INEOS

INEOS QUATTRO HOLDINGS LIMITED

August 27, 2021

Q2, 2021 Trading Statement

INEOS Quattro Holdings Limited ('INEOS Quattro' or the 'Group') announces its trading performance for the second quarter of 2021.

Based on unaudited management information, INEOS Quattro reports that EBITDA for the second quarter of 2021 was €937 million, compared to €306 million for Q2, 2020 and €647 million for Q1, 2021. LTM EBITDA was €2,415 million, compared to €1,785 million at the end of Q1, 2021. Comparative results for 2020 are stated pro forma for the acquisition of the former BP Acetyls and Aromatics businesses.

The chemical industry is deemed as essential critical infrastructure by governments across the world. All of the Group's key sites have continued to operate fully during the COVID-19 virus pandemic and supply chains have operated without significant disruption. The automotive and durables sectors are improving, and there are encouraging signs from the construction sector. Overall core market conditions for all of the businesses have improved from the lows seen in 2020.

Styrolution reported EBITDA of €392 million compared to €93 million in Q2, 2020. The EBITDA performance in Q2, 2021 was the highest since the business was formed. Demand in most Polymer segments and industries was very strong, particularly in Asian markets. The strong Asian demand constrained polymer exports into other regions and led to top of cycle trading conditions across the globe. Polymer sales volumes increased in Q2, 2021 compared to the previous quarter and the same period last year, except in the Americas. Production in the Americas remained constrained for most of the quarter due to feedstock shortages caused by winter storm Uri. These temporary shortages caused styrene margins to peak.

INOVYN reported EBITDA of €300 million compared to €147 million in Q2, 2020. The EBITDA performance in the second quarter of 2021 was the highest since the formation of INOVYN. PVC markets worldwide were very tight throughout the quarter. In both the US and Europe, supply was constrained by planned and unplanned maintenance, ensuring demand continued to exceed available supply. PVC spreads over ethylene reached new record levels. Volumes of general purpose PVC sold were at similar levels to Q1, 2021, however a higher proportion was sold into domestic markets in Q2, 2021. Global demand for Specialty PVC remained healthy, with tightness in these markets also leading to further spread increases. Caustic soda volumes increased slightly, as did average sales prices, but margins were impacted by higher energy costs.

Acetyls reported EBITDA of €185 million compared to €15 million in Q2, 2020. This record level of EBITDA performance was driven by bullish market environments in all three regions of Europe, US and Asia. Demand recovered strongly from the impact of the pandemic and supply was tight, exacerbated by continued industry supply interruptions, particularly in China where our competitors faced unplanned shutdowns. One of our 2 acid plants at Hull entered a TAR in June. Both our European and US businesses are running on sales allocation. Acetic acid prices and margins hit a record high in the quarter.

Aromatics reported EBITDA of €60 million compared to €51 million in Q2, 2020. Demand in the US remained strong in Q2, 2021 and improvements in margins contributed to a strong regional financial performance. The European business was impacted by the ongoing effect of the Q1, 2021 unplanned outage at Geel, but was able to capitalise on strong demand once the asset restarted in May. The environment in Asia continued to be challenging. In China, low margins experienced in April triggered a series of competitor production cuts, with some recovery in May and June. Demand in Indonesia ebbed lower throughout the quarter as COVID 19 infections rose across the region.

Net cash from operating activities was an inflow of €484 million for the quarter, and €738 million for the year to date. EBITDA of €937 million for the quarter was reduced by pension, provisions and exceptional outflows of €21 million. Net working capital outflows were €236 million and corporate tax payments were €67 million. Capital expenditure on property, plant and equipment was €158 million. Dividends from joint ventures and other investments of €44 million were received in the quarter. Interest of €53 million was paid in the quarter, mainly €34 million on the Term Loan B borrowings and €6 million on the Term Loan A borrowings. In addition €15 million was repaid on the Term Loan A borrowings.

Net debt was approximately €5,626 million at June 30, 2021, compared to net debt of €5,927 million at March 31, 2021. Cash balances at the end of the quarter were €943 million, compared to cash of €696 million at March 31, 2021. There was availability under undrawn securitization facilities of €690 million and the revolving credit facility of $300 million. Net debt leverage was approximately 2.3 times EBITDA at the end of June 2021.