

**INEOS Styrolution Holding Limited**  
**Unaudited Interim Financial Statements**  
**Three and six month period ended 30 June 2019**

**INEOS Styrolution Holding Limited – Unaudited Interim Financial Statements**

**Consolidated Statement of Income for the three and six months ended 30 June 2019 and 2018**

<i>In millions of EUR</i>	<b>1 Apr - 30 Jun 2019</b>	<b>1 Apr - 30 Jun 2018</b>	<b>1 Jan - 30 Jun 2019</b>	<b>1 Jan - 30 Jun 2018</b>
Revenue	1,306.8	1,399.4	2,561.4	2,702.5
Cost of sales	(1,041.2)	(1,119.7)	(2,049.7)	(2,162.4)
<b>Gross profit</b>	<b>265.6</b>	<b>279.7</b>	<b>511.7</b>	<b>540.1</b>
Selling and distribution expenses	(75.0)	(71.7)	(149.5)	(138.4)
General and administrative expenses	(29.9)	(29.9)	(58.7)	(58.2)
Research and development expenses	(3.4)	(2.9)	(6.3)	(6.3)
Other operating income / (expense), net	-	0.1	(1.8)	(0.6)
<b>Profit from operating activities</b>	<b>157.3</b>	<b>175.3</b>	<b>295.4</b>	<b>336.6</b>
Interest income	1.9	1.1	9.4	2.6
Interest expense	(9.3)	(10.7)	(19.0)	(19.3)
Exchange movements	(2.3)	18.3	4.0	9.6
<b>Net finance (costs) / income</b>	<b>(9.7)</b>	<b>8.7</b>	<b>(5.6)</b>	<b>(7.1)</b>
<b>Income before income tax</b>	<b>147.6</b>	<b>184.0</b>	<b>289.8</b>	<b>329.5</b>
Income tax expense	(30.1)	(48.1)	(52.2)	(76.6)
<b>Net income</b>	<b>117.5</b>	<b>135.9</b>	<b>237.6</b>	<b>252.9</b>
Attributable to:				
Non-controlling interests	0.3	0.4	(0.1)	1.4
<b>Owners of the company</b>	<b>117.2</b>	<b>135.5</b>	<b>237.7</b>	<b>251.5</b>

The notes on pages 6 to 11 are an integral part of these consolidated financial statements.

**INEOS Styrolution Holding Limited – Unaudited Interim Financial Statements**

**Consolidated Statement of Comprehensive Income for the three and six months ended 30 June 2019 and 2018**

<i>In millions of EUR</i>	<b>1 Apr - 30 Jun 2019</b>	<b>1 Apr - 30 Jun 2018</b>	<b>1 Jan - 30 Jun 2019</b>	<b>1 Jan - 30 Jun 2018</b>
<b>Net income</b>	<b>117.5</b>	<b>135.9</b>	<b>237.6</b>	<b>252.9</b>
<b>Other comprehensive (loss) / income:</b>				
<b>Items that will not be reclassified to profit and loss:</b>				
Remeasurement of post-employment benefit obligations	(8.1)	0.9	(12.7)	-
Deferred taxes on remeasurements of post-employment benefit obligations	2.5	(0.2)	3.9	-
<b>Items that might subsequently be reclassified to profit and loss:</b>				
Exchange differences on translation of foreign operations	(23.4)	52.7	0.5	15.4
<b>Other comprehensive (loss) / income, net of tax</b>	<b>(29.0)</b>	<b>53.4</b>	<b>(8.3)</b>	<b>15.4</b>
<b>Total comprehensive income</b>	<b>88.5</b>	<b>189.3</b>	<b>229.3</b>	<b>268.3</b>
Attributable to:				
Non-controlling interests	0.1	0.7	0.3	0.7
<b>Owners of the company</b>	<b>88.4</b>	<b>188.6</b>	<b>229.0</b>	<b>267.6</b>

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**INEOS Styrolution Holding Limited – Unaudited Interim Financial Statements**

**Consolidated Statement of Financial Position**

<i>In millions of EUR</i>	<b>30 June 2019</b>	<b>31 December 2018</b>
<b>Assets</b>		
Property, plant and equipment	1,185.4	942.7
Intangible assets and goodwill	1,399.0	1,415.2
Deferred tax assets	43.2	36.5
Other receivables and miscellaneous non-current assets	3.9	4.8
<b>Non-current assets</b>	<b>2,631.5</b>	<b>2,399.2</b>
Inventories	531.4	525.9
Trade receivables	606.2	556.3
Income tax receivables	24.5	25.0
Other receivables and miscellaneous current assets	534.0	66.4
Cash and cash equivalents	274.6	567.1
<b>Current assets</b>	<b>1,970.7</b>	<b>1,740.7</b>
<b>Total assets</b>	<b>4,602.2</b>	<b>4,139.9</b>
<b>Equity</b>		
Share capital	0.3	0.3
Share premium	2,389.7	2,389.7
Merger reserve	(1,281.2)	(1,281.2)
Other reserves	79.7	88.4
Retained earnings	1,264.8	1,027.1
<b>Equity attributable to owners of the company</b>	<b>2,453.3</b>	<b>2,224.3</b>
Non-controlling interest	17.8	17.5
<b>Total equity</b>	<b>2,471.1</b>	<b>2,241.8</b>
<b>Liabilities</b>		
Financial indebtedness	923.5	671.9
Employee benefits obligations	73.0	58.4
Deferred tax liabilities	319.7	324.0
Other liabilities and other long term provisions	43.3	45.1
<b>Non-current liabilities</b>	<b>1,359.5</b>	<b>1,099.4</b>
Trade payables	511.7	465.6
Financial indebtedness	33.2	39.3
Current tax liabilities	96.6	137.6
Other liabilities and short term provisions	130.1	156.2
<b>Current liabilities</b>	<b>771.6</b>	<b>798.7</b>
<b>Total liabilities</b>	<b>2,131.1</b>	<b>1,898.1</b>
<b>Total equity and liabilities</b>	<b>4,602.2</b>	<b>4,139.9</b>

