OFFERING MEMORANDUM AND LISTING PARTICULARS

NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES

€600,000,000 $2^{1}/_{4}$% Senior Secured Notes due 2027

INEOS Styrolution Group GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany (the "**Issuer**"), is offering (the "**Offering**") €600,000,000 aggregate principal amount of its $2^{1}/_{4}$% senior secured notes due 2027 (the "**Notes**"). The Issuer will pay interest on the Notes semi-annually in arrears on January 15 and July 15 of each year, commencing on July 15, 2020.

Prior to January 15, 2023, the Issuer may redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, plus the applicable make-whole premium. In addition, prior to January 15, 2023, the Issuer may redeem at its option up to 40% of the aggregate principal amount of the Notes with the net proceeds of certain equity offerings at 102.250% of the principal amount thereof, plus accrued interest, if at least 60% of the Notes remain outstanding. At any time on or after January 15, 2023, the Issuer may redeem all or a portion of the Notes at the prices specified herein. Upon the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to purchase the Notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes at a price equal to at 100% of their principal amount plus accrued interest.

The Notes will be senior secured obligations of the Issuer and will rank *pari passu* in right of payment to all of the Issuer's existing and future senior indebtedness, including the New Term Loan B Facilities (as defined herein), and will be senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes, if any. The Notes will be effectively senior to any existing and future secured indebtedness of the Issuer that is secured by liens junior to the liens securing the Notes, and will be effectively subordinated to any existing and future secured indebtedness of the Issuer that is secured by assets that do not secure the Notes, to the extent of the value of the assets securing such indebtedness.

The Notes will be jointly and severally guaranteed (the "**Guarantees**") on a senior secured basis (i) on the Issue Date, by INEOS Styrolution Holding Limited (the "**Parent**"), INEOS Styrolution Financing Limited (the "**Company**") and certain of the Company's subsidiaries (together, the "**Initial Guarantors**") and (ii) after the Issue Date (subject to certain approvals) by certain of the Company's other subsidiaries (the "**Subsequent Guarantors**") (collectively, the "**Subsidiary Guarantors**" and, together with the Company and the Parent, the "**Guarantors**"). The Guarantees will be *pari passu* in right of payment with all existing and future senior indebtedness of each Guarantor and will rank senior in right of payment to all existing and future subordinated obligations of such Guarantor. The Guarantees will be effectively subordinated to any existing and future secured indebtedness of such Guarantor that is secured by assets that do not secure the Guarantees, to the extent of the value of the assets securing such indebtedness. In addition, the Guarantees will be subject to contractual and legal limitations under relevant local laws and may be released under certain circumstances. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations.*"

With respect to the Initial Collateral, on the Issue Date, and with respect to the Subsequent Collateral, after the Issue Date (subject to certain approvals), the Notes and the Guarantees will be secured on a first-priority basis in accordance with the Intercreditor Agreement (as defined herein), subject to certain permitted collateral liens, by security interests over certain shares, bank accounts, intercompany receivables, assets and real property of the Issuer and the Guarantors (together, the "**Collateral**"). See "*Description of the Notes—Brief Description of the Notes, the Guarantees and the Security—Security.*"

This offering memorandum includes more detailed information on the terms of the Notes, the Guarantees and the security interests as briefly described above, including redemption and repurchase prices, security, covenants and transfer restrictions, and thus, the offering memorandum should be read as a whole by any prospective purchaser in making a determination as to whether to invest in the Notes. See "*Description of the Notes.*"

There is currently no public market for the Notes. This document constitutes the listing particulars ("**Listing Particulars**") in respect of the admission of the Notes to the Official List and to trading on the Euro MTF Market. Application was made to the Luxembourg Stock Exchange for the approval of this document as Listing Particulars. Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market. The Euro MTF Market is not a regulated market pursuant to the provisions of Directive 2004/39/EC on markets in financial instruments, as amended. This offering memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019.

Investing in the Notes involves risks that are described in the "*Risk Factors*" section beginning on page 27 of this offering memorandum.

Issue price for the Notes: 100.000% plus accrued interest, if any, from January 31, 2020.

The Notes and the Guarantees have not been, and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any other jurisdiction. Accordingly, the Notes may be offered only in transactions that are exempt from registration under the Securities Act and the laws of any other relevant jurisdiction. The Notes are being offered and sold only to (i) qualified institutional buyers ("**QIBs**") pursuant to Rule 144A under the Securities Act ("**Rule 144A**") and (ii) non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**"). For further details about eligible offerees and resale restrictions, see "*Notice to Investors.*"

Delivery of the Notes was made to investors in book-entry form through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") on January 31, 2020. Interests in each global note will be exchangeable for the relevant definitive Notes only in certain limited circumstances. See "Book-Entry; Delivery and Form."

Global Coordinators

Credit Suisse **BNP PARIBAS** **HSBC**

Joint Bookrunners

Commerzbank **Helaba** **ING** **Lloyds Bank Corporate Markets Wertpapierhandelsbank** **NatWest Markets**

The date of these Listing Particulars is February 19, 2020.

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IMPORTANT INFORMATION

As used in this offering memorandum, unless the context otherwise requires, references to the "**Issuer**" are to INEOS Styrolution Group GmbH, references to the "**Parent**" are to INEOS Styrolution Holding Limited, references to the "**Company**" are to INEOS Styrolution Financing Limited, a direct subsidiary of the Parent, and references to "**Styrolution**," "**we**," "**us**," "**our**," the "**Group**" and the "**Styrolution Group**" are to the Parent and its consolidated subsidiaries.

You should rely only on the information contained in this offering memorandum. We have not, and Credit Suisse Securities (Europe) Limited, BNP Paribas, London Branch, HSBC Bank plc, Commerzbank Aktiengesellschaft, ING Bank N.V., London Branch, Landesbank Hessen-Thüringen Girozentrale, Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH and NatWest Markets Plc (the "**Initial Purchasers**") have not, authorized anyone to provide you with information that is different from the information contained herein. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum. Our business, financial condition, results of operations and prospects may have changed since that date.

This offering memorandum is not an offer to sell, or a solicitation of an offer to buy, any Notes by any person in any jurisdiction in which it is unlawful for such person to make such an offering or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. By purchasing Notes, you will be deemed to have made the acknowledgments, representations, warranties and agreements described under the heading "*Notice to Investors*" in this offering memorandum. You should understand that you may be required to bear the financial risks of your investment for an indefinite period of time.

None of the Initial Purchasers, the Trustee, the Security Agent, the Paying Agent, the Registrar or the Transfer Agent makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or should be relied upon as, a promise or representation by the above persons as to the past or future.

You must comply with all applicable laws and regulations in force in any applicable jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the Notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we nor the Initial Purchasers will have any responsibility therefor.

Neither we, the Initial Purchasers, the Trustee, the Security Agent or their agents or affiliates are making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business, tax, regulatory or any other advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Notes.

The Notes and the related Guarantees have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes and the related Guarantees are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and within the United States to QIBs in reliance on Rule 144A. Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

We have prepared this offering memorandum solely for use in connection with the offer of the Notes to qualified institutional buyers under Rule 144A under the Securities Act and to non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the United States under Regulation S under the Securities Act.

This offering memorandum is based on information provided by us and by other sources that we believe are reliable. We cannot assure you that information included herein is accurate or complete. This offering memorandum summarizes certain documents and other information and we refer you to them for a more complete understanding of the discussions in this offering memorandum. We will make copies of certain documents available to you upon request. In making an investment decision, you must rely on your own examination of our company, the terms of the Offering and the Notes, including the merits and risks involved.

By purchasing the Notes, you will be deemed to have acknowledged that you have reviewed this offering memorandum and have had an opportunity to request, and have received, all additional information that you need from us. You should understand that you may be required to bear the financial risks of your investment for an indefinite period of time.

The information contained under the caption "Exchange Rate Information" includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarizing the information concerning exchange rate information, we accept no further responsibility in respect of such information. The information set out in relation to sections of this offering memorandum describing clearing and settlement arrangements, including the section entitled "*Book-Entry, Delivery and Form*," is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. Neither we, the Initial Purchasers, the Trustee or their agents will, nor will any of our agents, have responsibility for the performance of the respective obligations of Euroclear and Clearstream or their respective participants under the rules and procedures governing their operations, nor any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to these book-entry interests. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. The information described in this paragraph that has been sourced from third parties has been accurately reproduced and as far as the Issuer is aware, and is able to ascertain from published information, no facts have been omitted that would render the reproduced information inaccurate or misleading.

We reserve the right to withdraw this Offering at any time and we and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of Notes sought by such purchaser. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Notes. See "*Plan of Distribution*."

None of the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission or any other regulatory authority has approved or disapproved these securities, nor has any of the foregoing authorities passed upon or endorsed the merits of this Offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom.

STABILIZATION

IN CONNECTION WITH THE OFFERING, CREDIT SUISSE SECURITIES (EUROPE) LIMITED (THE "**STABILIZING MANAGER**") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE DATE OF ISSUE OF THE NOTES (THE "**ISSUE DATE**") AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NOTICE TO U.S. INVESTORS

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgments that are described in this offering memorandum under the section titled "*Notice to Investors*."

The Notes and the Guarantees have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer. In the United States, the Offering is being made only to "qualified institutional buyers" (as defined in Rule 144A). Prospective purchasers that are qualified institutional buyers are hereby notified that the Initial Purchasers of the Notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Outside the United States, the Offering is being made to non-U.S. persons in offshore transactions (each as defined in Regulation S). For a description of certain further restrictions on resale or transfer of the Notes, see "*Notice to Investors*."

THE NOTES MAY NOT BE OFFERED TO THE PUBLIC WITHIN ANY JURISDICTION. BY ACCEPTING DELIVERY OF THIS OFFERING MEMORANDUM, YOU AGREE NOT TO OFFER, SELL, RESELL, TRANSFER OR DELIVER, DIRECTLY OR INDIRECTLY, ANY NOTES TO THE PUBLIC.

NOTICE TO EEA INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") from the requirement to publish a prospectus for offers of Notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

NOTICE TO BELGIAN INVESTORS

This offering memorandum relates to a private placement of the Notes and does not constitute an offer or solicitation to the public in Belgium to subscribe for or acquire the Notes. The Notes may be offered in Belgium solely to qualified investors within the meaning of the Prospectus Regulation and the Belgian Act of 11 July 2018 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market (the "**Belgian Prospectus Act**"), as such term is defined therein, and/or on the basis of any other exemption as referred to in Article 1, paragraph 4 of the Prospectus Regulation.

The Offering has not been and will not be notified to, and this offering memorandum has not been, and will not be, notified to, or approved by, the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers*) pursuant to the Belgian laws and regulations applicable to the public offering of notes.

The Offering, and any materials relating to the Offering, may not be advertised to, the Notes are not intended to be offered, sold or otherwise made available to, and neither this offering memorandum nor any other information circular, brochure or similar documents may be distributed, directly or indirectly, to, and the Notes should not be offered, sold or otherwise made available in Belgium to (i) any other person located and/or resident in Belgium other than in circumstances which do not constitute an offer to the public in Belgium pursuant to the Prospectus Regulation and the Belgian Prospectus Act or (ii) any person qualifying as a consumer (*consument / consommateur*) within the meaning of the Belgian economic law code (*Wetboek economisch recht/Code de droit economique*), as amended from time to time (the "**Belgian Code of Economic Law**").

NOTICE TO CANADIAN INVESTORS

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the

Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

NOTICE TO MEXICAN INVESTORS

The Notes have not been and will not be registered with the National Securities Registry (*Registro Nacional de Valores*) maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, "**CNBV**"), and may not be offered, sold, traded publicly, or otherwise be the subject of brokerage activities in Mexico, except as provided by the private placement exemption set forth under Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*), pursuant to which the Notes may be offered in Mexico exclusively to institutional and qualified investors. The information contained in this offering memorandum is the exclusive responsibility of the Issuer and has not been reviewed or authorized by the CNBV. In making an investment decision, all investors, including any Mexican investors, who may acquire Notes from time to time, must rely on their own examination of the Issuer and the Guarantors, the terms of the Offering and this offering memorandum, including the merits and risks involved.

NOTICE TO SINGAPORE INVESTORS

This offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Notes may not be offered or sold or be made the subject of an invitation for subscription or purchase, and this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, may not be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275, of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in

Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

NOTICE TO SWISS INVESTORS

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and will not be admitted to any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to FinSA, and neither this offering memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

NOTICE TO U.K. INVESTORS

In the United Kingdom, this offering memorandum is being distributed only to and is directed only at: (a) persons who are "investment professionals" falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), (b) high net worth companies, unincorporated associations and other bodies within the categories described in Article 49(2)(a) to (d) of the Order and (c) any other persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this document or any of its contents. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Each Initial Purchaser: (a) has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or any Guarantor and (b) has complied and will comply with all applicable provisions of the FSMA in respect of anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

CERTAIN DEFINITIONS

Unless indicated otherwise in this offering memorandum or the context requires otherwise:

- "**AAGR**" refers to average annual growth rate, expressed as a percentage;
- "**Amendment and Extension**" has the meaning ascribed to such term under the caption "*The Transactions*";
- "**BASF**" refers to BASF SE and its consolidated subsidiaries;
- "**CAGR**" refers to compound annual growth rate, expressed as a percentage;

- "**Clearstream**" refers to Clearstream Banking, *société anonyme*;
- "**CLP Regulation**" refers to the EU Classification, Labeling and Packaging Regulation;
- "**Collateral**" has the meaning given to such term in "*Description of the Notes—Brief Description of the Notes, the Guarantees and the Security—Security*;"
- "**Company**" refers to INEOS Styrolution Financing Limited, a direct subsidiary of the Parent;
- "**ECHA**" refers to the European Chemicals Agency;
- "**EEA**" refers to the European Economic Area;
- "**EU**" refers to the European Union;
- "**EU ETS**" refers to European Union Emissions Trading Scheme;
- "**Euroclear**" refers to Euroclear Bank SA/NV;
- "**Existing Dollar Term Loan B Facility**" refers to the $328.9 million term loan facility made available to INEOS Styrolution US Holding LLC pursuant to the Term Loan B Facilities Agreement;
- "**Existing Euro Term Loan B Facility**" refers to the €447.2 million term loan facility made available to the Issuer pursuant to the Term Loan B Facilities Agreement;
- "**Existing Term Loan B Facilities**" refers to the Existing Dollar Term Loan B Facility and the Existing Euro Term Loan B Facility;
- "**GHG**" refers to greenhouse gas;
- "**Guarantor**" or "**Guarantors**" refers to the Initial Guarantors and the Subsequent Guarantors, collectively.
- "**IFRS**" refers to International Financial Reporting Standards as adopted by the European Union;
- "**Indenture**" refers to the indenture governing the Notes to be dated the Issue Date, among, *inter alios*, the Issuer, the Initial Guarantors and the Trustee;
- "**INEOS**" or "**INEOS Group**" refers to INEOS Limited and its consolidated subsidiaries;
- "**INEOS Industries**" refers to INEOS Industries Holdings Limited and not to any of its subsidiaries;
- "**Initial Collateral**" refers to the Collateral described under the caption "*—Brief Description of the Notes, the Guarantees and the Security—Security—General—The Initial Collateral*".
- "**Initial Guarantor**" or "**Initial Guarantors**" refers to INEOS Styrolution America LLC, INEOS Styrolution APAC Pte. Ltd., INEOS Styrolution Belgium NV, INEOS Styrolution Beteiligungs GmbH, INEOS Styrolution Canada Ltd., INEOS Styrolution Europe GmbH, INEOS Styrolution Holding GmbH, INEOS Styrolution Investment GmbH, INEOS Styrolution Köln GmbH, INEOS Styrolution Ludwigshafen GmbH, INEOS Styrolution Switzerland SA, INEOS Styrolution US Holding LLC, the Company and the Parent, each of which will guarantee the obligations of the Issuer under the Notes on the Issue Date;
- "**Initial Purchasers**" refers to Credit Suisse Securities (Europe) Limited, BNP Paribas, London Branch, HSBC Bank plc, Commerzbank Aktiengesellschaft, ING Bank N.V., London Branch, Landesbank Hessen-Thüringen Girozentrale, Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH and NatWest Markets Plc;
- "**Intercreditor Agreement**" refers to the intercreditor agreement dated November 7, 2014, as amended and restated on September 30, 2016 and as further amended and restated on or about the Issue Date, among,

inter alios, the Issuer, the administrative agent and lenders under the Term Loan B Facility Agreement and the Security Agent, and to which the Trustee will accede on or about the Issue Date;

- “**Issue Date**” refers to the date on which the Notes offered hereby are issued by the Issuer;

- “**Issuer**” refers to INEOS Styrolution Group GmbH and not to any of its subsidiaries;

- “**k MT**” refers to kilo metric ton;

- “**Korean Subsidiary**” refers to INEOS Styrolution Korea Ltd.;

- “**Management Directors**” refers to the managing directors (*Geschäftsführer*) of the Issuer;

- “**Mexican Subsidiary**” or “**Mexican Guarantor**” refers to INEOS Styrolution Mexicana S.A. de C.V.;

- “**mn MT**” refers to million metric ton;

- “**New Dollar Term Loan B Facility**” refers to the $202 million term loan facility to be made available to INEOS Styrolution US Holding LLC on or about the Issue Date pursuant to the Term Loan B Facilities Agreement;

- “**New Euro Term Loan B Facility**” refers to the €450 million term loan facility to be made available to the Issuer on or about the Issue Date pursuant to the Term Loan B Facilities Agreement;

- “**New Term Loan B Facilities**” refers to the New Dollar Term Loan B Facility and the New Euro Term Loan B Facility, collectively;

- “**Nexant**” refers to Nexant Ltd.;

- “**NTP**” refers to the U.S. National Toxicity Program;

- “**OEM**” refers to original equipment manufacturer;

- “**Offering**” refers to the offering of the Notes hereby;

- “**Parent**” refers to INEOS Styrolution Holding Limited;

- “**Parent Intermediate Holdco**” refers to any direct or indirect subsidiary of the Parent of which the Company is or becomes a direct or indirect subsidiary;

- “**PwC**” refers to PricewaterhouseCoopers LLP, a member of the Institute of Chartered Accountants in England and Wales;

- “**REACH Regulation**” refers to the EU’s Registration, Evaluation, Authorisation and Restriction of Chemicals;

- “**Securitization Program**” refers to the meaning given to such term in the “*Description of Other Indebtedness—The Securitization Program*;”

- “**Security Agent**” refers to Barclays Bank PLC, as security agent under the Term Loan B Facilities Agreement and the Indenture;

- “**Seveso II Directive**” refers to the EU directive on the control of major accident hazards;

- “**SHE**” refers to safety, health and environment;

- “**Styrolution,**” “**Group,**” “**Styrolution Group,**” “**we,**” “**us,**” or “**our**” refers to the Parent and its consolidated subsidiaries;

- “**Subsequent Finance Events**” means (i) the additional drawings under the Securitization Program since September 30, 2019 in an amount of €80.0 million, the proceeds of which were added to cash on balance sheet, (ii) the payment of a dividend to INEOS Industries Holdings Limited in the amount of €111.4 million, (iii) the declaration of a dividend in the amount of €470.8 million to INEOS Industries Holdings Limited, of which €470.6 million was applied to the immediate repayment and discharge of the full amount of principal and interest owed by INEOS Industries Holdings Limited to the Group under an intercompany loan of €463.3 million that was granted in the nine months ended September 30, 2019 along with certain fees and expenses and (iv) the amortization payment of €1.9 million equivalent (at September 30, 2019 exchange rates) principal amount of Existing Term Loan B Facilities;

- “**Subsequent Guarantor**” or “**Subsequent Guarantors**” refers to (i) the Mexican Subsidiary, the Guarantee of which will not be effective for third parties until filed in the relevant registry and (ii) the Korean Subsidiary, which will guarantee the obligations of the Issuer under the Notes only if the Bank of Korea accepts the report to be filed with it by the Korean Subsidiary;

- “**Subsequent Collateral**” refers to the Collateral described under the caption “*Description of the Notes—Brief Description of the Notes, the Guarantees and the Security—Security—General—The Subsequent Collateral*”.

- “**Subsidiary Guarantor**” or “**Subsidiary Guarantors**” refers to the Company’s subsidiaries guaranteeing the obligations of the Issuer under the Notes;

- “**TCIR**” refers to total case incident rate;

- “**Term Loan B Facilities Agreement**” refers to the credit agreement dated as of November 7, 2014 between, among others, the Issuer and INEOS Styrolution US Holding LLC as borrowers and guarantors, the other guarantors from time to time party thereto and Barclays Bank PLC as Administrative Agent and Security Agent, as amended and restated as of March 30, 2017 and as further amended and restated as of November 22, 2017, and as further amended and restated on or about the Issue Date pursuant to the Amendment and Extension;

- “**Transactions**” has the meaning ascribed to such term under the caption “*The Transactions*”;

- “**Trustee**” refers to The Bank of New York Mellon, London Branch, in its capacity as trustee under the Indenture; and

- “**USEPA**” refers to the U.S. Environmental Protection Agency.

Unless otherwise stated, references to capacities of our facilities refer to the actual capacities of such facilities, which may be more or less than the nameplate capacities due to the current operating conditions and asset configuration of each facility. References to capacities of other producers refer to nameplate capacities.

All references to “MT” are to metric tons.

We have provided definitions for some of the industry terms used in this offering memorandum in the “*Glossary of Selected Terms*” beginning on page G-1 of this offering memorandum.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

The Issuer does not prepare, and does not intend to prepare, consolidated financial statements. As a result, this offering memorandum instead presents consolidated financial and other data for the Parent and its consolidated subsidiaries. We believe that non-disclosure of the Issuer's accounts would not be likely to mislead investors with regard to facts and circumstances that are essential for assessing the Notes. We have included and derived the financial information discussed in this offering memorandum from the following:

- the unaudited interim condensed consolidated financial statements of the Parent and its subsidiaries as of and for the nine months ended September 30, 2019 with unaudited comparative financial information for the nine months ended September 30, 2018, and the notes thereto (the "**Unaudited Interim Condensed Consolidated Financial Statements**");

- the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2018 (with unaudited comparative financial information as of and for the year ended December 31, 2017) and the notes thereto, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and the requirements of the Companies Act 2006, which have been audited by PricewaterhouseCoopers LLP ("**PwC**") (the "**2018 Audited Consolidated Financial Statements**"), and the independent auditors' report thereon;

- the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2017 (with unaudited comparative financial information as of and for the year ended December 31, 2016) and the notes thereto, prepared in accordance with IFRS and the requirements of the Companies Act 2006, which have been audited by PwC (the "**2017 Audited Consolidated Financial Statements**"), and the independent auditors' report thereon; and

- the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2016 (with unaudited comparative financial information as of and for the year ended December 31, 2015) and the notes thereto, prepared in accordance with IFRS and the requirements of the Companies Act 2006, which have been audited by PwC (the "**2016 Audited Consolidated Financial Statements**"), and the independent auditors' report thereon;

The Unaudited Interim Condensed Consolidated Financial Statements, the 2018 Audited Consolidated Financial Statements, the 2017 Audited Consolidated Financial Statements and the 2016 Audited Consolidated Financial Statements are collectively referred to herein as the "**Consolidated Financial Statements**," and are presented in millions of euro. The 2018 Audited Consolidated Financial Statements, the 2017 Audited Consolidated Financial Statements and the 2016 Audited Consolidated Financial Statements are collectively referred to herein as the "**Audited Consolidated Financial Statements**." Unless otherwise indicated, the financial information presented in this offering memorandum has been prepared in accordance with IFRS. The Unaudited Interim Condensed Consolidated Financial Statements were prepared in accordance with IAS 34 *Interim Financial Reporting*.

The Parent was incorporated on December 18, 2015 as a subsidiary of INEOS Industries Holdings Limited. Additionally, INEOS Styrolution Financing Limited, domiciled in the United Kingdom with its registered office at Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, was founded as a subsidiary of the Parent on December 18, 2015.

On June 9, 2016, INEOS Styrolution Financing Limited became the parent of INEOS Styrolution Investment GmbH and INEOS Styrolution Switzerland SA and that created a newly formed consolidation group consisting of INEOS Styrolution Holding GmbH and all its subsidiaries as well as the above mentioned entities INEOS Styrolution Switzerland SA, INEOS Styrolution Investment GmbH, INEOS Styrolution Financing Limited and the Parent (the "**Reorganization**"). The Parent prepared IFRS first time adoption financial statements as of December 31, 2016 and for the financial year then ended, following the Reorganization. Since the acquisition of INEOS Styrolution Investment GmbH and INEOS Styrolution Switzerland SA involved entities under common control, INEOS Styrolution Holding Limited used predecessor accounting with retrospective presentation in preparing its 2016 Audited Consolidated Financial Statements.

In the Unaudited Interim Condensed Consolidated Financial Statements, the Parent has elected to present segmental information in accordance with IFRS 8 "Operating Segments". As a result, the unaudited segmental information as of and for the nine months ended September 30, 2019 has been presented along with the unaudited comparative period. For comparability purposes, the segmental information has been prepared and presented in this Offering Memorandum for the years ended December 31, 2018, 2017, and 2016. Such information has neither been audited nor reviewed and has been prepared on a consistent basis with the Unaudited Condensed Consolidated Financial Statements and derived from the accounting records of the Group.

The unaudited financial information for the 12 months ended September 30, 2019 included elsewhere in this offering memorandum is based on the Consolidated Financial Statements and is calculated by adding the unaudited financial information for the nine months ended September 30, 2019 to the difference between the financial information for the year ended December 31, 2018 and the unaudited financial information for the nine months ended September 30, 2018. The unaudited financial information for the nine months ended September 30, 2019 includes the impact of the application of IFRS 16—Leases ("**IFRS 16**") with effect from January 1, 2019. However, as permitted by IFRS 16, the financial information for the year ended December 31, 2018 and the unaudited financial information for the nine months ended September 30, 2018 has not been restated to reflect the impact of IFRS 16 and no adjustment has been made to such financial information in calculating the unaudited financial information for the 12 months ended September 30, 2019 contained in this offering memorandum. See "*Presentation of Financial and Other Information—Financial Information—IFRS 16—Leases*". The unaudited financial information for the 12 months ended September 30, 2019 has been prepared solely for the purpose of this offering memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed. It is not necessarily representative of our results of operations for any future period or our financial condition as of any future date.

IFRS 16—Leases

As of January 1, 2019, the Group, complying with IFRS requirements, adopted the IFRS 16—Leases. IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognizes 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 previous standard—*i.e.*, lessors continue to classify leases as finance or operating leases. Previously, the Group recognized operating lease expense on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized.

The Group applied IFRS 16 on January 1, 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 recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of the unaudited comparative financial information presented in the Unaudited Interim Condensed Consolidated Financial Statements. Furthermore, no adjustments to the financial information for the year ended December 31, 2018 or the unaudited comparative financial information for the nine months ended September 30, 2018 have been made in calculating the unaudited financial information for the 12 months ended September 30, 2019 presented in this offering memorandum, and therefore such financial information is not comparable with the other periods presented in this offering memorandum.

The Group recognized additional lease liabilities of €132.2 million and corresponding additional right of use assets in an amount of €132.2 million as at January 1, 2019. The impact on EBITDA before special items was positive €20.2 million for the nine months ended September 30, 2019.

IFRS 15—Revenue from Contracts with Customers

The Group applied IFRS 15 from January 1, 2018. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control—at a point in time or over time—requires judgement.

The Group adopted IFRS 15 using the retrospective method with the effect of initially applying the standard recognized at the date of the earliest comparative period (*i.e.*, January 1, 2017). The Group elected to use certain practical expedients available under the retrospective transition method, which are disclosed in Note 1 of our 2018 Audited Consolidated Financial Statements contained elsewhere herein. As a result of adopting IFRS 15, there were no material changes to the timing or amount of revenue and EBITDA before special items recognized and no restatement of unaudited comparative financial information for the year ended December 31, 2017 in the 2018 Audited Consolidated Financial Statements.

IFRS 9—Financial Instruments

The Group initially applied IFRS 9 from January 1, 2018. IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaced IAS 39 Financial Instruments: Recognition and Measurement ("**IAS 39**").

As a result of the adoption of IFRS 9, the Group adopted consequential amendments to IAS 1 Presentation of Financial Statements, which requires impairment of financial assets to be presented in a separate line item in the income statement and the statement of other comprehensive income. Additionally, the Group adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but were not generally applied to comparative information.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except in certain instances permitted by IFRS and disclosed in Note 1 of our 2018 Audited Consolidated Financial Statements contained elsewhere herein. As a result of adopting IFRS 9, there were no material changes. The Group has used an exemption not to restate financial information for comparative period for the year ended December 31, 2017 with respect to classification and measurement (including impairment) changes. Differences in carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at January 1, 2018.

Changes in presentation policies

In the course of aligning INEOS Group-wide accounting methods, the Group made two main changes in presentation policies effective January 1, 2017 with these changes reflected in the unaudited comparative financial information for the period from January 1, 2016 to December 31, 2016, as follows:

Expenses relating to logistics and supply chain costs were reclassified as Cost of Sales instead of Selling and Distribution expenses in our consolidated statement of income. The reclassification effect was € 42.6 million for the year ended December 31, 2016 and €41.0 million for the year ended December 31, 2017.

Our presentation of interest and other finance income received and paid was changed. Interest and other finance income received was reclassified as cash flows from investing activities and interest paid was reclassified as cash flows used in financing activities, whereas both items were previously classified as cash flows generated from operating activities. This change was applied retrospectively to the unaudited comparative financial information for the year ended December 31, 2016 contained in our 2017 Annual Consolidated Financial Statements. Due to this change, cash flows from operating activities increased by €40.2 million for the year ended December 31, 2017 (2016: €99.8 million). Cash flows from investing activities increased by €2.4 million for the year ended December 31, 2017 (2016: €7.4 million) and cash flows from financing activities decreased by €42.6 million for the year ended December 31, 2017 (2016: €107.2 million). See Note 1 to our 2017 Audited Consolidated Financial Statements included elsewhere in this offering memorandum.In this offering memorandum, we present financial information for the year ended December 31, 2016 giving effect to such changes in presentation policies.

Non-IFRS Financial Measures

This offering memorandum presents the non-IFRS financial measures "**EBITDA before special items**", "**EBITDA before special items margin**", "**net debt**", "**ratio of net debt to EBITDA before special items**" and "**company-specific working capital**". EBITDA before special items represents net income before income tax expense, interest expense, exchange movements, depreciation and amortization and special items. Special items refer to loss on the sale of property, plant and equipment and certain costs and benefits outside the usual course of business, which are expected to be non-recurring. Aside from loss on the sale of property, plant and equipment, there are no special items recognized for 2018 or 2019. Special items in 2017 mainly related to loss on the sale of property, plant and equipment and provisions we recognized relating to our liabilities to our previous shareholder BASF under prior legal agreements, pursuant to which we transfer amounts equivalent to certain realized tax benefits to BASF. Special items in 2016 were mainly related to restructuring costs and property transfer taxes related to the Reorganization and our Ludwigshafen facility, as well as the integration of the Addyston, USA facility. EBITDA before special items is presented for the Parent and its subsidiaries by product group and by the Issuer, Guarantors and non-Guarantor subsidiaries, which are non-IFRS measures presented in this offering memorandum. EBITDA before special items margin represents EBITDA before special items as a percentage of consolidated revenue for the period. Net debt represents total financial indebtedness, excluding unamortized discounts and capitalized finance costs less cash and cash equivalents. Ratio of net debt to

EBITDA before special items represents net debt divided by EBITDA before special items. Company-specific working capital represents inventories plus trade receivables less trade payables.

EBITDA before special items is not a measure of financial performance under IFRS. EBITDA-based measures are not measures of our financial performance or liquidity under IFRS. We believe that the presentation of EBITDA-based measures enhances an investor's understanding of our financial performance. However, EBITDA-based measures should not be considered in isolation or viewed as substitutes for profit from operating activities or net income as a measure of operating performance, cash flows from operating activities as a measure of our ability to meet cash needs, or any other measures of performance as defined by IFRS. These EBITDA-based measures, as used herein, are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation and differ from the definition of "Consolidated Adjusted EBITDA" under "*Description of the Notes—Certain Definitions.*" Our management has used, and expects to use, EBITDA-based measures to assess operating performance and to make decisions about allocating resources among our various segments. In assessing our overall performance and the performance of each of our segments, management reviews EBITDA-based measures as a general indicator of performance compared to prior periods. Furthermore, management and employee bonuses can be linked to the EBITDA-based performance of the business and the region in which they work. These EBITDA-based measures exclude items that management does not utilize in assessing operating performance, including foreign currency effects. Our management believes it is useful to eliminate such items because it allows management to focus on what it considers to be a more meaningful indicator of operating performance and ability to generate cash flow from operations.

The information presented by EBITDA before special items, EBITDA before special items margin, net debt, ratio of net debt to EBITDA before special items and company-specific working capital is unaudited and has not been prepared in accordance with IFRS or any other accounting standards. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

"As Adjusted" and "As Further Adjusted" Financial Information

This offering memorandum includes certain "as adjusted" and "as further adjusted" unaudited financial information. The "as adjusted" unaudited financial information presented in this offering memorandum has been adjusted to reflect (i) additional drawings under the Securitization Program since September 30, 2019 in an amount of €80 million, the proceeds of which were added to cash on the balance sheet, (ii) the payment of a dividend to INEOS Industries Holdings Limited in the amount of €111.4 million, (iii) the declaration of a dividend to INEOS Industries Holdings Limited in the amount of €470.8 million of which €470.6 million was applied to the immediate repayment and discharge of the full amount of principal and interest owed by INEOS Industries Holdings Limited to the Group under an intercompany loan of €463.3 million that was granted in the first nine months of 2019 and (iv) the amortization payment of €1.9 million equivalent (at September 30, 2019 exchange rates) principal amount of Existing Term Loan B Facilities (the "**Subsequent Finance Events**"). The "as further adjusted" unaudited financial information presented in this offering memorandum has been adjusted to reflect (i) the Subsequent Finance Events and (ii) the effects of the Transactions as described under "*Use of Proceeds*" and "*The Transactions*" on certain consolidated statement of financial position data of the Group as at September 30, 2019 and certain consolidated statement of income data of the Group for the 12 months ended September 30, 2019 as if those transactions had occurred (i) on September 30, 2019 for the purposes of the calculation of the unaudited as further adjusted consolidated statement of financial position data and (ii) on October 1, 2018 for the purposes of the calculation of the unaudited as further adjusted consolidated statement of income data. The "as adjusted" and "as further adjusted" unaudited financial information has been prepared for illustrative purposes only and does not purport to represent what the actual consolidated statement of financial position data or consolidated statement of income data of the Parent would have been if the Subsequent Finance Events and the Transactions had occurred (i) on September 30, 2019 for the purposes of the calculation of consolidated statement of financial position data and (ii) on October 1, 2018 for the purposes of the calculation of consolidated statement of income data, nor do they purport to project the consolidated financial position and finance costs of the Parent and its subsidiaries at any future date or period. The adjustments and assumptions used in calculating the unaudited "as adjusted" and "as further adjusted" financial information set out in this offering memorandum are based on available information and certain assumptions and estimates that we believe are reasonable but may differ materially from the actual amounts.

Rounding

Certain numerical figures set out in this offering memorandum, including financial information presented in millions or thousands and percentages, have been subject to rounding adjustments and, as a result, the totals of such numerical figures in this offering memorandum may vary slightly from the actual arithmetic totals of such information.

In this offering memorandum, unless otherwise indicated: all references to the "**EU**" are to the European Union; all references to "**euro**" or "**€**" are to the lawful currency of the European Union; all references to the "**U.K.**" are to the United Kingdom; all references to the "**United States**" or the "**U.S.**" are to the United States of America; all references to "**U.S.$**," "**U.S. dollars**," "**dollars**" or "**$**" are to the lawful currency of the United States.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods set forth below, the period end, average, high and low Bloomberg Composite Rate (New York) expressed as U.S. dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the financial statements and other financial information appearing elsewhere in this offering memorandum. We make no representation that the euro or U.S. dollar amounts referred to in this offering memorandum have been, could have been or could, in the future, be converted into U.S. dollars or euro, as the case may be, at any particular rate, if at all.

The Bloomberg Composite Rate of the euro on January 14, 2020 was $1.1128 per €1.00.

	U.S. dollars per €1.00			
Year ended December 31,	**Period end**	**Average[1]**	**High**	**Low**
2014	1.2098	1.3207	1.3932	1.2098
2015	1.0856	1.1031	1.2103	1.0497
2016	1.0520	1.1035	1.1532	1.0389
2017	1.2005	1.1393	1.2036	1.0406
2018	1.1469	1.1782	1.2509	1.1218

	U.S. dollars per €1.00			
Nine months ended	**Period end**	**Average[2]**	**High**	**Low**
September 30, 2019	1.0900	1.1196	1.1543	1.0900

	U.S. dollars per €1.00			
Month of	**Period end**	**Average[2]**	**High**	**Low**
October 2019	1.1152	1.1057	1.1171	1.0932
November 2019	1.1019	1.1047	1.1166	1.0999
December 2019	1.1214	1.1110	1.1214	1.1019
January 2020 (through January 14, 2020)	1.1128	1.1149	1.1212	1.1106

(1) The average of the closing Bloomberg Composite Rate on the last business day of each month during the relevant period.

(2) The average of the closing Bloomberg Composite Rate on each business day during the relevant period.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes "forward-looking statements," within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and the securities laws of certain other jurisdictions, based on our current expectations and projections about future events, including:

- raw material availability and costs, as well as supply arrangements, including arrangements with principal feedstock suppliers;
- operational hazards and risks, including the risk of accidents or other incidents that result in environmental contamination or personal injuries;
- the substitutability of other products for our products and regulatory initiatives that may create incentives for the use of substitute products;
- the highly competitive nature of the styrenics industry;
- the cyclical nature of our business and its sensitivity to changes in capacity, demand and global economic factors;
- business interruption risks resulting from the actions of third parties;
- demand levels in emerging markets and the ability of local producers to satisfy such demand;
- our and our customers' ability to borrow or raise capital;
- our ability to maintain key customer relationships;
- political, economic and legal risks associated with doing business in emerging markets;
- current or future environmental requirements, including those related to waste management and air emissions, and the related costs of maintaining compliance and addressing liabilities;
- government regulations and/or public perceptions regarding our products, including those that relate to the potential classification of styrene as a carcinogen;
- existing and proposed government regulations to address climate change by reducing greenhouse gas emissions;
- the adequacy of our insurance coverage;
- currency fluctuations and economic downturns in the countries in which we operate;
- our ability to implement our business, cost control and growth strategies;
- our ability to keep up with technological innovation and the increasing trend toward digitalization of our industry;
- our ability to maintain an effective system of internal controls;
- risks related to the destruction or ineffectiveness or obsolescence of our information systems;
- risks related to cyber security;
- our ability to attract and retain key personnel;
- our ability to consummate future acquisitions;
- the enforceability and validity of our intellectual property rights and the confidentiality of our proprietary information and trade secrets;

- risks related to litigation and other proceedings, including product liability claims;
- changes in tax laws or increases in tax authorities' scrutiny of transactions;
- our ability to make necessary contributions to pension plans;
- relationships with our workforce;
- the interests of our controlling shareholder;
- our substantial indebtedness following the consummation of the Transactions, which may affect our ability to service our outstanding indebtedness and operate our business; and
- other factors as described in this offering memorandum, including factors set forth under "*Risk Factors*."

All statements other than statements of historical facts included in this offering memorandum including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business, 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, including those identified under the "*Risk Factors*" section in this offering memorandum. Words such as "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "plan," "risk," "should," "will" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. Forward-looking statements contained in this offering memorandum include, in particular (but are not limited to), the following: statements regarding our financial results for the year ended December 31, 2019, statements regarding our future cash flows and liquidity needs, statements regarding potential expansion plans, statements regarding expected future capacity of our facilities, statements regarding safety, statements regarding expectations of industry growth and ISO certification targets and pledges made regarding levels of future recyclable content. 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. Any forward-looking statement speaks only as of the date on which it is made and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this offering memorandum, including those set forth under the section entitled "*Risk Factors*."

The risks described in the "*Risk Factors*" section in this offering memorandum are not exhaustive. Other sections of this offering memorandum describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

TAX CONSIDERATIONS

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the consequences of purchasing, holding and disposing of the Notes, including, without limitation, the application of U.S. federal tax laws to their particular situations, as well as any consequences to them under the laws of any other taxing jurisdiction, and the consequences of purchasing the Notes at a price other than the initial issue price in the Offering. See "*Certain Tax Considerations*."

TRADEMARKS AND TRADE NAMES

We own or have rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. Each trademark, trade name or service mark of any other company appearing in this offering memorandum is the property of its respective holder.

HISTORICAL AND CURRENT MARKET AND INDUSTRY DATA

Historical and current market and industry data used throughout this offering memorandum were obtained from internal company analyses, consultants' reports and industry publications. In particular, information has been provided by Nexant Ltd. ("**Nexant**"), an industry consultant. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of information contained therein is not guaranteed. This information has been accurately reproduced and as far as the Issuer is aware, and is able to ascertain from published information, no facts have been omitted that would render the reproduced information inaccurate or misleading.While we accept responsibility for the accurate extraction and reproduction of such market data, we have not independently verified such market data and cannot guarantee its accuracy or completeness. In addition, certain statements in this offering memorandum regarding the styrenics industry, our position in that industry and our market share are based on internal company estimates, our experience and investigations of market conditions and our review of industry positions. In particular, due to the fragmented nature of certain product groups in the styrenics industry, the classification of these product groups is not verified by third party market data. As such, information about such product groups is supported by Company information ascertained using the practices listed above. Our statements regarding product groups may therefore not align with the findings or published data of other industry participants. Where market data is available for certain product groups and there is no consensus between third-party data providers, we have exercised our judgment to determine the information we believe most accurately reflects the market, based on our experience and industry knowledge. We cannot assure you that any of the assumptions underlying those statements are accurate or correctly reflect our position in the industry. Similarly, internal company analyses, while believed by us to be reliable, have not been verified by any independent sources, and neither we nor any of the Initial Purchasers make any representation as to the accuracy or completeness of such information. While we are not aware of any misstatements regarding any industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under the "*Risk Factors*" section in this offering memorandum.

This offering memorandum makes reference to certain information taken from reports prepared by Nexant. These reports were generally not prepared specifically for us and in most cases relate to general industry analysis. Nexant conducted its analysis and prepared its reports utilizing reasonable care and skill in applying methods of analysis consistent with normal industry practice. All results are based on information available at the time of review unless specifically noted otherwise. Changes in factors upon which the review was based could affect the results. Forecasts are inherently uncertain because of events or combinations of events that cannot reasonably be foreseen, including the actions of government, individuals, third parties and competitors.

This offering memorandum presents certain market ranking information, which has been prepared by Nexant on the basis of capacity by owner. Such rankings treat joint ventures as separate owners from their joint venture partners and, in certain cases, if the joint venture partners' shares had been instead attributed to the individual partner, our rankings would have been lower.

Some of the information on which the Nexant reports are based has been provided by others. Nexant has utilized such information without verification unless specifically noted otherwise. Nexant accepts no liability for errors or inaccuracies in information provided by others.

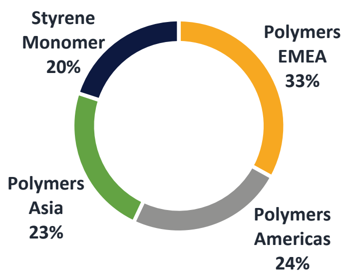
SUMMARY

*This summary highlights information contained elsewhere in this offering memorandum. It is not complete and may not contain all the information that you should consider before investing in the Notes. You should read the entire offering memorandum, including the more detailed information in the Consolidated Financial Statements and the related notes thereto included elsewhere in this offering memorandum, before making an investment decision. See "Risk Factors" for factors that you should consider before investing in the Notes and "Forward-Looking Statements" for information relating to the statements contained in this offering memorandum that are not historical facts. All references to "**Styrolution**," the "**Group**," the "**Styrolution Group**," "**we**," "**us**" or "**our**" are to the Parent and its consolidated subsidiaries.*

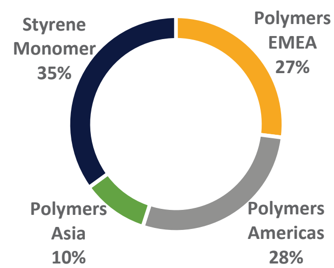
Overview

We are a leading global producer, marketer and merchant seller of styrenics, which is the basis for a wide range of chemical processes and products. According to Nexant, we were the second largest global producer of SM in 2019, with an estimated share of global production capacity of 6%, and the largest global producer of PS, with an estimated share of global production capacity of 15%. We were also the third largest global producer of ABS, with an estimated share of global production capacity of 11% according to Nexant, and the largest global producer of Specialties based on management estimates. In the year ended December 31, 2018, we generated revenue of €5,366.7 million, EBITDA before special items of €812.8 million and EBITDA before special items margin of 15.1%. In the nine months ended September 30, 2019, we generated revenue of €3,798.3 million, EBITDA before special items of €580.8 million and EBITDA before special items margin of 15.3%.

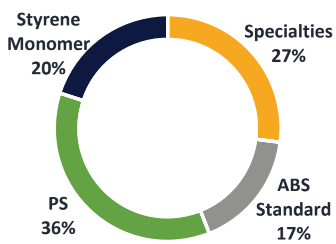
Revenue by segment (2018) €5,367 million



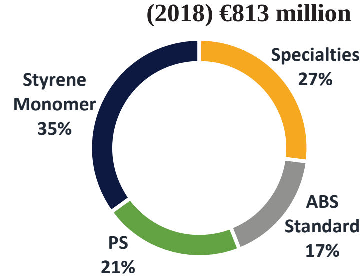
EBITDA before special items by segment (2018) €813 million



Revenue by product group (2018) €5,367 million



EBITDA before special items by product group (2018) €813 million



Source: Company information.

We operate our business through four segments: Polymers EMEA, Polymers Americas, Polymers Asia and Styrene Monomer. In the year ended December 31, 2018, our Polymers EMEA segment accounted for €1,780.2 million, or 33.2%, of our revenue and €214.1 million, or 26.3%, of our EBITDA before special items. In the year ended December 31, 2018, our Polymers Americas segment accounted for €1,305.6 million, or 24.3%, of our revenue and €228.4 million, or 28.1%, of our EBITDA before special items, our Polymers Asia segment accounted for €1,234.0 million, or 23.0%, of our revenue and €82.8 million, or 10.2%, of our EBITDA before special items and our

Styrene Monomer segment accounted for €1,046.9 million, or 19.5%, of our revenue and €287.5 million, or 35.4%, of our EBITDA before special items.

Our product groups are Styrene Monomer, PS (including revenues not otherwise allocated to a product group, including from site services provided by the Group as a host to third parties), ABS Standard and Specialties, which, in the year ended December 31, 2018, accounted for 19.5%, 35.9%, 17.2% and 27.4% of our total revenue and 35.4%, 21.3%, 16.5% and 26.8% of our total EBITDA before special items, respectively. Our product range consists of over 1,500 items with over 2,000 applications across various industries like electronics, healthcare, household, automotive, construction and packaging. As of September 30, 2019, we held approximately 1,000 active patents and patent applications and approximately 1,000 trademark registrations globally, reflecting our wide product range and more than 100 years of combined industry experience from our heritage businesses.

Our products are broadly organized in two categories: (i) commodity (SM) and standard (PS and ABS Standard) products and (ii) Specialties (ABS Specialty and copolymers). For commodity and standard products, we believe that we run a lean and cost-efficient setup with relatively few grades (or products), low complexity and limited technical service, but with a clear focus on high delivery reliability, short lead times and product quality consistency. Conversely, in our Specialties business, the primary focus is on providing a high level of customization, application innovation and technical support designed to generate additional value for customers, particularly in our focus high-growth industries (*i.e.*, electronics, healthcare, household, automotive and construction), for which we believe our Specialties offer a unique value proposition. We regularly pursue close R&D cooperation with customers and the majority of our R&D spending relates to our Specialties.

We benefit from the cost advantages of operating large-scale, integrated facilities strategically located near major transportation facilities and customer locations, including the largest chemical production site in Europe at Antwerp, Belgium, and the largest single production line styrene plant in the world at Bayport (Texas), United States. We have made significant investments in all our facilities, amounting to approximately €100 million annually in each period presented in this offering memorandum, with particular emphasis on Antwerp, Ludwigshafen, Wingles, our Indian facilities, Map Ta Phut, Altamira, Ulsan, Bayport and Texas City, as well as several R&D sites. We believe these investments allow us to operate at lower cost and higher utilization rates than most of our competitors, and help us maintain positive margins and cash flows even during industry downturns or periods of decreased customer demand.

We are led by a highly experienced management team with, on a combined basis, over 150 years of experience in the petrochemical industry. The management team has devised a long-term “Triple Shift” strategy focused on profitable growth, resilience and sustainability of EBITDA before special items margins. The key pillars of the Triple Shift strategy are:

1. Continue increasing our exposure to high-growth customer industries, so-called focus industries, with potential for product differentiation, namely (i) electronics, (ii) healthcare, (iii) household, (iv) automotive and (v) construction. In the nine months ended September 30, 2019, customers in our focus industries accounted for approximately 50% of our Specialties and ABS Standard revenue.

2. Seek to meet the demands of our five focus industries by emphasizing development of, and increasing our scale in, our high-margin Specialties and ABS Standard grades.

3. Seek to capture above-average growth dynamics in faster-growing emerging markets by expanding our presence beyond our existing footholds in, *e.g.*, China and India outwards, in Asia and in the Americas, in Specialties businesses and in our focus industries.

In line with our Triple Shift growth strategy, we have expanded our asset footprint and acquired the K-Resin Business with a production asset in Yeosu, South Korea from CPChem and Daelim in 2016, as well as two PS sites in China (Ningbo and Foshan) and the corresponding PS Business from Total in 2018. The K-Resin Business helped strengthen our global and particularly Asian position in medical and specialty packaging applications and the PS business in China opened the door to household and electronics customers in domestic China.

The principal raw materials and feedstocks for our business are ethylene, benzene, butadiene, acrylonitrile, styrene and energy. The costs of these feedstocks are principally driven by the price of crude oil and natural gas and the availability of crackers.

Our Competitive Strengths

We believe the factors set forth below make us competitive in the markets in which we operate:

A global leader throughout the styrenics value chain in a market with favorable growth trends

We are a leading global producer, marketer and merchant seller of SM, PS, ABS Standard and Specialties, with revenue, EBITDA before special items and EBITDA before special items margin totaling €5,366.7 million, €812.8 million and 15.1%, respectively, in the year ended December 31, 2018. We produced 3,591k MT of styrenics in the year ended December 31, 2018. According to Nexant, we were the second largest global producer of SM in 2019, with an estimated share of global production capacity of 6%, and the largest global producer of PS, with an estimated share of global production capacity of 15%. In Europe and North America, we have significantly larger SM and PS market shares than our nearest competitors. We are also the largest producer of ABS in Europe, where we accounted for 51% of ABS capacity in 2019, and the third largest producer of ABS globally, where we accounted for 11%, as well as the second largest in North America, where we accounted for 41% of ABS production capacity. We believe we are the largest global producer of Specialties, with number one positions in Europe, the Americas and India by capacity in 2018.

As of December 31, 2019, we operated 20 manufacturing facilities in 10 countries—making us the only styrenics producer with a global reach and a significant production footprint in Europe, North America and Asia—which has allowed us to tap into high-growth markets and benefit from current feedstock and energy cost advantages in North America. We also believe there is room for further consolidation and rationalization of capacities in mature markets. With sources of revenue split among numerous industries and regions (with the EMEA region, the Americas and Asia having represented 34.6%, 41.1% and 24.3%, respectively, of our revenue in the year ended December 31, 2018), we believe that we are well diversified and display strengths across geographies and product groups.

Our focus industries under our Triple Shift strategy consist of sectors that we consider to be high-growth markets because they respond to global trends such as the management of energy and natural resources, mobility and communications, demographic change, housing and construction and health and nutrition. For example, our products are used in, among other things, insulation that plays an important role in meeting energy efficiency goals in housing construction; health applications, such as asthma inhalers and other medical devices, to support an ageing population with increased medical needs; in LED televisions; and innovative automotive applications to customize vehicles and reduce their weight, thus improving fuel efficiency.

Balanced product portfolio with focus on Specialties and backward integration providing key advantages

We sell a comprehensive mix of products that includes both commodity (SM) and standard products (PS and ABS Standard) and Specialties (ABS Specialty and copolymers). Our Specialties business generates strong operating cash flows due to the unique characteristics of our products, such as heat or chemical resistance or high impact strength. It also generated the highest EBITDA before special items margins in 2018, with 14.8%. We complement these cash flows with revenue from high sales volumes of our commodity and standard products, which generally yield relatively lower margins. In 2018, ABS Standard generated EBITDA before special items margin of 14.6% and PS generated EBITDA before special items margin of 9.0%. Because we produce nearly as much SM as we consume in our production of polymers, we consider our polymers business to be backward-integrated. Given that we have excess SM capacity in North America, we enjoy flexibility in deciding to sell to third parties or transport SM to regions short of SM such as EMEA and Asia. This allows us to flexibly increase or reduce our market exposure to the merchant SM market by increasing or decreasing the volumes that are subject to structural third-party supply contracts.

We adapt our strategy to accommodate the particularities of our commodity and standard products and Specialties businesses. For commodities and other standard products, we believe that we run a lean, cost-efficient business with relatively few grades, low complexity and limited technical services, which allows us to focus on delivery reliability, short lead times and product consistency. In contrast, for Specialties, we emphasize customization, application innovation and technical support. We believe that these features generate added value for our customers. Our Specialties teams collaborate closely with our customers' R&D departments. To strengthen our customer-centric innovation, we have organized parts of our sales force along our focus customer industries to make sure we can support our customers with specific industry-related know-how. In addition to supporting the development of long-term customer relationships, we believe that this approach also ensures that we maintain in-depth knowledge of our customers' markets. We have also created a new organizational unit named "Future Business and Innovation", which focuses on developing longer-term product and service innovations meeting future industry needs. We believe that the high investment in time and research that was required in order to establish robust Specialties relationships with our clients has given us a competitive edge over new entrants in the market. In addition, we believe that our R&D partnership with the independent research institute

Neue Materialien Bayreuth and the University of Bayreuth in Germany will continue to bring us closer to the plastics industry and will further foster collaborative innovation with customers.

Diverse base of blue-chip customers across a wide range of industries

Our products are used in a wide variety of industries, such as electronics, healthcare, household, automotive and construction. Together, our focus Triple Shift industries accounted for 51% of our revenue in 2018, with household making the largest contribution at 17%. Outside our focus industries, high-volume sales in the packaging and toys, sports and leisure end user sectors contributed 28% and 8% of our revenue, respectively, in 2018. We believe that this diversification in our end markets and our broad geographical reach help minimize the impact of cyclical downturns in a particular industry or region on our business.

Within each of our end markets, we have long-standing relationships with large, well-known and established players, including Samsung, Lego, Covestro, BASF, Haier, Ravago, BSH, Rehau, Whirlpool, Electrolux, Bosch, Ficosa, Magna, Panasonic, Danone, Pactiv, Thermofisher, B. Braun, BMW, Daimler and Volkswagen. We believe that the stability of our customer relationships, together with the leading market position of our key customers, strengthens our competitive position. Our top ten polymers customers accounted for 18.3% of our revenue in the nine months ended September 30, 2019. With approximately 4,000 customers in more than 100 countries, we believe we are well positioned to build resilience against the potential loss of any single key customer and manage cyclicality.

World-class manufacturing platform with attractive cost position

Our asset base is distributed across all major regions and includes world-class facilities, some of which we believe are considered industry benchmark facilities. We benefit from the cost advantages of operating large-scale, integrated facilities strategically located near major transportation facilities and customer locations, including the largest chemical production site in Europe at Antwerp, Belgium, and the largest single production line styrene plant in the world at Bayport, Texas, United States. Since October 1, 2011, we have invested approximately €1.2 billion in our production facilities to enhance their efficiency, resulting in what we believe to be well-maintained production units. We believe these investments allow us to operate at lower cost and higher utilization rates than most of our competitors, and help us maintain positive margins and cash flows even during industry downturns or periods of decreased customer demand.

At least 75% of our output in 2018 came from manufacturing facilities that we believe to have competitive production cost profiles and to be positioned in the first or second quartile of our industry’s cost curve. In North America in particular, where three out of our four SM facilities are located and which account for approximately 77% of our SM production capacity as of December 31, 2019, we have benefited from increased shale gas production, which has resulted in lower energy costs and is expected to decrease ethylene prices. Our ability to rely on our own world-class SM production capacity in both North America and Europe improves our cost competitiveness and helps stabilize our supply of the main manufacturing input for our other product groups.

Diversification, flexible cost structure and efficient pass-through resulting in relative stability of earnings and significant cash flow generation

The styrenics industry is characterized by cyclicality, including commodity and standard products in particular. We believe that the strategy our experienced management team has devised effectively manages this cyclicality.

We maintain a balanced and diversified mix of commodity and standard and specialty products so as to drive profits not only through volumes but also through margins. Specialties tends to have less cyclical pricing and generate higher margins than commodity and standard products pricing because it is more dependent on the overall value proposition of the product than on cost alone, which to a certain extent reduces pressure from substitute products and creates a certain ‘stickiness’ with our customers. Specialties also yields higher margins than commodity and standard products, a benefit which we have been able to enhance by focusing on high-growth industries as part of our Triple Shift strategy. We seek to continue to actively manage our customer and product portfolio, focusing on attractive and higher growth segments and regions. We also strive to maintain stability through industry cycles by developing and maintaining relationships with customers that are industry leaders and relatively less vulnerable to economic downturns because of their financial strength and stable demand for their products.

We operate our business with a highly variable cost structure. In the year ended December 31, 2018, we estimate that approximately 89% of our total costs were variable, with feedstock accounting for approximately 77% of our total costs. We believe that this flexibility helps us mitigate volatility of our earnings. We benefit from long-term volume-based contracts pursuant to which we are able to pass raw materials and sales price variations on to our customers. Under these contracts, we generally negotiate our SM prices on a daily basis, our PS and ABS Standard prices on a monthly basis and our Specialties prices on a quarterly basis. Furthermore, we have implemented a number of cost-saving initiatives designed to reduce our fixed and variable cost base and to improve our manufacturing facility efficiency, and we intend to continue to optimize our cost structure through continual evaluation of our performance compared to benchmarks. Under such cost-saving initiatives, we have identified a total of approximately 400 cost savings items, of which we have completed approximately 240 items, leading to an average reduction of non-manpower fixed costs at our facilities of approximately 12% against baseline costs between 2017 and 2019.

We further manage price volatility by maintaining strict control over working capital. We do this by monitoring inventory levels and striving to achieve the shortest benchmark payment terms in our markets. Our sales force, with its broad and deep market coverage, can react quickly to market trends. Our flat, knowledgeable and empowered organizational hierarchy allows us to make fast decisions.

Experienced management team with proven track record

Our senior management team has over 150 years of combined experience in the petrochemical industries, both with us and, prior to our formation, with INEOS and BASF. Our management team also has a proven track record of increasing productivity, improving our safety record, reducing costs and complexity and maximizing value.

Improved stability and credit protection in a downside

We have focused on sustainable fixed cost synergies. These have included a reduction of overcapacity in SM and PS in Europe, the termination of our tolling agreement with INEOS relating to its SM and PS facilities in Marl, Germany and the closure of our facilities at Indian Orchard and Trelleborg in late 2014. In addition, we have seen variable cost synergies primarily through improving the efficiency of our plants. We have improved efficiency through investment in our SM plants, optimizing our product portfolio with lower cost recipes, reducing complexity and optimizing our assets and the freight of our products. We continuously monitor and optimize working capital through all levers, including negotiation of payment terms with suppliers and customers, tight management of overdue payments and inventory optimization.

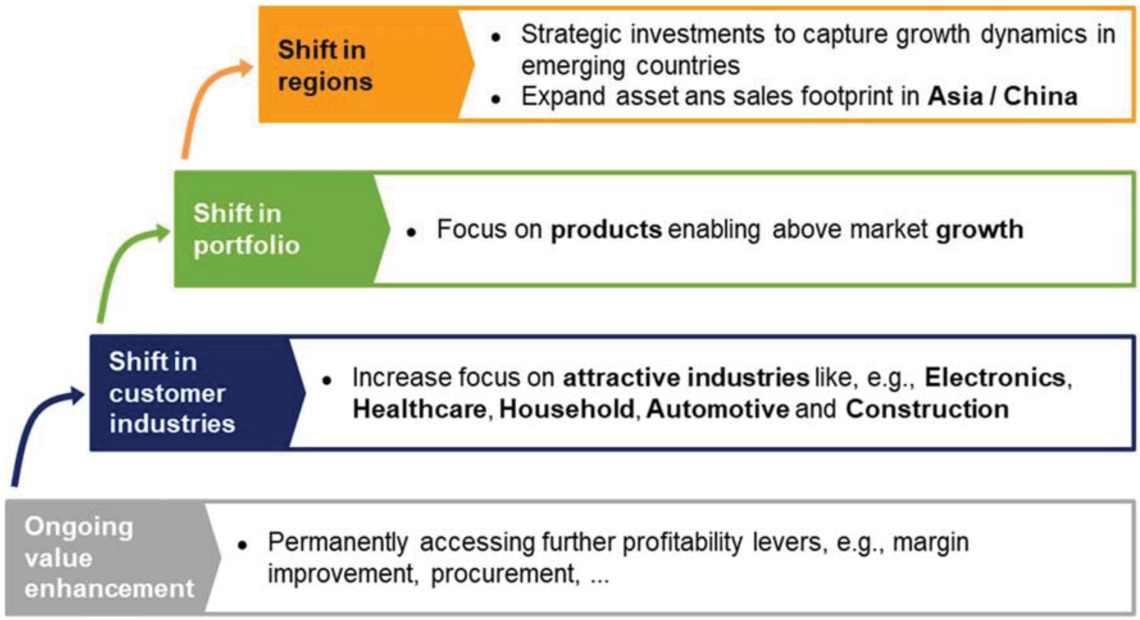
Our Strategy

Our principal objectives are to maintain our position as a leading global supplier of styrenics and to increase the value of the business by generating strong, sustainable and growing cash flows across industry cycles. To achieve these objectives we have the following key strategies:

Selective, value-oriented growth

We have devised a three-pronged, "Triple Shift" growth strategy focused on profitable growth, resilience and sustainability of EBITDA before special items margins.

Key pillars of the Triple Shift growth strategy



Source: Company information.

Shift in customer industries (focus on higher-growth end markets)

We aim to continue increasing our exposure to high-growth customer industries with potential for product differentiation, namely electronics, healthcare, household, automotive and construction. We believe that growth in these industries is supported by global trends, such as a search for energy efficiency, a need for enhanced mobility and ongoing demographic change. For example, we aim to position our styrenics products with automotive application to benefit from the trend of replacing heavy materials, such as metals, with lighter-weight materials, such as plastics. We believe we are well positioned to become the supplier of choice in these industries due to our grounding in technology, our global asset footprint and our versatile product and services portfolios. For example, for an industry like the automotive sector, in which customers demand sourcing close to regional markets, identical specifications globally and innovative solutions, we believe we are better able to meet all desired requirements than our competitors due to our scale, geographical reach and competitive cost position.

Shift in portfolio (focus on Specialties and ABS)

We seek to meet the demands of our five focus industries by emphasizing development of, and increasing our scale in, our high-margin and less cyclical Specialties and ABS Standard grades. For example, we commissioned an ASA polymerization plant in South Korea in 2012, we started up a new alpha-methylstyrene acrylonitrile ("**AMSAN**") production line in Mexico in the second quarter of 2014 and we converted our Map Ta Phut plant in Thailand into a Specialties plant. In 2014, we also established new NAS / Zylar production lines in Ludwigshafen, Germany and Decatur, Alabama, United States.

Our new AMSAN production line at our Altamira facility in Mexico has enabled us to become the only producer of AMSAN in Europe and the Americas. This production line allows us to offer new products in the region and target new applications in the automotive and construction sectors. We also optimized our Specialties production in EMEA by expanding our compounding capacities at our site in Schwarzheide, Germany, to better serve customers and spur further growth in styrenic copolymer revenue in the EMEA region. We acquired the global K-Resin business including a dedicated production site in Yeosu, South Korea and are also expanding our ABS and ASA capacity in the

Americas through the construction of a new 100 k MT capacity ASA plant in Bayport, Texas, United States, which is expected to be operational in 2022. The new facility will allow additional production of ABS polymers at our plant in Altamira, Mexico. Additionally, we have commissioned a detailed engineering study to evaluate doubling the overall production capacity for ABS in India over the next years. In Europe, we are investing in a new ABS production line at our site in Wingles, France, to meet the growing demand for ABS. We have also recently announced that we intend to build a 600k MT new ABS plant in Ningbo, China, adjacent to the Group's existing PS site in Ningbo, to further improve our ABS Standard position in inland China and create a manufacturing footprint for the Group in the largest ABS market in the world. Construction is expected to start in 2020 and is expected to be completed the second half of 2023.

Shift in regions (focus on revenue growth in high-growth geographies)

We seek to capture above-average growth dynamics in emerging markets by expanding our asset and revenue footprint, particularly in Asia. We intend to further expand our competitive position in these markets in both the commodity and standard products and Specialties sectors. In addition to the above mentioned activities in Asia, we acquired two polystyrene plants in Ningbo and Foshan, China. These two sites, which we acquired in 2019, represent our first manufacturing assets in China. This acquisition of 400 k MT of production capacity enables us to significantly increase our presence in the region and provide customers in our core industries with locally produced best-in-class materials. Our investment to increase our compounding capacity by an additional 34 k MT at our plant in Moxi, India, as well as upgrade the site's infrastructure, was completed in 2019. This expansion will grow our compounding capacity to 100 k MT per annum at the site.

Dedication to sustainability

We aim to operate and develop our business in a way that balances our current and future needs, taking into account relevant economic, environmental and social factors, so that we can sustain and further grow our business for the long term. We strongly believe that sustainable business management and practices will contribute to our long-term business success and strengthen our leading position in the market. We also believe sustainability is a lever for growth and will enable us to tap into new and emerging business opportunities. As a result, sustainability is a consideration in all of our decision-making processes.

Recycling and circular economy

We are dedicated to sustainability and the development of a circular economy for plastics is seen as a key strategic goal. We have already made successful advances toward this goal, which were recognized with the joint award of an Independent Commodity Intelligence Services (ICIS) Innovation Award in the category "Innovation with Best Benefit for Environment and Sustainability", among others. We have also committed to enabling a circular economy for styrenics, further improving our resource efficiency and promoting sustainable operations throughout our entire value chain.

Together with the European plastics industry, we have set a series of ambitious targets and initiatives called "Plastics 2030: PlasticsEurope's Voluntary Commitment to increasing circularity and resource efficiency," aimed at working toward the goal of 100% reuse, recycling and recovery of all plastics packaging by 2040. We are also one of the founding members of Styrenics Circular Solutions (SCS), promoting circular solutions in the industry in collaboration with the complete value chain. As a member of INEOS Group, we are committed to achieving the five ambitious targets that were set by the INEOS Group for 2025. These include, amongst others, a pledge to use on average 30% of recycled content in products destined for polystyrene packaging in Europe, incorporate at least 325 k MT per year of recycled material into products and ensure 100% of our polymer products can be recycled.

We have demonstrated the chemical recycling capabilities of PS with the first production of PS from SM made only of depolymerized material. Such technology facilitates a full recycling loop for plastics, which we expect to to be applicable even to food contact applications. For ABS Standard, we have developed mechanical recycling grades containing 50% or 70% recycled content that are commercially available today. These products meet the performance and quality levels of virgin materials. We have also established co-operations to secure high quality waste for feedstock.

Making safety our first priority

Our employees, contractors and on-site logistics personnel are our most valuable asset, which is why workplace safety is and remains our undisputed first priority. We are convinced that being a market leader goes hand-in-hand with an outstanding safety record. We take our responsibility for SHE matters very seriously and are fully committed to delivering a continually improving performance across all our operations.

We have established a SHE culture of open dialogue, coaching and trust that reinforces our SHE performance. We aim to minimize the impact our facilities have on local communities and local environments. This means working in close partnership with community groups and key stakeholders to ensure that we are a responsible neighbor and partner. We strive to meet, and where feasible exceed, strict safety and health performance targets. We publish our performance results locally and nationally, as required. We further strive for continuous improvement of our safety performance and aim to reach our annual overall safety target of 0.25 for 2019—which includes a target total case injury rate (per 200,000 work hours) ("**TCIR**") of 0.25 for our employees as well as our contractors. According to management estimates, our TCIR for the 12 months ended December 31, 2018 was 0.27 and our TCIR for the nine months ended September 30, 2019 was 0.15.

Reducing our environmental footprint

Operating responsibly is deeply embedded in our corporate values. We are strongly committed to protecting the safety and health of individuals, using resources efficiently, and safeguarding the environment. As a leading manufacturer for polystyrene and styrenics specialities globally, we aim to use available resources efficiently and reduce our environmental footprint. Compliance with local and national environmental legislation is mandatory for our operations. We strive to continuously improve our operations as well as our sustainability performance by following the key drivers of our environmental policy:

- Reduction in energy use and greenhouse gas emissions: Striving to continuously optimize the energy efficiency of our technology and operations
- Resource efficiency, including scrap reduction and waste management: Efficiently using raw materials, including reuse, recycling and recovery through optimization of our processes
- Efficient use of water: Reducing the use of water where possible and optimizing the water efficiency of our operations
- Reduction of air emissions and waste water discharge: Evaluating best available technology and prevention of accidental emissions through advanced process control
- Transparency and open communication on our environmental performance with stakeholders (personnel, customers, authorities, communities)

To monitor the evolution of our environmental performance, we have integrated key performance indicators (KPIs) on energy and water use, material yield, waste management and air emissions into our business and site procedures. The continuous tracking and improvement of our data accuracy and our improvement projects reflects the expertise of our manufacturing processes, and our target of operational excellence. Complying with required regulations, especially for waste and air emissions, is part of our SHE Excellence program and managed by site, regional and global SHE representatives. This includes reporting of data, investigation of environmental incidents, risk assessments, defining and review of processes as well as internal and external ISO audits. In 2018, our North American headquarters as well as three manufacturing sites were successfully certified for ISO 14001. We achieved 100% ISO 14001 certification at the end of 2019.

Technology leadership

We intend to use, protect and further develop our intellectual property and unpatented proprietary know-how by identifying the best practices and the most efficient technologies while maintaining an emphasis on health, safety, security and environmental standards. We believe that technology leadership can help us achieve a sustainable cost leadership position. We seek to optimize the overall effectiveness of our asset base by making appropriate investments in maintenance, turnarounds and capital equipment, in conjunction with personnel training and site and plant benchmarking, in order to achieve state-of-the-art facilities capable of operating on a $^{24}/_{7}$ basis at high standards of safety and reliability.

Our History

The Company was incorporated on April 19, 2011. Through a combination of direct and indirect transactions completed on October 1, 2011, we inherited, with a few exceptions, the global styrenics activities of BASF and INEOS. As from that date, we engaged in the production of SM, PS, ABS and a number of other styrene derivatives under the category of "Specialties." We were formed by INEOS and BASF as a 50:50 joint venture in order to create a low-cost global player in the styrenics sector that offers significant benefits to customers through enhanced efficiency, reduced costs and improved service and distribution at a global level.

Our heritage businesses combined a rich history in innovation and leadership in the styrenics industry and had a record of achieving efficiencies and cost competitiveness. Among other examples, the BASF heritage business was responsible for the first styrene monomer synthesis and polystyrene polymerization in 1929 and 1930, respectively, and the INEOS heritage businesses can be credited with using acquisitions and joint ventures to improve the efficiency and cost competitiveness of a number of businesses in the styrenics industry, including business segments once operated by Bayer, BP, Lanxess, Hüls and NOVA Chemicals. Our heritage businesses each had over 80 years of experience in the styrenics industry, and we believe that this experience has provided us with a strong pedigree and strengthened our ability to compete and to continue to be a leader in technological innovation in our industry.

In 2014, INEOS signed a share purchase agreement with BASF SE and BASF Antwerpen NV, as sellers, for the acquisition of BASF's 50% share in INEOS Styrolution Holding GmbH (formerly Styrolution Holding GmbH). Upon consummation of such acquisition, we became a wholly-owned subsidiary of INEOS Industries, but we continue to be operated and financed on a standalone basis. On June 9, 2016, we completed the Reorganization, pursuant to which a newly formed consolidation group was formed, consisting of INEOS Styrolution Holding GmbH and all its subsidiaries as well as INEOS Styrolution Switzerland SA, INEOS Styrolution Investment GmbH, INEOS Styrolution Financing Limited and the Parent.

Since our formation in 2011, we have integrated our asset footprint to maximize Group synergies. We have focused on implementing our synergies to reduce fixed and variable costs, in addition to other expenses. In particular, we have aimed to shut down inefficient assets, in-source functions previously conducted by BASF and optimize sourcing, supply chain and management structures. For example, we have established a unified worldwide IT platform for the Group, terminated our tolling agreement with INEOS relating to its SM and PS facilities in Marl, Germany, converted our Antwerp, Belgium facility into a toller, and closed our PS plants in Trelleborg, Sweden and Indian Orchard, United States to improve capacity management and utilization rates at other facilities in the region.

Since we became a wholly-owned subsidiary of INEOS Industries, we continued developing and expanding the business through the acquisitions of the global K-Resin Business, including a production site in Yeosu, South Korea, and two PS production sites in Ningbo and Foshan, China (acquired from Total SA), which strengthen our position in the domestic Chinese market.

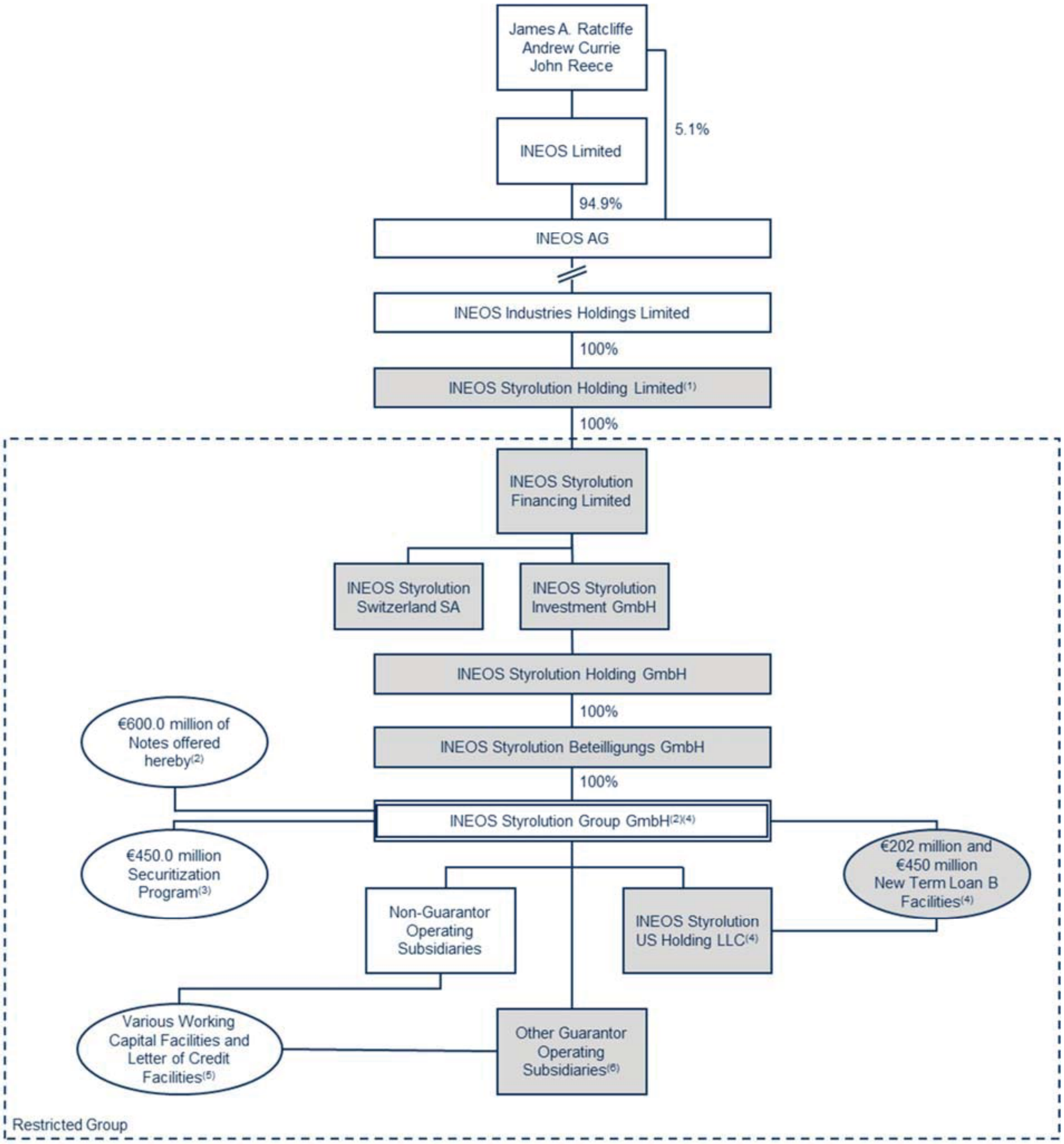
The Transactions

On or about the Issue Date, the Issuer and its U.S. subsidiary, INEOS Styrolution US Holding LLC, will amend and restate the Term Loan B Facilities Agreement (the "**Amendment and Extension**"). The Term Loan B Facilities Agreement, as so amended and restated, will provide for the borrowing by the Issuer and INEOS Styrolution US Holding LLC of an aggregate principal amount of €450 million and $202 million, respectively, under the New Term Loan B Facilities that will mature on January 16, 2027. The Term Loan B Facilities Agreement will continue to be guaranteed on a senior secured basis by the Guarantors. The Term Loan B Facilities Agreement will continue to be secured on a first-ranking basis by the Collateral. The Term Loan B Facilities Agreement will continue to be governed by New York law. The terms of the Term Loan B Facilities Agreement are described in greater detail in "*Description of Other Indebtedness—Term Loan B Facilities Agreement*."

The Offering and the Amendment and Extension are collectively referred to herein as the "**Transactions**."

Summary Corporate and Financing Structure

The following diagram summarizes our corporate structure and principal outstanding financing arrangements after giving *pro forma* effect to the Transactions, which includes the Offering and the Amendment and Extension. See "*The Transactions*." For a summary of the debt obligations referenced in this diagram, see "*Description of the Notes*" and "*Description of Other Indebtedness*."



(1) The Parent will guarantee the Notes on a senior secured basis jointly and severally with the Company and the Subsidiary Guarantors. The obligations of each Guarantor will be subject to various limitations. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*" and "*Description of the Notes—Brief Description of the Notes, the Guarantors and the Security—Security*."

(2) The Notes will be senior secured obligations of the Issuer. On the Issue Date, the Notes will be guaranteed on a senior secured basis by the Initial Guarantors. On the Issue Date, the Notes will be secured on a first-ranking basis (but after certain obligations owed to agents and other creditor representatives), subject to certain permitted collateral liens, by security interests over certain shares, bank accounts,

intercompany receivables and assets of the Issuer and the Initial Guarantors. The Guarantee granted by the Mexican Subsidiary will not be effective before third parties until filed in the relevant registry. Within 60 days after the Issue Date, the Notes will be secured on a first-ranking basis (but after certain obligations owed to agents and other creditor representatives), subject to certain permitted collateral liens, by security interests over certain shares, bank accounts, intercompany receivables and assets of the Mexican Subsidiary and certain real property of INEOS Styrolution America LLC. The Guarantee from INEOS Styrolution Korea Ltd. (our "**Korean Subsidiary**") will be subject to the filing of a report by our Korean Subsidiary with the Bank of Korea. The Bank of Korea may request that our Korean Subsidiary submits such documents as may be necessary or desirable to determine whether to accept the report. This additional information can include financial statements of the issuer of the principal debt obligation, as well as documentation demonstrating the commercial benefit of the transaction for our Korean Subsidiary. The Bank of Korea may require that the amount of the Guarantee be limited to the value of the corporate benefit received by our Korean Subsidiary. After submission of a report to the Bank of Korea, under normal circumstances it may take up to five business days for the Bank of Korea to grant its acceptance thereof. If the Bank of Korea does not accept the report, our Korean Subsidiary will not provide a Guarantee of the Notes, even though it may still provide a guarantee under the New Term B Facilities and its assets will not secure the Notes of any Guarantee. See "*Description of the Notes—Brief Description of the Notes, the Guarantees and the Security—Security*". On the Issue Date, the proceeds from the Offering of the Notes, along with borrowings under the New Term Loan B Facilities, will be used to (i) refinance the Existing Term Loan B Facilities, (ii) repay drawings under the Securitization Program in the amount of €100.0 million, (iii) make a cash distribution in the amount of €350.0 million to the Parent, which will in turn distribute such amount to INEOS Industries Holdings Limited, (iv) pay fees and expenses related to the Transactions and (v) for general corporate purposes, including capital expenditure projects in connection with our growth strategy. See "*The Transactions*" and "*Use of Proceeds*".

(3) As of September 30, 2019, the Securitization Program had a total capacity of €450.0 million. Based on the number of receivables included in the program as of that date, we had a maximum borrowing limit of €298.7 million, out of which we had borrowed €110.0 million. As of December 31, 2019, we had borrowed € 190.0 million under the Securitization Program. The maximum borrowing limit under our Securitization Program increases or decreases in accordance with outstanding customer invoices on any given day. The Issuer and certain of its subsidiaries grant security over collection accounts under the Securitization Program and the Issuer provides a subordinated loan facility to the Securitization SPV to meet certain receivables funding requirements. See "*Description of Other Indebtedness—The Securitization Program*."

(4) On or about the Issue Date, the Issuer and INEOS Styrolution US Holding LLC will enter into the Amendment and Extension, as borrowers. Borrowings under the Term Loan B Facilities Agreement, as so amended and restated, will continue to be the senior secured obligations of the Issuer and INEOS Styrolution US Holding LLC and will continue to be jointly and severally guaranteed on a senior secured basis by the Guarantors. On the Issue Date, borrowings under the Term Loan B Facilities Agreement will continue to be secured on a first-ranking basis (together with the Notes, certain hedging obligations and cash management obligations) by the Collateral. On the Issue Date, borrowings under the New Term Loan B Facilities, along with the proceeds from the Offering of the Notes, will be used to (i) refinance the Existing Term Loan B Facilities, (ii) repay drawings under the Securitization Program in the amount of € 100.0 million, (iii) make a cash distribution in the amount of €350.0 million to the Parent, which will in turn distribute such amount to INEOS Industries Holdings Limited, (iv) pay fees and expenses related to the Transactions and (v) for general corporate purposes, including capital expenditure projects in connection with our growth strategy. See "*The Transactions*" and "*Use of Proceeds*".

(5) Represents drawings under (i) several short-term committed and uncommitted credit facilities with different local banks to fund our working capital requirements up to a total aggregate amount of € 173.4 million equivalent in India, South Korea, China, Thailand and Singapore and (ii) letter of credit facilities in India, South Korea, China, Thailand and Singapore. As of September 30, 2019, the drawn amount under working capital facilities totaled €10.6 million equivalent, with €162.8 million equivalent being undrawn. Most of our working capital facilities are covered by corporate guarantees granted by the Issuer. As of September 30, 2019, the drawn amount under all letter of credit facilities was €3.2 million equivalent, comprising € 1.0 million equivalent drawn under letter of credit facilities in Mexico and €2.2 million equivalent under the letter of credit facilities in India. We also use certain bank acceptances in China. See "*Description of Other Indebtedness—Other Financing—Working Capital and Letter of Credit Facilities*" and "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Financing Arrangements*." Our Chinese, Indian and Thai subsidiaries will not guarantee the Notes. As of September 30, 2019, our non-Guarantor subsidiaries had € 143.7 million in total financial indebtedness, which ranked structurally senior to the Notes and the Guarantees, comprising €110.0 million in borrowings under the Securitization Program, €10.6 million of drawings under a working capital facility at our Indian subsidiary and €23.1 million in lease liabilities at various non-Guarantor subsidiaries. Any additional debt that our non-Guarantor subsidiaries incur in accordance with the Indenture will rank structurally senior to the Notes and the Guarantees.

(6) We had EBITDA before special items of €580.8 million in the nine months ended September 30, 2019 and total assets of €4,654.4 million as of September 30, 2019. Together, the Issuer and the Guarantors represented 90.9% of our consolidated EBITDA before special items for the nine months ended September 30, 2019 and held 84.6% of our consolidated total assets (excluding the receivables sold to the securitization special purpose vehicles under the Securitization Program) as of September 30, 2019. The obligations of each Guarantor will be subject to various limitations. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*." Upon issuance in the case of the Initial Guarantors or, in the case of certain of the Collateral pledged by the Mexican Subsidiary and INEOS Styrolution America LLC within 60 days after the Issue Date, the Notes and the Guarantees will be secured in accordance with the priorities set forth in the Intercreditor Agreement, subject to certain permitted collateral liens, by security interests over certain shares, bank accounts, intercompany receivables, assets and real property of the Issuer and the Guarantors, as described in "*Description of the Notes—Brief Description of the Notes, the Guarantees and the Security—Security.*" The Guarantee from the Korean Subsidiary will be subject to the filing of a report by our Korean Subsidiary with the Bank of Korea. The Bank of Korea may request that our Korean Subsidiary submit such documents as may be necessary or desirable to determine whether to accept the report. This additional information can include financial statements of the issuer of the principal debt obligation, as well as documentation demonstrating the commercial benefit of the transaction for our Korean Subsidiary. The Bank of Korea may require that the amount of the Guarantee be limited to the value of the corporate benefit received by our Korean Subsidiary. After submission of a report to the Bank of Korea, under normal circumstances it may take up to five business days for the Bank of Korea to grant its acceptance thereof. If the Bank of Korea does not accept the report, our Korean Subsidiary will not provide a Guarantee of the Notes, even though it may still provide a guarantee under the New Term B Facilities and its assets will not secure the Notes or any Guarantee. Our Korean Subsidiary accounted for €41.2 million, or 7.1%, of our consolidated EBITDA before special items in the nine months ended September 30, 2019 and €222.5 million, or 5.2%, of our consolidated total assets (excluding the receivables sold to the securitization special purpose vehicles under the Securitization Program) as of September 30, 2019.

Principal Shareholders and Our Relationships with INEOS Limited

The Issuer is a wholly-owned subsidiary of the Parent. The Parent is a wholly-owned subsidiary of INEOS Industries. INEOS Industries is controlled by INEOS AG. Of the issued share capital of INEOS AG, 94.9% is held by INEOS Limited and 5.1% is directly held by James A. Ratcliffe, Andrew Currie and John Reece. INEOS Limited became the ultimate parent undertaking of the Group on December 1, 2016.

James A. Ratcliffe, Andrew Currie and John Reece control INEOS Industries (and therefore the Styrolution Group) through their shareholdings in INEOS Limited. INEOS AG, whose share capital is held by INEOS Limited, provides operational management services to us. Messrs. Ratcliffe, Currie and Reece, through INEOS AG, also control (i) INEOS Group Holdings SA, which produces a range of chemicals, including petrochemicals, (ii) INOVYN Limited, which produces chloralkali and polyvinyl chloride (PVC), (iii) INEOS Industries Limited, a portfolio of businesses, including Styrolution, INEOS Olefins & Polymers UK and INEOS Upstream Limited, an oil and gas exploration, production and transportation business, (iv) INEOS Enterprises Holdings Limited, a portfolio of businesses, including Melamines, Paraform, Solvents, Compounds and Calabrian and refining and power generation joint ventures and (v) INEOS Technologies (Holdings) Ltd., which operates an electrolysis technology business.

Various service agreements and service-level agreements exist between us and members of the INEOS Group. These agreements cover services such as information technology, office use, management services and project services. Such services are rendered on a cost-plus basis. We also have several purchase agreements with the INEOS Group governing the purchase of raw materials.

In 2018, we sold products totaling €90.3 million (2017: €94.7 million, 2016: €67.5 million) to the INEOS Group and purchased raw materials totaling €362.3 million (2017: €432.7 million, 2016: €363.6 million) and paid for services in an amount totaling €46.7 million (2017: €49.7 million, 2016: €54.2 million) from the INEOS Group. All outstanding balances with the INEOS Group are priced based on contractual arrangements and are settled in cash within two months of the reporting date. All balances are unsecured. As at December 31, 2018, €11.2 million (2017: €14.0 million, 2016: €6.1 million) was owed by the INEOS Group to us and €54.8 million (2017: €65.6 million, 2016: €55.4 million) was owed by us to the INEOS Group. Our sales to and purchases from the INEOS Group are conducted on an arm’s-length basis.

See “*Risk Factors—Risks Relating to the Notes and Our Capital Structure—The interests of our principal shareholders and of the INEOS Group may conflict with your interests*”, “*Management*”, “*Principal Shareholders*” and “*Certain Relationships and Related Party Transactions*.”

Recent Developments

Current Trading

The discussion below regarding our estimated trading results, including our estimated EBITDA before special items, for the three months and year ended December 31, 2019 has been prepared by management and is based solely on preliminary information used by management. Such preliminary information was not prepared with a view toward compliance with IFRS or any other applicable rule. Our statutory auditors Deloitte LLP and PwC have not audited, reviewed, examined, compiled, verified or performed any procedures with respect to the discussion below or any information used by management in the preparation thereof and accordingly, they have not expressed an opinion or provided any other form of assurance with respect thereto for the purpose of this offering memorandum. The PwC reports included in this offering memorandum relate solely to the Group’s previously issued consolidated financial statements as of December 31, 2016, 2017 and 2018 and for each of the years then ended. They do not extend to the discussion set out below or any information used by management in the preparation thereof and should not be read to do so. The unaudited preliminary information set out below does not take into account any circumstances or events occurring after the period to which it refers and is based on a number of assumptions that are subject to inherent uncertainties subject to change. In addition, although we believe the unaudited financial information to be reasonable, our actual results may vary from the information contained below and such variations could be material. The Group’s audited consolidated financial statements as of and for the year ended December 31, 2019 have not yet been prepared. Such actual results remain subject to our normal review process, including the adjustments required to present our accounting information in accordance with IFRS. Those procedures have not been completed. Because this information is preliminary, it is subject to change and those changes could be material. As such, you should not place undue reliance on the inclusion of such unaudited financial information and it should not be regarded as an indication that it will be an accurate prediction of future events. See “Forward-Looking Statements”, “Risk Factors” and “Operating and Financial

Review and Prospects" for a more complete discussion of factors that could affect our future performance and results of operations.

During the three months ended December 31, 2019, we saw seasonal weakness in demand volumes, with low- to mid-cycle margins as a result of a challenging global market environment. Against this backdrop, we estimate that our performance by product group was as follows:

Based on unaudited preliminary management information, we estimate that our trading results for PS remained steady as compared with the preceding quarters, primarily due to the positive contribution from the two plants that were acquired in China, which was partly offset by year end destocking effects and seasonally lower demand.

ABS Standard was negatively impacted by U.S. trade regulation policies and weaker growth in China. Furthermore, lower ABS Standard demand in the Asian domestic market increased pressure from Asian imports in the EMEA and Americas regions.

We estimate that our Specialties margins remained strong, with robust demand, across all regions and most of our focus industries, despite the typical slower off-take toward the end of the period. Particularly weak automotive demand negatively impacted our Specialties trading result.

We estimate that our Styrene Monomer margins contracted toward the end of the period, as downstream demand declined during the period due to seasonal effects, which lowered demand for derivatives.

As a result of the foregoing factors, we estimate, based on unaudited preliminary management information, our EBITDA before special items for the year ended December 31, 2019 to be slightly below our EBITDA before special items for the 12 months ended September 30, 2019.

We currently expect market conditions to remain broadly in line with those in the second half of 2019, with slow improvement thereafter. However, our results may vary due to a number of factors and assumptions underlying our expectations, including global economic developments and price fluctuations of our main raw materials. See "*Risk Factors*".

Intercompany Dividend

On December 17, 2019, the Group paid a dividend €111.4 million to INEOS Industries Holdings Limited, the sole shareholder of the Parent.

Settlement of Intercompany Loan

In the first nine months of 2019, the Group granted a loan of € 463.3 million to INEOS Industries Holdings Limited, resulting in a cash outflow from the Group in a corresponding amount during the period. Subsequent to September 30, 2019, the Group declared a dividend to INEOS Industries Holdings Limited in the amount of €470.8 million. INEOS Industries Holdings Limited directed the Group to apply €470.6 million of the interim dividend in immediate repayment and discharge of the full amount of principal and interest owed by INEOS Industries Holdings Limited to the Group. The net cash cash effect of such transactions subsequent to September 30, 2019 was a €0.2 million outflow.

Ningbo ABS Plant

On January 9, 2020, the Group announced that it intends to build a 600k MT new ABS plant in Ningbo, China, adjacent to the Group's existing PS site in Ningbo, to further improve our ABS Standard position in inland China and create a manufacturing footprint for the Group in the largest ABS market in the world. Construction is expected to start in 2020 and is expected to be completed by the second half of 2023. The overall investment cost is expected to amount to $760 million, which is planned to be phased over four years, with the bulk of capital expenditure expected to be spent in 2021 and 2022.

THE OFFERING

The following is a brief summary of some of the terms of this Offering. For a more complete description of the terms of the Notes, see "*Description of the Notes*."

Issuer	INEOS Styrolution Group GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated in Germany.
Offering	€600.0 million aggregate principal amount of 2¼% Senior Secured Notes due 2027.
Issue Date	January 31, 2020.
Issue Price	100.000% (plus accrued and unpaid interest from the Issue Date, if any).
Interest Rate	2.250% per annum. Interest on the Notes will accrue from the Issue Date.
Maturity Date	January 16, 2027.
Interest Payment Dates	Interest on the Notes is payable semi-annually in arrears on January 15 and July 15 of each year, commencing July 15, 2020.
Denominations.......................	Each Note will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof.
Ranking of the Notes.............	The Notes will: • be senior obligations of the Issuer secured on a first-ranking basis (but after certain obligations owed to agents and other creditor representatives) by the Collateral (together with the New Term Loan B Facilities and certain hedging obligations and cash management arrangements); • be *pari passu* in right of payment with all existing and future indebtedness of the Issuer that is not subordinated to the Notes, including, without limitation, the New Term Loan B Facilities and certain hedging obligations and cash management arrangements; • be guaranteed on a senior secured basis by the Guarantors; • rank effectively senior to all existing and future indebtedness of the Issuer that is unsecured or that is secured by liens junior to the liens securing the Notes to the extent of the value of the assets securing such Indebtedness; • be effectively subordinated to all existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes to the extent of the value of the assets securing such Indebtedness; • rank senior in right of payment to all existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; and • be structurally subordinated to all liabilities (including trade payables) and preferred stock of each subsidiary of the Issuer that is not a Guarantor.

Guarantees	Together, the Issuer and the Guarantors represented 90.9% of our consolidated EBITDA before special items in the nine months ended September 30, 2019 and held 84.6% of our consolidated total assets (excluding the receivables sold to the securitization special purpose vehicles under the Securitization Program) as of September 30, 2019. On the Issue Date, the Notes will be jointly and severally guaranteed by the Parent, the Company and certain of the Company's subsidiaries (collectively, the "**Initial Guarantors**"). The Guarantee granted by the Mexican Subsidiary will not be effective before third parties until filed in the relevant registry. The Guarantee from our Korean subsidiary will be subject to the filing of a report by our Korean Subsidiary with the Bank of Korea. The Bank of Korea may request that our Korean Subsidiary submit such documents as may be necessary or desirable to determine whether to accept the report. This additional information can include financial statements of the issuer of the principal debt obligation, as well as documentation demonstrating the commercial benefit of the transaction for our Korean Subsidiary. The Bank of Korea may require that the amount of the Guarantee be limited to the value of the corporate benefit received by our Korean Subsidiary. After submission of a report to the Bank of Korea, under normal circumstances it may take up to five business days for the Bank of Korea to grant its acceptance thereof. If the Bank of Korea does not accept the report, our Korean Subsidiary will not provide a Guarantee of the Notes, even though it may still provide a guarantee under the New Term Loan B Facilities. Our Korean Subsidiary accounted for €41.2 million, or 7.1%, of our consolidated EBITDA before special items in the nine months ended September 30, 2019 and €222.5 million, or 5.2%, of our consolidated total assets (excluding the receivables sold to the securitization special purpose vehicles under the Securitization Program) as of September 30, 2019. The Guarantors will also guarantee the New Term Loan B Facilities and certain hedging obligations and cash management obligations. The obligations of each Guarantor will be subject to various limitations. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*" and "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Corporate benefit, capital maintenance laws and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees and the security interests over the Collateral*." The Guarantees will be subject to the terms of the Intercreditor Agreement. See "*Description of Other Indebtedness—Intercreditor Agreement*." The Guarantees will be subject to release under certain circumstances. See "*Description of the Notes—Brief Description of the Notes, The Guarantees and the Security—The Guarantees—Release of the Guarantees*."

As of September 30, 2019, our non-Guarantor subsidiaries had €143.7 million in total financial indebtedness, which ranked structurally senior to the Notes and the Guarantees, comprising € 110.0 million in borrowings under the Securitization Program, € 10.6 million of drawings under a working capital facility at our Indian subsidiary and €23.1 million in lease liabilities at various non-Guarantor subsidiaries. Any additional debt that our non-Guarantor subsidiaries incur in accordance with the Indenture will rank structurally senior to the Notes and the Guarantees. The Guarantees will be subject to contractual and legal limitations and may be released under certain circumstances. See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—The Notes and each Guarantee will be structurally subordinated to the liabilities of non-Guarantor subsidiaries and will only be secured to the extent of the value of the assets that have been granted as security for the Notes,*" "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Your rights as a creditor may not be the same under relevant insolvency laws in Germany and other jurisdictions as under U.S. or other insolvency laws. Corporate benefit, capital maintenance and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees of the Notes and the security interests and will limit the amount that can be recovered under the Guarantees and the security interests granted by the Issuer and its subsidiaries*" and "*Description of the Notes—Brief Description of the Notes, the Guarantees and the Security—The Guarantees—Release of the Guarantees*."

Ranking of the Guarantees ... Each Guarantee will:

- be joint and several and will be the general senior obligation of the applicable Guarantor;
- be *pari passu* in right of payment with all existing and future indebtedness of the applicable Guarantor that is not subordinated to such Guarantee (including borrowings and guarantees under the New Term Loan B Facilities, certain hedging obligations and certain cash management arrangements);
- rank senior in right of payment to all existing and future subordinated indebtedness of the applicable Guarantor;
- rank effectively senior to all existing and future indebtedness of the applicable Guarantor that is unsecured;
- rank effectively senior to all existing and future indebtedness of the applicable Guarantor that is secured by liens junior to the liens securing the Guarantee to the extent of the value of the assets securing such Indebtedness;
- be effectively subordinated to all existing and future indebtedness of the applicable Guarantor that is secured by property or assets that do not secure the Guarantee, to the extent of the value of the property and assets securing such Indebtedness;
- be secured by first-priority liens (together with the New Term Loan B Facilities, certain hedging obligations and certain cash management arrangements) over the Collateral; and
- be structurally subordinated to all liabilities (including trade payables) and preferred stock of each subsidiary of the applicable Guarantor that is not a Guarantor.

Security....................................	On the Issue Date, subject to the terms of the security documents, the Notes and the Guarantees (together with the New Term Loan B Facilities and certain hedging obligations and cash management arrangements) will be secured on a first-ranking basis (but after certain obligations owed to agents and other creditor representatives), subject to certain permitted collateral liens, by the Initial Collateral. Within 60 days after the Issue Date, the Notes will be secured on a first-ranking basis (but after certain obligations owed to agents and other creditor representatives), subject to certain permitted collateral liens, by security interests over certain shares, bank accounts, intercompany receivables and assets of the Mexican Subsidiary and certain real property of INEOS Styrolution America LLC. If the Bank of Korea does not accept our report, as discussed above, the Korean Subsidiary will not provide a Guarantee of the Notes and its assets will not secure the Notes or any Guarantee. The Notes will be secured on a *pari passu* basis with the New Term Loan B Facilities and certain hedging obligations and cash management arrangements and will be treated as such for purposes of the application of proceeds from the enforcement of such Collateral. The Collateral does not include certain assets, property and rights, including certain receivables assets. See "*Description of the Notes—Brief Description of the Notes, the Guarantees and the Security—Security*." The security interests over the Collateral may be released under certain circumstances. See "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Description of the Notes—Brief Description of the Notes, the Guarantees and the Security—Security—Release of Security*."
Intercreditor Agreement.......	The liens securing the Notes will be first-priority liens on the Collateral that also secure obligations under the New Term Loan B Facilities, certain hedging obligations and certain cash management arrangements and certain other future indebtedness permitted to be incurred under the Indenture. Such liens will be evidenced by security documents for the benefit of the creditors under such secured obligations. Certain security interests will, as a matter of local law, be granted as junior ranking security interests in relation to the security granted in respect of the Term Loan B Facilities Agreement. Nevertheless, the Intercreditor Agreement provides that as a contractual matter among Senior Secured Creditors (as defined in the Intercreditor Agreement), the Notes will be secured on a pari passu basis with the New Term Loan B Facilities, certain hedging obligations and certain cash management arrangements and will be treated as such, including for purposes of the application of proceeds from the enforcement of such Collateral, in each case, subject to local law considerations and the definitive documentation governing such obligations. The Intercreditor Agreement also subjects such obligations to loss sharing.

	Certain existing first-ranking liens securing the Term Loan B Facilities Agreement will remain in place and will extend to secure the Notes. In some jurisdictions, the security documents creating the existing first-ranking liens securing the Term Loan B Facilities Agreement will be amended to extend such liens (or to confirm that these liens extend) to the Notes or junior ranking security interests will be granted. In certain jurisdictions, the existing first-ranking liens securing the Term Loan B Facilities Agreement will remain in place, and new liens over the same Collateral will be created in these jurisdictions to secure the Notes. In such jurisdictions where new liens are created, the ranking of these new liens relative to the existing liens will, as a matter of general law, depend on a number of factors, such as the nature of the liens, the order of creation of the liens, compliance with the jurisdiction's perfection requirements with respect to the liens and the order of giving notices with respect to the liens, and accordingly without the Intercreditor Agreement, the new liens would be likely to rank after the existing liens. However, the Intercreditor Agreement provides that, as a contractual matter, the liens securing the Notes and the New Term Loan B Facilities will rank pari passu and will be treated as having equal priority, including with respect to the application of proceeds from the enforcement of any Collateral to the extent secured by the same Collateral. See "*Description of the Notes—Brief Description of the Notes, the Guarantees and the Security—Security*." In addition, the Intercreditor Agreement provides that a simple majority in aggregate amount of all senior secured debt (including the Notes, any additional Notes, certain hedging obligations, the New Term Loan B Facilities and any other *pari passu* senior secured notes or credit facilities that are permitted to be issued under the Indenture and that the trustees or lenders in respect thereof accede to the Intercreditor Agreement, but excluding certain cash management arrangements and, for the avoidance of doubt, any second lien debt obligations) under the Intercreditor Agreement can instruct the Security Agent, in the first instance, with respect to enforcement of the security. For a description of security enforcement and other intercreditor provisions, see "*Description of Other Indebtedness—Intercreditor Agreement*."
Sharing of Collateral.............	In certain circumstances, the Issuer may secure specified indebtedness permitted to be incurred by the covenant described in "*Description of the Notes—Certain Covenants—Limitations on Indebtedness*" by granting liens upon any or all of the Collateral on an equal basis with the first-priority liens securing the Notes.
Optional Redemption............	Prior to January 15, 2023, the Issuer will be entitled at its option to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount thereof, plus the applicable make-whole premium described in the offering memorandum and accrued and unpaid interest to, but not including, the redemption date. On or after January 15, 2023, the Issuer will be entitled at its option to redeem all or a portion of the Notes at the redemption prices set forth under "*Description of the Notes—Optional Redemption*" plus accrued and unpaid interest to the redemption date. Prior to January 15, 2023, the Issuer will be entitled at its option on one or more occasions to redeem the Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 102.250% of the aggregate principal amount of the Notes, plus accrued and unpaid interest to, but not including, the redemption date; so long as at least 60% of the aggregate principal amount of Notes remains outstanding immediately after the occurrence of such redemption and each such redemption occurs within 90 days of the relevant equity offering.

Change of Control.................	Upon the occurrence of certain events constituting a change of control, the Issuer may be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount of such Notes on the date of purchase plus accrued and unpaid interest to, but not including, the date of purchase. See "*Description of the Notes—Purchase of Notes Upon a Change of Control*."
Additional Amounts..............	Any payments made by or on behalf of the Issuer, any Surviving Entity or any Guarantor in respect of the Notes or with respect to any Guarantee will be made without withholding or deduction for Taxes in any Relevant Taxing Jurisdiction (as such terms are defined in "*Description of the Notes—Payment of Additional Amounts*") unless required by law or by the official interpretation or administration of law, or by an applicable certification, identification, information or other reporting requirement or agreement, if entering into or complying with such requirement or agreement is required by law or by a taxing authority as a precondition to relief or exemption from such Tax. Subject to certain exceptions and limitations, if the Issuer, any Guarantor or any Surviving Entity is required by law to withhold or deduct such taxes with respect to a payment on any Note, the Issuer, that Surviving Entity or that Guarantor will pay the Additional Amounts (as defined in "*Description of the Notes—Payment of Additional Amounts*") as may be necessary to ensure that the net amount received after such withholding or deduction will be not less than the amount that would have been received if such Taxes had not been required to be withheld or deducted. See "*Description of the Notes—Payment of Additional Amounts*."
Redemption for Taxation Reasons...............................	In the event of certain developments affecting taxation or certain other circumstances, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to, but not including, the date of redemption. See "*Description of the Notes—Redemption Upon Changes in Withholding Taxes*."
Certain Covenants	The Indenture will restrict the ability of the Company and its restricted subsidiaries to: • incur or guarantee additional debt or issue preferred stock; • pay dividends and make other restricted payments; • create or incur liens; • make certain investments; • agree to limitations on the ability of our subsidiaries to make distributions; • engage in sales of assets and subsidiary stock; • enter into transactions with affiliates; and • transfer all or substantially all of our assets or enter into merger or consolidation transactions. Each of the covenants is subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants.*"
Transfer Restrictions............	The Notes and the Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "*Notice to Investors*."

Use of Proceeds	The proceeds from the sale of the Notes will be used as set forth in "*Use of Proceeds*."
No Established Market for the Notes	The Notes will be new securities for which there is currently no existing market. Although certain of the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing and Trading	Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to trade the Notes on the Euro MTF Market thereof.
Governing Law	The Indenture, the Notes and the Guarantees will be governed by New York law. The Intercreditor Agreement is governed by New York law. The security documents are governed by the applicable local law of the jurisdiction under which the security interests are granted as described under "*Description of the Notes—Brief Description of the Notes, the Guarantees and the Security—Security*."
Trustee and Principal Paying Agent	The Bank of New York Mellon, London Branch
Luxembourg Listing Agent, Paying Agent, Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch
Security Agent	Barclays Bank PLC

Risk Factors

Investing in the Notes involves substantial risks. You should consider carefully all the information in this offering memorandum and, in particular, you should evaluate the specific risk factors set forth in the "*Risk Factors*" section in this offering memorandum before making a decision whether to invest in the Notes.

SUMMARY HISTORICAL FINANCIAL AND OTHER INFORMATION

The following tables present our summary financial information of the Group for the periods and dates indicated. The summary financial information as of September 30, 2019 and for each of the nine month periods ended September 30, 2019 and September 30, 2018 is derived from the unaudited condensed consolidated interim financial statements of the Parent and its subsidiaries as of and for the nine months ended September 30, 2019 with unaudited comparative financial information for the nine months ended September 30, 2018, prepared in accordance with IAS 34 Interim Financial Reporting and included elsewhere in this offering memorandum. The summary financial information as of and for the year ended December 31, 2018 is derived from the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2018, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The summary financial information as of and for the year ended December 2017 is derived from the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2017, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The summary financial information as of and for the year ended December 2016 is derived from the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2016, prepared in accordance with IFRS and included elsewhere in this offering memorandum, with the exception of certain changes in presentation policies discussed below and indicated throughout this offering memorandum and should be read in conjunction with "Certain Definitions," "Presentation of Financial and Other Information," "Risk Factors," "Use of Proceeds," "Capitalization," "Selected Historical Financial Information," "Operating and Financial Review and Prospects," and our Consolidated Financial Statements and the notes thereto included elsewhere in this offering memorandum. Our Audited Consolidated Financial Statements were prepared in accordance with IFRS. Our Unaudited Interim Condensed Consolidated Financial Statements, which were prepared in accordance with IAS 34 Interim Financial Reporting, have not been audited. The information below is not necessarily indicative of the results of future operations.

The summary unaudited financial information for the 12 months ended September 30, 2019 is based on the Consolidated Financial Statements and is calculated by adding the unaudited financial information for the nine months ended September 30, 2019 to the difference between the financial information for the year ended December 31, 2018 and the unaudited financial information for the nine months ended September 30, 2018. The unaudited financial information for the nine months ended September 30, 2019 includes the impact of the application of IFRS 16 with effect from January 1, 2019. However, as permitted by IFRS, the financial information for the year ended December 31, 2018 and the unaudited financial information for the nine months ended September 30, 2018 has not been restated to reflect the impact of IFRS 16 and no adjustment has been made to such financial information in calculating the unaudited financial information for the 12 months ended September 30, 2019. See "Presentation of Financial and Other Information—Financial Information—IFRS 16—Leases". The unaudited financial information for the 12 months ended September 30, 2019 has been prepared solely for the purpose of this offering memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed. It is not necessarily representative of our results of operations for any future period or our financial condition as of any future date.

During the periods under review in this offering memorandum, we have adopted certain accounting standards that may have an impact on the comparability of the financial information presented herein. This includes the adoption of IFRS 16—Leases, IFRS 15—Revenue from Contracts with Customers and IFRS 9—Financial Instruments. As a result, our Consolidated Financial Statements may not be directly comparable between periods. See "Presentation of Financial and Other Information".

In the Unaudited Interim Condensed Consolidated Financial Statements, the Parent has elected to present segmental information in accordance with IFRS 8 "Operating Segments". As a result, the unaudited segmental information as of and for the nine months ended September 30, 2019 has been presented along with the unaudited comparative period. For comparability purposes, the segmental information has been prepared and presented in this Offering Memorandum for the years ended December 31, 2018, 2017, and 2016. Such information has neither been audited or reviewed and has been prepared on a consistent basis with the Unaudited Condensed Consolidated Financial Statements and derived from the accounting records of the Group.

During the year ended December 31, 2017 and in the course of aligning INEOS Group-wide accounting methods, we changed our presentation of expenses relating to logistics and supply chain costs and our presentation interest and other finance income received and paid in our statement of income. Expenses relating to logistics and supply chain costs were reclassified as cost of sales instead of selling and distribution expenses. Interest and other finance income received was reclassified as cash flows from investing activities and interest paid was reclassified as cash flows used in financing activities, whereas both items were previously classified as cash flows generated from operating activities. This change was applied retrospectively to the unaudited comparative financial information for the year ended

December 31, 2016 contained in our 2017 Annual Consolidated Financial Statements. In this offering memorandum, we present figures for the year ended December 31, 2016 giving effect to such changes in presentation policies. See "Presentation of Financial and Other Information—Financial Information—Changes in presentation policies" and Note 1 to our 2017 Audited Consolidated Financial Statements included elsewhere in this offering memorandum.

