financial instruments	82.8	15.3
Cash and cash equivalents	877.0	982.9
	3,514.4	3,770.1
Total assets	**12,780.5**	**12,909.3**
Equity attributable to owners of the parent		
Share capital	0.9	0.9
Share premium	585.6	585.6
Other reserves	(2,362.7)	(2,004.1)
Retained earnings	3,234.1	2,945.6
Total equity	**1,457.9**	**1,528.0**
Non-current liabilities		
Interest-bearing loans and borrowings	6,505.9	6,604.8
Lease liabilities	830.6	864.4
Trade and other payables	82.6	79.7
Employee benefits	1,048.0	984.2
Provisions	53.0	46.5
Deferred tax liabilities	353.7	291.2
Derivative financial instruments	6.1	-
	8,879.9	8,870.8
Current liabilities		
Interest-bearing loans and borrowings	206.8	248.0
Lease liabilities	116.6	125.4
Trade and other payables	1,693.6	1,772.0
Tax payable	376.3	278.0
Derivative financial instruments	34.3	59.5
Provisions	15.1	27.6
	2,442.7	2,510.5
Total liabilities	**11,322.6**	**11,381.3**
Total equity and liabilities	**12,780.5**	**12,909.3**

The condensed notes on pages 8 to 20 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS GROUP HOLDINGS S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
			(€ in millions)		
Balance at 31 December 2019	**0.9**	**585.6**	**(2,004.1)**	**2,945.6**	**1,528.0**
Profit for the period	-	-	-	288.5	288.5
Other comprehensive expense:					
Foreign exchange translation differences	-	-	(7.0)	-	(7.0)
Net loss on hedge of net investment in foreign operations	-	-	(324.6)	-	(324.6)
Remeasurement of post employment benefit obligations net of tax	-	-	(27.0)	-	(27.0)
Balance at 30 September 2020	**0.9**	**585.6**	**(2,362.7)**	**3,234.1**	**1,457.9**

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
			(€ in millions)		
Balance at 31 December 2018	**0.9**	**779.4**	**(1,957.9)**	**4,095.1**	**2,917.5**
Profit for the period	-	-	-	629.8	629.8
Other comprehensive income/(expense):					
Foreign exchange translation differences	-	-	(25.2)	-	(25.2)
Net gain on hedge of net investment in foreign operations	-	-	236.3	-	236.3
Remeasurement of post employment benefit obligations net of tax	-	-	(198.0)	-	(198.0)
Transactions with owners, recorded directly in equity:					
Capital reduction	-	(193.8)	-	193.8	-
Dividend	-	-	-	(1,746.3)	(1,746.3)
Balance at 30 September 2019	**0.9**	**585.6**	**(1,944.8)**	**3,172.4**	**1,814.1**

The condensed notes on pages 8 to 20 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS GROUP HOLDINGS S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine-month Period Ended September 30,	
	2020	**2019**
	(€ in millions)	
Cash flows from operating activities		
Profit before tax	341.8	763.3
Adjustments for:		
Depreciation, amortisation and impairment	515.5	472.6
Net finance cost	21.8	308.9
Share of loss/(profit) of equity-accounted investees	169.8	(18.7)
Profit on disposal of investments	-	(2.6)
Profit on disposal of property, plant and equipment	(1.3)	-
Decrease/(increase) in trade and other receivables	140.9	(95.4)
Decrease in inventories	170.9	202.6
Increase/(decrease) in trade and other payables	28.6	(101.7)
Increase/(decrease) in provisions and employee benefits	1.2	(6.7)
Tax received/(paid)	20.6	(64.1)
Net cash from operating activities	**1,409.8**	**1,458.2**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	2.1	0.2
Proceeds from sale of investments	0.2	260.8
Interest and other finance income received	2.2	40.4
Dividends received	2.4	2.9
Acquisition of businesses, net of cash acquired	(15.6)	(67.1)
Acquisition of property, plant and equipment	(1,015.9)	(884.7)
Acquisition of intangible assets	(12.4)	(6.4)
Acquisition of other investments	0.7	-
Net cash used in investing activities	**(1,036.3)**	**(653.9)**
Cash flows from financing activities		
Securitisation Facility	11.5	66.7
Inventory Facility	(41.8)	189.0
Proceeds from new Senior Secured Notes	-	770.0
Redemption of Senior Secured Notes	-	(770.0)
Issue costs	-	(11.4)
Interest paid	(270.6)	(235.4)
Repayment of loans	(44.8)	(47.6)
Proceeds from other loans	19.2	141.0
Dividends paid	-	(1,746.3)
Capital element of lease payments	(117.1)	(82.7)
Net cash used in financing activities	**(443.6)**	**(1,726.7)**
Net decrease in cash and cash equivalents	(70.1)	(922.4)
Cash and cash equivalents at January 1	982.9	2,071.3
Effect of exchange rate fluctuations on cash held	(35.8)	30.5
Cash and cash equivalents at September 30	**877.0**	**1,179.4**

The condensed notes on pages 8 to 20 are an integral part of these unaudited condensed consolidated interim financial statements.

1. BASIS OF PREPARATION

The condensed consolidated financial statements include INEOS Group Holdings S.A. and all its subsidiaries (together referred to as the "Group"). Intra-group transactions and balances have been eliminated on consolidation. The financial and operating results for any period less than a year are not necessarily indicative of the results that may be expected for a full year. The Group does not experience any significant seasonality in its operating results.

These condensed consolidated financial statements have been prepared on the historical cost basis, except for certain assets and liabilities that have been measured at fair value, principally derivative financial instruments and the assets and liabilities of the Group's defined benefit pension schemes measured at fair value and using the projected unit credit method, respectively.

These condensed consolidated financial statements are presented in euro. The functional currency of the Company and its subsidiaries is determined in line with IAS 21 and is consistent with the audited financial statements for the year ended December 31, 2019.

The significant judgements and key sources of estimation uncertainty applicable to the preparation of the condensed consolidated financial statements are the same as those described within the Group's audited financial statements for the year ended December 31, 2019. In each case, judgements have been applied consistently and estimates made using a consistent methodology, with inputs and assumptions updated to reflect the Group's latest forecasts and prevailing market conditions at the balance sheet date as appropriate.

The accompanying condensed consolidated interim financial statements of the Group are unaudited.

In early March 2020, the Group developed contingency plans for the COVID-19 pandemic, with the primary objectives of maintaining the safety of personnel and the reliable operation of the Group's plants. This resulted in a number of changes to standard working practices and shift patterns to reduce personnel on site to those defined as operationally critical in order to adhere to social distancing rules in line with local government advice. Any safety critical activity was formally risk assessed to take cognizance of additional controls necessary to protect core personnel from COVID-19, hence safeguarding safety critical work at all times.

The chemical industry is deemed as essential, critical infrastructure by governments across the world. Throughout the pandemic all of the Group's plants have continued to operate fully and supply chains have operated without significant disruption. Protecting employees and ensuring that they remain healthy has been the first priority of the Group. All plants have sufficient resources and have implemented measures to ensure that this remains the case throughout the pandemic.

Whilst there is uncertainty due to the COVID-19 crisis the Directors have undertaken a rigorous assessment of the potential impact of COVID-19 on demand for its products and services and the impact on margins for the next 12 months. In addition, the Directors have implemented a series of programmes to preserve cash including the review of timing of turnarounds, reductions in the levels of non-essential capital expenditure and reductions in non-essential fixed cost expenditure. On the basis of this assessment together with a strong balance sheet and access to liquidity, the Directors have concluded that it is appropriate to prepare these condensed consolidated financial statements on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The financial information has been prepared and approved by the directors in accordance with IAS 34 "Interim financial reporting" as adopted by the European Union in response to the IAS regulation (EC 1606/2002) effective from January 1, 2020. In compliance with IAS 34, the Company has opted for a condensed scope of reporting in the condensed interim financial statements compared with the consolidated annual financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's audited consolidated annual report and accounts for the year ended December 31, 2019, except for the adoption of new standards, interpretations and amendments effective as of January 1, 2020. The adoption of new standards, interpretations and amendments in the current year has not had a material impact. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective at September 30, 2020.

3. SEGMENTAL INFORMATION

Class of business

The Group reports under three business segments: O&P North America, O&P Europe and Chemical Intermediates.