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**INEOS Styrolution Holding Limited – Unaudited Interim Financial Statements**

**Consolidated Statement of Changes in Equity**

<i>In millions of EUR</i>	Other reserves						Equity attributable to owners of the company	Non-controlling interest	Total Equity
	Share capital	Share premium	Merger reserve	Pension reserve	Cumulative translation adjustment reserve	Retained earnings			
<b>1 January 2019</b>	<b>0.3</b>	<b>2,389.7</b>	<b>(1,281.2)</b>	<b>(1.3)</b>	<b>89.7</b>	<b>1,027.1</b>	<b>2,224.3</b>	<b>17.5</b>	<b>2,241.8</b>
Net income	-	-	-	-	-	237.7	237.7	(0.1)	237.6
Other comprehensive (loss) / income	-	-	-	(8.8)	0.1	-	(8.7)	0.4	(8.3)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8.8)</b>	<b>0.1</b>	<b>237.7</b>	<b>229.0</b>	<b>0.3</b>	<b>229.3</b>
Transactions with owners in their capacity as owners:									
Dividends	-	-	-	-	-	-	-	-	-
<b>30 June 2019</b>	<b>0.3</b>	<b>2,389.7</b>	<b>(1,281.2)</b>	<b>(10.1)</b>	<b>89.8</b>	<b>1,264.8</b>	<b>2,453.3</b>	<b>17.8</b>	<b>2,471.1</b>
<b>1 January 2018</b>	<b>0.3</b>	<b>2,389.7</b>	<b>(1,281.2)</b>	<b>2.1</b>	<b>56.7</b>	<b>740.9</b>	<b>1,908.5</b>	<b>17.8</b>	<b>1,926.3</b>
Net income	-	-	-	-	-	251.5	251.5	1.4	252.9
Other comprehensive income / (loss)	-	-	-	-	16.1	-	16.1	(0.7)	15.4
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16.1</b>	<b>251.5</b>	<b>267.6</b>	<b>0.7</b>	<b>268.3</b>
Transactions with owners in their capacity as owners:									
Dividends	-	-	-	-	-	(57.8)	(57.8)	-	(57.8)
<b>30 June 2018</b>	<b>0.3</b>	<b>2,389.7</b>	<b>(1,281.2)</b>	<b>2.1</b>	<b>72.8</b>	<b>934.6</b>	<b>2,118.3</b>	<b>18.5</b>	<b>2,136.8</b>

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**INEOS Styrolution Holding Limited – Unaudited Interim Financial Statements**

**Consolidated Statement of Cash Flows**

<i>In millions of EUR</i>	<b>1 January – 30 Jun 2019</b>	<b>1 January – 30 Jun 2018</b>
<b>Cash flows from operating activities</b>		
Profit for the year	237.7	251.5
<b>Adjustments for:</b>		
Depreciation and impairment of property, plant and equipment	83.8	61.4
Amortization and impairment of intangible assets	38.4	37.5
Net finance costs	5.6	7.1
Loss from sale of property, plant and equipment	0.2	0.1
Tax charge	52.2	76.6
Minority interest	(0.1)	1.4
Decrease/(increase) in trade and other receivables	11.2	(94.7)
Decrease/(increase) in inventories	24.2	(9.4)
(Decrease)/increase in trade and other payables	(45.4)	29.0
Decrease in provisions and employee benefits	(1.7)	(0.2)
Tax paid	(103.7)	(32.5)
<b>Net cash flows generated from operating activities</b>	<b>302.4</b>	<b>327.8</b>
<b>Cash flows from investing activities</b>		
Proceeds from long-term assets	1.3	0.4
Interest and other finance income received	2.7	1.9
Loans provided to related parties	(464.2)	-
Business acquisition, net of cash acquired	(133.6)	-
Acquisition of intangible assets	(0.2)	(4.1)
Acquisition of property, plant and equipment	(85.5)	(72.0)
<b>Net cash flows used in investing activities</b>	<b>(679.5)</b>	<b>(73.8)</b>
<b>Cash flows from financing activities</b>		
Proceeds from external borrowings	200.0	-
Repayment of external borrowings	(88.9)	(166.6)
Interest paid	(16.7)	(14.2)
Debt issue costs	-	(0.8)
Capital element of finance lease payments	(10.1)	(0.4)
Dividends paid attributable to the owners of the company	-	(57.8)
<b>Net cash flows generated/(used) in financing activities</b>	<b>84.3</b>	<b>(239.8)</b>
<b>Net changes in cash and cash equivalents</b>	<b>(292.8)</b>	<b>14.2</b>
Cash and cash equivalents at 1 January	567.1	295.9
Effect of exchange rate fluctuations on cash held	0.3	0.1
<b>Cash and cash equivalents at 30 June</b>	<b>274.6</b>	<b>310.2</b>

\* In the first six months of 2019, INEOS Styrolution granted a loan of EUR 459 million to INEOS Industries Holdings Limited. Management proposes to declare this payment as a dividend.