We present below the non-IFRS financial measures EBITDA before special items and EBITDA before special items margin. We believe that the presentation of EBITDA-based measures enhances an investor's understanding of our financial performance. However, EBITDA-based measures should not be considered in isolation or viewed as substitutes for income from operations or profit as a measure of operating performance, cash flows from operating activities as a measure of our ability to meet cash needs or any other measures of performance as defined by IFRS. These EBITDA-based measures, as used herein, are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation.

The unaudited financial information below also includes certain "as further adjusted" unaudited financial information which has been adjusted to reflect (i) the Subsequent Finance Events and (ii) the effects of the Transactions as described under "Use of Proceeds" and "The Transactions" on certain consolidated statement of financial position data of the Group as at September 30, 2019 and certain consolidated statement of income data of the Group for the 12 months ended September 30, 2019 as if those transactions had occurred (i) on September 30, 2019 for the purposes of the calculation of the unaudited as further adjusted consolidated statement of financial position data and (ii) on October 1, 2018 for the purposes of the calculation of the unaudited as further adjusted consolidated statement of income data. The "as adjusted" and "as further adjusted" unaudited financial information has been prepared for illustrative purposes only and does not purport to represent what the actual consolidated statement of financial position data or consolidated statement of income data of the Parent would have been if the Subsequent Finance Events and Transactions had occurred (i) on September 30, 2019 for the purposes of the calculation of consolidated statement of financial position data and (ii) on October 1, 2018 for the purposes of the calculation of consolidated statement of income data, nor do they purport to project the Parent's consolidated financial position and finance costs at any future date or period. The adjustments and assumptions used in calculating the unaudited "as adjusted" and "as further adjusted" financial information set out in this offering memorandum are based on available information and certain assumptions and estimates that we believe are reasonable but may differ materially from the actual amounts.

Summary Consolidated Statement of Income Information

	For the year ended December 31,			**For the nine months ended September 30,**		**For the 12 months ended September 30,**
	2016	**2017**	**2018[14]**	**2018**	**2019[15]**	**2019**
			(in €million)			
Revenue	**4,469.7**	**5,342.4**	**5,366.7**	**4,093.1**	**3,798.3**	**5,071.9**
Cost of sales	3,506.6[1]	(4,284.5)	(4,349.5)	(3,273.9)	(3,079.3)	(4,154.9)
Gross profit	**963.1[1]**	**1,057.9**	**1,017.2**	**819.2**	**719.0**	**917.1**
Selling and distribution expenses	(260.1)[1]	(280.6)	(280.7)	(207.6)	(220.4)	(293.5)
General and administrative expenses	(100.7)	(113.6)	(118.6)	(87.5)	(89.3)	(120.4)
Research and development expenses	(12.7)	(12.4)	(13.8)	(9.9)	(9.8)	(13.7)
Other operating income/(expense), net	(13.8)	(44.9)	(0.5)	(2.2)	(3.7)	(2.0)
Profit from operating activities	**575.8**	**606.4**	**603.6**	**512.0**	**395.8**	**487.4**
Interest income	5.9	5.3	6.5	4.0	14.1	16.6
Interest expense	(120.3)	(54.2)	(46.0)	(28.8)	(27.8)	(45.0)
Exchange movements[16]	25.5	(49.6)	12.5	5.6	7.5	14.4
Income before income tax	**486.9**	**507.9**	**576.6**	**492.8**	**389.6**	**473.4**
Income tax expense	(109.8)	(14.8)	(124.1)	(108.4)	(86.0)	(101.7)
Net income	**377.1**	**493.1**	**452.5**	**384.4**	**303.6**	**371.7**

Summary Consolidated Statement of Cash Flows Information

	For the year ended December 31,			For the nine months ended September 30,	
	2016[2]	2017	2018[14]	2018	2019[15
			(in €million)		
Net cash flows generated from / (used in)					
Operating activities	629.2	589.2	778.4	456.8	483.4
Investing activities	(119.9)	(243.4)	(171.3)	(106.4)	(755.9)
Financing activities	(682.3)	(360.9)	(337.3)	(241.6)	(7.2)

Summary Consolidated Statement of Financial Position Information

	As of December 31,			As of September 30,
	2016	2017	2018[14]	2019
			(in €million)	
Property, plant and equipment	933.3	888.5	942.7	1,240.1
Intangible assets and goodwill	1,549.2	1,463.9	1,415.2	1,400.8
Cash and cash equivalents	316.9	295.9	567.1	288.8
Total assets	3,917.2	3,978.5	4,139.9	4,654.4
Total equity[3]	1,577.2	1,926.8	2,241.8	2,569.8
Total financial indebtedness[4]	1,138.2	840.0	711.2	887.0

(1) As reported in the unaudited comparative financial information for the year ended December 31, 2016 contained in our 2017 Annual Consolidated Financial Statements. During the year ended December 31, 2017 and in the course of aligning INEOS Group-wide accounting methods, we changed our presentation of expenses relating to logistics and supply chain costs in our statement of income. Such expenses were reclassified as cost of sales instead of selling and distribution expenses in our statement of income. This change was applied retrospectively to the unaudited comparative financial information for the year ended December 31, 2016 contained in our 2017 Annual Consolidated Financial Statements. The reclassification effect was €42.6 million for the year ended December 31, 2016 and €41.0 million for the year ended December 31, 2017. See "*Presentation of Financial and Other Information—Financial Information—Changes in presentation policies*" and Note 1 to our 2017 Audited Consolidated Financial Statements included elsewhere in this offering memorandum.

(2) As reported in the unaudited comparative financial information for the year ended December 31, 2016 contained in our 2017 Annual Consolidated Financial Statements. During the year ended December 31, 2017 and in the course of aligning INEOS Group-wide accounting methods, we changed our presentation of interest and other finance income received and paid. Interest and other finance income received was reclassified as cash flows from investing activities and interest paid was reclassified as cash flows used in financing activities, whereas both items were previously classified as cash flows generated from operating activities. This change was applied retrospectively to the unaudited comparative financial information for the year ended December 31, 2016 contained in our 2017 Annual Consolidated Financial Statements. Due to this change, cash flows from operating activities increased by €40.2 million for the year ended December 31, 2017 (2016: €99.8 million). Cash flows from investing activities increased by €2.4 million for the year ended December 31, 2017 (2016: €7.4 million) and cash flows from financing activities decreased by €42.6 million for the year ended December 31, 2017 (2016: €107.2 million). See "*Presentation of Financial and Other Information—Financial Information—Changes in presentation policies*" and Note 1 to our 2017 Audited Consolidated Financial Statements included elsewhere in this offering memorandum.

(3) Total equity includes non-controlling interests.

(4) Total financial indebtedness includes the amount of unamortized discounts and capitalized financing costs. Under IFRS, debt issuance costs are deducted from the related debt amounts for the purposes of statement of financial position presentation and are amortized over the life of the debt. As of September 30, 2019, financial indebtedness also includes finance lease obligations as a result of the application of IFRS 16. The Group recognized additional lease liabilities of €132.2 million as at January 1, 2019. See "*Presentation of Financial and Other Information—Financial Information—IFRS 16—Leases*".

Other Financial and Operating Data

	As of or for the year ended December 31,			As of or for the nine months ended September 30,		As of or for the 12 months ended September 30,
	2016	2017	2018[14]	2018	2019[15]	2019
	(in €million, except for percentages)					
EBITDA before special items[7]	803.6	872.2	812.8	664.8	580.8	728.8
EBITDA before special items margin[8]	18.0%	16.3%	15.1%	16.2%	15.3%	14.4%
Depreciation and amortization	219.7	226.9	209.0	152.7	184.8	241.1
Company-specific working capital[20]	586.7	686.8	616.6		612.3	612.3
Total financial indebtedness[5]	1,138.2	840.0	711.2		887.0	887.0
Net debt[6]	833.7	554.6	145.6		599.5	599.5
Acquisition of Property, Plant and Equipment[9]	123.1[19]	145.9	167.1	101.3	155.1	220.9
of which maintenance	98.7	101.1	100.2	71.7	36.5	65.0
of which expansion	24.4	44.8	66.9	29.6	118.6	155.9
Acquisition of Intangible Assets[17]	4.2[19]	1.3	8.9	8.4	0.4	0.9
Total Cash Capital Expenditures[18]	127.3[19]	147.2	176.0	109.7	155.5	221.8
Ratio of net debt to EBITDA before special items[7][10]	1.0x	0.6x	0.2x			0.8x
As further adjusted gross debt[11]						1,478.3
As further adjusted net debt[12]						1,067.2
As further adjusted interest expense[13]						48.2
Ratio of as further adjusted net debt to EBITDA before special items[7][12]						1.5x
Ratio of EBITDA before special items to as further adjusted interest expense[7][13]						15.1x

(6) Net debt represents total financial indebtedness, excluding unamortized discounts and capitalized finance costs less cash and cash equivalents. A reconciliation of total financial indebtedness to net debt as of December 31, 2016, 2017 and 2018 and September 30, 2019 is presented in the table below:

	As of December 31,			As of September 30,
	2016	2017	2018[14]	2019
	(in €million)			
Total financial indebtedness	1,138.2	840.0	711.2	887.0
Unamortized discounts and capitalized finance costs	12.4	10.5	1.5	1.3
Total gross debt	**1,150.6**	**850.5**	**712.7**	**888.3**
less cash and cash equivalents	316.9	295.9	567.1	288.8
Net debt	**833.7**	**554.6**	**145.6**	**599.5**

(7) EBITDA before special items represents net income before income tax expense, interest expense, exchange movements, depreciation and amortization and special items. Special items refer to loss on the sale of property, plant and equipment and to certain costs and benefits outside the usual course of business, which are expected to be non-recurring. Aside from loss on the sale of property, plant and equipment, there are no special items recognized for 2018 or 2019. Special items in 2017 mainly related to loss on the sale of property, plant and equipment, provisions we recognized relating to our liabilities to our previous shareholder BASF under prior legal agreements, pursuant to which we transfer amounts equivalent to certain realized tax benefits to BASF. Special items in 2016 were mainly related to restructuring costs and property transfer taxes related to the Reorganization and our Ludwigshafen facility, as well as the integration of the Addyston, USA facility. We exclude these items because we do not consider them indicative of ongoing operating performance. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate independently. In evaluating EBITDA before special items, you should be aware that in the future we may incur expenses that are the same or similar to these adjustments. Our presentation of EBITDA before special items should not be construed as inference that our future results will not be affected by unusual or non-recurring items. See "*Presentation of Financial and Other Information*." Although EBITDA before special items should not be considered a substitute measure for profit and net cash flow from operating activities, we believe that it provides useful information regarding our ability to meet future debt service requirements. EBITDA before special items

may not be comparable to similarly titled measures used by other companies and differs from the definition of "Consolidated Adjusted EBITDA" under "*Description of the Notes—Certain Definitions*."

EBITDA before special items for the nine months ended September 30, 2019 includes the impact of the application of IFRS 16 with effect from January 1, 2019, which amounted to €20.2 million for the nine months ended September 30, 2019. However, our EBITDA before special items figures for the year ended December 31, 2018 and the nine months ended September 30, 2018 have not been restated to reflect the impact of IFRS 16. Therefore EBITDA before special items for the 12 months ended September 30, 2019 does not include the impact of the application of IFRS 16 for the three-month period from October 1 to December 31, 2018 and, therefore, the periods used to construct figures are not prepared on a consistent basis. See "*Presentation of Financial and Other Information—Financial Information—IFRS 16—Leases*".

The reconciliation of the Group's results from net income to EBITDA before special items is as follows:

	For the year ended December 31,			For the nine months ended September 30,		For the 12 months ended September 30,
	2016	2017	2018[14]	2018	2019[15]	2019
	(in €million)					
Net income	**377.1**	**493.1**	**452.5**	**384.4**	**303.6**	**371.7**
Income tax expense	109.8	14.8	124.1	108.4	86.0	101.7
Income before income tax	**486.9**	**507.9**	**576.6**	**492.8**	**389.6**	**473.4**
Exchange movements[16]	(25.5)	49.6	(12.5)	(5.6)	(7.5)	(14.4)
Interest expense	120.3	54.2	46.0	28.8	27.8	45.0
Interest income	(5.9)	(5.3)	(6.5)	(4.0)	(14.1)	(16.6)
Profit from operating activities	**575.8**	**606.4**	**603.6**	**512.0**	**395.8**	**487.4**
Depreciation and amortization	219.7	226.9	209.0	152.7	184.8	241.1
Special items[a]	8.0	38.9	0.2	0.1	0.2	0.3
Loss on sale of property, plant and equipment[b]	—	0.6	0.2	0.1	0.2	0.3
Liability to previous shareholder[c]	—	38.3	—	—	—	—
Restructuring and transaction costs[d]	8.0	—	—	—	—	—
EBITDA before special items	**803.6**	**872.2**	**812.8**	**664.8**	**580.8**	**728.8**

(a) Special items refer to loss on the sale of property, plant and equipment and certain costs and benefits outside the usual course of business, which are expected to be non-recurring. Aside from loss on the sale of property, plant and equipment, there are no special items recognized for 2018 or 2019. Special items in 2017 mainly related to loss on the sale of property, plant and equipment and provisions we recognized relating to our liabilities to our previous shareholder BASF under prior legal agreements, pursuant to which we transfer amounts equivalent to certain realized tax benefits to BASF. Special items in 2016 were mainly related to the Reorganization and our Ludwigshafen facility, as well as the integration of the Addyston, USA facility. We exclude these items because we do not consider them indicative of ongoing operating performance.

(b) Refers to the loss recognized upon the sale of an item of property, plant and equipment as a result of the difference between any net proceeds received and the carrying amount of the asset. The gain or loss on derecognition is generally included in profit or loss, but is not classified as EBITDA before special items.

(c) Refers to provisions we recognized relating to our liabilities to our previous shareholder BASF under prior legal agreements. Under such agreements, the Group has committed to transfer certain tax benefits it realizes to BASF. Such tax benefits result from our right to step up the tax basis of certain assets as a result of BASF's sale of its stake in our predecessor company in 2014 from the (lower) book value to the (higher) fair market value. Depreciation of the higher tax book values in future years leads to lower taxable income. Consequently, the Group pays lower taxes, and has agreed to transfer such cash tax savings to BASF. For such future tax savings, we have recognized a deferred tax asset on our balance sheet. For the future payments to BASF, we have recognized a provision under the line item special items, as this is a one-off item that is related to our predecessor company. Under IFRS, we cannot net off these two positions, as the first transaction is with the German tax authorities and the second is with BASF.

(d) Refers to restructuring costs and property transfer taxes related to the Reorganization and our Ludwigshafen facility, as well as the integration of the Addyston, USA facility.

(8) EBITDA before special items margin represents EBITDA before special items as a percentage of revenue.

(9) Represents acquisition of property, plant and equipment as recorded on the consolidated statement of cash flows. Acquisition of property, plant and equipment is divided into expansion and maintentance expenditures. Expansion expenditures increase production capacity, develop new business segments and/or attract new customers. Maintenance expenditures extend the useful lives of a plant or a material component of a plant. Maintenance expenditures mainly include turnarounds and improvements made to safety and environment. See "*Operating and Financial Review and Prospects*".

(10) Represents net debt divided by EBITDA before special items.

(11) As further adjusted gross debt represents total financial indebtedness, excluding unamortized discounts and capitalized finance costs, as adjusted to give effect to the Subsequent Finance Events and the Transactions and the use of proceeds therefrom as if these transactions had occurred on September 30, 2019. See "*Capitalization*".

(12) As further adjusted net debt represents net debt as adjusted for the Subsequent Finance Events and the Transactions and the use of proceeds therefrom as if these transactions had occurred on September 30, 2019.

(13) As further adjusted interest expense represents interest expense as adjusted for the Subsequent Finance Events and the Transactions and the use of proceeds therefrom as if these transactions had occurred on October 1, 2018. It includes interest on the Notes, the New Term Loan B Facilities (assuming a constant interest rate of 3.82% on amounts outstanding under the New Dollar Term Loan Facility and 2.5% on amounts outstanding under the New Euro Term Loan Facility), the Securitization Program (assuming €90 million of outstanding borrowings thereunder during the entire period), as well as finance leases under IFRS 16, various working capital facilities and other financing expenses (applying actual interest expense for each item for the 12 months ended September 30, 2019). As further adjusted interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the Subsequent Finance Events and the Transactions occurred on the date assumed, nor does it purport to project our interest expense for any future period or our financial condition at any future date.

(14) The Group adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in our consolidated financial statements. Therefore, the financial information presented for each of the two years ended December 31, 2016 and 2017 may not be comparable to the financial information presented for the year ended December 31, 2018.

(15) The Group adopted IFRS 16 from January 1, 2019 using the modified retrospective approach pursuant to which the unaudited comparative financial information for the nine months ended September 30, 2018, included in the Unaudited Interim Condensed Consolidated Financial Statements, has not been restated.

(16) The "Exchange movements" line was previously reported as "Other finance gain (loss), net" in both the 2016 Audited Consolidated Financial Statements and the 2017 Audited Consolidated Financial Statements.

(17) Represents acquisition of intangible assets as recorded on the consolidated statement of cash flows. See "*Operating and Financial Review and Prospects*".

(18) Represents the sum of acquisition of property, plant and equipment and acquisition of intangible assets as recorded on the consolidated statement of cash flows. See "*Operating and Financial Review and Prospects*".

(19) As presented and/or derived in the unaudited comparative financial information for the year ended December 31, 2016 contained in the 2017 Audited Consolidated Financial Statements.

(20) Company-specific working capital represents inventories plus trade receivables less trade payables. The following table presents a reconciliation of company-specific working capital:

	As of December 31,			As of September 30,
	2016	**2017**	**2018(14)**	**2019**
	(in €million)			
Inventories	452.5	546.9	525.9	525.5
Trade receivables	518.1	607.2	556.3	576.9
less trade payables	383.9	467.3	465.6	490.1
Company-specific working capital	**586.7**	**686.8**	**616.6**	**612.3**

RISK FACTORS

Risks Relating to Our Business and Industry

Our business may be negatively affected by increases in raw material prices that we are unable to pass on to our customers, volatility in raw material prices, our inability to retain or replace our key suppliers and supply chain disruptions.

Our margins are largely a function of the relationship between the prices that we are able to charge for our products and the costs of the feedstocks and raw materials we require to make these products. We require, among other materials, benzene and ethylene to produce styrene, and we require styrene to produce styrene derivatives. As a result, our margins depend significantly on the price of benzene and ethylene, which have historically been volatile and have, in turn, correlated closely to prices of crude oil further up in the production chain. Additionally, our margins are affected by our ability to negotiate prices that are favorable compared to market averages. They are also driven by our plant, utilities and logistics costs.

While we attempt to match raw material price increases with corresponding product price increases, our ability to pass on increases in the cost of raw materials to our customers is, to a large extent, dependent upon market conditions. There may be periods of time of generally up to three months in which we are not able to recover increases in the cost of raw materials due to our contractual pricing arrangements or to weakness in demand for, or oversupply of, our products. Significant volatility in raw material costs tends to place pressure on product margins and working capital needs as sales price increases could lag behind raw material cost increases. Conversely, when raw material costs decrease, customers seek relief in the form of lower sales prices. Even where we are able to pass on raw material price increases to our customers, timing differences between when we purchase raw materials and when we sell our products have had and may continue to have a negative effect on our results of operations. We do not currently use derivative instruments to reduce price volatility risks on feedstock commodities, and any such arrangements in the future may not successfully reduce volatility risks.

Furthermore, during periods of high raw material prices, feedstock unavailability due to third party *force majeure* events or otherwise, oversupply of a particular product and/or lack of demand for any product, we may reduce production, idle a line, or discontinue production of certain materials. This could cause us to incur expenses relating to the idling and the restart of these facilities in addition to any losses incurred as a result of low demand or feedstock unavailability. In any given period, reduced demand or feedstock unavailability, and the ensuing facility idling or reduced production, could prevent us from meeting minimum, or break-even, production rates, which could have a material adverse effect on our financial results of operations and financial condition.

Certain of our plants rely on one or a limited number of feedstock suppliers. In certain cases, such feedstock is delivered to our plants via pipeline and therefore we rely on a sole supplier. For example, our Sarnia SM plant currently uses one supplier of ethylene, which is delivered via pipeline. We similarly rely on single suppliers for a number of materials used in our Specialties business. For example, our Dormagen plant currently uses one supplier of ACN, which is delivered via pipeline. In some cases, we have to date been unable to identify potential alternative sources for single-supplier materials.

If existing supply arrangements, including single-source pipelines for our feedstock, fail and our efforts to secure alternative sources for our feedstocks, raw materials and other products fail, we could incur significant costs and our results of operations could be adversely affected. We also have several medium- to long-term supply contracts with INEOS, as well as with other major petrochemical companies. If any of these suppliers is subject to a major production disruption, is unable to meet its obligations under present supply agreements or decides to terminate any credit line that it has granted to us, we may face supply interruptions or be forced to pay higher prices to obtain the necessary raw materials, and we may not be able to increase the prices of our finished products. In some cases, we have to date been unable to identify potential alternative sources for single-supplier materials. Without extensive own investments in import logistics facilities and own tanks we cannot solve this single-source situation. Therefore, increases in raw material prices or interruptions of credit or supply could increase pressure on our margins and reduce our cash flows.

We have not entered into formal written contractual or volume arrangements with certain suppliers. Accordingly, we have no contractual remedy if we suffer economic loss as a result of a cessation of supply or change in the terms of supply by such parties. These business relationships could therefore terminate at any time. If one of the suppliers with whom we source a large percentage of our materials decides not to continue to engage in business with us, we may suffer material disruptions to continuity of supply and our ability to meet demand. Moreover, in the absence of a contractual arrangement, providers may increase their fees at any time without our prior consent.

Feedstock prices may also be affected by changes in energy prices. For example, anti-fracking sentiment relating to increased shale gas production in North America and public perception of the impact of oil and gas production on the environment could have an impact on the future availability of shale gas and partially or fully reverse improvements in energy costs and interfere with expected decreases in ethylene prices in the region. Depending on market conditions, we may or may not be able to pass feedstock price increases on to our customers.

Our facilities are subject to operational risks, which could have a material adverse effect on our operating results.

Our operations are subject to hazards inherent in chemicals and plastics manufacturing and the related use, storage, transportation and disposal of feedstocks, products and wastes, including but not limited to:

- pipeline leaks and ruptures;
- fires and explosions;
- accidents;
- severe weather and natural disasters (including hurricanes and other high-wind events, floods, droughts or other adverse weather, which events could become more common as a result of climate change);
- mechanical failures (including due to inadequate maintenance);
- unplanned production or power outages (including blackouts);
- transportation interruptions;
- unpermitted discharges or releases of toxic or hazardous substances or gases;
- other environmental hazards; and
- sabotage or terrorist attacks (including due to access to facilities by unauthorized personnel due to insufficient security checks).

These hazards can cause personal injury and loss of life, catastrophic damage to, or destruction of, property and equipment and environmental contamination or other damages, and may result in a suspension of operations and the imposition of civil or criminal penalties. We may incur significant costs to address such incidents or accidents, including to resolve claims or enforcement proceedings that are brought against us in connection with such an incident or accident, which can impact our operating results, even if most or all of the costs of such events are covered by insurance. For example, we had to declare an event of *force majeure* relating to our Luran® SAN product on October 17, 2016, after a large chemical explosion occurred at BASF's Germany site in Ludwigshafen. The explosion occurred along the pipelines that connect BASF's harbor to the Rhine River, which carried ethylene and propylene. The explosion caused BASF to shut down 20 facilities and led to multiple fires at multiple points down the pipeline, damaging further product and supply lines. As a result of the explosion, we were unable to use our alpha-methylstyrene ("**AMS**") tank in the harbor for several weeks because the relevant authorities put all operations at the harbor on hold for safety reasons and to repair pipeline damage. We were therefore forced to rely on alternative supply solutions. Furthermore, SM-related raw material supply from BASF was limited over several months, forcing us to find alternative supply solutions to mitigate the impact of the shortage. This *force majeure* declaration remained in effect for more than one year, during which time we had to secure alternative feedstock supplies on a monthly basis, engage with our customers to manage order visibility and engage in extensive repair work to the styrene supply infrastructure in Ludwigshafen.

Unforeseen transportation interruptions can also impact our operating results. For example, on September 5, 2017, we declared an event of *force majeure* with respect to PS and Terluran ABS deliveries to Italy and Switzerland after the rail tracks at Rastatt, Germany, were severely damaged due to tunnel construction work and rail traffic on such route was stopped. Almost all of our cargo shipments from our European production sites to customers located in Italy and Switzerland are shipped via rail on the route through Rastatt, Germany, and as a result our shipments of PS and Terluran ABS products to customers located in such countries were severely curtailed for approximately two months.

The costs to address such operational risks or hazards, including the loss or shutdown over an extended period of operations at any of our major operating facilities could have a material adverse effect on our business, financial condition and results of operations.

The availability of substitute, products and regulatory initiatives that may encourage the use of such substitute products, may adversely affect demand for certain of our products and overall revenue and operations.

Substitutes may affect the sale of our commodity products, including SM, PS and ABS Standard, and production advances for competing products or price changes in raw materials and products could result in declining demand for our products as our customers switch to substitute products. For example, while we believe that the risk of substitution of SM as an input is low, SM demand is affected by the availability of substitutes for styrene-based plastics and synthetic rubber products. Additionally, the PS market has come under pressure due to competition from alternative polymers, particularly polypropylene ("**PP**") and polyethylene terephthalate ("**PET**") (including recycled PET), as well as other materials such as polylactic acid ("**PLA**") and paper, which can be used in packaging applications as substitutes for PS. Switching costs are relatively low as modern conversion lines can generally be switched between polymers, though investment may be required to process PET, and in some cases, to process PP. According to Nexant, PS prices are generally expected to remain higher than the prices of its substitutes due to high benzene prices, and demand for PS is expected to remain sensitive to the price differential between PS and PP. ABS faces substitution risks as well. Certain lower-end applications can replace ABS with less expensive materials (such as PP or PS), and certain higher-end applications can replace ABS with more technical and more expensive plastics such as polycarbonate ("**PC**"). As a result, it is difficult to protect our market position for these products by product differentiation. Additionally, we risk undermining our competitive position and favoring substitution every time we are forced to increase the price of our commodity chemicals. Significant substitutions in our markets may have a material adverse effect on our business, financial condition and results of operations.

In addition, globally we are seeing a trend whereby various jurisdictions have adopted or proposed legislation or regulatory initiatives banning, taxing, or otherwise regulating plastics, including single-use plastics which has and will continue to affect the demand for our commodity products, in particular PS, by requiring or encouraging our customers to use substitutes that are less affected by such laws and regulations. For example, Directive (EU) 2019/904 on the reduction of the impact of certain plastic products on the environment of the European Parliament (the "**EU Parliament**") and the Council of the European Union (the "**EU Council**") (the "**Single-Use Plastics Directive**") of June 5, 2019 will impact the use of certain plastic products, including styrene-based plastics and synthetic rubber products produced by our customers using our products, in particular PS. The Single-Use Plastics Directive may cause our customers to become subject to restrictions on placing on the market of certain single-use plastic products, extended producer responsibility schemes requiring producers to cover the costs of collecting, transporting, treating and cleaning up single-use plastics, obligations to finance consumer awareness campaigns and product marking requirements, among other requirements. EU Member States will have until July 3, 2021 to implement most provisions of the Single-Use Plastics Directive and until January 5, 2023, and July 3 and December 31, 2024 to implement certain other provisions, and the scope of such implementing laws and regulations may generally be broader than the scope of the Single-Use Plastics Directive. As a result, the Single-Use Plastics Directive and national implementing laws and regulations may significantly increase the production costs and regulatory burden of our customers, decreasing demand for our commodity products used in plastics production. In addition, in India, the government of prime minister Narendra Modi recently proposed a nationwide ban on certain single-use plastics. While the government decided against implementing such plans in October 2019, it may introduce similar measures in the future to implement its policy of curbing the use of single-use plastics. Furthermore, in Mexico, certain local governments have approved legislation that limits the use of single-use plastics in cities such as Mexico City, where such limitations will be in force and effect starting on January 2020. In the United States, numerous states have also approved laws or restrictions on single-use plastics or foam products, and there has been a significant increase in such laws and regulations in recent years. We expect that additional jurisdictions will adopt such bans, taxes, and other laws and regulations in the future, and that existing laws and regulations will become more stringent over time. If demand for our products were to decrease due to such regulatory measures and their impacts on our customers, our business, financial condition and results of operations could be materially adversely affected.

Significant competition in the styrenics industry may adversely affect our competitive position, revenue and overall operations.

The styrenics industry in which we operate is highly competitive. The demand for styrene and its derivatives is largely driven by the demand for plastics and synthetic rubber production, both of which are relatively mature markets. While we currently have significant market share with respect to our primary products, there are a number of global and regional producers that compete with us, including large competitors in North America, Europe and Asia. Due to the commodity nature of many of our products, competition in the styrenics industry is based primarily on price and, to a lesser extent, on product consistency, supply reliability and customer service. Customers who purchase commodity products have the ability to switch suppliers with relative ease, and customers who purchase specialty products may have the ability to choose among several approved suppliers; as a result, customers may be able to switch suppliers without much notice and without incurring significant costs. Although we believe we are a low-price producer with a variable cost base, other producers may have significantly greater financial and other resources than we have, which means they may be better able to withstand changes in market conditions.

For PS, we also face increasing competition from Middle Eastern and Asian producers. Producers in the Middle East benefit from low-priced ethylene feedstock due to an abundant crude oil and natural gas supply. Middle Eastern producers, whose SM businesses are generally not forward-integrated into the production of derivative compounds, are expected to continue to export SM to Europe and Asia. Additionally, new PS capacity has and is expected to continue to come on-stream in the Middle East. In particular, Saudi producer CPChem has started a PS plant in a JV with Saudi Petrochem SABIC. As a result of this new capacity, we have seen and expect to continue to see increased exports to Southern Europe, particularly Turkey, and Asia. This has increased competition and put pressure on our PS margins in Europe. Middle Eastern imports are in part due to low ethylene prices and low energy costs. According to Nexant, the Middle East and China are also expected to be the only locations globally that may experience PS capacity growth in the future. China is the largest PS market in the world and demand is still growing. Accordingly, we have observed more capacity coming on stream from domestic players, which could also suppress prices and adversely affect our business, financial condition, results of operations and cash flows.

For ABS, Asian producers are some of the world's largest and are able to exploit very significant economies of scale, and we expect capacity to continue to increase in Asia, particularly in China where new world scale facilities have been announced (*e.g.*, Jilin, LG and our own recently-announced 600k MT facility in Ningbo). Asian, and in particular Korean and Taiwanese, ABS producers have achieved a significant foothold in the Americas and the EMEA region through structural import flows. The risk from Asian ABS competitors has increased in the past, such as when the European Commission signed a free trade agreement with South Korea in 2010 designed to eliminate or phase out most tariffs, including in particular those on ABS imports into Europe. In addition, duties for Korean ABS to the U.S. are being reduced in a stepwise process. Subsequent to the conclusion of such free trade agreement, an increased amount of ABS imports came to Europe and North America from South Korea and Taiwan. These import pressures from large Asian producers affect ABS Standard prices in all regions, with downward knock-on effects on the prices that we were able to charge to our own customers. As ABS markets have grown in all regions, Western European and U.S. producers have also been able to enjoy high utilization rates in recent years. In 2019, Asia accounted for an estimated 82.5% of global ABS capacity. Nexant forecasts include modest ABS capacity growth in Western Europe as INEOS Styrolution is converting one of its polystyrene lines at its Wingles, France site, to manufacture ABS and Versalis has also announced plans to increase ABS capacity in Mantova, Italy by 2020. The pressure on our margins and our potential loss of market share resulting from this and other instances of trade liberalization—and from intense and increasing competition generally—could adversely affect our business, financial condition, results of operations and cash flows. See "*Business—Competition*" and "*Industry*."

In addition to future trade agreements entered into by the United States or the European Union, tariffs on imports from the jurisdictions in which we manufacture our products could also lead to increased competition from imports and lower domestic prices. For example, recently, the Trump administration imposed 25% tariffs on a variety of imports from China and subsequently implemented tariffs on additional goods from China. Such tariffs could, in particular, negatively affect demand for our customers' products that are produced in China and sales of our own ABS and PS products from China on the re-export market. Future actions of the U.S. administration and that of other governments, including China, with respect to tariffs or international trade agreements and policies remain unclear. The escalation of a trade war, tariffs, retaliatory tariffs or other trade restrictions on products and materials imported by us into China may significantly hinder our ability to provide our products to customers in China or other affected locations. Such developments may result in a decrease in demand for our products as well as delays in payments from our customers. If any such tariffs or trade restrictions were to disproportionately affect our products as compared to those of our competitors, our business, financial condition, results of operations and cash flows could be materially adversely effected. See "*—As a result of our international operations, we are exposed to currency fluctuation risks as well as to regulatory and local business risks in several different countries that could adversely affect our profitability*".

The styrenics industry is cyclical, and global economic factors, such including risks associated with a recession and our consumers' access to credit, as well as changing market capacity and demand, may negatively affect our products' prices, reduce our operating margins and impair our cash flows.

Our revenue is attributable to the sale of SM, PS, ABS Standard and Specialties. Certain of our products, including SM, certain grades of PS and ABS Standard, are commodity chemicals. The prices and margins of these commodity chemicals have historically been cyclical and sensitive to relative changes in, among other factors, global and regional capacity and demand levels. The cycles are generally characterized by periods of tight supply, leading to high operating rates and margins, followed by periods of oversupply primarily resulting from significant capacity additions, leading to reduced operating rates and lower margins.

Supply and demand in the styrenics industry is driven by product prices, the availability and price of substitute products, as well as general economic conditions, including GDP growth and growth of core industries that consume styrenics. Demand is also impacted by changes in consumer spending and confidence because many of our products are used as inputs in the manufacturing of consumer end products in the electronics, healthcare, household, automotive, construction and packaging sectors. Adverse economic conditions can affect consumer and business spending generally, which would result in decreased demand for goods that incorporate our products and have an adverse effect on our results of operations. As a result, our financial results are substantially dependent upon the overall economic conditions in the United States, the European Union, China and the rest of Asia. An extended recession in any of these locations or globally—or public perceptions that result in declining economic conditions—could substantially decrease the demand for our products and adversely affect our business. The recent global economic weakening in the second half of 2019 has resulted in reduced manufacturing and consumption in key end use sectors, which reduced styrenics consumption levels and average plant operating rate levels in our industry. As a result, we have seen a decline in volumes and margins in the second half of 2019. Furthermore, the packaging industry, which accounted for approximately 35% of our revenue in 2013, has experienced significant decline in recent years, particularly in Europe and North America, as recycling and sustainability concerns have risen and led to single use plastic restrictions in multiple jurisdictions. See "*—The availability of substitute products and regulatory initiatives that may encourage the use of substitute products may adversely affect demand for certain of our products and overall revenue and operations.*" Our results could be materially adversely affected if we are unable to adapt to changes in consumer preferences and increase our presence in other end user sectors. See "*—We may be unable to implement our business, cost control and growth strategies*."

Similar crises and downturns may occur in the future, with similar adverse effects on the economies of the countries in which we do business and on our end user sectors, resulting in knock-on impacts on industry volumes and margins. For example, if the expected withdrawal of the United Kingdom from the European Union, commonly known as 'Brexit', were to affect GDP growth or general economic conditions in the countries in which we operate, our business, financial condition and results of operations could be adversely affected. An inability to anticipate industry cycles with proper forecast systems (including reliable IT resources), to allocate market research and R&D resources strategically in response thereto or to manage our inventory adequately could lead us to fail to meet high customer demand in up-cycles, incur significant overstock costs in down-cycles, lose our competitive advantage and erode our market share. Industry cyclicality may affect prices across our businesses and may negatively impact our ability to forecast cash requirements, which could result in liquidity shortages and poorer operating margins and cash flows. This, in turn, may adversely affect our overall business, financial condition and results of operations.

Our business and operations are subject to business interruption risks due to the actions of third parties, which could have a material adverse effect on our business, reputation, financial condition and results of operations.

Due to the nature of our business, we are at risk of business interruption due to the actions of third parties. Our operations depend upon timely deliveries of adequate supplies of raw materials and are therefore vulnerable to disruptions in the supply or transportation of feedstocks, including benzene, ethylene, acrylonitrile and butadiene. Any delays may affect our ability to maintain our operations at anticipated production levels. For example, many of our vendors have operations that are also subject to SHE risks associated with the use of hazardous materials. Any future SHE-related incidents affecting our vendors may result in significant regulatory actions, fines and other penalties, including restrictions, prohibitions or sanctions on their operations, and could impair their ability to perform their contracts with us or could otherwise subject us to liability, all of which could have a material adverse effect on our business, reputation, financial condition and results of operations. In addition, if any facilities experience damage due to any number of hazards caused by third parties, or if we suffer product quality issues due to contaminated feedstock received from our suppliers, our reputation, business, financial condition and results of operations may be adversely affected.

Our operations also depend upon our access to essential utilities, services and rights, such as electricity, waste water services, cooling water supply, drinking water supply, steam supply, feedstock supply tanks, land use rights, pipeline easements, other modes of product and raw materials transportation and natural gas, nitrogen and instrument air supply. Any interruptions to the provision of such utilities to our plants may likewise affect our ability to maintain our operations at anticipated production levels or force us to halt production at the affected plant. A prolonged outage of a critical utility may also result in a controlled shutdown of the affected plant or parts of such plant and associated loss of production. In particular, severe damage to a dedicated power station generating steam for plant consumption could have a significant impact on our operations, as damage to steam boilers can take significant time and cost to fix and temporary back up solutions are not easily available. For example, loss of operations in particular by the steam supplier at our

Sarnia plant would result in stoppage of our plant production until steam was re-supplied, given that this plant is dependent on a sole supplier for steam and alternative supply arrangements are limited.

Delays or interruptions in the third-party supply of raw materials or utilities could affect, in particular, our production of SM, which is the main input into our other products. Material SM supply shortages of a significant duration could force us to stop production of the rest of our product range, which could lead to losses of sales, reputational harm and production facility idleness. This could have a material adverse effect on our business. For example, we had to declare an event of *force majeure* relating to our Luran® SAN product on October 17, 2016, after a large chemical explosion occurred at BASF's Germany site in Ludwigshafen, which lasted more than one year. See "*—Our facilities are subject to operational risks, which could have a material adverse effect on our operating results*." In addition, low water levels on major transport waterways, such as the Rhine River, or service interruptions due to flooding or freezing of waterways located near our or our suppliers' facilities could adversely affect our operations. Any significant shortages in the supply of raw materials, including due to transportation services interruptions or amendments to laws and regulations affecting such supply or services could disrupt our operations and increase our costs, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Where we lack the equipment or infrastructure to support our own logistical requirements, we are also dependent on the availability of adequate third-party carriers to deliver our products to our customers. Potential shortages or unavailability of trusted transportation providers, missed deliveries or disruption of trucking, railroad or sea shipping services due to weather-related problems, mechanical difficulties, strikes, lockouts and other events could temporarily impair our ability to deliver our products to our customers at competitive rates or at all, which could cause reputational damage and inflate transportation costs. For example, on September 5, 2017, we declared an event of *force majeure* with respect to PS and Terluran ABS deliveries to Italy and Switzerland due to the closure of a major rail link, which lasted approximately two months. See "*—Our facilities are subject to operational risks, which could have a material adverse effect on our operating results*." We are also subject to the risk of theft of, tampering with or use of our shipments for smuggling purposes by third parties, for example during transit in railcars, which could lead to loss or delay of such shipments or reputational harm to our business or subject us to liability. In certain cases, this could lead to breaches of supply agreements and loss of customer business, which may have a material adverse effect on our results of operations and cash flows.

Our growth strategy depends in part on our ability to take advantage of growing demand for our products in emerging markets. We may be unable to execute this strategy if emerging markets do not grow as expected or if regional producers in such markets are able to satisfy the increased demand.

The highest growth of styrene demand is occurring in emerging markets, principally in Northeast Asia. In 2019, Northeast Asia accounted for an estimated 53% of global styrene demand, and we believe the demand for styrene and styrene derivative products in this region will continue to grow. Asia, and primarily China, is currently net short of styrene and Nexant predicts that in the short term, in the short term projected capacity additions will likely outpace demand. The Asian styrene market is expected to grow below regional GDP over the forecast, primarily driven by the addition of styrene derivatives capacity in China, India and South-East Asia. Capacity additions in the medium to long term are most likely to stem from China, with large increases in capacity expected by 2023, including our recently announced planned ABS facility in Ningbo, China. A significant component of our growth strategy generally, and our Asian operations specifically, relies on our ability to expand our presence in the growing Asian market. As a result, our manufacturing operations and financial results are subject to downturns in the economies of China and other emerging markets, including India, Russia and South Korea, where our products will be sold. Such a decline in the expected growth rate in emerging markets could materially reduce our expected future revenue and could have a material adverse effect on our business, financial condition and results of operations.

Even if the economies of emerging markets continue to grow as we expect, we may be unable to penetrate these markets. If regional producers are able to meet the growing demand and/or compete directly against us on the basis of our core competitive strengths described elsewhere in this offering memorandum, the resulting pressure on our margins would adversely affect our business, financial condition and results of operations.

Adverse conditions in the credit and capital markets, or other business-related factors, may limit or prevent our and our customers' ability to borrow or raise capital.

While we believe we have facilities in place that will allow us to borrow or otherwise raise funds as needed, adverse conditions in the credit and financial markets could prevent us from obtaining financing in the future. Worsening credit and financial markets may also affect one or more of our major suppliers, which may terminate a credit line granted to us. Furthermore, even if financial markets are stable, we may be unable to obtain access to credit on attractive terms or at all if we suffer a rating downgrade, if we are too highly leveraged or if lenders believe that our business model is too dependent on volatile commodities or any other source of uncertainty.

Our ability to invest in our businesses and refinance debt obligations could require access to the credit and capital markets and sufficient bank credit lines to support cash requirements. If we are unable to access the credit and capital markets, including an inability to acquire receivables financing in countries that have suffered credit ratings downgrades, this could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

Moreover, many of our customers also rely on access to credit to adequately fund their operations. If such customers are unable to access the credit and capital markets due to general economic, country-specific or idiosyncratic factors such as those described above, they may be forced to reduce their production levels or capital expenditures and purchasing volumes or otherwise curtail their operations. Any such effects on our customers' operations may in turn adversely affect our business by reducing our sales, increasing our exposure to accounts receivable bad debts and reducing our profitability.

We may be adversely affected by the loss of key customers for certain of our products or the loss resulting from nonpayment and/or nonperformance by our customers.

Because we maintain relationships with select industry leading customers, in certain cases, sales to such customers represent a substantial portion of our regional revenue. For example, we have long-standing relationships with leading PS consumers in North America. Additionally, our top 10 customers globally accounted for 17.5% of our revenue in the year ended December 31, 2018 and 16.7% of our revenue in the nine months ended September 30, 2019. A concentrated customer base poses a risk to our business as the loss of our key customers in one or more major regions could lower sales and create overcapacity in certain categories of products or at certain facilities, which would negatively impact our results of operations in those locations.

In addition, our credit procedures and policies may not be adequate to effectively manage the customer credit risk to which we are exposed. Our customers may experience financial difficulties, including bankruptcies, restructurings and liquidations. These and other financial problems that may be experienced by our customers, as well as potential financial weakness in our industry, may increase our risk in extending trade credit to customers. A significant adverse change in a customer relationship or in a customer's financial position could cause us to limit or discontinue business with that customer, require us to assume more credit risk relating to that customer's receivables or limit our ability to collect accounts receivable from that customer, all of which could have a material adverse effect on our business, results of operations, financial condition and liquidity. Our insurance may not compensate us for all or any of such negative effects.

Certain of the Company's contracts with customers and suppliers will expire (or may terminate) in the short term. There can be no assurance that we will be able to renegotiate these contracts on similar terms upon their expiration. The unanticipated costs of less favorable terms or loss of custom may materially affect the profitability of the Company.

We have not entered into formal written contractual arrangements with certain customers. Accordingly, we have no contractual remedy if we suffer economic loss as a result of such customers ceasing or reducing their purchases from us. These business relationships could therefore terminate at any time. Exercise of these rights to termination by our customers could have a material adverse effect on our business, financial condition and results of operations.

There are substantial risks associated with doing business in emerging markets, including risks related to political, economic and legal uncertainty and lack of business insurance.

We produce, distribute and/or market our styrene and styrene-based products in numerous emerging markets, including in particular Brazil, China, India, Russia, South Korea, Thailand, Turkey and Vietnam. These regions may have less developed legal systems and financial markets, and are generally recognized to present greater political, economic and operational risks than the United States and Western Europe. Some of the risks associated with conducting business in emerging markets include: slower payment of invoices; nationalization; social, political and economic instability; and currency repatriation restrictions. In addition, commercial laws in some emerging markets can be vague, inconsistently administered and retroactively applied. If we are deemed not to be in compliance with applicable laws in the emerging markets where we conduct business, our prospects and business in those countries could be harmed. Additionally, in certain countries, such as India, we have to insure our subsidiaries locally in accordance with local law, with the result that our policies are subject to limits and deductibles scaled to the size of our local operations. To the extent that we suffer a loss of a type which would normally be covered by insurance in the United States or Western Europe, such as product liability and general liability insurance, we would incur significant expenses in both defending any action and in paying any claims that result from a settlement or judgment. Furthermore, our limited experience in large-scale investment project development in the complex environments of certain emerging markets may impact our ability to accurately predict the reasonable costs, timelines and other requirements of establishing a presence in those regions, and our lack of pre-existing ties may result in inadequate access to local highly-skilled specialists. These and other factors could have a material adverse impact on our business, financial condition and results of operations.

We are highly regulated and may incur significant costs to maintain compliance with, or address liabilities under, SHE laws and regulations applicable to our businesses.

We are subject to SHE requirements in each of the jurisdictions in which we operate. These requirements govern our facilities and operations and address, among other things, air emissions, wastewater discharges, releases of hazardous materials into the environment, human exposure to hazardous materials, the classification and registration of certain chemical products and raw materials, the storage, treatment, transportation and disposal of wastes and hazardous materials, the clean-up of contamination, process safety and accident prevention, and the maintenance of safe conditions in the workplace. Recently enacted or pending regulations or governmental orders limiting emissions of benzene, mercury, sulphur dioxide, nitrogen oxide and other air pollutants could require us to incur significant costs for additional pollution control or air monitoring equipment or result in operational changes. Please see "*Business—Safety, Health and Environment.*" In some jurisdictions, SHE laws and regulations impose restrictions on the manufacturing, use, import, export or sale of certain substances, raw materials and/or products. Many of our facilities require permits, approvals and pollution controls to operate. We have incurred, and will continue to incur, substantial capital and operating expenditures to maintain compliance with current and future SHE laws and regulations applicable to our operations, or the more stringent enforcement of such requirements. In addition, it is possible that certain of our feedstocks, products or by-products in the future may be classified as hazardous or harmful and thus could require significant compliance or remediation costs not currently anticipated. To the extent new restrictions or classifications result in significant additional costs or impact our ability to produce or market, or the consumer demand for, our products, our business could be materially and adversely affected.

Many of our sites have an extended history of industrial chemical processing, storage and related activities. We may be required to investigate, manage and remediate contamination at these sites as well as at properties where we formerly operated and/or at closed sites that we still own and occupy. We also could be responsible for investigating and cleaning up contamination at off-site locations where we have sent wastes for disposal or for treatment. In connection with contaminated properties, as well as our operations generally, we also could be subject to claims by government authorities and other third parties seeking damages for alleged personal injury or property or natural resources damages resulting from contamination or exposure caused by our operations, facilities or products. The discovery of previously unknown contamination, the imposition of new obligations to investigate or remediate contamination at. or migrating from, our facilities or other locations or restrictions on the use of our facilities, could result in substantial unanticipated costs. Our insurance coverage may not be adequate to cover all the risks we may face or may not be sufficient to fully cover such claims, even if insured.

We could be required to establish or substantially increase our operational budget and/or financial reserves for such obligations or liabilities and, if we fail to accurately predict the amount or timing of such costs, the related impact on our business, financial condition or results of operations in any period in which such costs need to be incurred could be material.

Our businesses could be adversely affected by chemical safety regulations applicable to our products and raw materials or negative public perceptions of our products.

Our products and our raw materials are subject to extensive SHE and industrial hygiene regulations that require the registration and safety analysis and, in some cases, impose restrictions on certain of the substances contained in them. For example, in connection with the EU Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (as amended, the "**REACH Regulation**"), or the Regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures (as amended, the "**CLP Regulation**"), any key raw material, chemical or substance, including our products, could be classified as having a toxicological, health-related or otherwise adverse or relevant effect, including impacts on the environment, on users of our products or on workers handling those products. In the event of such a classification, those key raw materials, chemicals, substances and/or products could be banned or restricted for certain uses. We manufacture, process, or use a number of substances classified as substances of very high concern under REACH, which require authorization from the European Chemicals Agency ("ECHA"). As another example of chemical regulatory laws that we face, in Ontario, Canada, the Toxics Reduction Act, 2009 requires reduction in the use and creation of toxic substances, including styrene, butadiene, acrylonitrile, benzene and ethylbenzene, which are raw materials from which our products are synthesized. This legislation requires tracking, publication of toxic substance reduction plans and reporting. It is possible that in the future this legislation could restrict or prohibit the use of these, or other, specified toxic substances. Similar regulations are in place, have recently been made more stringent, or are being considered in other jurisdictions, including the United States, which could result in additional requirements, including notification, testing, labelling and record-keeping obligations, on our operations. For example, in June 2016, amendments to the U.S. Toxic Substances Control Act ("**TSCA**") became law, and it is possible that they could result in risk screening by the U.S. Environmental Protection Agency ("**USEPA**") of substances we produce or use, and this risk screening could lead to new or more stringent regulatory obligations and/or restrictions, including, potentially, prohibitions on manufacture and sale of certain substances. Substances we produce or use are presently being evaluated by USEPA pursuant to the TSCA amendments.

In particular, in the United States, the National Toxicity Program ("**NTP**") of the Department of Health and Human Services has recommended classifying styrene as "reasonably anticipated" to be a human carcinogen in the NTP's 12th Report on Carcinogens ("**ROC**"). Related to that proposal, the USEPA has been reviewing styrene toxicology and environmental exposure through its Integrated Risk Information System. The International Agency for Research on Cancer ("**IARC**") has classified styrene as "probably carcinogenic to humans" since 2018. Further regulation or a reclassification of styrene could result in additional restrictions in the future on our manufacturing operations, including stricter air and water emissions limits, more burdensome requirements for additional ventilation or personal protective equipment at our facilities, or on our sale or distribution of styrene, including relevant warnings on material safety data sheets or on the packaging for our products and restrictions on use in certain types of products, as well as legal action relating to product and other liabilities. In the EU, the ECHA has classified styrene as a substance "suspected of damaging the unborn child", amongst other classifications such as "may be fatal if swallowed", under the REACH Regulation and the CLP Regulation.

Butadiene has been classified as a known human carcinogen by the IARC, the NTP and USEPA. The U.S. Occupational Safety and Health Administration currently limits the permissible employee exposure to butadiene. If future studies on the health effects of butadiene result in additional regulations in the U.S. or new regulations in Europe that further restrict or prohibit the use of, and exposure to, butadiene, we could be required to change our operations, which could affect the quality of our products and increase our costs.

The regulation of, or reclassification of, any of our raw materials or products could result in a ban or restriction on its purchase or sale, adversely affect the availability of raw materials or the marketability of our products or require us to incur increased costs to comply with notification, labeling or handling requirements, each of which could result in a material adverse effect on our business, financial condition and/or results of operations.

Existing and proposed regulations to address climate change by reducing greenhouse gas emissions and regulations on other air emissions, may cause us to incur significant additional operating and capital expenses or adversely affect demand for our products.

Our operations result in emissions of greenhouse gases ("**GHGs**"), such as carbon dioxide and methane. Growing concern about the sources and impacts of global climate change has led to a number of regional, national and supranational legislative and administrative measures, both proposed and enacted, to monitor, regulate and limit carbon dioxide and other GHG emissions. As a result, our operations, as well as those of our customers, are subject to stringent regulations relating to carbon dioxide and GHG emissions, compliance with which may require installation of additional pollution control equipment, purchase of emissions allowances or credits or other operational changes, which could increase our production costs or, to the extent incurred by our customers, negatively affect our profitability or demand for our products.

At the international level, many nations have agreed to limit emissions of GHGs pursuant to the Kyoto Protocol. Methane, a primary component of natural gas, and carbon dioxide, a byproduct of the burning of oil, natural gas, and refined petroleum products, are GHGs addressed by the Kyoto Protocol. Although the United States has not ratified the Kyoto Protocol, a number of EU nations are signatories who have also ratified it. Furthermore, in December 2009, more than 180 states, including the United States and China, signed the Copenhagen Accord, which includes a non-binding commitment to reduce GHG emissions. As a result of commitments made at the UN climate conference in Durban, South Africa in December 2011, certain members of the international community negotiated a treaty at the December 2015 Conference of Parties in Paris. This Paris Agreement, which entered into force in November 2016, will require developed countries to set targets for emissions reductions once the Agreement is adopted by those individual countries within their respective national or federal law. Although the United States has announced its intention to withdraw from the Paris Agreement, additional measures requiring reductions in GHG emissions may be implemented by other countries in which we operate, including, for example, the EU's proposal to gradually intensify the reduction of its emissions, from 20% to

30% by 2020, on the condition that other major economies undertake to do their part in the global attempt to reduce emissions.

In the EU, our GHG emissions are currently regulated under the European Union Emissions Trading Scheme (the "**EU ETS**"), an EU-wide system imposing emissions limits and permitting trading of allowances for industrial GHG emissions. The EU ETS has become progressively more stringent over time, including by reducing the total number of allowances to emit GHGs as well as those that EU member states will allocate without charge to industrial facilities and by introducing and/or increasing fees for allowances. Furthermore, in Ontario, Canada, a Point of Impingement standard that significantly reduces the allowable emissions of benzene became effective in July 2016. We undertook measures in our capital investment plan to upgrade our Sarnia operations to reduce benzene emissions in accordance with the requirements set out under this standard and achieved the necessary capital improvements in the Sarnia site to ensure compliance in July 2016. Version 2.0 of the Point of Impingement standard regulating benzene emissions came into effect in Ontario in February 2018. Although the Sarnia site complies with the current standard, we are subject to a governmental order requiring us to reduce benzene emissions and perform fenceline monitoring. Additional capital improvements are in progress to ensure continued compliance with tighter requirements for benzene emissions. In the future, we might also be required to perform a health risk study assessing the impacts of emissions on human health.

In the United States, we are required to monitor and report to the USEPA annual GHG emissions from certain of our U.S. facilities. In addition, the USEPA has promulgated regulations under the Clean Air Act ("**CAA**") which subject the GHG emissions of certain newly constructed or modified facilities to pre-construction and operating permitting requirements. Pursuant to these requirements, newly constructed or modified facilities in the United States with the potential to emit certain quantities of GHGs are required to implement "best available control technology," which can include carbon efficiency standards, GHG emission concentration limits, specific technology requirements or other measures. Significant uncertainty exists as to how newer or stricter GHG regulations will in the future impact large stationary sources, such as our facilities in the United States, and what costs or operational changes these regulations may require.

In addition, the USEPA has issued final regulations under the CAA that establish air emission controls for oil and natural gas production and natural gas processing operations, including New Source Performance Standards to address emissions of sulfur dioxide and volatile organic compounds, or VOCs. The USEPA also issued a request for data and information relating to a separate set of emission standards to address hazardous air pollutants frequently associated with oil and natural gas production and processing activities in 2016, but withdrew such request in March 2017 under the Trump administration. Significant uncertainty exists as to future regulation of these activities under the CAA. We continue to monitor the situation closely.

In addition, the U.S. Congress has from time to time considered adopting legislation to reduce emissions of GHGs and almost one half of U.S. states have already taken legal measures to reduce emissions of GHGs primarily through the planned development of GHG emission inventories and/or regional GHG gas cap and trade programs. Although the U.S. Congress has not adopted such legislation at this time, it, or additional U.S. states, may do so in the future, along with other countries (in addition to the EU), and we cannot yet predict the form such regulation will take (such as a cap and trade program, technology mandate, emissions tax or other regulatory mechanism) or, consequently, estimate any costs that we may be required to incur in respect of such requirements, for example, to install emissions control equipment, purchase emissions allowances, administer and manage our GHG emissions program, or address other regulatory obligations. Such requirements could also adversely affect our energy supply, or the costs (and types) of raw materials we use for fuel. For example, in August 2015, the USEPA released a final version of the Clean Power Plan ("**CPP**"), which sought to reduce GHG emissions from power plants. On June 19, 2019, the USEPA issued the Affordable Clean Energy ("**ACE**") rule to replace the CPP. The ACE rule established emissions guidelines for states to use in developing plans to address greenhouse gas emissions from existing coal-fired power plants, focusing on heat rate improvements to define the "best system of emission reductions" and unit-specific standards of performance. Plans are required to be submitted by individual states by 2022. Requirements arising from these, or different, regulations controlling or limiting GHG emissions could have a material adverse impact on our business, financial condition or results of operations, including by reducing demand for our products.

Our insurance coverage may not be adequate to cover all the risks we may face, and if we were no longer covered by our existing insurance, it may be difficult to obtain replacement insurance on acceptable terms or at all.

Our plants, machinery, equipment, inventories and other assets are insured on an all-risk basis under group-wide policies entered into by the INEOS Group for property damage, business interruption, public liability risks (*e.g.*, product liability and environmental risks), marine risks, construction risks and certain financial risks (*e.g.*, directors' and officers' liability insurance). In addition to our global insurance policies, we have separate policies covering our operations in

India, which provide similar coverage on a regional basis. Our major construction projects, defined as those with a total investment cost above €100 million, are also insured separately with bespoke project insurance policies. We believe these insurance policies are generally in accordance with customary industry practices, including deductibles and limits of coverage, but we cannot be fully insured against all potential hazards incident to our business, including losses resulting from the operational hazards described above under the heading *"—Our facilities are subject to operational risks, which could have a material adverse effect on our operating results"*, or all potential losses, including those related to product recalls or damage to our reputation. Such insurance policies are also subject to deductibles and limitations, including on the maximum amount of liability covered. We may incur losses beyond the limits, or outside the coverage, of our insurance policies, including liabilities for violations of environmental requirements and contamination. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our insurance policies are renewable on a yearly basis, commencing on June 1, 2019. Although we attempt to keep insurance premiums low by demonstrating good safety track records, as a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially and, in some instances, certain insurances may become unavailable at a reasonable cost or available only for certain risks. We can provide no assurances that we will be able to renew our insurance policies on acceptable terms or at all in the future.

As a result of our international operations, we are exposed to currency fluctuation risks as well as to regulatory and local business risks in several different countries that could adversely affect our profitability.

We operate facilities in 10 different countries. Our businesses are subject to risks normally associated with international operations, including currency fluctuation risks and local business risks. Our results of operations may be affected by both the transaction effects and the translation effects of foreign currency exchange rate fluctuations. We are exposed to currency fluctuation when we convert currencies that we may receive for our products into currencies required to pay our debt, or into currencies in which we purchase raw materials, meet our fixed costs or pay for services, which could result in a gain or loss depending on fluctuations in exchange rates. In particular, a large proportion of our manufacturing costs and our selling, general and administrative expenses are incurred in currencies other than the euro, principally the U.S. dollar, reflecting the location of our production sites. At the same time, some of our sales are invoiced in U.S. dollars or local currencies, such that income or expense is in certain cases reported in local currency and translated into euro at the applicable currency exchange rate for inclusion in our financial statements. Therefore, our financial results in any given period may be materially affected by fluctuations in the value of the euro relative to the U.S. dollar, as well as other currencies including the Chinese renminbi, the Korean won, Thai baht and Indian rupee. Significant changes in the value of the euro and the U.S. dollar relative to each other could have a material adverse effect on our financial condition, results of operations and cash flows.

We are also exposed to other risks of international operations, including trade barriers, international trade agreements and tariffs, exchange controls, national and regional labor strikes, social and political risks, general economic risks such as local economic downturns, required compliance with a variety of foreign laws, including tax laws, anti-corruption and bribery laws (*e.g.*, the U.S. Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act 2010 and the Organisation for Economic Co-Operation and Development's Anti-Bribery Convention) and laws sanctioning trade with specified countries or individuals, and the difficulty of enforcing agreements and collecting receivables through foreign legal systems. Any changes in such laws and policies restricting international trade could have a material adverse effect on our business. For example, as a result of recent revisions in the U.S. administrative policy, there are, and there may be additional changes to existing trade agreements, greater restrictions on free trade and significant increases in tariffs on goods imported into the United States, in particular those manufactured in Mexico and Canada. Future actions of the U.S. administration and that of foreign governments, including China, with respect to tariffs or international trade agreements and policies remain unclear. The escalation of a trade war, tariffs, retaliatory tariffs or other trade restrictions on our products or those of our customers or suppliers, in particular on materials imported by us into China, may significantly hinder our ability to provide our products to customers in China or other affected locations.

Such developments may result in a decrease in demand for our products as well as delays in payments from our customers. Furthermore, other governmental action related to tariffs or international trade agreements, changes in social, political, regulatory and economic conditions, or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries where our customers are located, could lead to a rebalancing of global export flows and an increase in global competition, which in turn could adversely affect our business, financial condition, results of operations and cash flows.

In addition, due to the nature of our industry, we are subject to national and international regulations governing the import and export of chemicals or goods containing chemicals. Specific regulation or prohibition of chemicals in our supply chain could result in a need to obtain special authorization for product movements, which could lead to increased costs and delays. For example, we must obtain special authorizations in order to import acrylonitrile and butadiene into Mexico from the Federal Commission for the Protection against Health Risks (*Comisión Federal para la Protección Contra Riesgos Sanitarios*) and by the Ministry of Environment and Natural Resources (*Secretaría de Medio Ambiente y Recursos Naturales*). Any failure to monitor regulatory developments in all jurisdictions in which we operate, or an infringement of these or other regulations governing international operations could result in investigations, loss of sales or customers, production delays and reputational damage, all of which could have a material adverse effect on our results of operations and financial prospects.

We may be unable to implement our business, cost control and growth strategies.

Our future financial performance and success largely depend on our ability to implement our business strategies successfully. We cannot assure you that we will successfully implement the business strategies described in this offering memorandum or those to be developed by our management, or that implementing these strategies will sustain or improve and not harm our results of operations in targeted sectors. Our business strategies are based on assumptions about future demand for our current products and the new products and applications we are developing, as well as on our continuing ability to produce our products profitably. Our ability to implement our business strategies depends on, among other things, our ability to finance our operations and product development activities, maintain high quality and efficient manufacturing operations, respond to competitive and regulatory changes, access quality raw materials and utilities in a cost-effective and timely manner, respect local, regional or international anti-competition rules relating to horizontal or vertical integration in connection with our arrangements with customers and suppliers, retain and attract highly-skilled technical, managerial, marketing and finance personnel, and, in certain cases, re-arrange, relocate and close certain manufacturing facilities with minimal disruption to our operations, divest businesses or discontinue product lines on favorable terms and with minimal disruptions.

Our results of operations are materially influenced by the degree to which we utilize our assets in order to achieve maximum production volumes. We cannot guarantee that we will be able to implement our cost leadership strategy, which will include maximizing the utilization of assets. For example, the number and length of turnarounds (scheduled outages of a unit in order to perform necessary inspections, tests to comply with industry regulations and any maintenance activities that may be necessary) and unplanned outages have had, and may in the future have, an impact on our operating results, even if such outages are covered by insurance. For example, in 2019 the length of our scheduled turnaround at our Bayport, Texas, United States, facility had to be extended by several weeks due to unforeseen damage to heat exchanger coils. During such period, we were forced to rely on alternative SM supply arrangements and procure SM from the market. See also "*—Our facilities are subject to operational risks, which could have a material adverse effect on our operating results*" and "*—Our business and operations are subject to business interruption risks due to the actions of third parties, which could have a material adverse effect on our business, reputation, financial condition and results of operations*."

Furthermore, we may not achieve the results anticipated in connection with our growth strategy if, for example, we are unable to maintain or gain market share in key customer industries, secure additional footholds in emerging markets or develop new and unique Specialties products responsive to evolving client requirements. The costs involved in implementing our strategies may be significantly greater that we currently anticipate. Furthermore, our growth strategy relies on our ability to complete projects, for example, our new ASA facility at our Bayport, Texas, United States, site, the conversion of a PS line at our Wingles, France facility to mass ABS, the expansion of our SM capacity at our Antwerp, Belgium facility and our recently announced ABS facility in Ningbo, China, on time and to ramp up production at such facilities efficiently. Any delays in the completion of such projects, including delays caused by failures to timely obtain required permits or other approvals, shortages of construction workers or technical difficulties in the ramp-up of production, could adversely affect our ability to implement our business strategies as planned and increase our costs. Any failure to develop, revise or implement our business strategies in a timely and effective manner may adversely affect our ability to service our debt and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our profitability and cash flows could deteriorate materially if we fail to keep up with technological innovation and the increasing trend toward digitalization of our industry.

Our profitability depends on, among other things, our ability to make process improvements in the manufacturing of our products and our ability to introduce new products, product grades and applications for our customers. As we compete with other products and technologies, we are required to be innovative to satisfy our customers' demands.

Our product innovation is focused on improving the technology and efficiency with which we produce our commodity products and the quality and properties of our specialty products. Some of our competitors may be more capable of advances in product and technology development and anticipating and responding to market trends and developments. Also, some of our competitors, especially global chemical companies operating in our core businesses, may have greater financial resources than we do and may increase their competitiveness relative to us by investing more in process improvements or in research and development activities with respect to our key products, which may negatively impact our business. In addition, since innovation is also fostered by the support of external partners such as universities and other independent institutions, competitors operating in markets with stronger or a larger number of clusters of such institutions and industry players may have an advantage over us.

In addition, the industry in which we operate is characterized by increasing trends toward digitalization and connectivity, such as the so-called “Internet of Things” and “Industry 4.0.” Such new technology trends look to increase productivity and cost efficiency by implementing new digitalized solutions that enable companies to carry out predictive maintenance, monitor plant efficiency, interface with customers seamlessly and increase the accuracy of forecasts, among other applications. We may lose a competitive advantage if new or existing competitors are able to develop or acquire capacities relating to innovative technologies, including IT technologies that we do not possess, or if they are able to implement such technologies earlier or more effectively than we are.

Product development and engineering requires significant investment. We cannot assure you that our product development and engineering efforts, including our efforts to develop new digital technologies, will continue to deliver competitive products that will translate into sales to customers. In particular, there can be no assurance that there will be demand from our customers for the products that we develop as a result of such investment, and we may fail to predict customer preferences accurately or our competitors’ products may adversely impact demand for our products. For example, we have made significant investments in product lines that are currently in various stages of market introduction and commercialization, such as our StyLight® product family or our INEOS Styrolution **ECO** product range. There can be no assurance that future demand for such products will be at levels we currently expect or that such products will meet the sustainability needs and preferences of our customers. If we are not able to predict customer preferences accurately or compete with the new product developments of our competitors, we may not realize the sales we anticipate in respect of such investment. If we fail to keep pace with the evolving technological innovations in our markets or invest in products that generate strong future demand from customers, this may have a material adverse effect on our business, financial condition, results of operations and cash flows.

If we fail to maintain an effective system of internal controls over financial reporting, we may not be able to accurately report our financial results or prevent fraud.

We have designed and continue to design our internal controls with the objective of providing reasonable assurance that (1) our transactions are properly authorized; (2) our assets are safeguarded against unauthorized or improper use; and (3) our transactions are properly recorded and reported, all to permit the preparation of our financial information in conformity with applicable accounting principles. We design our internal controls through the use of internal resources, external consultants and with the assistance of our affiliates.

Any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood and expected impact of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. In addition, the fact that our operations span several jurisdictions compounds the complexity of our control systems. Any failure, even unintentional, to remedy internal control weaknesses in the future, to maintain adequate internal controls, to properly limit access to cash, to train staff adequately regarding company policies and procedures, to apply accounting and tax rules correctly or to produce accurate financial information on a timely basis could result in material misstatements of our financial results, asset loss or misappropriation, internal or third-party investigations, administrative fines and damaged customer relationships, all of which could increase our operating costs and materially impair our ability to operate our business.

Destruction, ineffectiveness or obsolescence of our information systems could lead to a disruption in our business.

Our operations rely to a significant extent on business-critical applications and information technology (“**IT**”) services, and therefore we are subject to the risk that our operations could be disrupted due to the unavailability of such systems. The partial or full physical destruction or unavailability of our information systems could generate a break in our data flow or lead to a system shut-down. Furthermore, our business continuity plan for the recovery of data and our back-up center containing the information required for employees affected by any such incidents to carry on with their activities may fail to preserve our data reliably or accurately. If we are unable to ensure that our business-critical applications and IT systems operate with sufficient reliability and availability, our operations could be disrupted, which could have a material adverse effect on our business and reputation.

Additionally, ineffective information systems management, including a failure to ensure that employees are given data access commensurate with their positions, to properly manage the identity of those persons who are given data access, to properly manage program changes, to track asset maintenance and licenses, to prevent or manage security or hacking incidents, to train employees regarding best IT practices and security policies, to harmonize third-party applications with internal platforms or to implement local and international requirements could have a material adverse effect on our business and reputation.

We are also subject to the risk that our information systems may become obsolete or require updates. For example, we currently employ an information system supported by SAP. SAP has informed us it will no longer support such information system from 2025, and we may not be able to successfully transfer our current information system to a new platform or provider, or we may experience difficulties and disruptions to our business operations in doing so. Any inability to update our information systems to keep pace with the information systems requirements of our production facilities could have a material adverse effect on our business and reputation.

We are subject to cyber security risks. A cyber incident could result in information theft, data corruption, operational disruption and/or financial loss.

Our industry has become increasingly dependent on digital technologies to conduct certain processing activities, in particular in the context of trends such as Industry 4.0 and the Internet of Things. For example, we depend on digital technologies to perform many of our services and to process and record financial and operating data. At the same time, cyber incidents, including deliberate attacks, have increased. Our technologies, systems and networks, and those of our vendors, suppliers and other business partners, may become the target of cyberattacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary and other information, or other disruption of business operations. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. Our systems for protecting against cyber security risks may not be sufficient. As cyber incidents continue to evolve, we will likely be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents.

In addition, confidential information that we maintain may be subject to misappropriation, theft and deliberate or unintentional misuse by current or former employees, third party contractors or other parties. Any such misappropriation and/or misuse of our information could result in our, among other things, being in breach of certain global data privacy, data protection, localization, security and consumer-protection laws and regulations. These laws and regulations are emerging and evolving in countries worldwide and the interpretation and application of these laws and regulations in Europe, the United States and elsewhere are often uncertain, contradictory and changing. For example, the General Data Protection Regulation (Regulation (EU) 2016/679) (“**GDPR**”) came into effect in Europe in May 2018, which has created a range of new compliance obligations, and increased financial penalties for non-compliance significantly. The GDPR is a uniform framework setting out the principles for legitimate data processing. The introduction of the GDPR strengthens the rights of individuals (data subjects), imposes stricter controls over the processing of personal data by both controllers and processors of personal data and imposes stricter sanctions with substantial administrative fines and potential claims for damages from data subjects for breach of their rights. In particular, under the GDPR, breaches of data protection rules may result in maximum fines equal to the greater of €20 million and 4% of the annual global turnover of the sanctioned company. It is possible that the GDPR and other laws may be interpreted or applied in a manner that is adverse to us, unforeseen, or otherwise inconsistent with our practices or that we may not adequately adapt our internal policies and/or procedures to evolving regulations, any of which could result in litigation, regulatory investigations and potential legal liability, require us to change our practices in a manner adverse to our business or limit access to our products and services in certain countries. As a result, our reputation and brand may be harmed, we could incur substantial costs, and we could lose both customers and revenue.

Our success depends on the continued service of certain key personnel.

Our success depends in significant part upon our ability to attract and retain qualified and committed employees, including in particular the continued service of directors and senior management, including the executive officers at each of our business units, who have experience in our industry and in operating a company of our size and complexity. There may be a limited number of persons with the requisite experience and skills to serve in such positions, and we may not be able to locate, employ or retain them on acceptable terms or at all.

In addition, our future growth and success also depend on our ability to attract, train, retain and motivate skilled managerial, sales, administration, operating and technical personnel, including R&D and engineering specialists. In times of increased demand, producers may attempt to increase capacity, which can result in a competitive market for the limited supply of highly-skilled styrenics professionals. If we experience a shortage of adequately skilled candidates and are unable to hire or retain suitable employees, we may be unable to maintain our current operating levels or need to increase wages to remain competitive with other industry employers, which could increase our costs substantially. Additionally, the loss of one or more of our key management or operating personnel could result in a loss of institutional know-how. Such loss, or the failure to attract and retain additional key personnel, or such former personnel moving to one of our competitors, could have a material adverse effect on our business, productivity, financial condition, results of operations and cash flows.

We may not be able to successfully consummate acquisitions or integrate acquired businesses.

There may be opportunities for us to participate in further consolidation in our industry in the future. However, the restrictions in the Indenture may limit or preclude our ability to make future acquisitions and participate in industry consolidation. To finance future permitted acquisitions, we may need to borrow money, which will increase our debt service requirements and could impact our ability to make payments on the Notes, and we may not be able to obtain acquisition finance on favorable terms or at all. In order to manage any acquisitions we successfully complete, we will need to expand and continue to improve our operational, financial and management information systems, and our increased leverage may limit our ability to do so. Our excess cash may be limited, and we may not be able to invest in the acquired company to achieve the desired synergies. In addition, we cannot assure you that any acquisition we consummate will ultimately provide the benefits we anticipate.

We may not succeed in identifying attractive acquisition candidates or securing financing on favorable terms. In cases where we do proceed with an acquisition, we could be subject to a number of risks, including:

- problems with effective integration of operations, in particular the effective integration of IT systems;
- problems with governance arrangements, in particular for joint ventures;
- the inability to maintain key pre-acquisition business relationships;
- increased operating or capital costs;
- difficulty obtaining regulatory approvals;
- costs related to compliance with additional laws, rules or regulations;
- the loss of key employees, including those of the acquired company;
- exposure to unanticipated liabilities; and
- difficulties in realizing projected efficiencies, synergies and cost savings.

For example, in February 2019, we completed the acquisition of two polystyrene facilities in China from Total S.A. If we are unable to successfully integrate such facilities, in particular their IT systems, into the operations of our Group for any of the above or any other reasons, the implementation of our growth strategy could be impaired and our business and financial condition could be materially adversely affected.

Any acquisition process may give rise to issues surrounding market consolidation, horizontal or vertical integration or appearances of price fixing, which may trigger anti-trust and competition reviews. Violations of such competition laws could lead to legal proceedings, compensatory fines and reputational damage, which may have a material adverse effect on our business and financial condition.

The failure of our patents, trademarks and confidentiality agreements to protect our intellectual property could adversely affect our business.

Proprietary protection of our processes, products and other technologies is important to our business. Our actions to protect our proprietary rights may be insufficient to prevent others from developing similar products and processes to ours. In particular, we may be unable to secure adequate protection or management of intellectual property during capital investment projects, in particular in new countries and certain of the emerging-markets jurisdictions in which we operate, or when key personnel leaves our company to join a competitor, which may weaken our intellectual property rights and undermine our competitive advantages. In addition, the laws of many foreign countries do not protect our intellectual property rights to the same extent as the laws of Germany and the United States. Furthermore, any pending patent application filed by us may not result in an issued patent, including as a result of objections raised by third parties, or if patents are issued to us, such patents may not provide meaningful protection against competitors or against competitive technologies. Oppositions or other actions initiated by third parties may also limit the scope of our patents and other intellectual property rights, thereby weakening our protection against competitors or against competitive technologies. You should be aware that the expiration of a patent or the failure of our patents to protect our formulations, processes, apparatuses, technology, trade secrets or proprietary know-how could result in intense competition with consequent erosion of profit margins. In addition, our competitors and any other third party may obtain patents that restrict or preclude our ability to lawfully produce and market our products in a competitive manner, which could materially adversely affect our business, financial condition, results of operations and cash flows.

We also rely upon unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain our competitive position. While it is our policy to enter into confidentiality agreements with our employees and third parties to protect our intellectual property, there can be no assurances that:

- our confidentiality agreements will not be breached;
- they will provide meaningful protection for our trade secrets or proprietary know-how; or
- adequate remedies will be available in the event of an unauthorized use or disclosure of these trade secrets and know-how.

In addition, there can be no assurances that others will not obtain knowledge of these trade secrets through independent development or other access by legal means.

Currently, we are not aware of any material pending litigation against us regarding any intellectual property claim, but we cannot assure you that there will not be future claims. Such claims, with or without merit, could subject us to costly litigation and divert our technical and management personnel from their regular responsibilities. Furthermore, if such claims are adversely determined against us, we could be forced to suspend the production processes that use the contested invention and our business, financial condition, results of operations and cash flows could be adversely affected.

We may be liable for damages based on product liability claims.

Our products have widespread end uses in a variety of consumer industries, including food packaging and medical applications, and we are at risk of claims arising out of the use of, or exposure to, our products or the chemicals in them. In particular, certain of our customers produce products with food contact applications or medical devices subject to good manufacturing process ("**GMP**") or other legislative requirements. GMP requirements and EU food contact legislation have become increasingly more extensive and complex, which could increase the costs and risk associated with compliance with such requirements. As with all quality control systems, any failure or deterioration of our quality control systems could result in defects in our projects or products, which in turn may subject us to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause us to incur significant costs, harm our business reputation and result in significant disruption to our operations. Furthermore, if any such claims were ultimately successful, we could be required to pay substantial monetary damages or penalties, which could have a material adverse effect on our reputation, business, financial condition and results of operations. Regulatory requirements relating to food contact materials have also become increasingly more extensive and complex in recent years. Furthermore, because many of our products provide performance attributes to our customers' applications and products, the sale of their products involves a risk of product liability claims against us. In addition, our customers or distributors may not follow our policies and advice regarding the safe use and application of our products, including for food contact or medical device end uses, which may unknowingly expose us to third-party claims. A successful product liability claim or series of claims arising out of any of these various uses against us in excess of our insurance coverage for payments for which we are not indemnified or have not otherwise provided could have a material adverse effect on our business, financial condition, results of operations and cash flows. In particular, we could be required to increase our debt or divert resources from other investments in our business in order to discharge any such claims. Additionally, new discoveries about the safety of our products may be made in the future and such discoveries may lead to a substantial decline of the sale of any affected products, both of which could materially affect the profitability of our operations.

We are subject to certain risks related to litigation or other proceedings filed by or against us, and adverse outcomes may harm our business.

We cannot predict with certainty the cost of prosecution, the cost of defense or the ultimate outcome of litigation and other proceedings filed by or against us, including remedies or damage awards. We have been, and in the future may be, involved in litigation and other proceedings relating to intellectual property, commercial arrangements, and SHE, labor and employment, anti-trust, anti-corruption regulations or tax laws and regulations or other harms, including claims resulting from the actions of individuals or entities outside of our control and in certain instances including claims that have resulted or could result in criminal proceedings. In the case of intellectual property litigation and proceedings, adverse outcomes could include the cancellation, invalidation or other loss of material intellectual property rights used in our business, injunctions prohibiting our use of business processes or technology that are subject to third party patents or other third party intellectual property rights or the imposition of license fees to be paid to the holders of any such third party intellectual property rights. Litigation based on environmental contamination or exposure to hazardous substances in the workplace or from our products could result in material liability and reputational harm for us. Litigation relating to trade sanctions or anti-corruption laws violations could undermine our status as a preferred economic operator. Litigation relating to competition regulation violations could lead to high-cost litigation and loss of credibility vis-à-vis customers and other third parties. A failure to adequately prepare responses to litigation, arbitration, administrative or other claims brought against us in any venue (including administrative tribunals and local or federal courts), an inability to communicate effectively either externally or internally in moments of crisis or adverse outcomes in any proceedings instituted by or against us could have a material adverse effect on our business.

INEOS Styrolution America LLC has received notice from Samsung C&T America Inc. ("**Samsung**") of a potential recourse claim by Samsung and its interested insurers relating to the explosion of a cargo of SM produced by INEOS Styrolution America LLC inside a cargo ship in the port of Ulsan, South Korea. The UK Marine Accident Investigation Branch (the "**MAIB**") is currently also investigating the incident. The MAIB has informed INEOS Styrolution America LLC of a similar incident in November 2019 that resulted in signs of temperature increases but not in an explosion. Both incidents are currently under investigation and it is not currently possible to determine whether INEOS Styrolution America LLC has any responsibility for either incident. See "*Business—Legal Proceedings*."

We may be affected by changes in tax laws or scrutiny of transactions by tax authorities and could be subject to tax risks attributable to previous tax assessment periods.

We are subject to routine tax audits in the jurisdictions in which we operate. Changes to our taxes in the course of such audits may lead to an increased overall tax rate for our Group as a whole. If we were to be the subject of a tax audit, additional tax expenses could accrue at the level of the Parent or its subsidiaries in relation to previous tax assessment periods which have not yet been subject to a tax audit. The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations. In future tax audits, the tax laws and/or relevant facts could be interpreted by the tax authorities in a manner that deviates from our view. As a result, the tax authorities could revise original tax assessments and substantially increase the tax burden (including interest and penalty payments) of the affected entities of our Group. For example, we have recently been the subject of a tax audit in Italy relating to the years 2011 through 2017, which focused on whether certain of our German and Swiss subsidiaries entertained permanent establishments in Italy, which would have made them liable to pay certain taxes in Italy. Such audit also resulted in the initiation of a criminal investigation, with prosecutors alleging an unlawful failure to file tax returns in the relevant years. The Italian tax audit was concluded by settlement with the Italian tax authorities in December 2019, which included payment by the Group of approximately €7.5 million in taxes, interest and penalties. Although we currently expect the criminal proceedings to be concluded during 2020 on the basis that the Italian tax authorities agreed in the settlement that such entities did not entertain personal establishments in Italy, there can be no assurance that future tax audits or other proceedings would result in a finding of no permanent establishment or that we would not be liable for significant tax assessments and penalties. Any future audits or investigations resulting in additional tax liabilities or penalties could adversely impact the tax position of the Group and have a material adverse effect on our financial position.

Furthermore, the Organisation for Economic Co-operation and Development ("**OECD**"), together with the G20 countries, has committed to reduce perceived abusive global tax avoidance, referred to as base erosion and profit shifting ("**BEPS**"). The OECD published its final reports in relation to its Action Plan on Base Erosion and Profit Shifting (BEPS) on October 5, 2015, which were endorsed at the G20 summit in November 2015, and the multilateral instrument to implement tax treaty related measures to prevent BEPS was published on November 24, 2016. As part of this commitment, an Action Plan has been developed to address BEPS with the aim of securing tax revenue by realigning taxation with economic activities and value creation by creating a single set of consensus based international tax rules. As part of the BEPS project, new rules dealing with the operation of double tax treaties, the definition of permanent establishments, interest deductibility and the taxation of hybrid instruments and hybrid entities have already been introduced and will continue to be introduced in relevant tax legislation of participating OECD countries. Depending on if and how these proposals are implemented, they may result in material changes to tax laws which can impact the tax treatment of income and gains arising at the level of the Parent or its subsidiaries, which may adversely impact how the returns to investors are taxed. Such implementation may also give rise to additional reporting and disclosure obligations for the Parent or its subsidiaries and investors.

In the context of national implementation of certain BEPS measures, the EU has adopted the Council Directive (EU) 2016/1164 of July 12 2016 ("**ATAD 1**") that addresses some of the items of the BEPS project, including among others hybrid mismatch rules, interest deduction limitation, controlled foreign companies rules, as well as provisions which are not linked to BEPS project, such as exit taxation and a General Anti-Avoidance Rule. The ATAD 1 grants EU member states certain options in the implementation of the directive into their domestic laws.

The United Kingdom implemented ATAD 1 into its national law effective January 1, 2019. The United Kingdom's tax legislation was already broadly in compliance with the requirements under ATAD 1 and the United Kingdom implemented amendments to its tax legislation to make it fully compliant through the enactment of the Finance Act 2016 and the Finance Act 2019.

Germany has not yet implemented ATAD 1 and 2 into its national law. With respect to certain measures envisaged by ATAD 1, such as the introduction of interest deduction limitation rules or a general anti-abuse rule, generally no legislative action is required since Germany has already respective laws in place. As regards further measures required by ATAD 1 and 2, the German Federal Ministry of Finance recently released a draft bill. The draft bill provides for significant changes to the German taxation of cross-border transactions, and in certain areas also include further requirements beyond those required under the ATAD. The draft bill has not been endorsed by the German parliament, but the proposed measures might take effect retroactively as from 1 January 2020 onwards. The draft bill provides for changes, inter alia, new transfer pricing statutes which are aimed at disallowing an interest deduction of a German taxpayer engaging in a cross-border related-party financing, if the taxpayer cannot demonstrate that: (i) principal and interest payments can be serviced throughout the entire term of the financing period; (ii) there was a business need for the financing; and (iii) the borrowed funds were utilized for that purpose (e.g., were not transferred to a cash-pool). Moreover, the arm's length interest margin for a foreign financing company (and any other "intermediary" in an intercompany "financial relationship") is effectively limited to the current market return of government bonds with the "highest" rating/solvency and a corresponding maturity (which may be zero or even negative in Europe at the moment). The extent to which such rule would apply if a loan were granted by an equity-financed intercompany lender is currently unclear. In addition to the abovementioned changes concerning cross-border intercompany financing, the draft bill provides for significant changes to the German interpretation of the arm's-length standard and German transfer pricing documentation rules. It aims to update the German TP rules with a view to reflect recent international developments (mainly the BEPS initiative). Among other items, the envisaged changes relate to the definition of "affiliated entities," clarifications on applicable methods to determine transfer prices and details regarding the actual calculation of transfer prices. It also anchors the DEMPE (development, enhancement, maintenance, protection and exploitation of intangibles) concept in German law.

On February 21, 2017, the Economic and Financial Affairs Council of the EU reached political agreement on amendments to ATAD 1 to neutralize hybrid mismatch structures involving non-EU countries (Council Directive (EU) 2017/952 of 29 May 2017, "**ATAD 2**"). While ATAD 1 contains rules combatting certain hybrid mismatches between EU Member States, ATAD 2 introduces more detailed rules to neutralize hybrid mismatches and extends the scope to (i) a variety of other mismatches between EU Member States and (ii) mismatches between EU Member States and third countries. The more extensive anti-hybrid rules in the ATAD 2 replace the initial rules to counter hybrid mismatch arrangements set out in the ATAD 1.

ATAD 2 provisions were required to be implemented by EU Member States into domestic law by December 31, 2019, such that the rules apply no later than January 1, 2020. As an exception, implementation of a specific provision targeting so-called reverse hybrids can be postponed by EU Member States until December 31, 2021, and applicable by January 1, 2022.

Such initiatives on BEPS may create increased uncertainty as to the treatment of our Group sales, in particular in the area of transfer pricing and the appropriate share of Group profit to be attributed to sales-related activities in the local markets in which we operate. In particular, the definition of a Dependant Agency Permanent Establishment under the OECD BEPS initiative has been implemented in a heterogeneous manner by various EU jurisdictions and their respective tax authorities, which causes substantial uncertainty as to the tax treatment of business operations and could lead to future tax assessments, such as the assessment to which we were subject in Italy, as described above. If we are unable to predict accurately how relevant tax authorities will treat our transfer pricing models or we were deemed to have a permanent establishment in certain countries where we make sales, this could adversely impact the tax position of the Group and have a material adverse effect on our financial position.

The European Commission has also published a corporate reform package proposal on October 25, 2016 including three new proposals that aim at (i) re-launching the Common Consolidated Corporate Tax Base ("**CCCTB**") which is a single set of rules to compute companies' taxable profits in the EU, (ii) avoiding loopholes associated with profit-shifting for tax between EU countries and non-EU countries, and (iii) providing new dispute resolution rules to relieve problems with double taxation for businesses. The directive proposal on the CCCTB requires unanimity in the EU Council for its adoption following consultation of the European Parliament (special legislative procedure), which gave its favorable vote on March 15, 2018. It should be implemented in two steps, with the common base being implemented as a first step and consolidation being put in place swiftly afterwards.

Such changes or proposed changes in tax laws could adversely impact the tax position of the Group and investors in the Group's securities and give rise to additional reporting and disclosure obligations, which could increase our costs and have a material adverse effect on our financial position.

We may be required to make further contributions to pension plans.

We provide defined benefit pension plans to certain eligible employees, and these plans are subject to legislative and regulatory requirements. Our pension expense and required contributions to our pension plans are directly affected by the funded status of our plans, the expected rate of return on plan assets and the actuarial assumptions we use to measure our defined benefit pension plan obligations. Significant changes in the expected rate of return on plan assets or in the portfolio mix of invested assets may result in corresponding changes in the funded status of our plans. Any change in key actuarial assumptions, such as the discount rate, would impact the valuation of pension obligations, affecting the funded status of our pension plans as well as the net periodic pension cost. Any declines in the fair values of the pension plans' assets could require additional payments by us in order to maintain required funding levels. Our funding policy for pension plans is to accumulate plan assets that, over the long run, will approximate the present value of projected benefit obligations. Total defined benefit obligations amounted to €202.9 million as of December 31, 2018, €172.0 million of which was funded, with plan assets having a fair value of € 144.5 million. We cannot predict whether changing market or economic conditions, regulatory changes or other factors will further increase our pension expense or funding obligations, diverting funds we would otherwise apply to other uses.

We depend on good relations with our workforce, and any significant disruption could adversely affect us.

As of September 30, 2019, we employed approximately 3,615 employees around the world. Many of these employees are unionized. See "*Business—Employee Matters—Trade unions*." A labor disturbance or work stoppage at any of our facilities as a result of any changes to our employment terms and conditions, inadequate communication between staff and management, employee dissatisfaction or for any other reason could have a material adverse effect on that facility's operations and, potentially, on our business, financial condition, results of operations and cash flows. Additionally, any failure to observe relevant labor laws or apply human resources policies relating to discrimination, harassment, working hours regulations and other working conditions could result in reputational damage, administrative or civil claims or fines, any of which could have a material adverse effect on our business and financial condition.

Risks Relating to the Notes and Our Capital Structure

Our significant leverage may make it difficult for us to service our debt, including the Notes, and operate our business.

Upon consummation of the Transactions, we will have a substantial amount of outstanding indebtedness with significant debt service requirements. As of September 30, 2019, on an as further adjusted basis after giving effect to the Subsequent Finance Events and the Transactions and the use of proceeds therefrom, the *pro forma* financial indebtedness of the Parent and its consolidated subsidiaries would have been €1,472.3 million, including the Notes.

Our significant leverage could have important consequences for you as a holder of the Notes, including:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debt and liabilities;

- requiring us to dedicate all or a substantial portion of our cash flow from operations to payments on our debt, thus reducing the availability of our cash flow for working capital, capital expenditures, acquisitions, joint ventures, product research and development and for other general corporate purposes;

- increasing our vulnerability to, and reducing our flexibility to respond to, a downturn in our business or adverse general economic or industry conditions;

- placing us at a competitive disadvantage compared to our competitors that have less debt in relation to cash flow or greater financial resources;

- limiting our flexibility in planning for or reacting to changes in our business and our industry;

- restricting us from making strategic acquisitions or exploring business opportunities; and

- limiting, among other things, our and our subsidiaries' ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

The occurrence of any of these events could have a material adverse effect on our results of operations, financial condition and cash flows, as well as our ability to satisfy our debt obligations, including with respect to the Notes. For a discussion of our cash flows and liquidity and for more information about our outstanding indebtedness, see "*Operating and Financial Review and Prospects*" and "*Description of Other Indebtedness*".

Despite our high level of indebtedness, we and our subsidiaries will still be able to incur significant additional amounts of debt, which could increase the risks associated with our substantial indebtedness.

We may be able to incur substantial additional indebtedness in the future. Although the Term Loan B Facilities Agreement contains, and the Indenture will contain, restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. Under the Indenture, in addition to specified permitted indebtedness, we will be able to incur additional indebtedness so long as on a *pro forma* basis our consolidated fixed charge coverage ratio (as defined in the Indenture) is at least 2.0 to 1.0, and, in addition to specified permitted liens, we will be able to incur additional secured indebtedness. See "*Description of the Notes—Certain Covenants—Limitation on Indebtedness*" and "*Description of the Notes—Certain Covenants—Limitation on Liens.*" If new debt is added to our and our subsidiaries' existing debt levels, the risks that we now face associated with our substantial indebtedness would increase. In addition, the Term Loan B Facilities Agreement does not, and the Indenture will not, prevent us from incurring obligations that do not constitute indebtedness under those agreements.

We may not be able to generate sufficient cash to meet our debt service obligations, and our ability to repay our debt is dependent on our ability to obtain cash from our subsidiaries.

Our ability to make scheduled payments on the Notes and to meet our other debt service obligations or to refinance our debt, depends on our future operating and financial performance, which will be affected by our ability to successfully implement our business strategy as well as general economic, financial, competitive, regulatory and other factors beyond our control. If we cannot generate sufficient cash to meet our debt service requirements, we may, among other things, need to refinance all or a portion of our debt, including the Notes, obtain additional financing, delay planned capital expenditures, strategic acquisitions or investments or sell material assets. If we are not able to refinance our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including the Notes. In that event, borrowings under other debt agreements or instruments that contain cross-default or cross-acceleration provisions may become payable on demand, and we may not have sufficient funds to repay all of our debts, including the Notes. See "*Description of Other Indebtedness*."

The Parent, the Company the Issuer and certain of the Guarantors are holding companies that do not conduct any independent business operations. The Issuer's subsidiaries own substantially all of our assets and conduct all of our operations. Accordingly, repayment of our indebtedness, including the Notes, is dependent on the ability of our subsidiaries to make such cash available to us by dividend, debt repayment or otherwise. Unless they are Guarantors of the Notes under legally valid and enforceable Guarantees, our subsidiaries do not have any obligation to pay amounts due on the Notes or to make funds available for that purpose. We and our subsidiaries may not be able to, or may not be permitted to, make distributions or advance upstream loans to enable us to make payments in respect of our indebtedness, including the Notes. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries.

For example, our subsidiaries in Brazil, China, India, South Korea and Thailand may face limitations concerning the amount of cash that can be sent out of the respective countries. In addition, our subsidiary in Singapore may only make a distribution of dividends to its shareholders out of profits, and the manner of such distribution is subject to the procedures set forth in its Constitution. Furthermore, under Swiss law, dividends may only be distributed out of distributable reserves, and, in principle, interim dividends are not permitted. With respect to Mexico, in the past, the Mexican economy has experienced high level of inflation, depreciation of the peso, balance of payments deficits and shortages in foreign exchange reserves. While the Mexican government does not currently restrict the ability of Mexican or foreign persons or entities to convert pesos to foreign currencies, including U.S. dollars, it has done so in the past and could do so again in the future. There is no assurance that the Mexican government will not implement monetary policies or a restrictive exchange control policy in the future that could prevent or restrict our access to U.S. dollars to meet our U.S. dollar obligations and could also have a material adverse effect on our business, financial condition and results of operations. It is not possible to predict the impact of any such measures on the Mexican economy. In addition, Mexico has recently experienced periods of violence and crime that could adversely affect the Mexican economy and our operations in the future. Furthermore, our Indian subsidiary is not wholly owned and any dividends paid by that subsidiary are distributed *pro rata* to us and such subsidiary's public shareholders, which hold approximately 25% of the outstanding shares of such subsidiary. Although our Indian subsidiary has received the requisite shareholder approval to seek a delisting of its shares, there can be no assurance that such delisting (and corresponding acquisition by us of the shares held by public shareholders) will occur.

While the Term Loan B Facilities Agreement limits, and the Indenture will limit, the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain significant qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the Notes.

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the eurozone, or the potential dissolution of the euro entirely, could have adverse consequences for us with respect to our outstanding debt obligations that are euro-denominated.

The eurozone continues to be heavily indebted, which has contributed to the instability of the financial markets. Financial markets may continue to be negatively impacted by concerns about a slowdown in growth in certain economies of the eurozone and uncertainties regarding the overall stability of the euro and the sustainability of the euro as a single currency given the diverse economic and political circumstances in individual member states. Governments and regulators have implemented austerity programs and other remedial measures to respond to these concerns around the economies and financial system of the eurozone, but the actual impact of such programs and measures are difficult to predict.

In the event that concerns around the economies and financial system of the eurozone and the stability and sustainability of the euro are not resolved, it is possible that one or more countries may default on their debt obligations and/or cease using the euro and re-establish their own national currency or that the eurozone may collapse. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro denominated obligations and for parties subject to other contractual provisions referencing the euro such as supply contracts would be determined by laws in effect at such time.

The official exchange rate at which the Notes may be re-denominated may not accurately reflect their value in euro. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes and could have adverse consequences for us with respect to our outstanding debt obligations that are euro-denominated, and, as we have a substantial amount of debt denominated in euro, our financial condition may be materially affected.

Furthermore, the Term Loan B Facility contains, and the Indenture will contain, covenants restricting our and our subsidiaries' corporate activities. See "***—****Restrictive covenants in the Term Loan B Facilities Agreement and the Indenture may restrict our ability to operate our business. Our failure to comply with these covenants, including as a result of events beyond our control, could result in an Event of Default that could materially and adversely affect our financial condition and results of operations*". Certain of such covenants impose limitations based on euro amounts (e.g., the amount of additional indebtedness we or our subsidiaries may incur). As such, if the euro were to significantly decrease in value, the restrictions imposed by these covenants would become tighter, further restricting our ability to finance our operations and conduct our day to day business.

Restrictive covenants in the Term Loan B Facilities Agreement and the Indenture may restrict our ability to operate our business. Our failure to comply with these covenants, including as a result of events beyond our control, could result in an Event of Default that could materially and adversely affect our financial condition and results of operations.

The Term Loan B Facilities Agreement contains, and the Indenture will contain, negative covenants restricting, among other things, our ability to:

- incur or guarantee additional debt;
- make restricted payments, including paying dividends or making other distributions and prepaying or redeeming subordinated debt or equity;
- create or incur certain liens;
- sell, lease or transfer certain assets;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to us and on the transfer of assets to us;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries; and
- consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis.

All of these limitations are or will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*" and "*Description of Other Indebtedness—Term Loan B Facilities Agreement*". The restrictions contained in the Term Loan B Facilities Agreement and the Indenture could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, make strategic acquisitions, investments or alliances, restructure our organization or finance our capital needs. Additionally, our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under the Indenture, the Term Loan B Facilities Agreement and our other indebtedness.

If there were an event of default under any of our debt instruments that was not cured or waived, the holders of the defaulted debt could terminate their commitments thereunder and cause all amounts outstanding with respect to such indebtedness to be due and payable immediately, which in turn could result in cross defaults under our other debt instruments, including the Notes. Any such actions could force us into bankruptcy or liquidation, and we may not be able to repay our obligations under the Notes in such an event. In addition, if we are unable to repay our debt to the lenders, they could proceed against the Collateral that secures the debt under the Term Loan B Facilities Agreement, certain hedging liabilities and certain cash management liabilities and the Notes. If the debt under our Term Loan B Facilities Agreement, the Notes or any other material financing arrangement that we enter into were to be accelerated, our assets may be insufficient to repay in full the Notes and our other debt.

We use the Securitization Program to meet some of our liquidity requirements, and are subject to various terms and conditions under the Securitization Program, which, if we are unable to comply with them, could result in the acceleration of our debt.

Unless the maturity date of the Securitization Program is extended, the Securitization Program will mature in July 2021. Along with cash generated from operating activities, we satisfy our short-term liquidity needs with amounts available under the Securitization Program. Our ability to refinance the Securitization Program could be affected by a number of factors, including volatility in the financial markets, contractions in the availability of credit, including in interbank lending, and changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments. Our liquidity will be adversely affected if we are unable to refinance the Securitization Program on acceptable terms or at all, and we can provide no assurance we will be able to do so.

The availability under the Securitization Program varies depending on the underlying receivables. For a more detailed discussion, see "*Description of Other Indebtedness—Securitization Program*." In addition, while the Securitization Program does not contain any financial maintenance covenants, it contains various terms and conditions, and if we fail to comply with these terms and conditions, a default may occur under the Securitization Program. If a default occurs under the Securitization Program, we may need to fund our working capital requirements from other sources.

We do not have a revolving credit facility, which may adversely affect our short-term liquidity.

We do not have a revolving credit facility and, as a result, we rely upon our Securitization Program and certain committed and uncommitted credit facilities with local banks to meet our short-term liquidity needs. While we believe we have sufficient cash on our balance sheet to meet our working capital needs, such amounts may not be sufficient. Should we require cash in an amount exceeding the cash available under our Securitization Program and letter of credit facilities, our short-term liquidity will be adversely affected.

The Notes and each Guarantee will be structurally subordinated to the liabilities of non-Guarantor subsidiaries and will only be secured to the extent of the value of the assets that have been granted as security for the Notes.

Some, but not all, of our subsidiaries will guarantee the Notes. Unless a subsidiary is a Guarantor of the Notes, our subsidiaries do not have any obligation to pay amounts due on the Notes or to make funds available for that purpose. Accordingly, you should only rely on the Guarantees of the Notes to provide credit support in respect of payments of principal or interest on the Notes.

Our operating subsidiaries are separate and distinct legal entities and those of our subsidiaries that do not guarantee the Notes have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Notes or to make any funds available therefor, whether by dividends, loans, distributions or other payments, and do not guarantee the payment of interest on, or principal of, the Notes. Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to any Guarantor, as direct or indirect shareholder.

Accordingly, in the event that any non-Guarantor subsidiary becomes insolvent, liquidates or otherwise reorganizes:

- the creditors of the Issuer (including the holders of the Notes) will have no right to proceed against the assets of such subsidiary; and

- creditors of such non-Guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or any Guarantor, as direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes and each Guarantee are structurally subordinated to the creditors, including trade creditors, of our non-Guarantor subsidiaries.

We had EBITDA before special items of €580.8 million in the nine months ended September 30, 2019, and total assets of €4,654.4 million as of September 30, 2019. Together, the Issuer and the Guarantors represented 90.9% of our consolidated EBITDA before special items in the nine months ended September 30, 2019 and held 84.6% of our consolidated total assets (excluding the receivables sold to the securitization special purpose vehicles under the Securitization Program) as of September 30, 2019. The obligations of each Guarantor will be subject to various limitations. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*."

The Guarantee from our Korean Subsidiary will be subject to the filing of a report by our Korean Subsidiary with the Bank of Korea. The Bank of Korea may request that our Korean Subsidiary submit such documents as may be necessary or desirable to determine whether to accept the report. This additional information can include financial statements of the Issuer, as the issuer of the principal debt obligation, as well as documentation demonstrating the commercial benefit of the transaction for our Korean Subsidiary. The Bank of Korea may require that the amount of the Guarantee be limited to the value of the corporate benefit received by our Korean Subsidiary. After submission of a report to the Bank of Korea, under normal circumstances it may take up to five business days for the Bank of Korea to grant its acceptance thereof. If the Bank of Korea does not accept the report, our Korean Subsidiary will not provide a

Guarantee even though it may still provide a guarantee under the New Term Loan B Facilities. Our Korean Subsidiary accounted for €41.2 million, or 7.1%, of our consolidated EBITDA before special items in the nine months ended September 30, 2019 and €222.5 million, or 5.2%, of our consolidated total assets (excluding the receivables sold to the securitization special purpose vehicles under the Securitization Program) as of September 30, 2019.

Our remaining subsidiaries will not guarantee the Notes. As of September 30, 2019, our non-Guarantor subsidiaries had € 143.7 million in total financial indebtedness, which ranked structurally senior to the Notes and the Guarantees, comprising €110.0 million in borrowings under the Securitization Program, €10.6 million of drawings under a working capital facility at our Indian subsidiary and € 23.1 million in lease liabilities at various non-Guarantor subsidiaries. Any additional debt that our non-Guarantor subsidiaries incur in accordance with the Indenture will rank structurally senior to the Notes and the Guarantees.

If there is an Event of Default under the Indenture, the holders of the Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes. Not all of our assets secure the Notes. To the extent that the claims of holders of the Notes exceed the value of the assets securing the Notes and other obligations, those claims will rank equally with the claims of holders of all other existing and future senior unsecured indebtedness ranking *pari passu* with the Notes. As a result, if the value of the assets pledged as security for the Notes is less than the value of the claims of the holders of the Notes, those claims may not be satisfied in full before the claims of certain unsecured creditors are paid. In addition, various limitations may become applicable to the obligations of the Guarantors and security providers, which could further reduce the extent to which holders of the Notes will be secured. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insovency Considerations*."

Your rights as a creditor may not be the same under relevant insolvency laws in Germany and other jurisdictions as under U.S. or other insolvency laws. Corporate benefit, capital maintenance and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees of the Notes and the security interests and will limit the amount that can be recovered under the Guarantees and the security interests granted by the Issuer and its subsidiaries.

The Issuer is incorporated under the laws of Germany. Some of the Guarantors and providers of (direct or indirect) security are incorporated or formed, as applicable, under the laws of Germany, Belgium, Canada, Mexico, Singapore, South Korea, Switzerland, England and Wales and certain states in the United States. Insolvency proceedings with respect to certain of these companies could be required to proceed under the laws of the jurisdiction in which it is registered or in which its "centre of main interests," as defined in Regulation (EU) No 848/2015 on Insolvency Proceedings, is situated at the time insolvency proceedings are commenced. The regulation will only apply in a European context. Although there is a rebuttable presumption that the "centre of main interests" will be in the jurisdiction where its registered office is situated, this presumption is not conclusive. Since the Issuer is incorporated, has its registered office and conducts the administration of its business in Germany, any insolvency proceedings against the Issuer are likely to be commenced in Germany based on German insolvency laws. The insolvency laws of Germany or other relevant jurisdictions may not be as favorable to your interests as those of the United States or another jurisdiction with which you may be familiar. Any multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations—European Union*."

The following discussion of fraudulent transfer, conveyance and insolvency law, although an overview, describes generally applicable terms and principles, which are defined under the relevant jurisdiction's guarantee limitation, fraudulent transfer and insolvency statutes.

Our obligations under the Notes are, subject to the terms of the Indenture, guaranteed and secured. See "*Description of the Notes.*" Each of the Guarantees and security interests, if any, may be subject to review under capital maintenance and corporate distribution laws and fraudulent transfer and conveyance laws of the relevant jurisdiction where the Issuer and each of the grantors of the Guarantees and security interests operates. In an insolvency proceeding, it is possible that creditors of the Guarantors and providers of security or the insolvency administrator may challenge the Guarantees and security interests as fraudulent transfers or conveyances, preferences, transfers at undervalue or otherwise voidable. If so, such laws may permit a court, if it makes certain findings, to:

- avoid or invalidate all or a portion of the Guarantors' obligations under the Guarantees or the security providers' obligations under the security agreements and/or the validity of such security;

- direct that holders of the Notes, the Trustee or the Security Agent, as relevant, return any amounts paid under a Guarantee or obtained from enforcement of a security interest to the relevant Guarantor or security provider or to a fund for the benefit of its creditors; and

- take other action that is detrimental to you.

If we cannot satisfy our obligations under the Notes and any Guarantee or security interest is found to be a fraudulent transfer or conveyance, preference, transfer at under value or otherwise voided because of other applicable insolvency laws in an insolvency case, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes. In addition, the liability of each Guarantor and security provider under the Indenture will (where applicable) be limited to the amount that will result in its Guarantee and security interest not constituting a fraudulent conveyance, preference, transfer at undervalue or improper corporate distribution, and there can be no assurance as to what standard a court would apply in making a determination of the maximum liability of each Guarantor and security provider.

Additionally, any future pledge of Collateral in favor of the Security Agent, including pursuant to security documents delivered after the date of the Indenture, might be avoidable by the pledgor (as debtor-in-possession) or by its trustee in bankruptcy or similar party if certain events or circumstances exist or occur, including, among others, if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the Notes to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within a legally specified "clawback" or hardening period, which in certain circumstances can be 90 days following the pledge or longer. For example, if certain Collateral were secured after the Issue Date and the grantor of such security interest were to become subject to a bankruptcy or winding up proceeding after the Issue Date, then any mortgage or security interest in Collateral delivered after the Issue Date would face a greater risk than security interests in place on the Issue Date of being avoided by the grantor or by its trustee, receiver, liquidator, administrator or similar authority, or otherwise set aside by a court, as a preference or transfer at undervalue under applicable insolvency law. To the extent that the grant of any security interest is voided, you would lose the benefit of the security interest. See "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Invsolvency Considerations*."

In addition, under the terms of the Indenture and the Term Loan B Facilities Agreement, we will be permitted in the future to incur additional indebtedness and other obligations that may share in the liens on the Collateral securing the Notes and the New Term Loan B Facilities and the liens on the collateral securing our other secured debt. The granting of new security interests may require the releasing and retaking of security or otherwise create new hardening periods in certain jurisdictions. The applicable hardening period for such newly extended security interests will run from the moment each newly extended security interest has been confirmed, granted or perfected. In the event the security interest as confirmed to specifically secure the Notes were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be ineffective or it may not be possible to enforce it. Further, certain security documents governing the security interests granted by the Guarantors will provide that the amounts guaranteed by such security interests will be limited to the extent of the amount guaranteed by such Guarantor or that can be distributed as dividend payments by such Guarantor at the time of enforcement of such security interests. Therefore, limitations in the Guarantees will also serve to limit the amounts guaranteed by the pledges of Collateral.

In the event that any one or more of the Issuer, the Guarantors, any future Guarantors, if any, or any other of our subsidiaries were to experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Guarantees and security provided by entities organized in jurisdictions not discussed in this offering memorandum are also subject to material limitations pursuant to their terms, by statute or otherwise. Any enforcement of the Guarantees or security after bankruptcy or an insolvency event in such other jurisdictions will be subject to the insolvency laws of the relevant entity's jurisdiction of organization or other jurisdictions. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the guarantees or the security in these jurisdictions and limit any amounts that you may receive.

A brief description of certain aspects of insolvency law in Germany, Belgium, Canada, Mexico, Singapore, South Korea, Switzerland, England and Wales and the United States is set forth under "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*."

Corporate benefit, capital maintenance laws and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees and the security interests over the Collateral.

The laws of Germany and certain other jurisdictions limit the ability of the Guarantors to guarantee debt of a related company or grant security on account of a related company's debts. These limitations arise under various provisions or principles of corporate law which include rules governing capital maintenance. In respect of German law, the stated share capital must not be repaid to the shareholders. In other jurisdictions, the risks associated with a Guarantee or grant of security on account of a parent or sister company's debt need to be reasonable and economically and operationally justified from the Guarantor's or grantor's perspective, as well as under thin capitalization, financial assistance and fraudulent transfer principles. If these limitations were not observed, the Guarantees and the grant of security by such Guarantors could be subject to legal challenge.