The revenue and EBITDA before exceptionals attributable to each different class of business as measured under IFRS is as follows:

	Three-Month Period Ended September 30,		Nine-month Period Ended September 30,	
	2020	2019	2020	2019
	(€ in millions)		*(€ in millions)*	
Revenue				
O&P North America	708.8	790.9	1,984.3	2,438.6
O&P Europe	1,116.9	1,458.4	3,487.3	4,516.4
Chemical Intermediates	1,291.3	1,526.6	3,945.4	4,927.0
Eliminations	(369.1)	(456.6)	(1,074.2)	(1,392.0)
	2,747.9	3,319.3	8,342.8	10,490.0
EBITDA before exceptionals				
O&P North America	123.4	215.1	342.3	606.7
O&P Europe	134.6	158.8	276.7	452.2
Chemical Intermediates	173.0	140.3	437.5	477.6
	431.0	514.2	1,056.5	1,536.5

Reconciliation of earnings before operating exceptional items, interest, taxation, depreciation and amortisation ('EBITDA before exceptionals') to operating profit:

	Three-Month Period Ended September 30,		Nine-month Period Ended September 30,	
	2020	2019	2020	2019
	(€ in millions)		*(€ in millions)*	
EBITDA before exceptionals	431.0	514.2	1,056.5	1,536.5
Depreciation and amortisation	(166.6)	(158.8)	(515.5)	(472.6)
Exceptional items	(8.9)	-	(8.9)	(13.0)
Operating profit	255.5	355.4	532.1	1,050.9

4. TOTAL FINANCE COSTS

	Three-Month Period Ended September 30,		Nine-month Period Ended September 30,	
	2020	2019	2020	2019
	(€ in millions)		*(€ in millions)*	
Interest payable on senior notes	23.3	23.4	70.4	73.5
Interest payable on bank loans and overdrafts	24.8	31.7	81.3	93.6
Interest payable on securitisation	1.8	2.4	6.3	7.9
Interest payable on lease liabilities	11.6	11.0	36.2	35.4
Amortisation of issue costs	1.7	1.9	5.7	5.0
Other finance charges	3.4	4.2	11.7	13.0
Net fair value (gain)/loss on derivatives	(59.3)	7.5	(10.7)	34.3
Finance costs before exchange movements	7.3	82.1	200.9	262.7
Exchange movements	(88.9)	140.9	(132.3)	101.2
Borrowing costs capitalised in property, plant and equipment	(2.2)	(0.9)	(5.6)	(2.6)
Finance costs before exceptional items	(83.8)	222.1	63.0	361.3
Exceptional finance costs (see Note 6)	-	-	-	11.7
Total finance costs	(83.8)	222.1	63.0	373.0

The exchange movements reflect net foreign exchange gains or losses associated with short term intra group funding.

5. TAXATION

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss.

After adjusting for the results from the share of associates and joint ventures, the underlying effective tax rate of approximately 19% reflects the anticipated tax rate for the Group for the full year. This underlying effective tax rate has then been adjusted to recognise tax refunds due under the CARES Act in the US. This Act allows the Group to carry back net operating losses in the US for a period of up to five years to obtain retroactive tax refunds at the tax rates applicable for the years the losses are utilised. After adjusting for the results from the share of associates and joint ventures, the effective rate in the same period in 2019 was approximately 18%, which reflected the anticipated tax rate for the full year.

6. EXCEPTIONAL ITEMS

Exceptional administrative expenses
Exceptional administrative costs of €8.9 million were charged in the nine month period ended September 30, 2020, which related to a provision for early retirement costs as part of a restructuring of the Koln site within the O&P Europe business. Exceptional administrative expenses of €13.0 million were charged in the nine month period ended September 30, 2019, which related to a settlement of an intellectual property dispute in respect of the former Technologies business.

Exceptional finance costs
Following the early redemption of the Senior Secured Notes due 2023, an exceptional finance cost of €11.7 million was recognised in April 2019, which included an early prepayment premium of €7.7 million and the write-off of deferred issue costs associated with the redeemed Notes of €4.0 million.

7. PROPERTY, PLANT AND EQUIPMENT

In the nine month period ended September 30, 2020, the Group spent €1,015.9 million (nine month period ended September 30, 2019: €884.7 million) on property, plant and equipment. The main capital expenditures in the nine month period ended September 30, 2020 related to expenditure on a furnace replacement project, debottleneck and major scheduled turnaround on one of the crackers at the Chocolate Bayou, USA site. There was also expenditure at the Koln, Germany site on completion of a major scheduled turnaround on one of the crackers at the site, a new cogeneration unit project and further expenditure on a new jetty. There was further growth expenditure on the LAO and PAO platforms and a barge dock at Chocolate Bayou, USA. There was also expenditure at the Antwerp, Belgium site in respect of a planned turnaround and at the Marl, Germany site on a new cumene unit project.

8. INVENTORIES

	September 30, 2020	December 31, 2019
	(€ in millions)	
Raw materials and consumables	368.4	430.4
Work in progress	15.5	19.5
Finished products	647.9	777.1
	1,031.8	1,227.0

9. BORROWINGS

Borrowing obligations as of September 30, 2020 and December 31, 2019 are as follows:

	September 30, 2020	December 31, 2019
	(€ in millions)	
Non-current liabilities		
Senior Secured Term Loans	3,339.5	3,428.6
Senior Secured Notes due 2026	763.0	762.1
Senior Secured Notes due 2025	546.2	545.6
Senior Notes due 2024	1,071.3	1,090.4
Receivables Securitisation Facility	302.3	295.9
Koln CoGen Facility	78.0	96.0
Rafnes Facility	247.3	246.5
Schuldschein Facility	139.3	138.9
Other loans	19.0	0.8
	6,505.9	6,604.8

	September 30, 2020	December 31, 2019
Current liabilities		
Current portion of borrowings under Senior Secured Term Loans	32.6	33.3
Koln CoGen Facility	24.0	24.0
Inventory Financing Facility	149.1	190.4
Other loans	1.1	0.3
	206.8	248.0

9. BORROWINGS (Continued)

	September 30, 2020		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		(€ in millions)	
Senior Secured Term Loans	3,379.6	(7.5)	3,372.1
Senior Secured Notes due 2026	770.0	(7.0)	763.0
Senior Secured Notes due 2025	550.0	(3.8)	546.2
Senior Notes due 2024	1,076.2	(4.9)	1,071.3
Receivables Securitisation Facility	303.2	(0.9)	302.3
Koln CoGen Facility	102.0	-	102.0
Rafnes Facility	250.0	(2.7)	247.3
Schuldschein Loan	141.0	(1.7)	139.3
Inventory Financing Facility	149.1	-	149.1
Other	20.1	-	20.1
	6,741.2	(28.5)	6,712.7

	December 31, 2019		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		(€ in millions)	
Senior Secured Term Loans	3,470.9	(9.0)	3,461.9
Senior Secured Notes due 2026	770.0	(7.9)	762.1
Senior Secured Notes due 2025	550.0	(4.4)	545.6
Senior Notes due 2024	1,096.3	(5.9)	1,090.4
Receivables Securitisation Facility	297.1	(1.2)	295.9
Koln CoGen Facility	120.0	-	120.0
Rafnes Facility	250.0	(3.5)	246.5
Schuldschein Loan	141.0	(2.1)	138.9
Inventory Financing Facility	190.9	(0.5)	190.4
Other	1.1	-	1.1
	6,887.3	(34.5)	6,852.8

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity
Senior Secured Term Loans	$/€	LIBOR/ EURIBOR plus 2.00%	2024
Senior Secured Notes	€	2.125%-2.875%	2025-2026
Schuldschein Loan	€	EURIBOR plus 2.00%	2024
Senior Notes	$/€	5.375%-5.625%	2024
Receivables Securitisation Facility	$/€/£	Variable	2022
Koln CoGen Facility	€	2.85%	2024
Rafnes Facility	€	EURIBOR plus 2.10%	2024
Other	€	2.20%	2021

9. BORROWINGS (Continued)

Senior Secured Term Loans

The Group has outstanding borrowings under a senior credit facilities agreement (the 'Senior Secured Term Loans' or 'Term Loans') dated April 27, 2012 (as amended and restated). The Term Loans are denominated in both Euros and US dollars and mature on March 31, 2024.

The Senior Secured Term Loans outstanding at September 30, 2020 before issue costs were €3,379.6 million (December 31, 2019: €3,470.9 million) of which €34.8 million (December 31, 2019: €35.4 million) is due within one year. The total amounts outstanding on the Euro denominated Term Loans were €2,003.4 million (December 31, 2019: €2,018.8 million) and the US dollar denominated Term Loans were €1,376.2 million (December 31, 2019: €1,452.1 million).

The Term Loans are to be repaid in equal quarterly instalments, in aggregate annual amounts equal to 1% of the original principal amount of the Term Loans until the final repayment on maturity. The Term Loans mature on March 31, 2024.