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## INEOS Styrolution Holding Limited – Unaudited Interim Financial Statements

### Notes

#### 1. Reporting entity

INEOS Styrolution Holding Limited ('the Company') is a private company, limited by shares, incorporated, registered and domiciled in the United Kingdom and has its registered office at Chapel Lane, Lyndhurst, Hampshire, SO43 7FG. The Company was incorporated on 18 December 2015 as a subsidiary of INEOS Industries Holding Limited. Additionally, INEOS Styrolution Financing Limited, domiciled in the United Kingdom with registered office at Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, was founded as subsidiary of the Company on 18 December 2015.

#### 2. Basis for preparation

##### (a) Statement of compliance

These consolidated Interim Financial Statements of INEOS Styrolution Holding Limited for the period ended 30 June 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not provide all of the information and disclosures included in complete consolidated Financial Statements and are therefore to be read in conjunction with the consolidated Financial Statements as of and for the period ending 31 December 2018. The same accounting policies, methods of computation and presentation have been followed in the preparation as were applied in the most recent annual financial statement except for the changes described below.

As of 1 January 2019, the Group, complying with IFRS requirements, has adopted the IFRS 16 standard. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Group applied IFRS 16 initially on 1 January 2019, using the modified retrospective approach and measuring the right of use asset equal to the lease liability. Therefore, the cumulative effect of adopting IFRS 16 was recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The Group has recognised additional lease liabilities of EUR 131.5 million as at 1 January 2019. The impact on EBITDA before special items, which is the main measure of profit, is expected to be approximately EUR 25 million for the year ended 31 December 2019.

The following is a reconciliation of the IAS 17 operating lease commitment as at 31 December 2018 to the opening IFRS 16 lease liability as at 1 January 2019:

	Millions of EUR
<b>Operating lease commitments disclosed as at 31 December 2018</b>	<b>148.5</b>
Discounting impact using the incremental borrowing rate on transition	(47.5)
Adjustments due to different treatment of extension and termination options	63.1
Exempted low-value contracts, short-term contracts and non-lease components	(14.0)
Scope change (contracts in scope of IAS 17 but not regarded as a lease under IFRS 16)	(18.6)
<b>IFRS 16 lease liability as at 1 January 2019</b>	<b>131.5</b>

The recognized right-of-use assets consists mainly of tanks, railcars, production buildings, administrative offices, passenger cars and land.

The consolidated Interim Financial Statements were authorized for issue by the Managing Directors on 29 July 2019.

**(b) Basis of measurement**

The basis of measurement for the consolidated Financial Statements is generally the historical cost basis except for those financial instruments categories measured at fair value.

**(c) Functional and presentation currency**

These consolidated Interim Financial Statements are presented in EUR. The functional currency of the Company and its subsidiaries is determined in line with IAS 21. All financial information presented in EUR has been rounded to the nearest tenth of a million, except when otherwise indicated.

**(d) Use of estimates and judgments**

The preparation of Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**3. Acquisition of subsidiary**

Effective 1 February 2019, INEOS Styrolution acquired Total S.A.s Polystyrene business in China. The acquisition covers the wholly owned Chinese polystyrene business including two production sites in Ningbo and Foshan and two related sales offices in Guangzhou and Shanghai. The transaction includes the purchase of 100% of the equity interests in Total Petrochemical (Foshan) Company Limited and Total Petrochemical (Ningbo) Company Limited. This acquisition is in line with the Company's Triple Shift growth strategy.

The final purchase price was agreed at EUR 186.2 million. The purchase agreement provides for corrections for actual net working capital contributions compared to target. In 2019, the Group did not incur significant acquisition-related costs on legal fees and due diligence costs. These costs have been included in "administrative expenses" when incurred.

The fair value of the consideration exchanged in the transaction has been allocated to the following identified assets acquired and liabilities assumed:

<i>In millions of EUR</i>	<b>Fair values</b>
<b>Assets</b>	
Intangible assets	13.4
Property, plant and equipment	98.7
Inventories	27.7
Cash and cash equivalents	52.6
<b>Liabilities</b>	
Employee benefits	-
Deferred tax liabilities	(10.0)
Other net assets and liabilities	(3.4)
<b>Net assets of businesses acquired</b>	<b>179.0</b>
<hr/>	
Consideration paid	186.2
<hr/>	
<b>Thereof Goodwill</b>	<b>7.2</b>
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Fair values have been determined on a provisional basis, in particular intangible assets, goodwill, property, plant and equipment, provisions and deferred taxes. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, adjustments to the above fair values will be made.