In these jurisdictions, the Indenture will (where applicable) contain language limiting the amount which can be enforced under the Guarantees so that applicable local law restrictions will not be violated. Certain of the security documents will contain similar limitations on the amounts enforceable thereunder. Accordingly, if you enforce the Guarantees by a Guarantor in one of these jurisdictions or seek to enforce a security interest in the Collateral granted by a Guarantor in one of these jurisdictions, your claims are likely (depending on applicable requirements or restrictions in each jurisdiction) to be limited. In some cases, including in Germany, where the amount that can be guaranteed or secured is limited by reference to the net assets and legal capital of the Guarantor or by reference to the amount of profits and reserves available for dividend distribution or outstanding debt owed by the relevant Guarantor to the Issuer under intercompany loans, that amount might have reached zero or close to zero at the time of any insolvency or enforcement. You might then not be able to enforce the respective Guarantees and security in part or in full. Furthermore, although we believe that the Guarantees by these Guarantors and the security interests granted by these Guarantors will be validly given in accordance with local law restrictions, there can be no assurance that a third-party creditor would not challenge these Guarantees and security interests and prevail in court. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*."

The enforceability of the Collateral may be adversely affected by the failure to perfect the security interests granted by our subsidiaries and other issues generally associated with the realization of security interests in the Collateral.

Enforceability of security interests in certain jurisdictions is subject to registration or other perfection steps or the payment of stamp duty or registration liabilities on the security documents. Such licensing, registration or other perfection requirements or payments will take some time to complete and will require discretionary government approval and/or the cooperation of the applicable Guarantors. Until such time as the licensing, registration or such other perfection step is effective or stamp duty or registration liabilities are paid, the relevant security interests may not be enforceable. Accordingly, we cannot assure you that we will be able to take such steps in a reasonable amount of time after the execution of the relevant security documents, if at all. Furthermore, if we become insolvent or are liquidated, or if our payment obligations under the Notes are accelerated and implementation of enforceable security interests in favor of the Notes has not occurred, the holders of the Notes will not be entitled to exercise the remedies otherwise available to a secured lender under applicable law with respect to the assets and capital stock of the subsidiaries.

The priority of the security interests in Canada may be adversely affected by the existence of any Canadian defined benefit pension plan wind up deficiency. Where a Canadian defined benefit pension plan sponsored or contributed to by the Canadian Guarantor is wound up (voluntarily by the Canadian Guarantor or by order of the applicable pension regulator in Canada) and where a wind up deficiency is identified in the wind up report prepared by the pension plan actuary in conjunction with the plan wind up, the amount of any wind-up deficiency may in certain circumstances take priority over security held by other creditors, including holders of the Notes. We cannot assure you that no steps will be taken by any person (including the Canadian Guarantor or the applicable pension plan regulator in Canada) to wind up or order the termination or wind-up of any Canadian defined benefit pension plan.

The liens in the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we fail or are unable, or the Security Agent fails or is unable, to take the actions we are or it is required, as the case may be, to take to perfect any of these liens. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at or promptly following the time such property and rights are acquired and identified.

The Trustee and the Security Agent will not monitor, or we may not comply with our obligations to inform the Trustee or the Security Agent of, any future acquisition of property and rights by us, and the necessary action may not be taken to properly perfect the security interest in such after-acquired property or rights. Such failure may result in the invalidity of the security interest in the Collateral or adversely affect the priority of the security interest in favor of the

Notes against third parties. Neither the Trustee nor the Security Agent has any obligation to monitor the acquisition of additional property or rights by us or the perfection of any security interest.

The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce the Collateral may be restricted by local law.

The security interests in the Collateral that will secure our obligations under the Notes and the obligations of the Guarantors under the Guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent. The Indenture will provide (along with the Intercreditor Agreement) that only the Security Agent has the right to enforce the Security Documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral, except through the Trustee, who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent in respect of the Collateral. By accepting a Note, you will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Notes will have limited remedies and recourse against us in the event of a default. See "*Description of Other Indebtedness—Intercreditor Agreement*."

Due to the laws and other jurisprudence governing the creation and perfection of security interests and enforceability of such security interests, it is necessary in certain jurisdictions, such as in Germany, South Korea and Switzerland, in order to grant Collateral to the Security Agent, that the Security Agent hold its own "parallel debt" claim ("**Parallel Debt**"). The Intercreditor Agreement provides for the creation of such a "parallel debt" claim in favor of the Security Agent mirroring the obligations of the Issuer and the Guarantors towards the holders of the Notes and the Trustee under or in connection with the Indenture and the Intercreditor Agreement ("**Principal Obligations**"). The pledges in such jurisdictions will be granted to the Security Agent as security for the Parallel Debt and will not directly secure the Principal Obligations. In respect of the security interest granted to secure the Parallel Debt, the holders of the Notes will not have direct security and will not be entitled to take enforcement actions in respect of such security except through the Security Agent. Therefore, the holders of the Notes will bear the risk of insolvency or bankruptcy of the Security Agent in relation to such Collateral. In addition, the Parallel Debt construct has not been tested under law in certain of these jurisdictions (including Germany, South Korea and Switzerland) and to the extent that the security interests in the Collateral created under the Parallel Debt construct are successfully challenged by other parties, the holders of the Notes will not receive any proceeds from an enforcement of such security interests. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*."

Since German law does not generally permit for an appropriation of pledged assets by the pledgee upon the occurrence of an enforcement event, an enforcement of a pledge governed by German law (such as, in particular, any pledges over shares in the Issuer or any German Guarantor) usually requires the sale of the relevant collateral through a formal disposal process involving a public auction. Certain waiting periods and notice requirements may apply to such disposal process. Thus, the disposal of pledged assets under German law will be subject to statutory restrictions and may be delayed.

Other creditors of German Guarantors or German grantors of Collateral may be able to commence foreclosure proceedings in relation to the Collateral.

Under German law it is unclear whether all of the security interests in the Collateral give the Security Agent a right to prevent other creditors of German Guarantors from foreclosing into and realizing the Collateral. Some courts have held that certain types of security interests only give their holders priority (according to their rank) in the distribution of any proceeds of such realization, but not an intervention right. Accordingly, the Security Agent and the holders of the Notes may not be able to avoid foreclosure by unsecured creditors into the Collateral, even if they consider such foreclosure untimely.

The Issuer and the Guarantors will have control over the Collateral, and the sale of particular assets could reduce the pool of assets securing the Notes.

The security documents will allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the Collateral securing the Notes. So long as no Default or Event of Default under the Indenture would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to the Collateral such as selling, factoring, abandoning or otherwise disposing of Collateral and making ordinary course cash payments, including repayments of indebtedness.

Holders of the Notes will not control certain decisions regarding the Collateral.

The Notes will be secured by the same Collateral that secures the Term Loan B Facilities Agreement. In addition, under the terms of the Indenture and the Term Loan B Facilities Agreement, we will be permitted in the future to incur additional indebtedness and other obligations that may share in the liens on the Collateral securing the Notes and the liens on the collateral securing our other secured debt.

The Intercreditor Agreement provides that a common security agent will serve as the Security Agent for the secured parties under the Term Loan B Facilities Agreement and the Indenture. The Security Agent will (subject to certain limited exceptions) act with respect to the Collateral only at the direction of creditors holding a simple majority of the aggregate amount of outstanding first-priority secured debt (including the Notes, any additional notes, the New Term Loan B Facilities, certain hedging liabilities and any other senior secured notes or credit facilities that are permitted to be incurred under the Indenture, provided that the representatives or creditors in respect thereof accede to the Intercreditor Agreement, but excluding certain cash management arrangements) and only such creditors will be able to instruct the Security Agent to enforce the security. No noteholder will have any separate right to enforce or to require the enforcement of the Collateral. See "*Description of Other Indebtedness—Intercreditor Agreement*." As a result, the holders of the Notes will not be able to force a sale of such Collateral or otherwise independently pursue the remedies of a secured creditor under the relevant security documents for so long as any amounts under any other first-priority senior secured debt (including the debt outstanding under the New Term Loan B Facilities and any other senior secured notes or debt that is permitted to be issued under the Indenture, provided that the trustees or lenders in respect thereof accede to, the Intercreditor Agreement) (with the exception of certain cash management arrangements) remains outstanding in an amount equal to or greater than 50% of the aggregate principal amount of the total first-priority senior secured debt (excluding certain cash management arrangements). The creditors under the New Term Loan B Facilities may have interests that are different from the interests of holders of the Notes and they may not elect to pursue their remedies under the security documents at a time when it would otherwise be advantageous for the holders of the Notes to do so.

In addition, if the Security Agent sells the shares of our subsidiaries that have been pledged as Collateral through an enforcement of their security interest in accordance with the Intercreditor Agreement, claims under the Guarantees of the Notes by such subsidiaries and the liens over the shares of such subsidiaries and any assets of such subsidiaries securing the Notes and the Guarantees may be released. See "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Description of the Notes—Security*."

It is possible that disputes may occur between the holders of the Notes and the lenders under the Term Loan B Facilities Agreement as to the appropriate manner of pursuing enforcement remedies with respect to the Collateral. In such an event, the holders of the Notes will be bound by any decisions of the creditors holding a simple majority of the aggregate amount of outstanding first-priority secured debt (including the Notes, any additional notes, the New Term Loan B Facilites, certain hedging liabilities and any other senior secured notes or credit facilities that is permitted to be issued under the Indenture, provided that the trustees or lenders in respect thereof accede to the Intercreditor Agreement, but excluding certain cash management arrangements), which may result in enforcement actions against the Collateral that are not approved by the holders of the Notes or that may be adverse to you. See "*Description of Other Indebtedness—Intercreditor Agreement*."

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Guarantees will be released automatically and under which the Guarantees will be released automatically, without your consent or the consent of the Trustee or Security Agent.

Under various circumstances, Collateral securing the Notes will be automatically and unconditionally released, including:

- in connection with any sale, assignment, transfer or other disposition of the property or assets (other than the capital stock of the Company) to a person that is not the Parent, a Parent Intermediate Holdco, the Company, the Issuer or a Restricted Subsidiary (as such terms are defined under "*Description of the Notes—Certain Definitions*"), if the sale or other disposition does not violate the requirements of the covenant set forth under the caption "*Description of the Notes—Certain Covenants—Limitation on Sale of Assets,*" or is otherwise permitted in accordance with the Indenture;

- if such Collateral is an asset of a Guarantor (other than the Parent, a Parent Intermediate Holdco or the Company) or any of its subsidiaries, in connection with any sale, assignment, transfer or other disposition of capital stock or limited liability company interests, as applicable, of that Guarantor or subsidiary (or the capital stock or limited liability company interests, as applicable, of any direct or indirect parent company of such Guarantor or subsidiary) to a person that is not the Parent, a Parent Intermediate Holdco, the Company, the Issuer or a Restricted Subsidiary that does not violate the requirements of the covenant set forth under the caption "*Description of the Notes—Certain Covenants—Limitation on Sale of Assets;*"

- in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the security document or the Intercreditor Agreement or any additional Intercreditor Agreement (which release shall be of the liens on the property and assets, and capital stock, of such Guarantor);

- if the Issuer designates any Restricted Subsidiary to be an "Unrestricted Subsidiary" in accordance with the applicable provisions of the Indenture (which release shall be of the liens on the property and assets, and capital stock, of such subsidiary);

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions "*Description of the Notes—Defeasance or Covenant Defeasance of Indenture*" and "*Description of the Notes—Satisfaction and Discharge*;"

- as described under the caption "*Description of the Notes—Modifications and Amendments*" and "*Description of the Notes—Certain Covenants—Limitation on Liens;*"

- in accordance with the Intercreditor Agreement;

- to release and/or retake any lien on any Collateral to the extent otherwise permitted by the terms of the Indenture, the security documents governing the Collateral or the Intercreditor Agreement or any additional intercreditor agreement;

- as described under the caption "*Description of the Notes—Certain Covenants—Consolidation, Merger, Sale of Assets*;"

- in connection with any Permitted Receivables Financing (as defined in "*Description of the Notes—Certain Definitions*"), to the extent such liens apply to receivables assets transferred in connection therewith;

- as described under the caption "*Description of the Notes—Certain Covenants—Limitation on Impairment of Security Interest*;"

- in the case of any Collateral (other than any Capital Stock in the Company), upon written notice by the Company to the Trustee and the Security Agent if such Collateral is intended to secure (A) Indebtedness incurred under certain finance lease obligations or purchase money obligations or other indebtedness of any Parent Obligor, the Company or any Restricted Subsidiary incurred for the purpose of financing all or any part of the acquisition, development, construction or improvement of real or personal, movable or immovable, property or assets (including Capital Stock) used or to be used in the business of the Company and its Restricted Subsidiaries, or any refinancing of any such indebtedness, or (B) indebtedness incurred under lines of credit, bilateral facilities, working capital or overdraft facilities or other operating facilities permitted to be incurred under the Indenture, provided that the fair market value of all the Collateral released since the Issue Date from Liens under this clause (excluding any portion thereof to the extent Liens thereon are subsequently granted in favor of the Security Agent, for the benefit of the Trustee and the holders of the Notes) does not exceed €30.0 million in the aggregate;

- in connection with certain inventory financing or similar arrangement (which release shall be of the Liens on the inventory and related assets transferred in connection therewith); and

- in connection with a Permitted Reorganization (as defined in "*Description of the Notes—Certain Definitions*").

Under various circumstances, Guarantees will be automatically and unconditionally released, including:

- with respect to a Subsidiary Guarantor, in connection with any sale, assignment, transfer or other disposition (including any transfer to certain joint ventures) of all or substantially all of the assets of such Subsidiary Guarantor (including by way of merger or consolidation) (including, for the avoidance of doubt, after giving effect to any substantially concurrent sales or other dispositions to the Issuer, a Guarantor or a Restricted Subsidiary) to a person that is not (either before or after giving effect to such transaction) the Issuer, a Guarantor or a Restricted Subsidiary, if the sale or other disposition does not violate the requirements of the covenant set forth under the caption "*Description of the Notes—Certain Covenants—Limitation on Sale of Assets*."

- with respect to a Subsidiary Guarantor, in connection with any other sale, assignment, transfer or other disposition (including any transfer to certain joint ventures) of all or substantially all of the capital stock or limited liability company interests, as applicable, (or the shares of any holding company of such Subsidiary Guarantor) of such Subsidiary Guarantor to a person that is not (either before or after giving effect to such transaction) the Issuer, a Guarantor or a Restricted Subsidiary, if the sale or other disposition does not violate the requirements of the covenant set forth under the caption "*Description of the Notes—Certain Covenants—Limitation on Sale of Assets*."

- with respect to a Subsidiary Guarantor, if the Issuer designates such Guarantor to be an "Unrestricted Subsidiary" in accordance with the applicable provisions of the Indenture;

- upon covenant defeasance as provided below under the caption "*Description of the Notes—Defeasance or Covenant Defeasance of Indenture*;"

- upon legal defeasance or satisfaction and discharge of the Indenture as provided below under the caption "*Description of the Notes—Defeasance or Covenant Defeasance of the Indenture*" and "*Description of the Notes—Satisfaction and Discharge*;"

- to the extent that such Guarantor is unconditionally released and discharged from its liability with respect to indebtedness in connection with which such Guarantee was executed pursuant to the covenant described under the caption "*Description of the Notes—Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*;"

- as described under the caption "*Description of the Notes—Consolidation, Merger, Sale of Assets*", "*Description of the Notes—Modifications and Amendments*" and "*Description of the Notes—Suspension of Covenants on Achievement of Investment Grade Status*";

- in connection with an enforcement sale pursuant to or other sales contemplated by the Intercreditor Agreement;

- with respect to any Subsidiary Guarantor, upon written notice from the Company to the Trustee, so long as no Event of Default has occurred and is continuing; *provided* that prior to or substantially concurrently with such release, such Subsidiary Guarantor is unconditionally released and discharged from its liabilities, if any, with respect to the Term Loan B Facilities Agreement; *provided further* that, after giving effect to such release, the Consolidated Adjusted EBITDA (as defined in the Term Loan B Facilities Agreement) of the Issuer and the Guarantors is at least 85% of the Consolidated Adjusted EBITDA of the Parent, the Company and its Restricted Subsidiaries and the consolidated total assets of the Issuer and the Guarantors is at least 85% of the consolidated total assets of the Parent and its Restricted Subsidiaries, in each case, calculated in accordance with, and in the manner provided by, and subject to the same exceptions as set forth in, the Term Loan B Facilities Agreement as in effect on the Issue Date (including (i) excluding the Consolidated Adjusted EBITDA and consolidated total assets of Restricted Subsidiaries organized under the laws of China, France and India, certain project finance subsidiaries and certain receivables subsidiaries (and any trade receivables that an subject to certain receivables financings), (ii) certain assets of parties to certain letter of credit facilities and the effect of interest income attributable to certain assets securing liabilities under such letter of credit facilities and (iii) certain inventory assets);

- at the option of the Issuer by notice to the Trustee, with respect to a Subsidiary Guarantor that is an "Immaterial Subsidiary," so long as no Event of Default has occurred and is continuing and such Subsidiary Guarantor does not guarantee any other credit facilities or public debt, after giving effect to such release; and

- in connection with a Permitted Reorganization.

The Guarantee from our Korean Subsidiary is subject to the acceptance by the Bank of Korea of its report thereof.

The Guarantee from our Korean Subsidiary is subject to the acceptance by the Bank of Korea of its report thereof. There can be no assurance that we will be successful in procuring the acceptance by the Bank of Korea of such report, or in procuring any additional guarantees within the time period specified or at all. Please see "*Description of the Notes—Brief Description of the Notes, the Guarantees and the Security—The Guarantees,*" "*Summary Corporate and Financing Structure—The Offering—Guarantees*" and "*Limitation on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Considerations*."

Any creditors with prior ranking liens will have prior access to proceeds of certain Collateral and your rights to enforce your security over the Collateral are limited.

To the extent that holders of other secured debt or third parties enjoy liens (including statutory liens) or other prior ranking security interests, whether or not permitted by the Indenture, such holders or third parties may have rights and remedies with respect to certain Collateral securing the Notes and the Guarantees that, if exercised, could reduce the proceeds available to satisfy the obligations under the Notes and the Guarantees. In addition, certain security interests will, as a matter of local law, be granted as junior ranking security interests in relation to the security granted in respect of the Existing Term Loan B Facilities. The existing first-ranking liens securing the Existing Term Loan B Facilities that were created under New York, Texas, Canadian, English, Swiss, Korean, Mexican and Singaporean law will remain in place and will extend to secure the Notes. In some jurisdictions, the Security Documents creating the existing first-ranking liens securing the Existing Term Loan B Facilities will be amended or confirmed (as applicable) to extend such liens to the Notes (or, certain of the German security, junior ranking security interests will be granted). The existing first-ranking liens securing the Existing Term Loan B Facilities that were created under English law, Singapore law, Swiss law and Mexican law will remain in place, and new liens over the same Collateral will be created or the security interests over the same Collateral will be confirmed and extended in these jurisdictions to secure the Notes; *provided* that in Mexico the amendment to the existing Liens for securing the Notes must also be registered in the share registry book of the Mexican Guarantor and before the Sole Registry of Movable Assets (*Registro Único de Garantías Mobiliarias*), respectively, to make the extended Lien effective against third parties. In these jurisdictions where new liens are created or existing first ranking liens securing the Existing Term Loan B Facilities will be confirmed and extended to secure the Notes without the consent of all secured parties under the Term Loan B Facilities Agreement, the ranking of these new liens relative to the existing liens will, as a matter of general law, depend on a number of factors, such as the nature of the liens, the order of creation of the liens, compliance with the jurisdiction’s perfection requirements with respect to the liens and the order of giving notices with respect to the liens, and accordingly without the Intercreditor Agreement, the new liens would be likely to rank after the existing liens. In certain jurisdictions where existing first-ranking liens are confirmed and extended to specifically also secure the Notes, new hardening periods could be created in respect of the Notes, and in Belgium where new liens are created securing the Term Loans and the Notes in respect of the Term Loans and the Notes. The applicable hardening period for such newly extended security interests will run from the moment each newly extended security interest has been confirmed, granted or perfected. In the event the security interest as confirmed to specifically secure the Notes were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be ineffective or it may not be possible to enforce it. Therefore, you may not be able to recover on such security interests or, in respect of security interests under German law, accessory security interests, because the beneficiaries of the senior ranking security interests will have a prior claim to all proceeds from the enforcement of the same, although the Intercreditor Agreement provides for certain *pari passu* rules of allocation agreed as between the parties to it. See the specific local law security interests described under “*Description of the Notes—Brief Description of the Notes, the Guarantees and the Security*,” “*Limitations on Validity and Enforceability of Guarantees and the Security Interests*” and “*Description of Other Indebtedness—Intercreditor Agreement*.”

We will not have the U.S. mortgage documents or any security documents in respect of the assets of the Subsequent Guarantors delivered at the Issue Date.

In order to ensure that each of the U.S. mortgage liens secures the obligations under the Notes, several of the mortgages already existing on the Issue Date may need to be amended and searches in the real property records where the owned U.S. real property is located may need to be conducted. There can be no assurance as of the Issue Date that, among other things, (i) the U.S. mortgages definitively secure the obligations under the Notes, (ii) the U.S. real property encumbered by each mortgage includes all of the relevant U.S. property that it was intended to include, (iii) we own the rights to the owned properties that we purport to own in each mortgage and that our title to such owned U.S. real property is not encumbered by liens not permitted by the Indenture and (iv) no encroachments, adverse possession claims, or other restrictions exist with respect to such owned U.S. real properties which could result in a material adverse effect on the value or utility of such owned U.S. real properties.

Moreover, the Notes will only be secured by the assets of the Mexican Subsidiary within 60 days after the Issue Date, and if the Bank of Korea does not accept our report, as discussed above, the Korean Subsidiary will not provide a Guarantee of the Notes and its assets will not secure the Notes or any Guarantee, even though it may still provide a guarantee under the New Term Loan B Facilities. If the Subsequent Guarantors are unable to grant security in respect of the Notes, the Collateral will be diminished.

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the notes as well as the ability of the Security Agent to realize or foreclose on such Collateral.

The security interests of the Security Agent are subject to practical problems generally associated with the realization of security interests in the Collateral securing the Notes. For example, the Security Agent may need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets and the value of the Collateral securing the notes may significantly decrease.

Furthermore, under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens in the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we or the Security Agent fails or is unable to take the actions we are or it is required, as the case may be, to take to perfect any of these liens.

In addition, our business requires a variety of national, state and local permits and licenses. The continued operation of properties that comprise part of the Collateral and which depend on the maintenance of such permits and licenses may be prohibited if we fail to maintain such permits and licenses. Our business is subject to regulations and permitting requirements and may be adversely affected if we are unable to comply with existing regulations or requirements or changes in applicable regulations or requirements. In the event of foreclosure, the transfer of such permits and licenses may be prohibited or may require us to incur significant cost and expense. Further, we cannot assure the holders of the Notes that the applicable governmental authorities will consent to the transfer of all such permits. If the regulatory approvals required for such transfers are not obtained or are delayed, the foreclosure may be delayed, a temporary shutdown of operations may result and the value of the Collateral may be significantly decreased.

The value of the Collateral securing the Notes and the Guarantees may not be sufficient to satisfy our obligations under the Notes or the Guarantees.

The Notes and the Guarantees will be secured by the Collateral. The Collateral will be subject to the Agreed Security Principles and limitations and restrictions imposed by local law. See "*Description of the Notes—Brief Description of the Notes, the Guarantees and the Security—Security*." The Agreed Security Principles provide that a Security Interest need not be created where, among other things, the Issuer determines in good faith that an enforceable Security Interest cannot be provided or the cost of providing such Security Interest is disproportionate to the benefit obtained. Consequently, there can be no assurance that particular assets will constitute Collateral or that a particular level of asset security will be achievable.

In addition to securing the Notes, the Collateral will also secure the New Term Loan B Facilities, certain hedging obligations and cash management obligations on a first-ranking basis. Furthermore, the Indenture will allow the incurrence of certain additional permitted indebtedness in the future that is secured by the Collateral. See "*Description of the Notes—Certain Covenants—Limitation on Liens*." The incurrence of any additional secured indebtedness, including first-lien indebtedness or liabilities, would reduce amounts payable to the holders of the Notes from the proceeds of any sale of the Collateral. In the event of an enforcement of the liens in respect of the Notes, the proceeds from the sale of the Collateral may not be sufficient to satisfy our obligations under the Notes or the obligations of the Guarantors under the Guarantees.

The value of the Collateral and the amount to be received upon a sale of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, the condition of the economies in which operations are located and the availability of buyers. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, the share pledges of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding. The Collateral is located in a number of countries, and the multi-jurisdictional nature of any foreclosure on the Collateral may limit the realizable value of the Collateral. The Collateral will be released in connection with an enforcement sale pursuant to the Intercreditor Agreement. If there is a complete or partial loss of any of the Collateral, the proceeds of any insurance we carry may not be sufficient to satisfy all of the secured obligations, including the Notes and the Guarantees. In addition, even if there is sufficient insurance coverage, if there is a total or partial loss of certain Collateral, there may be significant delays in obtaining replacement Collateral.

The value of the Collateral securing the Notes may not be sufficient to secure post-petition interest in the United States.

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against us in the United States, holders of the Notes will only be entitled to post-petition interest under the United States Bankruptcy Code to the extent that the value of their security interest in the Collateral is greater than their pre-bankruptcy claim. Holders of the Notes that have a security interest in Collateral with a value equal to or less than their pre-bankruptcy claim will not be entitled to post-petition interest under the United States Bankruptcy Code. No appraisal of the fair market value of the Collateral has been prepared in connection with this Offering and therefore the value of the noteholders' interest in the Collateral may not equal or exceed the principal amount of the Notes.

The interests of our principal shareholders and of the INEOS Group may conflict with your interests.

Messrs. Ratcliffe, Currie and Reece own INEOS Limited, our ultimate parent holding company. Mr. Ratcliffe controls INEOS Limited. Our controlling shareholder has power to elect all of the directors of our companies, to change their management, to approve any changes to their organizational documents, and to approve any acquisitions or dispositions. As a result, his actions can affect our strategic decisions, including the payment of dividends the size of which may change or increase from time to time and may not necessarily be in line with past practice, our legal and capital structure and our day to day operations. In addition, our principal shareholders may have an interest in pursuing acquisitions, divestitures or other transactions, including repurchases of our debt, on the open market or otherwise, that, in their judgment, could enhance their equity investment, even though these transactions might involve risks to you. In the event of a conflict of interest between you and our principal shareholders, their actions could affect our ability to meet our payment obligations to you.

Our relationship with the broader INEOS Group can also give rise to conflicts of interest. For example, we purchase a significant amount of our feedstock from INEOS. See "*Shareholders and Related Party Transactions—Related Party Transactions*." Conversely, INEOS retains other interests in certain styrenics businesses and assets, and the non-competition agreement among us and INEOS contains certain exceptions, such as the ability for INEOS to produce and sell ABS products from its plant in Addyston, USA. Furthermore, INEOS may have interests in pursuing acquisitions, divestitures or other transactions that, in its judgment, could enhance its equity investment or the interests of its affiliates, even though these transactions might involve risks to you as a noteholder. Through its control of the board of directors of the Parent and therefore also the Issuer, INEOS will have the ability to block strategic, legal and financial decisions applicable to us in order to protect the interests of the broader INEOS Group, which may have an adverse effect on our business.

Enforcing your rights as a noteholder or under the Guarantees across multiple jurisdictions may prove difficult.

The Notes were issued by the Issuer, which is a company incorporated under the laws of Germany, and will be guaranteed by the Guarantors, which are incorporated or organized or formed, as applicable, under the laws of Belgium, Canada, England and Wales, Germany, Mexico, Singapore, South Korea, Switzerland and certain states in the United States. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Belgium, Canada, Germany, Mexico, Singapore, South Korea, Switzerland and certain states in the United States. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the Notes and the Guarantees will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of the Guarantors' jurisdictions of organization may be materially different from, or in conflict with, each other and those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the Notes, the Guarantees and the security in those jurisdictions or limit any amounts that you may receive. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*" with respect to certain of the jurisdictions mentioned above.

The laws of certain of the jurisdictions in which the Guarantors are organized limit the ability of these entities to guarantee debt of, or provide security for, other companies. As a result, enforcement of a Guarantee or a security interest in certain jurisdictions may be subject to certain statutory limitations or defenses or to limitations contained in the terms of the Indenture and the security documents designed to ensure compliance with applicable statutory requirements. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*."

You may be unable to recover in civil proceedings for U.S. securities laws violations.

The Issuer is organized under the laws of Germany and most of the Guarantors are companies incorporated outside the United States. A majority of our directors and executive officers and the directors and officers of many of the Guarantors are non-residents of the United States and a majority of their assets are located outside the United States. As a result, although we and the Guarantors have submitted to the jurisdiction of certain New York courts in connection with any action under the U.S. securities laws, you may be unable to effect service of process within the United States upon us, the Guarantors or our or their respective directors and executive officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. We have also been informed that it is questionable whether certain non-U.S. courts (including the courts of Germany) would accept jurisdiction and impose civil liability if proceedings were commenced in such non-U.S. jurisdictions (including in the courts of Germany) predicated solely upon U.S. securities law. In addition, we cannot assure you that civil liabilities predicated upon the federal securities laws of the United States will be enforceable in Germany or the other jurisdictions in which the Guarantors are incorporated or formed, as applicable. See "*Service of Process and Enforcement of Judgments*."

The audit reports of PricewaterhouseCoopers LLP included in this offering memorandum include statements purporting to limit the persons that may rely on such reports and the opinions contained therein.

The audit reports of PwC in respect of the Group's consolidated financial statements as of and for each of the years ended December 31, 2018, 2017 and 2016, which are included in this offering memorandum, include statements purporting to limit PwC's duty of care in relation to such report and the financial statements to which it relates. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act or in a report filed under the Exchange Act. If a court were to give effect to such limiting language, the recourse that investors in the Notes may have against PwC (as the independent auditors for the relevant periods) based on its audit reports or the financial statements to which they relate could be limited.

You may face foreign exchange risks or adverse tax consequences by investing in the Notes denominated in foreign currencies.

The Notes will be denominated and payable in euro. If you measure your investment returns by reference to a currency other than the euro, investment in such Notes entails foreign currency exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency you use to measure your investment returns, caused by economic, political and other factors which affect exchange rates and over which we have no control. Depreciation of the euro against the currency by reference to which you measure your investment returns would cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. There may be tax consequences for you as a result of any foreign currency exchange gains or losses resulting from your investment in the Notes. You should consult your tax advisor concerning the tax consequences to you of acquiring, holding and disposing of the Notes. See "*Certain Tax Considerations—U.S. Federal Income Tax Considerations*."

We may not be able to repurchase the Notes upon a change of control.

Upon the occurrence of a change of control, we will be required to offer to repurchase all of the Notes in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase (a "**Change of Control Offer**"). See "*Description of the Notes—Purchase of Notes Upon a Change of Control*." We may not have sufficient funds at the time of any such event to make the required repurchases. Additionally, the Term Loan B Facilities Agreement and other future indebtedness may contain prohibitions of events that would constitute a change of control or would require such indebtedness to be repurchased upon a change of control. Moreover, the exercise by holders of the Notes of the right to require us to repurchase their respective Notes could cause a default under our existing or future indebtedness, even if the change of control itself does not result in a default under existing or future indebtedness, due to the financial effect of such repurchase on us. The source of funds for any repurchase required as a result of any such event will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets, sales of equity or funds provided by our subsidiaries. Sufficient funds may not be available at the time of any such events to make any required repurchases of the Notes tendered, and we cannot assure you that we would be able to obtain sufficient third party financing to make such repurchases. Our failure to repurchase or repay, as applicable, any or all of the Notes and the New Term Loan B Facilities would be an Event of Default under the Indenture and the Term Loan B Facility Agreement, respectively.

The change of control provisions contained in the Indenture may not protect you in the event of highly leveraged transactions and other important corporate events, including reorganizations, restructurings, recapitalizations, mergers or similar transactions that may adversely affect you, because these transactions may not involve a change in voting power or beneficial interest of the magnitude required to trigger the change of control provisions or, even if they do, may not constitute a "Change of Control" as defined in the Indenture.

Except as described under "*Description of the Notes—Purchase of Notes Upon a Change of Control*", the Indenture will not contain provisions that would require us to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "Change of Control" under the Indenture will include a disposition to any person of "all or substantially all" of the assets of the Company and its restricted subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Company and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

The definition of "Change of Control" in the Indenture will permit the sale of INEOS Styrolution to any other entity controlled by INEOS without triggering a Change of Control.

INEOS and its affiliates are "Permitted Holders" as such term is defined in "*Description of the Notes*." The sale or transfer of INEOS Styrolution to any other entity that is controlled by the Permitted Holders will not constitute a "Change of Control" as defined in the Indenture. Certain sales or transfers to third parties are also permitted by the Indenture. Accordingly, we will not be required to make a Change of Control offer following any such permitted transfer or sale. See "*Description of the Notes—Certain Definitions*."

Transfers of the Notes are restricted, which may adversely affect the value of the Notes.

The Notes are being offered and sold pursuant to an exemption from registration under the Securities Act and applicable state securities laws of the United States. The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws. Therefore, you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. The Notes and the Indenture will contain provisions that will restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other applicable exemptions from registration under the Securities Act and applicable state securities laws. In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than €100,000. Furthermore, we have not registered the Notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "*Notice to Investors*."

The Notes will initially be held in book-entry form, and therefore, you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream**").

Interests in the global notes representing the Notes will trade in book-entry form only, and the Notes in definitive registered form ("**Definitive Registered Notes**") will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners of the Notes. The common depositary for Euroclear and Clearstream, or its nominee, will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to The Bank of New York Mellon, London Branch, as Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to Euroclear and Clearstream, we, the Initial Purchasers, the Trustee, the Paying Agent, the Transfer Agent and the Registrar will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions by holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an Event of Default under the Indenture, unless and until Definitive Registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry, Delivery and Form*."

There is no established trading market for the Notes. If a market for the Notes does not develop, you may be unable to sell your Notes.

The Notes are a new issue of securities for which there is currently no established trading market. Accordingly, there can be no assurances as to the development or liquidity of any market for them, your ability to sell your Notes or the prices at which you would be able to sell your Notes. We have applied for admission listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market thereof. However, the Notes may not remain listed on that exchange. Although the Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable laws and regulations, they are not obligated to do so and may discontinue their market-making activities at any time at their sole discretion and without notice. As a result, an active trading market for the Notes may not develop or, if developed, may not continue.

The liquidity of the trading market in the Notes and the market price quoted for the Notes may be adversely affected by changes in the overall market for similar yield securities, interest rates, our financial performance or prospects or in the prospects for companies in our industry generally. Historically, the market for non-investment grade debt has been subject to substantial volatility, which could adversely affect the price at which you may sell your Notes. In addition, subsequent to their initial issuance, the Notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our operating performance and other factors.

Certain of our borrowings bear interest at floating rates that could rise significantly, increasing our interest cost and reducing cash flow.

A portion of our indebtedness, including borrowings under the New Term Loan B Facilities and drawings under the Securitization Program, bears interest per annum at rates equal to LIBOR and similar benchmarks, in each case adjusted periodically, plus a spread. These interest rates could rise significantly in the future, thereby increasing our interest expenses associated with these obligations, reducing our cash flow and hindering our ability to make payments on the Notes. Although we have the option to enter into certain interest rate hedging arrangements designed to fix a portion of these rates, there can be no assurance that we will do so or that hedging will be available or continue to be available on commercially reasonable terms.

Changes or uncertainty in respect of LIBOR or other interest rate benchmarks may affect our sources of funding.

Some of our sources of funding are linked to LIBOR. See "*Description of Other Indebtedness—Term Loan B Facilities Agreement*" and "*Description of Other Indebtedness—Securitization Program*". Various interest rate benchmarks (including LIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some reforms are already effective, including the EU Benchmarks Regulation (Regulation (EU) 2016/1011) (the "**Benchmarks Regulation**"), while others are still to be implemented. In addition, the sustainability of LIBOR has been questioned by the U.K. Financial Conduct Authority ("**FCA**") as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On July 27, 2017, the FCA announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR rates after 2021 (the "**FCA July Announcement**"). As of July 2019, the FCA expected LIBOR panels to disappear after 2021 and urged companies and firms to be able to run their business without LIBOR from this date and reduce the stock of "legacy" LIBOR contracts. In addition, on November 29, 2017, the Bank of England and the FCA announced an initiative to catalyze a broad transition to the Sterling Over Night Index Average rate ("**SONIA**") across sterling bond, loan and derivatives markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021 (the "**FCA November Announcement**" and, together with the FCA July Announcement, the "**FCA Announcements**"), which could cause benchmarks such as LIBOR to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. On April 23, 2018, the Bank of England took over administration of SONIA and issued a series of reforms as part of its implementation as a replacement to LIBOR. From April 2018, the Bank of England has been setting the interest rate benchmark using SONIA. It is not possible to predict the effect of the FCA Announcements, any changes in the methods pursuant to which the LIBOR rates are determined and any other reforms to LIBOR, including to the rules promulgated by the FCA in relation thereto, that will be enacted in the UK and elsewhere, which may adversely affect the loan and bond markets in respect of LIBOR-based debt instruments, or result in the phasing out of LIBOR as a reference rate for debt instruments. In addition, any changes announced by the FCA (including the FCA Announcements), ICE Benchmark Administration Limited as independent administrator of LIBOR or any other successor governance or oversight body, or future change adopted by such body, in the method pursuant to which the LIBOR rates are determined may result in a sudden or prolonged increase or decrease in the reported LIBOR rates.

More generally, any of the above matters or any other significant change to the setting or existence of LIBOR or other interest rate benchmarks could affect the ability of amounts available to us to meet our obligations under our sources of funding and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, our sources of funding, including our ability to make payments on the Notes. Changes in the manner of administration of LIBOR or other interest rate benchmarks could result in adjustment to the conditions applicable to our sources of funding or other consequences as relevant to our sources of funding including, without limitation, early redemption, discretionary valuation or other consequences. No assurance can be provided that relevant changes will not be made to LIBOR or any other relevant benchmark rate and/or that such benchmarks will continue to exist. Furthermore, under the Term Loan B Facilities Agreement, the administrative agent and the borrower are required to endeavor to establish an alternate rate of interest to LIBOR in certain circumstances such as when the administrative agent determines that LIBOR is not available or if the supervisor for the administrator of LIBOR or a governmental authority having jurisdiction over the administrative agent publicly announces a specific date after which LIBOR shall no longer be used for determining interest rates for loans denominated in the applicable currency.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A downgrade of our ratings could also affect our terms and conditions with our suppliers and require us in certain circumstances to post collateral or make prepayments on shipments. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Certain covenants may be suspended upon the occurrence of a change in the Company's ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of Baa3 or better by Moody's, a rating of BBB− or better by S&P, a rating of BBB− or better by Fitch or an equivalent rating by any other rating agency from at least two rating agencies and no Default or Event of Default has occurred and is continuing, then beginning that day and continuing until such time, if any, at which such Notes cease to have such ratings, certain covenants will cease to be applicable to such Notes. See "*Description of Notes—Certain Covenants—Suspension of covenants on achievement of investment grade status*." If these covenants were to cease to be applicable, the Restricted Group would be able to incur additional debt or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

THE TRANSACTIONS

On or about the Issue Date, the Issuer and its U.S. subsidiary, INEOS Styrolution US Holding LLC, will amend and restate the Term Loan B Facilities Agreement (the "**Amendment and Extension**"). The Term Loan B Facilities Agreement, as so amended and restated, will provide for the borrowing by the Issuer and INEOS Styrolution US Holding LLC of an aggregate principal amount of €450 million and $202 million, respectively, under the New Term Loan B Facilities that will mature on January 16, 2027. The Term Loan B Facilities Agreement will continue to be guaranteed on a senior secured basis by the Guarantors. The Term Loan B Facilities Agreement will continue to be secured on a first-ranking basis by the Collateral. The Term Loan B Facilities Agreement will continue to be governed by New York law. The terms of the First Lien Credit Facilities Agreement are described in greater detail in "*Description of Other Indebtedness—Term Loan B Facilities Agreement*."

The Offering and the Amendment and Extension are collectively referred to herein as the "**Transactions**."

We are carrying out the Transactions in order to extend the maturity of our borrowings under the Term Loan B Facilities Agreement, to repay certain borrowings under the Securitization Program, to pay a dividend to our shareholders and to raise funds for general corporate purposes, including for capital expenditures to support our growth strategy. See "*Use of Proceeds*" and "*Description of Other Indebtedness*".

USE OF PROCEEDS

The gross proceeds from the sale of the Notes will be €600.0 million and the gross proceeds from drawings under the New Term Loan B Facilities will be €634.8 million.

The gross proceeds from the Offering of the Notes and the amounts borrowed under the New Term Loan B Facilities will be used to (i) refinance the Existing Term Loan B Facilities, (ii) repay drawings under the Securitization Program in the amount of €100.0 million, (iii) make a cash distribution in the amount of €350.0 million to the Parent, which will in turn distribute such amount to INEOS Industries Holdings Limited, (iv) pay fees and expenses related to the Transactions and (v) for general corporate purposes, including capital expenditure projects in connection with our growth strategy.

Actual amounts may vary from estimated amounts depending on several factors, the actual closing dates of the Transactions and fluctuations in applicable exchange rates.

Sources	in € million	Uses	in € million
Notes offered hereby[(1)]............	600.0	Refinancing of Existing Term Loan B Facilities[(3)]..................	623.0
New Term Loan B Facilities[(2)].	634.8	Repayment of outstanding amounts under Securitization Program[(4)]................................	100.0
		Dividend to shareholder[(5)]........	350.0
		Estimated fees and expenses[(6)].	6.0
		Cash on balance sheet[(7)]..........	155.8
Total sources..........................	1,234.8	**Total uses**................................	1,234.8

(1) Represents the aggregate principal amount of the Notes offered hereby.

(2) Represents the aggregate principal amount of term loans outstanding under the New Term Loan B Facilities upon completion of the Amendment and Extension. The principal amount of the New Term Loan B Facilities denominated in U.S. dollars has been converted at a rate of $1.0948 per euro. Dollar-denominated New Term Loan B Facilities may vary based on exchange rates at the time of closing.

(3) Represents the principal amount of term loans outstanding under the Existing Term Loan B Facilities, which will be refinanced using amounts borrowed under the New Term Loan B Facilities. On December 31, 2019, we repaid €1.9 million principal amount of Existing Term Loan B Facilities. For purposes of this "*Use of Proceeds*" section, the principal amount of the outstanding Existing Term Loan B Facilities denominated in U.S. dollars has been converted at a rate of $1.0948 per euro.

(4) We intend to use €100.0 million of the proceeds to repay amounts drawn under the Securitization Program. As of December 31, 2019, we had drawn €190.0 million under the Securitization Program. See "*Description of Other Indebtedness—Securitization Program*".

(5) We intend to use €350.0 million of the proceeds to make a cash distribution to the Parent, which will in turn distribute such amount to INEOS Industries Holdings Limited, the direct shareholder of the Parent.

(6) Represents the estimated fees and expenses related to the Transactions, including underwriting fees and commissions, other financing fees, advisory fees and other transaction costs and professional fees.

(7) After taking into account the other uses of the proceeds from the Offering of the Notes and the borrowings under the New Term Loan B Facilities, we expect there to be approximately €155.8 million of cash proceeds remaining. We intend to use such amounts for general corporate purposes, including capital expenditure projects in connection with our growth strategy.

The proceeds from the sale of the Notes and from the amounts borrowed under the New Term Loan B Facilities will neither directly nor indirectly be used in Switzerland, in such a way as would be interpreted by the Swiss federal tax administration and/or Swiss courts as being detrimental for Swiss withholding tax purposes, at any time while the Notes are outstanding and during the term of the New Term Loan B Facilities.

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and capitalization (i) on a historical basis as of September 30, 2019, (ii) as adjusted to give effect to the Subsequent Finance Events as if they had occurred on September 30, 2019 and (iii) as further adjusted to give effect to the Transactions as if they occurred on September 30, 2019. This table should be read in conjunction with "*Presentation of Financial and Other Information*," "*Use of Proceeds*," "*The Transactions,*" "*Operating and Financial Review and Prospects*," "*Description of Other Indebtedness*," and the Consolidated Financial Statements and related notes thereto included elsewhere in this offering memorandum.

Actual amounts may vary from estimated amounts depending on several factors, including differences from our estimate of fees and expenses, fluctuations in cash and cash equivalents between September 30, 2019 and the Issue Date and fluctuations in applicable exchange rates.

	As of September 30, 2019	As of September 30, 2019	As of September 30, 2019
	Historical	As adjusted[7]	As further adjusted for the Transactions[8]
Cash and cash equivalents	288.8	255.3	411.1
Borrowings			
Existing Term Loan B Facilities[1]	624.9	623.0	—
Notes offered hereby[2]	—	—	600.0
New Term Loan B Facilities[3]	—	—	634.8
Securitization Program[4]	110.0	190.0	90.0
Other financing[5]	10.6	10.6	10.6
Leases under IFRS 16[6]	142.9	142.9	142.9
Total gross debt	888.4	966.5	1,478.3
Discounts and capitalized financing costs	(1.3)	(1.3)	(6.0)
Total financial indebtedness	887.1	965.2	1,472.3
Total equity	2,569.8	1,987.6	1,636.3
Total capitalization[9]	3,456.9	2,952.8	3,108.6

(1) Represents the principal amount of loans outstanding under our Term Loan B Facilities Agreement as of September 30, 2019, without giving effect to the Amendment and Extension.

(2) Reflects the aggregate principal amount of the Notes offered hereby.

(3) Represents the total €450 million and $202 million principal amounts outstanding under the New Term Loan B Facilities. Borrowings under the New Term Loan B Facilities, along with the proceeds from the Offering of the Notes, will be used to (i) refinance the Existing Term Loan B Facilities, (ii) repay drawings under the Securitization Program in the amount of €100.0 million, (iii) make a cash distribution in the amount of €350.0 million to the Parent, which will in turn distribute such amount to INEOS Industries Holdings Limited, (iv) pay fees and expenses related to the Transactions and (v) for general corporate purposes, including capital expenditure projects in connection with our growth strategy. See "*Use of Proceeds*".

(4) As of September 30, 2019, the Securitization Program had a total capacity of €450.0 million. Based on the number of receivables included in the program as of that date, we had a maximum borrowing limit of €298.7 million, out of which we had borrowed €110.0 million, which was classified in the line item "borrowings from asset securitizations". See Note 6 of our Unaudited Interim Condensed Consolidated Financial Statements, which are included elsewhere in this offering memorandum. As of December 31, 2019, we had borrowed €190.0 million under the Securitization Program as reflected in the "as adjusted" column. The maximum borrowing limit under the Securitization Program increases or decreases in accordance with the amount of outstanding customer invoices on any given day. Under the terms of the Securitization Program, certain of our subsidiaries sell eligible receivables to a consolidated special purpose entity, for which the Company acts as servicer. Financing is obtained from committed lenders or institutional buyers, which are known as conduit investors. The Securitization Program is subject to specific terms, and our failure to perform in accordance with these terms may result in the termination of the facility that provides liquidity to the program. See "*Description of Other Indebtedness*."

(5) Represents amounts outstanding under various working capital facilities, which were classified as "short term borrowings other". See Note 6 of our Unaudited Interim Condensed Consolidated Financial Statements, which are included elsewhere in this offering memorandum.

(6) Represents the lease liability we recognized under IFRS 16 as of September 30, 2019, which was classified in the line item "lease under IFRS 16 / IAS 17". See Note 6 of our Unaudited Interim Condensed Consolidated Financial Statements, which are included elsewhere in this offering memorandum. As of January 1, 2019, the Group adopted the IFRS 16 standard, pursuant to which a lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Previously, the Group recognized operating lease expense on a straight-line basis over the term of the lease, and recognized assets and

liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized. See "*Presentation of Financial and Other Information—Financial Information—IFRS 16—Leases*" and Note 2(a) to our Unaudited Condensed Consolidated Financial Statements elsewhere in this offering memorandum.

(7) As adjusted amounts represent amounts as of September 30, 2019, as adjusted to give effect to the Subsequent Finance Events. As adjusted amounts do not give effect to any other subsequent developments.

(8) Amounts as further adjusted for the Transactions represent amounts as of September 30, 2019, as adjusted to give effect to (i) the Subsequent Finance Events and (ii) the Transactions and the use of proceeds therefrom. See "*Use of Proceeds*".

(9) Total capitalization comprises total financial indebtedness and total equity.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following tables present our selected financial information of the Group for the periods and dates indicated. The summary financial information as of September 30, 2019 and for each of the nine month periods ended September 30, 2019 and September 30, 2018 is derived from the unaudited interim condensed consolidated financial statements of the Parent and its subsidiaries as of and for the nine months ended September 30, 2019 with unaudited comparative information for the nine months ended September 30, 2018, prepared in accordance with IAS 34 Interim Financial Reporting and included elsewhere in this offering memorandum. The summary financial information as of and for the year ended December 31, 2018 is derived from the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2018, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The summary financial information as of and for the year ended December 2017 is derived from the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2017, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The summary financial information as of and for the year ended December 2016 is derived from the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2016, prepared in accordance with IFRS and included elsewhere in this offering memorandum, with the exception of certain changes in presentation policies discussed below and indicated throughout this offering memorandum and should be read in conjunction with "Certain Definitions," "Presentation of Financial and Other Information," "Risk Factors," "Summary Historical Financial and Other Information," "Operating and Financial Review and Prospects," and our Consolidated Financial Statements and the notes thereto included elsewhere in this offering memorandum. Our Audited Consolidated Financial Statements were prepared in accordance with IFRS. Our Unaudited Interim Condensed Consolidated Financial Statements, which were prepared in accordance with IAS 34 Interim Financial Reporting, have not been audited. The information below is not necessarily indicative of the results of future operations.

During the periods under review in this offering memorandum, we have adopted certain accounting standards that may have an impact on the comparability of the financial information presented herein. This includes the adoption of IFRS 16—Leases, IFRS 15—Revenue from Contracts with Customers and IFRS 9—Financial Instruments. As a result, our Consolidated Financial Statements may not be directly comparable between periods. See "Presentation of Financial and Other Information".

During the year ended December 31, 2017 and in the course of aligning INEOS Group-wide accounting methods, we changed our presentation of expenses relating to logistics and supply chain costs and our presentation interest and other finance income received and paid. Expenses relating to logistics and supply chain costs were reclassified as cost of sales instead of selling and distribution expenses. Interest and other finance income received was reclassified as cash flows from investing activities and interest paid was reclassified as cash flows used in financing activities, whereas both items were previously classified as cash flows generated from operating activities. This change was applied retrospectively to the unaudited comparative financial information for the year ended December 31, 2016 contained in our 2017 Annual Consolidated Financial Statements. In this offering memorandum, we present figures for the year ended December 31, 2016 giving effect to such changes in presentation policies. See "Presentation of Financial and Other Information—Financial Information—Changes in presentation policies" and Note 1 to our 2017 Audited Consolidated Financial Statements included elsewhere in this offering memorandum.

Selected Consolidated Statement of Income Information

	For the year ended December 31,			For the nine months ended September 30,	
	2016	2017	2018[5]	2018	2019[6]
			(in €million)		
Revenue	**4,469.7**	**5,342.4**	**5,366.7**	**4,093.1**	**3,798.3**
Cost of sales	(3,506.6)[1]	(4,284.5)	(4,349.5)	(3,273.9)	(3,079.3)
Gross profit	**963.1[1]**	**1,057.9**	**1,017.2**	**819.2**	**719.0**
Selling and distribution expenses	(260.1)[1]	(280.6)	(280.7)	(207.6)	(220.4)
General and administrative expenses	(100.7)	(113.6)	(118.6)	(87.5)	(89.3)
Research and development expenses	(12.7)	(12.4)	(13.8)	(9.9)	(9.8)
Other operating income/(expenses), net	(13.8)	(44.9)	(0.5)	(2.2)	(3.7)
Profit from operating activities	**575.8**	**606.4**	**603.6**	**512.0**	**395.8**
Interest income	5.9	5.3	6.5	4.0	14.1
Interest expense	(120.3)	(54.2)	(46.0)	(28.8)	(27.8)
Exchange movements[7]	25.5	(49.6)	12.5	5.6	7.5
Income before income tax	**486.9**	**507.9**	**576.6**	**492.8**	**389.6**
Income tax expense	(109.8)	(14.8)	(124.1)	(108.4)	(86.0)
Net income	**377.1**	**493.1**	**452.5**	**384.4**	**303.6**

Selected Consolidated Statement of Cash Flows Information

	For the year ended December 31,			For the nine months ended September 30,	
	2016[2]	2017	2018[5]	2018	2019[6]
			(in €million)		
Net cash flows generated from / (used in)					
Operating activities	629.2	589.2	778.4	456.8	483.4
Investing activities	(119.9)	(243.4)	(171.3)	(106.4)	(755.9)
Financing activities	(682.3)	(360.9)	(337.3)	(241.6)	(7.2)

Selected Consolidated Statement of Financial Position Information

	As of December 31,			As of September 30,
	2016	2017	2018[5]	2019
			(in €million)	
Property, plant and equipment	933.3	888.5	942.7	1,240.1
Intangible assets and goodwill	1,549.2	1,463.9	1,415.2	1,400.8
Cash and cash equivalents	316.9	295.9	567.1	288.8
Total assets	3,917.2	3,978.5	4,139.9	4,654.4
Total equity[3]	1,577.2	1,926.8	2,241.8	2,569.8
Total financial indebtedness[4]	1,138.2	840.0	711.2	887.0

(1) As reported in the unaudited comparative information for the year ended December 31, 2016 contained in our 2017 Annual Consolidated Financial Statements. During the year ended December 31, 2017 and in the course of aligning INEOS Group-wide accounting methods, we changed our presentation of expenses relating to logistics and supply chain costs. Such expenses were reclassified as cost of sales instead of selling and distribution expenses. This change was applied retrospectively to the unaudited comparative financial information for the year ended December 31, 2016 contained in our 2017 Annual Consolidated Financial Statements. The reclassification effect was €42.6 million for the year ended December 31, 2016 and €41.0 million for the year ended December 31, 2017. See "*Presentation of Financial and Other Information—Financial Information—Changes in presentation policies*" and Note 1 to our 2017 Audited Consolidated Financial Statements included elsewhere in this offering memorandum.

(2) As reported in the unaudited comparative information for the year ended December 31, 2016 contained in our 2017 Annual Consolidated Financial Statements. During the year ended December 31, 2017 and in the course of aligning INEOS Group-wide accounting methods, we changed our presentation of interest and other finance income received and paid. Interest and other finance income received was reclassified as cash flows from investing activities and interest paid was reclassified as cash flows used in financing activities, whereas both items were previously classified as cash flows generated from operating activities. This change was applied retrospectively to the unaudited comparative financial information for the year ended December 31, 2016 contained in our 2017 Annual Consolidated Financial Statements. Due to this change, cash flows from operating activities increased by €40.2 million for the year ended December 31, 2017 (2016: €99.8 million). Cash flows from investing activities increased by €2.4 million for the year ended December 31, 2017 (2016: €7.4 million) and cash flows from financing activities decreased by €42.6 million for the year ended December 31, 2017 (2016: €107.2 million). See

"*Presentation of Financial and Other Information—Financial Information—Changes in presentation policies*" and Note 1 to our 2017 Audited Consolidated Financial Statements included elsewhere in this offering memorandum.

(3) Total equity includes non-controlling interests.

(4) Total financial indebtedness includes the amounts of unamortized discounts and capitalized financing costs. Under IFRS, debt issuance costs are deducted from the related debt amounts for the purposes of statement of financial position presentation and are amortized over the life of the debt. As of September 30, 2019, financial indebtedness also includes finance lease obligations as a result of the application of IFRS 16.

(5) The Group adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in our consolidated financial statements. Therefore, the financial information presented for each of the two years ended December 31, 2016 and 2017 may not be comparable to the financial information presented for the year ended December 31, 2018.

(6) The Group adopted IFRS 16 from January 1, 2019 using the modified retrospective approach pursuant to which the unaudited comparative financial information for the nine months ended September 30, 2018, included in the Unaudited Interim Condensed Consolidated Financial Statements, have not been restated.

(7) The "Exchange movements" line was previously referred to as "Other finance gain (loss), net" in both the 2016 Audited Consolidated Financial Statements and the 2017 Audited Consolidated Financial Statements.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion is based upon, and should be read in conjunction with, our Consolidated Financial Statements included elsewhere in this offering memorandum. The summary financial information as of September 30, 2019 and for each of the nine month periods ended September 30, 2019 and September 30, 2018 is derived from the unaudited interim condensed consolidated financial statements of the Parent and its subsidiaries as of and for the nine months ended September 30, 2019 with unaudited comparative information for the nine months ended September 30, 2018, prepared in accordance with IAS 34 Interim Financial Reporting and included elsewhere in this offering memorandum. The summary financial information as of and for the year ended December 31, 2018 is derived from the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2018, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The summary financial information as of and for the year ended December 2017 is derived from the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2017, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The summary financial information as of and for the year ended December 2016 is derived from the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2016, prepared in accordance with IFRS and included elsewhere in this offering memorandum, with the exception of certain changes in presentation policies discussed below and indicated throughout this offering memorandum. Our Audited Consolidated Financial Statements have been prepared in accordance with IFRS. Our Unaudited Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting and have not been audited.

During the periods under review in this offering memorandum, we have adopted certain accounting standards that may have an impact on the comparability of the financial information presented herein. This includes the adoption of IFRS 16—Leases, IFRS 15—Revenue from Contracts with Customers and IFRS 9—Financial Instruments. As a result, our Consolidated Financial Statements may not be directly comparable between periods. See "Presentation of Financial and Other Information".

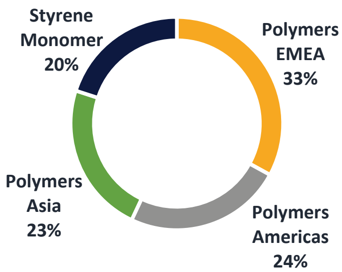
During the year ended December 31, 2017 and in the course of aligning INEOS Group-wide accounting methods, we changed our presentation of expenses relating to logistics and supply chain costs and our presentation interest and other finance income received and paid. Expenses relating to logistics and supply chain costs were reclassified as cost of sales instead of selling and distribution expenses. Interest and other finance income received was reclassified as cash flows from investing activities and interest paid was reclassified as cash flows used in financing activities, whereas both items were previously classified as cash flows generated from operating activities. This change was applied retrospectively to the unaudited comparative financial information for the year ended December 31, 2016 contained in our 2017 Annual Consolidated Financial Statements. In this offering memorandum, we present figures for the year ended December 31, 2016 giving effect to such changes in presentation policies. See "Presentation of Financial and Other Information—Financial Information—Changes in presentation policies" and Note 1 to our 2017 Audited Consolidated Financial Statements included elsewhere in this offering memorandum.

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. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this offering memorandum, particularly in "Risk Factors" and "Forward-Looking Statements."

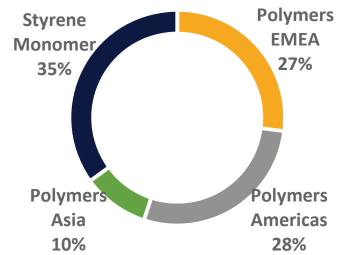
Overview

We are a leading global producer, marketer and merchant seller of styrenics, which is the basis for a wide range of chemical processes and products. According to Nexant, we were the second largest global producer of SM in 2019, with an estimated share of global production capacity of 6%, and the largest global producer of PS, with an estimated share of global production capacity of 15%. We were also the third largest global producer of ABS, with an estimated share of global production capacity of 11% according to Nexant, and the largest global producer of Specialties based on management estimates. In the year ended December 31, 2018, we generated revenue of €5,366.7 million, EBITDA before special items of €812.8 million and EBITDA before special items margin of 15.1%. In the nine months ended September 30, 2019, we generated revenue of €3,798.3 million, EBITDA before special items of €580.8 million and EBITDA before special items margin of 15.3%.

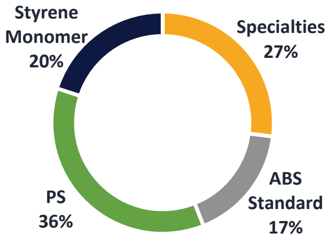
Revenue by segment (2018) €5,367 million



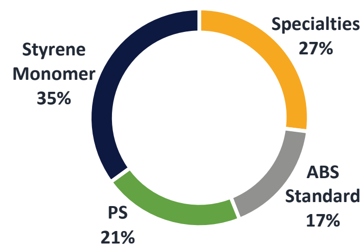
EBITDA before special items by segment (2018) €813 million



Revenue by product group (2018) €5,367 million



EBITDA before special items by product group (2018) €813 million



Source: Company information.

We operate our business through four segments: Polymers EMEA, Polymers Americas, Polymers Asia and Styrene Monomer. In the year ended December 31, 2018, our Polymers EMEA segment accounted for €1,780.2 million, or 33.2%, of our revenue and €214.1 million, or 26.3%, of our EBITDA before special items. In the year ended December 31, 2018, our Polymers Americas segment accounted for €1,305.6 million, or 24.3%, of our revenue and €228.4 million, or 28.1%, of our EBITDA before special items, our Polymers Asia segment accounted for €1,234.0 million, or 23.0%, of our revenue and €82.8 million, or 10.2%, of our EBITDA before special items and our Styrene Monomer segment accounted for €1,046.9 million, or 19.5%, of our revenue and €287.5 million, or 35.4%, of our EBITDA before special items.

Our product groups are Styrene Monomer, PS (including revenues not otherwise allocated to a product group, including from site services provided by the Group as a host to third parties), ABS Standard and Specialties, which, in the year ended December 31, 2018, accounted for 19.5%, 35.9%, 17.2% and 27.4% of our total revenue and 35.4%, 21.3%, 16.5% and 26.8% of our total EBITDA before special items, respectively. Our product range consists of over 1,500 items with over 2,000 applications across various industries like electronics, healthcare, household, automotive, construction and packaging. As of September 30, 2019, we held approximately 1,000 active patents and patent applications and approximately 1,000 trademark registrations globally, reflecting our wide product range and more than 100 years of combined industry experience from our heritage businesses.

Our products are broadly organized in two categories: (i) commodity (SM) and standard (PS and ABS Standard) products and (ii) Specialties (ABS Specialty and copolymers). For commodity and standard products, we believe that we run a lean and cost-efficient setup with relatively few grades (or products), low complexity and limited technical service, but with a clear focus on high delivery reliability, short lead times and product quality consistency. Conversely, in our Specialties business, the primary focus is on providing a high level of customization, application innovation and technical support designed to generate additional value for customers, particularly in our focus high-growth industries (*i.e.*, electronics, healthcare, household, automotive and construction), for which we believe our Specialties offer a unique value proposition. We regularly pursue close R&D cooperation with customers and the majority of our R&D spending relates to our Specialties.

We benefit from the cost advantages of operating large-scale, integrated facilities strategically located near major transportation facilities and customer locations, including the largest chemical production site in Europe at Antwerp, Belgium, and the largest single production line styrene plant in the world at Bayport (Texas), United States. We have made significant investments in all our facilities, amounting to approximately €100 million annually in each period presented in this offering memorandum, with particular emphasis on Antwerp, Ludwigshafen, Wingles, our Indian facilities, Map Ta Phut, Altamira, Ulsan, Bayport and Texas City, as well as several R&D sites. We believe these investments allow us to operate at lower cost and higher utilization rates than most of our competitors, and help us maintain positive margins and cash flows even during industry downturns or periods of decreased customer demand.

We are led by a highly experienced management team with, on a combined basis, over 150 years of experience in the petrochemical industry. The management team has devised a long-term "Triple Shift" strategy focused on profitable growth, resilience and sustainability of EBITDA before special items margins. The key pillars of the Triple Shift strategy are:

1. Continue increasing our exposure to high-growth customer industries, so-called focus industries, with potential for product differentiation, namely (i) electronics, (ii) healthcare, (iii) household, (iv) automotive and (v) construction. In the nine months ended September 30, 2019, customers in our focus industries accounted for approximately 50% of our Specialties and ABS Standard revenue.

2. Seek to meet the demands of our five focus industries by emphasizing development of, and increasing our scale in, our high-margin Specialties and ABS Standard grades.

3. Seek to capture above-average growth dynamics in faster-growing emerging markets by expanding our presence beyond our existing footholds in, *e.g.*, China and India outwards, in Asia and in the Americas, in Specialties businesses and in our focus industries.

In line with our Triple Shift growth strategy, we have expanded our asset footprint and acquired the K-Resin Business with a production asset in Yeosu, South Korea from CPChem and Daelim in 2016, as well as two PS sites in China (Ningbo and Foshan) and the corresponding PS Business from Total in 2018. The K-Resin Business helped strengthen our global and particularly Asian position in medical and specialty packaging applications and the PS business in China opened the door to household and electronics customers in domestic China.

The principal raw materials and feedstocks for our business are ethylene, benzene, butadiene, acrylonitrile, styrene and energy. The costs of these feedstocks are principally driven by the price of crude oil and natural gas and the availability of crackers.

Key Performance Indicators

EBITDA before special items

We consider EBITDA before special items to be the most important key performance indicator of our business. EBITDA before special items is used by management as an indicator of our profitability and also our cash generation. Although EBITDA before special items should not be considered a substitute measure for profit and net cash flow from operating activities, we believe that it provides useful information regarding our ability to meet future debt service requirements. In general in our reporting, and in the period presented in this offering memorandum, we do not adjust our EBITDA before special items for any effects related to operating activities. In particular, we do not adjust for feedstock price movements.

EBITDA before special items represents net income before income tax expense, interest expense, exchange movements, depreciation and amortization and special items. Special items refer to gain and loss on the sale of property, plant and equipment and certain costs and benefits outside the usual course of business, which are expected to be non-recurring. Special items must meet the criteria set in the INEOS Group accounting manual.

Aside from loss on the sale of property, plant and equipment, there are no special items recognized for 2018 or 2019. Special items in 2017 mainly related to loss on the sale of property, plant and equipment and provisions we recognized relating to our liabilities to our previous shareholder BASF under prior legal agreements, pursuant to which we transfer amounts equivalent to certain realized tax benefits to BASF. Special items in 2016 were mainly related to restructuring costs and property transfer taxes related to the Reorganization and our Ludwigshafen facility.

Gross profit

We do not consider revenue to be a key performance indicator for our business, as revenue can fluctuate heavily along with feedstock prices. Instead, we focus on margins and volumes. For our PS and ABS Standard businesses, we contract only with customers who agree to buy products at prices that preserve our target margins. As a result, we focus more on profitability than on volumes. For our Specialties business, we focus on highly customized products that respond to the specific needs of individual customers. Sales of Specialties products generally yield higher margins than sales of our commodity and standard products and we seek to increase volumes in this business. We sell certain certain ABS products under a distribution agreement on behalf of INEOS ABS (USA) LLC, which is not a member of the Group. We recognize the distribution fee we earn on such sales in revenue and the associated costs under selling and distribution expenses.

Due to our pass-through pricing mechanisms, our gross profit margin may fluctuate with revenue. Our gross profit as a percentage of revenue varies as raw materials costs are passed through to our customers, but margins are based on the supply and demand balance of the business.

We monitor margins on multiple levels and at multiple time intervals. In particular, we focus on two key margin components: (i) margins resulting from the difference between our products' sales price and feedstock prices at the time of sale ("**market margin**") and (ii) margins resulting from the effect of feedstock price movements over time, which we refer to as the 'cost of sales adjustment effect' (the "**COSA effect**").

- *Market margin.* We negotiate our sales prices on a daily, monthly or quarterly basis. An important driver of our sales prices is the price of underlying feedstock. The negotiated difference between our sales prices and the market feedstock prices at the time of a transaction is the market margin.

- *COSA effect.* The effect resulting from products being sold with feedstock bought in earlier months is the COSA effect. When feedstock prices are on the rise, our gross profit increases, as pre-existing inventory (bought at lower prices) is sold at high sales prices. We call this positive COSA. The opposite effect occurs when feedstock prices decrease, resulting in what we call negative COSA.

Cash management

We consider cash management to be a key performance indicator for our business. We manage cash on a daily basis and we review debt levels frequently. The main drivers of cash movements are profitability, working capital and capital expenditures. While we aim to maximize profitability and minimize working capital requirements over the long term, management of market volatility requires flexibility. The prices of feedstock we use in our production are amongst the most volatile ones in the petrochemical industry. For example, benzene prices can fluctuate significantly as a result of market supply and demand dynamics. We negotiate most of our feedstock prices on a monthly basis, but we also purchase some feedstock based on daily spot prices when we need to or consider it more beneficial.

In our industry, profitability is correlated with working capital requirements. When feedstock prices increase, we require more working capital. Increasing feedstock prices also increase our profitability as pre-existing inventory (bought at lower prices) is sold at higher sales prices. However, this short-term improvement in profitability usually comes with negative operating cash flow. Conversely, when feedstock prices decrease, working capital requirements also decrease, along with profitability. In the medium to long term, high profitability increases cash. In addition to managing our working capital, we aim to sustain long-term profitability by investing substantial amounts of capital in the maintenance, improvement and growth of our asset base.

Key Factors Affecting Our Business

Our results from operations are driven by a combination of factors affecting the SM and polymers markets generally. The main factors are general economic conditions, prices of raw materials, global supply and demand for our products and environmental legislation. Our results from operations are also impacted by company-specific structural and operational factors. Set forth below is an overview of the key drivers that have affected the historical results of operations, and are expected to affect our future results from operations.

Supply and demand

Margins for our commodities business are strongly influenced by industry utilization rates of production facilities. In contrast, the impact of supply and demand on our Specialties business is much less profound and margins tend to be more stable.

Historically, the correlation between utilization rates, commodity and standard product prices and margins has been highly cyclical due to fluctuations in supply resulting from the timing of producers' new investments in capacity and general economic conditions affecting the relative strength or weakness of demand. On the supply side, generally, producers are more likely to add capacity in periods when current or expected future demand is strong and margins are, or are expected to be, high. However, investments in new capacity can result, and in the past frequently have resulted, in overcapacity, which typically leads to a decrease in margins. In response, producers typically reduce capacity or limit further capacity additions, eventually causing the market to be relatively undersupplied.

On the demand side, global macroeconomic uncertainties can cause material weakening and have a negative impact on demand and margins. After several years of higher mid-cycle and top of cycle trading conditions, the styrenics industry was adversely affected by the reduction in global economic growth in 2019. The main reasons were U.S. trade regulation policies, weaker China growth and reduced demand from the automotive industry. We expect the current situation to stabilize in the next 18 to 24 months. We currently expect a recovery will come in the short- to medium-term, but this will depend, to a large extent, on demand growth, which in turn is dependent on the timing, speed and magnitude of the global macro-economic recovery. See "*—Industry and Market Overview*." We believe this will to lead to a gradual tightening of the supply and demand balance for SM and ABS Standard products, with corresponding improvements in margins.

In addition to the global styrenics cycle, margins are also susceptible to potentially significant swings in the short term. This volatility, which may be global or isolated in individual regions, can be caused by a number of factors. These factors include fluctuations in utilization rates due to planned or unplanned facility outages, political and economic conditions driving rapid changes in prices for key feedstock, exchange rate fluctuations and changes in inventory management policies by styrenics customers (such as inventory building or de-stocking in periods of expected price increases).

Each plant has a nameplate capacity or maximum potential capacity. To determine the effective capacity of a plant, its nameplate capacity is corrected for availability factors such as planned shutdown, product mix effects and quality control. Final prime production compared to effective capacity is the utilization rate of a line or a plant. Supply and demand determine the utilization rates and margins positively correlate to utilization. We believe that an industry utlization rate for commodity products of at least 75% provides a solid base for our organization.

Asset utilization and cost reduction

Our results of operations are materially influenced by the degree to which we utilize our assets in order to achieve maximum production volumes. As a low-cost producer, we aim to operate our facilities at full capacity. We believe this allows us to maintain positive margins and cash flows, even during downturns in industry cycles or customer demand, more readily than competitors with higher production costs. We also aim to achieve optimized product sourcing.

Since our formation in 2011, we have integrated our asset footprint to maximize Group synergies. We have focused on implementing our synergies to reduce fixed and variable costs, in addition to other expenses. In particular, we have aimed to shut down inefficient assets, in-source functions and optimize sourcing, supply chain and management structures. Since 2014, we have implemented cost control initiatives at each of our production, sales and service facilities. The initiative made costs transparent, created ownership and responsibility and set a base line for the future operation. By the year ended December 31, 2019, a large majority of our operations have completed the initiative.

We also aim to improve the availability of our assets by minimizing planned and unplanned facility downtime and by debottlenecking projects at our plants. For example, the number and length of turnarounds (scheduled outages of a unit in order to perform required inspections and testing to comply with industry regulations and to permit us to carry out any maintenance activities that may be necessary) carried out in any given period can impact operating results. When possible, we seek to schedule the timing of turnarounds to coincide with periods of relatively low demand for the products of the relevant units. SM facilities typically undergo major turnarounds every three to five years, with each turnaround lasting four to six weeks. Turnarounds for polymers units are more frequent, typically every one to two years and generally last only seven to 10 days. We expect a planned turnaround of approximately six weeks at our Texas City, Texas, United States, and Antwerp, Belgium, facilities in the first and third quarters of 2020, respectively, to adversely affect our operating results for the period as compared to the same period in 2019.

Planned or unplanned outages of our competitors can positively affect our operating results by decreasing the supply of products in the market. Conversely, unplanned outages at our facilities can also impact our operating results and can give our competitors a temporary competitive advantage. In case material outages occurs, we have insurance coverages in place to reduce the financial impacts. The causes of plant outages, including *force majeure* events, are studied and measures have been implemented to help prevent recurrences and other incidents.

For example, we had to declare an event of *force majeure* relating to our Luran® SAN product on October 17, 2016, after a large chemical explosion occurred at BASF's Germany site in Ludwigshafen. The explosion occurred along the pipelines that connect BASF's harbor to the Rhine River, which carried ethylene and propylene. The explosion and the fire happened along the pipelines that connect BASF's harbor to the Rhine River, which carried ethylene and propylene. The explosion caused BASF to shut down 20 facilities and led to multiple fires at multiple points down the pipeline, damaging further product and supply lines. As a result of the explosion, we were unable to use our AMS tank in the harbor for several weeks because the relevant authorities put all operations at the harbor on hold for safety reasons and to repair pipeline damage. We were therefore forced to rely on alternative supply solutions. Furthermore, SM-related raw material supply from BASF was limited over several months, forcing us to find alternative supply solutions to mitigate the impact of the shortage. This *force majeure* declaration remained in effect for more than one year, during which time we had to secure alternative feedstock supplies on a monthly basis, engage with our customers to manage order visibility and engage in extensive repair work to the styrene supply infrastructure in Ludwigshafen.

Unforeseen transportation interruptions can also impact our operating results. For example, on September 5, 2017, we declared an event of *force majeure* with respect to PS and Terluran ABS deliveries to Italy and Switzerland after the rail tracks at Rastatt, Germany, were severely damaged due to tunnel construction work and rail traffic on such route was stopped. Almost all of our cargo shipments from our European production sites to customers located in Italy and Switzerland are shipped via rail on the route through Rastatt, Germany, and as a result our shipments of PS and Terluran ABS products to customers located in such countries were severely curtailed for approximately two months.

Feedstock price movements

Feedstock costs are a significant component of the operating costs of our styrenics business. The costs of the feedstock (benzene, ethylene, butadiene and acrylonitrile) we require to make our styrenics products are volatile and principally driven by the price of crude oil and natural gas and the availability of crackers. It is important for us to pass on price increases for feedstock prices to our customers. We aim to reduce the time lags from repricing intervals of our contracts with suppliers and customers, particularly in the SM and PS businesses. While most of our feedstock contracts reprice daily or monthly, our contracts with customers generally reprice on a daily, monthly or quarterly basis.

In the PS and ABS Standard business, it is common to work with monthly sales pricing. This allows us to pass on feedstock price increases and decreases on a monthly basis. The Specialties business mainly has price adaptation on quarterly basis, as our customers prefer to have stable pricing throughout the year. The price adjustment depends on the market supply and demand status at the time of negotiation. The price elasticity is the highest in PS, followed by ABS. Specialty prices are the least sensitive to the supply and demand effects.

In the SM market, various price arrangements are used. The most common pricing mechanisms are contract pricing, spot pricing and cost-plus contracts. Spot prices are settled on a daily basis, contract prices on a monthly basis and cost-plus contracts on an annual basis, using the feedstock price plus a service mark-up. INEOS Styrolution applies all three pricing models in its sales portfolio. When styrene and related raw materials are purchased, we acquire these either on a monthly contract or spot basis.

A limitation is that many of our customers take advantage of fluctuating prices by building inventories when they expect product prices to increase and reducing inventories when they expect prices to decrease. The effect of these time lags and our customers' inventory management policies on our ability to pass through feedstock price increases is magnified in periods of high volatility. In addition, changes in feedstock have a direct impact on our working capital levels. In general, increases in feedstock prices lead to an increase in our working capital and decreases in feedstock prices lead to a decrease in our working capital.

Product and geographical mix

Our margins are affected by the mix of products that we sell in a given period. As a general rule, we achieve higher margins from sales of our Specialties than from sales of our commodity and standard products, although margins on our commodity and standard products fluctuate more significantly and, as a result, can also reach higher levels depending on the stage of the cycle (as, *e.g.*, the margins of our ABS Standard products in 2017 and 2018 increased due to top-of-cycle conditions). Our EBITDA before special items margin for Specialties was 14.8% in 2018 (2017: 17.7%), compared to 14.6% for ABS Standard (2017: 16.4%) and 9.0% for PS (2017: 10.6%).

Additionally, our results are affected by the countries in which we are able to produce and sell the largest proportion of our products. We expect to achieve higher results if we increase our market shares in emerging markets, which generally experience higher growth rates than mature European and North American markets. However, in 2018, regional margins remained primarily driven by product mixes, with mature regions in which we have our strongest Specialties presence being the most profitable due to higher demand in general and for differentiated products in particular. Polymers Americas achieved the highest EBITDA before special items margin in 2018 (17.5%) as this segment benefits from favorable feedstock and utility pricing in the United States, which translates into higher polymer margins. The EBITDA before special items of Polymers Americas was followed by Polymers EMEA (12.0%), which is the region with our largest Specialties business. The EBITDA before special items margin in Polymers Asia in 2018 was the lowest among our regions (6.7%), as it has the lowest relative share in Specialties of the three regions. We do not consider the EBITDA before special items margin for Styrene Monomer in making such comparisons because the majority of our SM is produced for captive use, and as a result the external revenue and EBITDA before special items margin of Styrene Monomer is subject to volatility and not directly comparable to our other product groups and segments.

Capital expenditures

We invest substantial amounts in the maintenance, improvement and growth of our asset base. We estimate that between €80 million and €120 million of our capital expenditure relates to turnarounds, maintenance, legal, compliance and essential SHE matters. We believe strategic capital expenditure can help maintain our long-term profitability. We apply strict measures based on internal rates of return and payback periods for the multiple approval gates of our expansion projects. In general, we target payback periods of less than three years for small- and medium-size projects, while certain strategic long-term projects can have targeted payback periods of up to seven years. Our most important capital expenditure projects are as follows.

- The building of a new 100k MT ASA production site in Bayport, Texas, United States, to further expand the Specialties products availability in the Americas. The project will also include the use of our swing ASA/ABS line in Altamira, Mexico, which currently produces 45k MT ASA annually, to produce ABS exclusively, resulting in a net increase of 55k MT ASA capacity and 70k MT ABS capacity. This project is expected to be completed in the fourth quarter of 2021 and we expect it to represent a total investment of approximately $450 million since construction start in 2019 through to completion.

- The building of 600k MT new ABS Standard capacity in Ningbo, China, adjacent to the existing PS site in Ningbo, to further improve our ABS Standard position in inland China and create a manufacturing footprint for the Group in the largest ABS market in the world. Construction is expected to start in 2020 and is expected to be completed the second half of 2023. The overall investment cost is expected to amount to approximately $760 million, which is planned to be phased over four years, with the bulk of capital expenditure expected to be spent in 2021 and 2022.

- The conversion of a PS line to a 46k MT mass ABS line in Wingles, France. This project line follows our strategy to invest in ABS Standard and Specialties capacity. The project is expected to be completed in the second quarter of 2020 and is expected to represent a total investment of approximately $40 million since construction start in 2019 through to completion.

- The creation of an additional 60k MT of SM production capacity at our Antwerp, Belgium facility, to internally source our polymer business. This project is expected to be completed in the third quarter of 2020 and is expected to represent a total investment of approximately €50 million since construction start in 2019 through to completion.

- The building of new compounding lines in Moxi, India. These compounding lines have increased our compounding capacity to 100k MT and will allow us to grow with the Indian demand. The project was completed in the fourth quarter of 2019.

In addition to such capital expenditure projects, we are currently exploring potential projects to increase our SM capacity in the United States by 850k MT and our rubber capacity in India by 54k MT. Both such projects are currently under study, and no decision has been made on whether to proceed with them.

Debt structure

As of September 30, 2019, we had €599.5 million of net debt, compared to €145.6 million as of December 31, 2018 (€277.9 million when adjusted to reflect the treatment of lease liabilities under IFRS 16). Our future income before income tax, and in particular our interest expense, will be affected by the amount of indebtedness we carry, including the interest we pay on our indebtedness. The servicing of this indebtedness will impact, among other things, our cash flows and our cash balance.

Foreign exchange rate fluctuations

Our results of operations may be affected by both the transaction effects and translation effects of foreign currency exchange rate fluctuations. A substantial portion of our revenue is generated in, or linked to, the U.S. dollar and euro. In our European styrenics business, product prices, certain feedstock costs and most other costs are denominated in U.S. dollars, while the transaction currency in most of these European entities is the euro. In our Polymers Americas segment, our Polymers Asia segment and the non-European portion of our Styrene Monomer segment, product prices, raw material costs and most other costs are primarily denominated in U.S. dollars. We generally have not entered into foreign currency exchange instruments to hedge our foreign currency exposure. We also believe that we benefit from natural hedging to the extent that we have been able to match the currencies of our cash flows. Our reporting currency is the euro, and our results of operations will be impacted by the relative value of the euro compared to other currencies, including the U.S. dollar.

Safety, health and environmental considerations

Our results of operations are affected by SHE laws and regulations and our efforts to mitigate related risks and/or achieve related goals generally. We have invested, and will continue to invest, a significant amount of financial and technical resources in order to achieve and maintain compliance with environmental requirements. From time to time, we also incur remediation and decommissioning costs at our current and former production facilities, as well as at other locations. Changes in legislation and regulations governing energy use, including renewable energy sources, could also increase our costs.

Sustainability and Recycling

INEOS Styrolution is dedicated to sustainability and the development of a circular economy for plastics is seen as a key strategic goal. For PS, INEOS Styrolution has pledged to use on average 30% of recycled content in products destined for PS packaging in Europe by 2025. We have demonstrated the chemical recycling capabilities of PS with the first production of PS from SM made only of depolymerized material. Such technology facilitates a full recycling loop for plastics which we expect to even enable food contact applications. For ABS Standard, we have developed mechanical recycling grades containing 50% or 70% recycled content that are commercially available today. These products meet the performance and quality levels of virgin materials. We have also established co-operations to secure high quality waste. This enables INEOS Styrolution to secure its supply of waste feedstock. Examples of Sustainability and Recycling initiatives within INEOS Styrolution are:

- Recently, we introduced our new INEOS Styrolution **ECO** product line. This INEOS Styrolution **ECO** product line has specifically been developed to support the circular economy. These new products match the performance of INEOS Styrolution’s existing product portfolio and will help us and our customers to meet their own sustainability targets.

- We and Agilyx, the leader in converting post-consumer plastics to low-carbon fuels, chemicals, and plastics, recently announced we are advancing the development of a PS chemical recycling facility in Channahon, Illinois, United States. The facility will be capable of processing up to 100 MT per day of post-consumer PS and converting it into a styrene product that will go into the manufacturing of new PS products.

In December 2019, our commitment to sustainability and the advances we have made toward a circular economy for plastics, in particular through our INEOS Styrolution **ECO** product line, were recognized with the joint award of an Independent Commodity Intelligence Services (ICIS) Innovation Award in the category “Innovation with Best Benefit for Environment and Sustainability”.

Innovation

Innovation is key to maintaining our competitiveness in the styrenics industry. We own intellectual property and unpatented proprietary know-how. In addition, we conduct R&D activities that focus on process improvements as well as product and application development in line with major market trends and needs. We believe that a healthy innovation pipeline, comprising a number of process-, product- and customer-driven projects, will help us continue to generate positive cash flows in the future.

In our commodities business, R&D efforts focus on improving and developing production processes in order to increase productivity and reduce costs. In our Specialties business, R&D efforts focus on the development of new and improved products and applications. We also emphasize new ways to address customers' technical needs, such as improved UV-resistance, scratch-resistant surfaces, high-performance SBCs for shrink sleeves, nano-structured systems and thermoplastic composites. We have established a R&D partnership with the independent research institute Neue Materialien Bayreuth and the University of Bayreuth in Germany and started developing lightweight solutions, styrenic polymers for 3D- printing, new electroplating routes and styrenic polymers for high-end surface decoration. These activities are in line with our overall strategy to focus on high-growth industries and enter into collaborative innovation partnerships with customers to develop new solutions together.

To foster innovation across our organization, we have structured our teams in a way that facilitates the efficient flow of knowledge. We have established best practices teams for our main products across our operating segments to share information about improving safety, quality and capacity and reducing production costs. These resources actively support the commercial activities in product sales. In addition, our engineering teams are involved in capital improvements from basic engineering design to commissioning. Our engineering teams work closely with our development teams in transferring technology from research and development to the plants.

We have invested significant resources in R&D activities to date and intend on investing more in the future. To complement our existing development centers in Cologne, Germany (ABS Standard and Specialties), Channahon, Illinois, United States (PS, SMMA and ABS/ASA) and Ulsan, Korea (ABS Standard and Specialties), Wingles, France (PS), Moxi, India (Compounding and coloring) and a pilot plant in Antwerp, Belgium (SBC). The R&D spending amounts for the periods included in this offering memorandum are summarized in the consolidated results under the line Research and development expenses.

Pension obligations

Defined benefit plan assets neither comprise equity instruments in INEOS Styrolution nor Group-occupied real estate or other assets used by us. Our total defined benefit pension obligations amounted to €202.9 million as of December 31, 2018, of which €172.0 million were funded and of which €30.9 million were unfunded. Our plan assets as of December 31, 2018 had a fair value of €144.5 million. Of the €58.4 million outstanding net defined benefit obligation, €26.2 million, or 44.9%, was owed in Germany, €15.6 million, or 26.7%, was owed in South Korea and €7.2 million, or 12.3%, was owed in the United States. In order to limit the risks of changing capital market conditions and demographic developments, our major defined benefit plans have either been closed to new entrants or curtailed to preclude participants from vesting in additional benefits. The Group offers only defined contribution schemes to newly hired employees.

For our defined contribution plans, as a rule, employees contribute on a voluntary or compulsory basis to the financing of their pension entitlements. We supplement employee contributions with additional contributions (so-called matching of contributions). In the financial year ended December 31, 2018, the cost of defined contribution plans amounted to €8.7 million. While we paid contributions into the plans, the benefits were provided exclusively by third parties. In addition, over the same period, our contributions to the statutory pension insurance systems in the various countries amounted to €8.7 million. Our North American subsidiaries also operate unfunded post-employment medical care plans, which account for almost half of our total €30.9 million unfunded pension obligations.

Results of Operations

Our Consolidated Financial Statements included elsewhere in this offering memorandum are prepared in accordance with IFRS. The income statement data for the years ended December 31, 2018, 2017 and 2016 and for the nine months ended September 30, 2019 and September 30, 2018, represent the consolidated results of the Parent and its subsidiaries.

Description of Key Line Items

Consolidated Statement of Income

Set forth below is a brief description of the composition of the key line items of our Consolidated Financial Statements:

- ***Revenue.*** Revenue represents the income arising in the course of our ordinary activities. It includes sales of goods to third parties as well as to related parties. Revenue from contracts with customers is recognized as the amount reflecting the consideration that the entity expects in return for the transfer of goods and services agreed with customers. This amount is measured as the transaction price allocated to a performance obligation excluding variable considerations, such as discounts, incentives or similar items. To be able to recognize all the previous elements, the five-step model for revenue recognition is followed. This model requires the Group to identify the contract with a customer; to determine the performance obligations in the contract; to establish the transaction price, which is later allocated to the performance obligations in the contract; and to recognize revenue when, or as, the entity satisfies a performance obligation, that is, that the control of the asset is transferred to the customer. The Group has a limited number of contracts that include distinct performance obligations. This results in a few cases where revenue for certain performance obligations (being primarily separate shipping obligations) is recognized later in time. Additionally, certain customer contracts offer various forms of volume or early payment discounts. These variable considerations might result in timing differences, but as the majority of contracts have a term of less than one year, the differences are largely evened out within the period. Revenue is recognized to the extent that it is highly likely that a significant reversal in the amount of cumulative revenue recognized will not occur. The timing of the satisfaction of a performance obligation varies depending on the individual terms of the sales agreement. For sales of styrene, transfer of control usually occurs when the product is received at the customers' warehouse; however, for some international shipments transfer of control occurs on loading the goods onto the relevant carrier at the port. Generally, for such products the customer has no right of return. Certain time and location swaps of commodities are not included as external sales and cost of sales.

- ***Cost of sales.*** Cost of sales includes fixed and variable production costs. Such production costs mainly consist of the costs of raw materials, utilities, handling and conversion costs. They also include packaging, direct wages and salaries, repairs and maintenance, waste disposal and effluent treatment, consumables, attributable depreciation charges and directly attributable overhead expenses, including wages and salaries and overhead expenses that are attributable to production. Fixed costs included in the cost of sales are rent, depreciation and amortization, repairs and maintenance, while variable costs include raw materials, packaging, consumables and wages and salaries.

- ***Selling and distribution expenses.*** Selling and distribution expenses include all distribution, shipping and selling costs. Distribution costs typically refer to the delivery of the products to the customer, such as the costs of (external) warehousing, carriage and freight. Shipping costs include outbound warehousing costs and selling costs comprise the sales, marketing and customer service activities of the organization. All sales and distribution wages and salaries and depreciation on property, plant and equipment used for selling are included in selling expenses.

- ***General and administrative expenses.*** General and administrative expenses typically include indirect wages and salaries and indirect overhead expenses. Indirect overhead expenses include items such as insurance costs, legal and professional fees and office supplies. Administrative expenses also include the depreciation of long-lived assets not directly attributable to production or sales and distribution.

- ***Research and development expenses.*** Research and development expenses are costs that can be directly attributed to research and development activities, such as product innovation, IP maintenance costs, research and development for new IP, technical support of our operations, process and production improvements. Research and development expenses are recognized in profit or loss as incurred, except where costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset, in which case development expenditure is capitalized. The capitalized expenditure includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. All other development expenditure is recognized in profit or loss as incurred.

- ***Interest income and interest expense (net).*** Interest income and interest expenses are accounted for applying the effective interest method (except with respect to fair value gains on financial assets). Interest income includes interest income on funds invested and fair value gains on financial assets at fair value through profit or loss. Interest expenses include interest expense on borrowings, the interest component of employee benefit costs, net of returns on plan assets, the unwinding of the discount on provisions and fair value losses on financial assets at fair value through profit or loss. The difference between the carrying amount of a financial liability canceled and the consideration paid is included in interest expense.

- ***Other financial gain / (loss), net or exchange movements.*** Other financial gain / (loss), net or exchange movements include gains and losses from the measurement of monetary assets or liabilities denominated in foreign currencies that are different from the functional currency of the applicable entity.

- ***Income tax expense.*** Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Consolidated Results

The financial information included in this discussion as of and for the years ended December 31, 2018, 2017 and 2016 has been extracted from our Audited Consolidated Financial Statements included elsewhere in this offering memorandum. Such information was prepared in accordance with IFRS. Our historical consolidated interim financial information and other financial information as of and for the nine months ended September 30, 2019 and 2018 has been extracted from our Unaudited Condensed Consolidated Financial Statements included elsewhere in this offering memorandum, which includes, as a comparative, the unaudited condensed consolidated interim financial information for the nine months ended September 30, 2018. Such information was prepared in accordance with IAS 34 Interim Financial Reporting. The unaudited financial information for the nine months ended September 30, 2019 includes the impact of the application of IFRS 16 with effect from January 1, 2019. However, the financial information for the year ended December 31, 2018 and the unaudited financial information for the nine months ended September 30, 2018 has not been restated to reflect the impact of IFRS 16 and no adjustment has been made to such information in calculating the unaudited financial information for the 12 months ended September 30, 2019. See "*Presentation of Financial and Other Information—Financial Information—IFRS 16—Leases*".

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

	For the year ended December 31,						For the nine months ended September 30,			
	2018[1]		2017		2016		2019[2]		2018	
	€	%	€	%	€	%	€	%	€	%
	(in €million, except for percentages)									
Revenue	5,366.7	100.0	5,342.4	100.0	4,469.7	100.0	3,798.3	100.0	4,093.1	100.0
Cost of sales	(4,349.5)	(81.0)	(4,284.5)	(80.2)	(3,506.6)	(78.5)	(3,079.3)	(81.1)	(3,273.9)	(80.0)
Gross profit	1,017.2	19.0	1,057.9	19.8	963.1	21.5	719.0	18.9	819.2	20.0
Selling and distribution expenses	(280.7)	(5.2)	(280.6)	(5.3)	(260.1)	(5.8)	(220.4)	(5.8)	(207.6)	(5.1)
General and administrative expenses	(118.6)	(2.2)	(113.6)	(2.1)	(100.7)	(2.3)	(89.3)	(2.4)	(87.5)	(2.1)
Research and development expenses	(13.8)	(0.3)	(12.4)	(0.2)	(12.7)	(0.3)	(9.8)	(0.3)	(9.9)	(0.2)
Other operating income/(expenses), net	(0.5)	(0.0)	(44.9)	(0.8)	(13.8)	(0.3)	(3.7)	(0.1)	(2.2)	(0.1)
Profit from operating activities	603.6	11.2	606.4	11.4	575.8	12.9	395.8	10.4	512.0	12.5
Interest expense (net)[3]	(39.5)	(0.7)	(48.9)	(0.9)	(114.4)	(2.6)	(13.7)	(0.4)	(24.8)	(0.6)
Exchange movements[4]	12.5	0.2	(49.6)	(0.9)	25.5	0.6	7.5	0.2	5.6	0.1
Income before income tax	576.6	10.7	507.9	9.5	486.9	10.9	389.6	10.3	492.8	12.0
Income tax expense	(124.1)	(2.3)	(14.8)	(0.3)	(109.8)	(2.5)	(86.0)	(2.3)	(108.4)	(2.6)
Net income	452.5	8.4	493.1	9.2	377.1	8.4	303.6	8.0	384.4	9.4
EBITDA before special items	812.8	15.1	872.2	16.3	803.6	18.0	580.8	15.3	664.8	16.2

(1) The Group adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in our consolidated financial statements. Therefore, the financial information presented for each of the two years ended December 31, 2016 and 2017 may not be comparable to the financial information presented for the year ended December 31, 2018.

(2) The Group adopted IFRS 16 from January 1, 2019 using the modified retrospective approach pursuant to which the unaudited comparative financial information for the nine months ended September 30, 2018, included in the unaudited interim condensed consolidated financial statements as of September 30 2019 and for the nine months then ended, have not been restated.

(3) Interest expense (net) represents interest income less interest expense.

(4) The “Exchange movements” line was previously called “Other finance gain (loss), net” in both the 2016 Audited Consolidated Financial Statements and the 2017 Audited Consolidated Financial Statements.

Nine Months Ended September 30, 2019 Compared to the Nine Months Ended September 30, 2018

The following table sets forth, for the periods indicated, revenue and expenses, such amounts as a percentage of revenue and the percentage change between such periods:

Revenue. Revenue decreased by €294.8 million, or 7.2%, to €3,798.3 million in the nine months ended September 30, 2019 from €4,093.1 million in the nine months ended September 30, 2018. Revenue declined mainly because of a lower raw material price base for our raw material inputs, mainly benzene and SM. These reductions were also reflected in the sales prices. This was partly offset by higher sales volumes in the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018.

The increase in external sales volumes mainly came from higher PS and SM sales. PS sales volumes increased in the nine months ended September 30, 2019 compared to the same period in the prior year mainly as a result of 223k MT of inorganic growth following the acquisition of the two Chinese PS assets in February 2019. Third-party Styrene sales increased because of higher plant availability of our assets in the nine months ended September 30, 2019, in which we had no scheduled turnarounds and more excess SM was produced, compared to same period in 2018, in which our Bayport, Texas, United States, facility underwent a scheduled turnaround, reducing our excess SM production. We saw lower demand in our businesses starting towards the end of the second quarter of 2019 because of reduced global GDP growth. This impact was most visible in the ABS Standard markets where uncertainty increased further in response to U.S. trade regulation threats. Specialties demand also declined because of slower GDP growth; however our geographical and focus industry diversity helped to offset the weakening market. We reported strong sales increases in our healthcare and household focus industries, in contrast to the automotive sales, which were weak in mainly EMEA and Asia.

Cost of sales. Cost of sales decreased by €194.6 million, or 5.9%, to €3,079.3 million in the nine months ended September 30, 2019 from €3,273.9 million in the nine months ended September 30, 2018. The cost of sales decreased primarily due to lower raw material prices.

Gross profit. Gross profit decreased by €100.2 million, or 12.2%, to €719.0 million in the nine months ended September 30, 2019, from €819.2 million in the nine months ended September 30, 2018, mainly as a result of margin pressure from reduced polymer demand as global markets weakened. This was most profound in the ABS Standard business, where U.S. trade regulation threats further negatively affected operating results. The underlying styrene margins also declined at the end of the second quarter of 2019 to low mid-cycle levels in the Americas and bottom-of-cycle levels in Europe as downstream demand was weak. Our Specialties business reported similar gross profit in the nine months ended September 30, 2019 compared to the same period in 2018 because its diversified portfolio was less affected by such cyclical developments. The gross margin in the automotive focus industry also declined, but this was mostly offset by better results in other industries. PS volumes increased because of the acquired China plants, which helped to offset the overall decrease in gross profit.

Gross profit was positively impacted by a €9 million non-cash COSA gain in the nine months ended September 30, 2019 compared to a COSA gain of €16 million in the nine months ended September 30, 2018. The positive COSA effect or inventory holding result was realized because we sold products at higher market prices that were procured and produced at lower costs.

Selling and distribution expenses. Selling and distribution expenses increased by €12.8 million, or 6.2%, to €220.4 million in the nine months ended September 30, 2019 from €207.6 million in the nine months ended September 30, 2018. The increase in selling and distribution expenses was primarily due to higher sales volumes in the nine months ended September 30, 2019, which resulted in higher distribution costs as compared to the nine months ended September 30, 2018.

General and administrative expenses. General and administrative expenses increased by €1.8 million, or 2.1%, to €89.3 million in the nine months ended September 30, 2019 from €87.5 million in the nine months ended September 30, 2018. This increase primarily relates to the inclusion of the general and administrative expenses of the acquired businesses in China from February 2019.

Research and development expenses. Research and development expenses decreased by €0.1 million, or 1.0%, to €9.8 million in the nine months ended September 30, 2019 from €9.9 million in the nine months ended September 30, 2018. The research and development costs are relatively stable, but can be impacted by the phasing of projects and the use of external consultants in a given period. As an integral part of our growth strategy, we continuously invest in new products and product applications.

Other operating expenses, net. Other operating expenses, net increased by €1.5 million, or 68.2%, to €3.7 million in the nine months ended September 30, 2019 from €2.2 million in the nine months ended September 30, 2018, primarily due to a large service project for a third party on one of our facilities in the nine months ended September 30, 2018, for which we received service fees that reduced other operating expenses, net. In the nine months ended September 30, 2018, there were no comparable revenues offsetting other operating expenses.

Profit from operating activities. Profit from operating activities decreased by €116.2 million, or 22.7%, to €395.8 million in the nine months ended September 30, 2019 from €512.0 million in the nine months ended September 30, 2018. The decrease was primarily due to lower GDP growth and the negative impact of U.S. trade regulation threats on market demand. This was partly offset by our expanded PS footprint in China from February 2019.

Interest expense (net). Interest expense (net) decreased by €11.1 million, or 44.8%, to €13.7 million in the nine months ended September 30, 2019 from €24.8 million in the nine months ended September 30, 2018. The main reason for this decrease was the lower amortization of debt issuance costs and the positive result from derivative valuations, and was partially offset by the increase in lease interest as a result of the first-time application of IFRS 16 in 2019.

Exchange movements. Gains from exchange movements increased by €1.9 million, or 33.9%, to €7.5 million in the nine months ended September 30, 2019, from €5.6 million in the nine months ended September 30, 2018. The increase mainly corresponded to the foreign currency translation gain on the valuation of intercompany loans in a currency other than the reporting currency, mostly USD to EUR effects due to the strengthening of the U.S. dollar.

Income before income tax. Income before income tax decreased by €103.2 million to €389.6 million in the nine months ended September 30, 2019 from €492.8 million in the nine months ended September 30, 2018 for the reasons stated above.

Income tax charge. Income tax charge decreased by €22.4 million to a charge of €86.0 million in the nine months period ended September 30, 2019 from a charge of €108.4 million in the nine months ended September 30, 2018 due to a lower income before income tax. The effective tax rate in the nine months ended September 30, 2019 was stable at 22.1%, compared to 22.0% in the nine months ended September 30, 2018.

Net income. Net income for the period decreased by €80.8 million, or 21.0%, to €303.6 million in the nine months ended September 30, 2019 from €384.4 million in the nine months ended September 30, 2018 for the reasons stated above.

EBITDA before special items. EBITDA before special items decreased by €84.0 million, or 12.6%, to €580.8 million in the nine months ended September 30, 2019 from €664.8 million in the nine months ended September 30, 2018. This decrease was mainly due to reduced demand and lower margins in our Polymers and SM businesses. These negative factors were partially offset by the inclusion of the two acquired PS assets in China from February 2019 and by the positive effect resulting from our first-time application of IFRS 16 in the nine months ended September 30, 2019.

Business Segments

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a basis considered reasonable. Unallocated items comprise mainly assets that are used across segments (primarily our headquarters), head office expenses, and tax assets and liabilities. We have defined the following operating segments:

- Polymers EMEA
- Polymers Americas
- Polymers Asia

- Styrene Monomer

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

	External sales		Inter-segment sales		EBITDA before special items	
	Nine months ended September 30, 2019(1)	Nine months ended September 30, 2018	Nine months ended September 30, 2019(1)	Nine months ended September 30, 2018	Nine months ended September 30, 2019(1)	Nine months ended September 30, 2018
	(in €million)					
Polymers EMEA	1,178.9	1,355.4	80.7	109.1	144.5	172.9
Polymers Americas	871.2	974.5	29.4	29.5	154.3	176.7
Polymers Asia	1,094.5	971.3	32.9	55.8	89.2	84.2
Styrene Monomer	653.7	791.9	1,348.8	1,659.6	192.8	231.0
Corporate and eliminations	—	—	(1,491.8)	(1,854.0)	—	—
Total	3,798.3	4,093.1	0.0	0.0	580.8	664.8

(1) The Group adopted IFRS 16 from January 1, 2019 using the modified retrospective approach pursuant to which the unaudited comparative financial information for the nine months ended September 30, 2018, included in the unaudited interim condensed consolidated financial statements as of September 30 2019 and for the nine months then ended, have not been restated.

Polymers EMEA

Revenue. Revenue from our Polymers EMEA segment decreased by €176.5 million, or 13.0%, to €1,178.9 million in the nine months ended September 30, 2019, from €1,355.4 million in the nine months ended September 30, 2018. This decrease in revenue was mainly a result of a lower raw material price base for our raw material inputs, mainly benzene and SM. These reductions were also reflected in the sales prices.

Total sales volumes were comparable for both periods. PS sales volumes were strong in the first six months of 2019 compared to 2018, because of good demand as sales prices were perceived to be low. ABS Standard sales slightly weakened during 2019 as global GDP growth reduced. The Specialties business in EMEA saw a decline in demand due to the weak automotive industry throughout the nine months ended September 30, 2019. This decrease was partly offset by volume growth in other focus industries such as healthcare and household.

EBITDA before special items. EBITDA before special items from our Polymers EMEA segment decreased by €28.4 million, or 16.4%, to €144.5 million in the nine months ended September 30, 2019 from €172.9 million in the nine months ended September 30, 2018. The decrease in EBITDA before special items was caused by two primary factors. The ABS Standard EBITDA before special items declined as weak global demand led to reduction in sales in EMEA, but also as a result of lower margins. Arbitrage of Asia products into EMEA increased and reduced profitability in EMEA. Lower Specialties sales from weak automotive industry demand also negatively affected EBITDA before special items.

Polymers Americas

Revenue. Revenue from our Polymers Americas segment decreased by €103.3 million, or 10.6%, to €871.2 million in the nine months ended September 30, 2019 from €974.5 million in the nine months ended September 30, 2018. This decrease in revenue was mainly a result of a lower raw material price base for our raw material inputs, mainly benzene and SM. These reductions were also reflected in the sales prices.

Sales volumes in the commodity and standard products business in the Americas declined. ABS Standard sales weakened during 2019 as GDP growth reduced. PS sales were stable in 2019 and 2018, but weakened in the third quarter of 2019 due to reduced demand and tight inventory control targets at some of our largest customers. Specialties sales volumes were comparable in the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. Automotive sales volumes increased slightly in the nine months ended September 30, 2019 compared to the same period in 2018.

EBITDA before special items. EBITDA before special items from our Polymers Americas segment decreased by €22.4 million, or 12.7%, to €154.3 million in the nine months ended September 30, 2019 from €176.7 million in the nine months ended September 30, 2018. This decrease in EBITDA before special items mainly came from lower sales in the commodity and standard products business because of a reduction in GDP growth. Lower demand led to a reduction in gross margin.

Polymers Asia

Revenue. Revenue from our Polymers Asia segment increased by €123.2 million, or 12.7%, to €1,094.5 million in the nine months ended September 30, 2019 from €971.3 million in the nine months ended September 30, 2018. This increase in revenue in Asia was primarily due to PS sales. PS volumes increased because of 223k MT of inorganic growth from the two Chinese PS assets acquired in February 2019. This increase was partly offset by a lower raw material price base for our raw material inputs, mainly benzene and SM. These reductions were also reflected in the sales prices.

While PS sales increased, we saw a decrease in sales in ABS Standard and Specialties in the nine months ended September 30, 2019 compared to the same period in 2018. The main reasons for such decrease are the reduction in GDP growth, uncertainty due to the implementation of U.S. import tariffs and weak automotive industry performance in China and India.

EBITDA before special items. EBITDA before special items from our Asia Polymers segment increased by €5.0 million, or 5.9%, to €89.2 million in the nine months ended September 30, 2019 from €84.2 million in the nine months ended September 30, 2018. The main reason for the increase in EBITDA before special items was the inclusion of the two Chinese PS assets. The EBITDA before special items generated by these entities for the period from February 1, 2019 until September 30, 2019 was €27.7 million. This was offset by lower sales in the ABS Standard and Specialties business. Lower demand led to a reduction in gross margin and was most significant in the ABS Standard business.

Styrene Monomer

Revenue. Revenue from our Styrene Monomer segment decreased by €138.2 million, or 17.5%, to €653.7 million in the nine months ended September 30, 2019, from €791.9 million in the nine months ended September 30, 2018. The majority of the SM that we produce or procure (approximately 65% in the nine month periods ended September 30, 2018 and 2019) is kept for captive use. Internal demand therefore has a material impact on the remaining volumes that we can sell externally. Our revenue from Styrene Monomer increased due to a higher plant availability in the nine months ended September 30, 2019, as our Bayport, Texas, United States, site was in a scheduled turnaround in early 2018 and there were no turnarounds in 2019.

EBITDA before special items. EBITDA before special items from our Styrene Monomer segment decreased by €38.2 million, or 16.5%, to €192.8 million in the nine months ended September 30, 2019 from €231.0 million in the nine months ended September 30, 2018. EBITDA before special items was strong in the nine months ended September 30, 2018. Downstream demand in the nine months ended September 30, 2018 and the first six months of 2019 was strong and supply reduced due to planned and unplanned outages in the market. During the summer of 2019 and through the third quarter, downstream demand weakened as GDP growth declined, which led to a reduction in SM sales and margins to mid-cycle levels in the Americas and even bottom-of-cycle levels in EMEA. The COSA effect for the nine months ended September 30, 2019 was less favorable as in the same period of 2018. The COSA gain was approximately €9 million in the nine months ended September 30, 2019, compared to a gain of €16 million in the nine months ended September 30, 2018.

Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

Revenue. Revenue increased by €24.3 million, or 0.5%, to €5,366.7 million in the year ended December 31, 2018, from €5,342.4 million in the year ended December 31, 2017. This increase in revenue was primarily driven by higher sales, but partly offset by slightly lower average feedstock prices in most of our segments. Revenue declines with a lower raw material price base for our raw material inputs, mainly benzene and SM. These reductions were also reflected in the sales prices.

Volumes increased in our Specialties, ABS Standard and SM business. Volumes increased in 2018 compared to 2017, because of continued strong demand across all regions, especially in Asia on the back of Chinese demand growth. In March 2017, INEOS Styrolution acquired the global business of KR Copolymer Co. Ltd. (the "**K-Resin Business**") with a production asset in Yeosu, Korea from CPChem and Daelim. This acquisition helped to grow our Specialties business. While market conditions for PS were relatively good, overall global volumes decreased in Americas and EMEA in 2018 compared to 2017. Lower periodic demand and high underlying feedstock prices during the summer of 2018 caused customers to control inventories and delay purchase orders. SM sales increased in 2018 compared to 2017 because of strong downstream demand and improved production capacity from turnaround effects at our Bayport, Texas, United States, site in 2018 and our Texas City, Texas, United States site in 2017.

Cost of sales. Cost of sales increased by €65.0 million, or 1.5%, to €4,349.5 million in the year ended December 31, 2018, from €4,284.5 million in the year ended December 31, 2017. The increase in cost of sales mainly reflected the increase in sales volumes, which were partly offset by slightly lower feedstock prices. Cost of sales also increased due to higher utilities prices.

Gross profit. Gross profit decreased by €40.7 million, or 3.8%, to €1,017.2 million in the year ended December 31, 2018, from €1,057.9 million in the year ended December 31, 2017. We experienced strong operating conditions in 2018, similar to 2017. When corrected for COSA, the 2018 gross profit would have been higher. The COSA effects led to a negative impact of approximately €48 million in the year ended December 31, 2018, compared to a COSA gain of approximately €39 million in the year ended December 31, 2017. The negative COSA impact in the year ended December 31, 2018 was because of a sharp decline in prices in the fourth quarter. The strong demand helped to sustain our high-mid cycle margins in most regions and product groups. SM results improved in the third quarter of 2018 as we benefitted from increased market margins. Margins declined in the seasonally weaker fourth quarter in 2018 and as a result of uncertainty in the markets, which was caused by implemented U.S. import tariffs.

Selling and distribution expenses. Selling and distribution expenses increased by €0.1 million, or less than 0.1%, to €280.7 million in the year ended December 31, 2018, from €280.6 million in the year ended December 31, 2017. This slight increase was primarily due to an increase in sales volumes, mainly in our Polymers business, in the year ended December 31, 2018 as compared to the year ended December 31, 2017, which resulted in slightly higher distribution costs being incurred.