The outstanding Term Loans denominated in US dollars bear interest at a rate per annum equal to LIBOR plus the Applicable Margin. The Term Loans denominated in Euros bear interest at a rate per annum equal to EURIBOR (subject to a floor of 0.50% per annum) plus the Applicable Margin. As at September 30, 2020 the Applicable Margin for the Euro denominated Term Loans and the US dollar denominated Term Loans was 2.00%.

The Senior Secured Term Loans rank pari passu with the Senior Secured Notes due 2026, Senior Secured Notes due 2025 and the Schuldschein Loan and are structurally senior to the Senior Notes due 2024. The notes are guaranteed by INEOS Group Holdings S.A., INEOS Holdings Limited and certain of their subsidiaries on a senior secured basis. The Term Loans and the guarantees are secured by first ranking liens on the same assets (subject to certain exceptions) that secure INEOS Holdings Limited's obligations under the senior secured notes.

The Term Loans have numerous customary operating and financial incurrence covenants all of which have been complied with during the year, including covenants relating to, among other things, limitations on indebtedness, ability to give guarantees, creation of security interests, making acquisitions and investments, disposing of assets and paying dividends. The Term Loans have no financial maintenance covenants.

The Senior Secured Term Loans are stated net of debt issue costs of €7.5 million (December 31, 2019: €9.0 million). These costs are allocated to the profit and loss account over the term of the Term Loans.

In October 2020 the Group issued new euro denominated Senior Secured Term Loans of €375 million with an applicable margin initially equal to EURIBOR plus 3.00% per annum (with a 0.50% floor) which mature on October 27, 2027.

Senior Secured Notes due 2023

In April 2019 the Group redeemed in full the Senior Secured Notes due 2023 with the proceeds from the issuance of the Senior Secured Notes due 2026 along with cash on hand. Before redemption the Senior Secured Notes due 2023 were listed on the Euro MTF - Luxembourg Stock Exchange. The Senior Secured Notes due 2023 bore interest at 4.0% per annum, payable semi-annually in arrears on May 1 and November 1 of each year.

Following the full redemption of the Senior Secured Notes due 2023, unamortised debt issue costs of €4.0 million and an early prepayment premium of €7.7 million were charged to exceptional finance costs in April 2019.

Senior Secured Notes due 2025

In November 2017 the Group issued €550 million of Senior Secured Notes due 2025. The proceeds from the new Notes were used to partially repay the Senior Secured Term Loans. The Senior Secured

9. BORROWINGS (Continued)

Notes due 2025 are listed on the Euro MTF - Luxembourg Stock Exchange. The Senior Secured Notes due 2025 bear interest at 2.125% per annum, payable semi-annually in arrears on May 15 and November 15 of each year. Unless previously redeemed as noted below, the Senior Secured Notes due 2025 will be redeemed by the Group at their principal amount on November 15, 2025.

The Senior Secured Notes due 2025 can be subject to redemption at any time on or after November 15, 2020, at the option of the Issuer, in whole or in part, on not less than 10 nor more than 60 days' prior notice at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning November 15 of the year indicated below:

Year	Redemption Price
2020	101.0625%
2021	100.53125%
2022 and thereafter	100.000%

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Senior Secured Notes due 2025 rank pari passu with the Senior Secured Term Loans and Senior Secured Notes due 2026 and the Schuldschein Loan and are structurally senior to the Senior Notes due 2024. The notes are guaranteed by INEOS Group Holdings S.A., INEOS Luxembourg I S.A., INEOS Holdings Limited and certain of their subsidiaries on a senior secured basis. The notes and the guarantees are secured by first ranking liens on the same assets (subject to certain exceptions) that secure INEOS Holdings Limited's obligations under the Senior Secured Term Loans.

The Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Senior Secured Notes due 2025 are stated net of debt issue costs of €3.8 million (December 31, 2019: €4.4 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due 2025.

Senior Secured Notes due 2026

In April 2019, the Group issued €770 million of Senior Secured Notes due 2026. The Senior Secured Notes due 2026 are listed on the Euro MTF - Luxembourg Stock Exchange. The Senior Secured Notes due 2026 bear interest at 2.875% per annum, payable semi-annually in arrears on May 1 and November 1 of each year, beginning November 1, 2019. Unless previously redeemed as noted below, the Senior Secured Notes due 2026 will be redeemed by the Group at their principal amount on May 1, 2026.

The Senior Secured Notes due 2026 can be subject to redemption at any time on or after May 1, 2022, at the option of the Issuer, in whole or in part, on not less than 10 nor more than 60 days' prior notice at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning May 1 of the year indicated below:

Year	Redemption Price
2022	101.4375%
2023	100.71875%
2024 and thereafter	100.000%

9. BORROWINGS (Continued)

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Senior Secured Notes due 2026 rank pari passu with the Senior Secured Term Loans, Senior Secured Notes due 2025 and the Schuldschein Loan and are structurally senior to the Senior Notes due 2024. The notes are guaranteed by INEOS Group Holdings S.A., INEOS Luxembourg I S.A., INEOS Holdings Limited and certain of their subsidiaries on a senior secured basis. The notes and the guarantees are secured by first ranking liens on the same assets (subject to certain exceptions) that secure INEOS Holdings Limited's obligations under the Senior Secured Term Loans.

The Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Senior Secured Notes due 2026 are stated net of debt issue costs of €7.0 million (December 31, 2019: €7.9 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due 2026.

Senior Notes due 2024

The Senior Notes due 2024 are listed on the Euro MTF - Luxembourg Stock Exchange and comprise €650 million Senior Notes due 2024 (the "Euro Notes") and $500 million Senior Notes due 2024 (the "Dollar Notes"). The Senior Notes due 2024 bear interest at 5.375% per annum for the Euro Notes and 5.625% for the Dollar Notes, payable semi-annually in arrears on 1 February and 1 August of each year.

Unless previously redeemed as noted below, the Senior Notes due 2024 will be redeemed by the Group at their principal amount on 1 August 2024.

The Senior Notes due 2024 are subject to redemption at the option of the Group, in whole or in part, at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning 1 August of the years indicated below:

Year	Euro Notes redemption price	Dollar Notes redemption price
2020	101.344%	101.406%
2021 and thereafter	100.000%	100.000%

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Senior Notes due 2024 are secured by junior pledges of all of the shares of INEOS Holdings Limited. The Senior Notes due 2024 are guaranteed by INEOS Luxembourg I S.A., INEOS Holdings Limited and their material operating subsidiaries on an unsecured senior subordinated basis. Such guarantees only become due 179 days after an event of default on the Senior Notes due 2024 has occurred or earlier under certain circumstances.

The Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Senior Notes due 2024 are stated net of debt issue costs of €4.9 million (December 31, 2019: €5.9 million). These costs are allocated to the profit and loss account over the term of the Senior Notes due 2024.

9. BORROWINGS (Continued)

Receivables Securitisation Facility

The Group has entered into a €800 million receivables securitisation facilities agreement ("Receivables Securitisation Facility") which matures on December 31, 2022. The total amount outstanding at September 30, 2020 before issue costs was €303.2 million (December 31, 2019: €297.1 million). The facility is secured by pledges over the trade receivables sold in to the programme. Interest is charged on the facility at a rate per annum of either EURIBOR or short term commercial paper rates plus a margin.

The Receivables Securitisation Facility is stated net of debt issue costs of €0.9 million (December 31, 2019: €1.2 million).

Koln CoGen Facility

As part of a project at the Group's Koln site to replace part of its incineration or cogeneration unit, the Group has entered into a €120 million loan facility ("Koln CoGen Facility"). The facility matures in December 2024. The total amount outstanding at September 30, 2020 was €102.0 million (December 31, 2019: €120.0 million).

The Koln CoGen Facility is to be repaid in equal quarterly instalments of €6 million, with the first payment being made in April 2020. The facility is secured by pledges over the plant and equipment of INEOS Manufacturing Deutschland GmbH's new cogeneration assets. The outstanding Koln CoGen Facility bears a fixed interest rate of 2.85% per annum.

Rafnes Facility

As part of the Group's purchase of the remaining 50% interest in the Noretyl ethylene cracker at Rafnes, Norway from the Kerling group on July 1, 2015, the Group also assumed the obligations of a €140 million loan facility ("Noretyl Facility") that Noretyl had in place. In November 2019 following the repayment of the initial loan the term loan facility was amended and restated with a new facility amount ("Rafnes Facility") of €250.0 million. The total amount outstanding at September 30, 2020 before issue costs was €250.0 million (December 31, 2019: €250.0 million).

The Rafnes Facility is to be repaid in equal semi-annual instalments of €35.7 million starting on December 15, 2021. The facility matures in November 2024. The facility is secured by pledges over the property, plant and equipment of INEOS Rafnes AS (previously Noretyl AS). The outstanding Rafnes Facility bears interest a rate per annum equal to EURIBOR (subject to a floor of 0% per annum) plus a margin of 2.10%.