The goodwill is the remaining difference between net assets acquired, adjusted for the fair value of the consideration and includes certain economic benefits that cannot be identified as separate intangible assets. The goodwill is attributable to the value of customer relations, intellectual property and the profitability of the acquired business. Goodwill has been allocated to the Asia polymers segment and is not expected to be deductible for income tax purposes.

The fair value of acquired trade receivables is EUR 61.2 million. The trade receivables comprise gross contractual amounts due of EUR 61.2 million, of which none was expected to be uncollectable at the date of acquisition.

For the five-month period since 1 February 2019, the acquired business contributed a revenue of EUR 175.3 million and an EBITDA of EUR 20.5 million. EBITDA is reduced because of inventory fair value considerations in the opening balance. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have been EUR 230.3 million and the EBITDA including fair value considerations would have been EUR 24.2 million.

#### 4. Revenue

The development of the product groups on a global level for the three and six months period ended 30 June 2019 and 2018 was as following:

<i>In millions of EUR</i>	<b>1 Apr – 30 Jun 2019</b>	<b>1 Apr - 30 Jun 2018</b>	<b>1 Jan – 30 Jun 2019</b>	<b>1 Jan - 30 Jun 2018</b>
Polystyrene	558.5	493.5	1,058.9	965.7
ABS Standard	200.0	245.9	401.4	486.4
Specialties	336.4	381.8	678.3	760.9
Styrene Monomer	211.9	278.2	422.8	489.5
<b>Total</b>	<b>1,306.8</b>	<b>1,399.4</b>	<b>2,561.4</b>	<b>2,702.5</b>

#### 5. Property, plant and equipment

In the six month period ended 30 June 2019, the Company acquired EUR 85.5 million (YTD 30 June 2018: EUR 72.0 million) of property, plant and equipment. Investments in property, plant and equipment in 2019 mainly include the new ASA Specialties plant in Houston and the Moxi compounding investment in India.

#### 6. Financial Indebtedness

<i>In millions of EUR</i>	<b>30 June 2019</b>	<b>31 December 2018</b>
Institutional term loans*	7.3	7.3
Lease under IFRS 16 / IAS 17	19.6	0.9
Short term borrowings other	6.6	31.4
<b>Current financial indebtedness</b>	<b>33.5</b>	<b>39.6</b>
Institutional term loans*	612.6	615.2
Borrowings from asset securitizations	190.0	50.0
Lease under IFRS 16 / IAS 17	122.0	7.9
<b>Non-current financial indebtedness</b>	<b>924.6</b>	<b>673.1</b>
<b>Total gross debt</b>	<b>958.1</b>	<b>712.7</b>
Discount and capitalized financing costs	(1.4)	(1.5)
<b>Financial indebtedness</b>	<b>956.7</b>	<b>711.2</b>

\* Term Loans are denominated in EUR and USD.

## Net finance income / costs

The distribution of the main interest income and expenses is as follows:

<i>In millions of EUR</i>	<b>1 Apr - 30 Jun 2019</b>	<b>1 Apr - 30 Jun 2018</b>	<b>1 Jan - 30 Jun 2019</b>	<b>1 Jan - 30 Jun 2019</b>
Interest payable and other finance charges	(8.6)	(6.7)	(17.5)	(13.8)
Amortization of issue costs	(0.1)	(2.8)	(0.2)	(3.2)
Interest on employee benefit liabilities	(0.6)	(0.7)	(1.1)	(1.4)
Net fair value (loss) / gain on derivatives	(1.4)	(0.5)	3.3	(0.7)
Other interest receivables	3.3	1.1	5.9	2.4
<b>Net finance costs before exchange movements</b>	<b>(7.4)</b>	<b>(9.6)</b>	<b>(9.6)</b>	<b>(16.7)</b>
Exchange movements	(2.3)	18.3	4.0	9.6
<b>Total net finance (costs) / income</b>	<b>(9.7)</b>	<b>8.7</b>	<b>(5.6)</b>	<b>(7.1)</b>

The net finance costs before exchange movements decreased in the second quarter of 2019 to EUR (7.4) million compared to EUR (9.6) million in the second quarter of 2018. The main reason for this decrease was the lower amortization of debt issue costs.

In the second quarter of 2019, the Company recorded net losses from foreign exchange valuation of mainly translation effects from intercompany loans, including financing between consolidated subsidiaries, of EUR (2.3) million (Q2 2018: EUR 18.3 million gain).

## 7. Related parties

Related parties comprise:

- Parent entities and their subsidiaries not included within the INEOS Styrolution Holding Limited Group;
- Entities controlled by the shareholders of INEOS Limited, the ultimate parent company of INEOS Styrolution Holding Limited; and
- Key management personnel.