General and administrative expenses. General and administrative expenses increased by €5.0 million, or 4.4%, to €118.6 million in the year ended December 31, 2018, from €113.6 million in the year ended December 31, 2017. This increase in general and administrative expenses mainly resulted from annual cost inflation and the inclusion of the acquired K-Resin Business in the full-year cost base for 2018.

Research and development expenses. Research and development expenses increased by €1.4 million, or 11.3%, to €13.8 million in the year ended December 31, 2018 from €12.4 million in the year ended December 31, 2017. This increase in R&D expenses was due mainly to the phasing of projects and the use of external consultants.

Other operating expenses, net. Other operating expenses, net decreased by €44.4 million, or 98.9%, to €0.5 million in the year ended December 31, 2018, from €44.9 million in the year ended December 31, 2017. During the year ended December 31, 2017, other operating expenses, net mainly related to provisions we recognized relating to our liabilities to our previous shareholder BASF under prior legal agreements, pursuant to which we transfer amounts equivalent to certain realized tax benefits to BASF.

Profit from operating activities. Profit from operating activities decreased by €2.8 million, or 0.5%, to €603.6 million in the year ended December 31, 2018, from €606.4 million in the year ended December 31, 2017 for the reasons stated above.

Interest expense (net). Interest expense (net) decreased by €9.4 million, or 19.2%, to €39.5 million in the year ended December 31, 2018 from €48.9 million in the year ended December 31, 2017. The decrease in interest expense resulted mainly from lower gross debt and lower nominal interest rates for the outstanding term loans under the Existing Term Loan B Facilities.

Other financial gain / (loss), net or exchange movements. Exchange movements increased to a gain of €12.5 million in the year ended December 31, 2018, from other financial loss, net of €49.6 million in the year ended December 31, 2017. This gain corresponded mainly to the foreign currency translation gain on intercompany loans denominated in a currency other than the reporting currency, mostly USD to EUR effects.

Income before income tax. Income before income tax increased by €68.7 million, or 13.5%, to €576.6 million in the year ended December 31, 2018 from €507.9 million in the year ended December 31, 2017 for the reasons stated above.

Income tax expense. Income tax expense increased by €109.3 million to €124.1 million in the year ended December 31, 2018 from €14.8 million in the year ended December 31, 2017. The main reasons for the low income tax expense in the year ended December 31, 2017 were the impact of tax reforms in the United States and Belgium and the recognition of a deferred tax asset at INEOS Styrolution Investment GmbH. The deferred tax asset resulted from a step-up in tax basis upon the transfer of assets to INEOS Styrolution from the previous shareholder BASF in 2014.

Net income. Net income for the period decreased by €40.6 million, or 8.2%, to €452.5 million in the year ended December 31, 2018 from €493.1 million in the year ended December 31, 2017 for the reasons stated above.

EBITDA before special items. EBITDA before special items decreased by €59.4 million, or 6.8%, to €812.8 million in the year ended December 31, 2018 from €872.2 million in the year ended December 31, 2017. The main reasons for the decrease in EBITDA before special items are the negative COSA result in the year ended December 31, 2018 and uncertainty in the ABS Standard markets, which was caused by implemented U.S. import tariffs.

Business Segments

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

	External sales		**Inter-segment sales**		**EBITDA before special items**	
	Year ended December 31, 2018[(1)]	**Year ended December 31, 2017**	**Year ended December 31, 2018[(1)]**	**Year ended December 31, 2017**	**Year ended December 31, 2018[(1)]**	**Year ended December 31, 2017**
			(in €million)			
Polymers EMEA	1,780.2[(2)]	1,787.7	141.8	154.8	214.1	244.8
Polymers Americas	1,305.6	1,321.5	39.2	30.6	228.4	258.5
Polymers Asia	1,234.0	1,186.7	69.8	65.6	82.8	105.3
Styrene Monomer	1,046.9	1,046.5	2,144.5	2,163.7	287.5	263.6
Corporate and eliminations	—	—	(2,395.3)	(2,414.7)	—	—
Total	**5,366.7**	**5,342.4**	**(0.0)**	**(0.0)**	**812.8**	**872.2**

(1) The Group adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in our consolidated financial statements. Therefore, the financial information presented for each of the two years ended December 31, 2016 and 2017 may not be comparable to the financial information presented for the year ended December 31, 2018.

(2) External sales for Polymers EMEA for the year ended December 31, 2018 include 0.3 million of Group sales related to affiliate administrative services which are not consolidated but are shown as revenue and respective costs.

Polymers EMEA

Revenue. Revenue from our Polymers EMEA segment decreased by €7.5 million, or 0.4%, to €1,780.2 million in the year ended December 31, 2018, from €1,787.7 million in the year ended December 31, 2017. Market demand for PS was impacted by high underlying feedstock prices during the year ended December 31, 2018, which caused customers to control inventory and delay purchase orders. This decrease was partly offset by higher ABS Standard and Specialties sales volumes and revenue in the year ended December 31, 2018, because of good market demand and good focus industries sales performance.

EBITDA before special items. EBITDA before special items from our Polymers EMEA segment decreased by €30.7 million, or 12.5%, to €214.1 million in the year ended December 31, 2018, from €244.8 million in the year ended December 31, 2017. The main reasons for the decline were lower PS sales and a reduction in Specialties margins. Specialties results were very strong and top-of-cycle in the industry during the year ended December 31, 2017, compared to high mid-cycle margins in the year ended December 31, 2018.

Polymers Americas

Revenue. Revenue from our Polymers Americas segment decreased by €15.9 million, or 1.2%, to €1,305.6 million in the year ended December 31, 2018, from €1,321.5 million in the year ended December 31, 2017. This decrease mainly came from a weakening of the US Dollar to the euro in the year ended December 31, 2018 compared to the year ended December 31, 2017 of approximately 4%. This decrease was partly offset by higher sales volumes in Specialties and ABS Standard. Market conditions were strong in 2018 with good demand. Market demand for PS declined slightly as high underlying feedstock prices, mainly during the second quarter of 2018, caused customers to control inventory and delay purchase orders.

EBITDA before special items. EBITDA before special items from our Polymers Americas segment decreased by €30.1 million, or 11.6%, to €228.4 million in the year ended December 31, 2018, from €258.5 million in the year ended December 31, 2017. This decrease was caused by the weakening of the US Dollar compared to the euro. Specialties results were very strong and even top-of-cycle in the industry during 2017, compared to high mid-cycle margins in 2018. The EBITDA before special items of our ABS Standard and PS businesses followed the volume development and improved for ABS Standard and decreased in PS.

Polymers Asia

Revenue. Revenue from our Polymers Asia segment increased by €47.3 million, or 4.0%, to €1,234.0 million in the year ended December 31, 2018 from €1,186.7 million in the year ended December 31, 2017. Our revenue in Asia increased primarily due to the acquisition of the K-Resin Business in Korea in March 2017, which is included in the full year revenue for 2018. PS revenue was also higher as demand peaked in the year ended December 31, 2018 because of high sales in India, Korea and Vietnam. ABS Standard revenue decreased as uncertainty affected the markets in the second half of 2018, which was caused by implemented U.S. import tariffs.

EBITDA before special items. EBITDA before special items in the Polymers Asia segment decreased by €22.5 million, or 21.4%, to €82.8 million for the year ended December 31, 2018 as compared to €105.3 million for the same period in 2017. EBITDA before special items weakened in all three product groups in the year ended December 31, 2018 but was most significant in ABS Standard. The main reason was the weakening in the markets due to the implemented U.S. import tariffs. This significantly negatively affected the gross margin, especially in the last quarter of 2018.

Styrene Monomer

Revenue. Revenue from our Styrene Monomer segment increased slightly by €0.4 million, or less than 0.1%, to €1,046.9 million in the year ended December 31, 2018 from €1,046.5 million in the year ended December 31, 2017. The majority of the SM that we produce or procure (approximately 67% in the years ended December 31, 2017 and 2018) is kept for captive use. Internal demand therefore has a material impact on the remaining volumes that we can sell externally. Plant availability also determines the volume that can be sold into the market.

EBITDA before special items. EBITDA before special items from our Styrene Monomer segment increased by €23.9 million, or 9.1%, to €287.5 million in the year ended December 31, 2018 from €263.6 million in the year ended December 31, 2017. This increase in EBITDA before special items in the year ended December 31, 2018 was mainly due to market uncertainty as Chinese authorities announced provisional anti-dumping duties on imports from the United States, Korea and Taiwan in February 2018 and this was finalized in June 2018. This led to a re-routing of global trade flows. The re-routing led to customers searching for materials, which created top-of-cycle margins. This was offset by a negative COSA impact of approximately €46 million in the year ended December 31, 2018, compared to a COSA gain of approximately €39 million in the year ended December 31, 2017, as prices declined sharply in the fourth quarter of 2018.

Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016

Revenue. Revenue increased by €872.7 million, or 19.5%, to €5,342.4 million in the year ended December 31, 2017, from €4,469.7 million in the year ended December 31, 2016. An important reason for the increase in revenue is the higher sales volumes in Specialties, ABS Standard and SM. Another reason for the increase is the higher average feedstock prices in most of our segments. Revenue typically increases with a higher raw material price base for our raw material inputs, mainly benzene and SM. These increases were also reflected in the sales prices.

The volume increases mainly came from Polymers Asia and SM. In Asia, we acquired the K-Resin Business in Korea in March 2017, which expanded our footprint and contributed to an increase in our sales volume. SM sales increased in the full year ended December 31, 2017, because of higher plant availability. In the year ended December 31, 2016, our Sarnia, Canada, plant underwent a longer planned maintenance turnaround which limited our sales capacity. ABS Standard sales volumes showed similar sales volumes in both years. PS demand weakened due to sharply increasing raw material prices passed on to our customers in the first half of 2017, which caused customers to control inventory and delay purchase orders.

Cost of sales. Cost of sales increased by €777.9 million, or 22.2%, to €4,284.5 million in the year ended December 31, 2017, from €3,506.6 million in the year ended December 31, 2016. The increase in cost of sales reflected the increase in sales volumes and the higher raw material costs.

Gross profit. Gross profit increased by €94.8 million, or 9.8%, to €1,057.9 million in the year ended December 31, 2017, from €963.1 million in the year ended December 31, 2016. The gross profit increase was mainly driven by a significant improvement in ABS Standard market conditions in the second half year of 2017. Margins improved to close to top-of-cycle levels in Asia and in EMEA supported by higher demand. The largest driver was the demand growth in the Chinese market. Specialties gross profit also increased due to the acquisition of the K-Resin Business in Korea. PS profits decreased as a result of weaker demand in the first half of 2017. The COSA gains in the years ended December 31, 2017 and 2016 were €39 million and €31 million, respectively.

Selling and distribution expenses. Selling and distribution expenses increased by €20.5 million, or 7.9%, to €280.6 million in the year ended December 31, 2017, from €260.1 million in the year ended December 31, 2016. This increase was primarily due to higher polymers and styrene sales volumes and the addition of the K-Resin Business.

General and administrative expenses. General and administrative expenses increased by €12.9 million, or 12.8%, to €113.6 million in the year ended December 31, 2017, from €100.7 million in the year ended December 31, 2016. The general and administrative costs increased in the year ended December 31, 2017 mainly because of annual inflation and the implementation and running costs of the K-Resin Business.

Research and development expenses. Research and development expenses decreased by €0.3 million, or 2.4%, to €12.4 million in the year ended December 31, 2017 from €12.7 million in the year ended December 31, 2016. The research and development costs are relatively stable, but can be impacted by the phasing of projects and the usage of external consultants in a given period. As an integral part of our growth strategy, we continuously invest in new products and product applications.

Other operating expenses, net. Other operating expenses, net increased by €31.1 million, or 225.4%, to €44.9 million in the year ended December 31, 2017, from €13.8 million in the year ended December 31, 2016. During the year ended December 31, 2017, the increase in other operating expenses, net mainly related to provisions we recognized relating to our liabilities to our previous shareholder BASF under prior legal agreements, pursuant to which we transfer amounts equivalent to certain realized tax benefits to BASF.

Profit from operating activities. Profit from operating activities increased by €30.6 million, or 5.3%, to €606.4 million in the year ended December 31, 2017, from €575.8 million in the year ended December 31, 2016 for the reasons stated above.

Interest expense (net). Interest expense (net) decreased by €65.5 million, or 57.3%, to €48.9 million in the year ended December 31, 2017 from €114.4 million in the year ended December 31, 2016. The decrease in interest expense resulted mainly from lower gross debt and lower nominal interest rates for the outstanding term loans under the Existing Term Loan B Facilities. This decrease was partly offset by the amortization of capitalized financing costs and net fair value losses on derivatives.

Other financial gain / (loss), net. Other financial gain / (loss), net decreased to a loss of €49.6 million in the year ended December 31, 2017, from a gain of €25.5 million in the year ended December 31, 2016. This loss corresponded mainly to the foreign currency translation loss on intercompany loans denominated in a currency other than the reporting currency, mostly due to USD to EUR effects.

Income before income tax. Income before income tax increased by €21.0 million, or 4.3%, to €507.9 million in the year ended December 31, 2017 from €486.9 million in the year ended December 31, 2016 for the reasons stated above.

Income tax expense. Income tax expense decreased by €95.0 million, or 86.5%, to €14.8 million in the year ended December 31, 2017 from €109.8 million in the year ended December 31, 2016. The main reasons for the low income tax expenses in the year ended December 31, 2017 were the tax reforms in the United States and Belgium. In addition, in 2017, we recognized a deferred tax asset at INEOS Styrolution Investment GmbH resulting from a step-up in basis upon the transfer of assets to INEOS Styrolution from the previous shareholder BASF in 2014, as recognition criteria were met in 2017. For additional information, see Note 7 to the 2017 Audited Consolidated Financial Statements included elsewhere in this offering memorandum.

Net income. Net income for the period increased by €116.0 million, or 30.8%, to €493.1 million in the year ended December 31, 2017 from €377.1 million in the year ended December 31, 2016 for the reasons stated above.

EBITDA before special items. EBITDA before special items increased by €68.7 million, or 8.5%, to €872.2 million in the year ended December 31, 2017 from €803.6 million in the year ended December 31, 2016. Our EBITDA before special items increased in most of our segments in 2017. Our Polymers Asia and Polymers EMEA segments performed well mainly due to strong demand in our Specialties and ABS Standard businesses. SM results benefited from the good downstream demand and higher plant availability. Polymers Americas EBITDA before special items decreased in the year ended December 31, 2017 due to a normalization of the higher margins seen in the years ended December 31, 2016 and 2015.

Business Segments

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

	External sales		Inter-segment sales		EBITDA before special items	
	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016
			(in €million)			
Polymers EMEA	1,787.7	1,558.3	154.8	107.5	244.8	231.0
Polymers Americas	1,321.5	1,187.0	30.6	21.7	258.5	273.7
Polymers Asia	1,186.7	928.8	65.6	17.4	105.3	63.8
Styrene Monomer	1,046.5	795.6	2,163.7	1,824.1	263.6	235.1
Corporate and eliminations	—	—	(2,414.7)	(1,970.7)	—	—
Total	**5,342.4**	**4,469.7**	**(0.0)**	**(0.0)**	**872.2**	**803.6**

Polymers EMEA

Revenue. Revenue from our Polymers EMEA segment increased by €229.4 million, or 14.7%, to €1,787.7 million in the year ended December 31, 2017, from €1,558.3 million in the year ended December 31, 2016. This increase resulted primarily from increases in finished goods prices in the year ended December 31, 2017. Raw material prices sharply increased in the first half of the year ended December 31, 2017 and were passed on to our customers. Strong ABS Standard and Specialties demand led to a sales volume increase. These increases were partly offset by lower PS sales due to softer demand in the first half year of 2017 as increased sales prices curtailed demand.

EBITDA before special items. EBITDA before special items from our Polymers EMEA segment increased by €13.8 million, or 6.0%, to €244.8 million in the year ended December 31, 2017, from €231.0 million in the year ended December 31, 2016. ABS Standard and Specialties increased volumes because of strong demand. This higher demand enabled us to improve margins, leading to a higher EBITDA before special items. This was partly offset by lower PS sales in the first half year of 2017 as increased sales prices curtailed demand, leading to reduced margins.

Polymers Americas

Revenue. Revenue from our Polymers Americas segment increased by €134.5 million, or 11.3%, to €1,321.5 million in the year ended December 31, 2017, from €1,187.0 million in the year ended December 31, 2016. The development of the Americas and EMEA were similar. The increase in revenue resulted primarily from increases in finished goods prices in the year ended December 31, 2017 as higher feedstock prices were passed on to our customers. Strong ABS Standard and Specialties demand led to a sales volume increase in both businesses. These increases were partly offset by lower PS sales in the first half year of 2017 as increased sales prices curtailed demand.

EBITDA before special items. EBITDA before special items from our Polymers Americas segment decreased by €15.2 million, or 5.6%, to €258.5 million in the year ended December 31, 2017, from €273.7 million in the year ended December 31, 2016. Weaker demand and high industry utilization rates reduced margins. ABS Standard and Specialties increased volumes because of strong demand. This was partly offset by lower PS sales in the first half year of 2017 as increased sales prices curtailed demand, leading to reduced margins. EBITDA before special items declined as business normalized in the year ended December 31, 2017 from the top-of-cycle margins seen in the year ended December 31, 2016.

Polymers Asia

Revenue. Revenue from our Polymers Asia segment increased by €257.9 million, or 27.8%, to €1,186.7 million in the year ended December 31, 2017 from €928.8 million in the year ended December 31, 2016. Our revenue in Asia increased primarily due to the acquisition of the K-Resin Business in Korea in March 2017. Our revenue also increased because of higher prices on finished goods in the year ended December 31, 2017 as feedstock price increases were passed on to our customers. Revenue typically increases with a higher raw material price base for our raw material inputs, mainly benzene and SM.

EBITDA before special items. EBITDA before special items in the Polymers Asia segment increased by €41.5 million, or 65.0%, to €105.3 million for the year ended December 31, 2017 as compared to €63.8 million for the same period in 2016. The significant improvement in EBITDA before special items in Asia came from the acquisition of the K-Resin Business asset in 2017 and the top of cycle conditions on ABS Standard in the second half of the year ended December 31, 2017. New capacity that came on-stream in the recent years has been fully absorbed by a growth in demand, which to improving margins throughout the business.

Styrene Monomer

Revenue. Revenue from our Styrene Monomer segment increased by €250.9 million, or 31.5%, to €1,046.5 million in the year ended December 31, 2017 from €795.6 million in the year ended December 31, 2016. The majority of the SM that we produce or procure (approximately 69% for the years ended December 31, 2016 and 2017) is kept for captive use. Internal demand therefore has a material impact on the remaining volumes that we can sell externally. Our revenue from our Styrene Monomer segment increased in the year ended December 31, 2017 due to higher availability of our plants compared to 2016 in which our Sarnia, Canada, site was in extended turnaround. Revenue increased because higher raw material price bases for our raw material inputs, mainly benzene and SM, were passed on in our sales prices.

EBITDA before special items. EBITDA before special items from our Styrene Monomer segment increased by €28.5 million, or 12.1%, to €263.6 million in the year ended December 31, 2017 from €235.1 million in the year ended December 31, 2016. The increase in EBITDA before special items was mainly due to tighter supply balances resulting from improved market conditions and plant yields following the catalyst exchange at our site in Sarnia. This was supported by increasing feedstock prices in the year ended December 31, 2017. We sold inventory purchased at lower cost at higher sales prices once converted into finished products. This COSA gain in the years ended December 31, 2018 and 2017 was €39 million and €31 million, respectively.

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 movements in our working capital.

Our primary sources of liquidity are cash flows from operations of subsidiaries, cash on our statement of financial position and borrowings under the Securitization Program. 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 Securitization Program and other debt instruments, 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. Management estimates that, even in a downturn in the business cycle and weaker market conditions, we would have sufficient liquidity to meet our anticipated liabilities when due without incurring unacceptable losses or risking damage to our reputation. In an illustrative case, applying our margin performance in the weak 2014 business cycle environment (but adjusting up for influence of shale gas on our North American plants) to 2019 estimated sales volumes (pro forma for the full year effect of the acquisition of our Chinese assets but with such volumes reduced by 5% to reflect our estimate of weak business cycle conditions) and applying 2019 fixed costs, we believe that our EBITDA before special items would have reduced, pro forma, by an amount approaching half of our 2018 EBITDA before special items.

The discussion above regarding the pro forma illustrative estimate has been prepared by, and is a responsibility of, management. Our statutory auditors, PwC and Deloitte LLP, have not audited, reviewed, examined, compiled, verified or performed any procedures with respect to the discussion above regarding the pro forma illustrative estimate, and accordingly, they have not expressed an opinion or provided other form of assurance with respect thereto for the purpose of this offering memorandum. This pro forma illustrative estimate does not take into account any circumstances or events occurring outside the periods to which it refers and is based on a number of assumptions that are subject to inherent uncertainties subject to change. In addition, although we believe this pro forma illustrative estimate to be reasonable, our actual results may be lower than the information described above and such downward variations could be material. As such, you should not place undue reliance on this pro forma illustrative estimate and it should not be regarded as an indication that it will be an accurate prediction of future events. See "*Forward-Looking Statements*", "*Risk*

Factors" and "*Operating and Financial Review and Prospects*" for a more complete discussion of factors that could affect our future performance and results of operations.

Since January 1, 2019, we have paid dividends to our shareholders in a total amount of €582.2 million. We may make strategic decisions, including on the payment of dividends in the future, the size of which may change or increase from time to time and may not necessarily be in line with past practice. In addition, we may engage in strategic transactions, including future debt incurrence, inventory financing or similar arrangements, or repurchases of our debt (on the open market or otherwise) with cash on hand or the proceeds of future debt incurrences, which may impact the availability of cash resources.

Financing Arrangements

As of September 30, 2019, our main financing arrangements comprised our €624.9 million of loans outstanding under our Existing Term Loan B Facilities as well as the Securitization Program of up to €450.0 million. In the year ended December 31, 2018, we completed the extension of our Securitization Program, resulting in a reduction in our participation and commitment fees and the extension of the program's tenor by an additional three years (new maturity date July 2021). As of September 30, 2019, the drawn amount under the Securitization Program amounted to €110.0 million. As of December 31, 2019, the drawn amount under the Securitization Program amounted to €190.0 million.

We plan to use the proceeds from the Offering, along with borrowings under the New Term Loan B Facilities, to (i) refinance the Existing Term Loan B Facilities, (ii) repay drawings under the Securitization Program in the amount of €100.0 million, (iii) make a cash distribution in the amount of €350.0 million to the Parent, which will in turn distribute such amount to INEOS Industries Holdings Limited, (iv) pay fees and expenses related to the Transactions and (v) for general corporate purposes, including capital expenditure projects in connection with our growth strategy. See "*The Transactions*" and "*Use of Proceeds*".

In addition, we have various short-term committed and uncommitted credit facilities with different local banks to fund our working capital requirements in China, India, Mexico, South Korea, Singapore and Thailand. Most of the committed facilities are covered by corporate guarantees granted by the Issuer. As of September 30, 2019, the drawn amount under working capital facilities totaled €10.6 million equivalent, with €162.8 million equivalent being undrawn. We also have letter of credit facilities in India, Mexico, South Korea, Thailand and Singapore. As of September 30, 2019, the drawn amount under all letter of credit facilities was €3.2 million equivalent, comprising €1.0 million equivalent drawn under letter of credit facilities in Mexico and €2.2 million equivalent under the letter of credit facilities in India. We also use certain bank acceptances in China.

Capital expenditures

As part of our strategy to focus capital investments on improving returns, we have instituted measures to help promote efficient uses of capital investment. We intend to manage capital expenditures to maintain our asset base and grow in line with our Triple Shift strategy. We have currently budgeted capital expenditures of approximately €450 million for the year ending December 31, 2020. During the years ended December 31, 2018, 2017 and 2016 and for the nine months ended September 30, 2019 and 2018, total cash capital expenditures for property, plant and equipment and intangible assets for each of our business segments were as follows:

	For the year ended December 31,					For the nine months ended September 30,		
	2018[1]	**2017**	**2016**	**2018 vs 2017**	**2017 vs 2016**	**2019[2]**	**2018**	**9M 2019 vs. 9M 2018**
	(in €million)			**%**		**(in €million)**		**%**
Polymers EMEA	41.0	36.6	34.2	*12.0*	*7.0*	34.1	21.4	*59.3*
Polymers Americas	32.9	56.5	30.6	*(41.8)*	*84.6*	52.0	24.0	*116.7*
Polymers Asia	24.6	9.4	16.5	*161.7*	*(43.0)*	27.3	10.0	*173.0*
Styrene Monomer	77.5	44.7	46.0	*73.4*	*(2.8)*	42.1	54.3	*(22.5)*
Total	**176.0**	**147.2**	**127.3**	***19.6***	***15.6***	**155.5**	**109.7**	***41.7***

(1) The Group adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in our consolidated financial statements. Therefore, the financial information presented for each of the two years ended December 31, 2016 and 2017 may not be comparable to the financial information presented for the year ended December 31, 2018.

(2) The Group adopted IFRS 16 from January 1, 2019 using the modified retrospective approach pursuant to which the unaudited comparative financial information for the nine months ended September 30, 2018, included in the Unaudited Interim Condensed Consolidated Financial Statements, has not been restated.

In the nine months ended September 30, 2019, we invested €155.5 million (nine months ended September 30, 2018: €109.7 million) in tangible and intangible assets. These capital expenditures related primarily to costs for maintenance and expansion projects. Investments in property, plant and equipment in the nine months ended September 30, 2019 mainly include the new ASA Specialties plant in Houston, United States, the conversion of a PS line to a mass ABS line in Wingles, France, and the compounding line expansion investment in Moxi, India.

In the year ended December 31, 2018, we invested €176.0 million in tangible and intangible assets. These capital expenditures related primarily to maintenance, turnaround activities and new investments in production plants. Investments in property, plant and equipment in 2018 mainly include the planned maintenance turnaround at our Bayport, Texas, United States, SM site, as well as the compounding expansion investment in Moxi, India, and the new ASA Specialties plant in Houston, United States. Investments in intangible assets mainly comprised IT investments and emissions rights.

In the year ended December 31, 2017, we invested €147.2 million in tangible and intangible assets. These capital expenditures related primarily to maintenance, turnaround activities and new investments in production plants. Investments in property, plant and equipment in 2017 mainly include the planned maintenance turnaround at our Texas City, Texas, United States and Sarnia, Canada, SM sites, as well as the purchase of railcars that we previously leased in the Americas and other expansion projects in Mexico and India.

In the year ended December 31, 2016, we invested €127.3 million in tangible and intangible assets. These capital expenditures related primarily to maintenance, turnaround activities and new investments in production plants. Investments in property, plant and equipment in 2016 mainly include investments in growth and modernization of our Map Ta Phut, Thailand site, and a planned turnaround of our Channahon, Illinois, United States, site.

Working Capital

We anticipate that our working capital requirements will vary due to changes in raw material costs, which affect inventory, accounts receivable and accounts payable levels as well as 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 Securitization Program.

Cash Flows

During the years ended December 31, 2018, 2017 and 2016 and in the nine months ended September 30, 2019 and 2018, our net cash flows were as follows:

	For the year ended December 31,			For the nine months ended September 30,	
	2018[(1)]	**2017**	**2016**	**2019[(2)]**	**2018**
			(in €million)		
Net cash flows generated from operating activities	778.4	589.2	629.2	483.4	456.8
Net cash flows used in investing activities	(171.3)	(243.4)	(119.9)	(755.9)	(106.4)
Net cash flows used in financing activities	(337.3)	(360.9)	(682.3)	(7.2)	(241.6)

(1) The Group adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in our consolidated financial statements. Therefore, the financial information presented for each of the two years ended December 31, 2016 and 2017 may not be comparable to the financial information presented for the year ended December 31, 2018.

(2) The Group adopted IFRS 16 from January 1, 2019 using the modified retrospective approach pursuant to which the unaudited comparative financial information for the nine months ended September 30, 2018, included in the unaudited condensed consolidated interim financial statements as of September 30 2019 and for the nine months then ended, have not been restated.

Net cash flows generated from operating activities

Net cash flows from operating activities was an inflow of €483.4 million in the nine months ended September 30, 2019 compared to an inflow of €456.8 million in the nine months ended September 30, 2018. The inflow in the nine months ended September 30, 2019 was due to the working capital and other receivables and payables inflow of €31.2 million, compared to an outflow of €124.5 million in the nine months ended September 30, 2018. The working capital inflow in the nine months ended September 30, 2019 reflected the lower feedstock prices, partly offset by the integration of the acquired Chinese PS business.

Net cash flows from operating activities was an inflow of €778.4 million in the year ended December 31, 2018 compared to €589.2 million in the year ended December 31, 2017. This increase in operating cash flows was primarily due to the working capital and other receivables and payables inflow of €59.5 million at the end of 2018 mainly due to lower feedstock prices.

Net cash flows from operating activities was an inflow of €589.2 million in the year ended December 31, 2017 compared to €629.2 million in the year ended December 31, 2016. This decrease in operating cash flows was primarily the working capital and other receivables and payables outflow of €124.1 million over the course of the year ended December 31, 2017 mainly because of higher sales volumes, increase in raw material pricing and the acquisition of the K-Resin Business. These outflows offset the increased inflow from the profit generated from operations.

We made taxation payments of €83.1 million in the year ended December 31, 2018 (2017: €145.3 million, 2016: €144.4 million). These payments primarily reflected payments made in the tax jurisdictions where we have most of our trading activities. The largest payments were made in the United States and Mexico.

Net cash flows used in investing activities

Net cash flows used in investing activities in the nine months ended September 30, 2019 contain the acquisition of property, plant and equipment (see "—*Capital expenditures*" above). In February 2019, we paid €186.2 million for the acquisition of the Total S.A. PS business in China. The acquired business had a cash balance of €52.6 million, which led to a net cash outflow from this business acquisition of €133.6 million. In the first nine months of 2019, the Group granted a loan of €463.3 million to INEOS Industries Holdings Limited, resulting in a cash outflow from the Group in a corresponding amount during the period. Subsequent to September 30, 2019, the Group declared a dividend to INEOS Industries Holdings Limited in the amount of €470.8 million. INEOS Industries Holdings Limited directed the Group to apply €470.6 million of the interim dividend in immediate repayment and discharge of the full amount of principal and interest owed by INEOS Industries Holdings Limited to the Group. The net cash cash effect of such transactions subsequent to September 30, 2019 was a €0.2 million outflow. Cash flows used in investing activities in the nine months ended September 30, 2019 contain the acquisition of property, plant and equipment, which mainly includes the planned maintenance turnaround at our Bayport, Texas, United States, SM site, as well as the compounding expansion investment in Moxi, India, and the new ASA Specialties plant in Houston, United States.

Net cash flows used in investing activities in the year ended December 31, 2018, 2017 and 2016 mainly contain the acquisition of property, plant and equipment (see "—*Capital expenditures*" above). In 2017, the Group paid €113.2 million for the acquisition of the K-Resin Business. The acquired business had a cash balance of €14.3 million and that led to a net cash outflow from investing activities of €98.9 million.

Net cash flows used in financing activities

Net cash flows used in financing activities in the nine months ended September 30, 2019 included proceeds and repayments of external borrowings, interest paid and the capital element of finance lease payments of a net amount of €7.2 million.

Net cash flows used in financing activities in the year ended December 31, 2018 included the repayment of our external borrowings from our Existing Dollar Term Loan B Facility of $120.0 million and a reduction of the drawn amount under the Securitization Program from €100.0 million to €50.0 million.

Net cash flows used in financing activities in the year ended December 31, 2017 mainly consist of a repayment of our related party borrowings from the EUR tranche of the institutional term loan facility with INEOS Holdings Limited of €248.1 million.

Net cash flows used in financing activities in the year ended December 31, 2016 include the placement of three new institutional term loan tranches under our Existing Term Loan B Facilities with volumes €375.0 million and $420.0 million with institutional investors and an institutional term loan facility in the amount of €250.0 million with an affiliate company. The proceeds along cash at hand were used for the redemption of the previous two tranches of institutional term loan of approximately €1.1 billion and the redemption of our related party borrowings from our PIK Toggle loan with INEOS Holdings Limited of €200.0 million.

The Parent made dividend payments of €165.5 million in the year ended December 31, 2018 (December 31, 2017: €55.0 million, December 31, 2016: €255.0 million). In the first nine months of 2019, the Group granted a loan of €463.3 million to INEOS Industries Holdings Limited, resulting in a cash outflow from the Group in a corresponding amount during the period. Subsequent to September 30, 2019, the Group declared a dividend to INEOS Industries Holdings Limited in the amount of €470.8 million. INEOS Industries Holdings Limited directed the Group to apply €470.6 million of the interim dividend in immediate repayment and discharge of the full amount of principal and interest owed by INEOS Industries Holdings Limited to the Group. The net cash cash effect of such transactions subsequent to September 30, 2019 was a €0.2 million outflow.

Off-Balance Sheet Arrangements

We use various customary off-balance sheet arrangements. Since January 1, 2019, we present lease contracts within the scope of IFRS 16 as a right-of-use asset and liability on-balance sheet. Until December 31, 2018 operating lease arrangements for a number of warehouse, factory and logistical facilities, as well as certain administrative buildings and railcars, were accounted for as off-balance sheet arrangements. We also have long-term raw materials, primarily feedstock, and other purchase commitments. None of these arrangements has or is likely to have a material effect on our results of operations, financial condition or liquidity.

Quantitative and Qualitative Disclosures About Market and Operating Risks

See Note 20 to the 2018 Audited Consolidated Financial Statements for more information about market and operating risks affecting the Group.

Commodity price risk

In the ordinary course of our business, we are exposed to a variety of market risks arising from movements in the prices of the feedstock we require to make our products. To manage this exposure, we generally acquire raw materials and sell finished products at posted or market-related prices, which are typically set on a quarterly (for Specialties), monthly (for PS and ABS Specialties) or more frequent basis (for SM) in line with industry practice. We seek to minimize reductions in our margins by passing feedstock cost increases to our customers through higher prices for our products. In general, we do not enter into hedging instruments to mitigate our exposure.

Currency risk

We are 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 U.S. dollars. The currencies in which these transactions primarily are denominated are USD, EUR, Indian rupee and Korean won. The trade receivables denominated in these currencies totaled €324.3 million, €181.1 million, €27.9 million and €15.1 million, respectively, as of December 31, 2018. A 5% strengthening or weakening of the EUR against the USD, Indian rupee and Korean won as of December 31, 2018 would have (decreased) or increased net income by €(8.9) million or €9.9 million, €(0.2) million or €0.2 million and €(1.8) million or €1.9 million, respectively. This analysis is based on foreign currency exchange rate variances that we considered to be reasonably possible as of the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. Given our increasing focus on non-European markets, the effect of exchange rate fluctuations on our reported results of operations could increase over time.

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 our receivables from customers and INEOS, its ultimate owner, and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. As of December 31, 2018, the carrying amount of our trade and other receivables was €652.5 million and the carrying amount of our cash and cash equivalents was €567.1 million.

Guarantees

As of September 30, 2019, we have issued guarantees in the amount of €181.2 million for credits granted by financial institutions to our subsidiaries.

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with working capital requirements, capital expenditure or our financial liabilities that are settled by delivering cash or another financial asset. Our approach to managing liquidity is to ensure, as far as possible, that we will have sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

We aim to maintain the level of our 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. We also monitor the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Critical Accounting Policies

The preparation of our consolidated financial statements in conformity with IFRSs 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.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in our consolidated financial statements is included in (i) goodwill allocation to cash generating units and (ii) impairment tests for goodwill and other non-financial assets. For more details, please refer to Note 1 of our Audited Consolidated Financial Statements included elsewhere in this offering memorandum.

Business combinations

Business combinations are defined according to IFRS 3 as transactions or other events in which the acquirer achieves control over one or several business of the acquiree. The acquisition method of accounting is used by the Group to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

Basis for consolidation

Subsidiaries

Subsidiaries are all entities controlled by the Group (including structured entities).

We control an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

We apply the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary usually comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary. The consideration transferred does not include amounts related to the settlement of pre-existing business relationships. Such amounts generally are recognized in profit or loss. Acquisition costs are expensed as incurred.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; less
- the recognized amount (fair value) of the identifiable assets acquired less the liabilities assumed.

Acquisitions and disposals of non-controlling interest

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from disposal transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Transactions eliminated on consolidation

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Impairment

Non-derivative financial assets

A financial asset not classified at fair value through profit and loss is assessed at each reporting date to determine whether there is evidence that it is impaired. For the Group, trade receivables are the only significant type of financial assets that are impacted by the expected credit loss model of IFRS 9. For these financial assets, the Group applies a simplified approach to measuring expected credit losses following the requirements of IFRS 9, the so called lifetime expected credit loss model. That means that, besides considering objective evidence (*e.g.*, default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security), the Group takes into account a forecast of future economic conditions in the calculation of the expected loss, which requires a greater extent of judgement. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount is the higher of value in use and fair value less costs to sell. Goodwill is tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The contributions are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that will be due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Defined benefit plans

We operate defined benefit pension plans in the countries in which we have production facilities or distribution activities. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is based on the yield at the reporting date on AA credit-rated bonds that have maturity dates in line with the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. Our defined benefit obligation increased to €202.9 million as of December 31, 2018 from €197.0 million as of December 31, 2017, primarily due to the lower discount rate used to determine the present value of such obligations as of December 31, 2018.

Remeasurements of the net defined benefit liability from actuarial gains and losses and returns on plan assets greater than the discount rate are recognized immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense is included in finance cost; all other components of employee benefit costs related to defined benefit plans are recognized as personnel expenses in the income statement.

The calculation is performed annually on the basis of an actuarial report using the projected unit credit method. When the calculation results in a defined benefit asset to the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. The change in the present value of the future benefits resulting from a plan change or a curtailment is recognized as past service cost in comprehensive income in the year in which they occur.

We recognize gains and losses from a settlement of a defined benefit plan in profit or loss when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation to be settled and the settlement price including payments made directly by us in connection with the settlement.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short or medium-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized in finance cost.

Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, we take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. We believe that our accruals for tax liabilities are adequate for all open tax periods based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes us to change our judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if it is possible that there is a legally enforceable right to offset current tax liabilities and assets because they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Significant judgments in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain that the option to renew will be exercised.

INDUSTRY AND MARKET OVERVIEW

This section presents certain market ranking information, which has been prepared by Nexant on the basis of capacity by owner. Such rankings treat joint ventures as separate owners from their joint venture partners.

Overview of Our Principal Industries

We operate in the styrenics industry. Our core products are (i) styrene monomer ("**SM**"), (ii) polystyrene ("**PS**"), (iii) acrylonitrile butadiene styrene ("**ABS**") Standard and (iv) Specialties, consisting of ABS Specialty and various other copolymers.

Styrene monomer is an important intermediate material used in the production of a variety of plastic and synthetic rubber products with key applications in the electronics, healthcare, household, automotive, construction and packaging sectors. SM is primarily used as feedstock in PS, ABS and Specialties product manufacturing. Nexant estimates that global SM capacity was 34.9mn MT in 2019, with 36% of global SM demand stemming from the production of polystyrene and 22% of demand from expandable polystyrene.

Polystyrene is a thermoplastic resin obtained from the polymerization of SM. Due to its easy processability, PS has many applications, including construction, electronics, household appliances, toys, disposables and packaging (see table below for examples of key applications). There are two basic types of PS: (i) crystal PS (straight, or general purpose PS ("**GPPS**")) and (ii) high impact PS ("**HIPS**"). GPPS is a more elastic plastic used in sectors like food packaging, while HIPS is a more durable plastic used in household appliances such as refrigerators. Nexant estimates that global PS (GPPS/HIPS) capacity was 14.3mn MT in 2019.

ABS is a high volume engineering plastic, favored for its strength, scratch resistance and attractive finish. Traditionally, ABS producers would offer customers numerous grades and color options. Today, following the emergence of very large plants and production lines in the industry, most ABS producers focus production on either (i) standard ABS, which is uncolored, (ABS Standard) or (ii) pre-colored ABS (ABS Specialty). ABS resin is made into a wide range of components via injection molding and extrusion. Primary uses are in the production of automotive parts, consumer electronics and household appliances. Nexant estimates that global ABS capacity was 11.4mn MT in 2019, with 9.4mn MT coming from Asia.

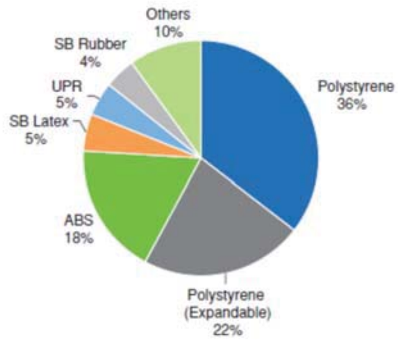
Specialties consist of ABS Specialties, such as high heat resistance ABS and pre-colored ABS, and copolymers such as styrene-acrylonitrile ("**SAN**"), acrylonitrile styrene acrylate ("**ASA**"), methyl methacrylate acrylonitrile butadiene styrene ("**MABS**") and SAN styrene butadiene block copolymers ("**SBCs**"). They form a small portion of the styrene derivatives market, representing 10% of the overall market in 2019 according to Nexant estimates, but are high-margin products that are customized to end user needs.

The prices of SM and its derivatives PS and ABS have historically been volatile, with underlying margins going through long-term cycles. Pricing for Specialties tends to be less cyclical and more dependent on the unique value proposition of each product. In recent years, the SM market has become tighter. Based on Nexant estimates, we expect that this trend will continue due to limited new capacity coming in the short to medium term.

The Styrene Monomer Market

SM is a global commodity. As it exists in liquid form and is relatively inexpensive to transport, SM is widely traded and exchanged between different regions. Demand for SM is driven by the demand for styrene derivatives and end use applications. The chart below provides an overview of the key products for which styrene is an input, as well as estimated global styrene consumption for such products.

Global SM demand (2019) 31mn MT



Source: Nexant

Downstream products	Key applications
Polystyrene	Electronics, household appliances, toys, disposables (cups, cutlery), packaging
Expandable Polystyrene	Insulation, vending cups, protective packaging
ABS	Automotive, pipes, fittings, electronics (TVs) and household appliances
Styrene-Butadiene Latex	Carpet backing, paper
Unsaturated Polyester Resins (UPR)	Automotive, construction, pipes and tanks, electronics, marine accessories
Styrene-Butadiene Rubber	Tires, hosing and tube, seals, footwear
Copolymers (e.g., SAN, ASA, MABS, SBC, SMMA)	SAN: ABS, medical devices, household appliances
	ASA: Automotive, transportation, construction
	MABS: Medical devices, electronics, household appliances
	SBC: Injection molded parts, shrink sleeves, displays and appliance housings, sheet and film production, toys and food and non-food packaging
	SMMA: Medical devices, electronics and household appliances
ABS Specialty	Automotive

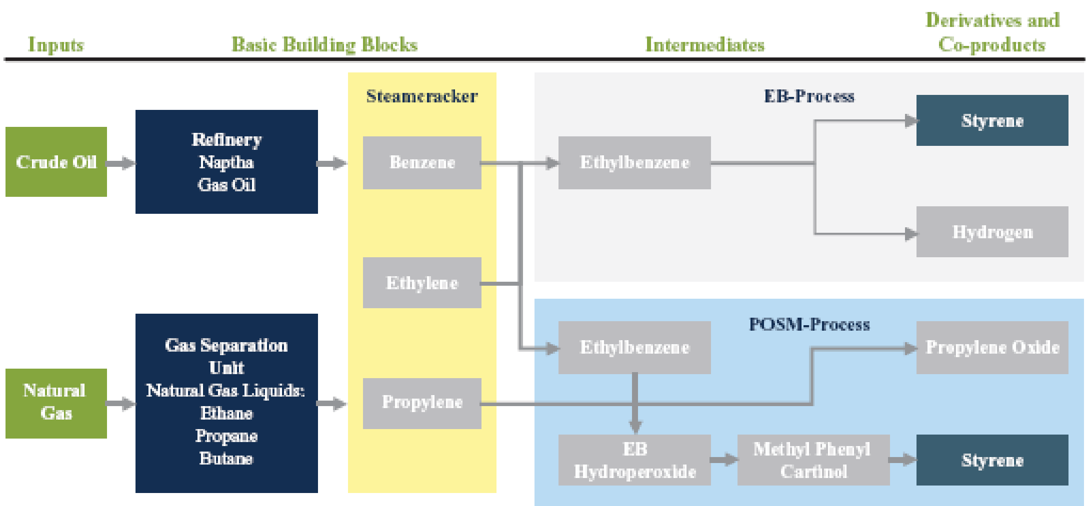
As end markets for most plastic and synthetic rubber products are mature, GDP growth is the key volume driver in the styrenics industry. Higher growth rates can be achieved in some faster-growing downstream sectors, such as the electronics, healthcare, household, automotive and construction sectors, as well as in geographical regions experiencing faster growth such as emerging markets, including Eastern Europe, Latin America and Asia.

Production

SM can be produced in two ways: (i) through the ethylbenzene dehydrogenation ("**EB**") process (on-purpose production) or (ii) through the propylene oxide ("**PO**") styrene monomer ("**POSM**") process. In the POSM process, styrene is produced only as a by-product. As a result, PO demand has a direct impact on SM production by means of the POSM process.

The two SM production processes yield the same purity or quality levels or grades of SM. According to Nexant, an estimated 82.1% of SM was produced through the EB process and an estimated 17.9% of SM was produced through the POSM process in 2019.

SM production flow



Source: Company information.

Most SM producers use an operational model that forward integrates into PS, the most common application for SM. This forward integration allows them to consume the SM that they produce on site instead of having to sell it to third parties. Other producers, including many in the Middle East, currently have no forward integration. As a result, Middle East producers tend to sell the SM that they produce to third parties. According to Nexant, approximately 18% of global SM production was traded in 2019. Margins achievable through SM production are cyclical and are subject to regional short-term volatility.

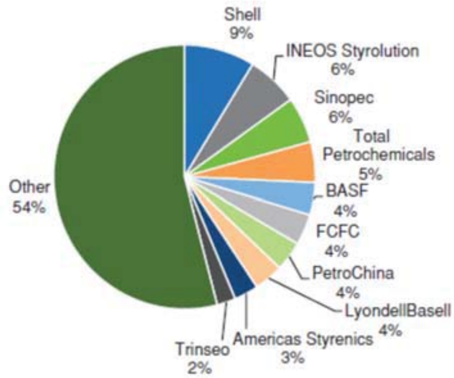
Competition in the SM Market

SM markets are highly competitive, with competition based primarily on producers' product pricing and reliability of supply. Our primary competitors are:

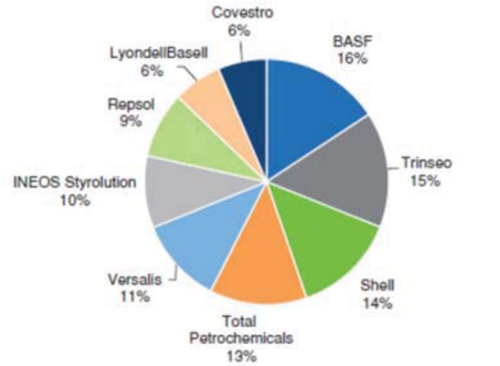
- in Europe, Trinseo, LyondellBasell, Total Petrochemicals S.A., Versalis, BASF, Shell and Ellba (BASF / Shell joint venture);
- in the Middle East, SADAF, Chevron Phillips, Pars PC, TKSC,Tabriz PC and E-Styrenics;
- in North America, LyondellBasell, Cosmar (Total Petrochemicals S.A. and SABIC joint venture), Americas Styrenics, Shell, Westlake and PEMEX; and
- in Northeast Asia, Formosa, Samsung Total PC, Asahi Kasei, LG Chem, Secco, CNOOC, Shell PC and Lyondell.

The following chart sets forth the major SM producers and their global shares of the market in 2019 by owner. According to Nexant data, we were the second largest global player in SM production in 2019.

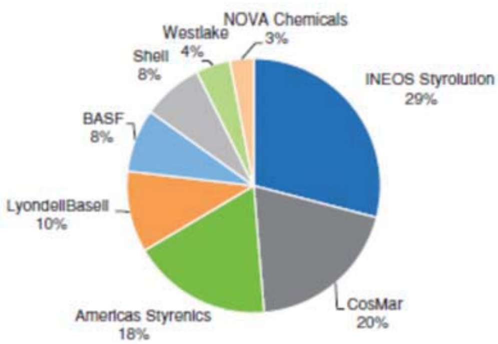
Top global SM producers capacity by owner (2019)
Global SM capacity (2019) 34.9mn MT



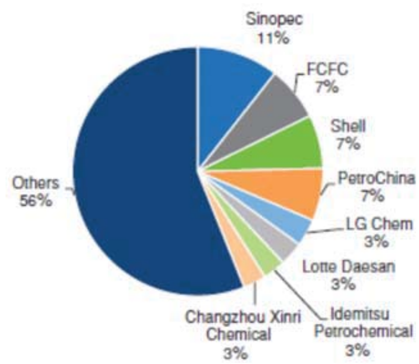
Top Western European SM producers capacity by owner (2019)
Western European SM capacity (2019) 5.5mn MT



Top North American SM producers capacity by owner (2019)
North American SM capacity (2019) 5.9mn MT



Top Asia SM producers by capacity (2019)
Asian SM capacity (2019) 18.7mn MT



Source: Nexant.

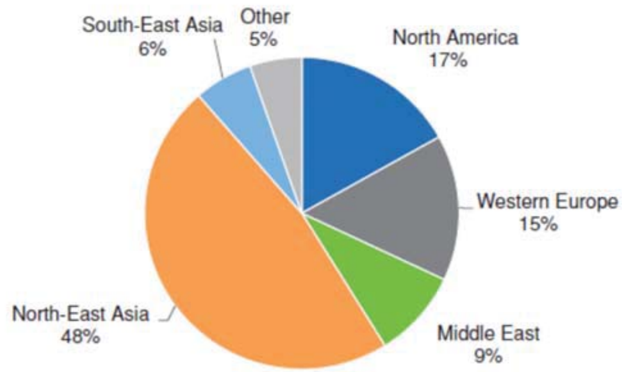
Middle Eastern and North American producers benefit from access to low-cost feedstock. The increase in shale gas production in the United States has resulted in significantly lower energy costs and ethylene prices, which are expected to decrease further in the short term. Western Europe and Japan continue to have higher-cost feedstock, which has placed them at a relative disadvantage in SM production.

Supply, Demand and Utilization Rates for Styrene Monomer

Global SM capacity is distributed among the three major regions. According to Nexant, global SM capacity in 2019 totaled approximately 34.9mn MT. The top three regions by capacity share were Northeast Asia (48%), North America (17%) and Western Europe (15%).

Regional SM Capacity Share 2019

Global SM Capacity (2019) 34.9mn MT



Source: Nexant

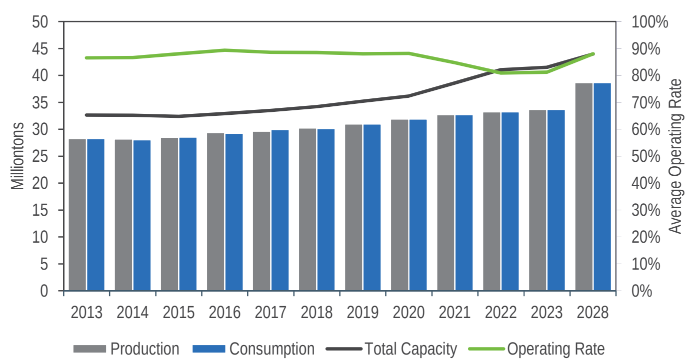
According to Nexant data, between 2015 and 2019, global capacity in the SM market increased steadily, posting 2.1% CAGR over the period. Demand in the SM market grew by less than 1% percent in 2018. This represented a slowdown as growth in recent years has averaged around 2% between 2015 and 2017, averaging approximately 1.4% growth *per annum* over the period 2015 and 2019.

Nexant data shows that between 2013 and 2019, global SM utilization rates stood around 87% in 2013 and 2014. A recovery in downstream demand and a sharp fall in benzene prices supported operating rates in 2015 and 2016, with utilization increasing to the 88-89% range.

According to Nexant, future capacity additions will be concentrated in Asia Pacific. Capacity addition will be focused in China as part of new steam cracker complexes, which provide both ethylene and benzene feedstock. Asia will continue to support global demand growth due to manufacture of a wide range of products consuming styrene derivatives (including mainly EPS, PS and ABS).

Based on industry experience and views from various third party data providers, management expects that supply and demand balances will stay positive, that the market will remain balanced and that utilization rates will remain in the mid-80% as the economy continues to recover.

Global Supply, Demand and Trade (“SDT”) for SM (2013-2023, 2028)

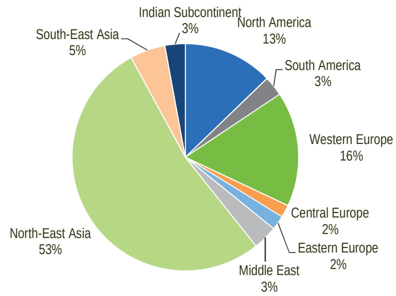


Source: Nexant.

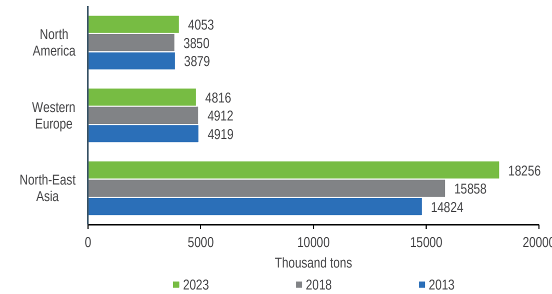
We believe that the risk of substitution of SM as an input is low. However, certain styrene derivatives and end products can be replaced by other products, in many cases with low switching costs. As a result, SM demand is also affected by the availability of substitutes for styrene-based plastics and synthetic rubber products. Nexant forecasts global SM demand CAGR of approximately 2.7% for the 2018-2023 period. The chart below illustrates historical and forecast styrene demand growth by region.

SM demand and growth by region

Styrene Monomer demand (2019) 31mn MT



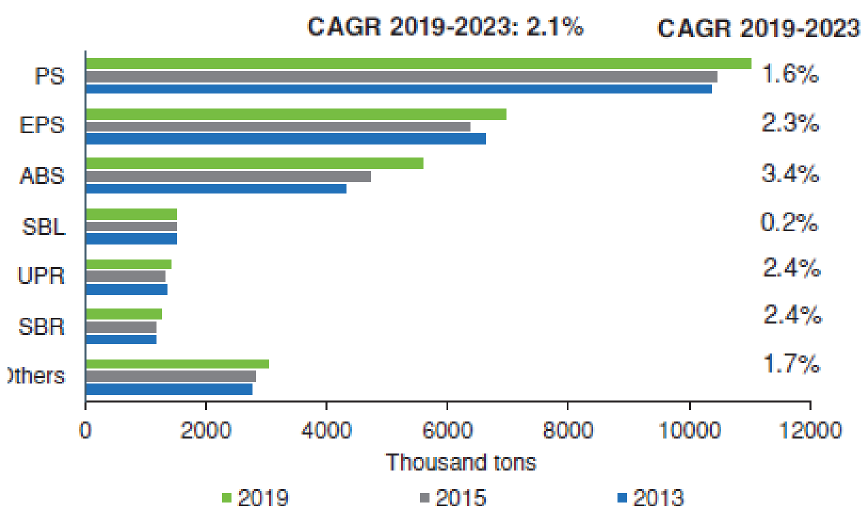
SM demand growth by region (2013, 2019, 2023)



Source: Nexant.

The chart below illustrates historical and forecast SM demand growth by product.

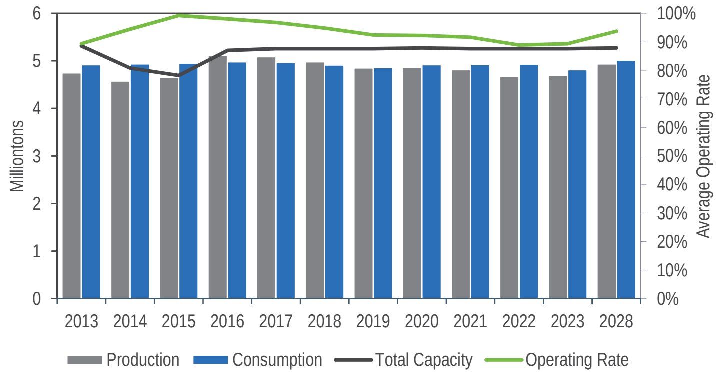
Styrene demand and growth rates by application (2013, 2015, 2019)



Source: Nexant.

Below is a discussion of SM supply, demand and utilization rates in the three major regions.

Western European SM SDT (2013-2023, 2028)

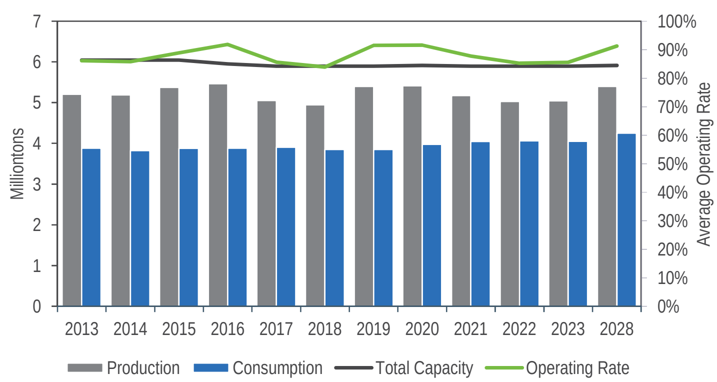


Source: Nexant.

Western Europe. According to Nexant, in 2019, Western Europe accounted for approximately 16% of global SM demand. The supply of SM in Western Europe is typically affected by the level of SM production from POSM and EB units. Nexant data shows that while between 2013 and 2019, following a period of rationalization in the region, SM capacity has remained consistent. Reduced capacity in 2014 and 2015 was due to prolonged outage of styrene production at a plant owned by Ellba, a joint venture of BASF and Shell, in Moerdijk, the Netherlands.

Overall, Nexant data shows that demand for SM in Western Europe also decreased slightly between 2015 and 2019. Western Europe has been, and is expected to continue to be, a net importer of SM. It imports SM mainly from North America and the Middle East due to high prevailing ethylene prices and energy costs in Europe.

North American SM SDT (2013 2023, 2028)

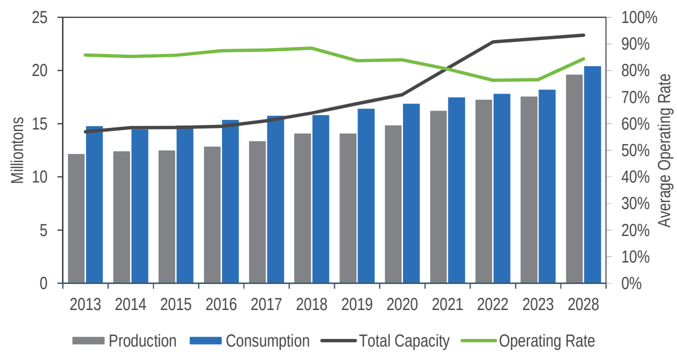


Source: Nexant.

North America. In 2019, North America accounted for approximately 12% of global SM demand, with the United States accounting for over 82% of the region's demand according to Nexant. The increase in shale gas production has significantly improved the cost positions of North American SM producers. Energy costs and the price of ethylene, one of the raw materials used in the production of SM have decreased. Because it is costly to transport ethylene over long distances, production cost improvements relating to an increase in shale gas production have improved North American producers' position compared to producers in Europe and Northeast Asia. Utilization rates in North America fell in 2017 due to production outages while reduced domestic demand and reduced exports to China subdued operating rates in

2018. Prior to 2017, North America had been consistently raising operating rates due to globally competitive cost position. Between 2012 and 2016 operating rates increased from 80 percent to 92 percent, and net exports from 900 000 tons to 1.6 million tons. Between 2017 and 2018, operating rates hovered around 85 percent, but increased exports raw production rise in 2019 and operating rates are forecast to remain in the low-90s through the mid-term forecast period. North America has extensive SM capacity and remains a net SM exporter. According to Nexant, no capacity additions are expected in the short to medium term other than the possible addition of a world scale styrene unit which is currently being considered by INEOS Styrolution. Ahead of a final investment decision this plant has not been included in the analysis, if it were to be built the majority of production would be exported to consumers in Europe and Asia.

Northeast Asian SM SDT (2013 2023, 2028)



Source: Nexant.

Northeast Asia. According to Nexant estimates, in 2019, Northeast Asia accounted for 53% of global SM demand, with China accounting for 64% thereof. Historically, the region has had a limited SM supply. SM demand in Northeast Asia was affected in 2018 and 2019 by a slowdown in the Chinese economy, mainly due to weak market sentiment due to uncertainties surrounding the US-China trade war and the overall slowdown in end use sectors. Future growth for styrene is expected to improve at over 2.5% per year on average with the expectation that the trade war can be resolved soon, continued growth in the packaging and consumer goods segment as well as a rebound in demand in the automotive and construction sectors.

According to Nexant, in the short term projected capacity additions will likely outpace demand. The Asian styrene market is expected to grow below regional GDP over the forecast, primarily driven by the addition of styrene derivatives capacity in China, India and South-East Asia. Capacity additions in the medium to long term are most likely to stem from China with large increases in capacity expected by 2023.

There are significant intra-region disparities in SM utilization rates. According to Nexant, domestic Chinese utilization rates were approximately 74% in 2018. In contrast, more export-oriented markets like South Korea, Japan and Taiwan operated with utilization rates versus nameplate capacity of 93%, 98% and 101%, respectively, in 2018.

The Polystyrene Market

Due to relatively high transportation costs, PS is a regionally traded commodity with low profitability. Global demand grew significantly from the 1960s to the 1990s. It then decreased when PS prices rose and polypropylene ("**PP**") and polyethylene terephthalate ("**PET**") were substituted in for PS. The rise in PS prices was due to a spike in benzene feedstock prices. Furthermore, changes in consumer demand for certain end products, such as the decline in popularity of audio and video cassettes and the reduction in packaging required in the consumer electronics industry (*e.g.*, fewer materials required to ship a flat-screen TV) led to an oversupply of PS in the late 1990s and early 2000s.

The PS industry has consolidated through M&A activity, joint venture formations (including our business), rationalization efforts and divestments. This has helped sustain an industry that has otherwise experienced weak demand and high raw material costs in recent years. Global polystyrene consumption demand growth has been limited to around one percent in the last three years partly due to competition from other polymers and feedstock costs. The polystyrene market is mature and is heavily exposed to price sensitive end-uses with a number of competitive pressures from alternative materials, both natural and synthetic.

Looking ahead, based on Nexant estimates, we expect further rationalization and consolidation to take place in mature markets due to soft domestic demand and exports hampered by a lack of competitiveness. We have taken part in this trend by rationalizing capacity in our portfolio (*e.g.*, with the conversion of one of our PS lines in France to produce ABS). Meanwhile, emerging markets, such as Northeast Asia (in particular China), are adding and expanding PS capacities, and have maintained utilization rates ranging between 68% and 74% according to Nexant between 2013 and 2019.

PS demand growth has been around one percent in recent years as polystyrene faces ongoing competitive pressures from alternative materials. Consumption declined in most regions outside of China in 2018. According to Nexant, these negative trends were due to the price sensitivity of end users, competitive pressures from alternative materials (both natural and synthetic) and increasing environmental issues related to certain end uses. Nexant estimates indicate that global demand growth was 0.7% in 2018. From 2018 to 2023, Nexant forecasts a global PS demand CAGR of 1.6%. PS prices are generally expected to remain higher than prices of substitutes such as PP and PET due to high benzene prices. We expect, based on Nexant forecasts, that this will continue to affect PS demand.

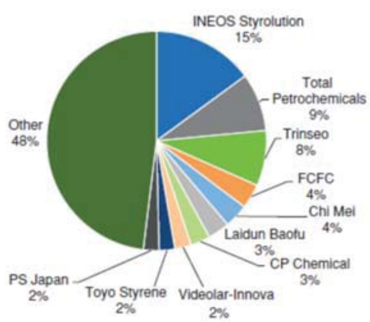
Competition in the Polystyrene Market

The PS markets in which we operate are highly competitive, with competition based primarily on producers' product pricing and supply reliability. PS pricing tends to track SM pricing very closely, as PS producers are usually able to pass through higher SM costs (as well as cost savings) to end users, albeit with occasional slight delays.

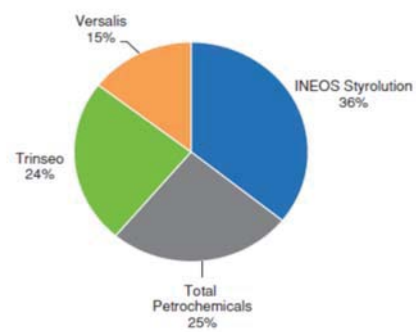
The North American and Western European PS markets have a few major producers as well as smaller-scale, regional players. Few PS producers have operations in more than one region. Apart from our own operations, only Total Petrochemicals S.A. and Trinseo (which has an ownership interest in Americas Styrenics in North America) have global footprints. Our main competitors are

- in Europe, Trinseo, Total Petrochemicals S.A. and Versalis S.p.A.;
- in North America, Americas Styrenics, Total Petrochemicals S.A. and Resirene; and
- in Asia, a large number of smaller players, all with market shares under 4% in 2019 according to Nexant.

Top global PS producers capacity by owner (2019)
Global PS capacity (2019) 14.3mn MT



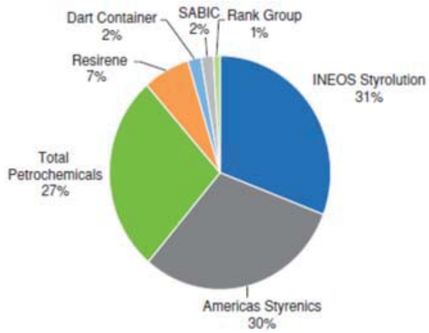
Top Western European PS producers by owner (2019)
Western European PS capacity (2019) 2.0mn MT



Source: Nexant.

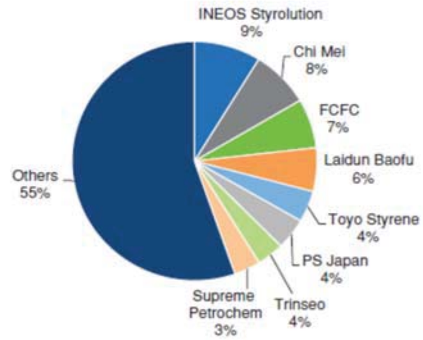
Top North American PS producers capacity by owner (2019)

North American PS capacity (2019) 2.5mn MT



Top Asian PS producers capacity by owner (2019)

Asian PS capacity (2019) 7.8mn MT



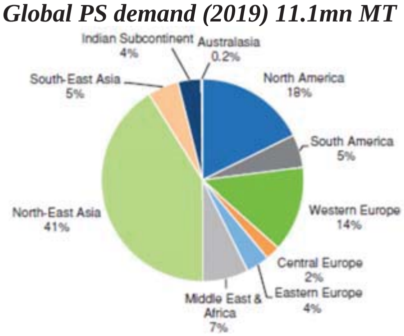
Source: Nexant.

Supply, Demand and Utilization rates for PS

PS is supplied on a global basis, with greatest demand coming from Northeast Asia, North America and Western Europe. Global operating rates have remained in the mid-70s over the past five years as demand has grown in line with limited capacity growth, mainly in Asia. Asia will heavily influence global operating rates, with China accounting for almost 30 percent of global polystyrene demand.

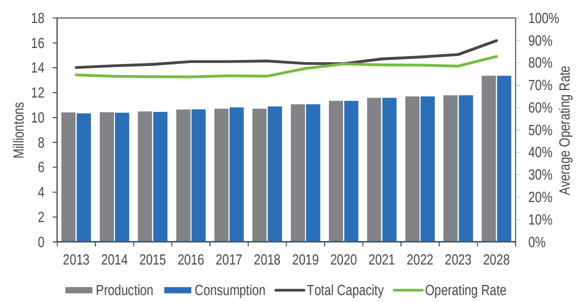
Global PS demand by region (2019)

Global PS demand (2019) 11.1mn MT



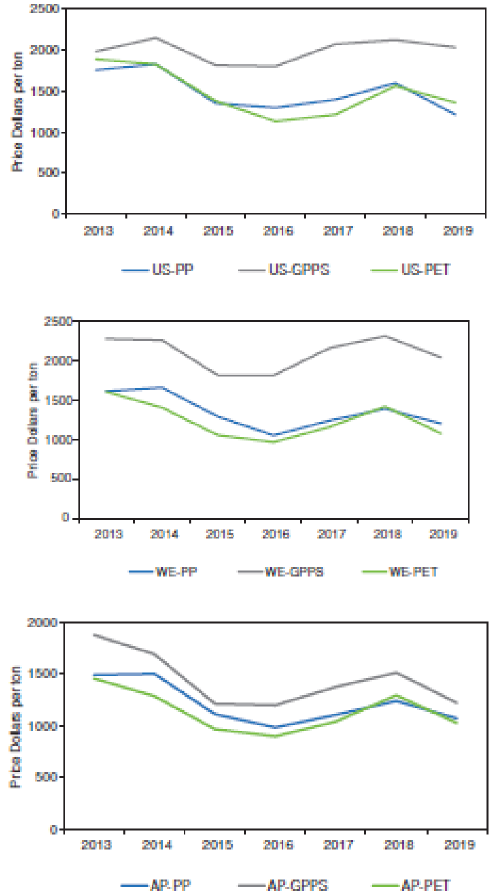
Global PS supply, demand, capacity and utilization rates (2013-2023, 2028)

Global PS Supply and Demand



Source: Nexant.

Price comparison: PS (GPPS) vs. PP / PET



Source: Nexant.

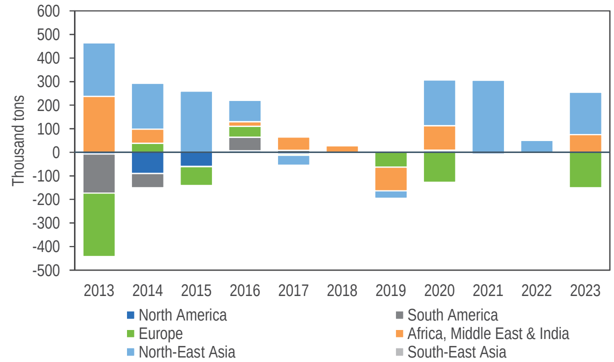
The polystyrene industry has been under pressure due to changing consumer behaviour, rising raw material costs, product substitution and environmental concerns. Polystyrene producers have been suffering margin pressure for many years, such that capacity rationalisation, industry consolidation and delays to new projects have been inevitable. The moderate demand outlook for polystyrene has resulted in several producers moving to convert polystyrene facilities to produce ABS, which has a higher demand outlook.

According to Nexant, Northeast Asia accounted for 43.9% of global PS capacity in 2019, which totaled 14.2mn MT, while North America accounted for 17.3% and Western Europe accounted for 13.6%.

North American and Western European producers have responded to the decline in demand by reducing inefficiencies, closing plants and consolidating businesses, resulting in significant capacity reductions. For example, in 2019, Total Petrochemicals closed its El Prat site in Spain and INEOS Styrolution is converting a polystyrene line in France to produce ABS. The vast majority of what capacity growth is expected to come in the future will be in Asia and the Middle East or Africa.

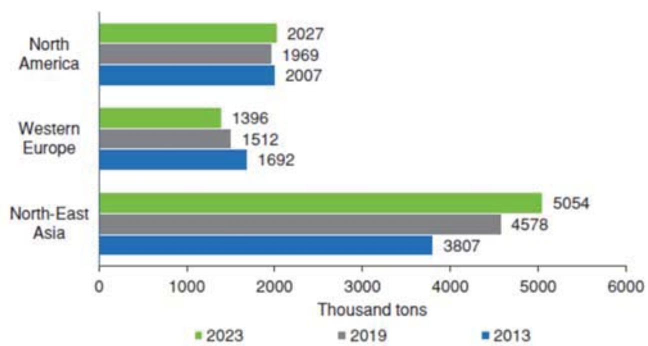
Global PS capacity growth by region (net annual change, 2013-2023)

Majority of PS capacity growth to come from emerging markets



Source: Nexant.

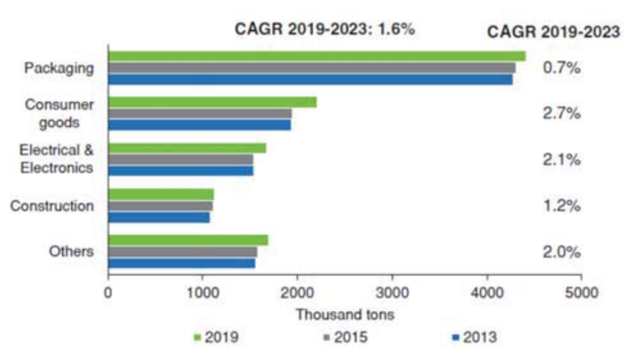
PS demand growth by region (2013, 2019, 2023)



Source: Nexant.

PS demand continues to grow, but the decline in demand from packaging producers is increasingly pronounced in some regions due to the increasingly negative public perception towards styrene derivatives stemming from environmental and health-related concerns. Polystyrene is also used in the electrical/electronics sector for applications such as media closures. Smaller volumes of polystyrene are also consumed in the construction sector for drainage boards, displays, prefabricated walls, decorative gables and facades.

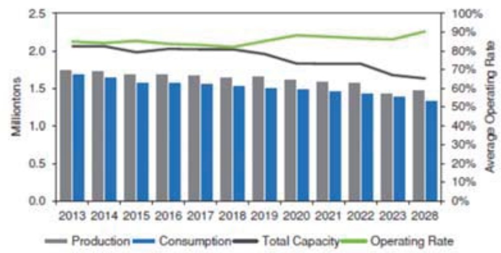
Global PS demand and growth rates (2013, 2015, 2019)



Source: Nexant.

Below is a discussion of supply and demand for PS in the three major regions.

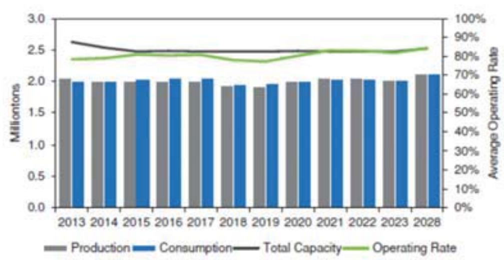
Western European PS SDT (2013-2023, 2028)



Source: Nexant.

Western Europe. In 2019, Western Europe accounted for approximately 14% of global PS demand according to Nexant. In recent years, PS production in Western Europe has undergone significant production rationalization due to weak demand, which decreased by approximately 1% in 2019 (year on year). According to Nexant, there are no PS capacity expansions planned for the short term. Further capacity rationalization is expected in the medium term, with the goal of maintaining utilization rates above 85%. Western Europe will continue to export to the CEE and MEA regions. Long-term demand of polystyrene in Western Europe faces on-going pressure from activist groups recommending companies to actively explore replacing polystyrene as packing material.

North American PS SDT (2008-2018, 2023)



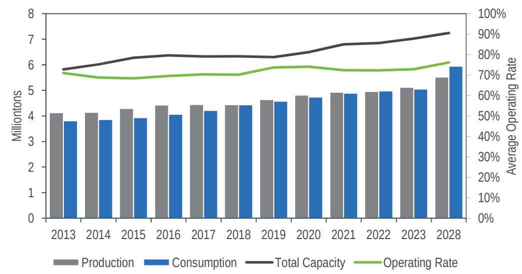
Source: Nexant.

North America. In 2019, North America accounted for 18% of global PS demand, with the United States accounting for over 81% thereof according to Nexant. Between 2013 and 2018, Nexant data shows that PS demand decreased by 0.1% on average per year, while regional capacity decreased by 0.4%. The decrease in demand can be attributed primarily to decreasing demand for packaging. While continued GDP growth in the United States is raising disposable income and dining out is on the increase, there is an increasingly negative sentiment towards polystyrene products that is continuing to gain traction. This negative sentiment is placing downward pressure on the consumption of polystyrene into packaging. Contraction in packaging has been offset by increased use in construction and consumer goods. The United States housing sector continued to grow in 2018 as permits, housing starts and the number of new home completions hit the highest levels since 2007.

Lower demand growth and lower margins have led to consolidation and rationalization efforts in connection with U.S. PS capacity.

According to Nexant, demand for packaging accounted for 60% of the North American domestic PS market in 2019. It continues to decline due to environmental concerns and competition from alternative materials. We believe, based on Nexant forecasts, that demand growth will be flat to slightly positive in the near future, with an CAGR of approximately 1.3% between 2019-2023. Demand from the packaging sector is forecast to continue to foster competition and substitution effects. Meanwhile, slight improvements are expected in consumer products, construction and electronics.

Northeast Asian PS SDT (2008-2018, 2023)



Source: Nexant.

Northeast Asia. According to Nexant, in 2019, Northeast Asia accounted for 41.2% of global PS demand, with China accounting for 79% of regional demand. Historically, demand growth has been volatile in Northeast Asia. Polystyrene consumption recorded a close-to-GDP growth rate in 2018 after growing below GDP for several years. China was the main demand growth contribution because the recent bans of foreign plastic waste stimulated demand for virgin material, coupled with its strong end-use sector growth, such as in consumer goods including home appliances

According to Nexant, it is expected that future demand will grow moderately in the short term. Demand growth is expected to be concentrated in China. The operating rates will continue to improve in the short term driven by regional demand growth and limited capacity expansion over the next few years. Future capacity addition will be restricted to China where the market continues to grow along with the country's economy. Demand growth will be driven mainly by consumer goods including home appliances, electrical & electronics and packaging. Consumption has been slowing down in Taiwan, Japan, and South Korea.

The ABS Markets

ABS Standard prices tend to track feedstock prices very closely, as ABS producers are usually able to pass through higher costs (as well as cost savings) to end users, albeit with occasional slight delays. Prices are also affected by import pressures from large Asian producers.

ABS technology is mature. No new innovation is expected to come to market within the next five years. Demand for ABS is driven by the demand for its end-use applications, including automotive parts, consumer electronics, electricals and household appliances, which together accounted for approximately 87% of ABS demand in 2019 according to Nexant.

ABS consumption has been relatively weak in 2018 and 2019 due to a decline in automobile production and increased tensions between China and the United States. Growth slowed down year on year to 3.7 percent in 2018, the lowest since 2012. China, the world's largest automobile producer, experienced negative growth in automobile production as Chinese vehicles sales fell for the first time in 20 years. This was only partially offset by increased automobile production in South-East Asia and India. Consumption into home appliance and electrical/electronics suffered in the last half of the year when tensions between China and the United States increased. The market feared potential tariffs that could be levied on appliances made in China, the major production hub. Economic headwinds and increased uncertainty lowered or delayed expenditure in electrical and electronics, and home appliances both in China and in the export market. In 2017, despite increasing feedstock costs, downstream ABS consumers were able to absorb the higher prices without affecting demand. This was underpinned by strong demand for consumer goods and electrical/electronics.

Competition in the ABS Markets

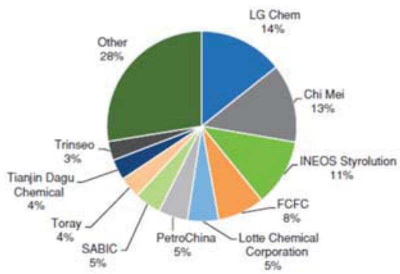
The ABS markets in which we operate are global and highly competitive, with competition based primarily on producers' product prices and reliability of supply, as well as (for some products) grade, color options and customer service. Competition in ABS markets largely depends on whether the customer desires a natural or pre-colored ABS product and whether the end product requires any special attributes or characteristics.

Our primary competitors in the ABS Standard market include Chi Mei, LG, Cheil, Formosa and Trinseo. Our main competitors in the pre-colored ABS market include LG, Cheil, Trinseo and Sabic. Geographically, we compete with Trinseo, Elix Polymers and Versalis in Western Europe and North America and with Chi Mei, LG Chem, FCFC and Cheil in Asia.

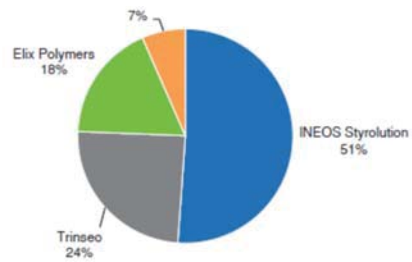
We also compete with compounders, who comprise approximately half of the global pre-colored ABS market and approximately one-third of the market in Western Europe. Key compounders active in Western Europe include LyondellBasell, Ravago, Nord Color and Albis.

Top global and Western European ABS producers by capacity (2019)

Global ABS capacity (2019) 11.4mn MT



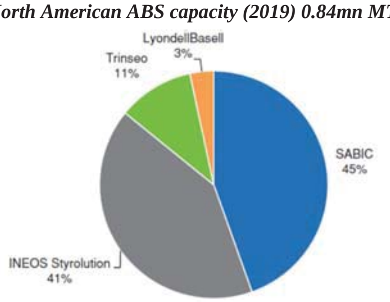
Western European ABS Capacity (2019) 0.8mn MT



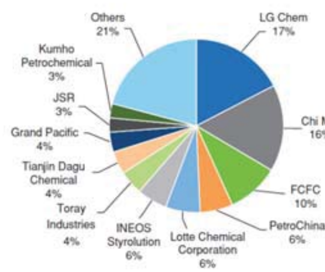
Source: Nexant.

Top North American and Asian ABS producers by capacity (2019)

North American ABS capacity (2019) 0.84mn MT



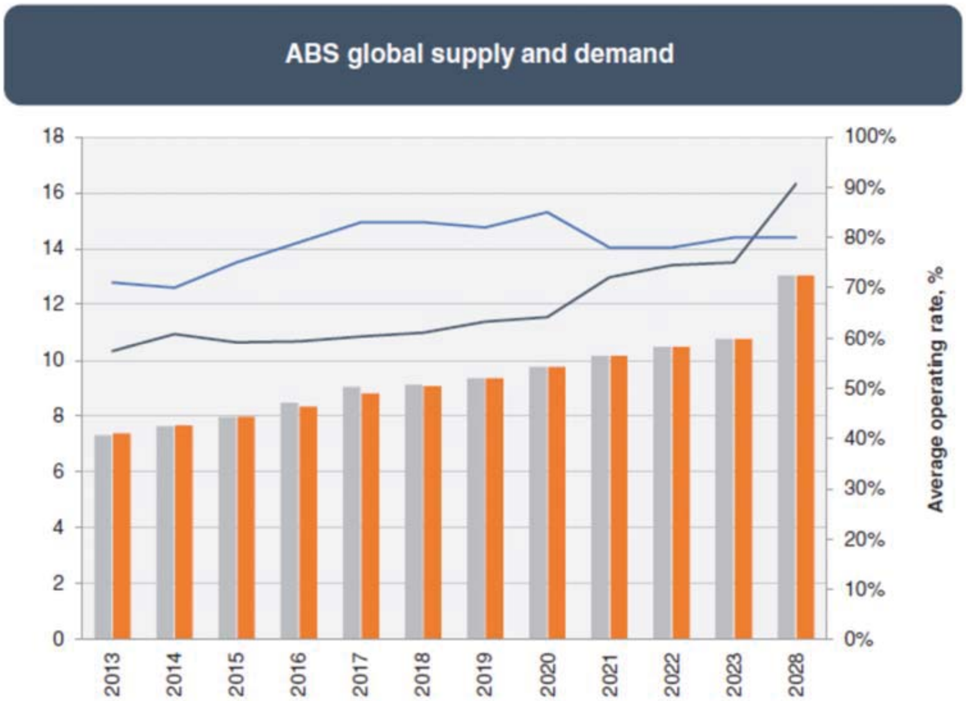
Asian ABS capacity (2019) 9.4mn MT



Source: Nexant.

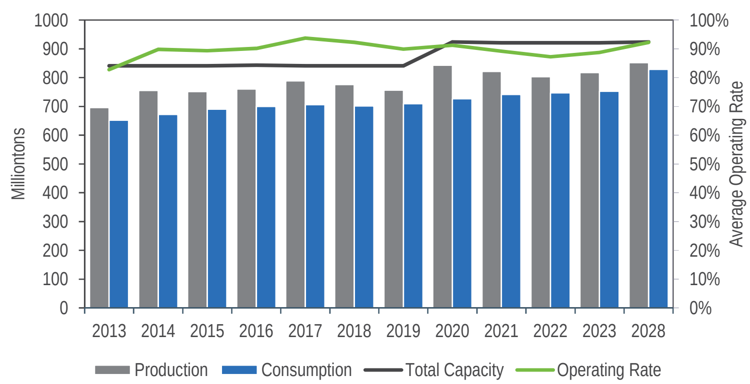
Supply, Demand and Utilization Rates for ABS

ABS is supplied on a global basis. Northeast Asia, North America and Western Europe are the largest regions for both demand for and production of ABS. According to Nexant estimates, global ABS capacity was 11.4mn MT in 2019, of which 74.1% was located in Northeast Asia, 7.4% in Western Europe and 7.3% in North America.



Global ABS demand is expected to grow at an estimated CAGR of 3.5% between 2018 and 2023, with capacity expected to increase by an estimated CAGR of 4.2% over the same period according to Nexant.

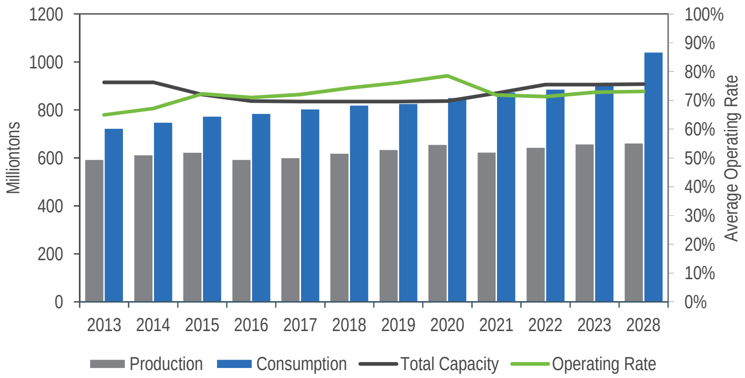
Western Europe ABS SDT (2013-2023, 2028)



Source: Nexant.

Western Europe. Domestic demand in Western Europe is forecast to grow at an estimated CAGR of 1.5% between 2019 and 2023 according to Nexant. Although it has enough capacity to meet regional demand, Western Europe imports some ABS. An increasing amount of imports are coming from South Korea and Taiwan, a trend which is expected to continue, based on Nexant forecasts. As a result, Western European producers have been forced to scale back production and concentrate on higher margin products. After a period of consolidation the market is concentrated, dominated by INEOS Styrolution and Trinseo; with Versalis and Elix Polymers owning the remaining capacity. INEOS Styrolution is converting one of its polystyrene lines at its Wingles, France site, to manufacture ABS. The converted line is expected to have a production capacity of around 50 000 tons per year and is scheduled to be operational in 2020. Versalis has also announced plans to increase ABS capacity in Mantova, Italy to 95 000 tons per year by 2020.

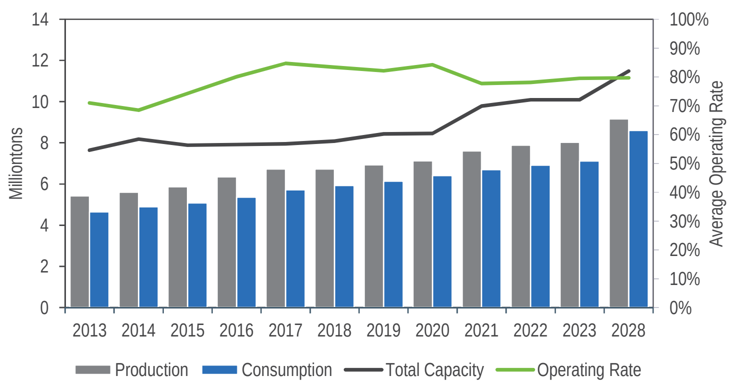
North American ABS SDT (2013-2023, 2028)



Source: Nexant.

North America. Demand for ABS in North America was 827 000 tons in 2019, growing by one percent over demand in 2018, and is expected to continue to improve, with an estimated domestic demand CAGR of 2.3% between 2019 and 2023, according to Nexant forecasts. North America is a net importer of ABS resin. A significant portion of the U.S. market is supplied by Asian producers. Operating rates have increased to meet strong demand growth, and have been maintained at this level by closure of the SABIC plant in Washington, West Virginia in 2015. Capacity in the region will increase in the near term when INEOS Styrolution expands capacity at its 130 000 tons per year swing ABS/ASA (acrylonitrile styrene acrylate) in Altamira, Mexico. Based on Nexant estimates, we expect utilization rates in North America to reach 73% by 2023.

Northeast Asian ABS SDT (2013 2023, 2028)



Source: Nexant.

Asia. The majority of the world's demand for ABS comes from Asia. In 2019, Asia also accounted for an estimated 82.5% of global ABS capacity according to Nexant. Five out of the six largest ABS producers are based in Asia and they accounted for a combined market share of over 46% in 2019 according to Nexant. Future capacity additions are expected to take place in Asia (in particular, in China).

Operating rates in 2018 remained in the mid-80s as a moderate increase in demand was offset by lower net exports. Operating rates had improved in the three previous years, driven by an increase in ABS exports, strong downstream demand and slowdown in capacity addition. Devaluation and increased volatility of Asia's major currencies against the U.S. Dollar and Euro has generally improved the competitiveness of Asian ABS exports. The operating rates are expected fall from current levels over the coming years due to extensive capacity addition in China outpacing near term demand growth.

Specialties

The primary market for Specialties remains developed economies (EMEA, North America), but growth is strongest in emerging markets. Specialties form a core pillar of our portfolio. The following is an illustrative selection of four Specialties products out of a total of over 1,500 Specialties products we produced as of 2019.

Styrene-acrylonitrile (SAN). SAN is a rigid and transparent copolymer made from styrene. Over 60% of SAN produced globally is used in the production of ABS. In addition, SAN has some commercial end uses as a translucent polymer in its own right, including in kitchenware, computer products and plastic optical fibers. SAN is also used in faster-growing and often higher-margin sectors such as medical devices, which benefit from the chemical- and UV-resistant properties of SAN that allow end products to withstand sterilization processes.

The primary producers of SAN in Europe are INEOS Styrolution, Elix Polymers, Versalis and Trinseo. According to Nexant, we are the second largest producer of SAN in Europe and as of 2019, we had a larger footprint in Europe than Trinseo and Versalis. We are also the largest producer of SAN in North America by a large margin. In Asia, LG Chem, Lotte, Denka and Chi Mei are among the largest producers.

Acrylonitrile styrene acrylate (ASA). ASA is characterized by its resilience and rigidity, good chemical resistance and thermal stability, outstanding resistance to weather, aging and yellowing, as well as its high gloss. It is used primarily for outdoor application and in the automotive industry.

ASA growth in Europe has been linked to automotive applications, while in North America, it has been linked to the household and automotive industries. In contrast, in Northeast Asia, ASA growth has been driven by growth in the construction sector, where ASA is used primarily in side panels for houses, as well as in pools and spas.

In 2018, we were the primary producer of ASA in Europe and the Americas. The competitive landscape was more varied in Asia, where there were four large players. We do not consider ASA capacity to be truly fixed because ABS production facilities can shift to ASA production where appropriate technology is available. Given its more specialized properties, ASA tends to generate higher margins than SAN.

Methyl methacrylate acrylonitrile butadiene styrene (MABS). MABS is a niche product used primarily in medical device parts and electronics and household appliances. MABS is sold on the basis of its transparency and color design flexibility, combined with impact strength and stress crack resistance. There has been strong growth in MABS from new applications, as MABS can compete on the basis of price with other high-impact strength products such as polycarbonate ("**PC**").

In 2018, we were the primary MABS producer in Europe and there were four large players in Asia. The Americas were net MABS importers.

Like ASA, MABS has higher margins than SAN due to its more specialized attributes.

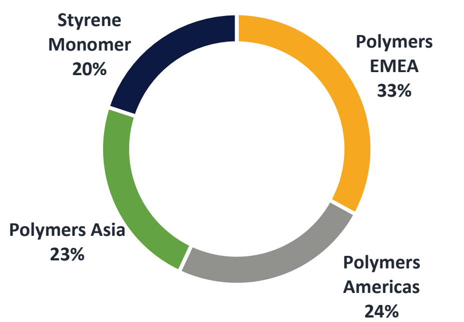
Styrene butadiene block copolymers (SBCs). Styrene-Butadiene Copolymers ("**SBCs**") are copolymers of SM and butadiene rubber. SBCs can be blended readily and easily with general purpose or high impact PS to achieve the desired characteristics, and can be processed in thermoforming, injection molding and extrusion applications. SBCs are produced in dedicated plants due to the requirements of the SBC polymerization process. Over the last few years, North American and European demand has declined as a result of the economic downturn and some inter-polymer substitution with PET. Chinese demand for SBCs has remained strong despite the economic downturn, with increasing domestic demand and continued movement of downstream manufacturing from other regions to China. In 2019, the main end-uses of SBCs in China were footwear production, bitumen modification, toy and household products manufacturing and food and non-food packaging. In Japan, end uses mirror those in Western Europe and North America, with main applications including bitumen modification, adhesives and coatings.

We were the third largest SBC producer in Europe and the Americas in 2019 according to Nexant. The competitive landscape was more varied in Asia, where there were three large players producing SBCs.

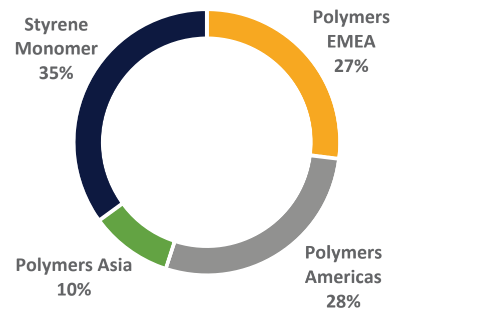
Overview

We are a leading global producer, marketer and merchant seller of styrenics, which is the basis for a wide range of chemical processes and products. According to Nexant, we were the second largest global producer of SM in 2019, with an estimated share of global production capacity of 6%, and the largest global producer of PS, with an estimated share of global production capacity of 15%. We were also the third largest global producer of ABS, with an estimated share of global production capacity of 11% according to Nexant, and the largest global producer of Specialties based on management estimates. In the year ended December 31, 2018, we generated revenue of €5,366.7 million, EBITDA before special items of €812.8 million and EBITDA before special items margin of 15.1%. In the nine months ended September 30, 2019, we generated revenue of €3,798.3 million, EBITDA before special items of €580.8 million and EBITDA before special items margin of 15.3%.

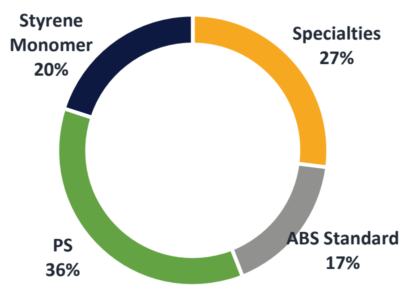
Revenue by segment (2018) €5,367 million



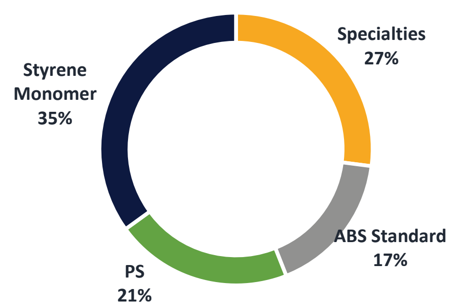
EBITDA before special items by segment (2018) €813 million



Revenue by product group (2018) €5,367 million



EBITDA before special items by product group (2018) €813 million



Source: Company information.

We operate our business through four segments: Polymers EMEA, Polymers Americas, Polymers Asia and Styrene Monomer. In the year ended December 31, 2018, our Polymers EMEA segment accounted for €1,780.2 million, or 33.2%, of our revenue and €214.1 million, or 26.3%, of our EBITDA before special items. In the year ended December 31, 2018, our Polymers Americas segment accounted for €1,305.6 million, or 24.3%, of our revenue and €228.4 million, or 28.1%, of our EBITDA before special items, our Polymers Asia segment accounted for €1,234.0 million, or 23.0%, of our revenue and €82.8 million, or 10.2%, of our EBITDA before special items and our Styrene Monomer segment accounted for €1,046.9 million, or 19.5%, of our revenue and €287.5 million, or 35.4%, of our EBITDA before special items.

Our product groups are Styrene Monomer, PS (including revenues not otherwise allocated to a product group, including from site services provided by the Group as a host to third parties), ABS Standard and Specialties, which, in the year ended December 31, 2018, accounted for 19.5%, 35.9%, 17.2% and 27.4% of our total revenue and 35.4%, 21.3%, 16.5% and 26.8% of our total EBITDA before special items, respectively. Our product range consists of over 1,500 items with over 2,000 applications across various industries like electronics, healthcare, household, automotive, construction and packaging. As of September 30, 2019, we held approximately 1,000 active patents and patent applications and approximately 1,000 trademark registrations globally, reflecting our wide product range and more than 100 years of combined industry experience from our heritage businesses.

The following tables present our historical external sales, EBITDA before special items and volumes by product group.

	For the year ended December 31,			For the nine months ended September 30,	
	2016	**2017**	**2018[2]**	**2018**	**2019[3]**
			(in €million)		
External Sales	**4,469.7**	**5,342.4**	**5,366.7**	**4,093.1**	**3,798.3**
thereof:					
Styrene Monomer	795.6	1,046.5	1,046.9	791.9	653.7
PS[1]	1,799.1	1,985.8	1,926.7	1,447.5	1,557.3
ABS Standard	706.0	888.5	922.3	721.0	576.8
Specialties	1,169.0	1,421.6	1,470.8	1,132.7	1,010.5
	803.6	**872.2**	**812.8**	**664.8**	**580.8**
EBITDA before special items[4]					
thereof:	235.1	263.6	287.5	230.9	192.8
Styrene Monomer	236.5	210.5	173.3	135.4	164.8
PS[1]	93.6	146.1	134.2	117.5	70.4
ABS Standard	238.4	252.0	217.8	181.0	152.8
Specialties	238.4	252.0	217.8	181.0	152.8

(1) Includes revenues not otherwise allocated to a product group, including from site services provided by the Group as a host to third parties.

(2) The Group adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in our consolidated financial statements. Therefore, the financial information presented for each of the two years ended December 31, 2016 and 2017 may not be comparable to the financial information presented for the year ended December 31, 2018.

(3) The Group adopted IFRS 16 from January 1, 2019 using the modified retrospective approach pursuant to which the unaudited comparative financial information for the nine months ended September 30, 2018, included in the Unaudited Interim Condensed Consolidated Financial Statements, has not been restated.

(4) EBITDA before special items by product group is a non-IFRS measure. See "*Summary Historical Financial and Other Information*" for a reconciliation of the Group's results from net income to total EBITDA before special items.

	For the year ended December 31,			For the 12 months ended September 30,
	2016	**2017**	**2018[6]**	**2019**
		(in k MT)		
Sales Volume				
Styrene Monomer	2,959	2,992	3,001	3,023
PS[1]	1,498	1,434	1,410	1,632
ABS Standard	526	527	538	513
Specialties	565	627	648	608
Total	**3,477**	**3,545**	**3,591**	**3,780**

(1) Includes revenues not otherwise allocated to a product group, including from site services provided by the Group as a host to third parties.

Our products are broadly organized in two categories: (i) commodity (SM) and standard (PS and ABS Standard) products and (ii) Specialties (ABS Specialty and copolymers). For commodity and standard products, we believe that we run a lean and cost-efficient setup with relatively few grades (or products), low complexity and limited technical service, but with a clear focus on high delivery reliability, short lead times and product quality consistency. Conversely, in our Specialties business, the primary focus is on providing a high level of customization, application innovation and technical support designed to generate additional value for customers, particularly in our focus high-growth industries (*i.e.*, electronics, healthcare, household, automotive and construction), for which we believe our Specialties offer a unique value proposition. We regularly pursue close R&D cooperation with customers and the majority of our R&D spending relates to our Specialties.

We benefit from the cost advantages of operating large-scale, integrated facilities strategically located near major transportation facilities and customer locations, including the largest chemical production site in Europe at Antwerp, Belgium, and the largest single production line styrene plant in the world at Bayport (Texas), United States. We have made significant investments in all our facilities, amounting to approximately €100 million annually in each period presented in this offering memorandum, with particular emphasis on Antwerp, Ludwigshafen, Wingles, our Indian facilities, Map Ta Phut, Altamira, Ulsan, Bayport and Texas City, as well as several R&D sites. We believe these investments allow us to operate at lower cost and higher utilization rates than most of our competitors, and help us maintain positive margins and cash flows even during industry downturns or periods of decreased customer demand.

We are led by a highly experienced management team with, on a combined basis, over 150 years of experience in the petrochemical industry. The management team has devised a long-term “Triple Shift” strategy focused on profitable growth, resilience and sustainability of EBITDA before special items margins. The key pillars of the Triple Shift strategy are:

1. Continue increasing our exposure to high-growth customer industries, so-called focus industries, with potential for product differentiation, namely (i) electronics, (ii) healthcare, (iii) household, (iv) automotive and (v) construction. In the nine months ended September 30, 2019, customers in our focus industries accounted for approximately 50% of our Specialties and ABS Standard revenue.

2. Seek to meet the demands of our five focus industries by emphasizing development of, and increasing our scale in, our high-margin Specialties and ABS Standard grades.

3. Seek to capture above-average growth dynamics in faster-growing emerging markets by expanding our presence beyond our existing footholds in, *e.g.*, China and India outwards, in Asia and in the Americas, in Specialties businesses and in our focus industries.

In line with our Triple Shift growth strategy, we have expanded our asset footprint and acquired the K-Resin Business with a production asset in Yeosu, South Korea from CPChem and Daelim in 2016, as well as two PS sites in China (Ningbo and Foshan) and the corresponding PS Business from Total in 2018. The K-Resin Business helped strengthen our global and particularly Asian position in medical and specialty packaging applications and the PS business in China opened the door to household and electronics customers in domestic China.

The principal raw materials and feedstocks for our business are ethylene, benzene, butadiene, acrylonitrile, styrene and energy. The costs of these feedstocks are principally driven by the price of crude oil and natural gas and the availability of crackers.

Overview of Products

Styrene Monomer (SM)

Styrene monomer is an important intermediate material used in the production of a variety of plastic and rubber products with key applications in the electronics, healthcare, household, automotive, construction and packaging sectors. According to Nexant, we were the second largest global producer of SM in 2019, with an estimated share of global production capacity of 6%. The SM that we produce is primarily used as feedstock for our internal production of PS, ABS Standard and Specialties. In addition, we sell SM to third party customers for a variety of industrial and customer applications, including the production of styrenic polymers, synthetic rubber and other styrene derivatives. In the year ended December 31, 2018, our SM external revenue totaled €1,046.9 million (993k MT by volume) and our SM EBITDA before special items was €287.5 million.

Polystyrene (PS)

Polystyrene is a thermoplastic resin produced by polymerizing SM. According to Nexant, we were the largest global producer of PS in 2019, with an estimated share of global production capacity of 15%. We also held number one positions in the EMEA region, North America and Asia, with a number three position in India. In our PS business, we produce general purpose polystyrene (“**GPPS**”) and high-impact polystyrene (“**HIPS**”). Among other applications, GPPS is used in foam insulation, foamed food service containers, cutlery and packaging. HIPS is used in refrigerator liners and components, vending cups, lids, other household appliances and electronics applications such as printers. In the year ended December 31, 2018, our PS revenue totaled €1,926.7 million (1,410k MT by volume) and our PS EBITDA before special items was €173.3 million.

Acrylonitrile Butadiene Styrene (ABS) Standard

ABS is a high volume engineering plastic, favored for its strength, scratch resistance and attractive finish. According to Nexant, we were the third largest global producer of ABS in 2019, with an estimated share of global production capacity of 11%. We also held number one positions in the EMEA region and South America as well as a sixth position in Asia. ABS Standard resin is made into a broad range of components via injection molding and extrusion, and it is widely used in weight saving and decorative automobile parts, consumer electronics devices, large and small household appliances and toys. It is also used as a copolymer blend with other resins such as polycarbonate (PC) for premium applications in automobiles and household appliances. We distinguish ABS Standard products from ABS Specialty products. ABS Standard products are large volume standard grades offered in natural and black color. In the year ended December 31, 2018, our ABS Standard revenue totaled €922.3 million (538k MT by volume) and our ABS Standard EBITDA before special items was €134.2 million.

Specialties

Specialties are polymers with unique and differentiating properties and features. We believe we are the largest global producer of Styrenics Specialties based on management estimates. We also believe we held number one positions in the EMEA region, North America, South America and India, as well as a fifth position in East Asia. Specialties are used in a wide variety of specialized applications, particularly in automotive applications, in the fast growing healthcare market for medical products and in items for outdoor use, particularly where weather and UV-resistance is important (*e.g.*, unpainted automotive exterior components and building siding). In our Specialties business, we produce several styrene-based specialty copolymers, including specialty acrylonitrile butadiene styrene ("**ABS Specialty**"), SAN, ASA, MABS, polyamide/ABS ("**PA+ABS**"), SBC and styrene methylmethacrylate ("**SMMA**"). ABS Specialty products include pre-colored grades and products with special features such as heat and chemical resistance and low emission rate. They can also be electroplated and are glass fiber reinforced. In the year ended December 31, 2018, our Specialties revenue totaled €1,470.8 million (648k MT by volume) and our Specialties EBITDA before special items was €217.8 million.

Our History

The Company was incorporated on April 19, 2011. Through a combination of direct and indirect transactions completed on October 1, 2011, we inherited, with a few exceptions, the global styrenics activities of BASF and INEOS. As from that date, we engaged in the production of SM, PS, ABS and a number of other styrene derivatives under the category of "Specialties." We were formed by INEOS and BASF as a 50:50 joint venture in order to create a low-cost global player in the styrenics sector that offers significant benefits to customers through enhanced efficiency, reduced costs and improved service and distribution at a global level.

Our heritage businesses combined a rich history in innovation and leadership in the styrenics industry and had a record of achieving efficiencies and cost competitiveness. Among other examples, the BASF heritage business was responsible for the first styrene monomer synthesis and polystyrene polymerization in 1929 and 1930, respectively, and the INEOS heritage businesses can be credited with using acquisitions and joint ventures to improve the efficiency and cost competitiveness of a number of businesses in the styrenics industry, including business segments once operated by Bayer, BP, Lanxess, Hüls and NOVA Chemicals. Our heritage businesses each had over 80 years of experience in the styrenics industry, and we believe that this experience has provided us with a strong pedigree and strengthened our ability to compete and to continue to be a leader in technological innovation in our industry.

In 2014, INEOS signed a share purchase agreement with BASF SE and BASF Antwerpen NV, as sellers, for the acquisition of BASF's 50% share in INEOS Styrolution Holding GmbH (formerly Styrolution Holding GmbH). Upon consummation of such acquisition, we became a wholly-owned subsidiary of INEOS Industries, but we continue to be operated and financed on a standalone basis. On June 9, 2016, we completed the Reorganization, pursuant to which a newly formed consolidation group was formed, consisting of INEOS Styrolution Holding GmbH and all its subsidiaries as well as INEOS Styrolution Switzerland SA, INEOS Styrolution Investment GmbH, INEOS Styrolution Financing Limited and the Parent.

Since our formation in 2011, we have integrated our asset footprint to maximize Group synergies. We have focused on implementing our synergies to reduce fixed and variable costs, in addition to other expenses. In particular, we have aimed to shut down inefficient assets, in-source functions previously conducted by BASF and optimize sourcing, supply chain and management structures. For example, we have established a unified worldwide IT platform for the Group, terminated our tolling agreement with INEOS relating to its SM and PS facilities in Marl, Germany, converted our Antwerp, Belgium facility into a toller, and closed our PS plants in Trelleborg, Sweden and Indian Orchard, United States to improve capacity management and utilization rates at other facilities in the region.

Since we became a wholly-owned subsidiary of INEOS Industries, we continued developing and expanding the business through the acquisitions of the global K-Resin Business, including a production site in Yeosu, South Korea, and two PS production sites in Ningbo and Foshan, China (acquired from Total SA), which strengthen our position in the domestic Chinese market.

Our Competitive Strengths

We believe the factors set forth below make us competitive in the markets in which we operate:

A global leader throughout the styrenics value chain in a market with favorable growth trends

We are a leading global producer, marketer and merchant seller of SM, PS, ABS Standard and Specialties, with revenue, EBITDA before special items and EBITDA before special items margin totaling €5,366.7 million, €812.8 million and 15.1%, respectively, in the year ended December 31, 2018. We produced 3,591k MT of styrenics in the year ended December 31, 2018. According to Nexant, we were the second largest global producer of SM in 2019, with an estimated share of global production capacity of 6%, and the largest global producer of PS, with an estimated share of global production capacity of 15%. In Europe and North America, we have significantly larger SM and PS market shares than our nearest competitors. We are also the largest producer of ABS in Europe, where we accounted for 51% of ABS capacity in 2019, and the third largest producer of ABS globally, where we accounted for 11%, as well as the second largest in North America, where we accounted for 41% of ABS production capacity. We believe we are the largest global producer of Specialties, with number one positions in Europe, the Americas and India by capacity in 2018.

As of December 31, 2019, we operated 20 manufacturing facilities in 10 countries—making us the only styrenics producer with a global reach and a significant production footprint in Europe, North America and Asia—which has allowed us to tap into high-growth markets and benefit from current feedstock and energy cost advantages in North America. We also believe there is room for further consolidation and rationalization of capacities in mature markets. With sources of revenue split among numerous industries and regions (with the EMEA region, the Americas and Asia having represented 34.6%, 41.1% and 24.3%, respectively, of our revenue in the year ended December 31, 2018), we believe that we are well diversified and display strengths across geographies and product groups.

Our focus industries under our Triple Shift strategy consist of sectors that we consider to be high-growth markets because they respond to global trends such as the management of energy and natural resources, mobility and communications, demographic change, housing and construction and health and nutrition. For example, our products are used in, among other things, insulation that plays an important role in meeting energy efficiency goals in housing construction; health applications, such as asthma inhalers and other medical devices, to support an ageing population with increased medical needs; in LED televisions; and innovative automotive applications to customize vehicles and reduce their weight, thus improving fuel efficiency.

Balanced product portfolio with focus on Specialties and backward integration providing key advantages

We sell a comprehensive mix of products that includes both commodity (SM) and standard products (PS and ABS Standard) and Specialties (ABS Specialty and copolymers). Our Specialties business generates strong operating cash flows due to the unique characteristics of our products, such as heat or chemical resistance or high impact strength. It also generated the highest EBITDA before special items margins in 2018, with 14.8%. We complement these cash flows with revenue from high sales volumes of our commodity and standard products, which generally yield relatively lower margins. In 2018, ABS Standard generated EBITDA before special items margin of 14.6% and PS generated EBITDA before special items margin of 9.0%. Because we produce nearly as much SM as we consume in our production of polymers, we consider our polymers business to be backward-integrated. Given that we have excess SM capacity in North America, we enjoy flexibility in deciding to sell to third parties or transport SM to regions short of SM such as EMEA and Asia. This allows us to flexibly increase or reduce our market exposure to the merchant SM market by increasing or decreasing the volumes that are subject to structural third-party supply contracts.