The Rafnes Facility is stated net of debt issue costs of €2.7 million (December 31, 2019: €3.5 million).

Schuldschein Loan

In March 2019 the Group entered into a €141 million floating rate loan facility ("Schuldschein Loan"). The facility matures in March 2024.

The Schuldschein Loan bears interest at a rate per annum equal to EURIBOR for an interest period of six months (subject to a floor of 0.50% per annum) plus a margin of 2.00%. Interest on the Schuldschein Loan is payable semi-annually in arrears in September and March of each year.

The Schuldschein Loan ranks pari passu with the Senior Secured Term Loans and the Senior Secured Notes due 2025 and 2026.

The Schuldschein Loan is stated net of debt issue costs of €1.7 million (December 31, 2019: €2.1 million).

Inventory Financing Facility

In June 2019 the Group entered into an inventory monetisation agreement with J Aron & Company LLC ('J Aron'), for an initial term of one year but extendable by mutual agreement. In June 2020, the Facility was extended to mature on June 30, 2021. Under this arrangement, the Group sells certain

9. BORROWINGS (Continued)

inventory to J Aron and agreed to buy-back equivalent inventory at the end of the term at the same price. During the term, and subject to certain covenants and rights of J Aron, J Aron provides the Group with a just-in-time service for use of the inventory, and the ability to substitute used inventory with equivalent inventory, in return for a transaction fee. The arrangement is supported by a Group parent company guarantee and a cash collateral mechanism.

The total amount outstanding at September 30, 2020 before issue costs was €149.1 million (December 31, 2019: €190.9 million).

The Inventory Financing Facility is stated net of debt issue costs of €nil (December 31, 2019: €0.5 million).

10. FINANCIAL INSTRUMENTS

The carrying amount is a reasonable approximation of fair value of trade receivables and payables.

The financial assets/liabilities categorised as Fair Value through Profit and Loss (FVTPL) presented in Level 2 contains commodity and interest rate swap derivatives. The financial assets/liabilities categorised as Fair Value through Other Comprehensive Income (FVOCI) presented in Level 3 contains equity securities.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels, determined in accordance with IFRS 13 “Fair Value Measurement”, have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

10. FINANCIAL INSTRUMENTS (Continued)

	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
	September 30, 2020				December 31, 2019			
	€ in millions							
Financial assets held at fair value through profit or loss:								
Derivative commodity contracts	82.8	-	82.8	-	15.3	-	15.3	-
Interest rate swap contracts	-	-	-	-	-	-	-	-
Financial assets held at fair value through other comprehensive income:								
Equity investments	28.3	-	-	28.3	28.3	-	-	28.3
Financial liabilities held for trading at fair value through profit and loss:								
Derivative commodity contracts	(34.3)	-	(34.3)	-	(59.5)	-	(59.5)	-
Interest rate swap contracts	(6.1)	-	(6.1)	-	-	-	-	-
Total financial assets and (liabilities) held at fair value	**70.7**	**-**	**42.4**	**28.3**	**(15.9)**	**-**	**(44.2)**	**28.3**

The commodity derivatives are fair valued using rates in a quoted market. There have been no transfers between levels during the nine month period ended September 30, 2020 (2019: no transfers between levels).

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, deposits with financial institutions and derivatives.

Group Treasury policy and objectives in relation to credit risk is to minimize the likelihood that the Group will experience financial loss due to counterparty failure. The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered or are adjusted accordingly. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group. The Group's exposure to liquidity risk is limited by the fact that it operates with significant cash resources, and it maintains the most appropriate mix of short, medium and long-term borrowings from the Group's lenders.

The Group is reliant on committed funding from a variety of sources at Group and subsidiary company level to meet the anticipated needs of the Group for the period covered by the Group's budget.

10. FINANCIAL INSTRUMENTS (Continued)

The Group forecasts on a regular basis the expected cash flows that will occur on a weekly and monthly basis. This information is used in conjunction with the weekly reporting of actual cash balances at bank in order to calculate the level of funding that will be required in the short and medium term. On a monthly basis the level of headroom on existing facilities is reported and forecast forward until the end of the financial period.

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. A substantial portion of the Group's revenue is generated in, or linked to, the U.S. dollar and the euro. In the European petrochemical business, product prices, certain feedstock costs and most other costs are denominated in euro and sterling. In the U.S. petrochemical and specialty chemicals businesses, product prices, raw materials costs and most other costs are primarily denominated in U.S. dollars.

The Group has established a currency risk policy under which material currency flows are analysed and if management considers it needed the risks are mitigated. The Group looks at transactional and translation currency risks.

11. CONTINGENCIES

The Company is subject to various proceedings instituted by governmental authorities arising under the provisions of applicable laws or regulations relating to the discharge of materials into the environment or otherwise relating to the protection of the environment. In management's opinion, none of the proceedings is material to the financial condition or results of operation of the Company.

12. RELATED PARTIES

Related parties comprise:

- Parent entities and their subsidiaries not included within the INEOS Group Holdings S.A. group;
- Entities controlled by the shareholders of INEOS Limited, the ultimate parent company of INEOS Group Holdings S.A.;
- Key management personnel; and
- Joint ventures.

Mr JA Ratcliffe, Mr AC Currie and Mr J Reece are shareholders in INEOS Limited.

INEOS Limited and INEOS AG, a subsidiary of INEOS Limited, provide operational management services to the Group through a management services agreement. Management fees of €22.7 million (September 30, 2019: €21.9 million) were charged to the income statement during the three month period ended September 30, 2020. As at September 30, 2020 amounts owed to INEOS AG were €23.1 million (September 30, 2019: €22.6 million). Amounts owed by INEOS Holdings AG, a wholly owned subsidiary of INEOS AG, were €0.9 million (September 30, 2019: €0.1 million owed to).

INEOS Limited owns and controls a number of operating subsidiaries that are not included in the INEOS Group Holdings S.A. group, including INOVYN Limited, Ineos Industries Limited, Ineos Enterprises Holdings Limited and the Lavéra petrochemical assets and businesses together with other French and Italian assets of O&P South.

During the three month period ended September 30, 2020 the Group has made sales to these subsidiaries of €250.3 million (September 30, 2019: €300.2 million), recovered costs of €52.9 million (September 30, 2019: €21.5 million) and made purchases of €262.2 million (September 30, 2019: €235.0 million). As at September 30, 2020, €318.4 million (September 30, 2019: €599.4 million) was owed by and €143.6 million (September 30, 2019: €123.7 million) was owed to these subsidiaries (excluding the INEOS Upstream Limited loans).

12. RELATED PARTIES (Continued)

During 2015 the Group provided a loan of $623.7 million to INEOS Upstream Limited, a related party, in connection with its acquisition of natural gas assets in the North Sea. The loan facility is unsecured, matures in June 2024 and bears interest at 7% per annum. On September 29, 2017, INEOS Upstream Limited, a related party, acquired further natural gas assets in the North Sea through its acquisition of the entire oil and gas business of DONG Energy A/S. In connection with the DONG Acquisition, the Group advanced a loan of $376.2 million (€315.7 million) to INEOS Upstream Limited, the proceeds of which were on-lent to certain of its subsidiaries. The loan is unsecured, matures in June 2024 and bears interest at 7% per annum. As at September 30, 2020 $617.1 million (€526.0 million) was outstanding under these facilities (September 30, 2019: $617.1 million (€563.7 million)).

Following the divestment of the Grangemouth petrochemical business in 2013, the Group put in place a €200 million shareholder loan facility to fund the ongoing operations and investments required at the site. In July 2019 INEOS Grangemouth plc entered into a new €350.0 million Senior Term Loan and Revolving Credit Facility and the shareholder facility was cancelled in full.

INEOS Limited owns interests in a number of joint ventures that are not included in the Ineos Group Holdings S.A. group, including the French joint ventures associated with the Lavera petrochemical assets and businesses which were divested by the Group on July 1, 2014; the refining joint ventures between PetroChina and INEOS Investments (Jersey) Limited, a related party and a joint venture with Sasol Limited to build and operate an HDPE plant at the Battleground site in Texas, USA which became operational at the end of 2017.

The Refining joint ventures are between PetroChina and INEOS Investments (Jersey) Limited, a related party. During the three month period ended September 30, 2020 the Group has recovered costs of €4.6 million (September 30, 2019: €4.1 million) and made purchases of €42.9 million (September 30, 2019: €61.3 million). As at September 30, 2020, €0.9 million (September 30, 2019: €0.7 million) was owed by the Refining joint ventures and €6.0 million (September 30, 2019: €11.2 million) was owed to the Refining joint ventures.