<i>In millions of EUR</i>	<b>Transaction value</b>	<b>Balance outstanding</b>	<b>Transaction value</b>	<b>Balance outstanding</b>
	<b>1 Jan – 30 Jun 2019</b>	<b>30 Jun 2019</b>	<b>1 Jan – 30 Jun 2018</b>	<b>30 Jun 2018</b>
Sale of products				
INEOS entities	35.7		51.7	
Purchase of raw materials				
INEOS entities	180.9		161.2	
Services received				
INEOS entities	20.5		20.1	
Trade and other receivables				
INEOS entities		9.2		11.9
Shareholder		467.6		-
Trade and other payables				
INEOS entities		(63.5)		(45.8)

In the first six months of 2019, INEOS Styrolution granted a loan of EUR 459 million to INEOS Industries Holdings Limited. Management proposes to declare this payment as a dividend.

## 8. Income tax expense

Income tax expense is recognized based on management's best estimate of the income tax rate expected for the year 2019 applied to the income before taxes of the second quarter 2019. The Group's year-to-date consolidated tax rate for 2019 is 18.0%, which is lower than the effective tax rate of 23.2% in the comparative period. The effective tax rate in the first six months of 2019 was positively impacted by true-ups of prior year's tax charges.

## 9. Financial Instruments

The financial assets/liabilities categorized as Fair Value through Profit and Loss (FVTPL) presented in Level 2 and Level 3 constitute separate classes of derivative financial instruments. Level 2 contains foreign currency derivatives and Level 3 contains commodity derivatives.

Since there are no market prices available for the derivative financial instruments in the portfolio assigned to Level 2 due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models, based entirely on observable inputs. The fair value of derivatives is the value that INEOS Styrolution would receive or have to pay if the financial instrument were transferred at the reporting date. The carrying amount of the financial asset is zero. The carrying amount of the financial liability is zero (30 June 2019). The currency derivatives that were accounted for as of 31 December 2018 were settled during the first three months of 2019 (EUR 0.1 million).

The financial assets/liabilities assigned to Level 3 relate to commodity swaps on styrene monomer in order to hedge fix price forward polymer sales deals. Since there are no market prices available for the derivative financial instruments in the portfolio assigned to Level 3 due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models. The calculation is based on observable and unobservable inputs, since there are no liquid forward prices available. The substantial input parameters are the price expectations regarding future monthly contract prices on styrene monomer. The carrying amount of the financial liability is EUR (2.8) million as of 30 June 2019. If the price expectations had been 10 percent lower at the reporting date, with otherwise unchanged parameters the fair value of the financial liability would have been EUR 1.3 million higher (i.e. the Fair Market Value of the open styrene monomer derivatives would have been EUR (4.1) million). If the price expectations had been 10% higher at the reporting date, with otherwise unchanged parameters, the fair value of the financial liability would have been EUR 1.3 million lower (the fair market value of the open styrene monomer derivatives would have been EUR (1.5) million).

30 June 2019				<i>Amounts recognized in the statement of financial position in accordance with IFRS 9</i>		
<i>In millions of EUR</i>	Category in accordance with IFRS 9*	Level	Carrying amounts	Amortized cost	Fair value recognized in equity	Fair value recognized in profit or loss
<b>Assets</b>						
Trade receivables	AMC		606.2	606.2	-	-
Cash and cash equivalents	AMC		274.6	274.6	-	-
Other assets			562.4	562.4	-	-
of which long-term	AMC		3.9	3.9	-	-
of which short-term	AMC		558.5	558.5	-	-
of which: Derivatives	FVTPL	2	-	-	-	(0.1)
of which: Derivatives	FVTPL	3	-	-	-	-
<b>Liabilities</b>						
Trade payables	AMC		511.7	511.7	-	-
Financial indebtedness	AMC		956.7	956.7	-	-
Other short-term liabilities	AMC		130.1	130.1	-	-
of which: Derivatives	FVTPL	2	-	-	-	-
of which: Derivatives	FVTPL	3	2.8	-	-	3.4

\* **Categories:** AMC = Amortised cost, FVTPL = Fair Value Through Profit and Loss

### **31 December 2018**

As of 31 December 2018, EUR 0.1 million financial assets were categorized as Level 2 FVTPL and none were categorized as Level 3. There were no financial liabilities categorized as FVTPL assigned to Level 2, but EUR 6.2 million in Level 3 as of 31 December 2018.

All other financial assets and liabilities as of 31 December 2018 were stated at amortized cost.

#### **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 and INEOS, its ultimate owner, and cash and cash equivalents.

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. The Group's review includes external ratings, when available, and in some cases bank references. Credit limits are established for each customer, which represents the maximum open amount without requiring approval; these limits are reviewed periodically. 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 encounter difficulty in meeting the obligations associated with working capital requirements, capital expenditure or its financial liabilities that are settled by delivering cash or other financial assets. 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 both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable investments at an amount in excess of expected cash outflows on financial liabilities over the succeeding 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

#### **Currency risk**

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the EUR, but also US Dollars. The currencies in which these transactions primarily are denominated are USD, EUR, INR and KRW.

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

### **10. Subsequent events**

No subsequent events are to be reported for the period between the reporting date of these Consolidated Financial Statements and their authorization by the Board of Directors on 29 July 2019.