We adapt our strategy to accommodate the particularities of our commodity and standard products and Specialties businesses. For commodities and other standard products, we believe that we run a lean, cost-efficient business with relatively few grades, low complexity and limited technical services, which allows us to focus on delivery reliability, short lead times and product consistency. In contrast, for Specialties, we emphasize customization, application innovation and technical support. We believe that these features generate added value for our customers. Our Specialties teams collaborate closely with our customers' R&D departments. To strengthen our customer-centric innovation, we have organized parts of our sales force along our focus customer industries to make sure we can support our customers with specific industry-related know-how. In addition to supporting the development of long-term customer relationships, we believe that this approach also ensures that we maintain in-depth knowledge of our customers' markets. We have also created a new organizational unit named "Future Business and Innovation", which focuses on developing longer-term product and service innovations meeting future industry needs. We believe that the high investment in time and research that was required in order to establish robust Specialties relationships with our clients has given us a competitive edge over new entrants in the market. In addition, we believe that our R&D partnership with the independent research institute Neue Materialien Bayreuth and the University of Bayreuth in Germany will continue to bring us closer to the plastics industry and will further foster collaborative innovation with customers.

Diverse base of blue-chip customers across a wide range of industries

Our products are used in a wide variety of industries, such as electronics, healthcare, household, automotive and construction. Together, our focus Triple Shift industries accounted for 51% of our revenue in 2018, with household making the largest contribution at 17%. Outside our focus industries, high-volume sales in the packaging and toys, sports and leisure end user sectors contributed 28% and 8% of our revenue, respectively, in 2018. We believe that this diversification in our end markets and our broad geographical reach help minimize the impact of cyclical downturns in a particular industry or region on our business.

Within each of our end markets, we have long-standing relationships with large, well-known and established players, including Samsung, Lego, Covestro, BASF, Haier, Ravago, BSH, Rehau, Whirlpool, Electrolux, Bosch, Ficosa, Magna, Panasonic, Danone, Pactiv, Thermofisher, B. Braun, BMW, Daimler and Volkswagen. We believe that the stability of our customer relationships, together with the leading market position of our key customers, strengthens our competitive position. Our top ten polymers customers accounted for 18.3% of our revenue in the nine months ended September 30, 2019. With approximately 4,000 customers in more than 100 countries, we believe we are well positioned to build resilience against the potential loss of any single key customer and manage cyclicality.

World-class manufacturing platform with attractive cost position

Our asset base is distributed across all major regions and includes world-class facilities, some of which we believe are considered industry benchmark facilities. We benefit from the cost advantages of operating large-scale, integrated facilities strategically located near major transportation facilities and customer locations, including the largest chemical production site in Europe at Antwerp, Belgium, and the largest single production line styrene plant in the world at Bayport, Texas, United States. Since October 1, 2011, we have invested approximately €1.2 billion in our production facilities to enhance their efficiency, resulting in what we believe to be well-maintained production units. We believe these investments allow us to operate at lower cost and higher utilization rates than most of our competitors, and help us maintain positive margins and cash flows even during industry downturns or periods of decreased customer demand.

At least 75% of our output in 2018 came from manufacturing facilities that we believe to have competitive production cost profiles and to be positioned in the first or second quartile of our industry's cost curve. In North America in particular, where three out of our four SM facilities are located and which account for approximately 77% of our SM production capacity as of December 31, 2019, we have benefited from increased shale gas production, which has resulted in lower energy costs and is expected to decrease ethylene prices. Our ability to rely on our own world-class SM production capacity in both North America and Europe improves our cost competitiveness and helps stabilize our supply of the main manufacturing input for our other product groups.

Diversification, flexible cost structure and efficient pass-through resulting in relative stability of earnings and significant cash flow generation

The styrenics industry is characterized by cyclicality, including commodity and standard products in particular. We believe that the strategy our experienced management team has devised effectively manages this cyclicality.

We maintain a balanced and diversified mix of commodity and standard and specialty products so as to drive profits not only through volumes but also through margins. Specialties tends to have less cyclical pricing and generate higher margins than commodity and standard products pricing because it is more dependent on the overall value proposition of the product than on cost alone, which to a certain extent reduces pressure from substitute products and creates a certain 'stickiness' with our customers. Specialties also yields higher margins than commodity and standard products, a benefit which we have been able to enhance by focusing on high-growth industries as part of our Triple Shift strategy. We seek to continue to actively manage our customer and product portfolio, focusing on attractive and higher growth segments and regions. We also strive to maintain stability through industry cycles by developing and maintaining relationships with customers that are industry leaders and relatively less vulnerable to economic downturns because of their financial strength and stable demand for their products.

We operate our business with a highly variable cost structure. In the year ended December 31, 2018, we estimate that approximately 89% of our total costs were variable, with feedstock accounting for approximately 77% of our total costs. We believe that this flexibility helps us mitigate volatility of our earnings. We benefit from long-term volume-based contracts pursuant to which we are able to pass raw materials and sales price variations on to our customers. Under these contracts, we generally negotiate our SM prices on a daily basis, our PS and ABS Standard prices on a monthly basis and our Specialties prices on a quarterly basis. Furthermore, we have implemented a number of cost-saving initiatives designed to reduce our fixed and variable cost base and to improve our manufacturing facility efficiency, and we intend to continue to optimize our cost structure through continual evaluation of our performance compared to benchmarks. Under such cost-saving initiatives, we have identified a total of approximately 400 cost savings items, of which we have completed approximately 240 items, leading to an average reduction of non-manpower fixed costs at our facilities of approximately 12% against baseline costs between 2017 and 2019.

We further manage price volatility by maintaining strict control over working capital. We do this by monitoring inventory levels and striving to achieve the shortest benchmark payment terms in our markets. Our sales force, with its broad and deep market coverage, can react quickly to market trends. Our flat, knowledgeable and empowered organizational hierarchy allows us to make fast decisions.

Experienced management team with proven track record

Our senior management team has over 150 years of combined experience in the petrochemical industries, both with us and, prior to our formation, with INEOS and BASF. Our management team also has a proven track record of increasing productivity, improving our safety record, reducing costs and complexity and maximizing value.

Improved stability and credit protection in a downside

We have focused on sustainable fixed cost synergies. These have included a reduction of overcapacity in SM and PS in Europe, the termination of our tolling agreement with INEOS relating to its SM and PS facilities in Marl, Germany and the closure of our facilities at Indian Orchard and Trelleborg in late 2014. In addition, we have seen variable cost synergies primarily through improving the efficiency of our plants. We have improved efficiency through investment in our SM plants, optimizing our product portfolio with lower cost recipes, reducing complexity and optimizing our assets and the freight of our products. We continuously monitor and optimize working capital through all levers, including negotiation of payment terms with suppliers and customers, tight management of overdue payments and inventory optimization.

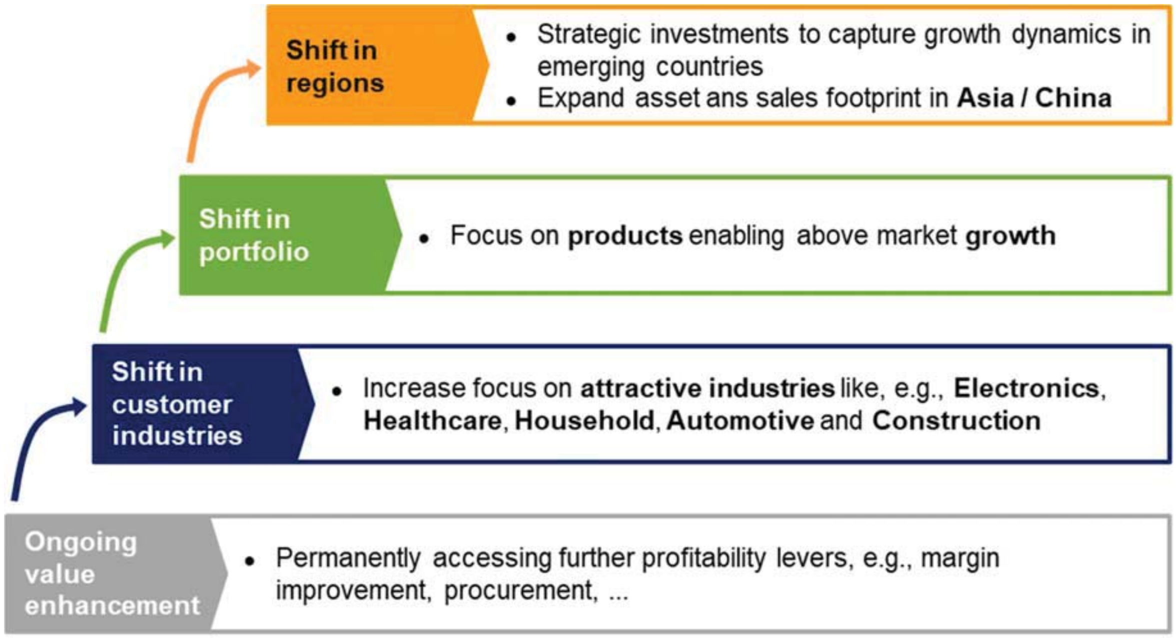
Our Strategy

Our principal objectives are to maintain our position as a leading global supplier of styrenics and to increase the value of the business by generating strong, sustainable and growing cash flows across industry cycles. To achieve these objectives we have the following key strategies:

Selective, value-oriented growth

We have devised a three-pronged, “Triple Shift” growth strategy focused on profitable growth, resilience and sustainability of EBITDA before special items margins.

Key pillars of the Triple Shift growth strategy



Source: Company information.

Shift in customer industries (focus on higher-growth end markets)

We aim to continue increasing our exposure to high-growth customer industries with potential for product differentiation, namely electronics, healthcare, household, automotive and construction. We believe that growth in these industries is supported by global trends, such as a search for energy efficiency, a need for enhanced mobility and ongoing demographic change. For example, we aim to position our styrenics products with automotive application to benefit from the trend of replacing heavy materials, such as metals, with lighter-weight materials, such as plastics. We believe we are well positioned to become the supplier of choice in these industries due to our grounding in technology, our global asset footprint and our versatile product and services portfolios. For example, for an industry like the automotive sector, in which customers demand sourcing close to regional markets, identical specifications globally and innovative solutions, we believe we are better able to meet all desired requirements than our competitors due to our scale, geographical reach and competitive cost position.

Shift in portfolio (focus on Specialties and ABS)

We seek to meet the demands of our five focus industries by emphasizing development of, and increasing our scale in, our high-margin and less cyclical Specialties and ABS Standard grades. For example, we commissioned an ASA polymerization plant in South Korea in 2012, we started up a new alpha-methylstyrene acrylonitrile ("**AMSAN**") production line in Mexico in the second quarter of 2014 and we converted our Map Ta Phut plant in Thailand into a Specialties plant. In 2014, we also established new NAS / Zylar production lines in Ludwigshafen, Germany and Decatur, Alabama, United States.

Our new AMSAN production line at our Altamira facility in Mexico has enabled us to become the only producer of AMSAN in Europe and the Americas. This production line allows us to offer new products in the region and target new applications in the automotive and construction sectors. We also optimized our Specialties production in EMEA by expanding our compounding capacities at our site in Schwarzheide, Germany, to better serve customers and spur further growth in styrenic copolymer revenue in the EMEA region. We acquired the global K-Resin business including a dedicated production site in Yeosu, South Korea and are also expanding our ABS and ASA capacity in the Americas through the construction of a new 100 k MT capacity ASA plant in Bayport, Texas, United States, which is expected to be operational in 2022. The new facility will allow additional production of ABS polymers at our plant in Altamira, Mexico. Additionally, we have commissioned a detailed engineering study to evaluate doubling the overall production capacity for ABS in India over the next years. In Europe, we are investing in a new ABS production line at our site in Wingles, France, to meet the growing demand for ABS. We have also recently announced that we intend to build a 600k MT new ABS plant in Ningbo, China, adjacent to the Group's existing PS site in Ningbo, to further improve our ABS Standard position in inland China and create a manufacturing footprint for the Group in the largest ABS market in the world. Construction is expected to start in 2020 and is expected to be completed the second half of 2023.

Shift in regions (focus on revenue growth in high-growth geographies)

We seek to capture above-average growth dynamics in emerging markets by expanding our asset and revenue footprint, particularly in Asia. We intend to further expand our competitive position in these markets in both the commodity and standard products and Specialties sectors. In addition to the above mentioned activities in Asia, we acquired two polystyrene plants in Ningbo and Foshan, China. These two sites, which we acquired in 2019, represent our first manufacturing assets in China. This acquisition of 400 k MT of production capacity enables us to significantly increase our presence in the region and provide customers in our core industries with locally produced best-in-class materials. Our investment to increase our compounding capacity by an additional 34 k MT at our plant in Moxi, India, as well as upgrade the site's infrastructure, was completed in 2019. This expansion will grow our compounding capacity to 100 k MT per annum at the site.

Dedication to sustainability

We aim to operate and develop our business in a way that balances our current and future needs, taking into account relevant economic, environmental and social factors, so that we can sustain and further grow our business for the long term. We strongly believe that sustainable business management and practices will contribute to our long-term business success and strengthen our leading position in the market. We also believe sustainability is a lever for growth and will enable us to tap into new and emerging business opportunities. As a result, sustainability is a consideration in all of our decision-making processes.

Recycling and circular economy

We are dedicated to sustainability and the development of a circular economy for plastics is seen as a key strategic goal. We have already made successful advances toward this goal, which were recognized with the joint award of an Independent Commodity Intelligence Services (ICIS) Innovation Award in the category "Innovation with Best Benefit for Environment and Sustainability", among others. We have also committed to enabling a circular economy for styrenics, further improving our resource efficiency and promoting sustainable operations throughout our entire value chain.

Together with the European plastics industry, we have set a series of ambitious targets and initiatives called "Plastics 2030: PlasticsEurope's Voluntary Commitment to increasing circularity and resource efficiency," aimed at working toward the goal of 100% reuse, recycling and recovery of all plastics packaging by 2040. We are also one of the founding members of Styrenics Circular Solutions (SCS), promoting circular solutions in the industry in collaboration with the complete value chain. As a member of INEOS Group, we are committed to achieving the five ambitious targets that were set by the INEOS Group for 2025. These include, amongst others, a pledge to use on average 30% of recycled content in products destined for polystyrene packaging in Europe, incorporate at least 325 k MT per year of recycled material into products and ensure 100% of our polymer products can be recycled.

We have demonstrated the chemical recycling capabilities of PS with the first production of PS from SM made only of depolymerized material. Such technology facilitates a full recycling loop for plastics, which we expect to to be applicable even to food contact applications. For ABS Standard, we have developed mechanical recycling grades containing 50% or 70% recycled content that are commercially available today. These products meet the performance and quality levels of virgin materials. We have also established co-operations to secure high quality waste for feedstock.

Making safety our first priority

Our employees, contractors and on-site logistics personnel are our most valuable asset, which is why workplace safety is and remains our undisputed first priority. We are convinced that being a market leader goes hand-in-hand with an outstanding safety record. We take our responsibility for SHE matters very seriously and are fully committed to delivering a continually improving performance across all our operations.

We have established a SHE culture of open dialogue, coaching and trust that reinforces our SHE performance. We aim to minimize the impact our facilities have on local communities and local environments. This means working in close partnership with community groups and key stakeholders to ensure that we are a responsible neighbor and partner.

We strive to meet, and where feasible exceed, strict safety and health performance targets. We publish our performance results locally and nationally, as required. We further strive for continuous improvement of our safety performance and aim to reach our annual overall safety target of 0.25 for 2019—which includes a target total case injury rate (per 200,000 work hours) ("**TCIR**") of 0.25 for our employees as well as our contractors. According to management estimates, our TCIR for the 12 months ended December 31, 2018 was 0.27 and our TCIR for the nine months ended September 30, 2019 was 0.15.

Reducing our environmental footprint

Operating responsibly is deeply embedded in our corporate values. We are strongly committed to protecting the safety and health of individuals, using resources efficiently, and safeguarding the environment. As a leading manufacturer for polystyrene and styrenics specialities globally, we aim to use available resources efficiently and reduce our environmental footprint. Compliance with local and national environmental legislation is mandatory for our operations. We strive to continuously improve our operations as well as our sustainability performance by following the key drivers of our environmental policy:

- Reduction in energy use and greenhouse gas emissions: Striving to continuously optimize the energy efficiency of our technology and operations
- Resource efficiency, including scrap reduction and waste management: Efficiently using raw materials, including reuse, recycling and recovery through optimization of our processes
- Efficient use of water: Reducing the use of water where possible and optimizing the water efficiency of our operations
- Reduction of air emissions and waste water discharge: Evaluating best available technology and prevention of accidental emissions through advanced process control
- Transparency and open communication on our environmental performance with stakeholders (personnel, customers, authorities, communities)

To monitor the evolution of our environmental performance, we have integrated key performance indicators (KPIs) on energy and water use, material yield, waste management and air emissions into our business and site procedures. The continuous tracking and improvement of our data accuracy and our improvement projects reflects the expertise of our manufacturing processes, and our target of operational excellence. Complying with required regulations, especially for waste and air emissions, is part of our SHE Excellence program and managed by site, regional and global SHE representatives. This includes reporting of data, investigation of environmental incidents, risk assessments, defining and review of processes as well as internal and external ISO audits. In 2018, our North American headquarters as well as three manufacturing sites were successfully certified for ISO 14001. We achieved 100% ISO 14001 certification at the end of 2019.

Technology leadership

We intend to use, protect and further develop our intellectual property and unpatented proprietary know-how by identifying the best practices and the most efficient technologies while maintaining an emphasis on health, safety, security and environmental standards. We believe that technology leadership can help us achieve a sustainable cost leadership position. We seek to optimize the overall effectiveness of our asset base by making appropriate investments in maintenance, turnarounds and capital equipment, in conjunction with personnel training and site and plant benchmarking, in order to achieve state-of-the-art facilities capable of operating on a $^{24}/_{7}$ basis at high standards of safety and reliability.

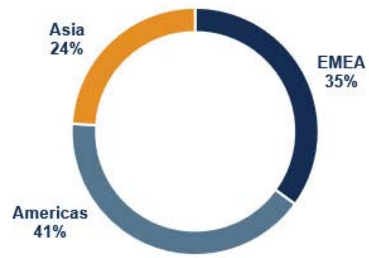
Business organizational overview

Geographical overview

We are a leading global producer, marketer and merchant seller of styrenics, which is the basis for a wide range of chemical processes and products.

We divide our business into three regions: (i) EMEA; (ii) the Americas; and (iii) Asia. EMEA represents our largest region in terms of revenue and production capacity. We serve the entire EMEA region with our production facilities in Western Europe. We offer a full product range out of the EMEA region. The Americas are our second largest region by revenues and production capacity. We serve the Americas from production facilities located in North America, as supplemented by imports. We offer a full product range out of the Americas. Asia is our smallest region. We serve Asia from production facilities located in India, China, Thailand and South Korea. We offer a full polymer product range out of Asia. Our SM production capacity is located in North America (Bayport and Texas City, Texas, United States and Sarnia, Canada), as well as in EMEA (Antwerp, Belgium). We do not produce SM in the Asia region.

Revenue by region (2018) €5,367 million

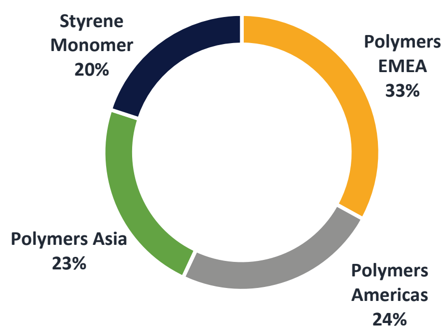


Source: Company Information.

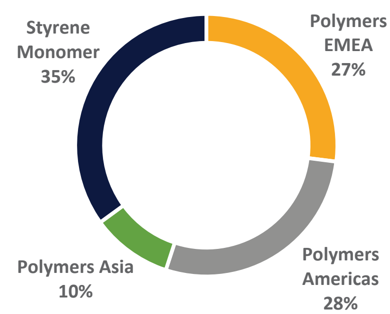
Segment overview

Our business segments are (i) Polymers EMEA, (ii) Polymers Americas, (iii) Polymers Asia and (iv) Styrene Monomer. Polymers EMEA accounted for 33.2% of our revenue in in the year ended December 31, 2018, while revenue from our other segments accounted for 24.3%, 23.0% and 19.5%, respectively, of our revenue for the same period. In the year ended December 31, 2018, Polymers Americas achieved the highest EBITDA before special items margin, at 17.5%, followed by Polymers EMEA with 12.0% and Polymers Asia with 6.7%. We do not consider the EBITDA before special items margin for Styrene Monomer in making such comparisons because the majority of our SM is produced for captive use, and as a result the external revenue and EBITDA before special items margin of Styrene Monomer is subject to volatility and not directly comparable to our other segments. The charts below provide the split of revenue and EBITDA before special items between our segments in the year ended December 31, 2018.

Revenue by segment (2018) €5,367 million



EBITDA before special items by segment (2018) €813 million

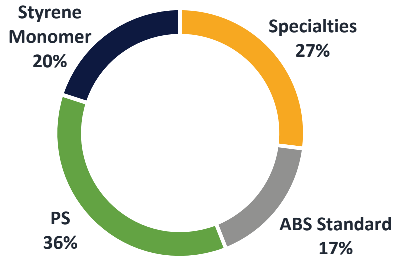


Source: Company information.

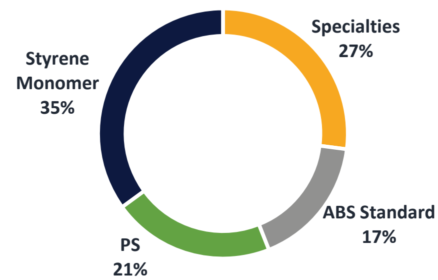
Product overview

We sell SM, PS, ABS Standard and Specialties products. In the year ended December 31, 2018, SM, PS (including revenues not otherwise allocated to a product group, including from site services provided by the Group as a host to third parties), ABS Standard and Specialties accounted for 19.5%, 35.9%, 17.2% and 27.4% of our total revenue and 35.4%, 21.3%, 16.5% and 26.8% of our total EBITDA before special items, respectively. Our EBITDA before special items margin for Specialties products was 14.8% in 2018 (2017: 17.7%), compared to 14.6% for ABS Standard (2017: 16.4%) and 9.0% for PS (2017: 10.6%). We do not consider the EBITDA before special items margin for Styrene Monomer in making such comparisons because the majority of our SM is produced for captive use, and as a result the external revenue and EBITDA before special items margin of Styrene Monomer is subject to volatility and not directly comparable to our other product groups. The charts below provide the split of revenue and EBITDA before special items between our product groups in 2018.

Revenue by product group (2018) €5,367 million



EBITDA before special items by product group (2018) €813 million



Source: Company information.

Business model overview

Our business model consists of two categories: (i) commodity (SM) and standard products (PS and ABS Standard) and (ii) Specialties (ABS Specialty and copolymers).

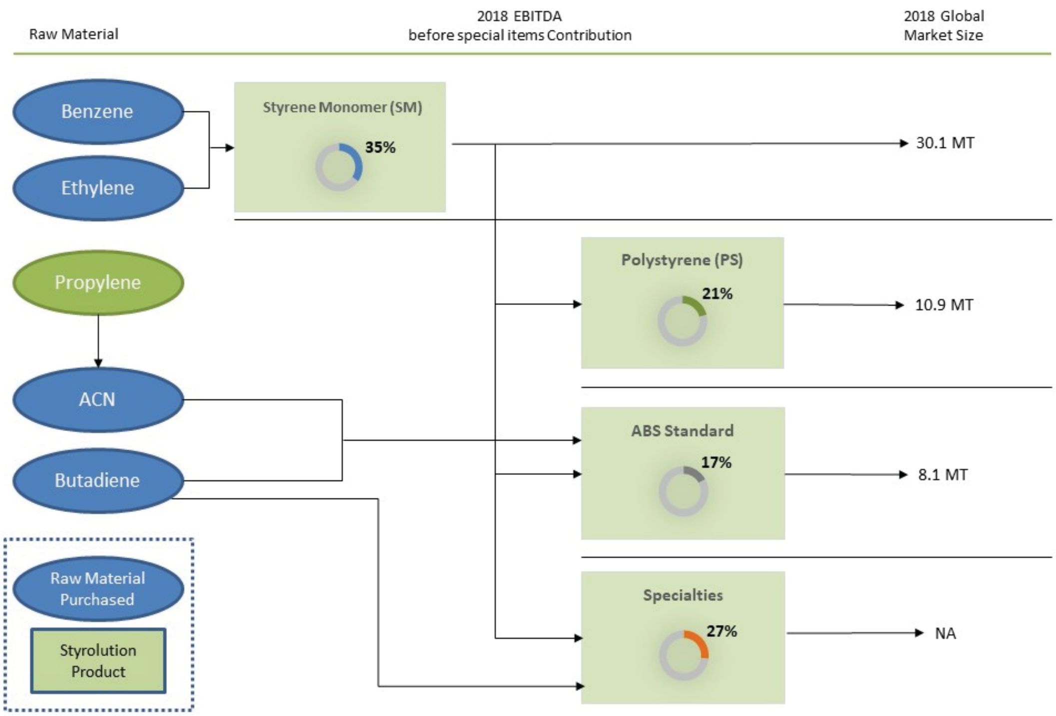
For commodity and standard products, we believe that we run a lean and cost-efficient setup with relatively few grades, low complexity and limited technical service, but with a clear focus on high delivery reliability, short lead times and product consistency. Our R&D spending relating to commodity and standard products is primarily focused on improving cost efficiency.

Conversely, in our Specialties business, the primary focus is on providing a high level of customization, application innovation and technical support designed to generate additional value for customers, particularly in our focus high-growth industries (*i.e.*, electronics, healthcare, household, automotive and construction), for which we believe our Specialty products offer a unique value proposition. We regularly pursue close R&D cooperation with customers and the bulk of our R&D spending relates to our Specialties.

Products

We offer a broad range of over 1,500 products with over 2,000 applications across various industries, with most of the products being customized Specialties. The following diagram sets forth a summary of the inputs and outputs of the production chain for our major products.

Product scope in the styrenics value chain



Source: Company information.

Note: The pie charts show the contribution of products to our consolidated EBITDA before special items in the year ended December 31, 2018 and the estimated global market size in 2018.

Styrene Monomer (SM). Styrene is a liquid hydrocarbon produced from ethylene and benzene, using either the ethylbenzene dehydrogenation ("**EBSM**") process or the POSM process. EBSM is the more traditional method for producing styrene, where ethylene is alkylated with benzene to produce ethylbenzene, which is dehydrogenated to produce styrene. This basic method has been used commercially for over 50 years, during which time it has been adapted and refined to improve the quality of the end product and to minimize the amount of energy and other resources, such as electricity, fuel, steam and cooling water, used in its production. POSM is an alternative process whereby propylene oxide is produced and styrene is generated as a co-product. POSM may decline in the future as new methods of producing propylene oxide have been designed, which do not yield any SM as a by-product. Both the EBSM and POSM processes are large-scale and capital intensive. We use the EBSM method to produce our styrene because the alternative, the POSM process, is used only when the aim is to produce propylene oxide.

Styrene is an intermediate used in the production of plastics, resins, rubbers and latexes, with key end applications in areas such as packaging, electronics and appliances, construction (primarily insulation) and automotive components.

Because we produce nearly as much SM as we consume in our production of polymers, we consider our polymers business to be backward-integrated. However, there are imbalances in the geographical distribution of our SM production as compared to the location of our polymers production. As a result, we sell a portion of our SM production (838k MT sold in 2018) to external customers, mainly in the Americas, where we have regional production in excess of our consumption. Conversely, we purchase a comparable amount of SM (962k MT purchased in 2018) from external suppliers, mainly in Asia, where we have no regional production, and, to a more limited extent, in EMEA. Because we could choose to export SM from North America to Asia if Asian purchases became disadvantageous, our price exposure on such purchases is limited to trans-Pacific transportation costs and the price risk due to the multi-week shipping time for trans-Pacific deliveries. This is also true of competitors with comparable geographical SM supply and demand imbalances. In 2018, we sold 43.1% of our 1,942k MT total annual production to external customers, mainly in the Americas, for various industrial and consumer applications. In total, in 2018, we consumed 2,079k MT of SM in our polymers business.

Polystyrene (PS). Polystyrene is a thermoplastic resin produced by the polymerization of styrene. It exists in solid state at room temperature but melts if heated and becomes solid again once cooled. It is converted through extrusion, thermoforming or injection molding into end products for a wide range of end applications, including electronics, healthcare equipment, household appliances, construction, toys, office supplies and packaging.

Polystyrene is produced on dedicated lines (*i.e.,* other products are not produced on the same lines). Polymerization of styrene can be initiated by either heat or initiators, and usually occurs in stages with the temperature increasing at each stage. When the polymerization is complete, the polymer is removed from any diluent and/or catalyst, and washed. The polymer is then extruded and cut into easily transportable pellets. We produce two types of polystyrene: general purpose polystyrene (GPPS) and high-impact polystyrene (HIPS). Both GPPS and HIPS are used in injection molding and extrusion applications.

General purpose polystyrene (GPPS). GPPS is a clear, hard, usually colorless thermoplastic resin. GPPS is a crystal-clear amorphous product utilized in packaging, foamed containers, foam insulation, cutlery, medical lab-ware, clear cups and containers.

High-impact polystyrene (HIPS). HIPS, one of the most widely used thermoplastics, has great dimensional stability and balanced properties of impact strength and heat resistance, is easily processed and is relatively low in cost. HIPS is essentially GPPS with around 5-10% rubber incorporated through a grafting process in the course of the polymerization process to enhance the mechanical properties. HIPS products are used in refrigerator liners and parts, vending cups and lids, dairy containers, appliance components, cosmetics cases, toys and various consumer products. HIPS is opaque to translucent and is impact resistant.

Customers have some ability to substitute between HIPS and GPPS, and many customers use HIPS and GPPS in a blend. The ability to substitute GPPS for HIPS or to change the respective proportions in the blend is based on the mechanical properties required by the customer.

Acrylonitrile butadiene styrene (ABS). ABS is a tough, opaque, scratch-resistant material with high impact resistance, which can be readily processed by most thermoplastic fabrication techniques, including injection molding (used to produce a variety of consumable and industrial goods) and extrusion (used to produce, among other things, sheet, pipe and electrical conduit). The main applications of ABS include electrical appliances such as vacuum cleaner components, washing machine panels and control devices, information technology devices such as computer and printer housings and automotive parts such as dashboard components, air vents, center consoles and glove boxes. ABS is regarded as a “bridge” polymer between commodity plastics (such as polystyrene, PP and PET) and higher performing engineering thermoplastics (such as nylon/polyamide or polycarbonate (“**PC**”) resins), PET and other alloys with polyesters (“**PBT**”), polyamide (“**PA**”) and PC. The major advantages of ABS include its high gloss (when produced via the most widespread “emulsion process”), the ability to be painted or electroplated, impact resistance and heat resistance as well as in general its lower cost compared to other engineering plastics.

ABS is produced from three monomers: acrylonitrile (provides thermal and chemical resistance), butadiene (provides rubber-like ductility and impact resistance) and styrene (provides stiffness, the ability to be easily processed and reduces overall cost). ABS resins typically contain at least 50% styrene, with varying proportions of acrylonitrile and butadiene. There are two main processes that can be used to produce ABS: mass and emulsion. In the mass process, styrene and acrylonitrile are mass polymerized in the presence of a rubber substrate (polybutadiene or styrene butadiene elastomer). In the emulsion process, ABS is prepared by polymerizing butadiene in aqueous emulsion using radical initiators, emulsifiers, followed by a grafting step of emulsion polymerizing styrene and acrylonitrile onto the polybutadiene latex elastomer substrate. Today’s most cost-efficient, world-class ABS plants employ the emulsion process. The emulsion process allows the production of a wider variety of grades of ABS. Most of our plants are emulsion process plants, and over 90% of global ABS production occurs using the emulsion process. To address niche demands for mass ABS, *e.g.*, in low-gloss applications and extrusion, we operate mass ABS lines through our contract manufacturer INEOS ABS in Addyston, USA and are currently investing in the conversion of a PS line to a mass ABS line in Wingles, France.

Because ABS is usually visible in its final applications, ABS is almost always colored before use. The coloring step can be undertaken either by integrated resin producers, by independent compounders or by the customers themselves. Customers with self-coloring facilities generally favor buying natural (uncolored) product and self-coloring for the majority of their requirements but may elect to purchase pre-colored ABS if they desire relatively small volumes and/or a high degree of color consistency.

ABS Standard. Customers who do not have in-house coloring equipment need to buy pre-colored ABS, either from an ABS producer or from a compounder. Independent compounders buy ABS Standard from an ABS producer and then color it themselves for supply to end users. Compounders also compound ABS with other additives to tailor it to their customers' requirements. We offer both standard and pre-colored ABS products, which latter category we treat as Specialties. We produce ABS Standard products (and some large-volume colors such as "standard black") in three plants (Altamira, Antwerp and Ulsan), serving each of the three regions (Americas, Europe, Asia), under the trademark Terluran®, using top technology with high efficiency.

Specialties

The styrene based copolymers and ABS Specialty market is composed primarily of the following product areas.

ABS Specialty. We typically produce ABS Specialty, or pre-colored ABS, using two-step production processes, enabling us to produce customized colored grades efficiently.

In addition to coloring, alterations in the mix of feedstocks used, and in the use of additives, allow considerable versatility in the tailoring of ABS properties to meet specific customer requirements. Such requirements can, for example, relate to the impact strength of the ABS (high impact grades), the flow properties (high flow grades), the Vicat softening temperature (high heat grades), the flammability (flame retardant grades), and the platability (plating grades). We also produce medical grade ABS for use in medical applications such as inhalers. Pre-colored ABS is sold under the trademarks Novodur®, Lustran® (both worldwide) and Absolac® (in India only).

Styrene-acrylonitrile (SAN). SAN is a rigid and transparent polymer made from styrene and acrylonitrile. SAN is one component in the production of ABS, but we also produce a high-quality form of SAN in a dedicated plant in Ludwigshafen (Luran®). In addition, SAN has some commercial end uses as a transparent polymer in its own right, including in kitchenware, computer products, battery cases, ball pens and packaging material. SAN is generally produced as an intermediate by-product in the ABS production process. It may also be produced in dedicated SAN plants. The bulk of our SAN is produced as an intermediate product.

Styrene-butadiene block copolymers (SBCs). SBCs are a class of block copolymers of styrene and butadiene produced either as an elastomer (Styroflex® and K-Resin®) or as a rigid product (Styrolux®). Rigid products have a high transparency and are often used to "toughen" GPPS. These products exhibit high surface gloss, rigidity and toughness, they can be printed and they can be compounded with other materials. The other type of SBCs, elastomers such as styrene-butadiene-styrene ("**SBS**"), have high-performance abrasion resistance and are frequently used for injection-molded parts as a hot-melt adhesive or as additives to improve the properties of bitumen. SBCs are produced on dedicated manufacturing lines.

Acrylonitrile styrene acrylate (ASA). ASA is a styrene derivative produced by introducing a grafted acrylic ester elastomer (elastic polymer) in a polymer matrix consisting of SAN. ASA was first introduced by BASF AG in 1967 under the trademark Luran® S (which we own today), with the goal of creating a material similar to ABS but with better weather resistance. ASA has good toughness and rigidity, chemical resistance and thermal stability, outstanding resistance to weather, ageing and yellowing, and high gloss. ASA is suitable for injection molding, extrusion, blow molding and thermoforming. End uses include automotive components (exterior mirror and lamp housings, radiator grills and dashboard trims), construction (siding panels, window frames, door panels, rain gutters and fences), telecoms (TV antenna parts, cable connection housings), appliances (washing machine panels, refrigerator handles and microwaves), sports and leisure equipment (surfboard and sailboat parts) and sheet applications for pool/spa use. ASA is also blended with polycarbonate for use primarily in higher end automotive applications. We produce both ASA and ASA blends.

Methyl methacrylate acrylonitrile butadiene styrene (MABS). MABS is a tough, transparent plastic, with high brilliance and surface finish. It exhibits good chemical resistance, good tensile strength and stiffness and is easy to process, print on, sterilize and bond with other resins. MABS can be produced in several ways. One method involves the polymerization or blending of grafted rubber with a polymer of styrene, methacrylate and acrylonitrile. Another method involves compounding SAN with polymethyl methacrylate (PMMA) and polymethacrylate butadiene styrene rubber. MABS is used in applications including medical technology and diagnostics, cosmetics and hygiene (*e.g.,* toothbrushes and soap dispensers), sports and leisure (*e.g.,* musical instruments and watches) and home and office (*e.g.,* printers and loudspeakers). We sell MABS under the trademark Terlux®.

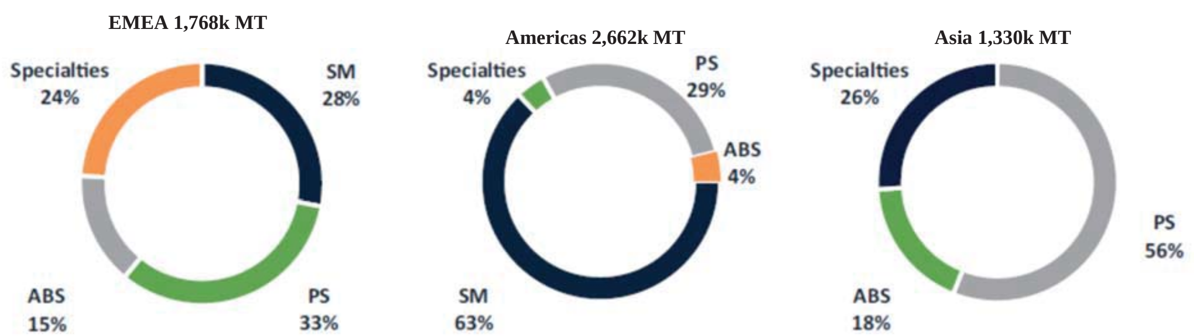
Polyamide/ABS (PA+ABS). PA+ABS is a blend based on polyamide and ABS, combining excellent impact strength at high and low temperatures, high surface quality, easy processing, chemical resistance, heat resistance and a high quality finish. PA+ABS is used in applications in the automotive sector, in housings for power tools, and in garden equipment and sporting goods. PA+ABS is tougher and more durable than either PA or ABS separately. It is formed by reactive compounding the two base products in the presence of a compatibilizer. We sell PA+ABS under the trademark Terblend® N. We also have a special, weather-resistant grade of PA/ASA, which we sell under the trademark Terblend® S.

Styrene methylmethacrylate (SMMA). SMMA resins (NAS®) are clear, non-impact-resistant resins, which can be used in household, packaging, office, medical and electronic applications. Applications for SMMA resins include water filter jugs, vacuum and floor care components, office products, pencil barrels, paper towel dispensers, medical devices and toys. Blends of NAS® with SBC are marketed under the trademark Zylar®. They have high impact strength coupled with high clarity, making these products suitable for applications requiring clear appearance and superior break-resistance.

Thermoplastic composites. Stylight® is a family of innovative thermoplastic composite materials based on styrenic copolymers for lightweight design applications. The innovative new StyLight® products support the expansion of our product offering closer to the end customer. With its combination of structural stiffness, aesthetics, processability and dimension stability, StyLight® offers opportunities in industries like electronics, healthcare, automotive and toy, sports & leisure. StyLight® is currently in the market introduction phase and has already been commercialized in initial customer applications.

The table below shows the regional breakdown of our capacity in relation to each of our product categories as of September 30, 2019.

Regional capacity breakdown (September 30, 2019)



Source: Company Information

Note: Specialties and others include ABS (Novodur), SAN (Luran), ASA (Luran S), MABS (Terlux), PA+ABS (Terblend N) and SBC.

Suppliers, raw materials and energy

Except for SM, most of which is sourced in-house, the majority of our raw materials are supplied under long-term contracts from leading industry participants at market prices. This includes arm's-length contracts at market prices with INEOS and BASF, which cover approximately 50% of our raw material needs. We also make some benzene purchases in the spot markets, depending on market conditions.

The principal raw materials and feedstocks for our business are ethylene, benzene, butadiene, acrylonitrile, styrene and energy. Below are our main suppliers for each raw material.

Acrylonitrile. Acrylonitrile is a petrochemical intermediate used in the production of, among other things, SAN, ABS and ASA. Acrylonitrile is a globally supplied chemical intermediate, with shipments by pipeline, road, train or ship, with over 20 producers worldwide. Acrylonitrile is mainly supplied by INEOS. Other suppliers include Cornerstone, Asahi Kasei and Taekwang Industrial.

Benzene. Benzene is the main raw material for styrene (through its use in ethylbenzene) and is mainly produced from refinery processes or as a co-product of steam cracker operations. As a result, it is readily available in the vicinity of several of our sites or, like ethylene, is supplied by one of the major pipeline systems connecting major petrochemical complexes. We source benzene from a broad spectrum of the main global benzene producers. We buy most of our benzene through contracts, but our pricing formulas can be based on published spot prices, contractual terms or a blend thereof. Our main benzene suppliers are BASF, Exxon Mobil, Marathon Petroleum Corporation, NOVA Chemicals and Samsung C&T Corporation.

Butadiene. Butadiene is a flammable, colorless gas used extensively for various polymerizations for plastics manufacturing. It is the key input to polybutadiene (PB), which is used in the production of HIPS and is one of the three key inputs to ABS. Butadiene can be produced in two ways: as a byproduct of the steam cracking process used to produce ethylene and other olefins, or from ethanol. Butadiene is available within integrated chemical complexes and is also available on the open market with shipment by pipeline, ship, road or train. We source butadiene mainly from Shell, BASF and INEOS, but also buy some supplies from SK Global Chemical, Braskem, PTTGC and OPAL.

Butyl acrylate. Butyl acrylate is a flammable liquid and vapor. Butyl acrylate is used in the production of ASA and in the production of coatings and inks, adhesives, sealants and textiles. It is produced from butanol and acrylic acid. Our main suppliers are BASF, Arkema and DOW.

Energy. Energy is an essential and mandatory utility in order to run our operations. Styrenics production requires large amounts of electricity, and the processing of SM in particular also requires large amounts of steam and natural gas when compared to the production of other chemicals. In addition, compounding steps (*e.g.*, ABS production) require additional amounts of energy.

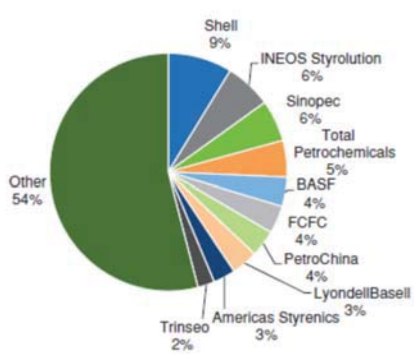
Ethylene. Ethylene is a flammable gas obtained in a process called cracking, in which hydrocarbons are heated, causing chemical reactions that split the carbon-hydrogen or carbon-carbon bonds of the feedstock. Ethylene is a key building block of the petrochemical industry and is used to produce a large number of higher value-added chemicals, including styrene. Ethylene is either available directly on our production sites from adjacent steam cracking facilities or is supplied by one of the pipeline systems connecting major petrochemical complexes (*e.g.*, the ARG pipeline in Europe). We typically source ethylene from crackers at sites adjacent to our own, through long-term contracts, or from one of the main pipeline networks, including the ARG pipeline in Europe. Our main suppliers of ethylene are BASF, INEOS and NOVA Chemicals.

Styrene. Styrene (also called styrene monomer or SM), a hydrocarbon that under normal conditions is a flammable liquid, is produced from ethylene and benzene, typically brought together in a reaction with a catalyst to form the intermediate ethylbenzene. See "*—Products—Styrene Monomer*" above. We use SM in the production of our polymers. For the North American region, all of the SM we need is produced in-house. Any excess SM is sold into the North American market or exported to our operations as well as third parties in other regions.

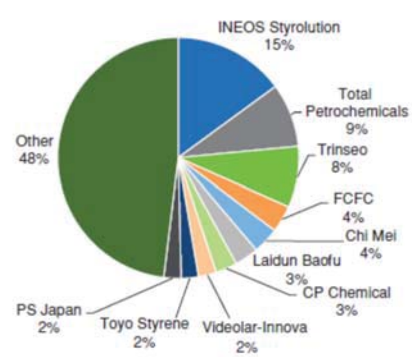
Competition

The charts below summarize our share of global production capacity for SM, PS and ABS.

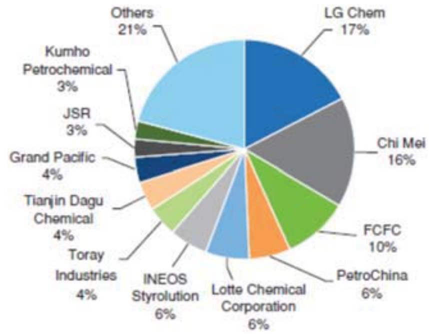
Top global SM producers capacity share by owner (2019)
Global SM capacity (2019)
34.9mn MT



Top global PS producers capacity share by owner (2019)
Global PS capacity (2019)
14.3mn MT



Top global ABS producers capacity share by owner (2019)
Global ABS capacity (2019)
11.4mn MT



Source: Nexant.

SM. In 2019, we were the second largest global producer of SM by owner, accounting for an estimated 6% of global capacity according to Nexant. We were also the largest SM producer in North America, where we held an estimated 29.0% market share according to Nexant. In North America, the second largest producer was Cosmar, which accounted for an estimated 19.7% of regional capacity, followed by Americas Styrenics (17.78%) and LyondellBasell (10.3%). In Western Europe, we held an estimated 9.5% capacity share according to Nexant (including through the operation of the largest integrated styrenics plant in Europe at our Antwerp site), placing us sixth in the region. For our Group, Asia is a net importer of SM, mainly from the United States, Korea and Japan. Imported SM is fed into the broader Asian PS market.

PS. In 2019, we were the largest global producer of PS, accounting for an estimated 15% of global capacity by owner according to Nexant. We were also the largest producer in Western Europe, where we held an estimated 35.9% market share, and in North America, where we held an estimated 30.8% market share according to Nexant. In Western Europe, Total was the second largest producer (25.4%) followed by Trinseo (24.3%) and Versalis (14.6%). In North America, Americas Styrenics is the second largest producer with its 30.4% market share split evenly between joint venture partners Trinseo and Chevron Phillips, the third largest producer was Total, which held an estimated 27.3% market share. In Asia we recently expanded our footprint in China through the acquisition of two PS plants in Ningbo and Foshan in February 2019. The acquisition resulted in INEOS Styrolution becoming the largest producer in 2019, according for 8.8% of the market's capacity. The acquisition resulted in an additional estimated market share of 5.1% in Asia. The Asian PS market is much more fragmented than the European and North American markets, as demonstrated by the fact that the second largest Asian producer, Chi Mei, accounted for only an estimated 7.7% of the market in 2019.

ABS Standard. In 2019, we were the third largest global producer of ABS, with an estimated 11% of global capacity, behind LG Chem (14%) and Chi Mei (13%) according to Nexant. In Western Europe, we held a number one position, with an estimated 51.1% market share by capacity in 2019. Trinseo was the second largest producer, representing an estimated 24.5% of the market, followed by Elix Polymers, with an estimated 17.8% market share. In North America, we were the second largest ABS producer by capacity, with an estimated 41.3% market share, behind SABIC (44.6%). In Asia, we had a small capacity footprint accounting for an estimated 5.6% of the market, which corresponded to a sixth position ranking in Asia. The Asian market for ABS Standard is dominated by LG Chem and Chi Mei (17.3% and 16% of estimated capacity, respectively). Formosa also has a significant presence in the region, accounting for an estimated 10% of regional capacity.

Specialties. Based on management estimates, we believe we held the number one position for Specialties globally, as well as in Europe, the Americas and in India in 2019, in each case as measured by owner and treating joint ventures as separate owners from their joint venture partners. However, our presence in China and in wider Asia remains relatively small. Our sites in India and South Korea produce and sell Specialties and we have upgraded our plant in Thailand to better serve the Specialties market.

We believe our main global competitors in the Specialties product category are UMG, LG Chem, SABIC and Cheil.

The chart below summarizes our competitive positions across the globe.

Leading product capacity positions by geography

	PS	ABS	Styrenics Specialties
Western Europe	**#1**	**#1**	**#1**
North America	**#1**	**#2**	**#1**
Asia	**#1**	**#6**	**#5**

Source: Company information, Nexant.

Customers

We have a global and diverse base of approximately 4,000 customers, through which we serve a wide range of end markets in more than 100 countries. Our focus industries under the Triple Shift strategy consist of the electronics, healthcare, household, automotive and construction sectors, which we consider to be high-growth markets. Together, we estimate, based on management's allocation of our customers across our various end-user sectors, that our focus industries accounted for 51% of our revenue for the year ended December 31, 2018, with household making the largest contribution at 17%. Outside our focus industries, high-volume sales in the packaging sector contributed 28% of our revenue for the year ended December 31, 2018. Below is a summary of the allocation of our revenue for the year ended December 31, 2018.

Electronics. In the year ended December 31, 2018, the electronics sector accounted for approximately 6% of our consolidated revenue. Growth in the electronics industry has been fueled by widespread digitalization and increasing demand from emerging markets. We believe there is potential for further styrenics-related growth particularly in the fields of optics and haptics. The electronics industry has been characterized by cost pressures on mature devices that have reached the end of their life cycles. We serve the electronics sector through our PS, ABS Standard and Specialties businesses. We believe that we can capture market share in this industry in particular as a result of interpolymer substitution as well as due to demand growth in Asia.

Healthcare. In the year ended December 31, 2018, the healthcare sector accounted for approximately 3% of our consolidated revenue. The healthcare industry has been fueled by the rise of wealth- and age-related diseases. Recent developments relevant to styrenics include mobile diagnostic solutions and new drug delivery approaches. Health-related innovations have been particularly sought out in Asia, which is one of our target emerging markets. The healthcare industry is also characterized by strict regulation, compliance with which can give styrenics industry participants an edge over competitors. We serve the healthcare sector mainly through our PS and Specialties businesses. We have already established strong ties with the healthcare industry with the creation of a tailored healthcare service package, through which we provide services such as notifications of change, prolonged supply guarantees and extended raw material certification.

Household. In the year ended December 31, 2018, the household sector accounted for approximately 17% of our consolidated revenue. The household industry has been fueled by improving wealth and infrastructure, particularly in emerging markets. Brands, designs and haptics have also acquired increasing significance in such markets, as has the development of environmentally sustainable solutions globally. We serve the household sector through our PS, ABS Standard and Specialties businesses. We believe we can capture a greater household industry market share by increasing our presence in emerging markets.

Automotive. In the year ended December 31, 2018, the automotive sector accounted for approximately 15% of our consolidated revenue. We estimate that global vehicle output by units produced (the "**Vehicle Production Rate**") in the automotive industry declined by approximately 5% globally in the calendar year 2019 and we also expect 2020 to exhibit a flat Vehicle Production Rate or a slight decline in the Vehicle Production Rate. The automotive industry is characterized by mass customization and a focus on design and has lately been impacted by more stringent emissions requirements and the shift toward electrical vehicles. It seeks to use lightweight materials and make so-called "lean" process improvements to increase efficiency. We serve the automotive sector mainly through our ABS Standard and Specialties businesses. We believe that the main assets we bring to this industry are our high aesthetics solutions produced at low cost and weight.

Construction. In the year ended December 31, 2018, the construction sector accounted for approximately 10% of our consolidated revenue. The construction industry has been fueled by continued urbanization across the world and a need for affordable housing materials. Industry participants have also recently focused on achieving high energy efficiency. We serve the construction sector through our PS, ABS Standard and Specialties businesses. We believe we can capture demand growth in the construction industry, in particular in Asia, due to our broad, multi-niche product offerings.

Toys, sports & leisure. In the year ended December 31, 2018, the toys, sports and leisure sector accounted for approximately 8% of our consolidated revenue. We serve the toys, sports & leisure sector through our PS, ABS Standard and Specialties businesses.

Packaging. In the year ended December 31, 2018, the packaging sector accounted for approximately 28% of our consolidated revenue. We serve the packaging sector mainly through our PS and Specialties businesses. Although the packaging sector accounts for a high percentage of our revenue, it is not one of our focus industries because of its poor growth prospect. Demand for Styrenics (Polystyrene) for Packaging in Europe has been declining by 2% to 3% in recent years and the decline is expected to accelerate due to Single Use Plastics bans. In the Americas, demand has been stagnant to declining while demand in Asia continues to grow at a small pace (1% to 2%).

Within each of our end markets, we have long-standing relationships with large and well-established players in the industry (*e.g.*, Samsung, Sony, Lego, Covestro, BASF, Haier, Ravago, BSH, Rehau, Whirlpool, Electrolux, Bosch, Ficosa, Magna, Panasonic, Pactiv, Thermofisher, B. Braun, BMW, Daimler and Volkswagen). Our top 10 customers collectively accounted for 16.7% of our revenue in the nine months ended September 30, 2019. Our largest customer accounted for 3.5% of our revenue, with the second accounting for 2.3%, the third accounting for 1.7%, the fourth accounting for 1.6% and the fifth accounting for 1.5%. No other customer accounted for a share of revenue greater than 1.5%. Below is an overview of our main customer profile for each of our product categories.

SM. Because we produce nearly as much SM as we consume in our production of polymers, we consider our polymers business to be backward-integrated. However, there are imbalances in the geographical distribution of our SM production as compared to the location of our polymers production. As a result, we sell a portion of our SM production to external customers, mainly in the Americas, where we have regional over-production, and in Europe to a more limited extent. In 2018, we sold approximately 43% of our annual production to external customers for various industrial and consumer applications. Our external SM customers include a number of consumers of SM, which produce materials used across all of the major end markets, including electronics, healthcare, household, automotive, construction (*i.e.*, insulation, paint, and carpet adhesives) and packaging.

PS. In the PS market, we currently serve approximately 87% of our customers on a direct basis and rely on distribution partners to reach smaller customers. We have long term relationships with industry leading customers, including household names in the consumer electronics and appliance segments, as well as some of the largest producers in the consumer packaging segment.

ABS Standard. In the ABS Standard market, we serve the automotive, electronics and household sectors, mainly in the EMEA region but also in the Americas. We have recently experienced strong ABS Standard competition from imports out of South Korea, Taiwan and the Middle East.

Specialties. For Specialties, we focus on offering customized products and on developing tailored solutions. The primary focus is on working directly with our customers to support them by designing products with characteristics (in terms of grade and color) that will meet their specific needs. In particular, within the Specialties business (as well as for ABS Standard), we are actively seeking to continue increasing our exposure to our five focus industries (electronics, healthcare, household, automotive and construction) as we expect that these will grow faster than GDP in the coming years.

Sales, Marketing and Distribution

The sales and marketing of all of our products is managed by our own global and regional industry sales teams and product management teams. The sales and product management teams are distributed across Europe, the Americas and Asia and focus on the interaction with customers on all commercial and technical topics. The product management teams further evaluate any required actions by our R&D, supply chain and productions departments, thereby ensuring fast and effective product life cycle management.

Our dedicated industry sales teams operate depending on the characteristics of the target industries. We have industry sales teams for our target industries and also coordinate the efforts on a global basis for each of the electronics, healthcare, household, automotive and construction industries. Together the sales teams focus on existing as well as new styrenics applications with original equipment manufacturers ("**OEMs**") and their suppliers (*e.g.*, molders). By harnessing their in-depth industry and product knowledge, application development teams create new styrenics applications in close collaboration with end product manufacturers.

Account management and customer service are organized regionally. For selected customers, we have established a Key Account Management structure. We conduct most of our sales directly with B2B customers in a wide range of industries. The remainder of our sales take place through a network of distributors. Most of our sales arrangements, including spot transactions, are based on sales contracts with a term of one year or less, in line with industry practice. Nevertheless, our customer relationships are long-lasting, with some having been in place for decades.

We have access to a comprehensive transportation network and associated logistics infrastructure. We believe this network enables us to move feedstocks and products at competitive rates. We typically distribute our products by sea, rail or truck or a combination thereof.

Our Facilities

Overview

We are a geographically diverse global styrenics producer. We are present in all key industry regions and, as of December 31, 2019, operated a total of 20 manufacturing facilities in 10 countries. Our plants are well maintained and we believe they constitute an industry benchmark for world-class facilities as they rank among the most cost-efficient globally—with at least 75% of our output in 2018 came from manufacturing facilities that we believe to have competitive production cost profiles and to be positioned in the first or second quartile of our industry's cost curve.

Our facilities are located in North America, Europe and Asia. We own most of our facilities and we have lease agreements for buildings and/or equipment for the facilities we do not wholly own. With these facilities, we believe we offer customers throughout the world a high standard of service as well as consistent product quality. Most of our facilities are situated on integrated chemical sites, facilitating the secure and efficient delivery of our principal raw materials.

The following table sets forth the product, location and actual capacity as of December 31, 2019 of each of our production facilities.

Production facility capacities (December 31, 2019)

REGION	COUNTRY	FACILITY	SM (k MT)	PS (k MT)	ABS Standard (k MT)	SBC (k MT)	Other Specialties[1] (k MT)	Other products contributed
EMEA	Belgium	Antwerp	**500**	**475**	**260**	**65**	—	**EB (350k MT), SAN**
	France	Wingles	—	**116**	—	—	—	
	Germany	Cologne	—	—	—	—	**125**	**SAN**
	Germany	Ludwigshafen	—	—	—	—	**227**	
	Germany	Schwarzheide	—	—	—	—	**(*)**	**(*) compounding of Specialties (55k MT)**
Americas	Canada	Sarnia	**445**	—	—	—	—	
	Mexico	Altamira	—	**175**	**110**	**45**	**70**	**SAN**
	USA	Bayport	**771**	—	—	—	—	
	USA	Channahon	—	**399**	—	—	—	
	USA	Decatur	—	**193**	—	—	—	**SMMA**
	USA	Texas City	**454**	—	—	—	—	
Asia	India	Dahej	—	**78**	—	—	—	
	India	Nandesari	—	—	—	—	**41**	
	India	Moxi					**(*)**	**(*)compounding of Specialties (100k MT)**
	India	Katol					**100**	**SAN**
	South Korea	Ulsan	—	**266**	**244**	—	**43**	**SAN**

	South Korea	Yeosu				**55**	
	China	Foshan		**200**			
	China	Ningbo		**200**			
	Thailand	Map Ta Phut	**—**	**—**	**—**	**—**	**117**
TOTAL			**2,170**	**2102**	**614**	**165**	**709**

Source: Company information; Nexant

(1) ABS (Novodur), SAN (Luran), ASA (Luran S), MABS (Terlux), PA+ABS (Terblend N).

(2) The plant in Wingles, France, is currently in the process of partially being converted from PS into mass ABS production. We currently expect such partial conversion to be completed in the second quarter of 2020.

(3) The Antwerp SM plant is currently undergoing an expansion of its capacity from 500k MT to 560k MT. We currently expect this project to be completed in the third quarter of 2020.

The following is a brief description of the sites at which our production facilities are located.

Europe

Antwerp, Belgium. Located in the Antwerp seaport, this site is our largest integrated styrenic polymers site (and the largest in Europe). It is integrated within the BASF site that is the largest chemical production site in Belgium, with major cracker and downstream operations. These features are important, as size is a key determinant of position on the production cost curve in the styrenics industry, especially for commodity and standard products manufacturing. Our facility produces a range of products, including SM, PS, ABS and SBC. The facility is also home to our global research and development center for SBC. The SM unit is currently expanding its capacity from 500k MT to 560k MT. We currently expect this project to be completed in the third quarter of 2020.

Cologne, Germany. The Cologne facility, located near Cologne in western Germany, is part of a large petrochemical complex with major cracker and downstream operations. Our facility produces customized specialty polymers. The facility is also home to our global research and development center for ABS/ASA.

Ludwigshafen, Germany. Ludwigshafen is the world’s largest integrated chemical complex, with major cracker and downstream operations owned and operated by BASF. Our facility produces specialty polymers (ABS, ASA, SAN, MSAN, AMSAN and merchant SAN).

Schwarzheide, Germany. This facility is located in eastern Germany, approximately 85 miles south of Berlin. It is part of a chemical site. Our facility focuses on compounding of specialty polymers. We source a significant amount of raw materials from Cologne and Ludwigshafen.

Wingles, France. Wingles is located in the north of France, 125 miles from Paris and approximately 20 miles from Lille. This facility currently produces GPPS with the HIPS line being converted into a mass ABS line. We currently expect such partial conversion to be completed in the second quarter of 2020. The facility is home to the European development center, which provides technical support services.

North America

Altamira, Mexico. The facility is located in the Altamira seaport on the Gulf Coast, close to Tampico in northeast Mexico. The facility produces a range of products, including PS, ABS and Specialties, including AMSAN.

Bayport, Texas, United States. The facility, located 10 miles southeast of Houston, is the largest single production line styrene plant in the world. It sits on a site located on the U.S. Gulf Coast ethylene supply grid. This facility will be home to the new SAN Specialties production site that is currently under construction, and is expected to be completed by the fourth quarter of 2021.

Channahon, Illinois, United States. Located on the Des Plaines River approximately 55 miles southwest of Chicago, this facility produces HIPS and GPPS.

Decatur, Alabama, United States. Located approximately 20 miles southwest of Huntsville, Alabama, on the Tennessee River, this facility produces HIPS, GPPS and SMMA, one of our Specialties.

Sarnia, Canada. Located in Sarnia-Lambton's Chemical Valley, about 180 miles west of Toronto, the Sarnia facility supplies SM to our PS operations and to our SM customers in North America.

Texas City, Texas, United States. The SM facility is located approximately 25 miles southeast of Houston. It sits on a site located on the U.S. Gulf Coast ethylene supply grid.

Asia

Dahej, India. The Dahej facility is located on the southwest coast of Gujarat, India. The facility produces GPPS and HIPS.

Nandesari, India. The Nandesari facility is located near the city of Vadodara in Gujarat, India. The facility produces rubber and has a compounding unit. In cooperation with Katol (SAN), this facility produces Specialties.

Moxi, India. The Moxi facility is located near the city of Vadodara in Gujarat, India. The facility is a compounding unit. In cooperation with Katol (SAN) and Nandesari (rubber), this facility produces Specialties. The facility has recently undergone an expansion from 66k MT to 100k MT, which was completed in the fourth quarter of 2019. A research and development center is part of the facility, serving customer needs for India.

Katol, India. The Katol facility is located near the city of Vadodara in Gujarat, India. The facility produces intermediate SAN for Specialties compounding and merchant SAN.

Lamba Dhank, Pransla, India. A windmill farm is operated at Lamba Dhank, Gujarat. The windmill farm comprises 40 wind turbines spread across three villages and has a total electricity generation capacity of 8.6 MW. The electricity generated by our Lamba Dhank windmill farm is provided to the Indian electricity grid, for which our Indian subsidiary receives credits against the electricity bills at its facilities.

Map Ta Phut, Thailand. The Map Ta Phut facility is located near Rayong in southern Thailand and is embedded in the large petrochemical complex of the Map Ta Phut Industrial Estate, Thailand. The facility serves the southeast Asia Pacific region. It produces Specialties and merchant SAN.

Ulsan, South Korea. This facility is located at Ulsan Petrochemical Area on the south coast of Korea. The Ulsan facility produces GPPS, HIPS, ABS and Specialties. It is the leading global low-cost styrenics facility.

Yeosu, South Korea. This facility is located in the Yeosu petrochemical complex, along the south coast of Korea. The facility was acquired in 2017 and produces SBC.

Foshan, China. The facility is located in Southern China and produces PS. We completed the acquisition of this facility in 2019.

Ningbo, China. The facility is located in Eastern China and produces PS. We completed the acquisition of this facility in 2019. We are currently in the process of building 600k MT new ABS Standard capacity at the Ningbo facility to further improve our ABS Standard position in China. This project is expected to be completed in the second half of 2023.

Turnarounds

Our manufacturing facilities are periodically shut down for scheduled turnarounds to carry out necessary inspections and testing, to comply with industry regulations and to carry out any necessary maintenance activities. SM facilities typically undergo major turnarounds every three to five years, with each turnaround lasting four to six weeks. PS, ABS and Specialties facilities are subject to a somewhat shorter shutdown cycle.

Overview of planned turnarounds for 2020 through 2022

Facility	Year of turnaround
Altamira, Mexico	2021

Antwerp, Belgium	2020
Bayport, USA	2021
Channahon, USA	2020, 2021
Ludwigshafen, Germany	2021
Sarnia, Canada	2022
Texas City, USA	2020
Ulsan, South Korea	2020

Source: Company information.

Research, Product Development and Engineering

At the time of our formation, INEOS and BASF contributed considerable proprietary know-how, which positioned us as a technologically advanced business from the outset. Today, our global asset footprint is complemented by six research and development centers located in the United States, Europe, India and South Korea. The table below summarizes the product focus of each of our R&D sites.

Overview of R&D sites

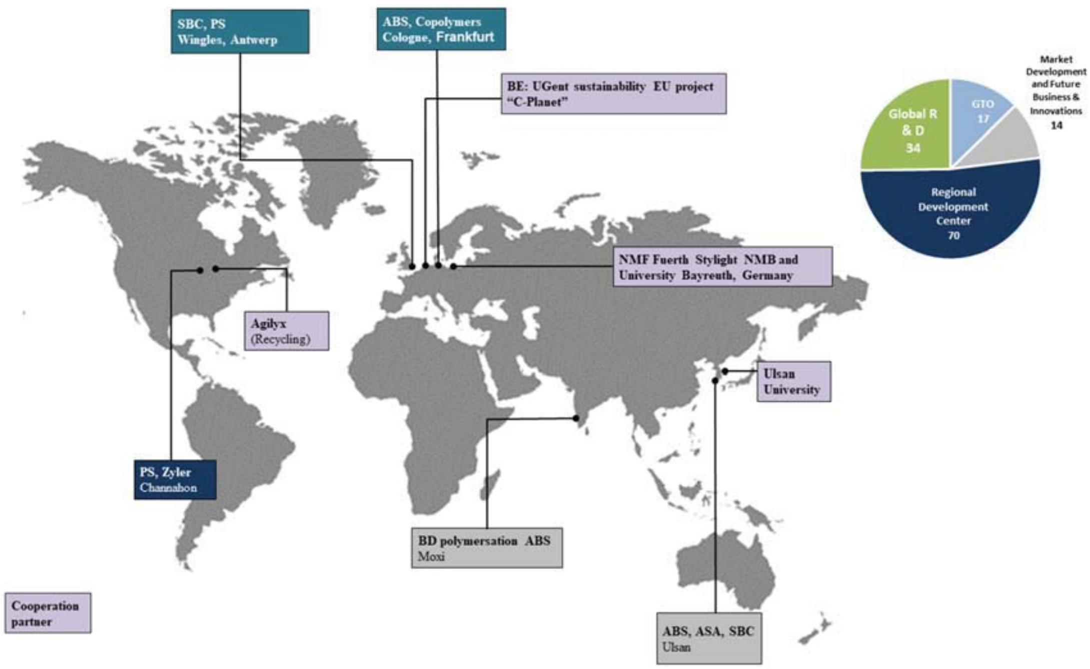
R&D site	Country	Product focus	Geographical focus
Cologne	Germany	ABS Standard and ABS/ASA/SAN Specialties	Global and regional
Channahon	USA	PS, ABS Standard, ABS/ASA/SAN Specialties and SMMA	Regional
Ulsan	South Korea	ABS and ABS/ASA/SAN Specialties	Regional
Wingles	France	SBC and PS	Regional
Antwerp	Belgium	SBC	Global
Moxi	India	ABS	Global and regional
Neue Materialien Bayreuth GmbH (external partner)	Germany	Lightweight solutions, styrenic polymers for 3D printing, new electroplating routes and styrenic polymers for high end surface decoration	

Source: Company information.

Our R&D resources are provided through our global R&D sites in Cologne, Antwerp and Moxi and our regional development centers in Cologne, Wingles, Channahon, Moxi and Ulsan, as well as our external R&D partners, which include Neue Materialen Bayreuth GmbH. Our Group R&D sites, which previously received services from BASF when it was a shareholder of the predecessor of INEOS Styrolution, are now fully independent of BASF R&D resources in all research fields.

We believe that our industry research centers facilitate the joint development of high value added products with our customers.

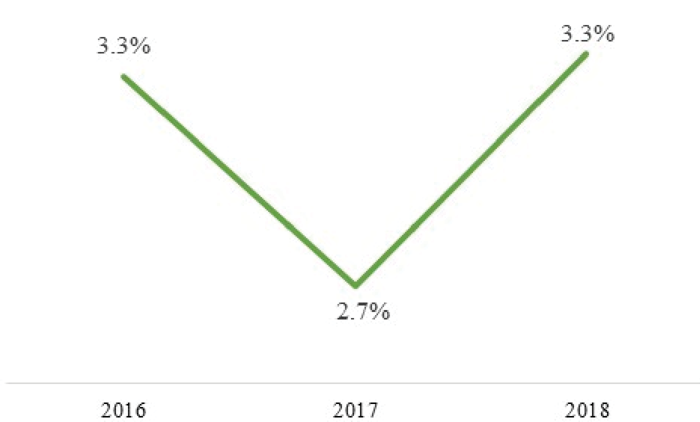
R&D centers



Source: Company information

Globally, we have the equivalent of approximately 136 full-time employees in our R&D department, which is composed of units for technology, market development, technical product development, technology service and future business innovation. The units are mainly focused on product and market development, basic research and application development. Our approach to R&D is twofold: (i) for commodity (SM) and standard products (ABS Standard, PS), we focus on optimizing the manufacturing process to further improve our cost position; whereas (ii) for Specialties, our objective is to develop tailor-made solutions for customers to generate a unique value proposition by end market- and region-focused teams. Of the total € 13.8 million that we spent on R&D activities in 2018, we invested approximately 70% in Specialties research and development.

Global R&D costs as a percentage of operating cost excl. cost of sales



Source: Company information

Our market development functions are integrated into our marketing organization and they work directly with our customers to devise innovative solutions for their businesses. To strengthen our R&D capabilities, in 2013 we entered into a partnership with the University of Bayreuth and Neue Materialien Bayreuth, an independent research and technology development provider in the field of new materials. This cooperation goes beyond traditional models of corporate cooperation with academia as it features a dedicated research team that constantly evaluates new technologies for use in styrenics. We believe that this strategic partnership, coupled with our global R&D network, accelerates the pace of customer-centric innovation and further positions us for future growth. Since 2013, we have established further partnerships in this field: we are co-developing new high-strength fiber composites (StyLight®) together with the institute Neue Materialien Fuerth. We expect to enter into a consortium on sustainability and recycling with Ghent University. In the past two years, we successfully conducted research on an advanced polystyrene recycling process under the publicly funded Project Resolve (funded by the German Ministry of Education and Research). In Asia and the Americas, we maintain cooperations with established institutes for polymer science (Ulsan University, Rutgers University) to discuss development needs in local projects.

Intellectual Property

We own intellectual property associated with our manufacturing, with an extensive range of approximately 1,000 patents and patent applications covering polymerization processes, products and applications for all major styrenics markets. We also own approximately 1,000 trademark registrations globally. Thus, we maintain a portfolio of registered patents and trademarks in a large number of territories in order to support our global sales and to ensure broad freedom to operate. In addition, we maintain trade secrets and proprietary information through customary non-competition undertakings with our employees and contractors and through confidentiality agreements with our contractors, developers and customers. We receive certain intellectual property and technical knowledge related services from our affiliates on arm’s length terms.

Since 2017, we have also created intellectual property in the field of chemical recycling of styrenic polymers as a result of our active research and development into sustainability topics.

We are not aware of any threatened, proposed or actual proceedings that have been or will be brought against us for infringement of third-party rights or any infringement of our rights by third parties that if successfully prosecuted would have a material and adverse effect upon our business.

Sustainability

We believe that sustainability is beginning to reshape our industry and that creating a circular economy for plastics will be of strategic, long-term importance. For INEOS Styrolution, sustainability is a lever for growth that we believe will enable us to tap into new and emerging business models. We are committed to enabling a circular economy for styrenics, further improving our resource efficiency and promoting sustainable operations throughout our entire value chain.

At INEOS Styrolution, we have the ambition of being recognized as the global leader in providing sustainable styrenics solutions. Therefore, we have embedded sustainability into our decision-making across all functions and operations. At the same time, we continue to create and foster a working environment that respects human rights and promotes diversity of people, thoughts and ideas. We have made significant progress toward contributing to a circular economy. We finalized our circular economy strategy in 2019 and are now in the process of implementing it within our business. Our key focus has been to retain the value of our products after their intended use through chemical recycling of polystyrene and mechanical recycling of ABS.

To create a positive, targeted impact and actively shift our industry to create a circular economy, we have introduced a new portfolio of products called INEOS Styrolution **ECO**. This family of styrenics products has been specifically developed to support a circular economy by combining recycling with the unique, high-performing properties of styrenics in an innovative way. INEOS Styrolution **ECO** products are targeted to include products based on mechanically or chemically recycled post-consumer waste and materials based on bio-attributed feedstock. This new family of solutions aims to reduce the amount of post-consumer waste going to landfills, support the recycling of post-consumer waste, and efficiently use existing resources. Products from this new product range perform as well as our conventional product portfolio and will help customers to meet their own sustainability targets.

We are developing technologies for chemical recycling via collaborations within the styrenics industry, as part of the larger INEOS Group, as well as with several leading-edge technology companies. We believe we have made significant progress in this respect, notably achieving a breakthrough in chemical recycling by producing polystyrene from 100% recycled SM. We and Agilyx, the leader in converting post-consumer plastics to low-carbon fuels, chemicals, and plastics, recently announced we are advancing the development of a PS chemical recycling facility in Channahon, Illinois, United States. The facility will be capable of processing up to 100k MT per day of post-consumer PS and converting it into a styrene product that will go into the manufacturing of new PS products. As part of the INEOS Group, we have committed to deliver significant volumes of recycled polystyrene and offer polystyrene with up to 30% recycled content in our products destined for polystyrene packaging in Europe by the year 2025. We also aim to offer recycled ABS at commercial scale in 2020.

In order to save valuable resources and minimize our carbon footprint, we have further reduced our GHG and waste water emissions in recent years and have taken steps to prevent the loss of pellets in our operations as well as along our value chain. For example, we joined Operation Clean Sweep (OCS), an industry program to prevent pellet loss, in 2015. We are engaging with our suppliers on sustainable sourcing of raw materials, utilities and services, and are investigating the integration of renewable feedstock into our production processes.

We believe that we are on the right track in our sustainability journey, having been awarded a gold rating from EcoVadis for the second year in a row in 2018, with an overall score among the top one percent of companies assessed by EcoVadis in the category of plastics manufacturers.

We are committed to further exploring opportunities to drive sustainability not only within our own business, but also to work with our customers and stakeholders to develop sustainable and circular products and solutions throughout the entire value chain.

Safety, Health and Environment (SHE)

Overview

Our facilities and operations are subject to SHE requirements in each of the jurisdictions in which we operate. These requirements govern, among other things, air emissions, water usage and wastewater discharges, releases of hazardous materials into the environment, human exposure to hazardous materials, the classification and registration of chemical products and raw materials, the storage, treatment, transportation and disposal of wastes and hazardous materials, the clean-up of contamination, process safety and accident prevention, the maintenance of safe conditions in the workplace and the security of our facilities. Our business involves the use, manufacturing, handling and distribution of large volumes of hazardous materials and other chemicals and wastes. We have incurred, and will continue to incur, substantial capital and operating expenditures to maintain compliance with current and future SHE laws and regulations, including the limits and controls contained in our operating permits and approvals. In some jurisdictions, SHE laws and regulations may impose product or raw material use, import or sale restrictions on us or on our customers. For example, it is possible that certain of our products or by-products or the raw materials we use may, in the future, be classified as hazardous or harmful, which could impact our production or demand for our products and, in turn, could materially and adversely affect our business and/or results of operations.

Any violations of SHE laws, regulations or permit requirements, or failure to obtain any required permits, also could result in restrictions or prohibitions on our operations, obligations to install costly pollution control equipment, civil or criminal sanctions and penalties and/or damage claims for environmental contamination, natural resources or property damages and personal injury. In the ordinary course of our business, we are subject to periodic governmental inspections and we also self-monitor and self-report as required by law and/or our permits. In some cases, these oversight activities have resulted in, and may in the future result in, compliance findings leading to fines or penalties or required expenditures for environmental or safety controls or improvements. In addition, numerous operating permits held by our production facilities are subject to renewal, modification and, in certain circumstances, suspension or revocation by government authorities. The enactment of new, or changes in existing, SHE regulations or the more stringent enforcement of such requirements could result in significant unanticipated operating or capital expenditures, limit or interrupt our operations or business, or require us to modify our facilities or production.

SHE Compliance and Expenditures

We believe that our operations are currently in material compliance with all SHE laws, regulations and permits. We actively monitor and assess SHE compliance issues in connection with our operations and properties, and we believe that we have systems in place, including safety controls and materials handling practices, to limit the environmental impacts of our operations and for the protection of employees in accordance with applicable laws and regulations. Our capital and operating expenditures for compliance with SHE requirements and LTO were approximately €10.5 million in 2019 and are projected to be in the range of €16-25 million annually for 2020-2023. Estimates of future environmental costs and liabilities are inherently imprecise, however, and the imposition of new or unanticipated costs or obligations in excess of budgeted amounts could have a material adverse effect on our business, financial condition or results of operations in the period in which those costs are incurred.

Greenhouse Gas and Other Air Emissions Regulations

Our operations in Europe are covered by the EU ETS, which is an international trading system for industrial GHG emissions, including methane and carbon dioxide. Industrial sites receive or purchase allowances to emit GHGs and must surrender one allowance for each tonne of a GHG that is emitted. Companies which emit less of a GHG than their allowances cover are able to sell the excess allowances, whereas those which emit more must buy additional allowances through the EU ETS. The costs of those allowances are not currently anticipated to be material to us.

New and proposed air emissions regulations in the United States and Canada include, among other things, monitoring and reporting of GHG and other air emissions at certain facilities, including those that produce and distribute petrochemical and other products. We actively monitor state, regional, provincial and federal GHG initiatives and other regulatory developments in anticipation of any potential effects on our operations. Although the United States has not ratified the Kyoto Protocol, and has not yet adopted an economy-wide federal program for regulating GHG emissions, Congress has considered comprehensive federal legislation regarding climate change, and various regional initiatives regarding emissions associated with climate change are in effect or proposed. The nature, scope and timing of any proposed legislation, including climate change legislation and/or other proposed rules regulating GHGs, is highly uncertain and, currently, we do not know what precise effect, if any, such legislation will have on our financial condition and operations.

In the United States, stringent controls on nitrogen oxides and ozone emissions, and/or the need to purchase nitrogen oxide emissions credits for certain facilities, impact our operations and, indirectly, the cost of our products. Credit pricing is subject to general economic conditions, but we believe such credits should remain available and affordable. The USEPA issued revised ozone standards in late 2015, which require states to restrict or prohibit emissions that “significantly contribute” to non-attainment of, or interfere with a state’s ability to maintain, the revised ozone standard in other “downwind” states. As a result, emissions permits issued by states and/or the federal government to facilities such as ours could contain stricter limits for nitrogen oxides, including best available control technology, or other operating limitations that could cause us to incur additional compliance and/or capital costs and/or adversely impact our production and our results of operations.

In Ontario, Canada, a Point of Impingement standard that will significantly reduce the allowable emissions of benzene which was expected to become effective in July 2016 has been delayed. We have taken measures in our capital investment plan to upgrade our Ontario operations to reduce benzene emissions in accordance with the requirements set out under this standard. We do not expect that the costs of implementing such measures will have a material adverse effect on our financial position or operations, but are monitoring the status of this proposed standard.

In South Korea, we are subject to the Framework Act on Low Carbon Green Growth, requiring us to prepare an emissions inventory and, in cooperation with the national government, to set and comply with carbon emissions reductions targets. We are currently conducting an inventory as well as an engineering study to evaluate options for reducing carbon emissions. It is not expected that the costs involved in implementing these measures will have a material adverse effect on our competitive or financial position or our ongoing results of operations. South Korea has proposed or is considering additional regulations on air emissions and we are actively monitoring the progress of those legislative initiatives.

Chemical Regulation and Product Stewardship

The EU regulates chemical products within the EU by imposing on all affected industries the responsibility for ensuring and demonstrating the safe production, use and disposal of chemicals. The REACH Regulation requires the registration of all chemicals produced or imported into the EU (either alone, in mixtures, or in articles) with the European Chemicals Agency (“**ECHA**”). The regulation requires formal documentation of the relevant data required for hazard assessments for each substance registered, as well as development of risk assessments for their registered uses. Most uses of high hazard substances, such as carcinogens or those classified as “substances of very high concern,” including certain substances in our production processes or products, will require authorization by the ECHA. REACH also requires extensive toxicological testing, documentation and risk assessments for many of our raw materials, though the responsibilities for dossier submission are typically handled by our suppliers. As a corollary to the REACH Regulation, the EU has adopted the CLP Regulation to harmonize the EU’s system of classifying, labeling and packaging chemical substances with the United Nations’ Globally Harmonized System. The CLP Regulation purports to standardize communication of hazard information with respect to chemicals and to promote regulatory efficiency by using new classification criteria, hazard symbols and labeling phrases. We believe we are in material compliance with applicable regulations under REACH and CLP, which affects many of our products, including products imported into the EU.

In the US, although environmental non-governmental organizations are challenging the prioritization and risk evaluation final rules, the USEPA is proceeding with risk evaluations for the top 40 chemicals under the U.S. Toxic Substances Control Act, as amended by the Frank R. Lautenberg Chemical Safety for the 21st Century Act (the "**TSCA**"). While styrene and ethylbenzene were not among the first 40 chemicals for prioritization in March 2019, their review is expected, as they were on the previous TSCA Chemical Work Plan list. 1,3-butadiene is on the list of the 20 high priority chemical substances undergoing prioritization and it is possible that it will be designated in the future as a high-priority chemical substance. No additions are expected until 2022 or 2023.

In addition, in Ontario, Canada, the Toxics Reduction Act requires reductions in the use and creation of toxic substances, including styrene, butadiene, acrylonitrile, benzene and ethylbenzene, which are raw materials from which our products are synthesized. This legislation requires tracking, publication of toxic substance reduction plans and reporting. In the future, it is possible that legislation could restrict or prohibit the use of these, or other, specified toxic substances.

Other jurisdictions across the world are considering, or have proposed or enacted, similar chemical control legislation to the EU REACH regulation or simpler Global Inventory legislation. For example, South Korea and Turkey are in the process of introducing similar legislation to REACH.

SM and ethylbenzene, in particular, require specialized handling procedures due to their acute and chronic toxicity. In the United States, the National Toxicity Program of the Department of Health and Human Services has recommended classifying styrene as "reasonably anticipated" to be a human carcinogen. In addition, the USEPA has been reviewing styrene toxicology and environmental exposure through its Integrated Risk Information System ("**IRIS**"). In the EU, ECHA has classified styrene as a substance suspected of damaging the unborn child and as causing damage to hearing organs through prolonged or repeated exposure under the REACH and CLP Regulations.

The International Agency for Research on Cancer has also classified styrene as "probably" carcinogenic to humans. The European Commission has also recently mandated the European Food Safety Authority (the "**EFSA**") to review styrene regarding its use to make plastics used in food contact applications. This could lead to a specific migration limit for styrene in these applications, which could ultimately restrict certain applications for these plastics. The Commission will need to decide on appropriate risk management measures based on the opinion provided by the EFSA; this is expected to be concluded during 2020.

The American Conference of Governmental Industrial Hygienists has proposed a new Occupational Exposure level of 10 ppm for styrene, which is expected to be adopted early in 2020, and a similar processes is planned in Europe starting in 2020. Classification of styrene as "probably" carcinogenic to humans along with tightening occupational exposure legislation related to styrene and other monomers could result in additional restrictions on our manufacturing operations, including more burdensome requirements for additional ventilation or protective equipment for workers at our plants, or on our sale or distribution of styrene, including relevant warnings on our material safety data sheets or on the packaging for our products, as well as legal action relating to product and other liabilities. Other jurisdictions could enact similar legislation. In addition, acrylonitrile is under review in Europe, together with a proposal for a lower occupational exposure limit.

Butadiene has been classified as a known human carcinogen by the IARC, the NTP and USEPA. The U.S. Occupational Safety and Health Administration currently limits the permissible employee exposure to butadiene. If future studies on the health effects of butadiene result in additional regulations in the United States or new regulations in Europe that further restrict or prohibit the use of, and exposure to, butadiene, we could be required to change our operations, which could affect the quality of our products and increase our costs. Other jurisdictions could enact similar legislation.

Several states in the United States are, or are in the process of, including chemicals of concern relating to our monomer products and polymer products, such as styrene and ethylbenzene, in their safety legislation, requiring additional declarations, labelling or reporting requirements. In addition, in the EU, additional requirements under REACH are contemplated which would specifically regulate polymers, in addition to the existing regulation that covers the registration of substances. If enacted, this could lead to an increased regulatory burden or new constraints for production or use of styrenic polymers. Discussions are at an early stage and it is unclear currently how our polymers may be affected.

Our polymer products have widespread end-uses in a variety of tightly regulated consumer industries, including food packaging and medical applications. Regulations relating to sensitive end consumer applications such as food contact and toys are evolving rapidly in several jurisdictions. This is giving increasing concern related to residual monomer levels, such as acrylonitrile and butadiene, with some of our products. This is also imposing increasing requirements for improved risk assessments of our products. For example under EU food contact legislation, it is necessary to assess the risk of non-intentionally added substances such as oligomers present in our polymers. We are developing methodologies for this, working in collaboration where possible with other European producers in industry associations. To manage these risks, our product stewardship team works with industry associations, government regulators and others to develop regulations which are based on science and are commensurate with the magnitude of the risk. We are also careful to ensure that transporters and customers have the appropriate information and processes to properly manage our products.

Prevention of Major Accidents/Seveso II Directive

Within the European Union, an EU directive on the control of major accident hazards (the "**Seveso II Directive**"), regulates facilities that present a risk of accidents involving hazardous materials and imposes specific plans and procedures on such facilities, particularly for the storage of such materials. The Directive provides for control measures aimed at preventing and limiting the consequences of major accidents. All operators under the scope of the Directive must provide a safety plan and establish a major-accident prevention policy, and all of our facilities must undergo annual audits to certify compliance with those requirements. In addition, any of our major production sites which qualify in the top tier of regulation under the Seveso II Directive due to the quantity of dangerous substances stored at such sites must establish a major-accident prevention policy, safety reporting system, safety management system and emergency plan.

In the United States, our manufacturing facilities are subject to EPA's Risk Management Program ("RMP"), which requires facilities that produce, handle, process, distribute or store certain highly hazardous chemicals to develop a risk management plan and program in the event of an accidental release of such chemicals. RMP also requires facilities to assess potential impacts to off-site populations in the event of a credible worst-case release and to document the policies, procedures, equipment and work practices in place to mitigate identified risks. Similar risk management requirements are imposed upon our facilities under the Emergency Planning and Community Right-to-Know Act, which contains chemical emergency response planning, accident release and other reporting and notification requirements applicable to our U.S. manufacturing facilities. The EPA finalized changes to the RMP regulations in late 2016 that became effective in September 2018. In addition, our U.S. facilities are subject to standards including the OSHA Process Safety Management ("PSM") standard, which requires development of a program to manage workplace risks associated with highly hazardous chemicals. We are planning facility siting studies that could result in the need to implement safety measures and relocate or strengthen structures, which could result in the incurrence of material costs.

Security and Crisis Management

In the United States, the Department of Homeland Security Act, the Marine Transportation Security Act and the Department of Transportation Hazardous Material security compliance regulations required some of our facilities to conduct a security vulnerability assessment. This assessment includes preparation of security mitigation plan measures, appointment and training of a designated security person and submission of plans for approval and inspection. The Chemical Facility Anti-Terrorism Standards regulation requires our facilities to assess potential security risks associated with listed chemicals. Emergency procedures for responding to Transportation Security Incidents and Security Threats are in place.

Proposed EU legislation would require similar actions at certain of our European facilities. Our facilities across all jurisdictions are periodically assessed to ensure that they meet appropriate security standards and safeguards and have appropriate systems for emergency response and crisis management.

Environmental Remediation and Closure Liabilities

Environmental laws and regulations may require us to remediate or otherwise address impacts resulting from the disposal or release of hazardous substances or wastes at our current or former sites or at other properties or facilities used in connection with our business. Under some of these laws and regulations, including the U.S. Superfund law, a current or previous owner or operator of property, or a party who sent, or arranged to send, wastes to such a property, may be held liable for the costs of clean-up of hazardous substances on that property regardless of whether that party knew of or caused the contamination and regardless of whether the practices that resulted in the contamination were legal at the time they occurred.

Some of our production sites, particularly those with an extended history of industrial use, have known or suspected soil and groundwater contamination, and in some cases, the contamination is believed to have migrated off site. We are currently remediating a number of sites with known contamination and we are incurring, have in the past incurred, and may in the future incur, costs to investigate, remediate or contain such contamination. In addition, the sale, expansion or closure of our production sites could trigger obligations with respect to existing contamination that, but for the sale, expansion or closure, we would not otherwise be required to undertake. We are, from time to time, identified as a potentially responsible party at third-party or Superfund sites. We may also be subject to claims alleging property damages or personal injuries, including those resulting from releases or migration of hazardous materials beyond the boundaries of our production sites and/or for the costs of addressing or repairing damages to public water bodies or other natural resources. Based upon current information about the nature and extent of contamination at these sites, we do not currently anticipate that the costs of environmental remediation will have a material adverse effect on our competitive or financial position or our ongoing results of operations. The discovery of additional contamination on-site, or migrating off site from, our facilities, or the imposition of more stringent cleanup requirements, however, could result in us incurring significant unanticipated costs.

Insurance

We benefit from insurance coverage under the group-wide INEOS Group insurance programs. Our plants, machinery, equipment, inventories and other assets are insured under such programs on an all risk basis for property damage, business interruption, machinery breakdown terrorism risks, public liability risks (*e.g.*, product liability and environmental risks), marine risks, construction risks and certain financial risks (*e.g.*, directors' and officers' liability insurance). The insurance policies are renewable on a yearly basis commencing on June 1, 2019. In addition to our global insurance policies, we have separate policies for our operations in India, which provide the same coverage on a regional basis.

Our major construction projects, defined as those with a total investment cost above €100 million, are insured separately with bespoke project insurance policies.

We believe our insurance policies are generally in accordance with customary industry practices, including deductibles and limits of coverage. Our broker, lead insurers and underwriters perform risk engineering surveys and routinely inspect all assets. Under the global INEOS Group insurance program we have to regularly revalue our assets. Such periodic valuations, which are prepared by third parties, are used by our insurance broker to establish the estimated replacement value ("**ERV**") of our properties and compare the ERV to the values we have declared for such properties. Because the declared values are used to calculate insurance premia, if the declared value of a property is lower than the actual ERV established by a valuation report, any payout under the property damage policy may be proportionately reduced to reflect the underpayment of premia.

Legal Proceedings

Like our competitors, we are and in the future may from time to time be involved in proceedings or litigation arising in the ordinary course of business. We do not believe that the ultimate resolution of these matters will materially affect our financial condition or results of operations.

INEOS Styrolution America LLC has received notice from Samsung C&T America Inc. ("**Samsung**") of a potential recourse claim by Samsung and its interested insurers relating to the explosion of a cargo of SM produced by INEOS Styrolution America LLC inside a cargo ship in the port of Ulsan, South Korea. The styrene monomer had been sold Free on Board ("**FOB**") at Pasadena, Texas to Samsung C&T America Inc. and loaded on August 17, 2019. The UK Marine Accident Investigation Branch (the "**MAIB**") is currently also investigating the incident. The MAIB has informed INEOS Styrolution America LLC of a similar incident in November 2019 that resulted in signs of temperature increases but not in an explosion. During such incident, a separate cargo of SM produced by INEOS Styrolution America LLC in Pasadena, Texas allegedly showed signs of temperature increases while aboard a ship named the Stolt Focus. The temperature of the cargo was controlled by the Stolt Focus by separating the cargo into multiple cargoes and adding sea water. This SM had also been sold FOB at Pasadena, Texas. Both incidents are currently under investigation and it is not currently possible to determine whether INEOS Styrolution America LLC has any responsibility for either incident.

We have also recently been the subject of a tax audit in Italy relating to the years 2011 through 2017, which focused on whether certain of our German and Swiss subsidiaries entertained permanent establishments in Italy, which would have made them liable to pay certain taxes in Italy. Such audit also resulted in the initiation of a criminal investigation, with prosecutors alleging an unlawful failure to file tax returns in the relevant years. The Italian tax audit was concluded by settlement with the Italian tax authorities in December 2019, which included payment by the Group of approximately €7.5 million in taxes, interest and penalties. We currently expect the criminal proceedings to be concluded during 2020 on the basis that the Italian tax authorities agreed in the settlement that such entities did not entertain personal establishments in Italy.

Employee Matters

As of September 30, 2019 we had approximately 3,615 employees worldwide. Of our total employee population, 36% work in EMEA, 24% in the Americas, 35% in Asia-Pacific and 6% are employed in global roles.

In part due to the technological and highly technical nature of our business, we put an emphasis on the acquisition and maintenance of skills and qualifications by our teams. Accordingly, we align our training programs to promote the development of our employees at all levels of our organization. Our remuneration policy consists of monetary and non-monetary components. We aim to pay our employees above market rates, including by providing for potentially large variable portions in annual compensation. We harmonize our local compensation practice with country-specific conditions, using chemical industry benchmarks for each of our locations.

Pensions

We offer substantially all our employees' pension schemes or similar benefits, depending on the legal, economic and fiscal environment of each country in which we operate. The existing plans of employees who joined us from BASF and INEOS in 2011 were continued in alignment with local market practice. The pension schemes—embedded in the local tax, economic and legal circumstances—are either defined contribution or defined benefit plans.

Our defined benefit plans exist mainly in Canada, the United States and Germany and are not open to new participants. In Canada, we manage our pension plans separately from INEOS. In the United States, our funds are held by a pension trust commonly used by INEOS but are run on a legally independent basis.

For German Group companies, all defined benefit plans were closed in 2013 for new employees and replaced by a defined contribution plan, funded by Allianz Unterstützungskasse—Allianz Pensions Management e.V. and Allianz direct insurances—Allianz Lebensversicherungs AG. BASF and INEOS / BP heritage plans grant a basic level of benefits. For BASF plans, accruals until the end of 2014 are provided by BASF Pensionskasse VVaG. After the termination of membership, future accruals after 2014 are financed under a contractual trust arrangement. Occupational pension promises that exceed the INEOS / BP basic level of benefits are financed via pension provisions with a contractual trust arrangement. The benefits are based on cash balance plans. Furthermore, employees are given the option of participating in various deferred compensation schemes.

In order to mitigate interest rate risk, target plan asset allocations have been defined for several funded plans in Europe and North America by using asset liability studies. These are reviewed regularly. The asset portfolios and their durations are aligned with the duration of the pension liabilities, taking into consideration investment risks and adherence to statutory regulations.

Since its acquisition by us in March 2017, we have also consolidated post-employment benefit liabilities of the K-Resin Business in South Korea. In accordance with the South Korean Employee Retirement Benefit Security Act (ERBSA) and the K-Resin Business's employee benefits policy, employees who terminate their employment with at least one year of service are entitled to severance and retirement benefits based on the rates of pay in effect at the time of termination, years of service and certain other factors.

Defined benefit plan assets neither comprise equity instruments INEOS Styrolution nor Group-occupied real estate or other assets used by us. Total defined benefit obligations amounted to €202.9 million as of December 31, 2018, €172.0 million of which was funded, and plan assets had a fair value of € 144.5 million. Of the €58.4 million outstanding net defined benefit obligation, €26.2 million, or 44.9%, was owed in Germany, €15.6 million, or 26.7%, was owed in South Korea and €7.2 million, or 12.3%, was owed in the United States.

For our defined contribution plans, as a rule, employees contribute on a voluntary or compulsory basis to the financing of their pension entitlements. We supplement employee contributions with additional contributions (so-called matching of contributions). In the financial year ended December 31, 2018, the cost of defined contribution plans amounted to €8.7 million. While we paid contributions into the plans, the benefits were provided exclusively by third parties. In addition, over the same period, our contributions to the statutory pension insurance systems in the various countries amounted to €8.7 million. Our North American subsidiaries also operate unfunded post-employment medical care plans, which account for almost half of our total €30.9 million unfunded pension obligations.

Trade unions

Membership in trade unions varies in accordance with the business areas, local practice and country in which we operate. Other than management and professional personnel as well as head office staff, the majority of our employees are represented by local trade unions and covered by collective bargaining agreements. These agreements typically govern, among other things, terms and conditions of employment and dispute resolution procedures. Terms and conditions of union agreements reflect the prevailing practices in each country. Currently there are no works councils for the head office. The table below summarizes existing unions and works councils by region.

Overview of labor relations by region

	Union	Works Counsil
AMERICAS	Sites in Sarnia, Texas City and Altamira are unionized for hourly employees Sites in Bayport, Channahon and Decatur are not unionized	Office in Sao Paulo is represented by a Commercial Union
APAC	Sites in South Korea, China and India (Vadodara) are unionized Sites in Dahej, Bangalore, Kandla, Moxi and Thailand are not unionized	Some staff in South Korea (Seoul, Ulsan and Yeosu) are represented by a White Collar Union)
EMEA	All production sites are unionized German sites / locations are members of the chemical employer association, which means collective salary agreements are applicable.	All production staff are represented by a local Works Council and the European Employee Forum (EEF)

Source: Company information

Historically, we have enjoyed good labor relations, and we are committed to maintaining these relationships. There have been no material work stoppages or strikes at any of our sites during the past three years. We take a constructive approach to union relationships where there are unionized sites, and we have been able to secure the cooperation of both unions and the workforce with regard to significant changes and the process of continuous improvement of our businesses.

At our Antwerp, Belgium site, we are part of the same Technical Operating Unit as BASF. This Technical Operating Unit is managed by BASF. We expect to exit this Technical Operating Unit in the second quarter of 2020 and to set up a Technical Operating Unit within the INEOS Group, which will include INEOS Styrolution and Inovyn, and will be managed by INEOS Styrolution.

MANAGEMENT

Directors of the INEOS Group

INEOS Limited, a company incorporated in the Isle of Man, is our ultimate parent undertaking. INEOS Limited was incorporated on March 24, 2016 and became the ultimate parent undertaking on December 1, 2016.

The following table sets forth the name, age (as of the date of this offering memorandum) and principal position of each of INEOS directors and officers:

Name	Age	Position
James A. Ratcliffe	67	Chairman
Andrew Currie	64	Member of the Board
John Reece	62	Member of the Board
Jim Dawson	75	Non-Executive Director of INEOS Group

James A. Ratcliffe. James A. Ratcliffe has been the Chairman of INEOS since 1998. Mr. Ratcliffe, who has over 30 years of experience in the chemical industry, is experienced in managing buyouts of chemical companies. In 1992, he led the successful buyout of Inspec Group plc. In 1998, he left Inspec to lead the acquisition of INEOS plc (now INEOS Oxide) from Inspec. Mr. Ratcliffe started his career with Exxon Chemicals before moving to Courtaulds. He then completed his MBA at London Business School before joining Advent International and then Inspec.

Andrew Currie. Andrew Currie has been a director of INEOS since 1999. He was previously Managing Director, Laporte Performance Chemicals, having served as a director of the Inspec Group from 1994 until the Laporte acquisition of Inspec in 1998. Mr. Currie has a degree in natural sciences from Cambridge University and spent the first 15 years of his career with BP Chemicals in various technical and business management functions.

John Reece. John Reece joined INEOS as Finance Director in January 2000. He was previously a partner with PricewaterhouseCoopers LLP, where he advised companies in the chemical industry. Mr. Reece has a degree in economics from Cambridge University and is a Chartered Accountant.

Jim Dawson. Jim Dawson became a non-executive director of INEOS in 2005. Dr. Dawson has been serving as a consultant to INEOS since 2001. Dr. Dawson served as a director of Shell International Chemicals until 2000. Dr. Dawson has a first degree in chemistry and a doctorate of philosophy from Oxford University.

All of the members of the board of directors and officers of INEOS Limited have their business address at Fort Anne, Douglas, IM1 5PD, Isle of Man.

Managing Directors of the Issuer

The operations of the Group are managed by the Issuer's managing directors (*Geschäftsführer*) (the "**Managing Directors**"). The following table sets forth the name, age (as of the date of this offering memorandum) and principal position of each of our Managing Directors.

Name	Age	Position
Kevin J. McQuade	63	Chief Executive Officer
Markus Fieseler	55	Chief Financial Officer
Rob Buntinx	51	President, R&D, Global Automotive and Healthcare and EMEA
Alexander Walter Glück	57	President, Americas
Steve Harrington	51	President, Global Styrene Monomer and Asia-Pacific
Pierre Minguet	49	President, Operations, and Manufacturing and Technology Excellence Programs

These executives have been appointed as Managing Directors (*Geschäftsführer*) of the Issuer and registered in the commercial register (*Handelsregister*) pertaining to the Issuer.

Kevin J. McQuade. Chief Executive Officer. Kevin McQuade has 40 years of relevant experience. He has been Chief Executive Officer since January 1, 2015 and previously was Managing Director since the formation of our predecessor company as a joint venture between INEOS and BASF in 2011. He was appointed President, EMEA in March 1, 2013, prior to which he had acted as President, Americas since the formation of our predecessor company as a joint venture between INEOS and BASF in 2011. Mr. McQuade was President and Chief Executive Officer of the INEOS Styrenics Business from 2006 to 2011, including the time that the company was INEOS NOVA, a joint venture between NOVA Chemicals and INEOS Industries. Prior to that, from 2005, Mr. McQuade served as Commercial Director of the INEOS Styrenics Business and was responsible for global sales and marketing activities for styrene monomer and styrenic polymers. Mr. McQuade began his career in 1980 at American Cyanamid as a Research Engineer, then moving to Mobil Chemical Company in 1982 where he held various technical, production and commercial positions, and subsequently moving to BASF in 1992 to become Business Director for the styrenics division. Mr. McQuade represented INEOS Industries on the board of NOVA Innovene International S.A., the previous European styrenics polymer joint venture of NOVA Chemicals and INEOS Industries. Subsequently, he became CEO of INEOS NOVA joint venture and later INEOS Styrenics. He has chemical engineering degrees from The Cooper Union and the University of Delaware and an MBA from New York University.

Markus Fieseler. Chief Financial Officer. Markus Fieseler has 28 years of relevant experience. He has been Chief Financial Officer of the Issuer since October 1, 2016. Prior to his appointment, Mr. Fieseler served 25 years in finance, accounting and controlling in the chemical industry. Mr. Fieseler worked at BASF Italy and BASF in Internal Audit and Accounting with assignments in BASF Corporation USA from 1995 to 1997. Subsequently, he held various senior executive roles, including CFO of BASF Business Center Russia from 1998 to 2001 and CFO of BASF Mexico and Central America and Caribbean from 2012 to 2016. Between 2003 and 2011, he served as Vice President for the Styrenics division at BASF. Initially, he was in charge of the global controlling department. Later, he was a core member of the negotiation team for divesture of the Styrenics division. Mr. Fieseler holds a Diploma Degree in European Business from the Gesamthochschule Paderborn, Germany, and Trent Polytechnic Nottingham, England.

Rob Buntinx. President, Europe, Middle East and Africa. Rob Buntinx also holds responsibility for the Group’s R&D, as well as its Global Automotive and Healthcare Industry teams. Mr. Buntinx has 29 years of relevant experience. He has been President of EMEA since 2014, having previously acted as Senior Vice President Global Industry Management and Research and Development from 2013. Mr. Buntinx worked for DSM from 1990 to 1999 in various technical and marketing roles. In 1999, he joined BASF, where he filled a number of management positions in the company’s specialty polymers organization. In 2011, he joined the Group and became Vice President Styrenics Specialties EMEA. Mr. Buntinx holds a degree in chemical engineering from Hogeschool Zuyd in the Netherlands.

Alexander Walter Glück. President, Americas. Alexander Glück has 25 years of relevant experience. He has been Managing Director of the Issuer since March 22, 2013 and President, Americas since June 1, 2013. Dr. Glück was senior manager for BASF’s PS business in Asia before assuming responsibility for product management of Terluran / Luran in Europe. From 2008 onwards, he served as Vice President global marketing and innovation for the BASF Styrenics Division. At Styrolution, Dr. Glück was first named Vice President, Global Marketing and Innovation before holding the position of Senior Vice President Global Strategy, R&D and Procurement. Dr. Glück received his PhD in chemistry from Ludwig-Maximilian-Universität in Munich, Germany.

Steve Harrington. President, Global Styrene Monomer and Asia-Pacific. Steve Harrington has 31 years of relevant experience. He has been Managing Director and President, Global Styrene Monomer of Styrolution since February 1, 2013. Mr. Harrington has been working in the styrenics industry since 2005, where he has held various commercial roles within several INEOS businesses with territorial responsibilities including Africa, the Middle East and Russia. Prior to his roles at INEOS, Mr. Harrington worked for Imperial Chemical Industries (ICI) and Unilever. Most recently, he led our SM business in the Americas. Mr. Harrington holds a degree in chemistry from Hull University in England and currently serves as chairman of the Styrene Information and Research Center.

Pierre Minguet. President, Operations. Pierre Minguet is also responsible for the company’s manufacturing, engineering, project management and technology, globally. Mr. Minguet has 25 years of relevant experience. Prior to this role, he served as our Senior Vice President Manufacturing EMEA. Mr. Minguet began his career in process engineering and manufacturing positions, first at Albemarle from 1994 to 1996 and later at Amoco from 1996 to 1998. Following this, Mr. Minguet assumed various commercial and product management roles at BP Innovene from 1998 to 2005. In 2005, he transitioned to INEOS where he was responsible for the polystyrene business in EMEA under the JV named NOVA INNOVENE. When our predecessor company was formed as a joint venture between INEOS and BASF in 2011, Mr. Minguet became Business Vice President, Polystyrene EMEA. He holds a master’s degree in chemical engineering from Faculté Polytechnique de Mons, Belgium.

Compensation of Managing Directors

An aggregate of €7.6 million was paid to our Managing Directors in their capacity as such in 2018.

Management Structure

We are controlled by our indirect shareholder, INEOS Limited. The Issuer is represented by the Managing Directors. The Managing Directors are responsible for the day-to-day running of our business, and meet on a regular basis to review our performance.

The Managing Directors are currently overseen by an executive committee (the "**Executive Committee**") of the INEOS Group. The Executive Committee for the Issuer consists of three senior managers from the INEOS Group. The Chairman of the Executive Committee is Andrew Currie (the "**EXCO Chairman**"), who can approve decisions on behalf of the Executive Committee in lieu of holding a board meeting unless the EXCO Chairman requires James A. Ratcliffe to participate in the approval process.

The Executive Committee meets six times per year with the Managing Directors to review our safety, financial and other performance and to provide guidance on and approval of substantive strategic decisions. Matters (as listed in the Delegation of Authority for the Executive Committee) requiring Executive Committee approval are tabled for approval at the Executive Committee board meetings or at a special board meeting convened for the purpose, which can be a conference call. A representative of INEOS would generally be present at the meeting.

PRINCIPAL SHAREHOLDERS

As at September 30, 2019, all of the issued share capital of the Parent was held directly by INEOS Industries Holdings Limited. The issued share capital of INEOS Industries Holdings Limited is held by INEOS Industries Limited. The issued share capital of INEOS Industries Limited is held by INEOS Holdings AG. The issued share capital of INEOS Holdings AG is held by INEOS AG. Of the issued share capital of INEOS AG, 94.9% is held by INEOS Limited and 5.1% is held directly by James A. Ratcliffe, Andrew Currie and John Reece. INEOS Limited became the ultimate parent undertaking of the Group on December 1, 2016. See also "*Management*" and "*Certain Relationships and Related Party Transactions*."

The following table sets forth information regarding the ownership of INEOS Limited's share capital, as of September 30, 2019, by the following:

- each person or group known by us to be the owner of 5% or more of the share capital of INEOS Limited; and

- all directors of INEOS Limited.

	Number of Ordinary Shares	Percentage of Total INEOS Limited Share Capital
James A. Ratcliffe	2,295,391,680	61.804%
Andrew Currie	711,501,880	19.157%
John Reece	707,106,440	19.039%
TOTAL	3,714,000,000	100.00%

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We enter into transactions with certain related parties or our affiliates from time to time and in the ordinary course of our business. These transactions include, among others, the purchase of feedstock. We believe these agreements are on terms no more favorable to the related parties or our affiliates than what they would expect to negotiate with disinterested third parties.

Below is a summary of certain relationships with the INEOS Group and of our most relevant transactions between the Group and related parties.

Relationship with INEOS Limited and INEOS AG

James A. Ratcliffe, Andrew Currie and John Reece are shareholders in INEOS Limited. INEOS AG, a subsidiary of INEOS Limited, provides operational management services to the Group through a management services agreement. For the year ended December 31, 2018, INEOS AG management fees of €10.8 million (2017: €10.6 million, 2016: €10.1 million) were charged to the income statement. There were no outstanding balances owed to INEOS AG as of December 31, 2018, 2017 and 2016.

James A. Ratcliffe, Andrew Currie and John Reece control INEOS Industries (and therefore INEOS Styrolution) through their shareholdings in INEOS Limited. Messrs. Ratcliffe, Currie and Reece, through INEOS AG, also control (i) INEOS Group Holdings SA, which produces a range of chemicals including petrochemicals, (ii) INOVYN Limited, which produces chloralkali and polyvinyl chloride (PVC), (iii) INEOS Industries Limited, a portfolio of businesses, including (in addition to INEOS Styrolution), INEOS Olefins & Polymers UK and INEOS Upstream Limited, an oil and gas exploration, production and transportation business, (iv) INEOS Enterprises Holdings Limited, a portfolio of businesses, including Melamines, Paraform, Solvents, Compounds and Calabrian and refining and power generation joint ventures and (v) INEOS Technologies (Holdings) Ltd., which operates an electrolysis technology business.

See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—The interests of our principal shareholders and of the INEOS Group may conflict with your interests*", "*Management*", Note 23 to our 2018 Audited Consolidated Financial Statements and Note 25 to our 2017 Audited Consolidated Financial Statements, each of which is included elsewhere in this offering memorandum.

Service (Level) Agreements

Various service agreements and service-level agreements exist between us and members of the INEOS Group. These agreements cover services such as information technology, office use, management services and project services. Such services are rendered on a cost-plus basis. These agreements generally permit the recipient and the service provider the right to continue or terminate services with an agreed notice period, though the service provider does not have the right to terminate if no reasonable alternative service provider exists.

Raw Materials Purchase Agreements

We have several purchase agreements with the INEOS Group governing the purchase of raw materials. The agreements are usually based on similar forms, with jurisdiction- and site-specific differences, as well as certain commercial terms set out in separate term sheets. Absent certain extraordinary termination events, our strategic raw material contracts may generally not be terminated prior to the expiry of the term. These agreements require agreed notice periods prior to termination. Purchase volume levels are set forth in the agreements and unit prices are determined by market price indicators. These indicators are based on arm's-length principles and are in line with market benchmarks.