During the three month period ended September 30, 2020 the Group has recovered costs of €13.9 million (September 30, 2019: €6.3 million) and made purchases of €11.5 million (September 30, 2019: €12.0 million) from the HDPE joint venture. As at September 30, 2020, €5.7 million (September 30, 2019: €5.5 million) was owed to the HDPE joint venture and €4.7 million (September 30, 2019: €6.0 million) was owed by the HDPE joint venture.

The Group has entered into a number of derivative contracts with INEOS UK SNS Limited and INEOS Energy Trading Limited, both related parties. The net fair value gain and settlements on these derivatives during the three month period ended September 30, 2020 was €18.9 million. As at September 30, 2020, the mark to market derivative liability was €30.8 million in respect of these related party derivative financial instruments.

13. SUBSEQUENT EVENTS

In October 2020 the Group raised €700 million of additional senior secured debt in a combination of Senior Secured Term Loans and Senior Secured Notes. The new debt consisted of €325 million 3.375% Senior Secured Notes due 2026 and new euro denominated Senior Secured Term Loans of €375 million with an applicable margin initially equal to EURIBOR plus 3.00% per annum (with a 0.50% floor). The new Senior Secured Notes due 2026 are listed on the Euro MTF - Luxembourg Stock Exchange.

FORWARD-LOOKING STATEMENTS

The Company includes "forward-looking statements," within the meaning of the US securities laws, based on our current expectations and projections about future events, including:

- the cyclical and highly competitive nature of our businesses;
- our significant debt service obligations, as well as our ability to generate sufficient cash flow to service our debt;
- our sales growth across our principal businesses and our strategy for controlling costs, growing margins, increasing manufacturing capacity and production levels, and making capital expenditures;
- our ability to deleverage through strategic disposals of certain assets and non-core businesses;
- raw material costs or supply arrangements;
- our technological and manufacturing assets and our ability to utilize them to further increase sales and the profitability of our businesses;
- impacts of climate change, including regulatory requirements on greenhouse gas emissions, the costs to purchase emissions allowances and the physical risks to our facilities of severe weather conditions;
- current or future health, safety and environmental requirements and the related costs of maintaining compliance with, and addressing liabilities under, those requirements;
- operational hazards, including the risk of accidents that result in injury to persons and environmental contamination;
- our ability to retain existing customers and obtain new customers;
- our ability to develop new products and technologies successfully;
- our ability to successfully integrate acquired businesses with our historical business and realize anticipated synergies and cost savings, including with respect to businesses acquired;
- currency fluctuations;
- our ability to attract and retain members of management and key employees; and
- our relationship with our shareholders.

All statements other than statements of historical facts included in this report including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business and the notes, strategy, capital expenditures, projected costs and our plans and objectives for future operations, may be deemed to be forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties. Words such as "believe," "expect," "anticipate," "may," "intend," "will," "should," "estimate" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. In addition, from time to time we or our representatives, acting in respect of information provided by us, have made or may make forward-looking statements orally or in writing and these forward-looking statements may be included in but are not limited to press releases (including on our website), reports to our security holders and other communications. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The following discussion is based upon the unaudited consolidated historical financial statements of INEOS prepared in accordance with IFRS. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements.

Overview

Combined Business

We are one of the world's largest chemical companies as measured by revenue. Our business has highly integrated world class chemical facilities and production technologies. We have leading global market positions for a majority of our key products, a strong and stable customer base and a highly experienced management team. We currently operate 32 manufacturing sites in six countries throughout the world. As of December 31, 2019, our total chemical production capacity was approximately 22,300 kta, of which 56% was in Europe and 44% was in North America.

Results of Operations

Consolidated

The following table sets forth, for the periods indicated, our revenue and expenses and such amounts as a percentage of revenue.

	Three-Month Period Ended September 30,			
	2020		2019	
	€m	%	€m	%
Revenue	**2,747.9**	**100.0**	**3,319.3**	**100.0**
Cost of sales	(2,338.3)	(85.1)	(2,809.1)	(84.6)
Gross profit	**409.6**	**14.9**	**510.2**	**15.4**
Distribution costs	(52.6)	(1.9)	(51.9)	(1.6)
Administrative expenses	(92.6)	(3.4)	(102.9)	(3.1)
Exceptional administrative expenses	(8.9)	(0.3)	-	
Operating profit	**255.5**	**9.3**	**355.4**	**10.7**
Share of profit of associates and joint ventures	8.3	0.3	16.9	0.5
Profit on disposal of fixed assets	1.3	0.0	-	-
Profit before net finance costs	**265.1**	**9.6**	**372.3**	**11.2**
Finance income	12.0	0.4	18.4	0.6
Finance costs	83.8	3.0	(222.1)	(6.7)
Profit before tax	**360.9**	**13.1**	**168.6**	**5.1**
Tax charge	(23.4)	(0.9)	(27.1)	(0.8)
Profit for the period	**337.5**	**12.3**	**141.5**	**4.3**

Three-Month Period Ended September 30, 2020, Compared to Three-Month Period Ended September 30, 2019

Revenue. Revenue decreased by €571.4 million, approximately 17.2%, to €2,747.9 million in the three month period ended September 30, 2020 as compared to €3,319.3 million for the same period in 2019. The decrease in revenues was driven primarily by lower prices. The decrease in selling prices followed the significant fall in crude oil prices, which decreased to an average of $43/bbl for the three month period ended September 30, 2020 as compared to $62/bbl in the same period in 2019. The largest decrease was in the O&P Europe business as prices were adversely impacted by lower market demand, especially in olefins. Overall sales volumes for the Group were higher in the three month period ended September 30, 2020 as compared to the same period in 2019 as demand for packaging, medical, food and cleaning applications was strong, offsetting the automotive and construction downturn as a result of the coronavirus pandemic.

Cost of sales. Cost of sales decreased by €470.8 million, approximately 16.8%, to €2,338.3 million in the three month period ended September 30, 2020 as compared to €2,809.1 million for the same period in 2019. The decrease in cost of sales is largely due to the decrease in crude oil prices, which has meant lower feedstock prices across the Group in the three month period ended September 30, 2020, as compared to the same period in 2019.

Gross profit. Gross profit decreased by €100.6 million, approximately 19.7%, to €409.6 million in the three month period ended September 30, 2020 as compared to €510.2 million for the same period in 2019. The decrease in profitability was generally driven by lower margins, partially offset by inventory holding gains. In addition there was a scheduled major turnaround of one of the crackers at the Chocolate Bayou site for most of the quarter, which adversely impacted results in the period. In O&P North America weaker demand and additional industry capacity coming online led to a reduction in polypropylene margins. In addition, a weaker oil and gas market led to a decline in margins in the pipe business, whilst increased feedstock cost levels led to some erosion of olefin margins in the three month period ended September 30, 2020. Olefin markets for O&P Europe also suffered a decline in margins, as the ethylene-naphtha spread contracted for the three month period ended September 30, 2020 as compared to the same period in 2019. Polymer margins were also lower despite higher volumes due to strong demand from the consumables sector, specifically healthcare and food packaging consumables. Inventory holding gains within the O&P segments were approximately €67 million in the three month period ended September 30, 2020, as compared to inventory holding losses of approximately €11 million in the same period in 2019, reflecting the rebound of raw material costs during the three month period ended September 30, 2020. Chemical Intermediates experienced an increase in profitability in the three month period ended September 30, 2020 as compared to the same period in 2019 driven by higher volumes in the Nitriles business, aided by the Chinese government stimulus programme and the full operation of the Green Lake, USA facility in the period, together with improved acetone margins and lower energy costs within the Phenol business.

Distribution costs. Distribution costs increased by €0.7 million, approximately 1.3%, to €52.6 million in the three month period ended September 30, 2020 as compared to €51.9 million for the same period in 2019. The small increase in distribution costs in the period ended September 30, 2020 as compared to the same period in 2019 reflects the increased sales volumes in the period.

Administrative expenses. Administrative expenses decreased by €10.3 million, approximately 10.0%, to €92.6 million in the three month period ended September 30, 2020 as compared to €102.9 million for the same period in 2019 as a result of lower research and development costs, the closure of the Nitriles Seal Sands facility in December 2019 and the implemention of cost control measures to limit all discretionary fixed cost expenditure in response to the coronavirus pandemic.

Exceptional administrative expenses. Exceptional administrative expenses of €8.9 million were charged in the three month period ended September 30, 2020, which related to a provision for early retirement costs as part of a restructuring of the Koln site within the O&P Europe business.

Operating profit. Operating profit decreased by €99.9 million, approximately 28.1%, to €255.5 million in the three month period ended September 30, 2020 as compared to €355.4 million for the same period in 2019.