## Forward Looking Statements

The following report includes “forward-looking statements”, based on our current expectations and projections about future events, including:

- the cyclical nature of our businesses and their sensitivity to changes in supply and demand;
- raw material availability and costs, as well as supply arrangements, including arrangements with principal feedstock suppliers;
- the highly competitive nature of our principal industries;
- current or future environmental requirements, including those related to greenhouse gas and other air emissions, and the related costs of maintaining compliance and addressing liabilities;
- currency fluctuations and economic downturns in the countries in which we operate;
- our ability to implement our business and cost reduction strategies;
- our ability to successfully integrate acquired businesses and realize anticipated synergies and cost savings; and
- our indebtedness may affect our ability to service our outstanding indebtedness, which would likely impact the way we operate our business.

All statements other than statements of historical facts included in this report, without limitation, statements regarding our future financial position, risks and uncertainties related to our Company 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.

**PRESENTATION OF THE INEOS STYROLUTION SECOND QUARTER 2019  
BUSINESS RESULTS OF OPERATION**

The Company prepared this discussion and analysis of its results of operations by comparing its unaudited consolidated Interim Financial Statements of income and cash flows for the second quarters of 2019 and 2018.

<i>In millions of EUR</i>	<b>1 Apr - 30 Jun 2019</b>	<b>1 Apr - 30 Jun 2018</b>	<b>%</b>	<b>1 Jan - 30 Jun 2019</b>	<b>1 Jan - 30 Jun 2018</b>	<b>%</b>
Revenue	1,306.8	1,399.4	(6.6)	2,561.4	2,702.5	(5.2)
Cost of sales	(1,041.2)	(1,119.7)	(7.0)	(2,049.7)	(2,162.4)	(5.2)
<b>Gross profit</b>	<b>265.6</b>	<b>279.7</b>	<b>(5.0)</b>	<b>511.7</b>	<b>540.1</b>	<b>(5.3)</b>
Selling and distribution expenses	(75.0)	(71.7)	4.6	(149.5)	(138.4)	8.0
General and administrative expenses	(29.9)	(29.9)	-	(58.7)	(58.2)	0.9
Research and development expenses	(3.4)	(2.9)	17.2	(6.3)	(6.3)	-
Other operating income / (expense), net	-	0.1	n/a	(1.8)	(0.6)	>100.0
<b>Result from operating activities</b>	<b>157.3</b>	<b>175.3</b>	<b>(10.3)</b>	<b>295.4</b>	<b>336.6</b>	<b>(12.2)</b>
Interest income	1.9	1.1	73.1	9.4	2.6	>100.0
Interest expense	(9.3)	(10.7)	(12.9)	(19.0)	(19.3)	(1.5)
Exchange movements	(2.3)	18.3	n/a	4.0	9.6	(58.3)
<b>Net finance (costs) / income</b>	<b>(9.7)</b>	<b>8.7</b>	<b>n/a</b>	<b>(5.6)</b>	<b>(7.1)</b>	<b>(20.9)</b>
<b>Income before income tax</b>	<b>147.6</b>	<b>184.0</b>	<b>(19.8)</b>	<b>289.8</b>	<b>329.5</b>	<b>(12.1)</b>
Income tax expense	(30.1)	(48.1)	(37.4)	(52.2)	(76.6)	(31.9)
<b>Net income</b>	<b>117.5</b>	<b>135.9</b>	<b>(13.6)</b>	<b>237.6</b>	<b>252.9</b>	<b>(6.1)</b>
Attributable to:						
Non-controlling interests	0.3	0.4	(25.0)	(0.1)	1.4	n/a
<b>Owners of the company</b>	<b>117.2</b>	<b>135.5</b>	<b>(13.5)</b>	<b>237.7</b>	<b>251.5</b>	<b>(5.5)</b>

**Revenue** in the second quarter of 2019 was EUR 1,306.8 million, which is a decrease of EUR (92.6) million or (6.6)% compared to EUR 1,399.4 million in the second quarter of 2018. Sales volumes increased in the second quarter of 2019 compared to the same period in 2018. Despite the higher sales volumes, revenue declined because of lower raw material price base for our raw material inputs, mainly benzene and styrene monomer. These reductions were also then reflected in the sales prices.

External sales volumes were 978kt, which is an increase of 4.7% compared to 933kt in the second quarter of 2018. The increase mainly came from higher Polystyrene sales. Polystyrene volumes increased compared to last year because sales volume in the second quarter include 89kt from the two recently acquired Chinese Polystyrene assets and growth in sales to focus industries. We saw good demand in Styrene Monomer, equal to the same period in 2018. Our plants were also fully available. Specialties sales volumes decreased in second quarter of 2019 compared the same period in 2018, mainly due to the weaker demand from the automotive industry in EMEA and Asia. ABS Standard sales also reduced compared to the second quarter of 2018, because of market uncertainty from US tariff threats. The sales volume in the second quarter of 2019 is stable compared to the first quarter of 2019.

The revenue of INEOS Styrolution decreased in the second quarter of 2019 compared to the same period in 2018. Revenue is not a key performance indicator in our business, while sales volumes are.

The second quarter sales volumes tend to be the highest of the calendar year, but that seasonal effect can be impacted by turnaround activity and anticipated feedstock price movements.