Payments to INEOS

On November 17, 2014, INEOS Industries Limited completed the acquisition of BASF's 50% share in INEOS Styrolution for a purchase price of €1.1 billion. As part of the funding for the acquisition the INEOS Group provided INEOS Styrolution Holding GmbH with a second lien PIK toggle loan of €200.0 million (the "**Second Lien PIK Toggle Loan**"). The loan bore interest at a rate per annum of 9.5% for cash interest payments or 10.25% for PIK interest and its maturity date was November 2020.

During the year ended December 31, 2016, we incurred €14.3 million (2015: €17.1 million) of interest relating to the Second Lien PIK Toggle Loan. During September 2016, we refinanced our capital structure and repaid the €200 million Second Lien PIK Toggle Loan with the proceeds of a term loan that was provided by certain members of the INEOS Group. The term loan was secured on the assets of INEOS Styrolution, bore interest at a rate per annum equal to EURIBOR (subject to a floor of 1.00% per annum) plus a margin of 3.75% and had a maturity date of September 30, 2021. In October 2017, we fully repaid the €249.4 million in principal amount of loans outstanding under the term loan facility to the INEOS Group. During the year ended December 31, 2017, we incurred €7.7 million of interest to the INEOS Group in relation to the term loan facility.

In 2018, we sold products totaling €90.3 million (2017: €94.7 million, 2016: €67.5 million) to the INEOS Group and purchased raw materials totaling €362.3 million (2017: €432.7 million, 2016: €363.6 million) and paid for services in an amount totaling €46.7 million (2017: €49.7 million, 2016: €54.2 million) from the INEOS Group. All outstanding balances with the INEOS Group are priced based on contractual arrangements and are settled in cash within two months of the reporting date. All balances are unsecured. As at December 31, 2018, €11.2 million (2017: €14.0 million, 2016: €6.1 million) was owed by the INEOS Group to us and €54.8 million (2017: €65.6 million, 2016: €55.4 million) was owed by us to the INEOS Group. Our sales to and purchases from the INEOS Group are conducted on an arm's-length basis.

On December 17, 2019, the Group paid a dividend €111.4 million to INEOS Industries Holdings Limited, the sole shareholder of the Parent.

In the first nine months of 2019, the Group granted a loan of €463.3 million to INEOS Industries Holdings Limited, resulting in a cash outflow from the Group in a corresponding amount during the period. Subsequent to September 30, 2019, the Group declared a dividend to INEOS Industries Holdings Limited in the amount of €470.8 million. INEOS Industries Holdings Limited directed the Group to apply €470.6 million of the interim dividend in immediate repayment and discharge of the full amount of principal and interest owed by INEOS Industries Holdings Limited to the Group. The net cash cash effect of such transactions subsequent to September 30, 2019 was a €0.2 million outflow.

DESCRIPTION OF OTHER INDEBTEDNESS

The following summary of provisions of the documents listed below governing certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

Term Loan B Facilities Agreement

Overview

On or before the Issue Date, the Issuer and INEOS Styrolution US Holding LLC ("**US Finco**" and, together with the Issuer, the "**Borrowers**") will amend and restate the Term Loan B Facilities Agreement.

After the Amendment and Extension, the Term Loan B Facilities Agreement is expected to provide term loans (the "**Term Loans**") denominated in dollars (the "**Dollar Term Loans**") and denominated in euro (the "**Euro Term Loans**"), in an aggregate principal amount of € 450.0 million and $202 million, respectively.

The Dollar Term Loans and the Euro Term Loans will be made in a single drawing on the Issue Date. On the Issue Date, borrowings under the New Term Loan B Facilities, along with the proceeds from the Offering of the Notes, will be used to (i) refinance the Existing Term Loan B Facilities, (ii) repay drawings under the Securitization Program in the amount of €100.0 million, (iii) make a cash distribution in the amount of €350.0 million to the Parent, which will in turn distribute such amount to INEOS Industries Holdings Limited, (iv) pay fees and expenses related to the Transactions and (v) for general corporate purposes, including capital expenditure projects in connection with our growth strategy. See "*The Transactions*" and "*Use of Proceeds*".

Interest and Fees

The outstanding Dollar Term Loans will bear interest at a rate per annum equal to, at the option of US Finco, (a) LIBOR divided by 100% minus the LIBOR Reserve Percentage (as defined in the Term Loan B Facilities Agreement) (subject to a floor of 0.0% per annum) plus the Applicable Margin specified below for such loan or (b) the Alternate Base Rate plus the Applicable Margin specified below for such loan. The outstanding Euro Term Loans will bear interest at a rate per annum equal to EURIBOR (subject to a floor of 0.5% per annum) plus the Applicable Margin specified below for such loan.

The Applicable Margin is expected to be:

- in the case of Dollar Term Loans bearing interest at a rate determined by reference to LIBOR, 2.00%;
- in the case of Dollar Term Loans bearing interest at a rate determined by reference to Alternate Base Rate, 1.00%; and
- in the case of Euro Term Loans (together with the Dollar Term Loans bearing interest by reference to LIBOR, the "**LIBOR Loans**"), 2.00%.

The Alternate Base Rate will be a rate per annum determined as the highest of (a) a specified prime rate, (b) the Federal Funds rate plus 0.50% and (c) LIBOR for an interest period of one month (after giving effect to the applicable LIBOR floor) plus 1.00%.

Overdue amounts owing under the Term Loan B Facilities Agreement bear interest (a) in the case of overdue principal or overdue interest, at the interest rate that would otherwise be applicable plus 2% per annum and (b) in the case of any overdue fee or premium, at the interest rate that would apply to ABR Loans plus 2% per annum.

Security and Guarantees

The Term Loans will share the same security package as the Notes and certain hedging liabilities and certain cash management liabilities. See "*Description of the Notes—Brief Description of the Notes, the Guarantees and the Security—Security*."

As of the Issue Date, the obligations under the Term Loans will be jointly and severally guaranteed on a senior basis by the Issuer and the Guarantors.

No later than 150 days after the end of the Issuer's financial year, commencing with the financial year ended on December 31, 2019 (or such longer period as the Administrative Agent may agree to), (i) the Consolidated Adjusted EBITDA of the Parent, the Company and its restricted subsidiaries (the "**Financial Group**") must be at least 85% of the Consolidated Adjusted EBITDA and (ii) the Total Assets of the Financial Group must be at least 85% of the Total Assets, in each case subject to certain exceptions.

Covenants

Subject to certain agreed exceptions, the Term Loan B Facilities Agreement will continue to contain negative covenants substantially similar to the negative covenants applicable to the Notes, including covenants restricting the ability of the Borrowers, the Company, the Restricted Subsidiaries of the Company and, in certain cases, INEOS Styrolution Holding Limited to:

- incur or guarantee additional indebtedness;
- layer debt;
- make restricted payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create or incur certain liens;
- transfer, lease or sell certain assets;
- enter into arrangements that impose restrictions on the ability of restricted subsidiaries to pay dividends or make other payments to the Company;
- engage in certain transactions with affiliates;
- designate unrestricted subsidiaries;
- consolidate, merge or transfer all or substantially all assets; and
- impair the security interests for the benefit of the Term Loan lenders.

INEOS Styrolution Holding Limited will also be subject to more stringent restrictions upon its activities (for example, in relation to the ownership of assets and the liabilities that it may incur).

The Term Loan B Facilities Agreement also will continue to contain customary affirmative covenants, including covenants relating to:

- the provision of financial statements and certain other information and notices;
- inspections;
- maintenance of certain insurance;
- payment of taxes;
- preservation of existence and consolidated corporate franchises;
- compliance with laws (including environmental laws);
- anti-corruption laws and applicable sanctions;
- certain ERISA and pension matters;

- maintenance of certain properties;
- changes in fiscal years and fiscal quarters;
- additional guarantors and security;
- use of proceeds;
- further assurances;
- use of commercially reasonable efforts to maintain certain ratings;
- auditors, books and records; and
- certain other covenants, including a covenant relating to the Intercreditor Agreement and additional intercreditor agreements.

The Term Loan B Facilities Agreement will not contain any financial maintenance covenants.

Repayment

The Dollar Term Loans are to be repaid in equal quarterly installments, in aggregate annual amounts equal to 1% of the original principal amount of the Term Loans (subject to adjustment as set forth below). The Euro Term Loans and the balance of the Dollar Term Loans are payable, subject to certain exceptions, on the date that is seven years after the Issue Date. No amounts repaid by the Borrowers in respect of the Term Loans may be reborrowed.

Prepayments

Mandatory prepayments of the Term Loans are required in an amount equal to:

- starting with the financial year ending on December 31, 2020, 50% (reduced to 25% when the ratio of Consolidated Total Net Debt (as defined in the Term Loan B Facilities Agreement) to Consolidated Adjusted EBITDA is less than or equal to 3.00 to 1.00 but greater than 2.50 to 1.00 and 0% when such ratio is less than or equal to 2.50 to 1.00) of annual excess cash flow of the Financial Group (subject to certain adjustments).
- 100% of the net cash proceeds from certain sales or other dispositions of material assets outside the ordinary course of business (subject to reinvestment rights and pro rata repayment of certain other senior debt); and
- 100% of the net cash proceeds from any issuance or incurrence of debt, other than debt permitted under the Term Loan B Facilities Agreement.

All mandatory prepayments of the Term Loans will be made without premium or penalty (except for reimbursement of breakage and redeployment costs in the case of LIBOR Loans) and will be applied in such order as the applicable Borrower may specify (or, absent such specification, in direct order of maturity).

Voluntary prepayments of the Term Loans will be permitted without premium or penalty (except as set forth below and except for reimbursement of breakage and redeployment costs in the case of LIBOR Loans) and will be applied to the remaining scheduled amortization installments of principal of the Term Loans as directed by the Borrowers (or, absent such specification, in direct order of maturity). A 1% prepayment premium will be applicable to voluntary prepayments of the Term Loans prior to the date that is 180 days after the Issue Date, in each case if the Term Loans are repaid as a result of (a) an amendment of the Term Loan B Facilities Agreement that lowers the effective interest rate (such premium to be payable to the non-consenting lenders on account of their Term Loans that are mandatorily assigned pursuant to “yank-a-bank” provisions) or (b) the incurrence for the primary purpose of refinancing such Term Loans of long term bank debt with lower effective interest rates, in each case under clauses (a) and (b), other than in connection with a Transformative Acquisition (as defined in the Term Loan B Facilities Agreement).

Events of Default

The Term Loan B Facilities Agreement sets out certain events of default, the occurrence of which would allow the lenders to accelerate all outstanding loans, including, among other events and subject in certain cases to agreed to grace periods, thresholds and other qualifications:

- non-payment of amounts due under the Term Loans or under the other Senior Finance Documents (as defined in the Term Loan B Facilities Agreement);
- breach of covenants;
- inaccuracy of representations and warranties in any material respect;
- cross defaults to other indebtedness and certain judgment defaults;
- invalidity or unlawfulness of the Term Loan B Facilities Agreement and other Senior Finance Documents;
- certain bankruptcy and insolvency events and proceedings;
- the occurrence of certain ERISA-related events;
- the occurrence of a customary change of control; and
- certain breaches of the Intercreditor Agreement and related documents.

Miscellaneous

The Term Loan B Facilities Agreement will permit the Borrowers to request the establishment of one or more additional tranches of term loans (the "**New Term Loans**") in principal amounts of not less than $25 million (or, if in euro, €25 million) individually, subject to certain conditions specified in the Term Loan B Facilities Agreement. In the event that the Borrowers borrow New Term Loans on or prior to the date that is 180 days after the Issue Date, the interest rate on the original Term Loans may be subject to upward adjustment such that the yield will be adjusted to equal the yield on the New Term Loans less 50 basis points.

After the Amendment and Extension, the Term Loan B Facilities Agreement will permit the Borrowers to request extensions of the final maturity of all or a portion of the Term Loans and, in that connection, there may be an increase in the interest rates and/or fees payable with respect to the extended Term Loans. Such extensions shall be subject to certain conditions described in the Term Loan B Facilities Agreement.

The Term Loan B Facilities Agreement will continue to contain customary "yank-a-bank" provisions allowing the Borrowers to replace a lender in circumstances where such lender (a) is a non-consenting lender in connection with amendments and waivers requiring the consent of all lenders or all affected lenders so long as the required lenders have consented to such amendments or waivers, (b) requests to be compensated for increased costs, taxes and similar items or (c) is a defaulting lender.

The Term Loan B Facilities Agreement will continue to contain customary loan buyback provisions, which will permit the Borrowers or affiliates to purchase Term Loans from lenders, subject to certain conditions, including, in the case of purchases by the Borrowers, a requirement that the loans purchased are automatically and permanently cancelled.

The Term Loan B Facilities Agreement is and will be governed by New York law.

The Securitization Program

In 2011, the Issuer and certain of its subsidiaries (the "**Sellers**") entered into a three-year €500.0 million trade receivables securitization (as amended, supplemented, varied, novated, extended or replaced from time to time) (the "**Securitization Program**"). The margins on amounts drawn and the commitment fee on amounts undrawn under the Securitization Program have been amended from time to time, most recently on July 12, 2018. The Securitization Program was updated to include a second banking partner pursuant to a joinder agreement dated as of July 12, 2018. At the same time, the overall facility amount was reduced from €500.0 million to €450.0 million pursuant to the master deed of amendment dated July 12, 2018. The facility agent's exposure was reduced from €500.0 million to €400.0 million, while the new facility lender acceded to the Securitization Program with a commitment of €50.0 million. The scheduled termination date for the facility was extended to July 10, 2021. The Securitization Program complies with the terms for a Permitted Receivables Securitization as defined in the Term Loan B Facilities Agreement.

Under the Securitization Program, all trade receivables originated by the Sellers (other than those receivables that are specifically identified as "excluded receivables") are sold to a bankruptcy remote special purpose vehicle incorporated under the laws of the Republic of Ireland, Styrolution Receivables Finance Limited (the "**SPV**"). The SPV finances these purchases from borrowings, primarily funded through an asset-backed commercial paper ("**ABCP**") conduit. The cost of funding for the ABCP conduit reflects the rating of the pooled financial assets in which they invest, thus allowing the Securitization Program to benefit from financing costs that are not linked to our corporate rating.

The Securitization Program is restricted to receivables denominated in specified currencies that are sold to the SPV at face value less a discount reflecting the funding cost until settlement. The SPV acquires title, on a non-recourse basis, to new receivables as they arise and settles its purchases with the Sellers on a daily basis. Cash received from customers is paid into segregated bank accounts in the name of the SPV or held on trust for the SPV. Responsibility for the administration of the receivables, including adherence to established credit and collection policies lies with the Issuer as Master Servicer acting on behalf of the SPV, which delegates its servicing obligations to the Sellers.

The lenders' advance rate is adjusted each day to reflect the actual performance of the receivables portfolio according to standard Rating Agency methodology for calculating loss and dilution reserves and other potential shortfalls. The balance of the SPV's funding requirements to purchase receivables is provided by the Issuer through a subordinated loan facility.

The Issuer and certain of its subsidiaries grant security over collection accounts under the Securitization Program, and the Securitization Program contains customary terms and conditions applicable to trade receivable securitization facilities. The Securitization Program does not contain any financial maintenance covenants.

Other Financing

Finance Lease

In 2013, we entered into a finance lease for a building with BASF for a 33-year term. We recorded the asset and liability at €8.3 million at inception.

Working Capital and Letter of Credit Facilities

We have several short-term committed and uncommitted credit facilities with different local banks to fund our working capital requirements up to a total aggregate amount of €173.4 million equivalent as of September 30, 2019, in China, India, Mexico, South Korea, Singapore and Thailand. Most of the committed facilities are covered by corporate guarantees granted by the Company. As of September 30, 2019, the drawn amount under all credit facilities amounted to €10.6 million equivalent, with €162.8 million equivalent being undrawn. See "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Financing Arrangements*."

We also have letter of credit facilities in China, India, Mexico, South Korea, Thailand and Singapore. As of September 30, 2019, the drawn amount under all letter of credit facilities was €3.2 million equivalent, comprising €1.0 million equivalent drawn under letter of credit facilities in Mexico and €2.2 million equivalent under the letter of credit facilities in India. The letters of credit are generally secured by current assets. The facilities also provide for a limited number of other financial services, such as bank guarantees and FX hedging lines. The facilities, which are at an agreed margin or the state bank advance rate, contain customary covenants and representations as well as termination events. We also use certain bank acceptances in China.

Intercreditor Agreement

In connection with entering into the Amendment and Extension and the Indenture, the Intercreditor Agreement, which was entered into among, *inter alios*, the Parent, the Company, the Issuer, the other Guarantors, Barclays Bank PLC, as administrative agent under the Term Loan B Facilities Agreement (the "**Administrative Agent**") and Security Agent, will be amended and restated. Under the Intercreditor Agreement, the Notes will be Pari Passu Debt (as described below), and the Trustee will accede thereto as a Pari Passu Debt Representative. The Intercreditor Agreement will govern the relationships and relative priorities among: (a) the lenders under the Term Loan B Facilities Agreement; (b) any persons that accede to the Intercreditor Agreement as counterparties to certain hedging agreements (collectively, the “**Hedge Agreements**” and any persons that accede to the Intercreditor Agreement as counterparties to the Hedge Agreements are referred to in such capacity as the “**Hedge Counterparties**”); (c) (i) the Trustee, on its behalf and on behalf of the holders of the Notes and (ii) any other representative (together with the Trustee, each a “**Pari Passu Debt Representative**”) on its behalf and on behalf of the holders of debt ranking *pari passu* with the Notes and the Term Loan B Facilities Agreement and benefiting from liens on the Collateral (the “**Transaction Security**” and the agreements such Transaction Security is documented under, the “**Transaction Security Documents**”) ranking *pari passu* with the liens on the Collateral securing the Notes and the Term Loan B Facilities (together with the Notes, the “**Pari Passu Debt**”, the creditors of such debt being “**Pari Passu Creditors**” and the obligations thereunder the “**Pari Passu Debt Obligations**”); (d) any creditors of debt secured by liens on the Collateral ranking junior in payment priority to the Notes (the “**Second Lien Debt**” and the creditors of such debt being “**Second Lien Debt Creditors**”); (e) any persons that accede to the Intercreditor Agreement as counterparties to certain cash management agreements (collectively, the “**Cash Management Agreements**” and any persons that accede to the Intercreditor Agreement as counterparties to the Cash Management Agreements are referred to in such capacity as the “**Cash Management Providers**”); (f) the Security Agent; (g) the Representatives (as defined below under “*—Amendments*”); (h) intra-group creditors and debtors; and (i) certain subordinated creditors.

The Parent, the Company, the restricted subsidiaries of the Company (together with the Company, the “**Group**”), any holding company of the Company that is a subsidiary of the Parent and any issuer/borrower of Second Lien Debt that is a holding company of the Company that is not a member of the Group or is a finance subsidiary of such holding company that incur any liability or provide any guarantee under the Term Loan B Facilities Agreement, any Pari Passu Debt documents (including the Indenture) or any Second Lien Debt documents are each referred to in this description as a “**Debtor**” and are referred to collectively as the “**Debtors**”.

The Intercreditor Agreement sets out, among other things:

(a) the relative ranking of certain indebtedness of the Debtors;

(b) when payments can be made in respect of certain indebtedness of the Debtors;

(c) when enforcement actions can be taken in respect of that indebtedness;

(d) the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;

(e) turnover provisions; and

(f) when security and guarantees will be released, including to permit a sale of any Collateral or any merger, consolidation, amalgamation, reorganization or combination of the foregoing which relates to (by disposal or otherwise) any asset which is subject to the Transaction Security which are permitted or not prohibited under the Indenture.

The obligations under the Intercreditor Agreement are subject to the relevant jurisdiction’s guarantee limitations and other local law considerations. The Intercreditor Agreement, the Term Loan B Facilities Agreement, the other Pari Passu Debt documents (including the Indenture), the Hedge Agreements, the Cash Management Agreements, the Second Lien Debt documents, the Transaction Security Documents, any document granting a security interest in favor of the Secured Parties, any agreement in respect of certain intra-group obligations and subordinated obligations are collectively referred to herein as the “**Debt Documents**”. The Obligations (defined below) of the Debtors to the lenders under the Term Loan B Facilities Agreement and the other finance documents designated thereunder, including the Intercreditor Agreement and the Transaction Security Documents (the “**Senior Secured Facilities Obligations**”), together with the Hedging Obligations, the Cash Management Obligations, the Obligations of the Debtors under the Pari Passu Debt Obligations (including the Notes) (the “**Pari Passu Debt Obligations**”), the Agent Obligations, the Security Agent Obligations except in respect of parallel debt in respect of Second Lien Debt and the Second Lien Debt Representative Amounts, but in each case excluding certain swap obligations are the “**Senior Secured Obligations**”. The obligations of the Debtors under the Hedge Agreements (the “**Hedging Obligations**”), the obligations of the Debtors under the Cash Management Agreements (the “**Cash Management Obligations**”), the obligations under the Second Lien Debt Documents and certain proceeds loans (the “**Second Lien Debt Obligations**”), the obligations of the Debtors to the Representatives (as defined below) (the “**Representative Obligations**”), including the obligations of the Debtors to the creditor representative(s) of Pari Passu Debt (including, in respect of the Notes, the Trustee) (the “**Pari Passu Debt Representative Amounts**”), the obligations of the Debtors to each creditor representative of the Second Lien Debt (the “**Second Lien Debt Representative Amounts**”), the obligations of the Debtors to the Security Agent (the “**Security**

Agent Obligations"), the fees, costs and expenses of the Debtors to the Administrative Agent and arrangers and any other agent parties under the Senior Secured Facilities documents (the "**Agent Obligations**") are, together with Senior Secured Facilities Obligations and the Pari Passu Debt Obligations (including the Notes), collectively referred to as the "**Secured Obligations**".

Ranking and Priority

The Intercreditor Agreement provides, subject to the provisions in respect of the ranking of Transaction Security described below, that the obligations of the Debtors (other than the Parent, any holding company of the Company that is a subsidiary of the Parent (a "**Parent Intermediate Holdco**") or any issuer/borrower of Second Lien Debt) under the Debt Documents will rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking obligations:

i. first, the Security Agent Obligations (other than with respect to parallel debt), the Agent Obligations, the Pari Passu Debt Representative Amounts and the Second Lien Debt Representative Amounts *pari passu* and without any preference between them; and

ii. second, the Senior Secured Obligations (to the extent not included in clause (i) above) *pari passu* and without any preference between them; and

iii. third, the Second Lien Debt Obligations (to the extent not included in clause (i) above) *pari passu* and without any preference between them.

The obligations of the Parent, any Parent Intermediate Holdco and any issuer/borrower of Second Lien Debt will rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking obligations:

i. first, the Security Agent Obligations (other than with respect to parallel debt), the Agent Obligations, the Pari Passu Debt Representative Amounts and the Second Lien Debt Representative Amounts *pari passu* and without any preference between them; and

ii. second, the Senior Secured Obligations and the Second Lien Debt Obligations (in each case, to the extent not included in clause (i) above) *pari passu* and without any preference between them.

The Transaction Security will rank and secure (only to the extent that the Transaction Security is expressed to secure those Obligations) the following Obligations, and, in the case of the Hedging Obligations, Cash Management Obligations, Senior Secured Facilities Obligations, Pari Passu Debt Obligations and Second Lien Debt Obligations, without prejudice to the sections described herein under "*—Loss Sharing*", in the following order:

(a) first, the Security Agent Obligations (other than with respect to parallel debt), the Agent Obligations, the Pari Passu Debt Representative Amounts and the Second Lien Debt Representative Amounts *pari passu* and without any preference between them;

(b) second, the Senior Secured Obligations (in each case, to the extent not included in clause (a) above) *pari passu* and without any preference between them; and

(c) third, the Second Lien Debt Obligations (in each case, to the extent not included in clause (a) above and excluding obligations of the Company in respect of any Second Lien Debt proceeds loan) *pari passu* and without any preference between them,

in each case irrespective of (i) the order of execution, creation, registration, notice, enforcement or otherwise, (ii) the date on which any such Obligation arose, and (iii) any fluctuation in the amount, or any intermediate discharge in whole or in part, of any such Obligation.

Limitations of Enforcement

For the purpose of this paragraph:

"**Enforcement Action**" means (a) in relation to any Obligations (i) the acceleration of any Obligations or the making of any declaration that any Obligations are prematurely due and payable (other than as a result of it becoming unlawful for a creditor under the Secured Obligations (each a "**Primary Creditor**") to perform its obligations under, or of any voluntary or mandatory prepayment or redemption arising under, the Debt Documents), (ii) the making of any declaration that any Obligations are payable on demand (except in respect of any intra-Group Obligations, other than when a Distress Event (as defined below under "*—Proceeds of Disposals*") has occurred and is continuing), (iii) the making of a demand in relation to an Obligation that is payable on demand (except in respect of any intra-Group Obligations, other than when a Distress Event has occurred and is continuing), (iv) the making of any demand against any Debtor in relation to any guarantee Obligations of that Debtor (except in respect of any intra-Group Obligations, other than when a Distress Event has occurred and is continuing), (v) the exercise of any right to require any member of the Group to acquire any Obligation (including exercising any put or call option against any member of the Group for the redemption or purchase of any Obligation) (it being understood that open market purchases or debt buybacks or voluntary tender or exchange offers or redemptions or prepayments or similar or equivalent arrangements by any Debtor or any member of the Group with respect to any Senior Secured Obligations or Second Lien Debt Obligations permitted under the Debt Documents shall not constitute the exercise of a right to require any Debtor or any member of the Group to acquire any Obligation) and other than in connection with any mandatory offer arising on or as a result of a change of control or asset sale (however described) as set out in the documents governing the Senior Secured Obligations (the "**Senior Secured documents**") or the Second Lien Debt documents or mandatory prepayments (or any other similar or equivalent provision of any of the Debt Documents) by any Debtor or member of the Group, (vi) the exercise of any right of set-off, account combination or payment netting against any member of the Group in respect of any Obligations other than the exercise of any such right (A) by way of netting by a Hedge Counterparty, (B) which is otherwise permitted under the Term Loan B Facilities Agreement, any Pari Passu Debt documents (including the Indenture), or any Second Lien Debt documents to the extent that the exercise of that right gives effect to a payment permitted pursuant to the Intercreditor Agreement to be made in respect of the Obligations, or (C) in respect of any intra-Group Obligations prior to the occurrence of a Distress Event, and (vii) the suing for, commencing or joining of any legal or arbitration proceedings against any member of the Group to recover any Obligations; (b) the premature termination or close-out of any hedging transaction under any Hedge Agreement or any cash management arrangement under any Cash Management Agreement save to the extent permitted under the Intercreditor Agreement; (c) the taking of any steps to enforce or require the enforcement of any Transaction Security (including the crystallization of any floating charge forming part of the Transaction Security); (d) the entering into of any composition, compromise, assignment or arrangement with any Debtor or member of the Group which owes any Obligations, or has given any lien, guarantee or indemnity or other assurance against loss in respect of the Obligations other than ((A) any action permitted under the provisions of the Intercreditor Agreement relating to changes to the parties thereto, (B) any consensual amendments to and/or waivers of the Debt Documents agreed between any Debtor or any member of the Group and the relevant creditors where that amendment or waiver does not constitute a Default under the Term Loan B Facilities Agreement, any Pari Passu Debt document (including the Indenture) or any Second Lien Debt document which is not the subject of that amendment or waiver or (C) any such action constituting an acquisition of intra-Group Obligations which are permitted under the Intercreditor Agreement); or (e) the petitioning, applying or voting for, or the taking of any formal steps (including the appointment of any liquidator, receiver, administrator or similar officer) in relation to, the winding up, suspension of payments, a moratorium of any indebtedness, dissolution, administration or involuntary reorganization of the Parent, any Parent Intermediate Holdco, any member of the Group or any issuer/borrower of Second Lien Debt which owes any Obligations, or has given any lien, guarantee, indemnity or other assurance against loss in respect of any of the Obligations, or any of the Parent's, such Parent Intermediate Holdco's, such member of the Group's or issuer/borrower's of Second Lien Debt assets or any suspension of payments or moratorium of any indebtedness of the Parent, such Parent Intermediate Holdco, such member of the Group or such issuer/borrower of Second Lien Debt or any analogous procedure in any jurisdiction); except that the following shall not constitute Enforcement Action, (i) the taking of any action falling within (a) (ii), (iii), (iv) and (vii) or (e) above prior to any proceedings under the German Insolvency Code (*Insolvenzordnung*) which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of Obligations, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods, (ii) any Primary Creditor bringing legal proceedings against any person solely for the purpose of (A) obtaining injunctive relief (or any analogous remedy) to restrain any actual or putative breach of any Debt Document to which it is party, (B) obtaining specific performance (other than specific performance of an obligation to make a payment) with no claim for damages; or (C) requesting judicial interpretation of any provision of any Debt Document to which it is party with no claim for damages, (iii) any intra-Group Obligations or certain Obligations owed to direct and indirect shareholders of the Company ("**Subordinated Obligations**") of a member of the Group being released or discharged in consideration for the issue of shares in that person prior to an acceleration event in respect of the Secured Obligations or (iv) to the extent entitled by law, the taking of any action against any creditor (or any agent, trustee or receiver acting on behalf of that creditor) to challenge the basis on which any sale or disposal is to take place pursuant to the powers granted to those persons under any relevant documentation; or (D) bringing legal proceedings against any person in connection with any fraud, securities violation or securities or listing regulations; or (E) allegations of material misstatements or omissions made in connection with the offering materials relating to any Pari Passu Debt or

Second Lien Debt in the form of notes (including the Notes) or in reports furnished to the creditors in respect thereof (including the holders of the Notes) or any exchange on which the such notes (including the Notes) are listed by a member of the Group, the Parent, an issuer/borrower of Second Lien Debt or certain direct and indirect shareholders of the Parent pursuant to the information and reporting requirements under the relevant Pari Passu Debt documents or Second Lien Debt documents.

"**Obligations**" means all present and future liabilities and obligations at any time of any Debtor to any creditor under the Debt Documents, both actual and contingent and whether incurred solely or jointly or in any other capacity, together with certain matters relating to or arising in respect of those liabilities and obligations, including in respect of refinancing, novation, deferral or extension, claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition, (c) any claim for damages or restitution, any claim as a result of any recovery by any Debtor of a payment on the grounds of preference or otherwise and any amounts which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowance of those amounts in any insolvency proceeding or other proceedings.

Senior Secured Facilities Documents and Pari Passu Debt Documents

The Intercreditor Agreement allows the relevant Senior Secured Lenders and the Pari Passu Creditors and the Debtors to amend or waive the terms of the Senior Secured Facilities Documents and the Pari Passu Debt Documents in accordance with their terms (and subject to any consent required under them) at any time, provided that the terms thereof may not be amended or waived if such amendment or waiver would conflict with the provisions the Intercreditor Agreement.

Security and Guarantees—Senior Secured Lenders and Pari Passu Creditors

The Intercreditor Agreement provides that the Second Secured Lenders and the Pari Passu Creditors may take, accept or receive the benefit of (a) any lien from any member of the Group in respect of the Senior Secured Facilities Obligations or the Pari Passu Debt Obligations in addition to the Transaction Security granted under the Transaction Security Documents if and to the extent legally possible (and subject to and in accordance with the Security Principles) at the same time it is also offered (in the case of the Second Lien Debt Obligations, only to the extent required in the relevant Second Lien Debt documents) either: (i) to the Security Agent as trustee and/or security agent for the other Secured Parties in respect of the Obligations owed to them and/or as creditor under a parallel debt or equivalent structure corresponding to such Obligations; or (ii) in the case of any jurisdiction in which effective liens cannot be granted in favor of the Security Agent as trustee and/or security agent for the Secured Parties, (A) to the other Secured Parties in respect of the Obligations owed to them or (B) to the Security Agent under a parallel debt structure corresponding to the Obligations owed to all the Secured Parties and, in each case of clause (i) and (ii), ranks in the same order of priority as described in the section "*—Ranking and Priority*"; and (b) any guarantee, indemnity or other assurance against loss from any member of the Group in respect of the Senior Secured Facilities Obligations or the Pari Passu Debt Obligations (as applicable) in addition to those in (i) the Intercreditor Agreement, (ii) any Common Guarantee, or (iii) the Term Loan B Facilities Agreement, if and to the extent legally possible (and subject to and in accordance with the Security Principles) at the same time it is also offered (in the case of the Second Lien Debt Obligations, only to the extent required in the relevant Second Lien Debt Documents) to the other Secured Parties in respect of the Obligations owed to them and ranks in the same order of priority as described in the section "*—Ranking and Priority*".

Limitations on Enforcement—Senior Secured Lenders and Pari Passu Creditors

The Intercreditor Agreement provides that a lender under the Term Loan B Facilities Agreement or other senior secured credit agreement (a "**Senior Secured Lender**") or Pari Passu Creditor (including a holder of the Notes) may not take any Enforcement Action under clause (c) or (to the extent such action is directly related to the enforcement of Transaction Security) under clause (e) of the definition thereof without the prior written consent of the Majority Senior Secured Creditors (defined below under "*—Amendments*"). However, after the occurrence of an insolvency event in relation to a Debtor, each Senior Secured Lender and Pari Passu Creditor may, to the extent it is able to do so under the relevant Senior Secured documents, take Enforcement Action under paragraph (e) of the definition thereof and/or claim in the winding up, dissolution, administration, reorganization or similar insolvency event of that Debtor for Senior Secured Obligations owing to it (but, for the avoidance of doubt, may not direct the Security Agent to enforce the Transaction Security in any manner without the prior consent of the Majority Senior Secured Creditors).

Intercreditor Matters between Senior Secured Lenders and Pari Passu Creditors

The Intercreditor Agreement does not restrict the entry into other intercreditor and/or subordination agreements (including agreements establishing additional first and second lien tranches) by and among any Senior Secured Lenders and Pari Passu Creditors (including holders of the Notes) to the extent the terms of such agreement address (i) matters relating to the payment priority as between such parties (or their representatives), (ii) the ability to exercise any rights granted under the Intercreditor Agreement to such creditors, (iii) other matters customary for intercreditor agreements of such type and/or (iv) any other matters related thereto; provided, that such agreement shall not conflict with the terms of the Intercreditor Agreement.

Second Lien Debt Creditors and Second Lien Debt Documents

The Intercreditor Agreement allows the relevant Second Lien Debt Creditors and the Debtors to amend or waive the terms of the Second Lien Debt documents (other than the Intercreditor Agreement and any Shared Security document) in accordance with their terms (and, any relevant consent required in any of them, as applicable) at any time, provided that the terms thereof may not be amended or waived if such amendment or waiver would conflict with the provisions the Intercreditor Agreement, the terms of the Senior Secured Facilities documents (unless approved in writing by the Administrative Agent) or the Pari Passu Debt documents (including the Indenture) (unless approved in writing by the relevant Pari Passu Debt Representative(s) (in the case of the Indenture, the Trustee)).

Security and Guarantees—Second Lien Debt Creditors

The Intercreditor Agreement provides that except with the prior consent of the Majority Senior Secured Creditors, the Second Lien Debt Creditors may only take, accept or receive the benefit of (a) any lien from any member of the Group in respect of the Second Lien Debt Obligations in addition to the Transaction Security if and to the extent legally possible, at the same time it is also offered either: (i) to the Security Agent as agent for the Senior Secured Creditors and the other Second Lien Debt Creditors; or (ii) in the case of any jurisdiction in which an effective lien cannot be granted in favor of the Security Agent as agent for the Secured Parties (defined below): (A) to the Senior Secured Creditors and the other Second Lien Debt Creditors in respect of the Obligations owed to them; (B) to the Security Agent as agent for the Senior Secured Creditors and the other Second Lien Debt Creditors in respect of the Obligations owed to them; and/or (C) to the Security Agent under a parallel debt or equivalent structure corresponding to the relevant Obligations owed to the Senior Secured Creditors and the other Second Lien Debt Creditors, and ranks in the same order of priority as described in the section "*—Ranking and Priority*"; and (b) any guarantee, indemnity or other assurance against loss from any member of the Group in respect of the Second Lien Debt Obligations in addition to those in: (i) the original form of any Second Lien Debt document; or (ii) the Intercreditor Agreement, if and to the extent legally possible and subject to any Security Principles, at the same time it is also offered to the Senior Secured Creditors and the other Second Lien Debt Creditors in respect of the Obligations owed to them and ranks in the same order of priority as described in the section "*—Ranking and Priority*".

The Intercreditor Agreement does not purport to restrict any Second Lien Debt Creditor from taking, accepting or receiving the benefit of any lien, guarantee, indemnity or other assurance against loss from any person which is not a member of the Group in respect of the Second Lien Debt Obligations or any liabilities of any issuer/borrower of Second Lien Debt or any person which is not a member of the Group arising under or in connection with any Second Lien Debt documents.

Restriction on Payment and Dealings: Second Lien Debt Obligations

Under the Intercreditor Agreement, until the discharge date for Senior Secured Obligations (the "**Senior Secured Discharge Date**") except with the prior consent of (a) the Administrative Agent (to the extent otherwise prohibited under the Term Loan B Facilities Agreement and the relevant Pari Passu Debt Representative(s) (including the Trustee) (to the extent not prohibited under the relevant Pari Passu Debt documents (including the Indenture)), the Company will ensure that no member of the Group will:

(a) pay, repay, prepay, redeem, acquire or defease any principal, interest or other amount on or in respect of, or make any distribution in respect of, any Second Lien Debt Obligations in cash or in kind or apply any such money or property in or towards discharge of any Second Lien Debt Obligations except as permitted by the sections of the Intercreditor Agreement described herein under "*—Permitted Second Lien Debt Payments*", "*—Permitted Second Lien Debt Enforcement*", "*—Refinancing of Senior Secured Obligations and Second Lien Debt Obligations*" or "*—Filing of Claims*"); or

(b) exercise any set-off against any Second Lien Debt Obligations except as permitted by the sections of the Intercreditor Agreement described herein under "—*Permitted Second Lien Debt Payments*", "—*Permitted Second Lien Debt Enforcement*" or "—*Filing of Claims*").

Permitted Second Lien Debt Payments

The Intercreditor Agreement provides that the Debtors may:

(a) prior to the Senior Secured Discharge Date, make payments to the Second Lien Debt Creditors in respect of the Second Lien Debt Obligations then due in accordance with the Second Lien Debt documents (i) if: (A) the payment is of: (I) any of the principal amount (including capitalized interest, if any) of the Second Lien Debt Obligations which is permitted to be paid by the Term Loan B Facilities Agreement (if the Senior Secured Facilities Discharge Date has not occurred) and the Pari Passu Debt documents (including the Indenture) (if the Pari Passu Debt Discharge Date has not occurred); or (II) any other amount which is not an amount of principal or capitalized interest which is permitted to be made by the Senior Secured Facilities documents and the Pari Passu Debt documents (including the Indenture); (B) no Second Lien Debt Payment Stop Notice (defined below under "—*Issue of Second Lien Debt Payment Stop Notice*") is outstanding; and (C) no payment default (subject to a €1 million *de minimis* exception) in respect of Senior Secured Obligations has occurred and is continuing; (ii) if the Administrative Agent and the Pari Passu Debt Representative(s) (including the Trustee), as applicable, give prior consent to that payment being made to the extent the relevant Debt Documents prohibit such payment from being made; (iii) if the payment is of a Second Lien Debt Representative Amount; (iv) if the payment is of costs, commissions, tax (including amounts payable by way of gross-up for tax), consent fees, premiums, original issue discount and upfront fees, premiums and expenses incurred in respect of (or reasonably incidental to) the Second Lien Debt documents (including in relation to any reporting or listing requirements under the Second Lien Debt documents); (v) if the payment is of costs, commissions, tax (including amounts payable by way of gross-up for tax), consent fees, original issue discount and upfront fees, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of any Second Lien Debt in compliance with the sections of the Intercreditor Agreement described herein under "—*Refinancing of Senior Secured Obligations and Second Lien Debt Obligations*"; (vi) if the payment is by the Parent, any Parent Intermediate Holdco or issuer/borrower of Second Lien Debt of any of its obligations under the Second Lien Debt documents and such payment is not financed by a payment to the Parent, any Parent Intermediate Holdco or issuer/borrower of Second Lien Debt from a member of the Group that was prohibited by the Senior Secured Facilities documents or the Pari Passu Debt documents (including the Indenture) pursuant to which any Senior Secured Obligations are outstanding; (vii) if the payment is of any other amount not exceeding €1 million in aggregate in any twelve-month period; or (viii) if the payment is of the principal amount (including capitalized interest, if any) of the Second Lien Debt Obligations on or after the final maturity date of the relevant Second Lien Debt Obligations (provided that such maturity date is (x) after the final maturity date of the Senior Secured Facilities and (y) complies with any restrictions on the maturity date of the relevant Second Lien Debt Obligations set forth in the Term Loan B Facilities Agreement or any other Senior Secured Document); and

(b) on or after the Senior Secured Discharge Date, make payments to or with respect to the Second Lien Debt Creditors in respect of the Second Lien Debt Obligations in accordance with the Second Lien Debt documents.

Issue of Second Lien Debt Payment Stop Notice

(a) Under the Intercreditor Agreement, until the Senior Secured Discharge Date, except with the prior consent of (i) the Administrative Agent (to the extent either (A) not permitted or prohibited under any Senior Secured Facilities document or (B) after the commencement of any Enforcement Action permitted by the terms of the Intercreditor Agreement) and (ii) the relevant Pari Passu Debt Representative(s) (including the Trustee) (to the extent either (A) not permitted or prohibited under the relevant Pari Passu Debt documents (including the Indenture) or (B) after the commencement of any Enforcement Action permitted by the terms of the Intercreditor Agreement), and subject to the sections of the Intercreditor Agreement described herein under "—*Effect of Insolvency Event*", the Company will procure that no member of the Group will make, and no Second Lien Debt creditor may receive from any member of the Group, any payment in respect of Second Lien Debt (other than those in clauses (a)(ii) and/or (a)(iii) under—*Permitted Second Lien Debt Payments*) if:

(1) a payment default in respect of the Senior Secured Obligations has occurred and is continuing; or

(2) an event of default in respect of the Senior Secured Obligations (a "**Senior Secured Event of Default**") (other than a payment default) has occurred and is continuing, from the date on which the Administrative Agent or any Pari Passu Debt Representative (including the Trustee) (as the case may be) (the "**Relevant Representative**") delivers a notice (a "**Second Lien Debt Payment Stop Notice**") specifying the event or circumstance in relation to that Senior Secured Event of Default to the Company, the Security Agent and the Second Lien Debt Representative(s) until the earliest of:

(a) the date falling 179 days after delivery of that Second Lien Debt Payment Stop Notice;

(b) in relation to payments of Second Lien Debt Obligations, if a Second Lien Debt Standstill Period is in effect at any time after delivery of that Second Lien Debt Payment Stop Notice, the date on which that Second Lien Debt Standstill Period expires;

(c) the date on which the relevant Senior Secured Event of Default is no longer continuing and, if the relevant obligations of Senior Secured Creditors have been accelerated, such acceleration has been rescinded, revoked or waived in accordance with the Senior Secured documents;

(d) the date on which the Relevant Representative delivers a notice to the Company, the Security Agent, each of the Senior Creditors and the Second Lien Debt Representative(s) cancelling the Second Lien Debt Payment Stop Notice it delivered;

(e) the Senior Secured Discharge Date; and

(f) the date on which any Second Lien Debt Creditor takes any Enforcement Action that it is permitted to take under the sections of the Intercreditor Agreement described herein under "*—Restrictions on Enforcement by Second Lien Debt Creditors*" and "*Permitted Second Lien Debt Enforcement*".

(b) Unless the relevant Second Lien Debt Representative waives this requirement: (i) a new Second Lien Debt Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Second Lien Debt Payment Stop Notice; and (ii) no Second Lien Debt Payment Stop Notice may be delivered in reliance on a Senior Secured Event of Default more than 45 days after the date on which the Administrative Agent and each Pari Passu Debt Representative (including the Trustee) received notice of that Senior Secured Event of Default.

(c) The Administrative Agent and the Pari Passu Debt Representative(s) (including the Trustee) may serve only one Second Lien Debt Payment Stop Notice with respect to the same event or set of circumstances. Subject to paragraph (b) above, this shall not affect the right of the Administrative Agent or the Pari Passu Debt Representative(s) (including the Trustee) to issue a Second Lien Debt Payment Stop Notice in respect of any other event or set of circumstances.

(d) No Second Lien Debt Payment Stop Notice may be served by the Administrative Agent or the Pari Passu Debt Representative(s) (including the Trustee) in respect of a Senior Secured Event of Default which had been notified to the Administrative Agent or the Pari Passu Debt Representative(s) (including the Trustee), as relevant, at the time at which an earlier Second Lien Debt Payment Stop Notice was issued.

(e) These provisions of the Intercreditor Agreement (i) act as a suspension of payment and not as a waiver of the right to receive payment on the date such payments are due; (ii) will not prevent the accrual or capitalization of interest (including default interest) in accordance with any Second Lien Debt documents; (iii) will not prevent the payment of the amounts described in clause (a)(ii) and (a)(iii) in the section "*—Permitted Second Lien Debt Payments*"); (iv) will not prevent the payment of audit fees, directors' fees, taxes, securities and listing fees and other proper and incidental expenses required to maintain existence; and (v) will not prevent the Parent, any Parent Intermediate Holdco or any issuer/borrower of Second Lien Debt from making a payment from its own assets if such payment is of any of the Parent's, such Parent Intermediate Holdco's or such issuer/borrower's obligations under the Second Lien Debt documents and, for the avoidance of doubt, such payment is not financed by a payment to the Parent, such Parent Intermediate Holdco or such issuer/borrower of Second Lien Debt from a member of the Group which was prohibited by the Senior Secured Facilities documents or the Pari Passu Debt documents (including the Indenture).

Effect of Second Lien Debt Payment Stop Notice or Senior Secured Payment Default

Under the Intercreditor Agreement, any failure to make a payment due under the Second Lien Debt documents as a result of the issue of a Second Lien Debt Payment Stop Notice or the occurrence of a Senior Secured Payment Default or by operation of the sections of the Intercreditor Agreement described herein under "*—Restriction on Payment and Dealings: Second Lien Debt Obligations*" and "*Issue of Second Lien Debt Payment Stop Notice*":

(a) will not prevent the occurrence of an event of default as a consequence of that failure to make a payment in relation to the relevant Second Lien Debt documents;

(b) will not prevent the issue of a Second Lien Debt Enforcement Notice (defined below) on behalf of the Second Lien Debt Creditors;

(c) will act as a suspension of payment and not as a waiver of the right to receive payment on the date such payments are due;

(d) will not release any Debtor from the liability to make any payment under any Second Lien Debt document and will not prevent the accrual or capitalization of interest (including default interest) in accordance with the relevant Second Lien Debt documents;

(e) will not prevent the payment of audit fees, directors' fees, due and payable taxes and other proper and incidental expenses required to maintain existence; and

(f) will not prevent the payment of Representative Obligations due and payable to the Second Lien Debt Representative(s).

Payment obligations and capitalization of interest continue

The Intercreditor Agreement provides that no Debtor shall be released from the liability to make any payment (including of default interest, which shall continue to accrue) under any Second Lien Debt document by operation of the sections of the Intercreditor Agreement described herein under "*—Restriction on Payment and Dealings: Second Lien Debt Obligations*", "*—Issue of Second Lien Debt Payment Stop Notice*" and "*Issue of Second Lien Debt Payment Stop Notice*" even if its obligation to make that payment is restricted at any time by the terms of any of such sections of the Intercreditor Agreement. The accrual and capitalization of interest (if any) in accordance with the Second Lien Debt documents (as the case may be) shall continue notwithstanding the issue of a Second Lien Debt Payment Stop Notice.

Restrictions on Enforcement by Second Lien Debt Creditors

The Intercreditor Agreement provides that, subject to enforcement permitted as described in the section "*—Permitted Second Lien Debt Enforcement*", until the Senior Secured Discharge Date, except with the prior consent of, or as required by, an Instructing Group (or, in respect of the Transaction Security securing the Senior Secured Obligations of the Parent, any Parent Intermediate Holdco and the Company and its Restricted Subsidiaries shared with the Second Lien Debt Creditors (the "**Shared Security**"), the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described hereunder under "*—Enforcement of Transaction Security—Enforcement Instructions*"), no Second Lien Debt Creditor shall be entitled to take, or direct the Security Agent to take, any Enforcement Action against any member of the Group in respect of any of the Second Lien Debt Obligations or against any member of the Group, any Parent Intermediate Holdco, the Parent or any issuer/borrower of Second Lien Debt in respect of any Transaction Security granted by any member of the Group or, in respect of any Shared Security only, the Parent, any Parent Intermediate Holdco or any issuer/borrower of Second Lien Debt or to give instructions to the Security Agent to enforce or to refrain or cease from enforcing the Transaction Security.

Permitted Second Lien Debt Enforcement

Subject to the section of the Intercreditor Agreement described hereunder under "—*Enforcement on Behalf of Second Lien Debt Creditors*", the restrictions in section of the Intercreditor Agreement described herein under "—*Restrictions on Enforcement by Second Lien Debt Creditors*" will not apply:

(a) if: (i) an event of default under the Second Lien Debt documents (the "**Relevant Second Lien Debt Default**") is continuing; (ii) the Security Agent has received a notice of the Relevant Second Lien Debt Default specifying the event or circumstance in relation to the Relevant Second Lien Debt Default from the relevant Second Lien Debt Representative; (iii) a Second Lien Debt Standstill Period has elapsed; and (iv) the Relevant Second Lien Debt Default is continuing at the end of the relevant Second Lien Debt Standstill Period;

(b) in the circumstance where the Senior Secured Creditors take any Enforcement Action in relation to a particular Debtor which owes any Second Lien Debt Obligations, provided that the Second Lien Debt Creditors may only take the same Enforcement Action in relation to such Debtor as the Enforcement Action taken by the Senior Secured Creditors against such Debtor and not against any other Debtor or any other member of the Group;

(c) in respect of Enforcement Action in relation to the Company, the Parent, any Parent Intermediate Holdco, any other holding company of the Company or any member of the Group which is a guarantor or provides an indemnity to the Second Lien Debt Creditors (or any of them) for the Second Lien Debt Obligations (or any of them) under any Second Lien Debt Document (a "**Second Lien Debt Guarantor**") that is the subject of an insolvency event (but not, for the avoidance of doubt, against any other Debtor or any other member of the Group); or

(d) if an event of default under the Second Lien Debt documents has occurred resulting from a failure to pay the principal amount of the Second Lien Debt Obligations at the final maturity date of the relevant Second Lien Debt.

Promptly upon becoming aware of an event of default under the Second Lien Debt documents, the relevant Second Lien Debt Representative may by notice (a "**Second Lien Debt Enforcement Notice**") in writing notify the Security Agent of the existence of such event of default under the Second Lien Debt Finance Documents.

Second Lien Debt Standstill Period

In relation to a Relevant Second Lien Debt Default, a "**Second Lien Debt Standstill Period**" shall mean the period beginning on the date (the "**Second Lien Debt Standstill Start Date**") the relevant Second Lien Debt Representative serves a Second Lien Debt Enforcement Notice on the Security Agent in respect of such Relevant Second Lien Debt Default and ending on the earliest to occur of: (a) the date falling 179 days after the Second Lien Debt Standstill Start Date; (b) the date the Senior Secured Creditors take any Enforcement Action in relation to a particular Debtor which owes any Second Lien Debt Obligations; provided that in the case of this clause (b), (i) if a Second Lien Debt Standstill Period ends pursuant to this clause (b), the Second Lien Debt Creditors may only take the same Enforcement Action in relation to such Debtor as the Enforcement Action taken by the Senior Secured Creditors against such Debtor which owes Second Lien Debt Obligations and not against any other member of the Group and (ii) Enforcement Action for the purpose of this clause (b) shall not include action taken to preserve or protect any liens as opposed to realize it, (c) the date the relevant Instructing Group consents to the termination of the Second Lien Debt Standstill Period and (d) the expiry of any other Second Lien Debt Standstill Period outstanding at the date such first mentioned Second Lien Debt Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy).

Subsequent Second Lien Debt Defaults

The Intercreditor Agreement provides that the Second Lien Debt Creditors may take Enforcement Action (as described above in the section "—*Permitted Second Lien Debt Enforcement*") in relation to a Relevant Second Lien Debt Default even if, at the end of any relevant Second Lien Debt Standstill Period or at any later time, a further Second Lien Debt Standstill Period has begun as a result of any other event of default under the Second Lien Debt Finance Documents.

Enforcement on Behalf of Second Lien Debt Creditors

If the Security Agent has notified the Second Lien Debt Representative(s) that it is taking, or has been instructed by an Instructing Group to take, any Enforcement Action in relation to any Debtor or any part of the Transaction Security owned by a Debtor or its subsidiaries, the Intercreditor Agreement prohibits any Second Lien Debt Creditor from taking any action referred to in the section of the Intercreditor Agreement described herein under "—*Permitted Second Lien Debt Enforcement*" against any Debtor (but, in the case of the Parent, any Parent Intermediate Holdco or any issuer/borrower of Second Lien Debt, only to the extent relating to any Shared Security) while the Security Agent (i) has requested instructions from the applicable Instructing Group in relation to the enforcement of those liens and the relevant instructions have not been given or (ii) is taking steps to enforce liens or taking Enforcement Action in relation to a Debtor (but in the case of the Parent, any Parent Intermediate Holdco or any issuer/borrower of Second Lien Debt, only to the extent relating to any Shared Security), in each case, in accordance with the instructions of the Instructing Group (or, in respect of the Shared Security, the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described hereunder under "—*Enforcement of Transaction Security—Enforcement Instructions*") where such action, in the sole opinion of the Security Agent, might be reasonably likely to adversely affect such enforcement or Enforcement Action or the amount of proceeds to be derived therefrom.

The Intercreditor Agreement provides that if the Second Lien Debt Creditors are permitted to give instructions to the Security Agent to require the enforcement of the Transaction Security constituted pursuant to any Security Document, such enforcement of the Transaction Security must require the realization of the relevant Transaction Security by way of a sale or disposal conducted in compliance with the Distressed Disposal provisions of the Intercreditor Agreement (see the section "—*Distressed Disposals*").

"**Enforcement**" means the enforcement or disposal of the Transaction Security, the requesting of a Distressed Disposal and/or the release or disposal of claims and/or Transaction Security on a Distressed Disposal under the section of the Intercreditor Agreement described herein under "—*Distressed Disposals*", the giving of instructions as to actions in respect of any Transaction Security following an insolvency event and the taking of any other actions consequential on (or necessary to effect) any of the foregoing.

"**Instructing Group**" means either (a) in relation to any consent or instructions relating to Enforcement, (i) prior to the Senior Secured Discharge Date, the Majority Senior Secured Creditors (as defined below under "—*Amendments*"); or (ii) on or after the Senior Secured Discharge Date, but prior to the discharge date for Second Lien Debt (the "**Second Lien Debt Discharge Date**"), the Majority Second Lien Debt Creditors (as defined below under "—*Amendments*"); or (b) where any matter requires the consent of or instruction from (but excluding any consent or instruction in relation to Enforcement as set out in clause (a) above) (i) prior to the Senior Secured Discharge Date, the Majority Senior Secured Creditors and (with respect to any Parent Pari Passu Recoveries) the Majority Second Lien Debt Creditors (as defined below under "—*Amendments*"); and (ii) on or after the Senior Secured Discharge Date, but prior to the Second Lien Debt Discharge Date, the Majority Second Lien Debt Creditors.

Incremental Obligations and Refinancings

Additional Senior Secured Obligations and Additional Second Lien Debt Obligations

The Intercreditor Agreement provides that to the extent permitted by, and subject to compliance with the requirements of, the Intercreditor Agreement and the other Debt Documents: (a) the Senior Secured Lenders may increase the Senior Secured Facilities and make further loans and/or advances under such Senior Secured Facilities to members of the Group and each such advance or increased amount will be deemed to be made under the terms of the Term Loan B Facilities Agreement and rank as Senior Secured Facilities Obligations in the manner described in the section "—*Ranking and Priority*"; (b) a Debtor may incur Pari Passu Debt Obligations under a Pari Passu Debt document (including the Indenture) which will rank as Pari Passu Debt Obligations in the manner described in the section "—*Ranking and Priority*"; and (c) a Debtor may incur Second Lien Debt Obligations under a Second Lien Debt document which will rank as Second Lien Debt Obligations in the manner described in the section "—*Ranking and Priority*" (such Obligations under clauses (a), (b) and (c) above, the "**Additional Secured Obligations**").

Refinancing of Senior Secured Obligations and Second Lien Debt Obligations

The Intercreditor Agreement provides that the Senior Secured Obligations and Second Lien Debt Obligations, with the consent of the Parent, may be refinanced or replaced in whole or in part and in each case on terms and in a manner that does not breach the terms of the Intercreditor Agreement, the Term Loan B Facilities Agreement, any Pari Passu Debt Document (including the Indenture) or any Second Lien Debt Document without the consent of any other

Creditors and: (a) any Obligations incurred by any Debtor or other member of the Group pursuant to such refinancing or replacement of any Senior Secured Facilities Obligations (the "**Senior Secured Lender Refinancing Obligations**"), Pari Passu Debt Obligations (the "**Pari Passu Debt Refinancing Obligations**"), or Second Lien Debt Obligations (the "**Second Lien Debt Refinancing Obligations**" and, together with the Senior Secured Lender Refinancing Obligations and the Pari Passu Debt Refinancing Obligations, the "**Secured Refinancing Obligations**") will, to the extent so designated by the Parent: (i) in the case of Senior Secured Lender Refinancing Obligations, rank as Senior Secured Facilities Obligations in the manner described in the section "*—Ranking and Priority*"; (ii) in the case of Pari Passu Debt Refinancing Obligations, rank as Pari Passu Debt Obligations in the manner described in the section "*—Ranking and Priority*"; and (iii) in the case of Second Lien Debt Refinancing Obligations, rank as Second Lien Debt Obligations in the manner described in the section "*—Ranking and Priority*"; (b) subject to the Security Principles and to the section of the Intercreditor Agreement described under "*—Retaking of Liens*", the applicable Security Documents will secure the Secured Refinancing Obligations and in respect of such Security Documents and any new security granted by the Parent, any Parent Intermediate Holdco, any issuer/borrower of Second Lien Debt or any member of the Group to secure such Secured Refinancing Obligations, such Secured Refinancing Obligations will: (i) in the case of Senior Secured Lender Refinancing Obligations, rank as Senior Secured Facilities Obligations in the manner described in the section "*—Ranking and Priority*"; and (ii) in the case of Pari Passu Debt Refinancing Obligations, rank as Pari Passu Debt Obligations in the manner described in the section "*—Ranking and Priority*"; and (iii) in the case of Second Lien Debt Refinancing Obligations, rank as Second Lien Debt Obligations in the manner described in the section "*—Ranking and Priority*"; and (c) the Intercreditor Agreement will be construed to permit the assumption of any Secured Refinancing Obligations and to give effect to the ranking set out in clauses (a) and (b) above, provided that: (i) any trustee or representative of the creditors of such Secured Refinancing Obligations (a "**Refinancing Representative**") becomes a party to the Intercreditor Agreement in accordance therewith as the applicable Creditor Representative; and (ii) each creditor in relation to such Secured Refinancing Obligations (that is not a Refinancing Representative) becomes a party to the Intercreditor Agreement in accordance therewith or is deemed to be a party to the Intercreditor Agreement pursuant to the terms of its relevant finance documents.

Retaking of Liens

The Intercreditor Agreement provides that if any Transaction Security over any asset under the applicable Security Document is required or requested by the Company to be amended, extended, renewed, restated, supplemented or otherwise modified, replaced or released to ensure that the Additional Secured Obligations or Secured Refinancing Obligations described herein can be secured with the ranking of such Obligations contemplated under the section of the Intercreditor Agreement described under "*—Retaking of Liens*" or "*—Refinancing of Senior Secured Obligations and Second Lien Debt Obligations*", as the case may be, then the Security Agent is authorized to effect such amendment, extension, renewal, restatement, supplement, modification, replacement or release the applicable Security Documents (as applicable); provided that (i) substantially concurrently with such release of Transaction Security (as determined in good faith by the Company, it being agreed that in making such determination the Company may take into account the occurrence of any related transactions and that the re-taking need not occur on the same day as the release), new Transaction Security shall be provided in favor of the providers of such Additional Secured Obligations or Secured Refinancing Obligations and the existing Senior Secured Creditors and Second Lien Debt Creditors on terms substantially the same as the terms of the applicable Security Documents so released and subject to the same ranking as set out in the Section of the Intercreditor Agreement described under "*—Ranking and Priority*"; and (ii) contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, renewal or release (followed by the substantially concurrent retaking of liens in accordance with the preceding clause (i)) the Company delivers to the Security Agent either: (A) a solvency opinion, in form and substance reasonably satisfactory to the Security Agent from an accounting, appraisal or investment banking firm of national standing confirming the solvency of the Parent and its Restricted Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement or release and retaking; (B) a certificate from the chief financial officer or the board of directors of the Company or the Parent (acting in good faith) which confirms the solvency of the Parent and its Restricted Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement or release and retaking; or (C) an opinion of counsel, in form and substance reasonably satisfactory to the Security Agent (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking, the Transaction Security created under the applicable Security Documents so amended, extended, renewed, restated, supplemented, modified, replaced or released and retaken is valid and perfected Transaction Security not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Transaction Security was not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking.

Second Lien Debt Required Holders

In connection with any issuance of Second Lien Debt, the Intercreditor Agreement provides that some or all of the references herein to the Majority Second Lien Debt Creditors (other than as relating to matters of enforcement) may be amended to refer to the Second Lien Debt Required Holders.

Effect of Insolvency Event

Payment of Distributions

The Intercreditor Agreement provides that after the occurrence of an insolvency event in relation to any Debtor, any member of the Group, or any issuer/borrower of Second Lien Debt, any party entitled to receive a distribution out of the assets of such Debtor, member of the Group or issuer/borrower of Second Lien Debt in respect of Obligations owed to that party shall, to the extent it is able to do so, direct the person responsible for the distribution of the assets of such Debtor or member of the Group or issuer/borrower of Second Lien Debt to pay that distribution to the Security Agent until the Obligations owing to the Secured Parties have been paid in full. The Security Agent shall apply distributions paid to it in accordance with the terms of the Intercreditor Agreement (see the section "*—Application of Proceeds*").

Set-Off

Under the Intercreditor Agreement, to the extent that the Obligations of any Debtor, member of the Group or issuer/borrower of Second Lien Debt are discharged by way of set-off (mandatory or otherwise) after the occurrence of an insolvency event in relation to such Debtor, member of the Group or issuer/borrower of Second Lien Debt, any creditor which benefited from that set-off shall to the extent legally permissible, pay an amount equal to the amount of the Obligations owed to it which are discharged by that set-off to the Security Agent for application in accordance with the terms of the Intercreditor Agreement (see the section "*—Application of Proceeds*"). The set-off provisions in the Intercreditor Agreement shall not apply to certain netting by a Hedge Counterparty nor any set-off which gives effect to a payment permitted by the provisions of the Intercreditor Agreement in respect of enforcement by intra-Group lenders.

Non-cash Distributions

Under the Intercreditor Agreement, if the Security Agent or any other Primary Creditor receives a distribution in a form other than in cash in respect of any of the Obligations, the Obligations will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards the Obligations.

Filing of Claims

The Intercreditor Agreement provides that after the occurrence of an insolvency event in relation to any Debtor or member of the Group, each creditor of such person irrevocably authorizes the Security Agent (acting in accordance with the section of the Intercreditor Agreement described under "*—Security Agent Instructions*"), on its behalf, to: (a) take any Enforcement Action (in accordance with the terms of the Intercreditor Agreement and the relevant Debt Documents to which such creditor is a party) against such person; (b) demand, sue, prove and give receipt for any or all of such person's Obligations; (c) collect and receive all distributions on, or on account of, any or all of such person's Obligations; and (d) file claims, take proceedings and do all other things the Security Agent considers reasonably necessary to recover such person's Obligations.

Further Assurance—Insolvency Event

The Intercreditor Agreement provides that each creditor will (a) do all things that the Security Agent (acting in accordance with the section of the Intercreditor Agreement described under "*—Security Agent Instructions*") reasonably requests in order to give effect to the section of the Intercreditor Agreement described under this section "*Effect of Insolvency Event*" and (b) if the Security Agent is not entitled to take any of the actions contemplated thereby or if the Security Agent (acting in accordance with the section of the Intercreditor Agreement described under "*—Security Agent Instructions*") reasonably requests that a creditor take that action, undertake such action in accordance with the instructions of the Security Agent (acting in accordance with the section of the Intercreditor Agreement described under "*—Security Agent Instructions*") or grant a power of attorney to the Security Agent (on such terms as the Security Agent (acting in accordance with the section of the Intercreditor Agreement described under "*—Security Agent Instructions*") may reasonably require) to enable the Security Agent to take such action.

Security Agent Instructions

The Intercreditor Agreement provides that for the purposes of the sections of the Intercreditor Agreement described under "*—Payment of Distributions*", "*—Filing of Claims*", "*—Further Assurance—Insolvency Event*", the Security Agent shall act or shall refrain from acting (a) on the instructions of the relevant Instructing Group (or, in respect of the Shared Security, the instructions of the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described hereunder under "*—Enforcement of Transaction Security—Enforcement Instructions*") or (b) in the absence of any such instructions, as the Security Agent sees fit.

Turnover of Receipts

Turnover by the Creditors

The Intercreditor Agreement provides that, subject to certain exceptions, if at any time prior to the final discharge date of the Secured Obligations (the "**Final Discharge Date**"), any creditor receives or recovers (a) any payment or distribution of, or on account of or in relation to, any of the Obligations which is not either (i) a payment permitted under the Intercreditor Agreement or (ii) made in accordance with the application of proceeds waterfall (as described in the section "*—Application of Proceeds*"); (b) other than where set-off applies (as described in the section "*—Effect of Insolvency Event—Set-Off*"), any amount by way of set-off in respect of any of the Obligations owed to it which does not give effect to a payment permitted under the Intercreditor Agreement; (c) notwithstanding clauses (a) and (b) above, and other where set-off applies (as described in the section "*—Effect of Insolvency Event—Set-Off*"), any amount: (i) on account of, or in relation to, any of the Obligations: (A) during the continuation of a Distress Event; or (B) as a result of any other litigation or proceedings against a Debtor or member of the Group (other than during the continuation of an insolvency event in respect of such person); or (ii) by way of set-off in respect of any of the Obligations owed to it during the continuation of a Distress Event; (d) the proceeds of any enforcement of any Transaction Security or the proceeds of any Distressed Disposal, in each case, except in accordance with the application of proceeds waterfall (as described in the section "*—Application of Proceeds*"); or (e) other than where the section of the Intercreditor Agreement described under "*—Effect of Insolvency Event—Payment of Distributions" or* "*—Effect of Insolvency Event—Set-Off*" applies, any distribution in cash or in kind or payment of, or on account of or in relation to, any of the Obligations owed by any Debtor or any member of the Group which is not in accordance with the application of proceeds waterfall (as described in the section "*—Application of Proceeds*") and which is made as a result of, or after, the occurrence of an insolvency event in respect of such person, that creditor will (i) in relation to receipts and recoveries not received or recovered by way of set-off (A) hold an amount of that receipt or recovery equal to the Relevant Obligations (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (B) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the Relevant Obligations to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery or receipt to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Deferral of Subrogation

Deferral of Subrogation

(a) Under the Intercreditor Agreement, subject to (c) below, if any Senior Secured Obligations are wholly or partly paid out of any proceeds received in respect of or on account of the Second Lien Debt Obligations owing to one or more Second Lien Debt Creditors, those Second Lien Debt Creditors will to that extent be subrogated to the Senior Secured Obligations so paid (and all securities and guarantees for those Senior Secured Obligations).

(b) Subject to clause (c) below, to the extent that any Second Lien Debt Creditor (each a "**Subrogated Creditor**") is entitled to exercise rights of subrogation, each other creditor (subject in each case to it being indemnified, secured and/or prefunded to its satisfaction against any resulting costs, expenses and liabilities) will give such assistance to enable such rights to be so exercised as such Subrogated Creditor may reasonably request.

(c) No creditor or Debtor will exercise any rights which it may have by reason of the performance by it of its obligations under the Debt Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights under the Debt Documents of any creditor which ranks ahead of it in accordance with the priorities as described in the section "*—Ranking and Priority*" until such time as all of the Obligations owing to each prior ranking creditor (or, in the case of any Debtor prior to the Final Discharge Date, owing to each creditor) have been irrevocably paid in full.

(d) Subject to certain exceptions, no Subordinated Creditor or shareholder of the Parent will exercise any rights which it may have to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights under the Debt Documents of any creditor until such time as all of the Obligations owing to each creditor (other than a Subordinated Creditor or shareholder of the Parent) have been irrevocably paid in full.

Enforcement of Transaction Security

Enforcement Instructions

(a) Under the Intercreditor Agreement, the Security Agent may refrain from enforcing the Transaction Security or taking any other Enforcement Action unless instructed otherwise by the relevant Instructing Group (or, in respect of the Shared Security, by the Majority Second Lien Debt Creditors pursuant to clause (c) below) at the relevant time that it is entitled to give instructions.

(b) After the Transaction Security has become enforceable in accordance with its terms, the Majority Senior Secured Creditors, or if required under paragraph (c) below, the Majority Second Lien Debt Creditors, may give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the Transaction Security as they see fit.

(c) Prior to the Senior Secured Discharge Date and subject to the Transaction Security becoming enforceable in accordance with its terms: (i) if the relevant Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the Transaction Security; or (ii) in the absence of instructions from an Instructing Group subject to any time period for the giving of instructions by an Instructing Group contained in the Intercreditor Agreement, and, in each case, the relevant Instructing Group has not required any Debtor to make a Distressed Disposal, the Security Agent shall give effect to any instructions to enforce the Transaction Security from the Majority Second Lien Debt Creditors who are then entitled to give enforcement instructions to the Security Agent under the section of the Intercreditor Agreement described under "*—Permitted Second Lien Debt Enforcement*".

Manner of enforcement

If the Transaction Security is being enforced pursuant to enforcement instructions described above under "*—Enforcement Instructions*", the Intercreditor Agreement provides that the Security Agent shall enforce the Transaction Security in such manner as the relevant Instructing Group (or, in respect of the Shared Security, the instructions of the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described under "*—Enforcement Instructions*") instructs or, in the absence of any such instructions, as the Security Agent (or, in respect of the Shared Security, the instructions of the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described under "*—Enforcement Instructions*") sees fit. For the avoidance of doubt, in the absence of instructions from the relevant Instructing Group, the Security Agent will not be required to take any action.

Exercise of voting rights

(a) Subject to paragraph (c) below, the Intercreditor Agreement provides that, to the extent permitted by applicable law, if any insolvency event has occurred and is continuing, each creditor (other than any Representative) will cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any proceedings relating to the Parent, any Parent Intermediate Holdco or any issuer/borrower of Second Lien Debt (insofar as it relates to the enforcement, protection or preservation of the Shared Security) or any member of the Group subject to such insolvency event as instructed by the Security Agent (subject to certain exceptions in respect of U.S. insolvency proceedings).

(b) Subject to paragraph (c) below, the Intercreditor Agreement further provides that the Security Agent shall give instructions for the purposes of paragraph (a) above in accordance with any instructions given to it by the relevant Instructing Group (or, in respect of the Shared Security, the instructions of the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described under "—*Enforcement Instructions*").

(c) The Intercreditor Agreement further provides that nothing in the section of the Intercreditor Agreement described under this "—*Exercise of voting rights*" entitles any party to exercise or require any other Primary Creditor to exercise such power of voting or representation to waive, reduce, discharge, extend the due date for (or change the basis for accrual of any) payment of, or reschedule any of, the Obligations owed to that Primary Creditor.

Waiver of Rights

The Intercreditor Agreement provides that, to the extent permitted by applicable law and subject to the sections "—*Enforcement Instructions*", "—*Exercise of voting rights*", "—*Application of Proceeds*" and "—*Distressed Disposals*", each of the Secured Parties and the Debtors waives all rights it may otherwise have to require that the Transaction Security be enforced in any particular order or manner or at any particular time or that any sum received or recovered from any person, or by virtue of the enforcement of any of the Transaction Security or of any other security interest, which is capable of being applied in or towards discharge of any of the Secured Obligations is so applied.

Enforcement through Security Agent Only

Under the Intercreditor Agreement, the Secured Parties have no independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any right, power, authority or discretion arising under the applicable Security Documents except through the Security Agent. Neither the Security Agent nor any Primary Creditors shall be responsible to any intra-Group lender, shareholder of the Parent, Subordinated Creditor or Debtor for any enforcement or failure to enforce or maximize the proceeds of any enforcement of the Security Documents, to an extent greater than as provided under any applicable governing law of the applicable Security Documents.

Alternative Enforcement Actions

The Intercreditor Agreement provides that after the Security Agent has commenced Enforcement, it shall not accept any subsequent instructions as to Enforcement (save for instructions as to Enforcement that the Second Lien Debt Creditors are entitled to give under the section of the Intercreditor Agreement described under "—*Permitted Second Lien Debt Enforcement*") from anyone other than the Instructing Group that instructed it to commence such enforcement of the Transaction Security, regarding any other enforcement of the Transaction Security over or relating to shares or assets directly or indirectly the subject of the enforcement of the Transaction Security which has been commenced (and, for the avoidance of doubt, during any enforcement of the Transaction Security only clause (a) of the definition of Instructing Group shall be applicable in relation to any instructions given to the Security Agent by the relevant Instructing Group under the Intercreditor Agreement).

Transaction Security

The Intercreditor Agreement provides that (a) the security interest granted pursuant to each of the Security Documents for the benefit of the Senior Secured Creditors and the Second Lien Debt Creditors is intended to be treated as two separate and distinct liens such that such security interest (i) for the benefit of the Senior Secured Creditors is intended to be a "first" priority senior security interest and (ii) for the benefit of the Second Lien Debt Creditors is intended to be a "second" priority security interest, fully junior, subordinated and subject to the security interest granted for the benefit of the Senior Secured Creditors on the terms and conditions set forth in the Intercreditor Agreement notwithstanding the fact that a single security interest may have been granted pursuant to such Security Document, (b) each grant of Transaction Security that is Shared Security or granted for the benefit of both the Senior Secured Creditors and the Second Lien Debt Creditors shall, to the extent possible under applicable law governing such Security Documents, include language to the effect set forth in clause (a), and (c) the Senior Secured Creditors shall be entitled to interest and fees that accrue on the Senior Secured Obligations after the commencement of any insolvency event determined as if the Second Lien Debt Obligations were secured by a separate second priority security interest.

Proceeds of Disposals

In this section:

"**Distressed Disposal**" means a disposal of capital stock of, or any asset of, a member of the Group which is being effected (a) at the request of the relevant Instructing Group (or, in respect of a disposal of any capital stock or asset subject to the Shared Security, the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described under "*—Enforcement of Transaction Security—Enforcement Instructions*") in circumstances where the Transaction Security has become enforceable, (b) by enforcement, or simultaneous with the enforcement, of the Transaction Security (including the disposal of any property of a member of the Group the capital stock of which has been subject to an appropriation which is expressly permitted by the terms of the relevant Transaction Security Document) or (c) after the occurrence of a Distress Event, by or on behalf of a Debtor to a person or persons which is, or are, not a member, or members, of the Group.

"**Distress Event**" means an Acceleration Event or the enforcement of any Transaction Security in accordance with the Transaction Security Documents.

"**Secured Parties**" means the Security Agent, any receiver or delegate and each of the Senior Secured Creditors from time to time and each of the Second Lien Debt Creditors from time to time, but, in the case of the Senior Secured Creditors or the Second Lien Debt Creditors, only if it (or, in the case of any Senior Secured Lender, Pari Passu Creditor or Second Lien Debt Creditor, its Representative) is a party to the Intercreditor Agreement or has become a party to the Intercreditor Agreement, in the appropriate capacity.

Non-Distressed Disposals

The Intercreditor Agreement provides that (a) if, in respect of a disposal, sale or transfer other than a Distressed Disposal of an asset by a Debtor or any other transaction: (i) the Company certifies for the benefit of the Security Agent that that disposal, sale or transfer or other transaction where an asset is permitted to be released from the Collateral is permitted by the Senior Secured Facilities documents, the Pari Passu Debt documents and the Second Lien Debt documents (in each case, to the extent such Debt Documents have not been terminated in accordance with the provisions of the Intercreditor Agreement and thereof) or (ii) each relevant Representative authorizes the release in accordance with the terms of the applicable Debt Documents; the Security Agent is irrevocably authorized and obliged (provided that it is satisfied that it has adequate coverage for all costs, fees and expenses in relation to such action) at the cost of the Company and without any consent, sanction, authority or further confirmation from any creditor, other Secured Party or Debtor, but subject to clause (b) below: (A) to release the Transaction Security or any other claim (relating to a Debt Document) over the asset that is subject to the disposal, sale or transfer or other such transaction; (B) where that asset consists of shares in the capital of a Debtor, to release the Transaction Security or any other claim (relating to a Debt Document) over that Debtor's assets and, to the extent that they are at such time being disposed of, sold or transferred or otherwise subject to a release in accordance with this clause (a), the assets of any Subsidiary of that Debtor or against that Debtor and, to the extent that they are at such time being disposed of, sold or transferred or otherwise subject to a release in accordance with this clause (a), the subsidiaries of that Debtor and their respective assets; and (C) to execute and deliver or enter into any release of the Transaction Security or any claim described in clauses (A) and (B) above and issue any certificates of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent (acting reasonably), be considered necessary or desirable or as reasonably requested by the Company. For the avoidance of doubt, the Security Agent may, in its absolute discretion, rely on a certification from the Company that the disposal, sale or transfer or other transaction is as described in each of the sub-clauses of this clause (a); and in no event shall this clause (a) be construed to impose any condition to the release of Transaction Security that, by the terms of the applicable Debt Documents, is released upon the disposal, sale or transfer of the applicable asset or consummation of the applicable transaction (including upon the release of a Guarantor's guarantee of the Senior Secured Obligations and the Second Lien Debt Obligations) (a "**Non-Distressed Disposal**") and (b) in the event of a Non-Disposal, each release of Transaction Security or any claim described in clause (a) shall be contingent upon that Non-Distressed Disposal being effected and the fulfillment of any conditions to such release described in clause (a) above, as applicable, and in the event that such Non-Distressed Disposal is not effected or the conditions for such release are not fulfilled, as applicable, the Transaction Security or claim subject to that release shall continue in full force and effect as if that release had not been effected.

The Intercreditor Agreement provides that if the proceeds of a Non-Distressed Disposal are required to be applied in mandatory prepayment of any of the Senior Secured Obligations or to be offered to Secured Parties pursuant to the terms of the relevant the Senior Secured documents or the Second Lien Debt documents (other than, in each case, the Intercreditor Agreement), as applicable, then such proceeds shall be applied in or towards payment of such Senior Secured Obligations or shall be offered to the relevant Secured Parties in accordance with the terms of the relevant Senior Secured Documents or Second Lien Debt Documents (other than this Agreement) and the consent of any other party shall not be required for that application.

Distressed Disposals

Subject to certain exceptions in respect of intra-Group Obligations owing to certain German intra-Group Lenders by a Debtor that is a holding company of such intra-Group Lender or a subsidiary of such Debtor (but not a subsidiary of that intra-Group Lender itself) and the provisions of the Intercreditor Agreement described in the third paragraph under this "—*Distressed Disposals*") section, if a Distressed Disposal is being effected, the Intercreditor Agreement provides that the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or the Company) and without any consent, sanction, authority or further confirmation from any creditor, other Secured Party or any Debtor:

(a) to release the Transaction Security or any other claim over the asset subject to the Distressed Disposal and execute and deliver or enter into any release of that Transaction Security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;

(b) if the asset subject to the Distressed Disposal consists of shares in the capital of a Debtor, to release: (A) that Debtor and any subsidiary of that Debtor from all or any part of its: borrowing Obligations; its guarantee Obligations; and its other Obligations; (B) any Transaction Security granted by (I) that Debtor or any subsidiary of that Debtor over any of its assets and/or (II) the direct holding company over the shares in the capital of that Debtor; and (C) any other claim of a shareholder of the Parent, a subordinated creditor, an intra-Group lender or another Debtor or other grantor of Transaction Security over that Debtor's assets or over the assets of any Subsidiary of that Debtor, on behalf of the relevant creditors, Debtors and Representatives;

(c) if the asset subject to the Distressed Disposal consists of shares in the capital of any holding company of a Debtor, to release: (A) that holding company and any subsidiary of that holding company from all or any part of: its borrowing Obligations; its guarantee Obligations; and its other Obligations; (B) any Transaction Security granted by that holding company and any subsidiary of that holding company over any of its assets; and (C) any other claim of a subordinated creditor, an intra-Group lender or another Debtor over the assets of that holding company and any subsidiary of that holding company, on behalf of the relevant creditors, Debtors and Representatives;

(d) if the asset subject to the Distressed Disposal consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the provisions of the Intercreditor Agreement described in the fourth paragraph under this "—*Distressed Disposals*" section) decides to dispose of all or any part of: (A) the Obligations (other than the Agent Obligations) or (B) the Debtor Obligations, owed by that Debtor or holding company or any subsidiary of that Debtor or holding company then: (I) if the Security Agent (acting in accordance with the provisions of the Intercreditor Agreement described in the fourth paragraph under this "—*Distressed Disposals*" section) does not intend that any transferee of those Obligations or Debtor Obligations (the "**Transferee**") will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all or part of those Obligations or Debtor Obligations, *provided*, that notwithstanding any other provision of any Debt Document, the Transferee is not be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement and (II) if the Security Agent (acting in accordance with the provisions of the Intercreditor Agreement described in the fourth paragraph under this "—*Distressed Disposals*" section) does intend that any Transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of: (1) all (and not part only) of the Obligations owed to the Primary Creditors; and (2) all or part of any other Obligations and the Debtor Obligations, on behalf of, in each case, the relevant creditors and Debtors; and/or

(e) if the asset subject to the Distressed Disposal consists of shares in the capital of a Debtor or the holding company of a Debtor (the "**Disposed Entity**") and the Security Agent (acting in accordance with the provisions of the Intercreditor Agreement described in the fourth paragraph under this "—*Distressed Disposals*" section) decides to transfer (to the extent permitted by applicable law) to another Debtor (the "**Receiving Entity**") all or any part of the Disposed Entity's obligations or any obligations of any subsidiary of that Disposed Entity in respect of: the intra- Group Obligations, the Debtor Obligations, or the Subordinated Obligations; to execute and deliver or enter into any agreement to: (I) agree to the transfer of all or part of the obligations in respect of those intra-Group Obligations, Debtor Obligations or Subordinated Obligations on behalf of the relevant Intra-Group lenders, Debtors or, as the case may be, the subordinated creditor to which those obligations are owed and on behalf of the Debtors which owe those obligations; and (II) to accept the transfer of all or part of the obligations in respect of those intra-Group Obligations, Debtor Obligations or Subordinated Obligations on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-Group Obligations, Debtor Obligations or Subordinated Obligations, as the case may be, are to be transferred.

The Intercreditor Agreement requires that the net proceeds of each Distressed Disposal (and the net proceeds of any disposal of Obligations or Debtor Obligations pursuant to clause (d) above) shall be paid to the Security Agent for application in accordance with the payment waterfall, as described below in the section "—*Application of Proceeds*" as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of Obligations or Debtor Obligations has occurred pursuant to clause (d)(II) above), as if that disposal of Obligations or Debtor Obligations had not occurred.

In the case of a Distressed Disposal or a disposal of Obligations of Debtor Obligations pursuant to clause (d) above effected by or at the request of the Security Agent (acting in accordance with the second succeeding paragraph below), the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of Obligations or Debtor Obligations in order to achieve a higher price).

If before the Second Lien Debt Discharge Date, a Distressed Disposal is being effected such that any Second Lien Debt Obligations or any Transaction Security will be released on the basis described above, it is a further condition to any such release that either (1) the Majority Second Lien Debt Creditors have approved the release or (2) each of the following conditions is satisfied: (A) the proceeds of such sale or disposal are in cash (or substantially in cash); (B) all claims of the Primary Creditors against any member of the Group and any subsidiary of that member of the Group whose shares that are owned by a Debtor and are pledged in favor of the Primary Creditors are sold or disposed of pursuant to such Distressed Disposal, are unconditionally released and discharged concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all liens under the Security Documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale provided that in the event of a sale or disposal of any such claim (instead of a release or discharge): (I) the relevant Instructing Group determines, acting reasonably and in good faith, that the Security Agent will recover more than if such claim was released or discharged; and (II) the Representative(s) representing the relevant Instructing Group serve a notice on the Security Agent notifying the Security Agent of the same, in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser); (C) such sale, disposal or transfer is made: (I) pursuant to a Public Auction (as that term is defined in the Intercreditor Agreement); or (II) where a financial adviser confirms in an independent opinion that the sale, disposal or transfer price is fair from a financial point of view after taking into account all relevant circumstances giving rise to such sale, disposal or transfer; provided that there shall be no obligation to postpone any such sale, disposal or transfer in order to achieve a higher price; and (D) the proceeds are applied in accordance with the payment waterfall, as described below in the section "—*Application of Proceeds*".

The Intercreditor Agreement provides that for the purposes of immediately preceding two paragraphs, the Security Agent shall act: (i) on the instructions of the relevant Instructing Group (or, in respect of the Shared Security, the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described under "—*Enforcement of Transaction Security—Enforcement Instructions*"); or (ii) in the absence of any such instructions, as the Security Agent sees fit.

Release of Unrestricted Subsidiaries

The Intercreditor Agreement provides that where a member of the Group is designated as an Unrestricted Subsidiary in accordance with the terms of the Senior Secured Facilities documents, the Pari Passu Debt documents (including the Indenture) and the Second Lien Debt documents, the Security Agent is irrevocably authorized and obliged at the cost of the Company and without any consent, sanction, authority or further confirmation from any creditor, other Secured Party or any Debtor: (i) to release the Transaction Security or any other claim (relating to a Debt Document) over that member of the Group's assets and its shares; and (ii) to execute and deliver or enter into any release of the Transaction Security or any claim described in paragraph (i) above and issue any certificates of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or as requested by the Company.

Application of Proceeds

The Intercreditor Agreement provides that, subject to certain exceptions, amounts received or recovered by the Security Agent pursuant to the Intercreditor Agreement and any other Debt Document, including all amounts recovered by the Security Agent (acting on the instructions of the relevant Instructing Group (or, in respect of the Shared Security, the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described under "*—Enforcement of Transaction Security—Enforcement Instructions*")) in connection with the realization or enforcement of all or any part of the Transaction Security or a transaction in lieu of enforcement of Transaction Security, the proceeds of any Distressed Disposal and all amounts received by the Security Agent from another creditor pursuant to the provisions of the Intercreditor Agreement described under "*—Effect of Insolvency Event*" and "*—Turnover of Receipts*" and the provisions of the Intercreditor Agreement relating to parallel debt (the "**Recoveries**") shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law, in the following order of priority:

(a) first, in payment or distribution to: (i) the Security Agent, any receiver or any delegate for application towards the discharge of any sums owing to any of them from any party (except in respect of parallel debt); (ii) the Administrative Agent on its own behalf and on behalf of the other Agent parties for application towards the discharge of the Agent Obligations; (iii) each Pari Passu Debt Representative (including the Trustee) on its own behalf for application towards the discharge of the Pari Passu Debt Representative Amounts; and (iv) each Second Lien Debt Representative on its own behalf for application towards the discharge of the Second Lien Debt Representative Amounts on a pro rata basis and ranking *pari passu* between them;

(b) second, in payment or distribution to the Secured Parties of all costs and expenses incurred by any of them in connection with any realization or enforcement of the Transaction Security, in each case undertaken in accordance with the terms of the Intercreditor Agreement;

(c) third, in payment or distribution to: (i) other than in the case of the Parent Pari Passu Recoveries, (A) the Administrative Agent on its own behalf and on behalf of the Senior Secured Lenders for which it is the Representative; (B) the Hedge Counterparties and the Cash Management Providers; and (C) each Pari Passu Debt Representative (including the Trustee) on behalf of the Pari Passu Creditors (including the holders of the Notes) it represents, for application towards the relevant Senior Secured Obligations (to the extent not included in clause (a) or (b) above) on a pro rata basis and ranking *pari passu* between such Senior Secured Obligations and (ii) in the case of any Parent Pari Passu Recoveries, (A) the Administrative Agent on its own behalf and on behalf of the Senior Secured Lenders for which it is the Representative; (B) the Hedge Counterparties and the Cash Management Providers; (C) each Pari Passu Debt Representative on behalf of the Pari Passu Creditors it represents, for application towards the relevant Senior Secured Obligations (to the extent not included in clause (a) or (b) above) and (D) each Second Lien Debt Representative on behalf of the Second Lien Debt Creditors it represents (excluding, for the avoidance of doubt, any Second Lien Debt Creditors in respect of any Second Lien Debt Proceeds Loan) for application towards the Second Lien Obligations (to the extent not included in clause (a) or (b) above), on a pro rata basis and ranking pari passu between such Secured Obligations;

(d) fourth, in payment or distribution to: each Second Lien Debt Representative on its own behalf and on behalf of the Second Lien Debt Creditors for which it is the Representative, for application towards the Second Lien Debt Obligations (to the extent not included in clause (a), (b) or (c)(ii) above) on a pro rata basis and *pari passu* basis between such Second Lien Debt Obligations; and

(e) fifth, the balance, if any, in payment or distribution to the relevant Debtor or other person entitled to it.

Loss Sharing

If, for any reason, any Senior Secured Obligations remain unpaid after the first date (if any) on which a Senior Secured Creditor takes enforcement action of the type described in clauses (a)(i), (a)(iii), (a)(iv) or (c) of the definition of Enforcement Action in accordance with the terms of the Intercreditor Agreement (the "**Enforcement Date**") and after the application of Recoveries and the resulting losses are not borne by the Senior Secured Creditors in the proportions which their respective exposures in respect of Senior Secured Obligations at the Enforcement Date bore to the aggregate Senior Secured Creditor Obligations owed to all Senior Secured Creditors with respect to the Senior Secured Obligations at the Enforcement Date, the Intercreditor Agreement provides that the Senior Secured Creditors will make such payments amongst themselves as the Security Agent shall require to put the Senior Secured Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

Amendments

"**Majority Second Lien Debt Creditors**" means, at any time, those Second Lien Debt Creditors whose Second Lien Debt Obligations (excluding Obligations owed by the Company under any Second Lien Debt Proceeds Loan) at that time aggregate more than 50% of the total Second Lien Debt Obligations (excluding Obligations owed by the Company under any Second Lien Debt Proceeds Loan) outstanding at that time.

"**Majority Senior Secured Creditors**" means, at any time, those Senior Secured Creditors whose Senior Secured Creditor Obligations at that time aggregate more than 50% of the total Senior Secured Creditor Obligations outstanding at that time; provided that, for purposes of this definition, Cash Management Providers shall not be considered Senior Secured Creditors and Cash Management Obligations shall not be included in the total amount of the then outstanding Senior Secured Creditor Obligations unless, in each case, no Senior Secured Creditor Obligations other than Cash Management Obligations are then outstanding.

"**Senior Secured Creditors**" means each Senior Secured Lender, the Pari Passu Creditors (including each Pari Passu Debt Representative), each Hedge Counterparty (to the extent that it is owed Obligations in respect of Hedging Agreements), each Cash Management Provider (to the extent it is owed Obligations under Cash Management Agreements), certain agents under the Term Loan B Facilities Agreement, the Administrative Agent, the Security Agent and each Second Lien Debt Representative (to the extent of the Second Lien Debt Representative Amounts).

"**Representative**" means the Administrative Agent, each other Agent Party, each Pari Passu Debt Representative (including the Trustee) and each Second Lien Debt Representative.

"**Second Lien Debt Required Holders**" means, in respect of any direction, approval, consent or waiver, the Second Lien Debt Representative acting on behalf of the holders of the aggregate principal amount of relevant Second Lien Debt which is not less than the principal amount of such Second Lien Debt required under the terms of the relevant Second Lien Debt document to vote in favor of such direction, approval, consent or waiver or, if the required amount is not specified, the holders holding at least a majority of the principal amount of the then outstanding Second Lien Debt, in accordance with the relevant Second Lien Debt document. In determining whether the relevant Second Lien Debt Creditors holding a principal amount of relevant Second Lien Debt which is not less than the amount of Second Lien Debt required have concurred in any direction, approval, waiver or consent, Second Lien Debt owned by any Debtor, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with any Debtor, will be considered as though not outstanding in accordance with the relevant Second Lien Debt document.

The Intercreditor Agreement provides that it may be amended subject to certain exceptions as set out therein with only the consent the Company, the Majority Senior Secured Creditors (including by acting through their applicable Representatives), the Majority Second Lien Debt Creditors (including by acting through their applicable Second Lien Debt Representatives) and the Security Agent unless it is an amendment, waiver or consent that has the effect of changing or which relates to: (a) any amendment to the redistribution provisions, to the application of proceeds provisions or the consents, amendments and override provisions; or (b) the order of priority or subordination under the Intercreditor Agreement, which shall not be made without the consent of: (i) the Representatives; (ii) the Senior Secured Lenders (including by acting through the Administrative Agent); (iii) the Pari Passu Creditors (including holders of the Notes) (including by acting through their Pari Passu Debt Representative(s) (including the Trustee)); (iv) the Second Lien Debt Creditors (including by acting through their Second Lien Debt Representative(s)); (v) the Hedge Counterparties (to the extent that the amendment or waiver would adversely affect such Hedge Counterparties); (vi) the Cash Management Providers (to the extent that the amendment or waiver would adversely affect such Cash Management Providers); (vii) the Security Agent; and (viii) the Company.

The Intercreditor Agreement further provides that an amendment or waiver that relates to the provisions of the Intercreditor Agreement described under "—*Enforcement of Transaction Security*" may be made by the Majority Senior Secured Creditors and the Majority Second Lien Debt Creditors, as applicable, acting through the relevant Representative and a waiver relating to such provisions may be made by the relevant Instructing Group.

Subject to certain exceptions, with respect to Transaction Security Documents, the Intercreditor Agreement provides that (unless expressly provided for otherwise in the relevant Debt Document) the Security Agent may, if authorized by each Representative of the Senior Secured Creditors (acting in accordance with the relevant Debt Documents) and, in the case of Shared Security only, each Representative of the Second Lien Debt Creditors (acting in accordance with the relevant Debt Documents and, for the avoidance of doubt, not including any Second Lien Debt Creditors in respect of any Second Lien Debt Proceeds Loan), and if the Company consents, amend the terms of, waive any of the requirements of or grant consents under, any of the Security Documents which shall be binding all parties.

Unless expressly stated otherwise in the Intercreditor Agreement, the Intercreditor Agreement overrides anything in the Debt Documents to the contrary. Notwithstanding anything to the contrary in the Intercreditor Agreement, the preceding sentence as between any creditor and any Debtor or any member of the Group will not cure, postpone, waive or negate in any manner any default or event of default (however described) under any Debt Document as provided in the relevant Debt Document.

Option to Purchase

Subject to certain conditions, Second Lien Debt Creditors holding at least the majority of the principal amount of the then-outstanding Second Lien Debt Obligations (the "**Purchasing Creditors**") may after a Distress Event, after having given all other Second Lien Debt Creditors the opportunity to participate in such purchase, by giving not less than 30 days' notice to the Security Agent, require the transfer to them (or to a nominee or nominees), in accordance with the Intercreditor Agreement, of all, but not part, of the rights, benefits and obligations in respect of the Senior Secured Facilities Obligations, the Agent Obligations, the Cash Management Obligations and the Pari Passu Debt Obligations (a "**Senior Secured Obligations Transfer**"). The Intercreditor Agreement provides that the Purchasing Creditors may only require a Senior Secured Obligations Transfer, if at the same time, they require a transfer, subject to certain conditions, of each Hedge Agreement and all rights in respect of the Hedging Obligations owed by the Debtors to each Hedge Counterparty and all the Hedge Counterparty Obligations owed by each Hedge Counterparty in accordance with the terms of the Intercreditor Agreement (a "**Hedge Transfer**"). The Purchasing Creditors and any Hedge Counterparty may agree (in respect of the Hedge Agreements (or one or more of them) to which that Hedge Counterparty is a party) that a Hedge Transfer otherwise required by the Purchasing Creditors pursuant to the Intercreditor Agreement shall not apply to that Hedge Agreement(s) or to the Hedging Obligations and Hedge Counterparty Obligations under that Hedge Agreement(s).

Governing Law

Except with respect to certain provisions relating to Belgian and German Transaction Security, the Intercreditor Agreement and any dispute, claim or controversy arising out of or relating to the Intercreditor Agreement shall be governed by and construed in accordance with the law of the State of New York.

DESCRIPTION OF THE NOTES

The €600.0 million aggregate principal amount of $2^{1}/_{4}$% Senior Secured Notes due 2027 (the "**Notes**") were issued under an indenture (the "**Indenture**") dated as of January 31, 2020 (the "**Issue Date**"), among, *inter alios*, INEOS Styrolution Group GmbH, as issuer (the "**Issuer**"), the guarantors party thereto (the "**Initial Guarantors**") and The Bank of New York Mellon, London Branch, as trustee (in such capacity, the "**Trustee**") and Barclays Bank PLC, as security agent (the "**Security Agent**"). Unless the context otherwise requires, in this "Description of the Notes," references to the "**Notes**" include the Notes issued on the Issue Date and any Additional Notes that are issued under the Indenture.

The following is a summary of material provisions of the Indenture, the Notes and the Guarantees and refers to the Security Documents and the Intercreditor Agreement. It does not restate those agreements in their entirety. Where reference is made to particular provisions of those agreements, such provisions, including the definitions of certain terms, are qualified in their entirety by reference to all of the provisions of such agreements.

The Indenture, the Notes, the guarantees provided by the Guarantors (the "**Guarantees**") and the Security Documents will be subject to the terms of the Intercreditor Agreement and any additional intercreditor agreements entered into in the future. The terms of the Intercreditor Agreement are important to understanding the terms and ranking of the Notes and the Guarantees. Please see "*Description of Other Indebtedness—Intercreditor Agreement*" for a summary of certain material terms of the Intercreditor Agreement.

The registered holder of a Note will be treated as its owner for all purposes. Only registered holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been registered under the Securities Act and are subject to certain transfer restrictions. The Indenture is not required to be nor will it be qualified under the Trust Indenture Act and will not incorporate by reference any provisions of the Trust Indenture Act.

Where this "Description of the Notes" or the Indenture refers to (i) the delivery of an Officer's Certificate, or equivalent, of the Parent, the Issuer, the Company, any other Guarantor or a Surviving Entity, the Parent, the Issuer, the Company, such Guarantor or such Surviving Entity, as the case may be, may, at its election, satisfy such delivery requirement by the delivery of a certificate, or equivalent, of an officer of any of the Parent, the Issuer or the Company and (ii) except under "*—Certain Covenants—Limitation on Transactions with Affiliates*", the determination, resolution, designation, instruction, request or direction of any of (A) the Parent or an officer, the senior management or the Board of Directors thereof, (B) the Issuer or an officer, the senior management or the Board of Directors thereof, or (C) the Company or an officer, the senior management or the Board of Directors thereof, such determination, resolution, designation, instruction, request or direction may be made by, in each case, any of the Parent, or an officer or the senior management thereof if duly authorized to do so by the Board of Directors thereof, or the Board of Directors thereof, the Issuer, or an officer or the senior management thereof if duly authorized to do so by the Board of Directors thereof, or the Board of Directors thereof, or the Company, or an officer or the senior management thereof if duly authorized to do so by the Board of Directors thereof, or the Board of Directors thereof (in each case, as applicable), at the Parent's election.

For definitions of certain capitalized terms used in the following summary, please see "*—Certain Definitions*."

Brief Description of the Notes, the Guarantees and the Security

The Notes

The Notes will:

- be senior obligations of the Issuer secured on a first-ranking basis (but after certain obligations owed to the agents and other creditor representatives) by the Collateral (together with the New Term Loan B Facilities and certain Hedging Obligations and Cash Management Arrangements);

- be *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated to the Notes, including, without limitation, the New Term Loan B Facilities and certain Hedging Obligations and Cash Management Arrangements;

- be guaranteed on a senior secured basis by the Guarantors;

- rank effectively senior to all existing and future Indebtedness of the Issuer that is unsecured or that is secured by Liens junior to the Liens securing the Notes to the extent of the value of the Collateral;

- be effectively subordinated to all existing and future Indebtedness of the Issuer that is secured by property or assets that do not secure the Notes to the extent of the value of the assets securing such Indebtedness;
- rank senior in right of payment to all existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes, if any; and
- be structurally subordinated to all liabilities (including trade payables) and preferred stock of each subsidiary of the Issuer that is not a Guarantor.

As of September 30, 2019, as adjusted to give *pro forma* effect to the Transactions, we would have had total Consolidated third-party loans and borrowings of €1,478.3 million.

Certain Liens securing the Notes created under German law will, as a matter of local law, be granted as junior ranking Liens in relation to the Liens in respect of the Term Loans. Nevertheless, the Intercreditor Agreement provides that as a contractual matter as among Senior Secured Creditors (as defined in the Intercreditor Agreement), the Notes will be secured on a *pari passu* basis with the Term Loans, certain Hedging Obligations and certain Cash Management Obligations and will be treated as such for purposes of the application of proceeds from the enforcement of such Collateral.

The existing first-ranking Liens securing the Term Loans that were created under New York, Texas, Canadian, English, Swiss, Korean, Mexican and Singaporean law will remain in place and will extend to secure the Notes. In some jurisdictions, the Security Documents creating the existing first-ranking Liens securing the Term Loans will be amended or confirmed (as applicable) to extend such Liens to the Notes (or, with respect to certain German security interests, junior ranking security interests will be granted). The existing first-ranking Liens securing the Term Loans that were created under English law, Singapore law, Swiss law and Mexican law will remain in place, and new Liens over the same Collateral will be created or the security interests over the same Collateral will be confirmed and extended in these jurisdictions to secure the Notes; *provided* that in Mexico the amendment to the existing Liens securing the Notes must be also registered in the share registry book of INEOS Styrolution Mexicana S.A. de C.V. and before the Sole Registry of Movable Assets (*Registro Único de Garantías Mobiliarias*), respectively to make the extended Lien effective against third parties. In these jurisdictions where new Liens are created or existing first-ranking liens securing the existing Term Loans will be confirmed and extended to secure the Notes without the consent of all secured parties under the Term Loan B Facilities Agreement, the ranking of these new Liens relative to the existing Liens will, as a matter of general law, depend on a number of factors, such as the nature of the Liens, the order of creation of the Liens, compliance with the jurisdiction's perfection requirements with respect to the Liens and the order of giving notices with respect to the Liens, and accordingly without the Intercreditor Agreement, the new Liens would be likely to rank after the existing Liens. In certain jurisdictions where existing first-ranking liens are confirmed and extended to specifically also secure the Notes, new hardening periods could be created in respect of the Notes, and in Belgium where new Liens are created securing the Term Loan and the Notes in respect of the Term Loan and the Notes. The applicable hardening period for such newly extended security interests will run from the moment each newly extended security interest has been confirmed, granted or perfected. In the event the security interest as confirmed to specifically secure the Notes were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be ineffective or it may not be possible to enforce it. However, the Intercreditor Agreement provides that, as a contractual matter, the Liens securing the Notes and the Term Loans will rank *pari passu* and will be treated as having equal priority with respect to the application of proceeds from the enforcement of any Collateral.

Under the terms of the Intercreditor Agreement, the proceeds of any enforcement of the Collateral will be applied, subject to the rights of creditors mandatorily preferred by law applying to companies generally, *pro rata* to repayment of the Notes, the Term Loans, the Hedging Obligations to the extent the relevant counterparties accede to the Intercreditor Agreement (the "**Hedging Liabilities**") and the Cash Management Arrangements to the extent the relevant counterparties accede to the Intercreditor Agreement (the "**Cash Management Liabilities**"). The Intercreditor Agreement limits the ability of the Trustee or the holders of the Notes to instruct the Security Agent to take enforcement action. Please see "*—Enforcement of Security*," and "*Description of Other Indebtedness—Intercreditor Agreement*."

The Guarantees

The Notes will be guaranteed by the Guarantors. Each Guarantee will:

- be joint and several and will be the general senior obligation of the applicable Guarantor;

- be *pari passu* in right of payment with all existing and future Indebtedness of the applicable Guarantor that is not subordinated to such Guarantee (including guarantees under the Term Loans, certain Hedging Obligations and Cash Management Arrangements);

- be secured by first-priority liens (together with the Term Loans, certain Hedging Obligations and Cash Management Arrangements) over the Collateral;

- rank senior in right of payment to all existing and future subordinated Indebtedness of the applicable Guarantor, if any;

- rank effectively senior to all existing and future Indebtedness of the applicable Guarantor that is unsecured or secured by Liens junior to the Liens securing the Notes to the extent of the value of the Collateral;

- be effectively subordinated to all existing and future Indebtedness of the applicable Guarantor that is secured by property or assets that do not secure the Guarantee, to the extent of the value of the Collateral; and

- be structurally subordinated to all liabilities (including trade payables) and preferred stock of each subsidiary of the applicable Guarantor that is not a Guarantor.

The Guarantees will be effectively subordinated to any existing and future Indebtedness and other obligations of such Guarantor that are secured by property and assets that do not secure such Guarantee, to the extent of the value of the property and assets securing such Indebtedness and other obligations. In the event of a bankruptcy or insolvency, each such secured lenders will have a prior secured claim to any collateral of such Guarantor securing the debt owed to them.

Not all of the Company's Restricted Subsidiaries will guarantee the Notes. However, each of the Company's Subsidiaries that as of the Issue Date will guarantee the Term Loans will also guarantee the Notes. Together, the Issuer and the Guarantors represented 90.9% of our consolidated EBITDA before special items in the nine months ended September 30, 2019 and held 84.6% of our consolidated total assets (excluding the receivables sold to the securitization special purpose vehicles under the Securitization Programs) as of September 30, 2019. See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—The Notes and each Guarantee will be structurally subordinated to the liabilities of non-Guarantor subsidiaries and will only be secured to the extent of the value of the assets that have been granted as security for the Notes.*" As of the Issue Date, the Notes will be jointly and severally guaranteed on a senior secured basis by the Initial Guarantors. The Mexican Guarantor will enter into a supplemental indenture and accede to the Indenture as a Guarantor of the Notes within 60 days after the Issue Date. The Guarantee granted by the Mexican Subsidiary will not be effective before third parties until filed in the relevant registry.

The Guarantee from INEOS Styrolution Korea Ltd. (the "**Korean Subsidiary**") will be subject to the filing of a report by our Korean Subsidiary with the Bank of Korea. The Bank of Korea may request that our Korean Subsidiary submit such documents as may be necessary or desirable to determine whether to accept the report. This additional information can include financial statements of the issuer of the principal debt obligation, as well as documentation demonstrating the commercial benefit of the transaction for our Korean Subsidiary. The Bank of Korea may require that the amount of the Guarantee be limited to the value of the corporate benefit received by our Korean Subsidiary. After submission of a report to the Bank of Korea, under normal circumstances it may take up to five business days for the Bank of Korea to grant its acceptance thereof. If the Bank of Korea does not accept the report, our Korean Subsidiary will not provide a Guarantee of the Notes, even though it may still provide a guarantee under the New Term Loan B Facilities. Our Korean Subsidiary accounted for €41.2 million, or 7.1%, of our consolidated EBITDA before special items in the nine months ended September 30, 2019 and €222.5 million, or 5.2%, of our consolidated total assets (excluding the receivables sold to the securitization special purpose vehicles under the Securitization Programs) as of September 30, 2019.

Subject to any restrictions or limitations imposed by local law, the following entities will provide Notes Guarantees as of the Issue Date:

(a) INEOS Styrolution America LLC;

(b) INEOS Styrolution APAC Pte. Ltd.;

(c) INEOS Styrolution Belgium NV;

(d) INEOS Styrolution Beteiligungs GmbH;

(e) INEOS Styrolution Canada Ltd.;

(f) INEOS Styrolution Europe GmbH;

(g) INEOS Styrolution Holding GmbH;

(h) INEOS Styrolution Investment GmbH;

(i) INEOS Styrolution Köln GmbH;

(j) INEOS Styrolution Ludwigshafen GmbH;

(k) INEOS Styrolution Switzerland SA;

(l) INEOS Styrolution US Holding LLC;

(m) the Company; and

(n) the Parent.

As of September 30, 2019, our non-Guarantor subsidiaries had €143.7 million in total financial indebtedness, which ranked structurally senior to the Notes and the Guarantees, comprising € 110.0 million in borrowings under the Securitization Program, € 10.6 million of drawings under a working capital facility at our Indian subsidiary and €23.1 million in lease liabilities at various non-Guarantor subsidiaries. Any additional debt that our non-Guarantor subsidiaries incur in accordance with the Indenture will rank structurally senior to the Notes and the Guarantees.

The obligations of the Guarantors under their Guarantees will be limited as necessary to recognize certain limitations imposed due to local law and defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. Please see "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Your rights as a creditor may not be the same under relevant insolvency laws in Germany and other jurisdictions as under U.S. or other insolvency laws. Corporate benefit, capital maintenance and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees of the Notes and the security interests and will limit the amount that can be recovered under the Guarantees and the security interests granted by the Issuer and its subsidiaries*", "*Risk Factors—Corporate benefit, capital maintenance laws and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees and the security interests over the Collateral*" and "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*."

The obligations of any Guarantor under its Guarantee will be automatically and unconditionally released and discharged in certain circumstances. Please see "*Description of Other Indebtedness—Intercreditor Agreement*" and "*—Release of the Guarantees*."