Share of profit of associates and joint ventures. Share of profit of associates and joint ventures was €8.3 million in the three month period ended September 30, 2020 as compared to €16.9 million for the same period in 2019. The share of profit from associates and joint ventures primarily reflected the Group's share of the results of the Refining joint venture with PetroChina. Margins in the European refining market have weakened in the three month period ended September 30, 2020 as compared to the same period in 2019, driven by falling crude oil prices.

Profit on disposal of property, plant and equipment. There was a profit on disposal of property, plant and equipment of €1.3 million in the three month period ended September 30, 2020. The profit related to the sale of certain tangible fixed assets in the Oligomers business.

Profit before net finance costs. Profit before net finance costs decreased by €107.2 million, approximately 28.8%, to €265.1 million in the three month period ended September 30, 2020 as compared to €372.3 million for the same period in 2019.

Finance income. Finance income decreased by €6.4 million, approximately 34.8%, to €12.0 million in the three month period ended September 30, 2020 as compared to €18.4 million for the same period in 2019. The income in the three month period ended September 30, 2020 primarily related to interest income from loans to related parties, including INEOS Upstream.

Finance costs. Finance costs decreased by €305.9 million to a credit of €83.8 million in the three month period ended September 30, 2020 as compared to a charge of €222.1 million for the same period in 2019. The decrease in finance costs for the three month period ended September 30, 2020 reflected a combination of an increase in net foreign exchange gains, an increase in net fair value gains on derivatives and a reduction in variable interest rates on the dollar denominated Term Loans. The increase in net foreign exchange gains primarily associated with short term intra group funding was a gain of €88.9 million in the three month period ended September 30, 2020 as compared to a loss of €140.9 million in the same period in 2019. In addition there was a net fair value gain on derivatives of €59.3 million in the three month period ended September 30, 2020, as compared to a loss of €7.5 million for the same period in 2019.

Profit before tax. Profit before tax increased by €192.3 million, approximately 114.1%, to a profit of €360.9 million in the three month period ended September 30, 2020 as compared to a profit of €168.6 million for the same period in 2019.

Tax charge. Tax charge decreased by €3.7 million, approximately 13.7%, to a charge of €23.4 million in the three month period ended September 30, 2020 as compared to a charge of €27.1 million for the same period in 2019. After adjusting for the results from the share of associates and joint ventures, the underlying effective tax rate of approximately 19% reflects the anticipated tax rate for the Group for the full year. This underlying effective tax rate has then been adjusted to recognise tax refunds due under the CARES Act in the US. This Act allows the Group to carry back net operating losses in the US for a period of up to five years to obtain retroactive tax refunds at the tax rates applicable for the years the losses are utilised. The effective rate for the three month period ended September 30, 2019 was approximately 18% after adjusting for the profits from the share of associates and joint ventures, which reflected the anticipated tax rate for the full year for 2019

Profit for the period. Profit for the period increased by €196.0 million, approximately 138.5%, to a profit of €337.5 million in the three month period ended September 30, 2020 as compared to a profit of €141.5 million for the same period in 2019.

Business segments

The Group reports under three business segments: O&P North America, O&P Europe and Chemical Intermediates.

The following table provides an overview of the historical revenue and EBITDA before exceptionals of each of the business segments for the periods indicated:

	Three-Month Period Ended September 30,		Nine-month Period Ended September 30,	
	2020	2019	2020	2019
	(€ in millions)		*(€ in millions)*	
Revenue				
O&P North America	708.8	790.9	1,984.3	2,438.6
O&P Europe	1,116.9	1,458.4	3,487.3	4,516.4
Chemical Intermediates	1,291.3	1,526.6	3,945.4	4,927.0
Eliminations	(369.1)	(456.6)	(1,074.2)	(1,392.0)
	2,747.9	3,319.3	8,342.8	10,490.0
EBITDA before exceptionals				
O&P North America	123.4	215.1	342.3	606.7
O&P Europe	134.6	158.8	276.7	452.2
Chemical Intermediates	173.0	140.3	437.5	477.6
	431.0	514.2	1,056.5	1,536.5

O&P North America

Revenue. Revenue in the O&P North America segment decreased by €82.1 million, or 10.4%, to €708.8 million in the three month period ended September 30, 2020, as compared to €790.9 million for the same period in 2019. The decrease was primarily driven by lower prices in the three month period ended September 30, 2020 as compared to the same period in 2019. The weighted average sales price for the whole business was lower by approximately 7% in the three month period ended September 30, 2020 as compared to the same period in 2019, as polymers and the pipe business both experienced a fall in prices, with the latter seeing the largest decrease 32%. Sales volumes increased by approximately 2% in the three month period ended September 30, 2020 as compared to the same period in 2019. The increase was due to higher olefin sales volumes, partially offset by lower polymers and pipe sales volumes. Lower polyethylene volumes were mainly due to an unplanned outage and rate reductions in early August in preparation for Hurricane Laura. The increase in olefin volumes were mainly from higher feedstock and ethylene sales in the three month period ended September 30, 2020 as compared to the same period in 2019.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P North America segment decreased by €91.7 million, or 42.6%, to €123.4 million in the three month period ended September 30, 2020 as compared to €215.1 million in the same period in 2019. The decrease in profitability in the three month period ended September 30, 2020 as compared to the same period in 2019 was largely due to lower margins, partially offset by higher inventory holding gains. In addition the results were negatively impacted by the completion of a scheduled major turnaround of one of the Chocolate Bayou crackers for most of the third quarter of 2020. Overall margins were lower in the three month period ended September 30, 2020 as compared to the same period in 2019. Polypropylene margins declined, largely as a result of weaker demand and additional industry capacity coming online. The pipe business experienced lower margins in the three month period ended September 30, 2020 as compared to the same period in 2019 due to a weaker oil and gas market. Olefins margins also declined, mainly due to higher variable costs driven by increased feedstock costs in the period. Inventory holding gains were approximately €36 million in the three month period ended September 30, 2020, as compared to inventory holding gains of approximately €13 million in the same period in 2019. In addition, the depreciation of the US dollar by approximately 4% against the euro in the three month period ended September 30, 2020 as compared to the same period in 2019 has decreased the reported euro profitability.

O&P Europe

Revenue. Revenue in the O&P Europe segment decreased by €341.5 million, or 23.4%, to €1,116.9 million in the three month period ended September 30, 2020 as compared to €1,458.4 million for the same period in 2019. The decrease in revenues was driven by lower selling prices, partially offset by higher polymer and Trading and Shipping sales volumes in the three month period ended September 30, 2020 as compared to the same period in 2019. The decrease in selling prices was driven by the general price environment, which was lower in the three month period ended September 30, 2020 as compared to the same period in 2019, as crude oil prices fell to an average of $43/bbl for the three month period ended September 30, 2020 as compared to an average of $62/bbl for the three month period ended September 30, 2019, which in turn led to a fall in prices across most product lines. In the olefins business, butadiene prices experienced the most significant price decrease compared to the same period in 2019, as demand remained very low throughout most of the quarter before improving as demand from Asia increased. Other olefin products such as benzene and toluene also experienced a price reduction compared to the same period in 2019, generally as a result of oversupply and weaker demand. The ethylene market continued to strengthen through July, though usual seasonal weakness was seen in August and the full feedstock increase was not passed on in the quarter. Propylene prices decreased by approximately 21% compared to the same period in 2019 due to demand weakness for some derivative products. The polymers business also experienced price reductions in the quarter relative to the same period in 2019, particularly in the automotive and construction markets. The decline in these markets was partially offset by higher demand for medical and food packaging consumables as a result of the COVID-19 pandemic, although there were gradual improvements in the automotive and construction sectors towards the end of the quarter. Polymer sales volumes were higher in the three month period ended September 30, 2020 as compared to the same period in 2019 due to strong demand from the food and packaging market. The Trading and Shipping business also experienced higher sales volumes in the quarter as compared to same period in 2019, following increased LPG availability in the USA. This was partly offset by lower olefin sales volumes, which were impacted by the aromatics line which experienced lower volumes in the three month period ended September 30, 2020 as compared to the same period in 2019 due to variable margins being uneconomical for producers.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P Europe segment decreased by €24.2 million or 15.2% to €134.6 million in the three month period ended September 30, 2020, as compared to €158.8 million in the same period in 2019. The results for the three month period ended September 30, 2020 decreased compared to the same period in 2019, primarily due to lower margins, partly offset by higher volumes across some product lines and higher inventory holding gains. The lower margins were mainly derived from the olefins business, where the ethylene-naphtha margin fell by approximately 20%. The Trading and Shipping business also experienced a margin reduction as LPG and ethane margins tightened in the period. Sales volumes for polymers were higher for the three month period ended September 30, 2020 as compared to the same period in 2019 due to strong demand from the food and packaging markets. The Trading and Shipping business also experienced higher sale volumes in the three month period ended September 30, 2020 as compared to the same period in 2019, driven by greater US LPG availability. Inventory holding gains were approximately €31 million in the three month period ended September 30, 2020 as compared to losses of approximately €24 million in the three month period ended September 30, 2019. Higher inventory holding gains in the third quarter of 2020 were driven by a rise in feedstock prices, particularly naphtha.