**Cost of Sales:** Cost of sales decreased by EUR 78.5 million or 7.0% to EUR (1,041.2) million in the second quarter 2019 compared to EUR (1,119.7) million in the previous year. The cost of sales decreased because of lower raw material prices, partly offset by higher sales volumes.

**Gross profit:** Gross profit of the second quarter of 2019 decreased by EUR (14.1) million or 5.0% to EUR 265.6 million compared to EUR 279.7 million in the same period of the previous year.

Polymer market conditions showed a mixed picture. Polystyrene volumes increased because of the acquired China plants, which improved the gross profit. ABS Standard margins slightly improved compared to the first quarter of 2019 especially in Asia, but were lower compared to the very strong margins seen in the second quarter of 2018. The slow start of Specialties into 2019 continued in the second quarter of 2019 and led to pressure on margins. The lower sales reduced the gross profit.

The underlying styrene margins in second quarter of 2019 were in line with the same period in 2018. All INEOS Styrolution plants were available in the second quarter of 2019. Gross profit was positively impacted by EUR 20 million non-cash COSA ('Cost Of Sales Adjustment') gain in the second quarter of 2019 compared to a COSA loss in the second quarter of 2018 of EUR (1.4) million. The positive COSA effect or inventory holding result in the second quarter of 2019 was realized because the Company sold products at higher market prices that were procured and produced at lower costs.

**Selling and distribution expenses:** Selling and distribution expenses increased by EUR 3.3 million or 4.6% to EUR (75.0) million in the second quarter of 2019 compared to EUR (71.7) million in the previous year. Selling and distribution expenses increased mainly because of higher volumes sold.

**General and administrative expenses:** General and administrative expenses in the second quarter of 2019 were at the same level of last year, that is, EUR (29.9) million in both periods.

**Research and development expenses:** Research and development expenses increased to EUR (3.4) million compared to EUR (2.9) million in the same period of 2018. The research and development costs are relatively stable, but can be impacted by the phasing of projects and the usage of external consultants. As integral part of its Triple Shift growth strategy the Group continuously invests in new products and product applications.

**Other operating income/(expenses):** Other operating income/expense was nil, compared to an other operating income of EUR 0.1 million in the previous year.

**EBITDA before special items:** EBITDA before special items decreased by EUR 6.0 million or 2.7% from EUR 225.8 million in the second quarter of 2018 to EUR 219.8 million in second quarter of 2019. Our trading results in second quarter of 2019 improved versus the first quarter 2019 and was in line with our outlook. Sales volumes increased compared to both the first 2019 and second quarter 2018. The main reasons were the strong sales of our expanded Polystyrene footprint in Asia and strong EBITDA performance in Styrene Monomer.

Reconciliation of EBITDA before special items to income before income tax:

<i>In millions of EUR</i>	<b>1 Apr – 30 Jun 2019</b>	<b>1 Apr – 30 Jun 2018</b>	<b>1 Jan – 30 Jun 2019</b>	<b>1 Jan – 30 Jun 2018</b>
EBITDA before special items	219.8	225.8	417.8	435.6
Special items (exceptional expenses)	-	-	-	-
Depreciation and amortisation	(62.6)	(50.4)	(122.2)	(98.9)
Gain / (loss) on sale of tangible fixed assets	0.1	(0.1)	(0.2)	(0.1)
<b>Profit from operations</b>	<b>157.3</b>	<b>175.3</b>	<b>295.4</b>	<b>336.6</b>
Net finance (costs) / income	(9.7)	8.7	(5.6)	(7.1)
<b>Income before income tax</b>	<b>147.6</b>	<b>184.0</b>	<b>289.8</b>	<b>329.5</b>

\* EBITDA represents income from operations plus depreciation of property, plant and equipment and amortization of intangible assets. EBITDA before special items represents EBITDA less special items. Although EBITDA and EBITDA before special items should not be considered substitute measures for profit and net cash flow from operating activities, we believe that they provide useful information regarding our ability to meet future debt service requirements, EBITDA and EBITDA before special items may not be comparable to similarly titled measures used by other companies.

**Segment information** The development of the product groups on a global level for the three and six months period ended 30 June 2019 was as following:

<i>In millions of EUR</i>	<b>External sales</b>			<b>EBITDA before Special Items</b>		
	1 Apr - 30 Jun 2019	1 Apr - 30 Jun 2018	%	1 Apr - 30 Jun 2019	1 Apr - 30 Jun 2018	%
Polystyrene	558.5	493.5	13.2	66.6	49.3	35.2
ABS Standard	200.0	245.9	(18.6)	26.8	41.9	(35.9)
Specialties	336.4	381.8	(11.9)	52.3	60.7	(13.8)
Styrene Monomer	211.9	278.2	(23.8)	74.1	73.9	0.2
<b>Total</b>	<b>1,306.8</b>	<b>1,399.4</b>	<b>(6.6)</b>	<b>219.8</b>	<b>225.8</b>	<b>(2.7)</b>