Release of the Guarantees

The Guarantee provided by any Guarantor will be automatically and unconditionally released and terminated, without any action by or the necessity of the consent of the Trustee, the Security Agent or holder of the Notes as follows (and each holder of the Notes will be deemed to have irrevocably authorized the Trustee and the Security Agent to execute and deliver (and, at the request and cost of the Company, each of the Trustee and the Security Agent will execute and deliver) any document to the extent necessary or reasonably requested by the Company to evidence such release and termination):

(a) with respect to any Subsidiary Guarantor, in connection with any sale, assignment, transfer (including any transfer to a Permitted Joint Venture) or other disposition (including by way of a merger, consolidation or amalgamation) of all or substantially all of the assets of such Subsidiary Guarantor (determined after giving effect to any substantially concurrent sales, assignments, transfers or other dispositions to the Company, a Guarantor or a Restricted Subsidiary) to a Person that is not (after giving effect to such transaction or any related transactions) the Company, a Guarantor or a Restricted Subsidiary, if such sale, assignment, transfer or other disposition does not violate the requirements of "*—Certain Covenants—Limitation on Sale of Assets*";

(b) with respect to any Subsidiary Guarantor, in connection with any sale, assignment, transfer (including any transfer to a Permitted Joint Venture) or other disposition of the Capital Stock of such Subsidiary Guarantor (or of the Capital Stock of any direct or indirect parent company of such Subsidiary Guarantor (other than the Parent, any Parent Intermediate Holdco, the Company or the Issuer)) that results in such Subsidiary Guarantor ceasing to be a Restricted Subsidiary, if such sale, assignment, transfer or other disposition does not violate the requirements of "*—Certain Covenants—Limitation on Sale of Assets*";

(c) with respect to any Subsidiary Guarantor, if the Company designates such Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with "*—Certain Covenants—Limitation on Unrestricted Subsidiaries*";

(d) as provided for in "*—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*" or "*—Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*";

(e) with respect to any Guarantor, upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Defeasance or Covenant Defeasance of Indenture*" and "*—Satisfaction and Discharge*";

(f) as provided for under "*—Consolidation, Merger, Sale of Assets*";

(g) with respect to any Subsidiary Guarantor that is an Immaterial Subsidiary, upon written notice from the Company to the Trustee, so long as no Event of Default has occurred and is continuing;

(h) in accordance with the Intercreditor Agreement;

(i) as described in clause (e) under "*—Modifications and Amendments*";

(j) with respect to any Subsidiary Guarantor, upon written notice from the Company to the Trustee, so long as no Event of Default has occurred and is continuing; *provided* that prior to or substantially concurrently with such release, such Subsidiary Guarantor is unconditionally released and discharged from its liabilities, if any, with respect to the Notes and the Term Loans; *provided further* that, after giving effect to such release, the Consolidated Adjusted EBITDA (as defined in the Term Loan B Facilities Agreement) of the Issuer and the Guarantors is at least 85% of the Consolidated Adjusted EBITDA of the Parent and the Group and the Consolidated Total Assets (as defined in the Term Loan B Facilities Agreement) of the Issuer and the Guarantors is at least 85% of the Consolidated Total Assets of the Parent and its Restricted Subsidiaries, in each case, calculated in accordance with, and in the manner provided by and subject to the same exceptions as those set forth in, Section 7.12(a) of the Term Loan B Facilities Agreement as in effect on the Issue Date; and

(k) with respect to any Guarantor, upon written notice from the Company to the Trustee, as part of any Permitted Reorganization; *provided* that, following the consummation of such Permitted Reorganization, the Parent, each Parent Intermediate Holdco and the Company shall be a Guarantor;

provided, *however*, that the Company shall have the right, in its sole discretion, by written notice to the Trustee delivered prior to the automatic release and termination of any Guarantee as specified above, to (A) waive such automatic release and termination of such Guarantee and maintain such Guarantee in effect until such time as the Company shall instruct and direct the Trustee in writing to release and terminate such Guarantee or (B) elect that the release and termination of such Guarantee shall not occur automatically as contemplated by this paragraph but shall occur at such other time or times, in such manner and order and upon the occurrence of such other events as shall be specified by the Company in such notice to the Trustee; *provided further* that nothing in this clause (B) shall allow the Company to require the release and termination of any Guarantee prior to (unless such release and termination is to occur substantially concurrently with) the occurrence of the applicable event(s) set forth in clauses (a) through (k) above providing for the release and termination thereof. Any release and termination of a Guarantee under this paragraph may be evidenced, at the

Company's option, by the delivery by the Company to the Trustee of an Officer's Certificate of the Company, and the Trustee shall, at the Company's request, acknowledge and confirm receipt of such certificate.

In addition, the Intercreditor Agreement will provide for the release of certain Guarantees upon an enforcement sale and as otherwise specified in the Intercreditor Agreement. See "*Description of Other Indebtedness—Intercreditor Agreement* ."

Security

General

The Initial Collateral

The obligations of the Issuer under the Notes and the obligations of the Guarantors under the Guarantees will be secured by, subject to Permitted Collateral Liens, first-ranking Liens over the following collateral (or, with respect to certain German security interests, junior ranking security interests) on the Issue Date (the "**Initial Collateral**"):

Canada

- An Ontario law pledge agreement relating to U.S. secured obligations dated November 7, 2014 (as amended as of December 30, 2016 and as further amended as of the Issue Date) granted by INEOS Styrolution America LLC over the entire issued share capital of INEOS Styrolution Canada Ltd., other than those voting securities of INEOS Styrolution Canada Ltd. representing greater than 65% of all voting securities of INEOS Styrolution Canada Ltd.

- An Ontario law pledge agreement relating to non-U.S. secured obligations dated November 7, 2014 (as amended as of December 30, 2016 and as further amended as of the Issue Date) granted by INEOS Styrolution America LLC over the entire issued share capital of INEOS Styrolution Canada Ltd.

- An Ontario law general security agreement dated November 7, 2014 (as amended as of December 30, 2016 and as further amended as of the Issue Date) granted by INEOS Styrolution Canada Ltd.

England

- An English law share charge dated 10 June 2016 (as amended by way of an amendment deed dated 30 December 2016 and supplemented by a supplemental security deed dated 30 March 2017) given by INEOS Styrolution Holding Limited in relation to all present and future shares owned by it in its subsidiaries (including over INEOS Styrolution Financing Limited) and as supplemented on the Issue Date.

- An English law charge over accounts dated 7 November 2014 (as amended by way of an amendment deed dated 30 December 2016 and supplemented by a supplemental security deed dated 30 March 2017) between INEOS Styrolution Group GmbH as chargor and the Security Agent and as supplemented on the Issue Date.

Germany

- A German law confirmation and subsequent ranking share pledge agreement among (i) INEOS Styrolution Financing Limited as pledgor, (ii) INEOS Styrolution Investment GmbH, INEOS Styrolution Holding GmbH, INEOS Styrolution Beteiligungs GmbH, INEOS Styrolution Group GmbH and INEOS Styrolution Europe GmbH as pledgors (together with (i), the "**Pledgors**"), (iii) INEOS Styrolution Ludwigshafen GmbH and INEOS Styrolution Köln GmbH as pledged companies (together with all companies listed in (ii), as the "**Pledged Companies**"), and (iv) Barclays Bank plc as security agent regarding

  - A German law senior pledge dated 7 November 2014 (as confirmed and amended on 29/30 September 2016 and on 29 March 2017) of all present and future shares and ancillary rights in INEOS Styrolution Group GmbH, INEOS Styrolution Europe GmbH, INEOS Styrolution Ludwigshafen GmbH and INEOS Styrolution Köln GmbH granted by INEOS Styrolution Beteiligungs GmbH, INEOS Styrolution Europe GmbH and INEOS Styrolution Group GmbH and all future shares in INEOS Styrolution Group GmbH granted by INEOS Styrolution Holding GmbH;

- A German law senior pledge dated 10 June 2016 (as confirmed and amended on 29/30 September 2016 and on 29 March 2017) over all present and future shares and ancillary rights in INEOS Styrolution Investment GmbH and INEOS Styrolution Holding GmbH and INEOS Styrolution Beteiligungs GmbH granted by INEOS Styrolution Financing Limited, INEOS Styrolution Investment GmbH and INEOS Styrolution Holding GmbH; and

- A German law junior pledge dated 29/30 September 2016 (as confirmed and amended on 29 March 2017) of all present and future shares and ancillary rights respective Pledged Companies grantedby certain Pledgors and a pledge over all future shares INEOS Styrolution Group GmbH granted by INEOS Styrolution Holding GmbH.

- A German law confirmation, amendment and/or restatement agreement between (i) INEOS Styrolution Group GmbH, INEOS Styrolution US Holding LLC, INEOS Styrolution Ludwigshafen GmbH and INEOS Styrolution Köln GmbH as chargors and (ii) Barclays Bank plc as security agent, relating to the following collateral agreements:

  - a German law security assignment agreement of certain intercompany receivables dated 7 November 2014 (as amended on 30 September 2016 and further amended on 30 December 2016, and as further amended and confirmed on 30 March 2017) among (i) INEOS Styrolution Group GmbH and INEOS Styrolution US Holding LLC as assignors, and (ii) Barclays Bank plc as security agent.

  - A German law security transfer agreement dated 7 November 2014 (as confirmed and amended on 30 September 2016 and further amended on 30 December 2016, and as further amended and confirmed on 30 March 2017) among (i) INEOS Styrolution Ludwigshafen GmbH and INEOS Styrolution Köln GmbH as transferors, and (ii) Barclays Bank plc as security agent regarding present and future fixed moveable assets of INEOS Styrolution Ludwigshafen GmbH and INEOS Styrolution Köln GmbH.

  - a German law security assignment agreement of certain intercompany receivables dated 10 June 2016 (as confirmed on 30 September 2016 and amended on 30 December 2016, and as further amended and confirmed on 30 March 2017) among (i) INEOS Styrolution Group GmbH as assignor, (ii) INEOS Styrolution Investment GmbH as third party debtor, and (iii) Barclays Bank plc as security agent.

Switzerland

- An amended, restated and confirmed Swiss law share pledge dated 10 June 2016 entered into by INEOS Styrolution Financing Limited in relation to all of the issued share capital of INEOS Styrolution Switzerland SA (as last confirmed by a confirmation agreement on 22 November 2017).

- An amended, restated and confirmed Swiss law undertaking to pledge dated 7 November 2014 (as amended by an amendment and restatement agreement dated 30 December 2016 and as last confirmed by a confirmation agreement on 22 November 2017) entered into by INEOS Styrolution Switzerland SA in relation to certain assets.

USA

- A New York law security agreement dated November 7, 2014 (as amended on December 30, 2016) among INEOS Styrolution America LLC, INEOS Styrolution US Holding LLC, and the Security Agent over substantially all UCC Article 9 property (subject to certain exceptions) owned by INEOS Styrolution America LLC and INEOS Styrolution US Holding LLC.

- A New York law pledge agreement dated November 7, 2014 (as amended on December 30, 2016) among INEOS Styrolution Group GmbH and the Security Agent over LLC interests in INEOS Styrolution US Holding LLC.

- A New York law account pledge agreement dated November 7, 2014 between INEOS Styrolution Group GmbH and the Security Agent over a INEOS Styrolution Group GmbH bank account with Citibank, N.A.

- A New York law account control agreement among INEOS Styrolution Group GmbH, the Security Agent and Citibank, N.A., the account bank, with respect to a INEOS Styrolution Group GmbH bank account.

- A New York law intellectual property security agreement dated November 7, 2014 among INEOS Styrolution America LLC, INEOS Styrolution US Holding LLC, any additional Grantors and the Security Agent over certain intellectual property collateral.

Belgium

- A Belgian law share pledge granted by INEOS Styrolution Group GmbH and INEOS Styrolution Ludwigshafen GmbH over the entire issued share capital of INEOS Styrolution Belgium NV.

- A Belgian law pledge over receivables and business assets granted by INEOS Styrolution Belgium NV.

Singapore

- A Singapore law debenture dated February 5, 2015 (as supplemented by a deed of confirmation dated September 30, 2016, amended and restated by a supplemental deed dated December 30, 2016 and supplemented by deeds of confirmation dated March 30, 2017, November 22, 2017 and on or about the Issue Date, respectively) between INEOS Styrolution APAC Pte. Ltd. (formerly Styrolution South East Asia Pte. Ltd.) as chargor and the Security Agent, creating security over all the assets of INEOS Styrolution APAC Pte. Ltd.

- A Singapore law share charge dated February 5, 2015 (as supplemented by a deed of confirmation dated September 30, 2016, amended and restated by a supplemental deed dated December 30, 2016 and supplemented by deeds of confirmation dated March 30, 2017, November 22, 2017 and on or about the Issue Date, respectively) between INEOS Styrolution Group GmbH (formerly Styrolution Group GmbH) as chargor and the Security Agent, creating security over the shares in INEOS Styrolution APAC Pte. Ltd.

The Subsequent Collateral

Within 60 days after the Issue Date, the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Guarantees will be secured by, subject to Permitted Collateral Liens, first-ranking Liens over the following collateral:

Mexico

- A Mexican law share pledge agreement dated January 28, 2015 (as amended and/or supplemented and/or confirmed by a reaffirmation agreement dated June 10, 2016, addendum and confirmation agreement to the stock pledge agreement dated July 26, 2016, addendum and confirmation agreement dated December 30, 2016, confirmation agreement dated November 23, 2016, confirmation agreement dated May 17, 2017 and confirmation agreement dated January 17, 2018 to the stock pledge agreement) entered into by INEOS Styrolution Group GmbH, INEOS Styrolution Ludwigshafen GmbH and Barclays Bank plc over the entire issued share capital of INEOS Styrolution Mexicana, S.A. de C.V., duly recorded in the share registry book of the latter as issuer of the pledged shares.

  The above agreement will be confirmed and amended pursuant to the Indenture and the Purchase Agreement after the Issue Date to secure on a first-ranking basis the obligations derived from the New Term Loan B Facilities as well as the obligations under the Notes, and said amendment will be recorded in the share registry book of INEOS Styrolution Mexicana, S.A. de C.V., in order to make the extended Lien effective against third parties.

- A Mexican law non-possessory pledge over assets dated January 28, 2015 (as amended and/or supplemented and/or confirmed by a reaffirmation agreement dated June 10, 2016, addendum and confirmation agreement dated July 26, 2016, addendum and confirmation agreement to the non-possessory pledge agreement dated December 30, 2016, confirmation agreement dated November 23, 2016, confirmation agreement dated May 17, 2017 and confirmation agreement dated January 17, 2018 to the non-possessory pledge agreement) duly granted by INEOS Styrolution Mexicana, S.A. de C.V., which is duly registered before the Sole Registry of Movable Assets (*Registro Único de Garantías Mobiliarias*).

The above will be confirmed and amended pursuant to the Indenture and the Purchase Agreement after the Issue Date to secure on a first-ranking basis the obligations derived from the New Term Loan B Facilities as well as the obligations under the Notes, and said amendment will be registered before the Sole Registry of Movable Assets (*Registro Único de Garantías Mobiliarias*), in order to make the extended Lien effective against third parties.

USA

- A New York and Texas law Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated September 30, 2016 (and modified on March 30, 2017 and December 20, 2017) from INEOS Styrolution America LLC in favor of the Security Agent for that certain real property in Bayport, Texas, which will be amended on or after the Issue Date.

The Guarantee from the Korean Subsidiary will be subject to the filing of a report by our Korean Subsidiary with the Bank of Korea. The Bank of Korea may request that our Korean Subsidiary submit such documents as may be necessary or desirable to determine whether to accept the report. This additional information can include financial statements of the issuer of the principal debt obligation, as well as documentation demonstrating the commercial benefit of the transaction for our Korean Subsidiary. The Bank of Korea may require that the amount of the Guarantee be limited to the value of the corporate benefit received by our Korean Subsidiary. After submission of a report to the Bank of Korea, under normal circumstances it may take up to five business days for the Bank of Korea to grant its acceptance thereof. If the Bank of Korea does not accept the report, our Korean Subsidiary will not provide a Guarantee of the Notes, even though it may still provide a guarantee under the New Term Loan B Facilities. Our Korean Subsidiary accounted for €41.2 million, or 7.1%, of our consolidated EBITDA before special items in the nine months ended September 30, 2019 and €222.5 million, or 5.2%, of our consolidated total assets (excluding the receivables sold to the securitization special purpose vehicles under the Securitization Programs) as of September 30, 2019.

Korea

- A Korean law share pledge agreement dated December 30, 2016 by and among INEOS Styrolution Group GmbH as pledgor, Barclays Bank PLC in its capacities as a secured party and creditor of the parallel debt as pledgee and INEOS Syrolution Korea Ltd. as the company.

- A Korean law equity pledge agreement dated May 12, 2017 by and among INEOS Syrolution Korea Ltd. as pledgor, Barclays Bank PLC in its capacities as a secured party and creditor of the parallel debt as pledgee and K R Copolymer Co., Ltd. as the company.

The Collateral will also secure the obligations under the Term Loans, the Hedging Liabilities and the Cash Management Liabilities on a *pari passu* basis. The Liens on the Collateral securing the Term Loans are already in place, except in Belgium. The existing first-ranking Liens securing the Term Loans that were created under New York, Texas, Canadian, English, Swiss, Korean, Mexican and Singaporean law will remain in place and will extend to secure the Notes; *provided* that in Mexico the amendment to the existing Liens securing the Notes must be also registered in the share registry book of INEOS Styrolution Mexicana S.A. de C.V. and before the Sole Registry of Movable Assets (*Registro Único de Garantías Mobiliarias*), respectively to make the extended Lien effective against third parties. In some jurisdictions, the Security Documents creating such Liens to the Notes (or, with respect to certain German security interests, junior ranking security interests will be granted). Please see "*—The Notes*". The existing first-ranking liens securing the Term Loans that were created under Belgian law will be released and replaced by first-ranking liens securing the Term Loans and Notes.

The Collateral is granted pursuant to the Security Documents and the Intercreditor Agreement to the Security Agent on behalf of the holders of the secured obligations that are secured by the Collateral, including the Notes. For a discussion of the ranking of the Collateral and the application of the proceeds thereof, see "*Description of Other Indebtedness—Intercreditor Agreement*". The Security Documents evidencing the Collateral may also take the form of amendments, confirmations and/or reaffirmations of the documents listed above.

The requirements for the granting of Liens under the Indenture, arising at any time on or after the Issue Date, will generally be subject to certain security principles described under "*—Security Principles*." In addition, the Liens on the Collateral will be subject to certain limitations and are at all times in all cases subject to the requirements of applicable law. Please see *Risk Factors—Risks Relating to the Notes and Our Capital Structure—Your rights as a creditor may not be the same under relevant insolvency laws in Germany and other jurisdictions as under U.S. or other insolvency laws. Corporate benefit, capital maintenance and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees of the Notes and the security interests and* *will limit the amount that can be recovered under the Guarantees and the security interests granted by the Issuer and its subsidiaries*", "*Risk Factors—Corporate benefit, capital maintenance laws and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees and the security interests over the Collateral*" and "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*."

The Issuer and each Guarantor shall take such necessary actions and shall cause its respective Restricted Subsidiaries to take such necessary actions so that Liens over the Collateral in respect of the Notes shall be granted to the Security Agent on behalf of, and for the benefit of, the Trustee and the holders of the Notes pursuant to the Security Documents as contemplated by the Indenture.

Subject to the Security Principles, the Issuer and each Guarantor shall, and shall procure that each of its respective Subsidiaries shall, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (i) for registering any Security Document relating to the Collateral in any required register and for granting, perfecting, preserving or protecting validity and priority of the security intended to be afforded by such Security Document relating to the Collateral and (ii) if such Security Document has become enforceable in accordance with the terms of the Indenture, the relevant Security Document and the Intercreditor Agreement, for facilitating the realization of all or any part of the Collateral which is subject to such Security Document and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of such Collateral. The Issuer and each Guarantor shall, and shall procure that each of its respective Subsidiaries shall, execute such transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give such notices, orders and directions which the Security Agent may reasonably request.

Security Documents

The Notes and the Guarantees will be secured by, subject to Permitted Collateral Liens, first-ranking Liens over the Collateral (or, with respect to certain German security interests, junior ranking security interests). Certain of the Liens on the Initial Collateral will be perfected after the Issue Date. Please see "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—The enforceability of the Collateral may be adversely affected by the failure to perfect the security interests granted by our subsidiaries and other issues generally associated with the realization of security interests in the Collateral*" and "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—We will not have the U.S. mortgage documents or any security documents in respect of the assets of the Subsequent Guarantors delivered at the Issue Date*." The Collateral will be granted pursuant to the Security Documents to the Security Agent on behalf of the Trustee and the holders of the Notes.

Certain Liens securing the Notes created under German law will, as a matter of local law, be granted as junior ranking Liens in relation to the Liens in respect of the Term Loans. Nevertheless, the Intercreditor Agreement provides that as a contractual matter as among Senior Secured Creditors (as defined in the Intercreditor Agreement), the Notes will be secured on a *pari passu* basis with the Term Loans, certain Hedging Obligations and certain Cash Management Arrangements and will be treated as such for purposes of the application of proceeds from the enforcement of such Collateral.

In certain jurisdictions, due to the laws and other jurisprudence governing the creation and perfection of security interests in such jurisdictions, the Indenture and/or the Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the Security Agent, and the security interests in such jurisdictions will secure the parallel debt (and not the Indebtedness under the Notes). The parallel debt construct has not been tested under law in certain of these jurisdictions. Please see "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce the Collateral may be restricted by local law*" and "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Holders of the Notes will not control certain decisions regarding the Collateral*."

Subject to certain conditions, including compliance with the covenants described under "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Limitation on Liens*," the Issuer and the Guarantors are permitted to grant Liens on the Collateral in connection with certain future incurrences of Indebtedness, including any Additional Notes permitted under the Indenture, on terms consistent with the relative priority of such Indebtedness.

Each holder of the Notes, by accepting a Note, shall be deemed (i) to have authorized (a) the Trustee and the Security Agent to enter into the Intercreditor Agreement and (b) the Security Agent to enter into the Security Documents and (ii) in each case, to have agreed to be bound thereby. Each holder of the Notes, by accepting a Note, appoints the Security Agent as its agent under the Security Documents and authorizes it to act as such.

The Indenture will provide that, subject to the terms thereof and of the Security Documents (including the terms described under "—*Enforcement of Security*" and "—*Release of Security*"), the Notes and the Indenture, as applicable, will be secured by the Liens on the Collateral until all obligations under the Notes and the Indenture have been discharged.

The Collateral and the rights and benefits of the Security Agent under the Security Documents will be subject to certain limitations on the validity and enforceability of the Security Interests applicable pursuant to local rules regarding capital maintenance (*e.g.*, for the purpose of protecting share capital and legal reserves of Guarantors in certain jurisdictions) and the insolvency laws of each of the jurisdictions in which the Issuer and the Guarantors are organized. Applicable insolvency laws in these jurisdictions, including provisions relating to, among other things, mandatory preference of certain classes of creditors, formalities with respect to the perfection of liens and the manner in which the liens are created, judgments in local currencies, voidable preference and fraudulent transfers, corporate benefit, and maximum liability thresholds, may have important implications on the rights of holders of the Notes. A brief description of certain of these limitations is contained in this Offering Memorandum under the caption "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations.*" We urge you to carefully read that description when considering whether to invest in the Notes.

In the event that the Issuer, the Parent, the Company or any of their Subsidiaries enters into insolvency, bankruptcy or similar proceedings, the Liens securing the Notes created under the Security Documents could be subject to potential challenges. If any challenge to the validity of such Liens is successful, the holders of the Notes may not be able to recover any amounts under the Security Documents. Please see "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Your rights as a creditor may not be the same under relevant insolvency laws in Germany and other jurisdictions as under U.S. or other insolvency laws. Corporate benefit, capital maintenance and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees of the Notes and the security interests and will limit the amount that can be recovered under the Guarantees and the security interests granted by the Issuer and its subsidiaries*" and "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Corporate benefit, capital maintenance laws and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees and the security interests over the Collateral*".

The Security Principles

The Indenture will provide that certain requirements for the providing of Guarantees and the granting and perfecting of Liens in favor of the holders of the Notes and the Trustee will generally be subject to the Security Principles as set forth in the Indenture. The Security Principles embody recognition by all parties that there may be certain legal and practical difficulties in obtaining Guarantees or granting or perfecting Liens. In particular:

(a) Factors that will be considered when determining whether Guarantees or Liens will be provided or granted, or the extent to which the Guarantees or Liens will be granted or perfected (including the maximum amount guaranteed or secured), will include general statutory limitations, financial assistance, capital maintenance, corporate benefit, fraudulent preference, "thin capitalization" and similar laws, rules and regulations, retention of title claims, employee consultation or approval requirements and the extent to which the giving or the terms of a Guarantee, the granting of Liens or, prior to the Liens created under the Security Documents becoming enforceable in accordance with the Security Documents, the extent of the perfection requirements would materially and adversely impact the business, or commercial relationships with third parties, of the Issuer or the relevant Guarantor, as applicable, in the ordinary course. Subject to the Security Principles, if any Guarantee or the amount secured by any Lien is to be limited, the Guarantee and the Liens provided or granted will extend to the maximum amount that the Issuer or the applicable Guarantor may provide in accordance with applicable law, rules, regulations and current and customary market practice in the relevant jurisdiction. In furtherance of and without limiting the foregoing:

    (i) No Guarantee will be required to be provided, and no Lien will be required to be granted or perfected, if to do so would reasonably be expected to result (or, if the provision, grant or perfection thereof would not, in and of itself, reasonably be expected to result in such breach, the applicable Guarantee and the granting or perfection of the applicable Lien will be limited to the extent consistent with current and customary market practice in the relevant jurisdiction to the extent the failure to do so would reasonably be expected to result) in a breach of general statutory limitations, financial assistance, capital maintenance, corporate benefit, fraudulent preference, “thin capitalization” or similar laws, rules or regulations of any applicable jurisdiction, *provided* that the Issuer and the Guarantors will use commercially reasonable efforts (A) to assist in demonstrating that adequate corporate benefit accrues to the Issuer and each relevant Guarantor, as applicable, (B) to complete any whitewash or similar procedure required under any relevant financial assistance laws and (C) otherwise to overcome or mitigate any such limitations through measures reasonably available to the Issuer and the relevant Guarantors, as applicable.

(ii) Each Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, capital maintenance, corporate benefit or similar laws, rules or regulations or defenses affecting the rights of creditors generally) or other similar considerations under applicable law.

(iii) No Guarantee will be required to be provided, and no Lien will be required to be granted or perfected, if to do so would reasonably be expected (or, if the provision, grant or perfection thereof would not, in and of itself, reasonably be expected to result in such conflict or violation, the applicable Guarantee and the granting or perfection of the applicable Lien will be limited to the extent consistent with current and customary market practice in the relevant jurisdiction to the extent the failure to do so would reasonably be expected) (A) to conflict with the fiduciary duties of directors or officers of the Issuer, the relevant Restricted Subsidiary or the relevant Guarantor, as applicable, or to give rise to or result in personal, civil or criminal liability on the part of any director, officer or shareholder of the Issuer, the relevant Restricted Subsidiary or Guarantor, as applicable (and the Guarantees and Liens will be limited so as to mitigate any risk of any of the foregoing), or (B) to give rise to or result in any violation of applicable law, rule or regulation that, in each case, cannot be avoided or otherwise prevented through measures reasonably available to the Company or the applicable Restricted Subsidiary.

(b) The Guarantees and the Liens and the extent of their perfection (and the extent of legal opinions, title insurance, surveys or other deliverables or formalities in connection therewith) will take into account the cost (which term, for purposes of the Security Principles, shall include internal costs and the scope of business disruption and administrative burden) to the Restricted Group of providing the Guarantees or granting, perfecting or maintaining the Liens (or providing or taking such deliverables or formalities), as applicable, which shall not be disproportionate relative to the benefit accruing to the holders of the Notes (taking into account, without limitation, the extent of the obligations that can be guaranteed or secured and the priority that will be achieved thereby). In furtherance of and without limiting the foregoing:

(i) No Guarantee will be required to be provided, and no Lien will be required to be granted or perfected (and no deliverables or other formalities in connection therewith will be required to be provided or taken), if or to the extent to do so would reasonably be expected to result in any cost, expense, liability or obligation (including with respect of any Taxes) which is disproportionate relative to the benefit accruing to the holders of the Notes (taking into account, without limitation, the extent of the obligations that can be secured and the priority that will be achieved thereby) (it being understood and agreed that the cost of providing a Guarantee or granting or perfecting a Lien shall in any event be deemed to be so disproportionate (and such Guarantee or Lien, as the case may be, shall not be required to be provided or perfected) if such cost shall exceed the realizable value of such Guarantee or Lien, as the case may be).

(ii) Where there is a material incremental cost involved in creating Liens over all or any particular assets owned by the Issuer or a Guarantor, the Liens to be taken and the extent of their perfection will take into account the cost to the Restricted Group in doing so, which shall not be disproportionate relative to the benefit accruing to the holders of the Notes (taking into account, without limitation, the extent of the obligations that can be secured and the priority that will be achieved thereby).

(iii) Where a class of assets to be subject to a Lien includes material and immaterial assets (including real property), if the cost of granting or perfecting Liens over the immaterial assets is disproportionate relative to the benefit of such Liens accruing to the holders of the Notes (taking into account, without limitation, the extent of the obligations that can be secured and the priority that will be achieved thereby), Liens will be granted over the material assets only.

(iv) The maximum amount guaranteed or secured may be limited in a manner consistent with current and customary market practice in the relevant jurisdiction to minimize stamp duty, notarization, registration or other applicable fees, Taxes and duties, in each case, where the level of such costs, fees, Taxes and duties is disproportionate relative to the benefit to the holders of the Notes of increasing the guaranteed or secured amount (taking into account, without limitation, the extent of the obligations that can be guaranteed or secured and the priority that will be achieved thereby).

(c) No Guarantee or Liens will be required to be provided by (i) any Unrestricted Subsidiary, (ii) any LC Account Party, (iii) any Receivables Subsidiary or any other special purpose entity or bankruptcy remote entity, (iv) any captive insurance company, (v) any not-for-profit Restricted Subsidiary, (vi) any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, (vii) any Project Finance Subsidiary and (viii) any Person that becomes a Restricted Subsidiary after the Issue Date and that is prohibited by any contractual obligation, or the Guarantee by which would require any approval or consent of any third party, in each case which prohibition or requirement is permitted by the Indenture and is in existence at the time such Person becomes a Restricted Subsidiary (so long as such prohibition or requirement is not created in contemplation of or in connection with such Person becoming a Restricted Subsidiary), *provided*, in the case of clause (viii), that, to the extent consistent with current and customary market practice in the relevant jurisdiction, such Person becoming a Restricted Subsidiary makes a written request to the relevant third parties for consent to providing a Guarantee or Liens, as the case may be, and uses commercially reasonable efforts (which, in any event, shall not require any expenditure of money) to obtain such third party consent for a period of at least 20 Business Days following the relevant request for consent (it being understood that at the end of such period such Person shall no longer be required to use its commercially reasonable efforts to obtain such consent).

(d) [Reserved]

(e) Notwithstanding anything to the contrary in the Notes Documents:

(i) no Lien will be required to be granted or perfected (in each case only for as long as, and to the extent that, such circumstances exist) over any assets (other than Capital Stock in Wholly Owned Restricted Subsidiaries) subject to third party arrangements that are not prohibited by the Indenture and that prohibit or restrict (including if the grant of a Lien created under the Notes Documents would constitute a breach or default under, result in the termination of, or give rise to a right on the part of any party thereto to terminate or materially modify, any contract or agreement governing such arrangement) those assets from being subject to such Lien created under the Notes Documents; *provided* that, to the extent consistent with current and customary market practice in the relevant jurisdiction, the Issuer or the relevant Guarantor, as applicable, makes a written request to the third party for consent to creating a Lien on such assets and uses commercially reasonable efforts (which, in any event, shall not require any expenditure of money) to obtain such third party consent for a period of at least 20 Business Days following the relevant request for consent (it being understood that at the end of such period the Issuer or such Guarantor, as applicable, shall no longer be required to use its commercially reasonable efforts to obtain such consent); *provided further* that such requirement to make or obtain a written request shall not apply:

(A) in respect of any asset owned or acquired by the Issuer or any Guarantor that is subject to a Lien securing a purchase money, project financing, capital or finance lease obligation or Acquired Indebtedness permitted to be incurred pursuant to the Indenture (or a refinancing of any of the foregoing) if the contract or other agreement in which such security interest is granted (or the documentation providing for such purchase money, project financing, capital or finance lease obligation or Acquired Indebtedness or such refinancing) prohibits or restricts the creation of any other Lien on such assets (including if the grant of any other Lien would constitute a breach or default under, result in the termination of, or give rise to a right on the part of any party thereto to terminate or materially modify, such contract or agreement or such documentation);

(B) in the case of any Capital Stock of any Person that is not a Wholly Owned Restricted Subsidiary (including any Permitted Joint Venture), if such Lien is prohibited or restricted (including if the grant of a Lien created under the Senior Finance Documents would constitute a breach or default under, result in the termination of, or give rise to a right on the part of any party thereto to terminate or materially modify, any such document, contract or other agreement) by any organizational or governance documents of such Person, any applicable shareholder or similar agreement or any contract or other agreement governing Indebtedness of such Person; or

(C) with respect to any bank or securities accounts, or assets credited thereto, and any cash, cash equivalents or Temporary Cash Investments that, in each case, are subject to Permitted Liens securing any LC Facility, any bids, trade contracts, leases, performance, surety, appeal or tax bonds or similar instruments or any other obligations incurred in the ordinary course of business (other than any Indebtedness for borrowed money);

(ii) no Lien will be required to be granted or perfected (in each case only for as long as, and to the extent that, such circumstances exist) with respect to any Receivables Assets, or any assets of any Receivables Subsidiary, that are subject to Permitted Liens securing obligations in connection with any Permitted Receivables Financing;

(iii) no Lien will be required to be granted or perfected over any asset to the extent that, and only for so long as, the creation of such Lien under the Notes Documents over such asset (A) is prohibited or restricted by applicable law, rule or regulation or (B) requires a consent not obtained from any Governmental Authority pursuant to applicable law, rule or regulation (in each case of clauses (A) and (B), except to the extent such prohibition or restriction is rendered ineffective pursuant to applicable law (including, where applicable, Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code as in effect in the State of New York); *provided* that the Issuer or the relevant Guarantor, as applicable, shall use commercially reasonable efforts, to the extent consistent with current and customary market practice in the relevant jurisdiction, to overcome any such obstacle or obtain such consent.

(iv) no Lien will be required to be granted or perfected over any (A) bank or securities accounts, and assets credited thereto, used solely to hold funds in trust for any director, officer or employee of the Parent or any of its Subsidiaries or any employee benefit plan maintained by the Parent or any of the Subsidiaries, (B) bank or securities accounts, and assets credited thereto, the funds in which consist solely of cash earnest money deposits, deposits to defease or to satisfy and discharge any Indebtedness or deposits under escrow or similar arrangements in connection with any letter of intent or agreement for any Acquisition or Investment permitted under the Indenture or that represent Escrowed Proceeds and (C) bank accounts used solely for collections of receivables under any Permitted Receivables Financing;

(v) no Lien will be required to be granted or perfected over any Intellectual Property, lease, license or other agreement to the extent that a grant of a security interest therein is prohibited or restricted under such Intellectual Property, lease, license or other agreement (including if the grant of such Lien would constitute a breach or default under, result in the termination of, or give rise to a right on the part of any party thereto to terminate or materially modify, such Intellectual Property, lease, license or other agreement), in each case except to the extent such prohibition or restriction is rendered ineffective pursuant to applicable law (including, where applicable, Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code as in effect in the State of New York) or principles of equity; *provided* that, to the extent consistent with current and customary market practice in the relevant jurisdiction, the Issuer or the relevant Guarantor, as applicable, makes a written request to the applicable third party for consent to creating a Lien on such assets and uses commercially reasonable efforts (which, in any event, shall not require any expenditure of money) to obtain such third party consent for a period of at least 20 Business Days following the relevant request for consent (it being understood that at the end of such period the Issuer or such Guarantor, as applicable, shall no longer be required to use its commercially reasonable efforts to obtain such consent);

(vi) no Lien will be required to be granted or perfected over any Capital Stock of any Unrestricted Subsidiary; and

(vii) with respect to any U.S. Obligor, no Lien will be required to be granted or perfected over any intent-to-use trademark application prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto, to the extent that the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable United States Federal law;

in each case other than any proceeds of the foregoing (unless such proceeds, would constitute assets described in clauses (i) through (viii) above or would otherwise be excluded from Collateral pursuant to the Security Principles) (the foregoing being collectively referred to as the "**Excluded Property**").

(f) Except where such Liens may be created pursuant to a floating charge or other similar all-asset security (including, in the case of clause (ii) below, a German law global assignment agreement and, in the case of clause (iii) below, a German law security transfer agreement covering a defined security area (*Raumsicherungsubereignung*)), no Lien will be required to be granted and, except where such Lien may be perfected by filing of a financing statement under the Uniform Commercial Code (or a similar unitary filing in any relevant jurisdiction) with respect to the Issuer or the relevant Guarantor, as applicable, no Lien will be required to be perfected over:

(i) any Capital Stock owned by the Issuer or any Guarantor in any Restricted Subsidiary that is not the Issuer or a Guarantor;

(ii) (A) any intercompany advance, balance or loan in a principal amount of €200,000 or less and (B) any intercompany advance, balance or loan that is due or to be repaid or otherwise discharged within 30 days of the making thereof;

(iii) any trucks, trailers, tractors, service vehicles, automobiles, rolling stock or other registered mobile equipment or equipment covered by certificates of title or ownership (or the equivalent thereof in any relevant jurisdiction);

(iv) any Intellectual Property that is not material to the Company and its Restricted Subsidiaries or, with respect to any Intellectual Property that is so material, (A) with respect to the granting of such Lien, other than in the jurisdiction of organization of the Issuer or the relevant Guarantor, as applicable, or the United States and (B) with respect to the perfection of such Lien, other than in the United Kingdom, the United States, at the European Community level or the jurisdiction of the law governing the granting of such Lien;

(v) any right or interest in, to or under any Interest Rate Agreement, Currency Hedging Agreement or Commodity Price Protection Agreement;

(vi) any right or interest in, to or under any insurance policy, other than property damage, business interruption, marine cargo insurance and, to the extent constituting property damage insurance, contractors all risk insurance policies;

(vi) any right or interest in, to or under any insurance policy that is not material to the Company and its Restricted Subsidiaries;

(vii) (A) bank or securities accounts, and assets credited thereto, used primarily for payroll, payroll taxes, other employee wage and benefit payments and VAT and other similar taxes, (B) disbursement accounts, (C) bank accounts, and assets credited thereto, that are part of the cash pooling arrangements of the Restricted Group, so long as the assets credited thereto are transferred, on a regular basis, to one or more accounts that are either subject to a valid Lien under the Security Documents or that are not required to be subject to such Lien in accordance with the Security Principles and (D) any other bank or securities accounts (which are not subject to a valid Lien under the Security Documents) held at any one or more banks or securities intermediaries, *provided*, in the case of this clause (D), that the aggregate amount held in such accounts by the Issuer and the Guarantors does not exceed €10,000,000 (or its equivalent in any other currency) at any time (the "**Cash Limit**"), *provided further* that should the Cash Limit be exceeded at any time, then such excess shall, within five Business Days, be transferred to a bank or securities account that is subject to valid Lien under the Security Documents.

(viii) any owned real property or any real property leasehold interest that, in each case, is not a Material Real Property; and

(ix) with respect to any U.S. Obligor, any commercial tort claim as to which the applicable U.S. Obligor has determined that it reasonably expects to recover less than €2,000,000 (or its equivalent in any other currency) or any letter of credit rights (other than letter of credit rights constituting supporting obligations).

(g) Perfection of Liens, when required, and other legal formalities will be completed (i) within the time periods specified therefor in the applicable Notes Documents (subject to any extensions thereof where the Company, acting reasonably, determines that such action cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required to be accomplished by the Indenture, the Security Documents or any other Notes Document) or (ii) if not so specified, as soon as practicable but within the time periods specified by applicable law.

(h) Subject in each case to the Security Principles, each Guarantee will be an upstream, cross-stream and downstream guarantee and, to the extent legally possible, the Issuer and each Guarantor shall create first-ranking Liens over all assets of the Issuer or such Guarantor that are material, and each Guarantee and Lien will be for all obligations of the Issuer or such Guarantor under the Notes and the Indenture, as applicable, in accordance with, and subject to, the requirements of each relevant jurisdiction.

(i) Where the Issuer or a Guarantor pledges specific Capital Stock or a specific bank account, the Security Document will be governed by the law of the country of organization of the Person whose Capital Stock is being pledged or the law of the country in which such bank account is located to the extent necessary to ensure the perfection of such pledge.

(j) Where the Issuer or a Guarantor acquires assets of material value and/or significance after the date on which it initially grants Liens under the Security Documents, the Issuer or such Guarantor, as applicable, shall grant the Liens in accordance with the Security Principles in respect of such assets if they are of a type over which, if owned on November 7, 2014, Liens would have been created in accordance with the Security Principles and to the extent that such assets are not subject to the existing Liens created by the Issuer or such Guarantor, as applicable.

(k) No perfection action will be required with respect to the Issuer or any Guarantor in jurisdictions other than the jurisdiction of organization of the Issuer or such Guarantor, as applicable, or the jurisdiction of the law governing the creation of the relevant Lien, other than in respect of Intellectual Property as set forth in clause (f)(iv) of this paragraph and except that perfection action may be required in the jurisdiction of organization of one Guarantor or the Issuer in relation to Liens granted by another Guarantor or the Issuer organized in a different jurisdiction.

(l) Neither the Issuer nor any Guarantor will be required to take any action with respect to any Guarantee or any Lien created under the Notes Documents as a result of any assignment, transfer or participation by any holder of the Notes.

(m) In the case of any Person that becomes a Guarantor after the Issue Date, the application of the Security Principles to such Guarantor will be made in a manner that is no less favorable to such new Guarantor than the application thereof is to any then existing Guarantor that is organized in the same jurisdiction as such new Guarantor (or, in the case of a new Guarantor that is organized in a different jurisdiction than any then existing Guarantor, in a manner that is no less favorable to such new Guarantor than the application thereof to the Guarantor on the Issue Date).

The following principles will be reflected in the Security Documents:

(a) The Liens will be first ranking, to the extent possible and subject to Permitted Liens and the Security Principles.

(b) All Liens will be created (including, where necessary, pursuant to any "parallel debt" provisions or similar) in favor of, and be enforceable solely by, the Security Agent (including at the request or direction of the Trustee), and not by holders of the Notes individually, in each case, except to the extent otherwise required under applicable law or current and customary market practice in the relevant jurisdiction.

(c) Except where it is inappropriate under applicable law, Liens will not be enforceable and will not crystallize until notice of intention to enforce has been given by the Security Agent following the occurrence of an Event of Default that is continuing.

(d) Subject to the limitations set forth in clause (p) of this paragraph or elsewhere in the Security Principles, prior to the giving by the Security Agent of a notice of intention to enforce its Liens following the occurrence of an Event of Default that is continuing, the Issuer and each Guarantor shall, subject to any restrictions required as a matter of law or set forth in the Indenture, or otherwise consistent with current and customary market practice in the relevant jurisdiction, (i) remain in possession and retain exclusive control over the Collateral (including, in the case of any bank or securities accounts, the right to withdraw or otherwise transfer any assets credited thereto and to close such account) and retain the right to collect, invest and dispose of any income therefrom and (ii) otherwise be free to deal with assets and properties subject to the Liens (including by permitting any Intellectual Property that is not material to the Company and its Restricted Subsidiaries to lapse or expire or adjusting or compromising any receivable), and exercise any voting rights related thereto.

(e) Prior to the giving by the Security Agent of a notice of intention to enforce its Liens following the occurrence of an Event of Default that is continuing, (i) no notice of any Lien over trade receivables, Intellectual Property, lease, license or other agreement or any insurance policy shall be required to be given to any debtor, counterparty or insurer, as the case may be, in each case, unless the giving of such notice would be consistent with current and customary market practice in the relevant jurisdiction, and the Issuer or the relevant Guarantor, as applicable, shall remain entitled to collect any payments thereunder, and (ii) no proceeds of any trade receivables shall be required to be paid into any blocked bank account.

(f) Prior to the giving by the Security Agent of a notice of intention to enforce its Liens following the occurrence of an Event of Default that is continuing, the Issuer and the Guarantors shall be entitled to collect (and, if requested by the applicable insurer, the Security Agent shall confirm to such insurer the authority of the Issuer or the relevant Guarantor, as applicable, to collect) any payments under insurance policies constituting Collateral.

(g) To the extent such actions are consistent with current and customary market practice in the relevant jurisdiction, the Issuer or the relevant Guarantor, as applicable, will be required to provide customary notices of a Lien over its bank accounts to the applicable bank and to use its commercially reasonable efforts to obtain customary acknowledgements from the applicable banks (it being agreed, subject to any other provision of the Security Principles, that (i) while such notice may request a waiver of any Liens, rights of set-off or other rights that such bank may have, neither the Issuer nor any Guarantor shall be required to procure any such waiver, (ii) neither the Issuer nor any Guarantor shall be required to close any bank account in respect of which the applicable bank fails to provide any such acknowledgements and (iii) neither the Issuer nor any Guarantor shall be required to change its banking arrangements or standard terms and conditions in connection with the granting of bank account security). No control agreements will be required to be entered into after the Issue Date in respect of any deposit, securities or commodities account located in the United States or Canada.

(h) Neither the Issuer nor any Guarantor shall be required to obtain any collateral access agreements, landlord waivers, warehouse agreements or any similar agreements.

(i) No Liens will be taken over parts, inventory, moveable plant, equipment or receivables to the extent that the creation or perfection of such Lien requires labeling, segregation or periodic listing, filing, notification or specification of such parts, inventory, moveable plant, equipment or receivable. Subject to the foregoing, where, under applicable local law, supplemental pledges or notices are required in respect of future acquired assets in order to create or perfect a Lien over such class of assets, such supplemental pledges or notices will be provided only upon request of the Security Agent and, in any event, unless an Event of Default shall have occurred and is continuing, no more frequently than once in any calendar year.

(j) Subject to the Security Principles, to the extent practicable and consistent with the current and customary market practice in the relevant jurisdiction, Liens created under the Security Documents will automatically create security over future assets of the same type as those already subject thereto.

(k) The Security Documents will expressly provide that the proceeds of enforcement of any Liens granted thereunder will be applied in the manner set forth in the Intercreditor Agreement.

(l) Representations and covenants and undertakings in the Security Documents shall be strictly limited to those necessary for the creation, perfection or maintenance of the security and shall not be included to the extent that the subject matter thereof is the same as the corresponding covenant or undertaking in the Indenture; *provided* that representations (which, if included, will in any event be given only as of the date of the relevant Security Document), covenants and undertakings may be included to the extent consistent with applicable law and current and customary practice in the relevant jurisdiction, in which event such representation, covenant and undertaking shall be on the same terms as the corresponding provisions in the Indenture.

(m) Without prejudice to, or the limiting of, the obligations of the Issuer and the Guarantors as set forth in the definition of Excluded Property, to the extent and for so long as any asset constitutes an Excluded Property, neither the Issuer nor any Guarantor shall have any obligation in respect of such Excluded Property under any "further assurances" or similar covenants or undertakings set forth in the Security Documents.

(n) The Security Documents shall not contain any rights of set-off, expense reimbursement or indemnity provisions, *provided* that the Security Documents may include such provisions to the extent consistent with applicable law and current and customary practice in the relevant jurisdiction, in which event such provisions shall be in the form no less favorable to the Issuer and the Guarantors than the terms of the corresponding provisions in the Indenture.

(o) Each Security Document shall expressly provide that (i) in the event of any conflict or inconsistency between such Security Document and the Intercreditor Agreement, the Intercreditor Agreement will control and (ii) nothing in such Security Document (A) shall restrict any action, transaction or other matter that is permitted or not restricted under the Debt Documents (as defined in the Intercreditor Agreement) secured thereby (for the avoidance of doubt, excluding such Security Document) or (B) shall require any additional notices or consents with respect to any such action, transaction or other matter (it being understood that nothing in this clause (B) shall affect any such notices or consents required under such applicable Debt Documents); *provided* that clause (ii) shall not apply to the extent that its application would adversely affect the validity, ranking, priority or enforceability of the security interest(s) created under such Security Document (other than any such security interests that, in accordance with the Security Principles, would not have been required to be created).

(p) In respect of pledges of Capital Stock, the customary limitations on the exercise of voting rights attaching to any Capital Stock pledged by any pledgor and on the right to receive and retain dividends or other distributions on any Capital Stock pledged by them, in each case, to the extent these purport to protect the validity and enforceability of the Liens over such Capital Stock shall apply. In addition, until notice of intention to enforce has been given by the Security Agent following the occurrence of an Event of Default which is continuing, the pledgors will be permitted to retain and to exercise voting rights attaching to any Capital Stock pledged by them and to receive and retain dividends or other distributions on any Capital Stock pledged by them, in each case, in a manner that does not adversely affect the validity or enforceability of the Liens or cause an Event of Default to occur and the pledgors will be permitted to pay dividends or other distributions upstream on pledged Capital Stock to the extent permitted by the Indenture.

(q) The Security Agent and the Trustee shall only be able to exercise a power of attorney granted to it following the occurrence of an Event of Default that is continuing or if the Issuer or the relevant Guarantor, as applicable, has failed to comply with a further assurance or perfection obligation (after the passage of any applicable grace period).

(r) Any security interest created for the benefit of any Second Lien Debt Creditor (as defined in the Intercreditor Agreement) pursuant to any Security Document governed by the laws of the United States, any State thereof or the District of Columbia must be created as a separate and distinct junior Lien from any security interest granted for the benefit of any Primary Creditor (as defined in the Intercreditor Agreement).

Notwithstanding the provisions of the Security Principles that would result in such Guarantees or such Liens not being required (but subject to the other provisions hereof), (i) each Parent Intermediate Holdco shall be required to provide a Guarantee and (b) the Parent and each Parent Intermediate Holdco shall be required to grant a Lien over the Capital Stock of each Parent Intermediate Holdco and the Company.

Subject to the Security Principles, the Issuer and the Guarantors will be responsible for payment of all registration costs, disbursements, taxes, notary fees and other costs (including the reimbursement for fees, disbursements and other charges by counsel to the Security Agent) incurred in implementing the Guarantee and security package agreed upon in accordance with the Security Principles (including any of the foregoing arising in connection with a resignation of an existing Security Agent and an appointment of a new Security Agent), it being understood and agreed that, consistent with clause (l) of the first paragraph above, neither the Issuer nor Guarantor shall be responsible for payment of any registration costs, disbursements, taxes, notary fees or other costs arising as a result of any assignment, transfer or participation by any holder of the Notes.

Extensions of time for the creation and perfection of security interests in, or the obtaining of title insurance, legal opinions, surveys or other deliverables or formalities with respect to, particular properties or assets or the provision of any Guarantee by any Restricted Subsidiary (including extensions in connection with assets acquired, or Restricted Subsidiaries formed or acquired, after the Issue Date) may apply where the Company, acting reasonably, determines that such action cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required to be accomplished by the Indenture, the Security Documents or any other Notes Document.

The application of the Security Principles will be by the Company, acting reasonably and in a manner which is consistent with current market practice at the time.

Each of the Trustee and the Security Agent shall be entitled to conclusively rely on an Officer’s Certificate of the Company delivered to it in connection with the Security Principles as to any matter of fact or any determination to be made under the Security Principles.

Enforcement of Security

The Security Documents generally will only become enforceable after the Security Agent gives notice of an intention to enforce following the occurrence of an Event of Default under the Term Loan B Facilities Agreement, an event of default under the Indenture or an event of default (or similar event, however described) under other Senior Secured Indebtedness which is subject to the Intercreditor Agreement. The Security Agent will only be permitted to enforce the Security Documents in accordance with instructions permitted to be given under the Intercreditor Agreement and each relevant Security Document.

The Intercreditor Agreement restricts the ability of the Trustee or the holders of the Notes to instruct the Security Agent to take enforcement action, and the Security Agent will act only at the direction of creditors holding a simple majority in aggregate principal amount of committed or funded debt under the Term Loan B Facilities Agreement, the Notes, any Additional Notes and any other Senior Secured Indebtedness incurred in the future will be able to instruct the Security Agent to enforce the security. For a description of security enforcement and other intercreditor provisions, please see “*Description of Other Indebtedness—Intercreditor Agreement*.”

Priority

The relative priority among (a) the Hedge Counterparties, (b) the lenders under the Term Loans, (c) certain Cash Management Providers, (d) creditors under other first-priority Indebtedness permitted to be incurred under the Indenture and the Notes and the Intercreditor Agreement, (e) the Trustee and the holders of the Notes (including Additional Notes) and (f) lenders under other Indebtedness permitted under the Notes ranking *pari passu* with the Notes, with respect to the Liens on the Collateral that are created by the Security Documents and secure obligations under the Notes or the Guarantees or the Indenture, will be established by the terms of the Intercreditor Agreement and the Security Documents, which will provide that (i) the obligations under the Hedging Obligations, the Term Loans, certain Cash Management Obligations, the Notes and other first-priority Indebtedness permitted to be incurred under the Indenture and the Intercreditor Agreement are secured equally and ratably by, subject to Permitted Collateral Liens, a first-priority interest in the Collateral (or, with respect to certain German security interests, junior ranking security interests).

Release of Security

The Security Agent will determine the circumstances and manner in which the Collateral will be disposed of including, but not limited to, the determination of whether to release all or any portion of the Collateral from the Liens created by the Security Documents and whether to foreclose on the Collateral following an acceleration of the Notes, in each case acting on instructions given to it in accordance with the terms of the Intercreditor Agreement. Please see "*Description of Other Indebtedness—Intercreditor Agreement—Enforcement of Transaction Security.*"

Under German law, if the realizable value of the collateral significantly and not only temporarily exceeds the amount of secured obligations, the Security Agent may be obliged to release (in full or in part) collateral subject to German law security interests to the extent of such excess value. Certain of the German law security documents provide for such an release obligation if the realizable value of collateral exceeds the amount of secured obligations by more than 10%. Such release obligation may arise even prior to the full discharge of the secured obligations.

The Liens on the Collateral will be automatically and unconditionally released and discharged, without any action by or the necessity of the consent of the Trustee, the Security Agent or any holder of the Notes as follows (and each holder of the Notes will be deemed to have irrevocably authorized the Trustee and the Security Agent to execute and deliver (and, at the request and cost of the Company, each of the Trustee and the Security Agent shall execute and deliver) any document to the extent necessary or reasonably requested by the Company to evidence such release and discharge):

(a) in connection with any sale, assignment, transfer or other disposition of such Collateral (other than Capital Stock in the Company) to a Person that is not the Parent, a Parent Intermediate Holdco, the Company or a Restricted Subsidiary or, subject to the requirements of clause (iv) of the first paragraph of "*—Certain Covenants—Impairment of Security Interest*", to any other Person that is not the Issuer or a Guarantor, in each case, if such sale, assignment, transfer or other disposition does not violate the requirements of "*—Certain Covenants—Limitation on Sale of Assets*" or is otherwise permitted by the Indenture;

(b) if such Collateral is an asset of any Guarantor (other than the Parent, any Parent Intermediate Holdco or the Company) or any of its Subsidiaries, in connection with any sale, assignment, transfer or other disposition of Capital Stock of such Guarantor or such Subsidiary (or of the Capital Stock of any direct or indirect parent company of such Guarantor or such Subsidiary, in each case, other than the Parent, any Parent Intermediate Holdco, the Company or the Issuer) as a result of which such Guarantor or such Subsidiary shall cease to be a Restricted Subsidiary of the Company, if such sale, assignment, transfer or other disposition does not violate the requirements of "*—Certain Covenants—Limitation on Sale of Assets*" or is otherwise permitted by the Indenture;

(c) in the case of any Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, any Security Document or the Intercreditor Agreement (which release shall be of the Liens on the property and assets, and Capital Stock, of such Guarantor);

(d) if the Company designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with "*—Certain Covenants—Limitation on Unrestricted Subsidiaries*" (which release shall be of the Liens on the property and assets, and Capital Stock, of such Restricted Subsidiary);

(e) with respect to the Collateral, upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Defeasance or Covenant Defeasance of Indenture*" and "*—Satisfaction and Discharge*;"

(f) to the extent set forth in "—*Consolidation, Merger, Sale of Assets*", as applicable, in connection with any merger, consolidation, amalgamation, sale, assignment, conveyance, transfer or other disposition made in compliance with "—*Consolidation, Merger, Sale of Assets*", as applicable;

(g) with respect to Liens on any Proceeds Loans, upon the payment in full or other discharge of such Proceeds Loans (including as a result of any merger or consolidation of the payor or the payee thereunder);

(h) in accordance with the Intercreditor Agreement;

(i) to release and/or re-take any Lien on any Collateral to the extent otherwise permitted by the terms of the Indenture, the Security Documents or the Intercreditor Agreement;

(j) as provided for in paragraph (b) of "—*Certain Covenants—Limitation on Liens*";

(k) in connection with any Permitted Receivables Financing (which release shall be of Liens on the Receivables Assets transferred in connection therewith);

(l) in accordance with "—*Certain Covenants—Impairment of Security Interest*" or clause (e) under "—*Modifications and Amendments*";

(m) in the case of any Escrowed Proceeds with respect to any Loans, in accordance with the release provisions set forth in the applicable Security Documents creating Liens thereon;

(n) in connection with a Permitted Reorganization;

(o) in the case of any Collateral (other than any Capital Stock in the Company), upon written notice by the Company to the Trustee and the Security Agent if such Collateral is intended to secure (A) Indebtedness incurred under Finance Lease Obligations or Purchase Money Obligations or other Indebtedness of any Parent Obligor, the Company or any Restricted Subsidiary incurred for the purpose of financing all or any part of the acquisition, development, construction or improvement of real or personal, movable or immovable, property or assets (including Capital Stock) used or to be used in the business of the Company and its Restricted Subsidiaries, or any refinancing of any such Indebtedness, or (B) Indebtedness incurred under lines of credit, bilateral facilities, working capital or overdraft facilities or other operating facilities permitted to be incurred under "—*Certain Covenants—Limitation on Indebtedness*", *provided* that the Fair Market Value (for the avoidance of doubt, measured at the time of release and without giving effect to subsequent changes in value) of all the Collateral released since the Issue Date from Liens under this clause (o) (excluding any portion thereof to the extent Liens thereon are subsequently granted in favor of the Security Agent, for the benefit of the Trustee and the holders of the Notes) does not exceed €30.0 million in the aggregate; or

(p) in connection with any inventory financing or similar arrangement incurred pursuant to clause (b)(v) of "—*Certain Covenants—Limitation on Indebtedness*" (which release shall be of the Liens on the inventory and related assets transferred in connection therewith);

provided, however, that the Company shall have the right, in its sole discretion, by written notice to the Trustee and the Security Agent delivered prior to the automatic release and discharge of any Lien as specified above, to (A) waive such automatic release and discharge of such Lien and maintain such Lien in effect until such time as the Company shall instruct and direct the Trustee to instruct the Security Agent in writing to release and discharge such Lien or (B) elect that the release and discharge of such Lien shall not occur automatically as contemplated by this paragraph but shall occur at such other time or times, in such manner and order and upon the occurrence of such other events as shall be specified by the Company in such notice to the Trustee and the Security Agent; *provided further* that nothing in this clause (B) shall allow the Company to require the release and discharge of any Lien prior to (unless such release and discharge is to occur substantially concurrently with) the occurrence of the applicable event(s) set forth in clauses (a) through (p) above providing for the release and discharge thereof (and the Trustee, at the request of the Company and the Security Agent, at the request of the Trustee, shall execute and deliver any document requested by the Company to effect and evidence the release and discharge of such Lien). Any release and discharge of a Lien on any Collateral under this paragraph may be evidenced, at the Company's option, by the delivery by the Company to the Trustee and the Security Agent of an Officer's Certificate, and the Trustee and the Security Agent shall, at the Company's request, acknowledge and confirm receipt of such certificate.

Other

Subject to the terms of the Security Documents, and subject to certain exceptions required to ensure the Liens securing the Notes and the Guarantees under the Security Documents are perfected, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral, to collect, invest and dispose of any income therefrom and to vote in relation to the pledged shares. The Issuer and the Guarantors may, among other things, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to the Collateral, including, without limitation but subject to "*—Certain Covenants—Limitation on Asset Sales*", (i) selling or otherwise disposing of, in any transaction or series of related transactions, any property and assets subject to Liens under the Security Documents which has become worn out, defective or obsolete or no longer used or useful in the business, and (ii) selling, transferring or otherwise disposing of assets in the ordinary course of business.

No appraisal of any of the Collateral has been prepared by or on behalf of the Issuer, the Parent or the Company in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral remaining after sharing with other creditors entitled to share in such proceeds would be sufficient to satisfy the obligations owed to the holders of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral will be able to be sold in a short period of time, if at all. In addition, the Intercreditor Agreement places limitations on the ability of the Security Agent to cause the sale of the Collateral, by reference to the interests of certain creditors, including holders of the Notes and lenders under the Term Loans. These limitations may include requirements that some or all of the Collateral be disposed of only pursuant to public auctions or only at a price confirmed by a valuation.

Similar limitations also apply under German law with respect to certain types of Security Interests such as pledges over the Capital Stock of German companies and under Mexican law with respect to certain types of Security Interests such as pledges over the capital stock of Mexican companies and non-possessory pledges, where the secured creditor may not take possession and/or sell the Collateral and apply the proceeds of the sale to the payment of the secured obligations without court intervention. Under Swiss law, a private enforcement, including the acquisition of the pledged assets for the Security Agent's or any other secured party's account, is possible (outside an insolvency event) but is subject to certain requirements (including notification and acquisition at market value, provided that if the market value exceeds the secured obligations, the difference should be remitted to the security provider) and is generally to be made in accordance with the principles of good faith, adequately taking into account the interests of the security provider.

The Indenture will provide that each holder, by accepting a Note, shall be deemed to have authorized the execution and delivery of, and to have agreed to and accepted the terms and conditions of, the Security Documents and the Intercreditor Agreement.

Principal, Maturity and Interest

The Notes initially will be issued in the aggregate principal amount of €600.0 million and will mature on January 16, 2027, unless redeemed prior thereto as described herein. The Indenture will allow additional notes (the "**Additional Notes**") to be issued from time to time, subject to certain limitations described under "*—Certain Covenants—Limitation on Indebtedness*"; *provided, however*, that any Additional Notes that are issued with the same ISIN or common code number will be fungible with the previously issued Notes for U.S. federal income tax purposes. The Notes and any Additional Notes will be treated as a single class for all purposes of the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided for in the Indenture.

The Notes will bear interest at the rate of 2.250% *per annum* from and including the date of original issuance or from and including the most recent interest payment date to which interest has been paid, payable semi-annually in arrears on January 15 and July 15 in each year, commencing July 15, 2020. The Issuer will make each interest payment to the holders of record of the Notes on the immediately preceding January 1 and July 1. Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the interest payment date it was most recently paid. Interest on the Notes will be computed on the basis of a 360-day year composed of twelve 30-day months. Interest on overdue principal and, to the extent permitted by law, on overdue installments of interest will accrue at the rate of interest borne by the Notes.

Principal of, premium, if any, any applicable Additional Amounts (as defined below) and interest on the Notes will be payable, and the Notes will be exchangeable and transferable, at the office or agency of the Issuer in London maintained for such purposes (which initially will be the corporate trust office of the Trustee) and, so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF Market thereof, at the offices of the Paying Agent in Luxembourg. Principal, interest and premium, if any, on the global notes (as described below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to Notes represented by one or more global notes registered in the name of or held by a nominee of Euroclear and/or Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the holder or holders thereof.

The Notes will initially be represented by one or more global notes and will be issued in fully registered form without coupons attached and in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The global notes will be deposited with a common depositary for Euroclear and Clearstream, or its nominee. Ownership of interests in the global notes, referred to as "**book-entry interests**," will be limited to Persons that have accounts with Euroclear and/or Clearstream, as applicable, or Persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and/or Clearstream, as applicable, and their participants. Please see "*Book-Entry, Delivery and Form*."

Settlement for the Notes will be made in same day funds. All payments of principal, any applicable Additional Amounts and interest will be made by the Issuer in same day funds.

If the due date for any payment in respect of the Notes is not a Business Day, payment shall be made on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening period.

When issued, the Notes will be a new issue of securities with no established trading market. No assurance can be given as to the liquidity of the trading market for the Notes. Application has been made made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Euro MTF Market thereof.

Optional Redemption

The Notes will be subject to redemption at any time prior to January 15, 2023 at the option of the Issuer, in whole or in part, on not less than 10 nor (except as provided under "*—Selection and Notice of Optional Redemption*") more than 60 days' prior notice at a redemption price equal to 100% of the principal amount thereof, plus the Applicable Redemption Premium and accrued and unpaid interest and Additional Amounts (if any) to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

The Notes will be subject to redemption at any time and from time to time on or after January 15, 2023 at the option of the Issuer, in whole or in part, on not less than 10 nor (except as provided under "*—Selection and Notice of Optional Redemption*") 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 on January 15 of the year indicated below:

12-Month Period Beginning on	Redemption Price
January 15, 2023	101.125%
January 15, 2024	100.5625%
January 15, 2025 and thereafter	100.000%

together with any applicable Additional Amounts and accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

In addition, at any time on or prior to January 15, 2023, the Issuer or any Parent Holdco, at its option, on not less than 10 nor (except as provided under "*—Selection and Notice of Optional Redemption*") more than 60 days' prior notice, may use the net cash proceeds of one or more Public Equity Offerings (plus amounts equal to any Additional Amounts and accrued and unpaid interest, if any, to, but not including, the redemption date) to redeem the Notes and Additional Notes in an amount up to an aggregate of 40% of the sum of the initial aggregate principal amount of the Notes originally issued under the Indenture and the initial aggregate principal amount of any Additional Notes issued under the Indenture after the Issue Date at a redemption price equal to 102.250% of the aggregate principal amount of the Notes, plus any applicable Additional Amounts and accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date); *provided* that Notes and Additional Notes in an amount equal to at least 60% of the sum of the initial aggregate principal amount of Notes originally issued under the Indenture and the initial aggregate principal amount of any Additional Notes issued under the Indenture after the Issue Date remains outstanding immediately after the occurrence of such redemption. In order to effect the foregoing redemption, the Issuer must consummate such redemption within 180 days of the closing of the Public Equity Offering.

In connection with any tender offer for, or other offer to purchase, all of the Notes, if holders of not less than 90% of the aggregate principal amount of the then outstanding Notes validly tender and do not validly withdraw such Notes in such tender offer and the Issuer, or any other Person making such tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not validly withdrawn by such holders, all of the holders of the Notes that remain outstanding will be deemed to have consented to a redemption of the Notes on the terms set forth in this paragraph, and, accordingly, within 60 days of such purchase, the Issuer or such other Person will have the right upon not less than 10 nor more than 60 days' notice following such purchase date, to redeem all (but not less than all) Notes that remain outstanding following such purchase at a price equal to the highest price (excluding any early tender premium or similar payment and, for the avoidance of doubt, any accrued and unpaid interest and Additional Amounts, if any, thereon) paid to each other holder in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but not including, the date of such redemption (subject to the rights of holders of record on the relevant record dates to receive interest due on an interest payment date).

Selection and Notice of Optional Redemption

If less than all of the Notes are to be redeemed, the Paying Agent or the Registrar shall select the Notes for redemption on a *pro rata* basis or by lot (or, in the case of Notes issued in global form as discussed under "*Book-Entry; Delivery and Form*," based on a method that most nearly approximates a *pro rata* or by lot selection as Euroclear, Clearstream or such successor depositary, as applicable, deems fair and appropriate) unless otherwise required by applicable law or applicable stock exchange or depositary requirements. None of the Trustee, the Paying Agent, or the Registrar shall be liable for any selection made under this paragraph.

No Notes shall be redeemed in part if the resulting Note would have a minimum denomination that is less than €100,000. Notices of redemption shall be mailed by first class mail at least 10 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that a redemption notice may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture or as specified in the next paragraph, in each case in accordance with the provisions of the Indenture. For Notes represented by global certificates held on behalf of Euroclear and Clearstream, notices may be given by delivery to Euroclear and Clearstream for communication to entitled account owners in substitution for the aforesaid mailing.

A notice of redemption shall state: the redemption date and the record date, the redemption price and the amount of accrued and unpaid interest, if any, and Additional Amounts, if any, to be paid; the paragraph of the Notes pursuant to which such Notes are being redeemed; the name and address of the Paying Agent; that the Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price, plus accrued and unpaid interest, if any, and Additional Amounts, if any; that, unless the Issuer defaults in making the redemption payment, interest, if any, and Additional Amounts, if any, on the Notes called for redemption shall cease to accrue on and after the redemption date; if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed; that the only remaining right of the holders of such Notes is to receive payment of the redemption price upon surrender to the Paying Agent of such Notes; that, if less than all of the Notes are to be redeemed, the identification of the particular Notes and the principal amount (or portion thereof) of such Notes to be redeemed and the aggregate principal amount of such Notes to be outstanding after such partial redemption; whether the redemption is conditioned on any events and, if so, a detailed explanation of such conditions; and that no representation is made as to the correctness or accuracy of the ISIN or Common Code numbers, if any, listed in such notice or printed on the applicable Notes. Subject to the satisfaction of any conditions precedent set forth in a notice of redemption, Notes called for redemption become due on the date fixed for redemption. If such redemption is subject to the satisfaction of one or more conditions precedent, the related notice may, for the avoidance of doubt, state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived (*provided* that in no event shall the redemption date be delayed to a date later than 60 days from the date of the original notice of redemption, except that redemption notices may be given more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture), and the Issuer shall provide notice of the satisfaction or waiver of such conditions at least one Business Day prior to the redemption date for any conditional redemption, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the redemption date, or by the redemption date so delayed. On and after the redemption date, interest will cease to accrue on the Notes, or the portions thereof, called for redemption.

So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Luxembourg Stock Exchange's Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will inform the Luxembourg Stock Exchange of any such redemption and will publish a notice regarding such redemption in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the Luxembourg Stock Exchange's official website, www.bourse.lu.

Redemption upon Changes in Withholding Taxes

If, as a result of:

(a) any amendment to, or change in, the laws or treaties (or regulations or rulings promulgated thereunder) of any Relevant Taxing Jurisdiction (as defined below under *"—Payment of Additional Amounts*"); or

(b) any change in the official application or the official interpretation or administration of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) (each of the foregoing in clauses (a) and (b), a "**Change in Tax Law**"),

the Issuer, any Guarantor or any Surviving Entity would be obligated to pay, on the next date for any payment, Additional Amounts, as described below under "*—Payment of Additional Amounts*", which the Issuer, such Guarantor or such Surviving Entity cannot avoid by the use of reasonable measures available to it (including, without limitation, making payment through a paying agent located in another jurisdiction), then the Issuer or the Issuer Surviving Entity, as the case may be, may redeem, at its option, all, but not less than all, of the Notes at any time on or after the Issue Date and following such Change in Tax Law, upon not less than 30 nor more than 60 days' notice to the holders of the Notes, at a redemption price of 100% of their principal amount, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

In the case of Germany or any other jurisdiction that is a Relevant Taxing Jurisdiction on the Issue Date, the applicable Change in Tax Law must become effective on or after the date of this offering memorandum. In the case of a jurisdiction that becomes a Relevant Taxing Jurisdiction after the Issue Date, the applicable Change in Tax Law must become effective after the date that such jurisdiction becomes a Relevant Taxing Jurisdiction.

Prior to the giving of any notice of redemption described in this section, the Issuer, or the Issuer Surviving Entity, as the case may be, will deliver to the Trustee in form and substance reasonably satisfactory to the Trustee:

(i) an Officer's Certificate of the Issuer, or the Issuer Surviving Entity, as the case may be, stating that the obligation to pay such Additional Amounts cannot be avoided by the Issuer, such Guarantor or the relevant Surviving Entity taking reasonable measures available to it; and

(ii) a written opinion of independent legal counsel of recognized standing addressed to the Issuer or the Issuer Surviving Entity, as the case may be, to the effect that the Issuer, such Guarantor or the relevant Surviving Entity has or will become obligated to pay such Additional Amounts as a result of a Change in Tax Law described above.

The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions without further inquiry to a redemption upon a Change in Tax Law, including any changes in withholding Taxes, in which event it will be conclusive and binding on the holders of the Notes.

Notwithstanding the foregoing, no such notice will be given (a) earlier than 90 days prior to the earliest date on which the Issuer or the relevant Surviving Entity or Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment were then due and (b) unless, at the time such notice is given, such obligation to pay such Additional Amounts remains in effect.

Payment of Additional Amounts

All payments by or on behalf of the Issuer or any Surviving Entity under or with respect to the Notes, or by or on behalf of any Guarantor or any Surviving Entity with respect to any Guarantee, will be made free and clear of, and without withholding or deduction for, or on account of, any Taxes, unless such withholding or deduction is required by law or by the official interpretation or administration of law, or by an applicable certification, identification, information or other reporting requirement or agreement, if entering into or complying with such requirement or agreement is required by law or by a taxing authority as a precondition to relief or exemption from such Tax. If any amount for, or on account of, Taxes imposed or levied by or on behalf of any jurisdiction in which the Issuer, any Guarantor or, if applicable, any Surviving Entity, is incorporated, organized, resident for Tax purposes or otherwise subject to Tax or from or through which any payment is made on or with respect to the Notes or a Guarantee by any taxing authority therein or political subdivision thereof (each, as applicable, a "**Relevant Taxing Jurisdiction**") is required to be withheld or deducted from any payment made under or with respect to the Notes or any Guarantee, the Issuer, such Guarantor or such Surviving Entity, as the case may be, will pay such additional amounts ("**Additional Amounts**") as may be necessary to ensure that the net amount received after such withholding or deduction will be not less than the amount that would have been received if such Taxes had not been required to be withheld or deducted.

Notwithstanding the foregoing, no Additional Amounts will be payable in respect of or on account of:

(a) any Taxes that are imposed or levied by a Relevant Taxing Jurisdiction by reason of the holder's or beneficial owner's present or former connection with such Relevant Taxing Jurisdiction, including, without limitation, the holder or beneficial owner being, or having been, a citizen, national, or resident, being, or having been, engaged in a trade or business, being, or having been, physically present in or having or having had a permanent establishment in a Relevant Taxing Jurisdiction (but not including, in each case, any connection arising from the mere holding of Notes or the receipt of payments thereunder or under a Guarantee or the exercise or enforcement of rights under any Notes or the Indenture or a Guarantee);

(b) any Taxes that are imposed or levied by reason of the failure of the holder or beneficial owner of Notes (or any financial institution through which the holder or beneficial owner holds the Notes or through which payment on the Notes is made), following the written request of the Issuer, any Guarantor or any Surviving Entity (as the case may be) made at a time that would enable the holder or beneficial owner (or any such financial institution) acting reasonably to comply with that request and in accordance with the notice procedures set forth in the Indenture, to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Relevant Taxing Jurisdiction, as a precondition to exemption from, or reduction in the rate of withholding or deduction of, Taxes imposed by the Relevant Taxing Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Relevant Taxing Jurisdiction);

(c) any estate, inheritance, gift, sale, excise, transfer, personal property or similar Taxes;

(d) any Tax that is payable otherwise than by withholding or deduction from payments made under or with respect to the Notes or a Guarantee;

(e) any Tax that is imposed or levied by reason of the presentation (where presentation is required in order to receive payment) of such Notes for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever is later, except to the extent that the beneficial owner or holder thereof would have been entitled to Additional Amounts had the Notes been presented for payment on any date during such 30-day period;

(f) German withholding tax which is withheld by certain entities acting as paying agents (*Zahlstellen*) for the holder or beneficial owner of the Notes together with any solidarity surcharge (*Solidaritätszuschlag*) and any church tax (if applicable) imposed thereon;

(g) any Tax that is imposed or levied on or with respect to a payment made to a holder or beneficial owner of Notes who would have been able to avoid such withholding or deduction by presenting the Notes to another Paying Agent in a Member State of the European Union;

(h) any Taxes, duties, assessments or other governmental charges imposed on a payment in respect of the Notes required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation of the Swiss Federal Council of December 17, 2014, or otherwise changing the Swiss federal withholding tax system from an issuer-based system to a paying-agent-based system pursuant to which a person other than the issuer is required to withhold tax on any interest payments (including as proposed by the Swiss Federal Council on June 26, 2019);

(i) any Taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the Code, as of the Issue Date (or any amended or successor version of such sections), any regulations promulgated thereunder, any official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any law or regulation implementing any such intergovernmental agreement; or

(j) any combination of items (a) through (i) above.

Notwithstanding the first paragraph of this section, Additional Amounts will not be paid with respect to the Notes to a holder who is a fiduciary, a partnership, a limited liability company or any person other than the sole beneficial owner of the payment under or with respect to the Notes, to the extent that a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in that limited liability company or a beneficial owner would not have been entitled to the Additional Amounts had it been the holder of the Notes.

The Issuer, the relevant Guarantor or the relevant Surviving Entity, as the case may be, will (i) make such withholding or deduction as is required by applicable law and (ii) remit the full amount withheld or deducted to the relevant taxing authority in accordance with applicable law.

At least 30 calendar days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Issuer, any Guarantor or a Surviving Entity will be obligated to pay Additional Amounts with respect to such payment (unless such obligation to pay Additional Amounts arises after the 30th day prior to the date on which payment under or with respect to the Notes is due and payable, in which case it will be promptly thereafter), the Issuer, the relevant Guarantor or the relevant Surviving Entity (as the case may be) will deliver to the Trustee (with a copy to the Paying Agent) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee stating that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Paying Agent to pay such Additional Amounts to holders on the payment date. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary. The Issuer, the relevant Guarantor or the relevant Surviving Entity, as the case may be, will promptly publish a notice in accordance with the notice provisions set forth in the Indenture stating that such Additional Amounts will be payable and describing the obligation to pay such amounts.

Upon written request, the Issuer, the relevant Guarantor or the relevant Surviving Entity, as the case may be, will furnish to the Trustee or to a holder of the Notes copies of tax receipts evidencing the payment of any Taxes by the Issuer, such Guarantor or such Surviving Entity in such form as provided in the normal course by the taxing authority imposing such Taxes and as is reasonably available to the Issuer, such Guarantor or such Surviving Entity. If, notwithstanding the efforts of the Issuer, such Guarantor or such Surviving Entity to obtain such receipts, the same are not obtainable, the Issuer, such Guarantor or such Surviving Entity will provide the Trustee or such holder with other evidence reasonably satisfactory to the Trustee or such holder.

In addition, the Issuer, any Guarantor and any Surviving Entity, as the case may be, will pay any present or future stamp, issue, registration, court, documentation, excise or property taxes or other similar taxes, charges and duties, including interest and penalties with respect thereto, imposed by or in any Relevant Taxing Jurisdiction in respect of the execution, issue, enforcement or delivery of the Notes or any other document or instrument referred to thereunder (other than on or in connection with (i) a transfer of the Notes other than the initial resale by the Initial Purchasers or (ii) the issue of replacement Notes or certificated Notes pursuant to the Indenture).

Whenever the Indenture, the Notes or this "*Description of the Notes*" refers to, in any context, the payment of principal, premium, if any, interest or any other amount payable under or with respect to any Note or with respect to any Guarantee, such reference includes the payment of Additional Amounts, if applicable.

Currency Indemnity

The Euro is the sole currency of account and payment for all sums payable by the Issuer or any Guarantor under the Notes and any Guarantee of the Notes. Any amount received or recovered in currency other than Euro in respect of the Notes (whether as a result of, or as a result of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Parent, the Issuer, any Subsidiary of the Parent or otherwise) by the Trustee or holder in respect of any sum expressed to be due to it from the Issuer or any Guarantor of the Notes shall constitute a discharge of the Issuer or any Guarantor of the Notes only to the extent of the Euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not possible to make that purchase on that date, on the first date on which it is possible to do so). If that Euro amount is less than the Euro amount expressed to be due to the recipient under any Note, the Issuer and each Guarantor of the Notes, jointly and severally, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this indemnity, it will be sufficient for the holder to certify (indicating the sources of information used) that it would have suffered a loss had the actual purchase of Euro been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of Euro on such date had not been possible, on the first date on which it would have been possible).

Each of the above indemnities will, to the extent permitted by law:

- constitute a separate and independent obligation from the other obligations of the Issuer and any Guarantor;
- give rise to a separate and independent cause of action;
- apply irrespective of any waiver granted by any holder; and
- continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

Sinking Fund

The Notes will not be entitled to the benefit of any sinking fund.

Open Market Purchases

The Parent, the Company and the Restricted Subsidiaries may at any time and from time to time purchase Notes in the open market or otherwise.

Purchase of Notes upon a Change of Control

If a Change of Control shall occur at any time, then each holder of Notes shall have the right to require that the Issuer purchase such holder's Notes in whole or in part (equal to €100,000 or an integral multiple of € 1,000 in excess thereof), at a purchase price (the "**Change of Control Purchase Price**") in cash in an amount equal to 101% of the principal amount of such Notes, plus any Additional Amounts and accrued and unpaid interest, if any, to, but not including, the date of purchase (the "**Change of Control Purchase Date**") (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date), pursuant to the offer described below (the "**Change of Control Offer**") and in accordance with the other procedures set forth in the Indenture; *provided*, *however*, that the Issuer shall not be obliged to repurchase Notes as described under this caption "*—Purchase of Notes upon a Change of Control*" in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "*—Optional Redemption*." No such purchase in part shall reduce the principal amount at maturity of the Notes held by any holder to below €100,000.

Within 30 days following any Change of Control, the Issuer shall notify the Notes Trustee thereof and give written notice of such Change of Control to each holder of Notes by first class mail, postage prepaid, at the address appearing in the security register, stating, among other things:

- that a Change of Control has occurred and the date of such event;
- the circumstances and relevant facts regarding such Change of Control (including, but not limited to, applicable information with respect to *pro forma* historical income, cash flow and capitalization after giving effect to the Change of Control);
- the purchase price and the purchase date which shall be fixed by the Issuer on a Business Day no earlier than 10 days nor later than 60 days from the date such notice is mailed, or such later date as is necessary to comply with requirements under the Exchange Act;
- that any Note not tendered will continue to accrue interest and unless the Issuer defaults in payment of the Change of Control Purchase Price, any Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and

- any other procedures that a holder of Notes must follow to accept a Change of Control Offer or to withdraw such acceptance.

The Issuer shall make available to the newswire service of Bloomberg (or if Bloomberg does not then operate, any similar agency) and, so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF Market thereof and the rules of the Luxembourg Stock Exchange so require, a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the Luxembourg Stock Exchange's official website, *www.bourse.lu*, the notice described above.

The ability of the Issuer to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would constitute an event of default under the Term Loan B Facilities Agreement. In addition, certain events that may constitute a change of control under the Term Loan B Facilities Agreement may not constitute a Change of Control under the Indenture. The future Indebtedness of the Issuer, the Parent and its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of the Notes of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer, the Parent and its subsidiaries. Finally, the ability of the Issuer to pay cash to the holders of the Notes upon a repurchase may be limited by its and the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable, except, for the avoidance of doubt, to the extent satisfaction and discharge of the Indenture, as described under "*—Satisfaction and Discharge*," has occurred or the Issuer has elected to exercise its option for Legal Defeasance or Covenant Defeasance, as described under "*—Defeasance or Covenant Defeasance of Indenture*," in each case prior to the occurrence of a Change of Control. Except as described above with respect to a Change of Control, the Indenture will not contain provisions that permit the holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a holder's right to require the Issuer to repurchase such holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer, the Parent or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Paying Agent will promptly deliver to each holder of Notes properly tendered the Change of Control Purchase Price for such Notes and the Trustee will, in respect of the global notes, make such notations thereon as are necessary to reflect the Notes (or interest therein) purchased in such Change of Control Offer and, in respect of certificated notes, cause to be authenticated and mailed to each holder a new certificated note or notes equal in principal amount to any unpurchased portion of Notes surrendered, if any; *provided* that each such new note will be in a principal amount of €100,000 or an integral multiple of €1,000 in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on, or as soon as practicable after, the Change of Control Purchase Date.

The definition of "**Change of Control**" includes a disposition of "all or substantially all" of the assets of the Company. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Company. As a result, it may be unclear as to whether a Change of Control has occurred and whether the Issuer must make an offer to repurchase the Notes as described above.

The Issuer will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations, including administrative interpretations thereof (including those of the United States and Germany) in connection with a Change of Control Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the provisions of this covenant (other than the obligation to make an offer pursuant to this covenant), the Issuer will comply with the securities laws and regulations and will not be deemed to have breached its obligations described in this covenant by virtue thereof.

Certain Calculations

(a) Notwithstanding any other provision of the Indenture, solely for the purposes of determining whether an Acquisition, Investment, Restricted Payment or Permitted Payment may be consummated or Indebtedness or Liens may be incurred in connection therewith, at the Company's election, each of the Parent's Consolidated Fixed Charge Coverage Ratio, the Parent's Consolidated Net Total Leverage Ratio, the Parent's Consolidated Senior Secured Leverage Ratio and Total Assets shall be determined as of the last day of or for the most recent period of four full fiscal quarters for which financial statements are available as of the date the definitive agreement for such Acquisition, Investment, Restricted Payment or Permitted Payment is entered into (and shall not be tested again on the date on which such Acquisition, Investment, Restricted Payment or Permitted Payment is consummated or such Indebtedness or Lien is incurred) and shall be calculated giving *pro forma* effect to both the consummation of such Acquisition, Investment, Restricted Payment or Permitted Payment and the incurrence of such Indebtedness.

(b) For purposes of determining Consolidated Adjusted EBITDA, the Consolidated First Lien Net Leverage Ratio, the Consolidated Fixed Charge Coverage Ratio, Consolidated Income Tax Expense, Consolidated Interest Expense, Consolidated Net Income (Loss), Consolidated Non-Cash Charges, the Consolidated Total Net Leverage Ratio, Excess Proceeds, Net Cash Proceeds (including for purposes of paragraph (b) under the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*"), Consolidated revenues or any other financial ratio, basket calculation or financial measurement of any kind whatsoever of the Parent, the Company, the Group or the Restricted Group in respect of a period commencing prior to the date of completion of any Permitted Reorganization and ending on or after such date, such determination shall be made using the results for the applicable period prior to such date of the Parent, the Company, the Group or the Restricted Group as in effect during such prior period and the results for the applicable period on and after such date of the Parent, the Company, the Group or the Restricted Group as in effect during such subsequent period. For purposes of each of clauses (1) and (2) under the first paragraph of the covenant described under "*—Certain Covenants—Provision of Financial Statements*", at any time when the most recent fiscal year or fiscal quarter, as applicable, ended after the date of the completion of any Permitted Reorganization and the comparable prior year period ended prior to such date, the financial statements delivered in respect of such prior period may be those of the Parent as of the last day of such prior fiscal year or fiscal quarter, as applicable.

(c) For purposes of determining the permissibility of any action, change, transaction or event that requires a calculation of any financial ratio, Total Assets, Fair Market Value or any other financial metric, such financial ratio or such other test shall be calculated at the time such action is taken, such change is made, such transaction is consummated or such event occurs, as the case may be (or, in each case, such other time as is applicable thereto pursuant to paragraph (a) of "*—Certain Calculations*"), and no Default or Event of Default shall occur solely as a result of a subsequent change in such financial ratio, Total Assets, Fair Market Value or other financial metric, as the case may be. Notwithstanding anything to the contrary in "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Limitation on Liens*", (i) in connection with the incurrence of any Indebtedness, or any Lien securing any Indebtedness, in each case, in reliance on any exception set forth in "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Limitation on Liens*" that is based on a percentage of Total Assets, the amount of Total Assets shall be determined after giving *pro forma* effect to the application of the proceeds of such Indebtedness (and any other Indebtedness incurred substantially concurrently therewith), and any Indebtedness, or any Lien securing any Indebtedness, in each case, incurred in reliance on any exception set forth in "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Limitation on Liens*" that is based on a percentage of Total Assets will be permitted to be refinanced under such exception (if otherwise complying with the requirements of such exception) notwithstanding that, at the time of and after giving effect to such refinancing, the amount thereof might exceed the applicable percentage of Total Assets and (ii) in the case of any obligation to purchase or repurchase any inventory as part of any inventory financing or similar arrangement, no Default or Event of Default shall occur solely as a result of a change in the Fair Market Value of such inventory after the date of the initial incurrence of such obligation, and such inventory financing or similar arrangement incurred in reliance on any exception set forth in "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Limitation on Liens*" will be permitted to be refinanced under such exception (if otherwise complying with the requirements of such exception) notwithstanding that, at the time of and after giving effect to such refinancing, the amount thereof might exceed the applicable cap set forth in such exception.

(d) Notwithstanding anything to the contrary set forth herein, for purposes of determining compliance with any of the covenants described under the captions "*—Certain Covenants*" or "*—Consolidation, Merger, Sale of Assets*", in the event that any Indebtedness, Lien, Restricted Payment, Permitted Payment, Investment, Asset Sale or other transaction (each of the foregoing, an "**Item**") (or any portion thereof) meets the criteria of more than one of the exceptions set forth under such captions (or in any applicable defined term used under such captions), the classification of such Item (or any portion thereof) on the date of its incurrence, making, undertaking or consummation under any such exception shall be made by the Company in its sole discretion and the Company may, at any time or from time to time thereafter, in its sole discretion, reclassify such Item (or any portion thereof) as having been incurred, made, undertaken or consummated under one or more other exceptions set forth under such captions (or in any applicable defined term used under such captions) if such Item (or such portion thereof) (i) at the time of its incurrence, making, undertaking or consummation, would have been permitted under such other exception or exceptions (but after giving effect to any such other Item or Items (but not, for the avoidance of doubt, any other change in circumstance) that were incurred, made, undertaken or consummated since such time in reliance on such other exception or exceptions) or (ii) solely in the case of any Indebtedness Lien, Restricted Payment, Permitted Payment or Investment, at the time of such reclassification would have met the criteria set forth in such other exception or exceptions if then incurred, made, undertaken or consummated (including, in the case of this clause (ii), reclassifying any such Item as having been incurred, made undertaken or consummated under any "ratio-based" basket set forth in such Section if such Item (or such portion thereof) would, at the time of such reclassification, be permitted under the applicable "ratio-based" basket) and, in each case, such Item shall constitute a usage of any availability under such exception only to the extent so classified or reclassified; *provided* that, notwithstanding the foregoing, Indebtedness incurred under the Term Loans outstanding on the Issue Date shall be deemed to have been incurred pursuant to clause (i)(A) of paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*" and may not be subsequently reclassified.

(e) It is understood and agreed that for purposes of assessing whether any financial ratio or test set forth in any of the covenants described under the captions "*—Certain Covenants*" or "*—Consolidation, Merger, Sale of Assets*" (or in any applicable defined term used under such captions) has been or would be complied with in connection with any Item (or any portion thereof) incurred, made, undertaken or consummated in reliance on an exception that requires compliance with such financial ratio or test, any other Item (or any portion thereof) substantially contemporaneously incurred, made, undertaken or consummated, in each case, in reliance on any other available exceptions that do not require such other Item (or such portion thereof) to comply with such financial ratio or test (including, in the case of Indebtedness limited by clause (1)(D) of paragraph (b) under "*—Certain Covenants—Limitation on Indebtedness*", any other sub-clause of such clause (1) shall be disregarded (even if part of the same transaction and, in the case of Indebtedness or Liens securing any Indebtedness, even if such Item is Indebtedness of the same tranche or series as such Indebtedness being incurred under such financial ratio or test.

Certain Covenants

The Indenture will contain, among others, the following covenants:

Limitation on Indebtedness

(a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, create, issue, incur, assume, guarantee or otherwise in any manner become directly or indirectly liable for the payment of (collectively, "**incur**") any Indebtedness (including any Acquired Indebtedness); *provided, however,* that the Company and its Restricted Subsidiaries may incur Indebtedness if, on the date of such incurrence and after giving effect thereto on a *pro forma* basis (including giving *pro forma* effect to the use of the proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the Consolidated Fixed Charge Coverage Ratio for the most recent period of four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness is not less than 2.00 to 1.00.

(b) Notwithstanding paragraph (a) above, the Company and its Restricted Subsidiaries may incur each and all of the following (collectively, the "**Permitted Indebtedness**"):

(1) Indebtedness of the Company and its Restricted Subsidiaries under the Credit Facilities, including such Indebtedness under the Term Loans outstanding on the Issue Date, *provided* that, with respect to any incurrence of such Indebtedness after the Issue Date, at the time of incurrence thereof (after giving *pro forma* effect thereto and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow) the aggregate outstanding principal amount of Indebtedness under this clause (1) shall not exceed the sum of (A) the aggregate principal amount of Indebtedness outstanding under the Term Loans on the Issue Date, *plus* (B) the greater of (x) €175.0 million and (y) 4.50% of Total Assets, *plus* (C) the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and expenses incurred in connection with any refinancing of any Indebtedness permitted under this clause (1), *plus* (D) an additional amount so long as, in the case of this clause (D), at the time of incurrence thereof (after giving *pro forma* effect thereto and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the Consolidated First Lien Net Leverage Ratio as of the last day of the most recent period of four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness is not greater than 3.00 to 1.00, *provided* that solely for the purpose of determining Consolidated First Lien Net Leverage Ratio as set forth in this clause (D), any Indebtedness incurred in reliance on this clause (D) shall be deemed to be (whether or not it actually is) Senior Secured Indebtedness;

(2) (A) Indebtedness of the Company or any of its Restricted Subsidiaries outstanding on the Issue Date (other than Indebtedness outstanding under the Notes and the Term Loans) after giving *pro forma* effect to the use of the proceeds of the Term Loans and the Notes made on the Issue Date and (B) Indebtedness of the Issuer pursuant to the Notes (other than Additional Notes) and Indebtedness of the Guarantors pursuant to the Guarantees of the Notes (other than Additional Notes);

(3) Indebtedness of the Company or any of its Restricted Subsidiaries owing to the Company or any of its Restricted Subsidiaries; *provided* that all such Indebtedness is subject to the Intercreditor Agreement to the extent required thereby and any Indebtedness of the Company, the Issuer or a Subsidiary Guarantor owing to a Restricted Subsidiary that is not the Company, the Issuer or a Subsidiary Guarantor is unsecured and subordinated in right of payment to the payment and performance of the Company's, the Issuer's or the Subsidiary Guarantors' obligations under the Notes; *provided further* that any disposition or transfer of any such Indebtedness to a Person (other than a disposition or transfer to the Company or any of its Restricted Subsidiaries) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause (3);

(4) Indebtedness of the Company or any of its Restricted Subsidiaries incurred in connection with a Permitted Reorganization; *provided* that after the consummation of such Permitted Reorganization, such Indebtedness is owed to the Company or any of its Restricted Subsidiaries (including, for the avoidance of doubt, any Surviving Entity) and would be permitted by clause (3) above;

(5) Indebtedness of the Company and its Restricted Subsidiaries incurred in connection with inventory financing or similar arrangements, including any guarantees thereof, and any Indebtedness that refinances any such Indebtedness; *provided* that, at the time of incurrence of any such Indebtedness (after giving *pro forma* effect thereto and the use of proceeds thereof) the aggregate outstanding principal amount of Indebtedness permitted under this clause (5) shall not exceed the sum of (A) the greater of (x) €150.0 million and (y) 3.75% of Total Assets, *plus* (B) the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and expenses incurred in connection with any refinancing of any Indebtedness permitted under this clause (5);

(6) guarantees by the Company or any of its Restricted Subsidiaries of any Indebtedness of the Company or any of its Restricted Subsidiaries, including any guarantee of an Unrestricted

Subsidiary's guarantee of any Indebtedness of the Company or any of its Restricted Subsidiaries, so long as the incurrence of such Indebtedness by the Company or such Restricted Subsidiary is otherwise permitted by the Indenture; *provided* that if the Indebtedness being guaranteed is subordinated in right of payment to the Notes or any Guarantee, then such guarantee, if provided by the Company, the Issuer or a Subsidiary Guarantor, will be subordinated to the Notes or such Guarantee, as applicable, substantially to the same extent as the relevant Indebtedness guaranteed;

(7) obligations of the Company or any of its Restricted Subsidiaries in respect of:

(A) any Interest Rate Agreements,

(B) any Currency Hedging Agreements or

(C) any Commodity Price Protection Agreements,

in each case, entered into for *bona fide* business purposes (including any commodity trading or commodity risk management business) and not for speculative purposes, as determined in good faith by the Board of Directors or senior management of the Company;

(8) Indebtedness of the Company or any of its Restricted Subsidiaries incurred after the Issue Date represented by Finance Lease Obligations or Purchase Money Obligations and other Indebtedness of the Company or any of its Restricted Subsidiaries incurred after the Issue Date for the purpose of financing all or any part of the acquisition, development, construction or improvement of real or personal, movable or immovable, property or assets (including Capital Stock) used or to be used in the business of the Company and its Restricted Subsidiaries, and any Indebtedness that refinances any such Indebtedness; *provided* that, at the time of incurrence of any such Indebtedness (after giving *pro forma* effect thereto and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the aggregate outstanding principal amount of Indebtedness permitted under this clause (8) shall not exceed the sum of (A) the greater of (x) €100.0 million and (y) 2.50% of Total Assets, *plus* (B) the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and expenses incurred in connection with any refinancing of any Indebtedness permitted under this clause (8);

(9) Indebtedness of the Company or any of its Restricted Subsidiaries represented by Permitted Refinancing Indebtedness with respect to Indebtedness that was permitted to be incurred under paragraph (a) of this covenant or clause (1) (in the case of Indebtedness incurred in reliance on clause (D) thereof), (2), (9) or (14) of this paragraph;

(10) to the extent constituting Indebtedness, obligations of the Company or any of its Restricted Subsidiaries in respect of (A) letters of credit issued in the ordinary course of business with respect to trade payables relating to purchase of materials (including obligations under any LC Facility) and (B) other letters of credit, bank guarantees, surety, performance, Tax or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other Tax guarantees or similar instruments issued in the ordinary course of business and not in connection with the borrowing of money, including letters of credit, bank guarantee or similar instruments in respect of self-insurance and workers compensation obligations (including obligations under any LC Facility); *provided*, *however*, that upon the drawing of such letters of credit, bank guarantees or other instruments, such obligations are reimbursed within 30 days following such drawing;

(11) Indebtedness of the Company and its Restricted Subsidiaries owed to their employees in connection with loan stock issued under employee stock purchase plans; *provided* that the aggregate principal amount of Indebtedness under this clause (11) shall not exceed €5.0 million outstanding at any time;

(12) Indebtedness of the Company and its Restricted Subsidiaries in connection with (A) any Permitted Receivables Financing and (B) any sales and leasebacks (or similar arrangements)

of inventory with customers so long as the Fair Market Value of such inventory shall not exceed 5.0% of the Fair Market Value of the Consolidated inventories of the Company and its Restricted Subsidiaries at any one time;

(13) Indebtedness of the Company and its Restricted Subsidiaries represented by Management Advances in the form of guarantees;

(14) (A) any Acquired Indebtedness incurred by the Company and its Restricted Subsidiaries or (B) any Acquisition Indebtedness incurred by the Issuer or any Guarantor; *provided*, *however*, that (1) at the time of the acquisition or other transaction pursuant to which such Acquired Indebtedness or such Acquisition Indebtedness, as applicable, was incurred the Company would have been able to incur €1.00 of additional Indebtedness pursuant to paragraph (a) of this covenant after giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (14) (including giving *pro forma* effect to the use of the proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow) or (2) the Consolidated Fixed Charge Coverage Ratio for the most recent period of four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness would not be less, after giving *pro forma* effect as set forth above to such incurrence, than it would be for such period prior to giving *pro forma* effect thereto;

(15) Indebtedness arising from agreements of the Company or any of its Restricted Subsidiaries providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than guarantees of Indebtedness incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition);

(16) Indebtedness of the Company and its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or owed in respect of Cash Management Arrangements; *provided*, *however*, that such Indebtedness is extinguished within 30 days of incurrence;

(17) Indebtedness of the Company and its Restricted Subsidiaries incurred in connection with Permitted Joint Ventures, including guarantees by the Company and its Restricted Subsidiaries of Indebtedness of Permitted Joint Ventures; *provided* that, at the time of incurrence of any such Indebtedness (after giving *pro forma* effect thereto and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the aggregate outstanding principal amount of Indebtedness permitted under this clause (17), together with the aggregate outstanding amount of Investments made pursuant to clause (l) of the definition of Permitted Investments (and without duplication to the extent proceeds of any such Indebtedness are used to make any such Investment), shall not exceed the greater of (x) €175.0 million and (y) 4.50% of Total Assets; and

(18) Indebtedness of the Company and its Restricted Subsidiaries in addition to that described in clauses (1) through (17) above; *provided* that, at the time of incurrence of any such Indebtedness (after giving *pro forma* effect thereto and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the aggregate outstanding principal amount of Indebtedness permitted under this clause (18) shall not exceed the sum of (A) the greater of (x) €300.0 million and (y) 7.50% of Total Assets *plus* (B) the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and expenses incurred in connection with any refinancing of any Indebtedness permitted under this clause (18).

For purposes of determining any particular amount of Indebtedness under this "*—Limitation on Indebtedness*" covenant and compliance with this "*—Limitation on Indebtedness*" covenant, (i) guarantees, Liens or obligations with respect to letters of credit, bank guarantees, bankers' acceptances or similar instruments supporting Indebtedness that is otherwise included in the determination of any such particular amount will be disregarded, (ii) in the case of any new

Indebtedness of the Company and its Restricted Subsidiaries the net proceeds of which are to be applied to refinance any existing Indebtedness of the Company and its Restricted Subsidiaries, the determination of any such particular amount and such compliance will be made on a *pro forma* basis giving effect to the application of the net proceeds of such new Indebtedness as if such application occurred on the date of incurrence thereof, (iii) any Proceeds Loans made by a Parent Holdco or Financing Subsidiary with the proceeds of any Indebtedness incurred by such Parent Holdco or Financing Subsidiary, which Indebtedness is guaranteed by the Company or any of its Restricted Subsidiaries in accordance with this "—*Limitation on Indebtedness*" covenant, will be disregarded and (iv) if obligations in respect of letters of credit, bank guarantees, bankers' acceptances or other similar instruments are incurred pursuant to any Credit Facility and are being treated as incurred pursuant to clause (1), (5), (8), (17) or (18) of the paragraph (b) of this "—*Limitation on Indebtedness*" covenant or pursuant to the paragraph (a) of this "—*Limitation on Indebtedness*" covenant, then to the extent such letters of credit, bank guarantees, bankers' acceptances or other similar instruments support other Indebtedness, such other Indebtedness will be disregarded.

For purposes of determining compliance with this "—*Limitation on Indebtedness*" covenant and the covenant described under the caption "—*Limitation on Liens*":

(i) in the case of any exception requiring compliance with any financial ratio or test, to the extent the committed amount of any Indebtedness has been tested, such committed amount may thereafter be borrowed and, in the case of commitments of a revolving nature, reborrowed in whole or in part, from time to time, without any further testing under this "—*Limitation on Indebtedness*" covenant or the covenant described under the caption "—*Limitation on Liens*", it being understood, however, that for purposes of any subsequent determination of compliance with such financial ratio or test, such Indebtedness shall, solely to the extent of the reliance at such time on this clause (i) with respect to such committed amount, be deemed to be outstanding;

(ii) any Escrow Indebtedness shall be deemed to be incurred on the date of the original incurrence thereof (and, for the avoidance of doubt, not on the date of the release of such Indebtedness from escrow or the date on which the obligor in respect of such Indebtedness becomes a Restricted Subsidiary or transfers its assets to, or merges, consolidates or amalgamates with, the Company or any Restricted Subsidiary); *provided* that, for the avoidance of doubt, any Escrow Indebtedness that is redeemed pursuant to a special mandatory redemption or the proceeds of which are not released to the Company or any Restricted Subsidiary for any other reason shall be deemed not to have been incurred by the Company or any Restricted Subsidiary on the date of original incurrence thereof; and

(iii) such determinations and calculations in connection with any Limited Condition Transaction shall be subject to the provisions of the Indenture described under "—*Certain Calculations*" above.

For purposes of determining compliance with any Euro-denominated restriction on the incurrence of Indebtedness where Indebtedness is denominated in a different currency, the amount of such Indebtedness shall be the Euro Equivalent determined on the date of such determination; *provided*, *however*, that if any such Indebtedness that is denominated in a different currency is subject to a Currency Hedging Agreement (with respect to Euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in Euro shall be adjusted to take into account the effect of such agreement. The principal amount of any Permitted Refinancing Indebtedness, if incurred in the same currency as the Indebtedness being refinanced, will be the Euro Equivalent of the Indebtedness refinanced, determined on the date such Indebtedness being refinanced was initially incurred. The principal amount of any Permitted Refinancing Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Indebtedness is denominated that is in effect on the date of such refinancing. Notwithstanding any other provision of this "—*Limitation on Indebtedness*" covenant, the maximum amount that the Company or any of its Restricted Subsidiaries may incur pursuant to this "—*Limitation on Indebtedness*" covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, solely as a result of fluctuations in the exchange rates of currencies (and such Indebtedness will be permitted to be refinanced notwithstanding that, after giving effect to such refinancing, such excess will continue).

Limitation on Restricted Payments

(a) The Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly take any of the following actions (each of which, other than any such action that is a Permitted Payment, is referred to as a "**Restricted Payment**"):

(1) declare or pay any dividend on, or make any distribution on, the Company's Capital Stock to any Person (other than dividends or distributions payable solely in shares of its Qualified Capital Stock or in options, warrants or other rights to acquire shares of such Qualified Capital Stock) or make any payment of cash interest in respect of Subordinated Shareholder Funding;

(2) purchase, redeem, defease or otherwise acquire or retire for value, directly or indirectly, (A) the Company's Capital Stock or any Capital Stock of any direct or indirect parent entity of the Company held by Persons other than the Company or a Restricted Subsidiary, (B) options, warrants or other rights to acquire the Company's Capital Stock or (C) any Subordinated Shareholder Funding held by any Person;

(3) make any principal payment on, or repurchase, redeem, defease or otherwise acquire or retire for value, prior to any scheduled principal payment, sinking fund payment or maturity, (A) any Subordinated Indebtedness or Subordinated Lien Indebtedness (other than the purchase, repurchase, redemption, defeasance or other acquisition or retirement of (x) Subordinated Indebtedness or Subordinated Lien Indebtedness in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (y) any Indebtedness incurred pursuant to clause (3) or (4) of paragraph (b) of the covenant described under "—*Limitation on Indebtedness*") or (B) any Subordinated Shareholder Funding (it being understood that payment of interest on and scheduled amortization of any Subordinated Indebtedness, Subordinated Lien Indebtedness or, to the extent permitted by the definition of such term, the payment of interest on Subordinated Shareholder Funding is not subject to this clause (3));

(4) declare or pay any dividend or distribution on any Capital Stock of any Restricted Subsidiary to any Person (other than (A) to the Company or any of its Wholly Owned Restricted Subsidiaries, (B) dividends or distributions made by a Restricted Subsidiary on a *pro rata* basis (or, if not on a *pro rata* basis, on a basis more favorable to the Company and its Restricted Subsidiaries) to all stockholders of such Restricted Subsidiary or (C) dividends or distributions payable solely in its Qualified Capital Stock or in options, warrants or other rights to acquire shares of such Qualified Capital Stock or in Subordinated Shareholder Funding); or

(5) make any Investment in any Person;

provided that (A) the Company and the Restricted Subsidiaries may make any Permitted Investment and (B) for the avoidance of doubt, any payment on, or repurchase, redemption, defeasance or otherwise acquisition or retirement for value of, any Senior Indebtedness held by any Sponsor Purchaser does not constitute a Restricted Payment.

(b) Notwithstanding paragraph (a) of this "—*Limitation on Restricted Payments*" covenant, the Company or any Restricted Subsidiary may make a Restricted Payment if, at the time of and after giving *pro forma* effect to such proposed Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing;

(2) the Company could incur at least €1.00 of additional Indebtedness under paragraph (a) of the covenant described under "—*Limitation on Indebtedness*"; and

(3) the aggregate amount of all Restricted Payments (together with, except as otherwise provided in paragraph (d) below, the aggregate amount of all Permitted Payments) made (and not returned or rescinded) after the Issue Date does not exceed the sum of:

(A) 50% of the aggregate Consolidated Net Income (Loss) of the Parent determined on a cumulative basis for the period beginning on October 1, 2019 and ending on the last day of the Parent's most recent fiscal quarter for which financial statements are available ending immediately prior to the date of such Restricted Payment (or, if such aggregate cumulative Consolidated Net Income (Loss) shall be a loss, minus 100% of such loss);

(B) the aggregate Net Cash Proceeds and the Fair Market Value of property and assets received after the Issue Date by the Company either (x) as capital contributions to the Company in respect of Qualified Capital Stock of the Company or (y) from the issuance or sale (other than to any of its Restricted Subsidiaries) of Qualified Capital Stock of the Company or any options, warrants or rights to purchase such Qualified Capital Stock of the Company or from any Subordinated Shareholder Funding (except, in each case, to the extent such Net Cash Proceeds are used as set forth in clause (ii) or (iii) of paragraph (c) below and excluding the Net Cash Proceeds and the Fair Market Value of property and assets from the issuance of Capital Stock or Subordinated Shareholder Funding financed, directly or indirectly, using funds borrowed from, or the borrowing of which is guaranteed by, the Company or any of its Restricted Subsidiaries except to the extent such borrowing is repaid in cash);

(C) the aggregate Net Cash Proceeds and the Fair Market Value of property and assets received after the Issue Date by the Company (other than from any of its Restricted Subsidiaries) upon the exercise of any options, warrants or rights to purchase Qualified Capital Stock of the Company (and excluding the Net Cash Proceeds and the Fair Market Value of property and assets from the exercise of any options, warrants or rights to purchase such Qualified Capital Stock financed, directly or indirectly, using funds borrowed from, or the borrowing of which is guaranteed by, the Company or any of its Restricted Subsidiaries except to the extent such borrowing is repaid);

(D) the aggregate Net Cash Proceeds and the Fair Market Value of property and assets received after the Issue Date by the Company or its Restricted Subsidiaries from the conversion or exchange, if any, of Indebtedness or Redeemable Capital Stock of the Company or its Restricted Subsidiaries into or for Qualified Capital Stock of the Company plus, to the extent such Indebtedness or Redeemable Capital Stock was incurred or issued after the Issue Date, the aggregate Net Cash Proceeds and the Fair Market Value of property and assets received from their original incurrence or issuance (except, in each case, to the extent such Net Cash Proceeds are used as set forth in clause (2) or (3) of paragraph (c) below (and excluding the Net Cash Proceeds and the Fair Market Value of property and assets from the conversion or exchange of Indebtedness or Redeemable Capital Stock financed, directly or indirectly, using funds borrowed from, or the borrowing of which is guaranteed by, the Company or any of its Restricted Subsidiaries except to the extent such borrowing is repaid);

(E) the amount equal to the sum (without duplication) of:

(i) 100% of the aggregate Net Cash Proceeds and the Fair Market Value of property and assets received by the Company or any Restricted Subsidiary upon the sale or other disposition of an Investment that had been a Restricted Payment or a Permitted Payment (to the extent such Permitted Payment is included in the sum under clause (3) above) or from any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of an Investment;

(ii) upon the full and unconditional release of a guarantee that had been a Restricted Payment or a Permitted Payment (to the extent such Permitted Payment is included in the sum under clause (3) above) made by the Company or any of its Restricted Subsidiaries in favor of any Person (other than the Company or any of its Restricted Subsidiaries), to the extent not included in clause (i) above, an amount equal to the amount of such guarantee;

(iii) upon the redesignation of any Unrestricted Subsidiary as a Restricted Subsidiary, the Fair Market Value of the Company’s or any Restricted Subsidiary’s interest in such Unrestricted Subsidiary;

(iv) 100% of the Net Cash Proceeds and the Fair Market Value of property and assets received by the Company or any of its Restricted Subsidiaries from a sale or disposition of Capital Stock of an Unrestricted Subsidiary (other than to the Company or any of its Restricted Subsidiaries or an employee stock ownership plan or trust established by the Company or any of its Restricted Subsidiaries for the benefit of its employees);

(v) to the extent any Investment constituting a Restricted Payment or a Permitted Payment (to the extent such Permitted Payment is included in the sum under clause (3) above) was made after the Issue Date in a Person that on or after the Issue Date became a Restricted Subsidiary of the Company, the Fair Market Value of such Investment as of the date such Person becomes a Restricted Subsidiary; and

(vi) 100% of the Net Cash Proceeds and the Fair Market Value of property and assets received by the Company or any of its Restricted Subsidiaries from any dividend or distribution made by any Unrestricted Subsidiary on or after the Issue Date;

provided, *however*, that in the case of any amount referred to in this clause (E) that would also be included in Consolidated Net Income (Loss) for the purposes of clause (A) above, such amount (or any portion thereof) may be included for the purposes of this clause (E) or for the purposes of clause (A) above, all as determined by the Company in its discretion (but without duplication); and

(F) an amount equal to the amount available as of the Issue Date for making Restricted Payments pursuant to Section 8.3(b)(iii) (*i.e.*, the restricted payments build-up basket) of the Term Loan B Facilities Agreement as in effect immediately prior to the Issue Date, but in the case of clause (A) thereof, solely to the extent based on Consolidated Net Income for periods preceding October 1, 2019 (we estimate that the amount available for Restricted Payments pursuant to this clause (F) will be approximately €801.1 million as of the Issue Date).