Chemical Intermediates

Revenue. Revenue in the Chemical Intermediates segment decreased by €235.3 million, or 15.4%, to €1,291.3 million in the three month period ended September 30, 2020 as compared to €1,526.6 million for the same period in 2019. The Oxide business revenues decreased in the three month period ended September 30, 2020 as compared to the same period in 2019 driven by lower prices, partially offset by higher volumes. Overall, EO and EO derivatives prices were between 15% and 20% lower than in the three month period ended 30 September 2019. Alkox products also experienced a decrease in prices in the three month period ended September 30, 2020 as compared to the same period in 2019, driven by weaker demand as a result of more price competition. Sales volumes increased by approximately 8% in the three month period ended September 30, 2020 as compared to the same period in 2019, as the impact of Hurricane Laura in Texas and Louisiana resulted in little or no competing imports into Europe from the USA. The Oligomers business revenues were lower in the three month period ended September 30, 2020 as compared to the same period in 2019, as a result of lower prices, partially offset by increased volumes. Prices in the quarter ordinarily move in line with the underlying raw material prices of ethylene and naphtha. Feedstock prices in the three month period ended September 30, 2020 as compared to the same period in 2019 were lower overall. Naphtha and European ethylene prices saw the largest reductions, whilst Gulf Coast ethylene prices increased. Sales volumes were approximately 2% higher in the three month period ended September 30, 2020 as compared to the same period in 2019 as LAO sales were higher, partially offset by lower PAO sales. The increase in LAO sales volumes was on the back of additional production volumes from the new LAO plant at Chocolate Bayou, USA. Nitriles revenues increased in the three month period ended September 30, 2020 as compared to the same period in 2019, driven by significantly higher sales volumes partially offset by a significant reduction in sales prices. Sales volumes of acrylonitrile increased by approximately 46% in the three month period ended September 30, 2020 as compared to the same period in 2019, as the Chinese government stimulus package led to high demand into the ABS sector. This is in contrast to the three month period ended September 30, 2019 where the US/China trade war impacted demand and an unplanned outage at the Green Lake plant limited product availability in that quarter. The average acrylonitrile sales price fell approximately 28% in the three month period ended September 30, 2020 as compared to the same period in 2019, driven by market weakness, especially in the acrylic fibre sector in Europe as a result of the COVID-19 pandemic. The Phenol business revenues decreased significantly in the three month period ended September 30, 2020 as compared to the same period in 2019, driven primarily by falling prices, partially offset by higher volumes. Selling prices moved in line with the underlying raw material prices with phenol prices decreasing in line with a sharp drop in benzene prices earlier in the year, whilst acetone prices were also lower, reflecting the fall in propylene feedstock prices. Sales volumes were higher in the three month period ended September 30, 2020 as compared to the same period in 2019 as a result of higher raw material trading, partly offset by lower sales of acetone and phenol, driven by lower global market demand due to the COVID-19 pandemic.

EBITDA before exceptionals. EBITDA before exceptionals in the Chemical Intermediates segment increased by €32.7 million, or 23.3%, to €173.0 million in the three month period ended September 30, 2020 as compared to €140.3 million for the same period in 2019. The Oxide business results in the three month period ended September 30, 2020 decreased as compared to the same period in 2019, mainly driven by lower margins, partly offset by higher volumes. The fall in margins in the three month period ended September 30, 2020 as compared to the same period in 2019 was driven by the sharper rebound in feedstock prices through the quarter compared with the rebound seen in sales prices which has eroded margins. The influence of the COVID-19 pandemic on the general economic climate has led to the biggest impact being felt in the construction and automotive sectors. The Oligomers business profitability in the three month period ended September 30, 2020 was consistent with the same period in 2019. Product margins decreased slightly, but this was offset by an increase in volumes and a reduction in fixed costs. The decrease in margins was mainly in LAO and SO as the COVID-19 related market weakness challenged realisations, although there were some positive signs as the quarter progressed in automotive and oil and gas applications. Volumes rose slightly on the back of additional production from the new LAO plant at Chocolate Bayou, USA, whilst fixed costs were lower due to the implementation of cost saving measures such as the deferral of non-essential expenses. The Nitriles business experienced an increase in profitability in the three month period ended September 30, 2020 as compared to the same period in 2019, primarily due to higher sales volumes and lower fixed costs, partly offset by lower margins. Sales volumes of acrylonitrile increased by approximately 46% in the three month period ended September 30, 2020 as compared to the same period in 2019, due to the positive effect of Chinese government stimulus package and the full operation of the Green Lake facility in the period. Margins fell significantly in the three month period ended September 30, 2020 as compared to the same period in 2019 due to increased propylene feedstock pricing and low Asian market sales pricing. Fixed costs were lower in the three month period ended September 30, 2020 as compared to the same period in 2019 due to the closure of the Seal Sands facility in December 2019. The Phenol business profitability increased in the three month period ended September 30, 2020 as compared to the same period in 2019, due to higher margins and lower fixed costs. Margins were higher in the three month period ended September 30, 2020 as compared to the same period in 2019, driven by improved acetone margins and lower energy costs.

Liquidity and Capital Resources

Capital Resources

Our historical liquidity requirements have arisen primarily from the need for us to meet our debt service requirements, to fund capital expenditures for the general maintenance and expansion of our production facilities and for new facilities, and to fund growth in our working capital.

Our primary sources of liquidity are cash flows from operations of subsidiaries, cash on our balance sheet and borrowings under the Receivables Securitization Program and Inventory Financing Facility. Our ability to generate cash from our operations depends on future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive market, legislative, regulatory and other factors, many of which are beyond our control.

We believe that our operating cash flows, together with the cash resources and future borrowings under the Receivables Securitization Program and Inventory Financing Facility, will be sufficient to fund our working capital requirements, anticipated capital expenditures and debt service requirements as they become due, although this may not be the case.

Financing Arrangements

The Group's capital structure includes a mixture of secured term loans and secured notes, together with unsecured notes. These various debt instruments are denominated in both Euros and US Dollars where appropriate, to approximately match the main currencies of the cash flows generated by the Group's operations.

The Group has a €800.0 million Receivables Securitization Facility in place, which matures in December 2022. The Group also has an Inventory Financing Facility in place, which matures in June 2021, although this is extendable by mutual agreement.

In October 2020 the Group raised €700 million of additional senior secured debt in a combination of Senior Secured Term Loans and Senior Secured Notes to provide additional liquity for the Group.

The Group has a €300.0 million Letter of Credit facility. Under the terms of the facility the Group undertakes to provide cash collateral to cover any letters of credit, guarantees, bonds or indemnities issued under the facility.

Following the Group's purchase of the remaining 50% interest in the Noretyl ethylene cracker at Rafnes, Norway from the Kerling group in July 2015, the Group assumed the obligations of loan facility of Noretyl AS. In November 2019 following the repayment of the initial loan the term loan facility was amended and restated with a new facility amount of €250.0 million (the 'Rafnes Facility'). The facility matures in November 2024.

As part of a project at the Group's Koln site to replace part of its incineration or cogeneration unit, the Group has entered into a €120.0 million loan facility. The facility matures in December 2024.

As of September 30, 2020, the Group had a total of €3,379.6 million Senior Secured Term Loans, €1,076.2 million Senior Notes due 2024, €550.0 million Senior Secured Notes due 2025 and €770.0 million Senior Secured Notes due 2026 and a €141.0 million Schuldschein Loan facility outstanding.

Capital Expenditures

As part of our strategy to focus capital investments on improving returns, we have instituted measures to ensure the most efficient uses of capital investment. We intend to manage capital expenditures to maintain our well-invested asset base.

Capital expenditure incurred during the nine months ended September 30, 2020 was €1,015.9 million (€884.7 million in the nine months ended September 30, 2019) analysed by business segment as follows:

	Nine-month period ended September 30,	
	2020	2019
	(€ in millions)	
O&P North America	468.5	370.3
O&P Europe	300.9	180.5
Chemical Intermediates	246.5	333.9
	1,015.9	884.7

The main capital expenditures in the nine month period ended September 30, 2020 related to further expenditure within the O&P North America segment on a furnace replacement project, debottleneck and major scheduled turnaround on one of the crackers at Chocolate Bayou, USA, together with a number of smaller projects. The main capital expenditures in the O&P Europe segment were at the Koln, Germany site on completion of the cogeneration project and further expenditure on the new jetty, together with a major scheduled turnaround on one of the crackers at the site. The main expenditure in the Chemical Intermediates segment was further growth expenditure by the Oligomers business on the LAO and PAO platforms as well as a barge dock at Chocolate Bayou, USA. There was also expenditure within the Oxide business at the Antwerp, Belgium site in respect of a planned turnaround. The Phenol business also had expenditure on the new cumene unit project at Marl. The remaining capital expenditure related primarily to sustenance expenditure.