<i>In millions of EUR</i>	<b>External sales</b>			<b>EBITDA before Special Items</b>		
	1 Jan - 30 Jun 2019	1 Jan - 30 Jun 2018	%	1 Jan - 30 Jun 2019	1 Jan - 30 Jun 2018	%
Polystyrene	1,058.9	965.7	9.7	121.3	95.9	26.4
ABS Standard	401.4	486.4	(17.5)	54.6	85.3	(36.0)
Specialties	678.3	760.9	(10.9)	102.1	127.0	(19.6)
Styrene Monomer	422.8	489.5	(13.6)	139.8	127.4	9.7
<b>Total</b>	<b>2,561.4</b>	<b>2,702.5</b>	<b>(5.2)</b>	<b>417.8</b>	<b>435.6</b>	<b>(4.1)</b>



## LIQUIDITY AND CAPITAL RESOURCES

The cash flow statement was prepared in accordance with the indirect method. Cash and cash equivalents do not include deposits and guarantees that are not immediately available. These amounts are included in other receivables.

<i>In millions of EUR</i>	<b>1 Jan – 30 Jun 2019</b>	<b>1 Jan - 30 Jun 2018</b>
Cash flow from operating activities	302.4	327.8
Cash flow from investing activities	(679.5)	(73.8)
Cash flow from financing activities	84.3	(239.8)

### Cash provided from operating activities

Cash provided from operating activities by INEOS Styrolution in the six months of 2019 was EUR 302.4 million. Positive cash flow was generated because of the strong business performance. Working capital requirements slightly increased in 2019 compared to year-end 2018 due to the integration of the acquired Chinese polystyrene business.

### Cash used in investing activities

The total cash outflow for investing activities in the first six months of 2019 was EUR 679.5 million compared to EUR 73.8 million in the same period in 2018. Thereof, cash used for investments in property, plant and equipment as well as intangible assets was EUR 85.7 million. That is 12.6% higher than the amount spent in the same period prior year (EUR 76.1 million). Investments in property, plant and equipment in 2019 mainly include the new ASA Specialties plant in Houston and the Moxi compounding investment in India.

In February 2019, the Group paid EUR 186.2 million for the acquisition of the Total S.A. Polystyrene business. The acquired business did have a cash balance of EUR 52.6 million, which led to a net cash outflow from this business acquisition of EUR 133.6 million.

The cash used in investing activities was invested in the following areas:

<i>In millions of EUR</i>	<b>1 Jan - 30 Jun 2019</b>	<b>1 Jan - 30 Jun 2018</b>
TAR	(0.5)	(18.8)
Sustenance / SHE	(18.6)	(34.7)
Expansion	(66.4)	(18.5)
Intangible fixed assets	(0.2)	(4.1)
<b>Total property, plant and equipment and Intangible fixed assets</b>	<b>(85.7)</b>	<b>(76.1)</b>
Business acquisition, net of cash acquired	(133.6)	-
Other investing activities	(460.2)	2.3
<b>Total cash used in investing activities</b>	<b>(679.5)</b>	<b>(73.8)</b>

### Cash used in financing activities

The total cash inflow for financing activities for the first six months 2019 was EUR 84.3 million.

On 23 January 2019, INEOS Styrolution agreed to increase the drawn amount under the asset securitization program from EUR 50 million to EUR 250 million.

On 30 January 2019, INEOS Styrolution granted a loan of EUR 450 million to INEOS Industries Holdings Limited. Management proposes to declare this payment as a dividend.

On 11 March 2019, INEOS Styrolution decided to reduce the drawn amount under the asset securitization program from EUR 250 million to EUR 230 million.

On 28 March 2019, INEOS Styrolution granted an additional loan of EUR 4 million to INEOS Industries Holdings Limited. Management proposes to declare this payment as a dividend.

On 9 April 2019, INEOS Styrolution decided to reduce the drawn amount under the asset securitization program from EUR 230 million to EUR 210 million. On 10 May 2019, INEOS Styrolution decided to further reduce the drawn amount under the asset securitization program from EUR 210 million to EUR 190 million.

On 24 June 2019, INEOS Styrolution granted an additional loan of EUR 5 million to INEOS Industries Holdings Limited. Management proposes to declare this payment as a dividend.

### Financing of INEOS Styrolution

The financing of the Group is through the issuance of Institutional Term Loans and a Trade Receivables Securitization Facility (up to EUR 450 million) and ancillary working capital lines.

The financing of INEOS Styrolution and the use of funds at the end of June 2019 of the Group was as follows (the amounts below differ from the consolidated statement of financial position due to the accounting for discounts and capitalized financing costs):

<i>In millions of EUR</i>	<b>30 Jun 2019</b>	<b>31 Dec 2018</b>
Institutional term loans	619.9	622.5
Long term borrowings from asset securitizations	190.0	50.0
Lease under IFRS 16 / IAS 17	141.7	8.8
Other financing	6.6	31.5
<b>Total gross debt</b>	<b>958.1</b>	<b>712.7</b>
Cash and cash equivalents	(274.6)	(567.1)
<b>Net Debt*</b>	<b>683.5</b>	<b>145.7</b>

\* Net debt includes the notional amount of the institutional term loans rather than the carrying amount in accordance with IFRS which is lower than the notional amount due to debt issuance cost that are amortized over the term of the loans. Term Loans are denominated in EUR and USD.