The main capital expenditures in the nine month period ended September 30, 2019 related to further expenditure within the O&P North America segment on a furnace replacement project, a cogeneration project and a debottleneck of one of the crackers at Chocolate Bayou, together with a number of smaller turnarounds and growth projects. The main capital expenditures in the O&P Europe segment were at the Koln site on a cogeneration project and new office buildings and a jetty, together with a turnaround on a small butadiene unit, also at Koln. The main expenditure in the Chemical Intermediates segment was additional growth expenditure by the Oligomers business on the LAO and PAO platforms and a barge dock at Chocolate Bayou, USA as well as expenditure on LAO railcars. There was also expenditure within the Oxide business at the Antwerp, Belgium site in respect of commissioning the alkox 6 unit and EO storage project which came into operation during the first quarter of 2019, as well as some turnaround costs. The Phenol business also had expenditure on a new cumene unit project. The remaining capital expenditure related primarily to sustenance expenditure.

Working Capital

We anticipate that our working capital requirements will vary due to changes in raw material costs, which affect inventory and account receivables levels, and sales volumes. Working capital levels typically develop in line with raw material prices, although timing factors can affect flows of capital. We expect to fund our working capital requirements with cash generated from operations and drawings under our Receivables Securitisation Facility and Inventory Financing Facilities.

Cash Flows

During the nine month periods ended September 30, 2020 and 2019, our cash flow was as follows:

	Nine-month period ended September 30,	
	2020	**2019**
	(€ millions)	
Cash flow from operating activities	1,409.8	1,458.2
Cash flow from investing activities	(1,036.3)	(653.9)
Cash flow from financing activities	(443.6)	(1,726.7)

Cash flows from operating activities

Net cash flow from operating activities was an inflow of €1,409.8 million for the nine month period ended September 30, 2020 (inflow of €1,458.2 million in the nine month period ended September 30, 2019). The inflow was due to the profit generated from operations and working capital inflows of €340.4 million in the nine month period ended September 30, 2020 (inflow of €5.5 million in the nine month period ended September 30, 2019). The working capital inflows in the nine month period ended September 30, 2020 primarily reflected the lower working capital levels of the Group due to raw material prices, and consequently product prices, decreasing significantly during the nine month period ended September 30, 2020.

Taxation receipts of €20.6 million were received in the nine month period ended September 30, 2020 (payments of €64.1 million in the nine month period ended September 30, 2019). The net receipts in the nine month period ended September 30, 2020 primarily reflected tax refunds from the US and French tax authorities, partially offset by payments made to the tax authorities in Canada, Germany, Belgium and the UK. The net payments in the nine month period ended September 30, 2019 primarily reflected payments made to the tax authorities in the US, Germany, Canada, Belgium and Switzerland, partially offset by contributions received from related parties.

Cash flows from investing activities

In the nine month ended September 30, 2020, the Group paid €15.6 million (€12.2 million in the nine month period ended September 30, 2019) of contingent consideration in respect of the WL Plastics business originally acquired in 2016. The contingent consideration was based on the business achieving certain targets over a three year period.

In July 2019 the Group acquired a shale oil & gas business located in the Giddings Field in Texas, USA for cash consideration of €26.4 million.

In March 2019 the Group acquired the INESCO combined heat and power plant from RWE Generation NL B.V for cash consideration of €70.4 million. Cash balances acquired with the business were €41.9 million.

In March 2019 the Group received cash proceeds of €260.5 million ($296.5 million) following the repayment of the Group's preferential interest in INEOS Investments Partnership following the sale by INEOS Investments Partnership of its assets (shares in PQ Corporation) to INEOS Limited, a related party.

During the nine month period ended September 30, 2020 the Group received interest of nil million (nine month period ended September 30, 2019: €19.5 million) from INEOS Upstream, a related party.

There were no other significant cash flows from investing activities in the nine month period ended September 30, 2020 and 2019 other than the acquisition of property, plant and equipment (refer to the "Capital Expenditure" section).

Cash flows from financing activities

Interest payments of €270.6 million were made in the nine month period ended September 30, 2020 (€235.4 million in the nine month period ended September 30, 2019). The interest payments during the first nine months of 2020 related primarily to monthly cash payments in respect of the Senior Secured Term Loans, semi-annual interest payments on the Senior Notes due 2024, Senior Secured Notes due 2025 and Senior Secured Notes due 2026 and interest paid on lease liabilities of €35.3 million. The interest payments during the first nine months of 2019 related primarily to monthly cash payments in respect of the Senior Secured Term Loans, semi-annual interest payments on the Senior Notes due 2024 and Senior Secured Notes due 2025 and interest paid on lease liabilities of €35.4 million. In addition, there was a final interest payment together with an early prepayment premium of €7.7 million on the Senior Secured Notes due 2023, which were redeemed in April 2019.

The Group made a drawdown of €11.5 million on the Securitization Program during the nine month period ended September 30, 2020 (drawdown of €66.7 million in the nine month period ended September 30, 2019).

The Group made scheduled repayments of €26.5 million on the Senior Secured Term Loans during the nine month period ended September 30, 2020 (scheduled repayments of €26.6 million in the nine month period ended September 30, 2019).

As part of a Koln, Germany project to replace part of the site's incineration and cogeneration unit, the Group entered into a €120.0 million loan facility. The Group has made scheduled loan repayments of €18.0 million on the Koln CoGen Facility during the nine month period ended September 30, 2020 (nil repayments during the nine month period ended September 30, 2019).

In August 2020, the Group entered into a new €19.2 million bank loan agreement to fund capital expenditure on a freight rail car fleet covering North America for the Oligomers business. As at September 30,2020 no scheduled repayments had been made on this facility.

In October 2019 the Group entered into a new IKB facility to fund some specific capital expenditure within the Nitriles business. The Group has made scheduled loan repayments of €0.3 million on the IKB facility during the nine month period ended September 30, 2020.

In June 2019 the Group entered into an Inventory Financing Facility. During the nine month period ended September 30, 2020 the Group made a repayment of €41.8 million (drawdown of €189.0 million) under the facility. The Group paid associated debt issue costs of €0.6 million in relation to the Inventory Financing Facility during the nine month period ended September 30, 2019.

In April 2019 the Group issued €770 million Senior Secured Notes due 2026. The proceeds of the refinancing were used to redeem in full the €770 million Senior Secured Notes due 2023 on May 1, 2019. The Group paid associated debt issue costs of €8.6 million in relation to the refinancing of the Senior Secured Notes during the nine month period ended September 30, 2019.

In March 2019 the Group entered into a €141.0 million floating rate loan facility ("Schuldschein Loan"). The facility matures in March 2024. The Group paid associated debt issue costs of €2.2 million in relation to the Schuldschein Loan during the nine month period ended September 30, 2019.

In June 2016, the Group entered into a separate bank loan agreement to fund specific capital expenditure on a freight rail car fleet covering North America for the Oligomers business. The Group has subsequently made scheduled repayments of €0.4 million on the loan agreement during the nine month period ended September 30, 2019. As at December 31, 2019 the loan agreement had been fully repaid.

The Group made scheduled repayments of €20.6 million on the Noretyl Facility during the nine month period ended September 30, 2019. As at December 31, 2019 the loan agreement had been fully repaid.

During the nine month period ended September 30, 2020 the Group made payments of €117.1 million (€82.7 million in the nine month period ended September 30, 2019) in respect of the capital element of lease liabilities.

The Group made a dividend payment of €1,746.3 million in the nine month period ended September 30, 2019.

Net debt

Total net debt as at September 30, 2020 was €5,864.2 million (December 31, 2019: €5,904.4 million). The Group held net cash balances of €877.0 million as at September 30, 2020 (December 31, 2019: €982.9 million) which included restricted cash of €183.6 million used as collateral against bank guarantees and letters of credit. The Group had availability under the undrawn receivables securitisation facility of €235.9 million as at September 30, 2020.

The Group entered into three interest rate swap contracts effective June 2020 to hedge the variable interest rate exposure on $1.2 billion of the USD denominated Senior Secured Term Loans. On a quarterly basis, the Group will receive 3-month USD LIBOR and pay a fixed rate. These derivative instruments expire in June 2025.