(c) Notwithstanding paragraph (a) above, the provisions thereof shall not prohibit the following actions (any action permitted under any of clauses (1) through (18) below being referred to as a "**Permitted Payment**"):

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at such date of declaration such payment was permitted by this covenant (and such payment shall have been deemed to have been paid on such date of declaration);

(2) any Restricted Payment included in clauses (2), (3) and (5) of paragraph (a) of this covenant made by exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip), or in an amount not in excess of the Net Cash Proceeds of a substantially concurrent issuance and sale (other than to a Restricted Subsidiary of the Company and excluding the Net Cash Proceeds from the issuance of any Capital Stock or of Subordinated Shareholder Funding financed, directly or indirectly, using funds borrowed from, or the borrowing of which is guaranteed by, the Company or any of its Restricted Subsidiaries except to the extent such borrowing is repaid in cash) of, Qualified Capital Stock or Subordinated Shareholder Funding of, or a capital contribution to, the Company; *provided* that the Net Cash Proceeds from the issuance of such Qualified Capital Stock or Subordinated Shareholder Funding or from such capital contribution (to the extent such Net Cash Proceeds are used to make such Permitted Payment) are excluded from clauses (3)(B) and (3)(D) of paragraph (b) of this covenant;

(3) the repurchase, redemption, defeasance, retirement or acquisition for value of, or payment of principal of, any Subordinated Indebtedness or Subordinated Lien Indebtedness in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip), or in

an amount not in excess of the Net Cash Proceeds of a substantially concurrent issuance and sale (other than to any Restricted Subsidiary of the Company) of, any Qualified Capital Stock or Subordinated Shareholder Funding of, or a capital contribution to, the Company; *provided* that the Net Cash Proceeds from the issuance of such Qualified Capital Stock or Subordinated Shareholder Funding (to the extent such Net Cash Proceeds are used to repurchase, redeem, defease, retire or acquire such Subordinated Indebtedness or Subordinated Lien Indebtedness) are excluded from clauses (3)(B) and (3)(D) of paragraph (b) of this covenant;

(4) the repurchase, redemption, defeasance, retirement, refinancing or other acquisition for value of, or payment of principal of, and payment of accrued and unpaid interest on, any Subordinated Indebtedness or Subordinated Lien Indebtedness (but in each case not, for the avoidance of doubt, Subordinated Shareholder Funding) through the substantially concurrent incurrence of new Indebtedness of the Company or any of its Restricted Subsidiaries that (x) is permitted by clause (a), (b)(1) or (b)(18) of the covenant under the caption "*—Limitation on Indebtedness*" or (y) qualifies as Permitted Refinancing Indebtedness;

(5) the repurchase, redemption, defeasance, retirement, refinancing or other acquisition for value of, or payment of principal of, and payment of accrued and unpaid interest on, (A) Subordinated Indebtedness or Subordinated Lien Indebtedness (but not, for the avoidance of doubt, Subordinated Shareholder Funding) of the Company or any Restricted Subsidiary (other than Subordinated Indebtedness and Subordinated Lien Indebtedness held by Affiliates of the Company) upon a "change of control" or "asset sale" to the extent required by the agreement governing such Subordinated Indebtedness or Subordinated Lien Indebtedness, but only (x) if the Issuer shall have complied, to the extent applicable, with the covenants described under the captions "*—Purchase of Notes upon a Change of Control*" or "*—Limitation on Sale of Assets*", as the case may be, and the Issuer shall have repurchased, or shall repurchase, all Notes tendered pursuant to the offer required by such covenants prior to or substantially concurrently with such repurchase, redemption, defeasance, retirement, refinancing or other acquisition for value of, or payment of principal of, Subordinated Indebtedness or Subordinated Lien Indebtedness and (y) in the case of an Asset Sale, to the extent of the Excess Proceeds offered to holders of the Notes pursuant to the offer made pursuant to the Asset Sale, (B) Subordinated Indebtedness or Subordinated Lien Indebtedness (but not, for the avoidance of doubt, Subordinated Shareholder Funding) of the Company or any Restricted Subsidiary that constitutes Acquired Indebtedness (other than any such Subordinated Indebtedness or Subordinated Lien Indebtedness held by Affiliates of the Company) and (C) Subordinated Indebtedness, Subordinated Shareholder Funding and Subordinated Lien Indebtedness to the extent of any Declined Proceeds;

(6) to the extent constituting Restricted Payments, the Specified Affiliate Payments;

(7) the declaration and payment of dividends or other distributions by the Company, and the declaration and payment of dividends or other distributions, or the making of loans and advances, by the Company or any of its Restricted Subsidiaries to any Parent Holdco to make payments of dividends or other distributions by any Parent Holdco, in respect of Qualified Capital Stock of the Company or any Parent Holdco issued in a Public Equity Offering; *provided* that the aggregate amount (without duplication) of all such dividends or other distributions, or loans and advances, under this clause (7) shall not exceed in any fiscal year 6% of the Net Cash Proceeds received by the Company from such Public Equity Offering;

(8) payments by the Company, or loans, advances, dividends or distributions to any Parent Holdco to make payments, to holders of Capital Stock of the Company or any Parent Holdco in lieu of the issuance of fractional shares of such Capital Stock, *provided* that the aggregate amount of any such payments, loans, advances, dividends or distributions made since the Issue Date (in the case of any loans or advances, to the extent outstanding) shall not exceed €10.0 million;

(9) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(10) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation or any other fees and payments in connection with a Permitted Receivables Financing;

(11) any Restricted Payments made as part of any Permitted Reorganization or to pay or reimburse any costs and expenses related to the consummation thereof;

(12) any Restricted Payment; *provided* that, at the time of such Restricted Payment and after giving effect thereto, the aggregate amount of Restricted Payments made under this clause (12) since the Issue Date (in the case of any Investment, to the extent outstanding) shall not exceed the greater of €150.0 million and 3.75% of Total Assets;

(13) Restricted Payments made to pay or reimburse any costs and expenses in connection with the Transactions and any future incurrence or repayment of Indebtedness;

(14) creation of one or more book entry or loan receivables payable by the Company or any of its Restricted Subsidiaries in its capacity as controlled company (*beherrschtes Unternehmen*) to its dominating entity (*herrschendes Unternehmen*) under a Profit Pooling Agreement as a non-cash settlement of any claim for the transfer of profits within the meaning of Sec. 301 German Stock Corporation Act (*Aktiengesetz*) under the relevant Profit Pooling Agreement, which receivable, at the option of the relevant dominating entity (*herrschendes Unternehmen*), may be documented by way of a loan from the relevant dominating entity (*herrschendes Unternehmen*), *provided* that under the terms of such loan, the relevant dominating entity (*herrschendes Unternehmen*) is not entitled to claim the payment of the principal and/or any interest on such loan prior to the final Stated Maturity of the Notes, and *provided further* that all such receivables and loans (as applicable) and any amounts accruing in respect thereof shall be subject to the Intercreditor Agreement and will be "Subordinated Obligations" (under and as defined in the Intercreditor Agreement);

(15) [reserved]

(16) any Restricted Payment; *provided* that (x) no Default or Event of Default has occurred and is continuing at the time of the making of such Restricted Payment and (y) the Consolidated Total Net Leverage Ratio as of the last day of the most recent period of four fiscal quarters for which financial statements are available immediately prior to the making of such Restricted Payment, after giving *pro forma* effect thereto, is not greater than 1.75 to 1.00;

(17) loans, advances, dividends, distributions or other payments by the Company or any of its Restricted Subsidiaries to or on behalf of any Parent Holdco or Financing Subsidiary to service the substantially concurrent payment of interest, premiums, make whole amounts, fees, costs, expenses, hedging, tax, breakage costs and indemnification obligations as and when due under or in respect of Indebtedness of any Parent Holdco or Financing Subsidiary that has been guaranteed by, or is otherwise considered Indebtedness of, the Company or any of its Restricted Subsidiaries incurred in accordance with the covenant described under the caption "*—Limitation on Indebtedness*"; *provided* that either (A) the Net Cash Proceeds of such Indebtedness have been contributed or loaned to the Company or any of its Restricted Subsidiaries or (B) at the time such Indebtedness is incurred by such Parent Holdco or Financing Subsidiary, the Company is deemed to have made, and is able to make in accordance with this "*—Limitation on Restricted Payments*" covenant, a Restricted Payment, a Permitted Payment or a Permitted Investment, or a combination thereof (as determined by the Company in accordance with this "*—Limitation on Restricted Payments*" covenant), in an aggregate amount equal to the Net Cash Proceeds of such Indebtedness;

(18) any payments or other transactions pursuant to Tax Sharing Agreements between the Company and any other Person or any Restricted Subsidiary of the Company and any other Person with which the Company or any of its Restricted Subsidiaries files a consolidated Tax return or with which the Company or any of its Restricted Subsidiaries is part of a group for Tax purposes or any Tax advantageous group contribution made pursuant to applicable legislation; *provided* that any such Tax Sharing Agreement does not permit or require

payments in excess of the amounts of Tax that would be payable by the Company and its Restricted Subsidiaries on a stand-alone basis.

(d) In calculating the amount of Restricted Payments made after the Issue Date for purposes of clause (3) of paragraph (b) of this "—*Limitation on Restricted Payments*" covenant, Permitted Payments made pursuant to clauses (2), (3), (4), (5)(B), (5)(C), (6), (8), (9), (10), (11), (12), (13), (14), (15), (16), (17) and (18) (and, to the extent relating to any of the foregoing clauses, clause (1)) of the immediately preceding paragraph (c) shall be excluded from such calculation.

(e) The amount of any Restricted Payment or Permitted Payment that is not made in cash shall be deemed to be equal to the Fair Market Value thereof at the date of the making of such Restricted Payment or Permitted Payment.

Limitation on Transactions with Affiliates

(a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with any Affiliate of the Company (other than a Restricted Subsidiary) involving aggregate consideration in excess of €10.0 million, unless such transaction or series of related transactions is entered into in good faith and:

(1) such transaction or series of related transactions is on terms that are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could reasonably be expected to be obtained in a comparable transaction in arm's length dealings with an unrelated third party, as determined in good faith by the Board of Directors or senior management of the Company;

(2) with respect to any transaction or series of related transactions involving aggregate consideration in excess of €25.0 million, the Company delivers to the Trustee either (A) an Officer's Certificate attaching a resolution of the Board of Directors of the Company pursuant to which such transaction or series of related transactions has been approved by a majority of the Disinterested Directors of the Board of Directors of the Company or, in the event there is only one Disinterested Director, by such Disinterested Director or (B) a written opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that such transaction or series of related transactions is fair from a financial point of view taking into account all relevant circumstances; *provided* that the liability of such accounting, appraisal or investment banking firm or such other independent expert in giving such opinion may be limited in accordance with its engagement policies; and

(3) with respect to any transaction or series of related transactions involving aggregate consideration in excess of €50.0 million, the Company delivers to the Trustee (A) an Officer's Certificate attaching a resolution of the Board of Directors of the Company pursuant to which such transaction or series of related transactions has been approved by a majority of the Disinterested Directors of the Board of Directors of the Company or, in the event there is only one Disinterested Director, by such Disinterested Director and (B) a written opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that such transaction or series of related transactions is on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate; *provided* that the liability of such accounting, appraisal or investment banking firm or such other independent expert in giving such opinion may be limited in accordance with its engagement policies.

(b) The restrictions in clause (a) shall not apply to:

(1) any employment agreement, collective bargaining agreement, consultant agreement or other employee benefit arrangements with any employee, consultant, officer or director of any

Parent Holdco, the Company or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(2) payment of compensation to employees, consultants, officers or directors of any Parent Holdco, the Company or any Restricted Subsidiary in the ordinary course of business;

(3) maintenance in the ordinary course of business (and payments required thereby) of benefit programs and other arrangements for employees, consultants, officers or directors of any Parent Holdco, the Company or any Restricted Subsidiary, including vacation plans, health and life insurance plans, deferred compensation plans, severance plans, employees', consultants', directors' and officers' indemnification agreements and retirement or savings plans and similar plans;

(4) Management Advances;

(5) transactions between or among the Company and its Restricted Subsidiaries (including any Person that becomes a Restricted Subsidiary as a result of such transaction), between or among the Restricted Subsidiaries (including any Person that becomes a Restricted Subsidiary as a result of such transaction) and between or among the Restricted Subsidiaries and any Receivables Subsidiary;

(6) any Restricted Payment or Permitted Investment;

(7) any Permitted Payment;

(8) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or a joint venture or similar Person that would otherwise be subject to this "*—Limitation on Transactions with Affiliates*" covenant solely because the Company or a Restricted Subsidiary owns any of the Capital Stock of or otherwise controls such Affiliate, joint venture or similar Person;

(9) any payments or other transactions pursuant to (x) Tax Sharing Agreements between the Company and any other Person or any Restricted Subsidiary of the Company and any other Person with which the Company or any of its Restricted Subsidiaries files a consolidated Tax return or with which the Company or any of its Restricted Subsidiaries is part of a group for Tax purposes or any Tax advantageous group contribution made pursuant to applicable legislation, *provided*, *however*, that any such Tax Sharing Agreement does not permit or require payments in excess of the amount of Taxes that would be payable by the Company and its Restricted Subsidiaries on a stand-alone basis, or (y) Profit Pooling Agreements between the Company or any of its Restricted Subsidiaries and any other Person;

(10) the Term Loan B Facilities Agreement or other Senior Secured Facilities Documents (as defined in the Intercreditor Agreement), the Indenture or other *Pari Passu* Debt Documents (as defined in the Intercreditor Agreement), the Intercreditor Agreement or other Senior Secured Documents (as defined in the Intercreditor Agreement), any collateral for or guarantee by the Company or any Restricted Subsidiaries of any of the foregoing or any Permitted Refinancing Indebtedness in respect thereof, the Proceeds Loans Documents, the Proceeds Loans, any collateral for or guarantee of any Proceeds Loans, any release of any Proceeds Loans or any release of any guarantee or collateral with respect thereto and any similar agreement or action relating to any other Indebtedness not prohibited by the Indenture;

(11) (A) issuances or sales of Capital Stock of the Company, any receipt of capital contributions by the Company and any issuance or incurrence of any Subordinated Shareholder Funding and (B) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding that is in compliance with the other provisions of the Indenture and, if applicable, the Intercreditor Agreement;

(12) any transaction effected in connection with a Permitted Receivables Financing;

(13) Specified Affiliate Payments;

(14) the provision of administrative or infrastructure goods or services, asset sharing, the allocation of customers, contracts or other business or any other transaction with customers, clients, suppliers or purchasers or sellers of goods or services (including, among others, feedstocks and raw materials) or any other transaction in the ordinary course of business between the Company or a Restricted Subsidiary, on the one hand, and any Affiliate that is not a Restricted Group Company, on the other, *provided* that such transactions, when taken together with all other transactions between the Company and its Restricted Subsidiaries, on the one hand, and such Affiliates, on the other, are in all material respects (i) not inconsistent with those applying prior to the Issue Date for similar transactions among such Persons or (ii) on terms substantially consistent with those that might have been obtained in comparable transactions at such time on an arm's length basis from a Person that is not an Affiliate, as determined by the Company in good faith (it being understood that where such transactions are entered into pursuant to a master agreement or similar arrangement, such arm's length determination may be made with respect to such agreement or arrangement, which will cover all transactions entered into pursuant thereto);

(15) any transaction by any Person referred to in clause (a)(3) of the definition of Permitted Investment that is entered pursuant to an arrangement existing (or that is made pursuant to, and as required under, legally binding agreements that exist) on the date such Person becomes a Restricted Subsidiary or is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or any Restricted Subsidiary; *provided* that such agreement was not entered into in contemplation of such Person becoming a Restricted Subsidiary or such merger, consolidation, amalgamation, transfer, conveyance or liquidation;

(16) any transaction effected as part of a Permitted Reorganization; and

(17) any transaction effected pursuant to any inventory financing or similar arrangement that is incurred pursuant to clause (5) of paragraph (b) of the covenant described under the caption "*—Limitation on Indebtedness*".

Limitation on Liens

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume, affirm or suffer to exist any Lien (the "**Initial Lien**") of any kind securing any Indebtedness upon any property or assets of the Company or any of its Restricted Subsidiaries, including any Capital Stock or intercompany notes or other Indebtedness of any Restricted Subsidiary, owned on the Issue Date or acquired thereafter, or any income, profits or proceeds therefrom, except (i) in the case of any property or asset that does not constitute Collateral, (A) Permitted Liens and (B) Liens on property or assets that are not Permitted Liens if the Notes and the Guarantees are, subject to the Security Principles, directly secured equally and ratably or on a prior basis with the Indebtedness secured by such Initial Lien (and if such Indebtedness so secured is Subordinated Indebtedness, on a senior priority basis) and (ii) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens (it being understood that any Lien existing in reliance on clause (i)(B) above shall not also be required to be a Permitted Collateral Lien notwithstanding that the assets subject thereto shall have become Collateral).

Any Lien created for the benefit of the holders of the Notes pursuant to clause (i)(B) of the first paragraph of this covenant will provide (and will be deemed to provide) by its terms that such Lien will be automatically and unconditionally released and discharged, without any action by the Trustee, the Security Agent or any holder of the Notes (and each holder of the Notes will be deemed to have irrevocably authorized the Trustee and the Security Agent to execute and deliver (and, at the request and cost of the Company, each of the Trustee and the Security Agent will execute and deliver) any document to the extent necessary or reasonably requested by the Company to evidence such release and discharge), (i) upon the release and discharge of the applicable Initial Lien, (ii) upon the sale or other disposition of the property or assets subject to such Initial Lien (or the sale or other disposition of the Person that owns such property or assets) in compliance with the terms of the Indenture, (iii) with respect to the property or assets of, or the Capital Stock of, any Guarantor or any Subsidiary of a Guarantor that are encumbered by such Lien, upon the release of the Guarantee of such Guarantor in accordance with the terms of the Indenture, (iv) with respect to the property or assets of, or the Capital Stock of, any Restricted Subsidiary that are encumbered by such Lien, upon the designation of such Restricted Subsidiary as an Unrestricted Subsidiary in accordance with the terms of the Indenture, (v) upon effectiveness of any defeasance or satisfaction and discharge of the Notes as specified in the Indenture, (vi) in the case of any Lien on any Proceeds Loan, upon the payment in full or other discharge of such Proceeds Loan (including as a result of any merger, consolidation or amalgamation of the payor or the payee thereunder) or (vii) as otherwise provided under the caption "—*Brief Description of the Notes, the Guarantees and the Security—Security—Release of Security*"; *provided*, *however*, that the Company shall have the right, in its sole discretion, by written notice to the Trustee, which shall provide written notice thereof to the Security Agent, delivered prior to the automatic release and discharge of any such Lien as specified above, to (A) waive such automatic release and discharge of such Lien and maintain such Lien in effect until such time as the Company shall instruct and direct the Trustee in writing to instruct and direct the Security Agent in writing to release and discharge such Lien (with the Trustee agreeing so to instruct and direct the Security Agent promptly upon receipt thereof from the Company) or (B) elect that the release and discharge of such Lien shall not occur automatically as contemplated by this paragraph but shall occur at such time or times, in such manner and order and upon the occurrence of such other events as shall be specified by the Company in such notice to the Trustee (and the Trustee, at the request of the Company, and the Security Agent, at the request of the Trustee, shall execute and deliver any document requested by the Company to effect and evidence the release and discharge of such Lien); *provided further* that nothing in this clause (B) shall allow the Company to require the release and discharge of any Lien prior to (unless such release and discharge is to occur substantially concurrently with) the occurrence of the applicable event(s) set forth in clauses (i) through (vii) above providing for the release and discharge thereof.

For purposes of determining compliance with any Euro-denominated restriction on the incurrence of any Lien where the Indebtedness secured by such Lien is denominated in a different currency, the amount of such Indebtedness shall be the Euro Equivalent determined on the date of such determination; *provided*, *however*, that if any such Indebtedness is Indebtedness that is denominated in a different currency and is subject to a Currency Hedging Agreement (with respect to Euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in Euro shall be adjusted to take into account the effect of such agreement. Notwithstanding any other provision of this "*—Limitation on Liens*" covenant, the maximum amount of Indebtedness secured by any Lien that the Company or any of its Restricted Subsidiaries may incur pursuant to this "*—Limitation on Liens*" covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, due solely to the result of fluctuations in the exchange rates of currencies (and such Indebtedness will be permitted to be refinanced with other secured Indebtedness notwithstanding that, after giving effect to such refinancing, such excess shall continue).

Limitation on Sale of Assets

(a) The Company shall not, and shall not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) except to the extent such Asset Sale is a Permitted Asset Swap, at least 75% of the consideration from such Asset Sale or series of related Asset Sales is received (A) in cash, cash equivalents or Temporary Cash Investments or (B) in the form of the assumption by the purchaser of the liabilities of the Company or any of its Restricted Subsidiaries (other than the liabilities that are by their terms subordinated to the Notes or Guarantees) as a result of which the Company and its Restricted Subsidiaries are no longer obligated with respect to such liabilities; and

(2) the Company or such Restricted Subsidiary receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the properties or assets subject to such Asset Sale (including, for the avoidance of doubt, if such Asset Sale is a Permitted Asset Swap).

(b) Within 365 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company or any of its Restricted Subsidiaries may apply all or a portion of such Net Cash Proceeds (at the option of the Company or any such Restricted Subsidiary):

(1) to invest in properties and other assets (including Capital Stock) that (as determined by the Board of Directors or senior management of the Company) replace the properties and assets (including Capital Stock) that were the subject of such Asset Sale or in properties and assets that will be used in or are related to the businesses of the Company or its Restricted Subsidiaries existing on the Issue Date or prior to such Asset Sale;

(2) to either (i) purchase Notes pursuant to an offer to all holders of such Notes at a purchase price equal to or greater than 100% of the principal amount thereof, plus accrued and unpaid interest to (but not including) the date of purchase (a "**Notes Offer**") and/or (ii) redeem the Notes on a

pro rata basis pursuant to the redemption provisions set forth above under the caption "—*Optional Redemption*;"

(3) to repurchase, prepay, redeem, repay or otherwise acquire for value Term Loans under the Term Loan B Facilities Agreement or any other *Pari Passu* Indebtedness that is secured by a Permitted Collateral Lien on the properties or assets that are the subject of such Asset Sale that ranks equal to or prior to any Lien thereon securing the Notes, any Guarantee or the Indenture;

(4) to repurchase, prepay, redeem, repay or otherwise acquire for value Indebtedness that is (or, immediately prior to such Asset Sale, was) secured by a Lien (other than a Permitted Collateral Lien (except a Permitted Collateral Lien referred to in clause (g) of the definition of such term)) on any of the properties or assets which are the subject of such Asset Sale;

(5) to repurchase, prepay, redeem, repay or otherwise acquire for value any Indebtedness of the Company or any of its Restricted Subsidiaries that is not *Pari Passu* Indebtedness, Subordinated Indebtedness or Subordinated Lien Indebtedness; or

(6) pursuant to a binding commitment (including pursuant to an offer to purchase) to apply such Net Cash Proceeds in a manner described in any of clauses (1) through (5) above; *provided* that such binding commitment shall be treated as a permitted application of such Net Cash Proceeds from the date of such commitment until the earlier of (A) the date on which such application of such Net Cash Proceeds occurs and (B) the 180th day following the expiration of the aforementioned 365-day period.

The amount of Net Cash Proceeds not applied as specified above within such 365-day period shall constitute "**Excess Proceeds**". Pending the final application of the Net Cash Proceeds of any Asset Sale, the Company or any Restricted Subsidiary may temporarily reduce Indebtedness, invest such Net Cash Proceeds in Temporary Cash Investments or otherwise use such Net Cash Proceeds for general corporate purposes.

(c) When the aggregate amount of Excess Proceeds exceeds €40.0 million, the Company (or a Restricted Subsidiary on the Company's behalf) will apply the Excess Proceeds to the repurchase, prepayment, redemption, repayment or acquisition for value of Indebtedness under the Notes and any *Pari Passu* Indebtedness secured by a Permitted Collateral Lien that ranks equal to or prior to any Lien on the applicable assets securing the Notes (which, solely for the purposes of this clause (c), shall be deemed to include any Permitted Receivables Financing) outstanding with similar provisions requiring the Company or a Restricted Subsidiary to make an offer to repurchase, prepay, redeem, repay or acquire for value such Indebtedness with the proceeds from any Asset Sale as follows:

(1) the Company or a Restricted Subsidiary will make an offer to purchase (an "**Asset Sale Offer**") from all holders of the Notes in accordance with the procedures set forth in the Indenture in respect of an aggregate maximum principal amount of Notes (expressed as a multiple of €1,000) (the "**Note Amount**") equal to the product of such Excess Proceeds multiplied by a fraction, the numerator of which is the outstanding principal amount of the Notes, and the denominator of which is the sum of the outstanding principal amount of the Notes and such *Pari Passu* Indebtedness (subject to proration in the event the Note Amount is less than the aggregate Offered Price (as defined herein) of all Notes tendered);

(2) to the extent required by such *Pari Passu* Indebtedness to permanently reduce the principal amount of such *Pari Passu* Indebtedness, the Company or a Restricted Subsidiary, as the case may be, will make an offer to repurchase, prepay, redeem, repay or otherwise acquire for value such *Pari Passu* Indebtedness (a "***Pari Passu* Offer**") in an amount (the "***Pari Passu* Debt Amount**") equal to the excess of the Excess Proceeds over the Note Amount; *provided* that in no event will the Company or a Restricted Subsidiary be required to make a *Pari Passu* Offer in a *Pari Passu* Debt Amount exceeding the principal amount of such *Pari Passu* Indebtedness plus the amount of any premium required to be paid to repurchase such *Pari Passu* Indebtedness; and

(3) the offer price for the Notes will be payable in cash in an amount equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date (the "**Offer**

Date") such Asset Sale Offer is consummated (the "**Offered Price**"), in accordance with the procedures set forth in the Indenture.

To the extent that the aggregate Offered Price of the Notes tendered pursuant to the Asset Sale Offer is less than the Note Amount relating thereto or the aggregate amount of *Pari Passu* Indebtedness that is repurchased, prepaid, redeemed, repaid or otherwise acquired for value in a *Pari Passu* Offer is less than the *Pari Passu* Debt Amount, the Company or any Restricted Subsidiary may use any remaining Excess Proceeds for general corporate purposes, including reinvesting in assets useful to the business of the Restricted Group. If the aggregate principal amount of Notes and *Pari Passu* Indebtedness surrendered by holders thereof exceeds the applicable Note Amount, the Trustee shall select the Notes to be purchased on a *pro rata* basis, unless otherwise required by applicable law or applicable stock exchange or depositary requirements. Upon the completion of the purchase of all the Notes tendered pursuant to an Asset Sale Offer and the completion of a *Pari Passu* Offer, the amount of Excess Proceeds, if any, shall be reset at zero.

The Issuer, the Company or a Restricted Subsidiary, as the case may be, may make an Asset Sale Offer prior to the expiration of the 365-day period referred to in paragraph (b) above.

(d) If the Company or a Restricted Subsidiary becomes obligated to make an Asset Sale Offer pursuant to paragraph (c) above, the Notes and the *Pari Passu* Indebtedness shall be purchased by the Company or a Restricted Subsidiary, at the option of the holders thereof, in whole or in part (in a principal amount of €100,000) or an integral multiple of €1,000 in excess thereof, such that no Note of less than €100,000 remains outstanding thereafter) on a date that is not earlier than 30 days and not later than 60 days from the date the notice of the Asset Sale Offer is given to holders, or such later date as may be necessary for the Company or a Restricted Subsidiary to comply with the requirements under the Exchange Act or other applicable laws or regulations (including, without limitation, those of any securities exchange on which the Notes are listed).

(e) If the Company or a Restricted Subsidiary is required to make an Asset Sale Offer or makes a Notes Offer, the Company or such Restricted Subsidiary, as applicable, will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations, including administrative interpretations thereof (including those of the United States, the United Kingdom and Germany) in connection with such Asset Sale Offer or Notes Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the provisions of this covenant (other than the obligation to make an Asset Sale Offer pursuant to this covenant), the Company and such Restricted Subsidiary, as the case may be, will comply with the securities laws and regulations and will not be deemed to have breached its obligations described in this covenant by virtue thereof.

(f) If the Offer Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to holders of the Notes who tender Notes pursuant to the Asset Sale Offer or Notes Offer.

(g) Compliance with paragraph (a) of this covenant shall be determined as of the date of consummation of the applicable Asset Sale, without giving effect to any post-closing purchase price adjustments not then determined, and for purposes of sub-clause (1) thereof, the following will be deemed to be cash:

(1) securities, notes or other obligations received by the Company or any of its Restricted Subsidiaries from the transferee that are converted by the Company or such Restricted Subsidiary into cash, cash equivalents or Temporary Cash Investments within 180 days following the closing of such Asset Sale;

(2) liabilities of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, *provided* that the Company and each other Restricted Subsidiary of the Company are released from any guarantee of payment of such liabilities in connection with such Asset Sale;

(3) consideration consisting of liabilities of the Company or any of its Restricted Subsidiaries (other than Subordinated Indebtedness) received after the Issue Date from Persons that are not the Company or any of its Restricted Subsidiaries;

(4) any properties and assets (including Capital Stock of a business) of the kind referred to in clause (b)(1) above; and

(5) any Designated Non-Cash Consideration received by the Company or any of its Restricted Subsidiaries in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value) the greater of (x) €150.0 million and (y) 3.75% of Total Assets.

Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries

(a) The Company shall not cause or permit any of its Restricted Subsidiaries (which is not a Guarantor or the Issuer), directly or indirectly, to guarantee (i) any Indebtedness of the Issuer or any Guarantor under any Credit Facilities or (ii) any Public Debt (including, for the avoidance of doubt, any guarantee of Public Debt) of the Issuer or any Guarantor, in each case, unless such Restricted Subsidiary (if not the Issuer or a Guarantor) simultaneously executes and delivers a supplemental indenture to the Indenture providing for a Guarantee of the Notes on the same terms as the other Guarantees of the Notes (subject to any applicable Guarantee limitations) by the Guarantors, *provided* that:

(1) no Guarantee shall be required as a result of any guarantee of Indebtedness that existed at the time such Person became a Restricted Subsidiary if the guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary;

(2) no Guarantee shall be required as a result of any guarantee in connection with a Permitted Receivables Financing or any inventory financing or similar arrangement;

(3) such Guarantee need not be secured unless required pursuant to the "*—Limitation on Liens*" covenant;

(4) if such Indebtedness is by its terms expressly subordinated to the Notes or any Guarantee, any such guarantee by such Restricted Subsidiary of such Indebtedness shall be subordinated to such Restricted Subsidiary's Guarantee of the Notes at least to the same extent as such Indebtedness is subordinated to the Notes or any other Guarantee;

(5) no Guarantee shall be required as a result of any guarantee given in connection with any Cash Management Arrangement of the Company or any of its Restricted Subsidiaries;

(6) no Guarantee shall be required under this covenant if such Guarantee would not be required under the Security Principles, including if such Guarantee could reasonably be expected to give rise to or result in (x) personal, civil or criminal liability for any officers, directors or shareholders of such Restricted Subsidiary, (y) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company or such Restricted Subsidiary or (z) any significant cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (y) undertaken in connection with, such Guarantee, which cannot be avoided through measures reasonably available to the Company or such Restricted Subsidiary (it being understood, for the avoidance of doubt, that the cost of providing a Guarantee shall in any event be deemed to be significant and unreasonable (and such Guarantee shall not be required to be provided) if the cost shall exceed the realizable value of such Guarantee); and

(7) each such Guarantee shall be limited as set forth in or contemplated by the Indenture and the Security Principles, including as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable

preference, financial assistance, corporate purpose, capital maintenance or similar laws, rules or regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

(b) Notwithstanding the foregoing, any Guarantee by a Restricted Subsidiary of the Company created pursuant to paragraph (a) above will be deemed to provide by its terms that it shall be automatically and unconditionally released and discharged, without any action by the Trustee, the Security Agent or the holders of the Notes, upon:

(1) any sale, exchange or transfer, directly or indirectly, to any Person that is not the Company or any of its Restricted Subsidiaries, of all of the Capital Stock held by the Company and its Restricted Subsidiaries in, or all or substantially all the assets of, such Restricted Subsidiary (which sale, exchange or transfer is not prohibited by the Indenture) and such Restricted Subsidiary is released from all guarantees, if any, by it of other Credit Facilities and Public Debt of the Company or any Restricted Subsidiaries;

(2) with respect to any Guarantee created after the Issue Date, the release by the holders of the Credit Facilities and Public Debt of the Issuer or any Guarantor described in paragraph (a) above of their guarantee by such Restricted Subsidiary at such time as (A) no other Credit Facility or Public Debt of the Issuer or any Guarantor has been guaranteed by such Restricted Subsidiary or (B) the holders of all other Credit Facilities and Public Debt of the Issuer or any Guarantor which is guaranteed by such Restricted Subsidiary also release their guarantee by such Restricted Subsidiary;

(3) any defeasance or discharge of the Notes as provided in "*—Defeasance or Covenant Defeasance of Indenture*" or "*—Satisfaction and Discharge*;" or

(4) the satisfaction of the requirements of any of the other provisions described under the caption "*—Brief Description of the Notes, the Guarantees and the Security—The Guarantees—Release of the Guarantees*;"

provided, *however*, that the Company shall have the right, in its sole discretion, by written notice to the Trustee delivered prior to the automatic release and discharge of any such Guarantee as specified above, to (A) waive such automatic release and discharge of such Guarantee and maintain such Guarantee in effect until such time as the Company shall instruct and direct the Trustee in writing to release and discharge such Guarantee or (B) elect that the release and discharge of such Guarantee shall not occur automatically as contemplated by this paragraph (b) but shall occur at such time or times, in such manner and order and upon the occurrence of such other events as shall be specified by the Company in such notice to the Trustee (and the Trustee, at the request of the Company, shall execute and deliver any document requested by the Company to effect and evidence the release of such Guarantee); *provided further* that nothing in this clause (B) shall allow the Company to require the release and discharge of any Guarantee prior to (unless such release and discharge is to occur substantially concurrently with) the occurrence of the applicable event(s) set forth in clauses (1) through (4) above providing for the release and discharge thereof.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause to exist or become effective any consensual encumbrance or restriction on the ability of any of its Restricted Subsidiaries to:

(1) pay dividends or make any other distribution on its Capital Stock or any other interest or participation in, or measured by, its profits to the Company or any of its Restricted Subsidiaries;

(2) pay any Indebtedness owed to the Company or any of its Restricted Subsidiaries;

(3) make any loans or advances to the Company or any of its Restricted Subsidiaries; or

(4) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries;

provided that (A) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (B) the subordination of (including the application of any standstill requirements to) any Indebtedness owed to the Company or any of its Restricted Subsidiaries to other Indebtedness incurred by the Company or any of its Restricted Subsidiaries shall not be deemed to constitute such an encumbrance or restriction.

(b) Notwithstanding anything to the contrary in paragraph (a) above, the provisions of such paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (A) the Intercreditor Agreement, any LC Facility, the Security Documents, the Senior Secured Facilities Documents (as defined in the Intercreditor Agreement), the Notes, the Indenture and the Proceeds Loans Documents, (B) any other agreement in effect on the Issue Date and (C) any indenture for any Public Debt of the Company or any of its Restricted Subsidiaries;

(2) any encumbrance or restriction with respect to a Restricted Subsidiary that is not a Restricted Subsidiary of the Company on the Issue Date in existence at the time such Person becomes a Restricted Subsidiary of the Company and not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary; *provided* that such encumbrances and restrictions are not applicable to the Company or any of its Restricted Subsidiaries or the properties or assets of the Company or any of its Restricted Subsidiaries other than such Person (and its properties or assets or Capital Stock) that is becoming a Restricted Subsidiary of the Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person which is assumed by the Company or any of its Restricted Subsidiaries in connection with any Acquisition or any other acquisition of assets (other than Capital Stock or Indebtedness incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which the Company or any of its Restricted Subsidiaries entered into such acquisition) and outstanding on the date of consummation of such acquisition, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or property or assets or Capital Stock of the Person, so acquired;

(4) [Reserved];

(5) any encumbrance or restriction under Purchase Money Obligations and Finance Lease Obligations that imposes restrictions with respect only to the property and assets that are the subject thereof (and any rights relating thereto) and any restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(6) any encumbrance or restriction (A) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, (B) by virtue of any transfer of, agreement to transfer, option or right with respect to or a Lien on any property or assets of the Company or any of its Restricted Subsidiaries not otherwise prohibited by the Indenture, (C) contained in security agreements, mortgages or other agreements relating to any secured Indebtedness to the extent such encumbrance or restriction restricts the transfer of the property or assets subject to the Liens securing such Indebtedness, (D) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any of its Restricted Subsidiaries or (E) in respect of Intellectual Property contained in licenses or sublicenses of, or other grants of rights to use or exploit, such Intellectual Property;

(7) any encumbrances or restrictions pursuant to contracts for the sale of assets, including any encumbrance or restriction with respect to any Restricted Subsidiary of the Company imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition as determined in good faith by the Board of Directors or senior management of the Company;

(8) customary provisions in leases, licenses and other agreements restricting the assignment thereof;

(9) any encumbrances or restrictions created under any agreement (A) with respect to Indebtedness permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under the caption "—*Limitation on Indebtedness*" if (x) the encumbrances and restrictions are not materially less favorable to the holders of the Notes than those contained in the Term Loan B Facilities Agreement or the Indenture on the Issue Date or in comparable financings (as determined in good faith by the Company) or (y) the Company determines in good faith at the time of the incurrence of such Indebtedness that such encumbrances or restrictions will not materially adversely affect the ability of the Issuer to make principal or interest payments on the Notes or (B) constituting an additional intercreditor agreement entered into in compliance with the covenant described under "—*Intercreditor Agreement; Additional Intercreditor Agreements*";

(10) any encumbrances or restrictions required by any Governmental Authority having jurisdiction over the Company or any of its Restricted Subsidiaries or any of their businesses;

(11) in the case of (A) any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or (B) the Capital Stock in any Person that is not a Restricted Subsidiary (including any Unrestricted Subsidiary), encumbrances and restrictions imposed by the organizational documents of such Restricted Subsidiary or such other Person or contained in any related joint venture, shareholders' or similar agreement or, in the case of clause (B), in any agreement or instrument relating to Indebtedness of such Person, *provided* that such encumbrances and restrictions apply only to such Restricted Subsidiary (and its properties and assets) and/or to any Capital Stock in such Restricted Subsidiary or such other Person; *provided further* that the Company determines that such encumbrances or restrictions will not materially adversely affect the ability of the Issuer to make principal or interest payments on the Notes;

(12) encumbrances or restrictions existing by reason of any Lien permitted under the covenant described under "—*Limitation on Liens*";

(13) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(14) any encumbrance or restriction pursuant to Hedging Obligations;

(15) any encumbrance or restriction effected in connection with the Securitization Programs;

(16) (A) any encumbrance or restriction effected in connection with a Permitted Receivables Financing (other than the Securitization Programs) that, in the good faith determination of the Board of Directors or senior management of the Company, is necessary or advisable to effect such Permitted Receivables Financing and (B) any encumbrance or restriction effected in connection with any inventory financing or similar arrangement that, in the good faith determination of the Board of Directors or senior management of the Company, is necessary or advisable to effect such inventory financing or similar arrangement;

(17) contracts entered into in the ordinary course of business, not relating to Indebtedness, and that do not, individually or in the aggregate, (A) detract from the value of property or assets of the Company or any Restricted Subsidiary of the Company in any manner material to the Company and its Restricted Subsidiaries, taken as a whole, or (B) materially adversely affect the ability of the Issuer to make principal or interest payments on the Notes; or

(18) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (17) or in this clause (18); *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced, in the good faith determination of the Board of Directors or senior management of the Company.

Limitation on Layered Debt

The Issuer, the Company and the Guarantors shall not, directly or indirectly, incur or otherwise permit to exist any Indebtedness (including Permitted Indebtedness) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer, the Company or any Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the applicable Guarantor's Guarantee, as the case may be, on reasonably similar terms; *provided*, *however*, that no Indebtedness will be deemed to be subordinated in right of payment to any other Indebtedness solely by virtue of being unsecured or by virtue of being secured with different collateral, by virtue of being secured on a first or junior priority basis, by virtue of claims with respect thereto being subject to a waterfall or other payment ordering provisions affecting different tranches of Indebtedness or by virtue of not being guaranteed. In addition, junior liens, second liens and other contractual arrangements that provide for priorities among holders of the same or different issues of Indebtedness with respect to any collateral or the proceeds of collateral or tranching of Indebtedness under Credit Facilities shall not constitute subordination in right of payment.

Limitation on Unrestricted Subsidiaries

The Company may designate after the Issue Date (a "**Designation**") any Subsidiary of the Company (other than the Issuer or any parent entity of the Issuer) as an Unrestricted Subsidiary under the Indenture, *provided* that:

(a) no Default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such Designation or would occur as a consequence of such Designation;

(b) either (i) the Subsidiary to be so designated has total assets of €1,000 or less or (ii) the Company would be permitted to make a Restricted Payment, Permitted Payment or Permitted Investment at the time of such Designation (assuming the effectiveness of such Designation) pursuant to the covenant described under "*—Limitation on Restricted Payments*" in an amount (the "**Designation Amount**") equal to the greater of (1) the net book value of the Company's interest in such Subsidiary calculated in accordance with IFRS and (2) the Fair Market Value of the Company's interest in such Subsidiary;

(c) such Subsidiary does not own directly or indirectly any Capital Stock of the Company or any Restricted Subsidiary of the Company which is not simultaneously being designated an Unrestricted Subsidiary; and

(d) such Subsidiary is not a party to any agreement, contract, arrangement or understanding at the time of such Designation with the Company or any of its Restricted Subsidiaries (other than any Restricted Subsidiary that is to be simultaneously designated as an Unrestricted Subsidiary) unless (i) the terms of any such agreement, contract, arrangement or understanding are no less favorable in any material respect to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company or would be permitted under the covenant described under "*—Limitation on Transactions with Affiliates*" or (ii) to the extent the requirements of clause (i) above are not satisfied, the value of such agreement, contract, arrangement or understanding to such Unrestricted Subsidiary (to the extent not already included in the Designation Amount) shall be deemed a Restricted Payment.

For purposes of the foregoing, the Designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be deemed to be the Designation of all of the Subsidiaries of such Subsidiary as Unrestricted Subsidiaries.

In the event of any Designation, unless clause (b)(i) of the first paragraph of this covenant applies, the Company shall be deemed to have made an Investment constituting a Restricted Payment in an amount equal to the Designation Amount.

The Company will not, and will not cause or permit any Restricted Subsidiary to, at any time (i) provide a guarantee of, or subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, any Indebtedness of any Unrestricted Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness) or (ii) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary, in each case, except to the extent permitted under covenants described under "*—Limitation on Indebtedness*" and "*—Limitation on Restricted Payments*".

The Company may redesignate any Unrestricted Subsidiary as a Restricted Subsidiary (a "**Redesignation**") if:

(a) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Redesignation or would occur as a consequence of such Redesignation;

(b) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Redesignation would, if incurred at such time, have been permitted to be incurred for all purposes of the Indenture; and

(c) unless such redesignated Subsidiary shall not have any Indebtedness outstanding (other than Indebtedness that would be Permitted Indebtedness), immediately after giving effect to such proposed Redesignation, and after giving *pro forma* effect to the incurrence of any such Indebtedness of such redesignated Subsidiary as if such Indebtedness was incurred on the date of the Redesignation, the Company could incur €1.00 of additional Indebtedness pursuant to paragraph (a) of the covenant described under "*—Limitation on Indebtedness*".

All Designations and Redesignations made in accordance with this covenant shall be evidenced by a resolution of the Board of Directors of the Company delivered to the Trustee certifying compliance with the foregoing provisions.

Impairment of Security Interest

The Parent Obligors and the Company will not, and the Company will not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action which action or omission would have the result of materially impairing the security interests with respect to the Collateral for the benefit of the Security Agent, the Trustee and the holders of the Notes, and the Parent Obligors and the Company will not, and the Company will not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent or the Trustee, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents, any Lien whatsoever on any of the Collateral, in each case, except as otherwise permitted by the Indenture (including pursuant to the following paragraph or as described under "*—Suspension of Covenants on Achievement of Investment Grade Status*" or "*Brief Description of the Notes, the Guarantees and the Security—Security—Release of Security*") or the Security Documents (including (i) the grant of any Permitted Collateral Liens or any other Liens that are not prohibited by the covenant described under "*—Limitation on Liens*", (ii) the implementation of any transaction that is subject to the covenant described under the caption "*—Consolidation, Merger, Sale of Assets*" and is completed in compliance therewith, (iii) the implementation of any transaction as part of a Permitted Reorganization and (iv) any sale, transfer or other disposition of Collateral that is permitted by the covenant described under "*—Limitation on Sale of Assets*" or that does not constitute an Asset Sale under the definition thereof), *provided* that in the case of any sale, transfer or other disposition, other than in the ordinary course of business, by the Issuer or any Guarantor to the Company or any of its Restricted Subsidiaries of any assets that constitute Collateral and that are material to the business and operations of the Issuer or such Guarantor, unless (A) the transferee thereof would be permitted, were it a Guarantor, to be released from its Guarantee pursuant to clause (a), (b), (c), (d) (to the extent it relates to clause (b)(2) of "*—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*") or (f) under the caption "*—Brief Description of the Notes, the Guarantees and the Security—Release of the Guarantees*", (B) the transferee thereof would be permitted, were it a Guarantor, to be released from its Guarantee pursuant to clause (i) under the caption "*—Brief Description of the Notes, the Guarantees and the Security—Release of the Guarantees*" if the calculations set forth therein were redetermined on a *pro forma* basis to give effect to such sale, transfer or other deposition or (C) the release of Liens on such assets would be permitted under clause (k), (o) or (p) under the caption "*—Brief Description of the Notes, the Guarantees and the Security—Security—Release of Security*", then either the transferee thereof shall have granted or shall grant, substantially concurrently with such sale, transfer or other disposition, a Lien on such Collateral to the Security Agent for the benefit of the Trustee and the holders of the Notes, or an existing Lien on such Collateral in favor of the Security Agent for the benefit of the Trustee and the holders of the Notes shall remain in effect immediately after such sale, transfer or other disposition, subject to any subsequent release thereof as provided under the caption "*—Brief Description of the Notes, the Guarantees and the Security—Security—Release of Security*".

At the request of the Company from time to time, the Trustee and the Security Agent shall, and are hereby irrevocably authorized and directed by the holders of the Notes to, in each case on behalf of such holders and without any further consent, authorization or other action by such holders, execute and deliver one or more amendments, supplements or other modifications to the Security Documents to:

(i) cure any ambiguity, omission, defect or inconsistency therein or reflect changes of a minor, technical or administrative nature;

(ii) provide for Permitted Collateral Liens;

(iii) add to the Collateral;

(iv) implement any transaction as part of a Permitted Reorganization (including any such change to any Security Document to provide for upstream security and guarantees or security and guarantees over or in favor of Proceeds Loans);

(v) make any change necessary or desirable, in the good faith determination of the Board of Directors or senior management of the Company, in order to implement any transaction that is subject to the covenants described under "*—Consolidation, Merger, Sale of Assets—Parent Obligors and the Company*", "*—Consolidation, Merger, Sale of Assets—Issuer*" or "*—Consolidation, Merger, Sale of Assets—Subsidiary Guarantors*" and is completed in compliance therewith;

(vi) provide for the release of any properties and assets constituting Collateral from the Liens created under the Security Documents; *provided* that such release is followed by the substantially concurrent (as determined in good faith by the Company, it being agreed that in making such determination the Company may take into account the occurrence of any related transactions and that the re-taking need not occur on the same day as the release) re-taking (irrespective of the Security Principles) of a Lien in favor of the Security Agent, for the benefit of the Trustee and the holders of the Notes, securing the Notes and/or the applicable Guarantees, as the case may be, on such properties or assets of at least equivalent priority (subject to any Liens thereon permitted under the Indenture); *provided further* that, in the case of this clause (vi), the Parent shall deliver to the Trustee either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an accounting, appraisal or investment banking firm of national standing confirming the solvency of the Parent and its Restricted Subsidiaries, taken as a whole, after giving effect to any transactions relating to such release and/or re-taking, (2) a certificate substantially in the form of an exhibit attached to the Indenture from the chief financial officer or the Board of Directors of the Parent (acting in good faith) which confirms the solvency of the Parent and its Restricted Subsidiaries, taken as a whole, after giving effect to any transactions relating to such release and/or re-taking or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any such transactions, the Lien or Liens securing the Notes and the Guarantees created under the Security Documents are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, to which such Lien or Liens were not otherwise subject to immediately prior to such release and/or re-taking;

(vii) (A) provide for the release of the Liens on any Proceeds Loans upon the payment in full or other discharge of such Proceeds Loans (including as a result of any merger, consolidation or amalgamation of the payor or the payee thereunder) (and the release of the Liens on any amounts so repaid or discharged) or (B) with respect to any repayment, defeasance, satisfaction, cancellation or other discharge of all or any portion of the underlying Indebtedness giving rise to any Proceeds Loans, provide for the repayments, defeasance, satisfaction, cancellation or other discharge of such Proceeds Loans, *provided* that any amount remaining under such Proceeds Loan after such repayments, defeasance, satisfaction, cancellation or discharge remains subject to a valid Lien;

(viii) make any other change to the Security Documents to provide for additional Indebtedness (which may be *Pari Passu* Indebtedness, Subordinated Indebtedness or Subordinated Lien Indebtedness) or other obligations that are permitted by the terms of the Indenture to be secured by a Lien on the Collateral on a senior, *pari passu* or junior basis with the Liens securing the Notes or the Guarantees, including, without limitation, changes to the definition of the term "Obligations" in the Security Documents (or any other term, however described, relating to the obligations of the Company, the Guarantors and the Restricted Subsidiaries of the Company that are subject to the security interest created therein); *provided* that, in the case of this clause (viii), the Parent shall deliver to the Trustee either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an accounting, appraisal or investment banking firm of national standing confirming the solvency of the Parent and its Restricted Subsidiaries, taken as a whole, after giving effect to any transactions relating to such change, (2) a certificate substantially in the form of an exhibit attached to the Indenture from the chief financial officer or the Board of Directors of the Parent (acting in good faith) which confirms the solvency of the Parent and its Restricted Subsidiaries, taken as a whole, after giving effect to the transactions relating to such change or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to the transactions relating to such change, the Lien or Liens securing the Notes and the Guarantees created under the Security Documents are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such transactions;

(ix) amend or otherwise modify any Security Document to the extent necessary (A) to conform any restriction or limitation contained therein to any analogous restriction or limitation contained in the Indenture or to eliminate any restriction or limitation therein that is not contained in the Indenture except to the extent such restriction or limitation is necessary to create, perfect, preserve or enforce the security interest in the Collateral purported to be created by such Security Document or (B) to conform to the Security Principles (including any amendment or other modification to exclude from the Liens created or purported to be created by such Security Document any assets that, in accordance with the Security Principles, would not or would no longer be required to be subject to such Liens (it being understood and agreed that such exclusion may provide that its effectiveness is delayed until the satisfaction of any requirement set forth on the Security Principles that must be satisfied in order for such assets to not be required, in accordance with the Security Principles, to be subject to such Liens);

(x) make any other change thereto that does not adversely affect the holders of the Notes in any material respect; or

(xi) effect or confirm transfers of Collateral permitted under the first paragraph of this covenant.

Notwithstanding the foregoing, no Security Document may be amended and no waiver of any of the requirements of, or granting of any consent under, any Security Document may be made unless any such amendment, waiver or consent applies equally to all holders of the Notes. In the event of any action under this covenant, the consent of the Trustee, the Security Agent or the holders of the Notes shall not be required.

Intercreditor Agreement; Additional Intercreditor Agreements

The Security Agent has, and, on or about the Issue Date, the Trustee will, become parties to the Intercreditor Agreement, and each holder of a Note, by accepting such Note, will be deemed to have irrevocably (i) (A) acknowledged that the Trustee became a party to the Intercreditor Agreement by executing an accession and/or amendment agreement thereto on or about the Issue Date and (B) authorized and directed each of the Trustee and the Security Agent to execute and deliver any other intercreditor agreement contemplated by the Indenture, in each case on behalf of such holder and, in the case of this clause (B), without any further consent, authorization or other action by such holder, (ii) consented to the treatment of Liens to be provided for under the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Indenture), (iii) agreed that such holder is bound by the provisions of the Intercreditor Agreement and, upon the execution and delivery thereof, will be bound by the provisions of any other intercreditor agreement contemplated by the Indenture as if it were a signatory thereto and will take no actions contrary to the provisions of the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Indenture), (iv) appointed each of the Trustee and the Security Agent to act on its behalf and to perform the duties and exercise the rights, powers and discretions that are specifically given to them under the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Indenture), (v) authorized and directed the Trustee and the Security Agent to carry out the provisions and intent of this section and the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Indenture), (vi) authorized and directed the Trustee and the Security Agent to take such actions as shall be required to release Liens on the Collateral in accordance with the terms of the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Indenture) and (vii) agreed that no holder of Notes shall have any right of action whatsoever against the Trustee or the Security Agent as a result of any action taken by the Trustee or the Security Agent pursuant to this section or in accordance with the terms of the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Indenture).

At the request of the Company, at the time of, or prior to, the incurrence or establishment of any Indebtedness or other obligations that are permitted to be secured by Liens on the Collateral pursuant to the definition of Permitted Collateral Liens, the Trustee and the Security Agent shall, and, by accepting a Note, each holder of the Notes shall be deemed to have irrevocably authorized and directed the Trustee and the Security Agent to, in each case on behalf of such holder and without any further consent, authorization or other action by such holder, execute and deliver (i) an additional intercreditor agreement (A) on terms that are substantially the same as those contained in the Intercreditor Agreement (or terms that are no less favorable to the holders of the Notes) and/or (B) in the case of any inventory financing or similar arrangement, on terms that are within the range of terms and conditions customary for intercreditor agreements that are of the type that govern intercreditor relationships between providers of inventory financings or similar arrangements, on the one hand, and holders of Public Debt, on the other hand, and do not materially impair the rights of the holders of the

Notes in respect of payment or enforcement, in each case as determined in good faith by the Company and consented to by the Trustee (such consent not to be unreasonably withheld, delayed or conditioned, it being understood that in providing such consent the Trustee may conclusively rely on an Officer's Certificate of the Company setting forth its determination set forth above) or (ii) an accession and/or amendment to the Intercreditor Agreement to permit such Indebtedness or other obligations to be subject to (and benefit from) substantially the same terms with respect to the release of the Collateral and Guarantees, enforcement of security interests, turnover, limitations on enforcement and other rights and limitations of the creditors of Senior Secured Indebtedness, Subordinated Lien Indebtedness or Subordinated Indebtedness, as applicable, as those contained in the Intercreditor Agreement (or, in the case of any such terms, terms that are no less favorable to the holders of the Notes), it being understood and agreed, in each case, that the execution and delivery by the Trustee and the Security Agent of any such additional intercreditor agreement or any such accession or amendment shall be conclusive evidence of the satisfaction of the foregoing requirements as to the terms thereof. The Issuer may only direct the Trustee to enter into any such amendment to the extent such amendment does not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect its rights, duties, liabilities, indemnities or immunities under the Indenture or the Intercreditor Agreement or any additional intercreditor agreement.

At the request of the Company from time to time, the Trustee and the Security Agent shall, and by accepting a Note, each holder of the Notes shall be deemed to have irrevocably authorized and directed the Trustee and the Security Agent to, in each case on behalf of such holder and without any further consent, authorization or other action by such holder, execute and deliver one or more amendments, supplements or other modifications to the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Indenture) to:

(i) cure any ambiguity, omission, defect or inconsistency therein or reflect changes of a minor, technical or administrative nature;

(ii) increase or decrease the amount or change the type of Indebtedness or other obligations covered thereby that are permitted by the terms of the Indenture to be incurred by the Company or a Restricted Subsidiary and to be subject thereto;

(iii) add Restricted Subsidiaries, Guarantors or other Persons (such as representatives of new issuances or incurrences of Indebtedness or other obligations) as parties thereto;

(iv) further secure the Notes, including to make provision for the grant of Liens on the Collateral to secure Additional Notes;

(v) implement any Permitted Collateral Liens and provide for other Liens not prohibited by the covenant described under "—*Limitation on Liens*";

(vi) make any other change to the Intercreditor Agreement (or such other intercreditor agreement) to provide for additional Indebtedness (which may be *Pari Passu* Indebtedness, Subordinated Lien Indebtedness or Subordinated Indebtedness) or other obligations that are permitted by the terms of the Indenture to be secured by a Lien on the Collateral on a senior, *pari passu* or junior basis with the Liens securing the Notes and the Guarantees;

(vii) provide for the release of the Liens on any Proceeds Loans upon the payment in full or other discharge of such Proceeds Loans (including as a result of any merger, consolidation or amalgamation of the payor or the payee thereunder) (and the release of the Liens on any amounts so repaid or discharged) or the repayment, defeasance, satisfaction, cancellation or other discharge of the Notes or other Indebtedness;

(viii) provide for (A) the cancellation and discharge of all or a portion of the principal amount of any Proceeds Loans, *provided* that such cancellation and discharge shall not result in the principal amount of the Proceeds Loans outstanding being less than the corresponding Indebtedness giving rise thereto then outstanding, (B) the cancellation and discharge of a corresponding amount of the principal amount of any Proceeds Loans upon the repayment, defeasance, satisfaction, cancellation or other discharge of the corresponding Indebtedness giving rise thereto and (C) the cancellation and discharge of any Guarantor from its obligations and liabilities in respect of any Proceeds Loans upon the repayment, defeasance, satisfaction, cancellation or other discharge of all of the corresponding Indebtedness giving rise thereto then outstanding;

(ix) make any change necessary or desirable, in the good faith determination of the Board of Directors of the Company, in order to implement any transaction that is subject to the covenants described under the captions, "*—Consolidation, Merger, Sale of Assets—Parent Obligors and the Company*", "*—Consolidation, Merger, Sale of Assets—Issuer*" or "*—Consolidation, Merger, Sale of Assets—Subsidiary Guarantors*".

(x) implement any transaction in connection with the renewal, extension, refinancing, replacement or increase of Indebtedness under the Indenture;

(xi) make any other change thereto that does not adversely affect the rights of the holders of the Notes in any material respect, as determined in good faith by the Board of Directors or senior management of the Company;

(xii) reflect appropriately therein any changes made to the definitions in the Term Loan B Facilities Agreement that are referred to or included in the Intercreditor Agreement (or any such other intercreditor agreement); *provided* that no such changes shall be permitted under this clause (xii) to the extent they affect the ranking of any Note or Guarantee in a manner than would adversely affect the rights of the holders of the Notes in any material respect except as otherwise permitted by the Indenture or the Intercreditor Agreement (or any such other intercreditor agreement); or

(xiii) permit payments to be made to the Issuer that would not otherwise have been permitted pursuant to the terms thereof.

The Company will not otherwise direct the Trustee or the Security Agent to enter into any amendment, supplement or other modification to the Intercreditor Agreement (or, if applicable, any additional intercreditor agreement), without the consent of the holders of a majority in principal amount of the outstanding Notes, other than any such amendment, supplement or other modification that, pursuant to the covenant described under "*—Modifications and Amendments*" or the Intercreditor Agreement, does not require the consent of at least the holders of a majority in principal amount of the outstanding Notes.

Limitations on Activities of Parent and Parent Intermediate Holdcos

Notwithstanding anything contained in the Indenture to the contrary:

(a) the Parent will not, and will not permit any Parent Intermediate Holdco to, engage in any business activity, except any such activity (A) reasonably relating to the offering, sale, issuance, incurrence and servicing, purchase, redemption, amendment, exchange, refinancing or retirement of the Notes or any other Indebtedness not prohibited by the Indenture or of any Capital Stock; (B) undertaken with the purpose of fulfilling any other obligations under the Senior Secured Facilities Documents (as defined in the Intercreditor Agreement), the Proceeds Loans, the Notes, the Indenture, any Hedging Obligations or any agreements or instruments relating to any other Indebtedness or obligations not prohibited by the Indenture, or any guarantees or Liens relating to any of the foregoing; (C) involving the provision of administrative services (including treasury services), human resources functions and other corporate and overhead services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the receipt of any amounts related thereto; (D) related to the establishment and/or maintenance of its corporate existence or corporate activities, the acquisition, holding or disposition of assets not prohibited to be held by it under the Indenture or reasonably related to its function as a holding company, including (1) the participation in tax and accounting matters as a member of the consolidated group with the Company and its Subsidiaries, (2) the entry into, and performance of its obligations with respect to, contracts and other arrangements with officers, directors, employees and consultants, (3) the obtainment of, and the payment of any fees and expenses for, management, consulting, monitoring, investment banking, advisory and other services, (4) the payment of dividends and distributions and the purchase of Capital Stock of, and the making of capital contributions to, its Subsidiaries and (5) preparing reports to Governmental Authorities and complying with applicable law; (E) undertaken in connection with any Permitted Investment, any Restricted Payment, any Permitted Payment, any Permitted Reorganization or the Transactions; or (F) other activities not specifically enumerated above that are immaterial in nature; and

(b) the Parent will not, and will not permit any Parent Intermediate Holdco to, own any assets or property, other than (A) any Capital Stock of the Company or any Parent Intermediate Holdco or any Financing

Subsidiary, (B) intercompany Indebtedness, (C) any rights under any other contract or agreement, *provided* that the Parent or such Parent Intermediate Holdco shall remain in compliance with the preceding clause (a), (D) any cash, cash equivalents or Temporary Cash Investments, (E) any assets and properties arising from activities of the Parent or Parent Intermediate Holdco undertaken in compliance with the preceding clause (a) and (F) other assets and properties that are immaterial in nature; *provided* that the Parent and each Parent Intermediate Holdco may from time to time receive in a transaction otherwise permitted under the Indenture and the Security Documents properties and assets (including cash, Temporary Cash Investments, shares of Capital Stock of another Person and/or Indebtedness and other obligations) for the purpose of transferring such properties and assets to any Person, so long as in any case such further transfer is made promptly by the Parent or such Parent Intermediate Holdco, as applicable, and, after giving effect thereto, the Parent or such Parent Intermediate Holdco, as applicable, is in compliance with this clause (b); *provided further* that, except in the case of any such transitional properties or assets to be transferred to any Parent Obligor, the Company or any of its Restricted Subsidiaries, no such transitional properties or assets shall be included in any calculation of Total Assets or any netting of cash or Temporary Cash Investments in calculating the Consolidated Total Net Debt or the Consolidated Senior Secured Net Debt during the time held by the Parent or any Parent Intermediate Holdco.

Notwithstanding the foregoing, nothing in this covenant shall restrict the ability of any Parent Obligor to enter into, make payments in respect of or engage in other transactions pursuant to any Profit Pooling Agreement (including the creation of one or more book entry or loan receivables), *provided* that the Parent shall ensure that only INEOS Styrolution Investment GmbH (and, in particular, none of the Company nor any Parent Holdco) will be the ultimate dominating entity (*Organträger*) under or in connection with any Profit Pooling Agreement.

Provision of Financial Statements

For so long as any Notes are outstanding, the Parent will provide to the Trustee the following reports:

(1) within 120 days after the end of each fiscal year, beginning with the fiscal year ended December 31, 2019, (i) the audited consolidated balance sheet of the Parent as of the end of, and the audited consolidated statements of income and cash flows of the Parent for, such fiscal year, setting forth in each case in comparative form the figures for the prior fiscal year, together with complete footnotes to such financial statements and the report of the independent auditors on such financial statements, which report shall be prepared in accordance with IFRS, (ii) *pro forma* consolidated income statement and balance sheet information of the Parent (which need not comply with Article 11 of Regulation S-X), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of such fiscal year, unless *pro forma* information with respect thereto has been previously provided pursuant to this covenant, (iii) an operating and financial review of the audited consolidated financial statements, including a discussion of the consolidated results of operations, financial condition, and liquidity and capital resources of the Parent, and a discussion of material commitments and contingencies and critical accounting policies, (iv) a description of the business, management and shareholders of the Parent, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments, (v) a description of material risk factors and material recent developments, (vi) a presentation of earnings before interest, taxes, depreciation and amortization, (vii) a presentation of capital expenditures and (viii) a presentation of depreciation and amortization; *provided* that disclosure with respect to any such items that complies in all material respects with the requirements that would be applicable under Form 20-F under the Exchange Act with respect to such item shall be deemed to satisfy the requirements with respect to such item under this clause (1).

(2) within 60 days after the end of the first three fiscal quarters in each fiscal year, beginning with the fiscal quarter ending March 31, 2020, (i) the unaudited condensed consolidated balance sheet of the Parent as of the end of such fiscal quarter and the unaudited condensed consolidated statements of income and cash flows of the Parent for the portion of the fiscal year then ended, setting forth in each case in comparative form the figures for the comparable prior year period, together with condensed footnotes to such financial statements, (ii) *pro forma* condensed consolidated income statement and balance sheet information of the Parent (which need not comply with Article 11 of Regulation S-X), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of such fiscal year, unless *pro forma* information with respect thereto has been previously provided pursuant to this covenant, (iii) an operating and financial review

of the unaudited condensed consolidated financial statements, including a discussion of the consolidated results of operations, financial condition, and liquidity and capital resources of the Parent, and a discussion of material commitments and contingencies and critical accounting policies, and (iv) a description of material recent developments and any material changes to the risk factors disclosed in the most recent annual report; *provided* that disclosure with respect to any such item that complies in all material respects with the requirements that would be applicable under Form 10-Q under the U.S. Exchange Act with respect to such item shall be deemed to satisfy the requirements with respect to such item under this clause (2).

(3) promptly after the occurrence of any acquisition, disposition or restructuring that is material to the Company and its Restricted Subsidiaries, taken as a whole, or any senior executive officer changes at the Parent or the Issuer or change in auditors of the Parent or the Issuer or any other material event that the Parent, the Company or any of the Company's Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statements and *pro forma* financial information will be prepared in accordance with IFRS on a consistent basis for the periods presented; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods, subject to the provisions of the Indenture. Except as provided for above, no report need include separate financial statements for the Subsidiaries of the Parent or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this offering memorandum. For purposes of this covenant, IFRS shall be deemed to be IFRS as in effect from time to time, without giving effect to the proviso in the definition thereof.

Contemporaneously with the furnishing of each such report discussed above, the Parent will post such report on the Issuer's website. In the event that the Parent becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, the Issuer will, for so long as it continues to file the reports required by Section 13(a) or 15(d) with the Commission, make available to the Trustee the annual reports, information, documents and other reports that the Parent is required to file with the Commission pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Parent will be deemed to have complied with the provisions contained in the preceding three paragraphs.

The Indenture will also provide that, so long as any of the Notes remain outstanding, the Parent will make available to any prospective purchaser of Notes or beneficial owner of Notes in connection with any sale thereof the information required by Rule 144A(d)(4) under the Securities Act. The Parent and the Issuer will also make any of the foregoing information available during normal business hours at the offices of the listing agent in Luxembourg if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market thereof and the rules of the stock exchange so require.

Listing

Each of the Company and the Issuer will use its commercially reasonable efforts to obtain on or prior to the first interest payment date a listing of the Notes on the Official List of the Luxembourg Stock Exchange and the admission of the Notes to trading on the Euro MTF Market of the Luxembourg Stock Exchange, and use its commercially reasonable efforts to maintain such listing for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it will not seek or maintain such listing, it will use commercially reasonable efforts to obtain, prior to the first interest payment date or prior to the delisting of the Notes from the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market of the Luxembourg Stock Exchange, a listing of such Notes on another "recognised stock exchange" as defined in section 1005 of the United Kingdom Income Tax Act 2007.

Suspension of Covenants and Release of Guarantees on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "**Suspension Event**"), then, beginning on such date and continuing until such time, if any, at which the Notes cease to have Investment Grade Status,

(a) the provisions of the Indenture summarized under the following captions will not apply to the Notes: "*—Limitation on Indebtedness*," "*—Limitation on Restricted Payments*," "*—Limitation on Sale of Assets*," "*—Limitation on Transactions with Affiliates*," "*—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*," "*—Limitation on Unrestricted Subsidiaries*," "*—Limitation on Layered Debt*", the provisions of clause (c) of the covenant described under "—

Consolidation, Merger, Sale of Assets—Parent Obligors and the Company" and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries; *provided* that such covenants (and any related default provisions) will again apply in accordance with their terms from and after the first day on which a Suspension Event ceases to be in effect; *provided*, however, that such covenants (and any related default provisions) will not be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken during the continuance of the Suspension Event, and the "*—Limitation on Restricted Payments*" covenant will be interpreted as if it had been in effect since the Issue Date except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while such covenant was suspended; and

(b) the Company shall have the right, in its sole discretion, by written notice to the Trustee and the Security Agent, to request the release and discharge of all Guarantees by any Restricted Subsidiary of the Company (other than the Guarantee of any Restricted Subsidiary that is a parent entity of the Issuer) created under the Indenture or any supplemental indenture to the Indenture, whereupon the Trustee and the Security Agent shall execute and deliver any document requested by the Company to effect and evidence the release and discharge of such Guarantees and any related release of Liens pursuant to "*—Brief Description of the Notes, the Guarantees and the Security—Security—Release of Security*"; *provided* that such Guarantee shall not be released and discharged unless, substantially concurrently with such release and discharge, any guarantee by such Restricted Subsidiary in respect of the Term Loans shall be released and discharged and no other Indebtedness is at that time guaranteed by the relevant Restricted Subsidiary that would have otherwise given rise to an obligation to guarantee the Notes pursuant to the covenant described under "*Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*" had the relevant Restricted Subsidiary not already been a Guarantor.

The Company shall notify the Trustee that the conditions set forth above in this covenant have been satisfied, provided that such notification shall not be a condition for the suspension of the covenants set forth above to be effective, nor shall failure to notify the Trustee thereof constitute a breach of this covenant or default under the Indenture. The Trustee shall be under no obligation to notify the holders of the Notes that the conditions set forth in this covenant have been satisfied.

Additional Covenants

The Indenture will also contain covenants with respect to the following matters: (a) payment of principal, premium, any Additional Amounts and interest; (b) maintenance of certain offices or agencies; and (c) arrangements regarding the handling of money held in trust.

Consolidation, Merger, Sale of Assets

Parent Obligors and the Company

Neither any Parent Obligor nor the Company will, in a single transaction or through a series of related transactions, consolidate with, amalgamate with or merge with or into any other Person (whether or not such Parent Obligor or the Company, as applicable, is the surviving Person), or sell, assign, convey, transfer, lease or otherwise dispose of its properties and assets (or permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions) if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition to any other Person or group of Persons of all or substantially all of the properties and assets of such Parent Obligor and its Restricted Subsidiaries on a Consolidated basis, or of the Company and its Restricted Subsidiaries on a Consolidated basis, as applicable, unless at the time of the transaction and after giving effect thereto:

(a) either:

(i) such Parent Obligor or the Company, as applicable, shall be the continuing Person and, in the case of such Parent Obligor, shall be in compliance with the covenant described under "*—Limitations on Activities of Parent and Parent Intermediate Holdcos*"; or

(ii) the Person (if other than such Parent Obligor or the Company, as applicable) formed by such consolidation or amalgamation or into which such Parent Obligor or the Company, as applicable, is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or other disposition all or substantially all of the properties and assets of such Parent Obligor and its Restricted Subsidiaries on a Consolidated basis, or of the Company and its Restricted Subsidiaries on a Consolidated basis, as applicable, (the "**Parent/Company Surviving Entity**") shall be a Person duly organized and validly existing under the laws of a Permitted Jurisdiction and such Person expressly assumes all the obligations of such Parent Obligor or the Company, as applicable, under the Notes, the Indenture (including its Guarantee), the Intercreditor Agreement and the Security Documents to which such Parent Obligor or the Company, as applicable, is a party pursuant to agreements reasonably satisfactory to the Trustee;

(b) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness not previously an obligation of the Company or any of its Restricted Subsidiaries which becomes the obligation of the Company or any of its Restricted Subsidiaries as a result of such transaction as having been incurred at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

(c) immediately after giving effect to such transaction on a *pro forma* basis (on the assumption that such transaction occurred on the first day of the most recent four-quarter period for which financial statements are available ending immediately prior to the consummation of such transaction, with the appropriate adjustments with respect to such transaction, including treating any obligation incurred by the Company or any Restricted Subsidiary in connection with or as a result of such transaction as having been incurred by the Company or such Restricted Subsidiary at the time of such transaction, being included in such *pro forma* calculation), (i) the Company (or the Surviving Entity if the Company is not the continuing obligor under the Indenture) could incur €1.00 of additional Indebtedness under paragraph (a) of the covenant described under "*—Limitation on Indebtedness*" or (ii) the Consolidated Fixed Charge Coverage Ratio for such period would not be less than it would be for such period prior to giving *pro forma* effect to such transaction; and

(d) at the time of such transaction, such Parent Obligor, the Company or the Parent/Company Surviving Entity, as applicable, will have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate or an opinion of legal counsel, each to the effect that such transaction complies with the Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate of the Company or the Parent/Company Surviving Entity as to any matters of fact.

In the event of any transaction (other than a lease) described in and complying with the conditions set forth in the immediately preceding paragraph in which the applicable Parent Obligor or the Company is not the Parent/Company Surviving Entity, the Parent/Company Surviving Entity will succeed to, and be substituted for, and may exercise every right and power of, such Parent Obligor or the Company, as applicable, and such Parent Obligor or the Company, as applicable, will, subject to the second paragraph of the provisions described under "*—General*", be automatically and unconditionally released and discharged from all obligations and covenants under the Indenture (including its Guarantee) and each of the other Notes Documents to which such Parent Obligor or the Company, as applicable, is a party.

Issuer

The Issuer will not, in a single transaction or through a series of related transactions, consolidate with, amalgamate with or merge with or into any other Person (whether or not the Issuer is the surviving Person), or sell, assign, convey, transfer, lease or otherwise dispose of its properties and assets (or permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions) if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition to any other Person or group of Persons of all or substantially all of the properties and assets of the Issuer and its Restricted Subsidiaries on a Consolidated basis, unless at the time of the transaction and after giving effect thereto:

(a) either:

(1) the Issuer will be the continuing Person; or

(2) the Person (if other than the Issuer) formed by such consolidation or amalgamation or into which the Issuer is merged or the Person which acquires by sale, assignment, conveyance,

transfer, lease or other disposition all or substantially all of the properties and assets of the Issuer and its Restricted Subsidiaries on a Consolidated basis (the "**Issuer Surviving Entity**") shall be a Person duly organized and validly existing under the laws of a Permitted Jurisdiction and such Person expressly assumes all the obligations of the Issuer under the Notes, the Indenture, the Intercreditor Agreement and the Security Documents to which the Issuer is a party pursuant to agreements reasonably satisfactory to the Trustee (and the Guarantees will be confirmed as applying to such Issuer Surviving Entity's obligations);

(b) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness not previously an obligation of the Company or any of its Restricted Subsidiaries which becomes the obligation of the Company or any of its Restricted Subsidiaries as a result of such transaction as having been incurred at the time of such transaction), no Default or Event of Default will have occurred and be continuing; and

(c) at the time of such transaction, the Issuer or the Issuer Surviving Entity will have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate or an opinion of legal counsel, each to the effect that such transaction complies with the Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate of the Issuer or the Issuer Surviving Entity as to any matters of fact.

In the event of any transaction (other than a lease) described in and complying with the conditions set forth in the immediately preceding paragraph in which the Issuer is not the Issuer Surviving Entity, the Issuer Surviving Entity will succeed to, and be substituted for, and may exercise every right and power of, the Issuer, and the Issuer will, subject to the second paragraph of the provisions described under "*—General*", be automatically and unconditionally be released and discharged from all obligations and covenants under the Indenture, the Notes and each of the other Notes Documents to which the Issuer is a party.

Subsidiary Guarantors

A Subsidiary Guarantor (other than a Subsidiary Guarantor whose Guarantee is to be released in accordance with the terms of the Indenture) will not, in a single transaction or through a series of related transactions, consolidate with, amalgamate with or merge with or into any other Person (whether or not such Subsidiary Guarantor is the Surviving Person), or sell, assign, convey, transfer, lease or otherwise dispose of its properties and assets (or permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions) if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition to any other Person or group of Persons of all or substantially all of the properties and assets of such Subsidiary Guarantor and its Restricted Subsidiaries on a Consolidated basis, unless at the time of the transaction and after giving effect thereto:

(a) either:

(1) such Subsidiary Guarantor will be the continuing Person; or

(2) the Person (if other than such Subsidiary Guarantor) formed by such consolidation or amalgamation or into which such Subsidiary Guarantor is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or other disposition all or substantially all of the properties and assets of such Subsidiary Guarantor and its Restricted Subsidiaries on a Consolidated basis (the "**Guarantor Surviving Entity**") shall be a Person duly organized and validly existing under the laws of any state that was a member of the European Union on the Issue Date, the United Kingdom, Switzerland, the United States of America, any State thereof or the District of Columbia or the laws of any other jurisdiction where one or more Subsidiary Guarantors are organized and such Person expressly assumes all the obligations of such Subsidiary Guarantor under the Indenture (including its Guarantee) and the other Notes Documents to which such Subsidiary Guarantor is a party pursuant to agreements reasonably satisfactory to the Trustee (it being agreed that the Guarantee of such Guarantor Surviving Entity may contain limitations set forth in or contemplated by the Indenture or the Security Principles);

(b) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness not previously an obligation of the Company or any of its Restricted Subsidiaries which becomes the obligation of the Company or any of its Restricted Subsidiaries as a result of such transaction as having been incurred at the time of such transaction), no Default or Event of Default will have occurred and be continuing; and

(c) at the time of such transaction, such Subsidiary Guarantor, the Company or the Guarantor Surviving Entity will have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate or an opinion of legal counsel, each to the effect that such transaction complies with the Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate of such Subsidiary Guarantor, the Company or the Guarantor Surviving Entity as to any matters of fact.

In the event of any transaction (other than a lease) described in and complying with the conditions set forth in the immediately preceding paragraph in which the applicable Subsidiary Guarantor is not the Guarantor Surviving Entity, such Guarantor Surviving Entity shall succeed to, and be substituted for, and may exercise every right and power of, such Subsidiary Guarantor and such Subsidiary Guarantor will, subject to the second paragraph of the provisions described under "*—General*", be automatically and unconditionally released and discharged from all obligations and covenants under the Indenture (including its Guarantee) and the other Notes Documents to which such Subsidiary Guarantor is a party.

General

Notwithstanding anything to the contrary in paragraphs (b) and (c) of the subsection "*—Parent Obligors and the Company*", paragraph (b) of the subsection "*—The Issuer*" and paragraph (b) of the subsection "*—Subsidiary Guarantors*" (which shall not apply to transactions referred to in this sentence), (i) any Restricted Subsidiary of the Company may consolidate or otherwise combine with, amalgamate with, merge with or into or sell, assign, convey, transfer, lease or otherwise dispose of all or any part of its properties and assets to the Company, the Issuer or any other Restricted Subsidiary and (ii) any Parent Obligor, the Company or the Issuer may consolidate or otherwise combine with, amalgamate with or merge with or into an Affiliate organized for the primary purpose of changing the legal domicile of such Parent Obligor, the Company or the Issuer in a Permitted Jurisdiction, reincorporating such Parent Obligor, the Company or the Issuer in another Permitted Jurisdiction or changing the legal form of such Parent Obligor, the Company or the Issuer; *provided* that such Parent Obligor, the Company or the Issuer, or such Affiliate, complies with clause (a) of the first paragraph under the caption "*—Parent Obligors and the Company*" or clause (a) of the first paragraph under the caption "*—The Issuer*", as applicable.

Notwithstanding anything to the contrary set forth in the last paragraph under the caption "*—Parent Obligors and the Company*", the last paragraph under the caption "*—The Issuer*" or the last paragraph under the caption "*—Subsidiary Guarantors*", upon the succession and substitution of any Guarantor by any Surviving Entity in a sale, assignment, conveyance, transfer, lease or other disposition of properties and assets subject to this covenant, upon the written request of the Company to the Trustee, such Guarantor shall not be released and discharged from its Guarantee and shall continue to be bound by its obligations and covenants under the Indenture and the other Notes Documents to which it is a party as a Guarantor; *provided* that, in the event such Guarantor is a Parent Obligor, the Company or the Issuer and to the extent provided in such request, such Guarantor shall continue to be bound by its obligations and covenants under the Indenture and the Notes Documents solely in its capacity as a Guarantor and shall not be subject to or bound by any of the obligations and covenants applicable to a Parent Obligor, the Company or the Issuer, as applicable, and only the applicable Surviving Entity shall be subject to and bound by such obligations and covenants.

Notwithstanding anything to the contrary set forth in the Indenture or in any other Notes Document, the Parent and its Restricted Subsidiaries may implement a Permitted Reorganization.

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Events of Default

An Event of Default will occur under the Indenture if:

(a) there shall be a default in the payment of any interest or Additional Amounts on any Note when it becomes due and payable, and such default shall continue for a period of 30 days;

(b) there shall be a default in the payment when due (at maturity, upon redemption or otherwise) of the principal of (or premium, if any, on) any Note;

(c)

(1) there shall be a default in the performance, or breach, of any covenant or agreement of the Issuer or any Guarantor under the Indenture or any Guarantee (other than a default in the performance, or breach, of a covenant or agreement which is specifically dealt with in clause (a), (b) or in clause (2), (3) or (4) of this clause (c)) and such default or breach shall continue for a period of 60 days after written notice has been given, by certified mail, (x) to the Issuer by the Trustee or (y) to the Issuer and the Trustee by the holders of at least 30% in aggregate principal amount of the outstanding Notes voting as a single class,

(2) there shall be a default in the performance or breach of the provisions described in "—*Consolidation, Merger, Sale of Assets*",

(3) the Company or a Restricted Subsidiary shall have failed to make or consummate an Asset Sale Offer in accordance with the provisions of "—*Certain Covenants—Limitation on Sale of Assets*", or

(4) the Issuer or the Company shall have failed to make or consummate a Change of Control Offer in accordance with the provisions of "—*Purchase of Notes upon a Change of Control*;"

(d) any default in the payment of the principal or premium, if any, on any Indebtedness shall have occurred under any of the agreements, indentures or instruments under which the Issuer, any Guarantor or any Significant Restricted Subsidiary then has outstanding Indebtedness in excess of €25.0 million when the same shall become due and payable in full and such default shall have continued after any applicable grace period and shall not have been cured or waived and, if not already matured at its final maturity in accordance with its terms, the holder of such Indebtedness shall have accelerated such Indebtedness;

(e) any Guarantee by the Parent, the Company or a Significant Restricted Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be, or shall for any reason be asserted in writing by any Guarantor or the Issuer not to be, in full force and effect and enforceable in accordance with its terms, except to the extent contemplated by the Indenture and any such Guarantee;

(f) (i) one or more of the Security Documents that, taken as a whole, create Liens on a material portion of the Collateral shall, at any time, cease to be in full force and effect, or shall be declared invalid or unenforceable by a court of competent jurisdiction, other than, in each case, pursuant to limitations on enforceability, validity or effectiveness imposed by applicable law or the terms of such Security Document or except in accordance with the terms of such Security Document, the Intercreditor Agreement or the Indenture, including the release provisions thereof, and such failure to be in full force and effect shall have continued uncured for a period of 15 days after the Company becomes aware of such failure or (ii) repudiation or disaffirmation by the Issuer or any Guarantor of any of their respective obligations under the Security Documents that, taken as a whole, create Liens on a material portion of the Collateral;

(g) one or more final judgments, orders or decrees of any court or regulatory or administrative agency for the payment of money in excess of €25.0 million, either individually or in the aggregate (to the extent not covered by independent third party insurance), shall be rendered against the Issuer, the Company or any Significant Restricted Subsidiary or any of their respective properties and shall not be discharged and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal or otherwise, shall not be in effect;

(h) [Reserved]; or

(i) certain events of bankruptcy or insolvency described in the Indenture with respect to the Parent, the Company, Issuer or any Significant Restricted Subsidiary shall have occurred.

If an Event of Default (other than as specified in clause (i) of the prior paragraph) shall occur and be continuing with respect to the Indenture, the Trustee or the holders of not less than 30% in aggregate principal amount of the Notes then outstanding may, and the Trustee, at the request of such holders, shall declare all unpaid principal of, premium, if any, any Additional Amounts and accrued interest on all Notes to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the holders of the Notes) and upon any such declaration, such principal, premium, if any, any Additional Amounts and interest shall become due and payable immediately. If an Event of Default specified in clause (i) of the prior paragraph occurs and is continuing, then all the Notes shall *ipso facto* become and be due and payable immediately in an amount equal to the principal amount of the Notes, together with any Additional Amounts and accrued and unpaid interest, if any, to the date the Notes become due and payable, without any declaration or other act on the part of the Trustee or any holder. Thereupon, the Trustee may, at its discretion, proceed to protect and enforce the rights of the holders of the Notes by appropriate judicial proceedings. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (d) of the prior paragraph has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (d) shall be remedied or cured, or waived by the holders of the Indebtedness that gave rise to such Event of Default, or such Indebtedness shall be discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except non-payment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

After a declaration of acceleration, but before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of a majority in aggregate principal amount of Notes outstanding by written notice to the Issuer and the Trustee may rescind an acceleration and annul such declaration and its consequences under the Indenture if:

(a) the Issuer has paid or deposited with the Trustee a sum sufficient to pay:

(1) all sums paid or advanced by the Trustee under the Indenture and the properly incurred compensation, expenses, disbursements and advances of the Trustee, its agents and counsel,

(2) all overdue interest and Additional Amounts on all Notes then outstanding,

(3) the principal of and premium, if any, on any Notes then outstanding which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Notes, and

(4) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the Notes;

(b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and

(c) all Events of Default, other than the non-payment of principal of, premium, if any, and any Additional Amounts and interest on the Notes, which have become due solely by such declaration of acceleration, have been cured or waived as provided in the Indenture. No such rescission shall affect any subsequent default or impair any right consequent thereon.

The holders of not less than a majority in aggregate principal amount of all outstanding Notes may, by written notice to the Trustee, on behalf of the holders of all outstanding Notes, waive any past default under the Indenture and its consequences, except a default in respect of a covenant or provision hereof which under the Indenture cannot be modified or amended without the consent of the holders of not less than 90% of the then outstanding amount of Notes, in which case the consent of the holders of at least 90% of the then outstanding Notes shall be required.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust of power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

No holder of any of the Notes has any right to institute any proceedings with respect to the Indenture or any remedy thereunder, unless the holders of at least 30% in aggregate principal amount of the outstanding Notes have made written request, and offered satisfactory indemnity and/or security (including by way of pre-funding), to the Trustee to institute such proceeding as the Trustee under the Notes and the Indenture, the Trustee has failed to institute such proceeding within 60 days after receipt of such notice and offer of satisfactory indemnity and/or security (including by way of pre-funding) and the Trustee, during such 60-day period, has not received directions inconsistent with such written request from the holders of a majority in aggregate principal amount of the outstanding Notes. Such limitations do not, however, apply to a suit instituted by a holder of a Note for the enforcement of the payment of the principal of, premium, if any, and any Additional Amounts or interest on such Note on or after the respective due dates expressed in such Note.

The Company will promptly, and in any event, within 15 Business Days of becoming aware of such Default or Event of Default, notify the Trustee of the occurrence of any Default or Event of Default that is continuing. Except in the case of a Default or an Event of Default in payment of principal of, premium, if any, Additional Amounts or interest on any Notes, the Trustee may withhold the notice to the holders of such Notes if a committee of its trust officers in good faith determines that withholding the notice is in the interests of the holders of the Notes. If a Default or an Event of Default occurs and is continuing and the Trustee is informed in writing, the Trustee will mail to each holder of the Notes notice of the Default or Event of Default within five Business Days after being notified of its occurrence. The Company will deliver to the Trustee, on or before a date not more than 120 days after the end of each fiscal year, a written statement as to compliance with the Indenture, including whether or not any Default has occurred. The Trustee is under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the holders of the Notes unless such holders offer to the Trustee indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred thereby.

Defeasance or Covenant Defeasance of Indenture

The Issuer may, at its option and at any time, elect to have all of its obligations terminated with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to the Guarantees ("**Legal Defeasance**") and cure all then existing Events of Default, except for, among other things, certain obligations, including those relating to the defeasance trust, obligations to transfer or exchange Notes, to pay Additional Amounts, to replace mutilated, destroyed, lost or stolen Notes and to maintain a paying agent, and obligations with respect to the rights, powers, trusts, duties and immunities of the Trustee.

In addition, the Issuer may, at its option and at any time, elect to have its obligations and the obligations of the Guarantors released with respect to certain covenants that are described in the Indenture and the Guarantees ("**Covenant Defeasance**") and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, and, solely with respect to the Issuer, bankruptcy and insolvency events) described under "*—Events of Default*" will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Issuer must irrevocably deposit in trust with the Trustee, for the benefit of the holders of the Notes, cash in Euro, European Government Obligations, or a combination thereof, in such aggregate amounts as will be sufficient to pay the principal of, interest and premium, if any, on the Notes to maturity;

(b) in the case of Legal Defeasance, the Issuer must deliver to the Trustee:

    (1) an opinion of United States counsel reasonably acceptable to the Trustee confirming that (A) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (B) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; and

    (2) an opinion of counsel in the jurisdiction of incorporation of the Issuer and reasonably acceptable to the Trustee to the effect that the holders of the Notes will not recognize income, gain or loss for tax purposes of such jurisdiction as a result of such Legal Defeasance and will

be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; and

(c) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee:

(1) an opinion of United States counsel reasonably acceptable to the Trustee confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; and

(2) an opinion of counsel in the jurisdiction of incorporation of the Issuer and reasonably acceptable to the Trustee to the effect that the holders of the Notes will not recognize income, gain or loss for tax purposes of such jurisdiction as a result of such Covenant Defeasance and will be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to transfer or exchange of the Notes as expressly provided for in the Indenture) as to all the outstanding Notes issued under the Indenture when:

(a) either:

(1) all such Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid or Notes whose payment has been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust as provided for in the Indenture) have been delivered to the Trustee for cancellation, or

(2) all Notes not theretofore delivered to the Trustee for cancellation (A) have become due and payable, (B) will become due and payable at their Stated Maturity within one year, or (C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust an amount in Euro, European Government Obligations or a combination thereof sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, including the principal of, premium, if any, any Additional Amounts and accrued interest on, such Notes at such Maturity, Stated Maturity or redemption date;

(b) the Issuer or any Guarantor has paid or caused to be paid all other sums payable under the Indenture by the Issuer and any Guarantor; and

(c) the Issuer has delivered to the Trustee an Officer's Certificate and an opinion of independent counsel, in form and substance reasonably satisfactory to the Trustee, each stating that:

(1) all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with; and

(2) such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreement or instrument to which the Issuer, any Guarantor or any Subsidiary is a party or by which the Issuer, any Guarantor or any Subsidiary is bound;

provided that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with this clause (c) and the foregoing clauses (a) and (b)). The Trustee will be entitled to rely conclusively on such Officer's Certificate and opinion of counsel without independent verification.

If requested by the Issuer, the Trustee may distribute any amounts deposited in trust to the holders prior to maturity or the redemption date, as the case may be. In such case, the payment to each holder will equal the amount such holder would have been entitled to receive at the stated maturity or on the relevant redemption date, as the case may be. For the avoidance of doubt, the distribution and payment to holders prior to the maturity or redemption date as set forth above will not include any negative interest, present value adjustment, break cost or any other premium on such amounts.

Modifications and Amendments

Without limiting the Issuer's and the Guarantors' ability to effect modifications or amendments that are expressly permitted under "*—Certain Covenants—Impairment of Security Interest*" or "*—Certain Covenants—Intercreditor Agreement; Additional Intercreditor Agreements*" or are otherwise permitted under this caption "*—Modifications and Amendments*," modifications and amendments of the Indenture, the Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement and/or the Security Documents may be made by the Issuer, the Guarantors, the Trustee and the Security Agent, in each case, to the extent a party thereto, with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding; *provided*, *however*, that no such modification or amendment may, without the consent of the holders of at least 90% of the then outstanding aggregate principal amount of the Notes:

(a) change the Stated Maturity of the principal of, or any installment of any Additional Amounts or interest on any Note, or change to an earlier date the time at which any Note may be redeemed, or waive a default in the payment of the principal of, premium, if any, any Additional Amounts or interest on, any such Note or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which the principal of any such Note or any premium or any Additional Amounts or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date);

(b) reduce the percentage in principal amount of such outstanding Notes, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any amendment, waiver of or compliance with provisions of the Indenture;

(c) modify any of the provisions relating to any supplemental indentures requiring the consent of holders or relating to the waiver of past defaults or relating to the waiver of certain covenants, except to increase the percentage of such outstanding Notes required for such actions or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each such Note affected thereby;

(d) except as otherwise permitted under "*—Consolidation, Merger, Sale of Assets*" or the definition of the term "Parent", "Parent Intermediate Holdco" or "Company" as part of a Permitted Reorganization, assign or transfer any of the rights and obligations under the Indenture of the Issuer or any Guarantor;

(e) release all or substantially all of the Collateral from the Liens created in favor of the Trustee or the Security Agent pursuant to the Security Documents or all or substantially all of the Guarantors from the Guarantees created pursuant to the Indenture or any supplemental indenture thereto except as otherwise permitted by the terms of the Indenture, the Security Documents or the Intercreditor Agreement or any additional intercreditor agreement;

(f) except as permitted by the Indenture or the Intercreditor Agreement (or any additional intercreditor agreement), make any change to any provision of the Indenture or the Intercreditor Agreement affecting the ranking or priority of any Note or Guarantee that would adversely affect the rights of the holders of the Notes in any material respect;

(g) make any change in the provisions of the Indenture described under "*—Payment of Additional Amounts*" that adversely affects the holder's or beneficial owner's entitlement to (x) any exemption, in whole or in part, from withholding Taxes or (y) Additional Amounts, in each case as described thereunder, unless the Issuer agrees to pay Additional Amounts (if any) in respect thereof; or

(h) except as permitted by the Indenture or the Intercreditor Agreement (or any additional intercreditor agreement), release the Guarantee of the Parent or the Company.

Notwithstanding the preceding paragraph, the Indenture will provide that certain Guarantees or Liens on the Collateral may be released in connection with sales or other dispositions of property or assets (including Capital Stock) that do not violate the requirements of the covenants described under the caption "*—Certain Covenants—Restricted Payments*" or the "*—Certain Covenants—Limitation on Sale of Assets*", as each such covenant may be amended from time to time.

For the avoidance of doubt, it shall not be necessary for the consent of the holders of the Notes to approve the particular form of any proposed amendment, waiver or other modification but it shall be sufficient if such consent approves the substance thereof.

In addition to any modifications and amendments that are permitted under, or governed by, the covenants set forth under the captions "*—Certain Covenants—Impairment of Security Interest*", "*—Certain Covenants—Intercreditor Agreement; Additional Intercreditor Agreements*" or the other provisions of this caption "*—Modifications and Amendments*" and not in limitation thereof, without the consent of any holders of the Notes, the Issuer and the Trustee and the Security Agent, in each case to the extent a party thereto (without the need for any consent of or authorization or execution by any other party to the Indenture) may modify or amend the Indenture, the Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document:

(a) to evidence the succession of another Person to the Issuer or any Guarantor or any other obligor under the Notes and the assumption by any such successor of the covenants of the Issuer or such Guarantor in the Indenture (including any supplemental indenture), the Notes, any Notes Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document, as applicable, in accordance with "*—Consolidation, Merger, Sale of Assets*";

(b) to add to the covenants of the Issuer, any Guarantor or any other obligor upon the Notes for the benefit of the holders of the Notes or to surrender any right or power conferred upon the Issuer or any Guarantor or any other obligor upon the Notes, as applicable, in the Indenture (including any supplemental indenture), the Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document;

(c) to cure any ambiguity, or to correct or supplement any provision in the Indenture (including any supplemental indenture), the Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document which may be defective or inconsistent with any other provision in the Indenture (including any supplemental indenture), the Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document or to make any other provisions with respect to matters or questions arising under the Indenture (including any supplemental indenture), the Notes, any Notes Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document that shall not adversely affect the legal rights of the holders of the Notes in any material respect or that shall improve or increase the rights of the holders of the Notes;

(d) to add a Guarantor under the Indenture and to provide for or confirm the existence of any limitations in any Guarantee authorized under the Indenture;

(e) to evidence and provide the acceptance of the appointment of a successor Trustee under the Indenture;

(f) to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the holders of the Notes as additional security for the payment and performance of the Issuer's or any Guarantor's obligations under the Indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent pursuant to the Indenture or otherwise (any such additional security shall be deemed to be Collateral for all purposes under the Indenture);

(g) to provide for the issuance of Additional Notes in accordance with the Indenture;

(h) to conform the text of the Indenture or the Notes to any passage in this "*Description of the Notes*" to the extent that such passage was intended to be a verbatim recitation of a provision of the Indenture or the Notes;

(i) to make, complete or confirm any grant of Collateral permitted or required by the Indenture;

(j) to evidence or provide for the release of any Guarantee or any Lien on any Collateral that is otherwise permitted by the terms of the Indenture, the Security Documents or the Intercreditor Agreement or any additional intercreditor agreement; or

(k) to provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code).

In connection with its execution of any amendment pursuant to the preceding paragraph, the Trustee shall be entitled to request and rely on such evidence as to whether such amendment is authorized by such paragraph as the Trustee may request, which may include an Officer's Certificate and/or an opinion of counsel.

Notwithstanding anything to the contrary in the paragraph above, in order to effect an amendment authorized by clause (d) above to add a Guarantor under the Indenture, it shall only be necessary for the supplemental indenture providing for the accession of such additional Guarantor to be duly authorized and executed by (i) the Issuer, (ii) such additional Guarantor and (iii) the Trustee. Except as otherwise set forth herein, any amendments permitted by the Indenture need only be duly authorized and executed by the Issuer and the Trustee.

The holders of a majority in aggregate principal amount of the Notes outstanding may waive compliance with the restrictive covenants and provisions of the Indenture.

For the avoidance of doubt, no modification or amendment to, or deletion of, actions taken in compliance with, any of the covenants described under "*—Certain Covenants*", shall be deemed to impair or affect any rights of the holders of the Notes to receive payment of principal of, or premium, if any, or interest on, the Notes.

Listing and General Information

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of that exchange and the rules and regulations of the Luxembourg Stock Exchange shall so require, copies, current and future, of all of the Parent's annual audited consolidated financial statements, unaudited consolidated interim semi-annual financial statements and quarterly financial information and this offering memorandum may be obtained, free of charge, during normal business hours at the registered office of the Issuer.

Anyone who receives this offering memorandum may, following the Issue Date, obtain a copy of the Indenture, the Notes, the Intercreditor Agreement (including any additional intercreditor agreement) and the Security Documents without charge by writing to the Issuer at Mainzer Landstraße 50, 60325 Frankfurt am Main, Germany.

Governing Law

The Indenture, the Notes and the Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Intercreditor Agreement is governed by, and construed in accordance with, the laws of New York. The Security Documents will be governed by applicable local law of the jurisdiction under which Security Interests are granted.

Consent to Jurisdiction and Service

The Indenture will provide that the Issuer and each Guarantor will appoint INEOS Styrolution America LLC, with its registered office at 1209 Orange Street, Wilmington, DE 19801, United States (Attention: Senior Legal Counsel) as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Guarantees and for actions brought in any U.S. federal or New York state court located in the Borough of Manhattan, New York and will submit to such jurisdiction.

Enforceability of Judgments

Since many of the assets of the Issuer and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator, member or shareholder of the Issuer, any Guarantor, any of their respective parent companies or any of their respective Subsidiaries or Affiliates as such, shall have any liability for any obligations of the Issuer under the Indenture (including the Guarantees), the Notes or the Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the Commission that such a waiver is against public policy.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes will be prescribed 10 years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Concerning the Trustee

The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The holders of a majority in principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that in case an Event of Default occurs (which has not been cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes unless such holder shall have offered to the Trustee security and indemnity satisfactory (including by way of pre-funding) to it against any loss, liability or expense.

Acknowledgment and Consent to Bail-In

Under this caption "*—Acknowledgment and Consent to Bail-In*":

"**Bail-in Legislation**" means, in relation to a member state of the European Economic Area which has implemented, or at any time implements, the BRRD, the relevant implementing law or regulation as described in the EU Bail-in Legislation Schedule from time to time.

"**BRRD**" means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

"**BRRD Liability**" means a liability in respect of which the relevant write-down and conversion powers in the applicable Bail-in Legislation may be exercised.

"**BRRD Party**" means The Bank of New York Mellon SA/NV, Luxembourg Branch, as Registrar, Paying Agent in Luxembourg and Transfer Agent under the Indenture.

"**Bail-in Powers**" means any write-down and conversion powers as defined in relation to the relevant Bail-in Legislation.

"**EU Bail-in Legislation Schedule**" means the document described as such and published by the Loan Market Association (or any successor person) from time to time.

"**Relevant Resolution Authority**" means the resolution authority with the ability to exercise any Bail-in Powers in relation to the relevant BRRD Party.

Notwithstanding and to the exclusion of any other term of the Indenture or any other agreements, arrangements, or understanding between the parties, each counterparty to a BRRD Party under the Indenture shall acknowledge and accept that a BRRD Liability arising under the Indenture may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority, and acknowledge, accept, and agree to be bound by:

(a) the effect of the exercise of Bail-in Powers by the Relevant Resolution Authority in relation to any BRRD Liability of any BRRD Party to it under the Indenture, that (without limitation) may include and result in any of the following, or some combination thereof:

(i) the reduction of all, or a portion, of the BRRD Liability or outstanding amounts due thereon;

(ii) the conversion of all, or a portion, of the BRRD Liability into shares, other securities or other obligations of the relevant BRRD Party or another person (and the issue to or conferral on it of such shares, securities or obligations);

(iii) the cancellation of the BRRD Liability; or

(iv) the amendment or alteration of the amounts due in relation to the BRRD Liability, including any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period; and

(b) the variation of the terms of the Indenture, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of Bail-in Powers by the Relevant Resolution Authority.

Certain Definitions

"**Acquired Indebtedness**" means Indebtedness of any Person:

(a) existing at the time such Person becomes a Restricted Subsidiary;

(b) assumed in connection with the acquisition of assets from such Person; or

(c) existing at the time such Person merges, consolidates or amalgamates with the Company or any Restricted Subsidiary;

in each case, other than Indebtedness incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary or such acquisition, merger, consolidation or amalgamation, as the case may be.

Except as otherwise provided herein, Acquired Indebtedness shall be deemed to be incurred on the date such Person becomes a Restricted Subsidiary, on the date of such acquisition of assets from such Person or at the time of such merger, consolidation or amalgamation, as the case may be.

"**Acquisition**" means any acquisition (including pursuant to a merger, consolidation or amalgamation involving the Company or any Subsidiary) of Capital Stock in, or all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of), any Person.

"**Acquisition Indebtedness**" means Indebtedness of a Person incurred to finance any Acquisition, including Indebtedness incurred to refinance existing Indebtedness of any Person that is the subject of such Acquisition.

"**Affiliate**" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person.

For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of Voting Stock, by contract or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

"**Applicable Redemption Premium**" means, with respect to any Note on any redemption date, the greater of (a) one percent of the principal amount of the Note and (b) the excess of:

(x) the present value at such redemption date of the redemption price of such Note at January 15, 2023, plus all required interest payments that would otherwise be due to be paid on such Note during the period between the redemption date and January 15, 2023 excluding accrued but unpaid interest, computed using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points, over

(y) the principal amount of such Note.

For the avoidance of doubt, calculation of the Applicable Redemption Premium shall not be a duty or obligation of the Trustee or any Paying Agent.

"**Asset Sale**" means any sale, issuance, conveyance, transfer, lease or other disposition (including by way of merger, consolidation, amalgamation or sale and leaseback transaction) (collectively, a "**disposition**"), directly or indirectly, in one or a series of related transactions, of:

(a) any Capital Stock of any Restricted Subsidiary (other than directors' qualifying shares and other nominal amounts of Capital Stock that are required to be held by other Persons under applicable law);

(b) all or substantially all of the properties and assets of any division or line of business of the Company and its Restricted Subsidiaries; or

(c) any other properties or assets of the Company or any of its Restricted Subsidiaries other than in the ordinary course of business.

Notwithstanding the foregoing, the term "Asset Sale" shall not include any disposition of properties and assets:

(i) that is governed by provisions described under "*—Consolidation, Merger, Sale of Assets*";

(ii) that is by the Company to any Restricted Subsidiary, or by any Restricted Subsidiary to the Company or any other Restricted Subsidiary, in accordance with the terms of the Indenture;

(iii) that is a disposition of cash, cash equivalents or Temporary Cash Investments;

(iv) that is a disposition of inventory, trading stock or other assets (A) in the ordinary course of business or (B) pursuant to an inventory financing or similar arrangement that is permitted pursuant to clause (5) of paragraph (b) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(v) that is a disposition of obsolete, used, surplus or worn-out equipment or other assets or of any assets that are no longer useful or economically practicable to maintain in the conduct of the business of the Company or any Restricted Subsidiary (including allowing any registrations or any applications for registration of any Intellectual Property Rights to lapse or go abandoned);

(vi) the Fair Market Value of which, in the aggregate, does not exceed €25.0 million in any transaction or series of related transactions;

(vii) that is a Restricted Payment permitted under the covenant described in "*—Certain Covenants—Limitation on Restricted Payments*" or a Permitted Payment or a Permitted Investment or a disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(viii) that is a disposition as part of any Permitted Reorganization;

(ix) that is a disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(x) that is a foreclosure, condemnation or any similar action with respect to any property or assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind, including the unwinding of Hedging Agreements in accordance with the terms thereof;

(xi) that is a disposition of receivables (and related assets, including any credit insurance relating to such receivables) in connection with any Permitted Receivables Financing or in the ordinary course of business or the conversion or exchange of accounts receivable for notes receivable;

(xii) that is by the Company or a Restricted Subsidiary by way of lease or license in respect of land to a trading counterparty to which the Company or such Restricted Subsidiary, as applicable, provides services on that land in the ordinary course of its trading;

(xiii) that is a disposition of assets to a joint venture in which the Company or any of its Restricted Subsidiaries holds or receives, directly or indirectly, at least 49% of the Capital Stock in such joint venture; *provided* that (A) no other party to such joint venture is an Affiliate of the Company, (B) such disposition must be for fair consideration as determined in good faith by the Board of Directors or senior management of the Company and (C) the aggregate amount of the dispositions made to joint ventures pursuant to this clause (xiii), less the aggregate amount of cash, cash equivalents and Temporary Cash Investments received by the Company and its Restricted Subsidiaries in exchange for such dispositions, does not since the Issue Date exceed the greater of (x) €175.0 million and (y) 4.50% of Total Assets at the time of (but prior to giving effect to) such disposition;

(xiv) that is a disposition of an Investment in any joint venture to the extent required by, or made pursuant to, contractual buy/sell or similar arrangements between the joint venture parties set forth in the agreements relating to such joint venture; *provided* that the relevant agreement resulted from *bona fide* arm's length negotiation at the time it was entered into;

(xv) that is a disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or any of its Restricted Subsidiaries) from which such Restricted Subsidiary was acquired, or from which such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and, in each case, comprising all or part of the consideration in respect of such acquisition;

(xvi) that is a grant of a Lien that is not prohibited by the covenant described in "*—Certain Covenants—Limitation on Liens*" or a disposition in connection with such Lien;

(xvii) that is a grant of licenses to Intellectual Property Rights to third parties on an arm's length basis in the ordinary course of business; or

(xviii) that is a lease, sublease, license, sublicense or other grant of rights to use or exploit, occupancy agreements in respect of or other assignments of, any property, including Intellectual Property Rights, in each case that does not, individually or in the aggregate, materially interfere with the business of the Company and its Restricted Subsidiaries, taken as a whole, as determined in good faith by the Board of Directors or senior management of the Company.

"**Asset Sale Offer**" has the meaning provided in clause (c)(1) of the "*—Limitation on Sale of Assets*" covenant.

"**Attributable Debt**" means, with respect to any sale and leaseback transaction at the time of determination, the present value (discounted at the interest rate implicit in the lease determined in accordance with IFRS or, if not known, at the Company's incremental borrowing rate) of the total obligations of the lessee of the property subject to such lease for rental payments during the remaining term of the lease included in such sale and leaseback transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended, or until the earliest date on which the lessee may terminate such lease without penalty or upon payment of penalty (in which case the rental payments shall include such penalty), after excluding from such rental payments all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges.

"**Average Life**" means, as of the date of determination with respect to any Indebtedness, the quotient obtained by dividing:

(a) the sum of the products of:

  (x) the number of years from the date of determination to the date or dates of each successive scheduled principal payment of such Indebtedness, multiplied by

  (y) the amount of each such principal payment, by

(b) the sum of all such principal payments.

“**Board of Directors**” means:

(a) with respect to a corporation, the board of directors (or analogous governing body) of such corporation or any committee thereof duly authorized to act on behalf of such board;

(b) with respect to a partnership, the board of directors (or analogous governing body) of such partnership or of the general partner of such partnership or, in each case, any committee thereof duly authorized to act on behalf of such board;

(c) with respect to a limited liability company (including a public limited company and a private limited company incorporated under the laws of England and Wales), the board of directors (or analogous governing body) of such company or of the managing member or members thereof, or any committee thereof duly authorized to act on behalf of such board, or the managing member or members thereof, or any controlling committee of managing members thereof; and

(d) with respect to any Person, the board or committee of such Person serving a similar function.

“**Bund Rate**” means, as of any redemption date, the greater of (i) 0% and (ii) the rate per annum equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(a) “**Comparable German Bund Issue**” means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to January 15, 2023, and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of Euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to January 15, 2023, *provided*, *however*, that, if the period from such redemption date to January 15, 2023, is less than one year, a fixed maturity of one year shall be used;

(b) “**Comparable German Bund Price**” means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(c) “**Reference German Bund Dealer**” means any dealer of German Bundesanleihe securities appointed by the Issuer in good faith; and

(d) “**Reference German Bund Dealer Quotations**” means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt am Main, Germany time on the third business day in Germany preceding the relevant date.

“**Business Day**” means any day excluding Saturday, Sunday and any other day on which banking institutions in Frankfurt, London or New York City are authorized by law or other governmental actions to remain closed; *provided, however*, that for any payments to be made in Euro under the Indenture, such day shall also be a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (“TARGET”) payment system is open for the settlement of payments.

“**Capital Expenditure**” means any expenditure or obligations of the Group in respect of expenditure (including any obligation in respect of the capital element of any finance lease) for the acquisition of equipment, fixed assets, real property, intangible assets and other assets of a capital nature, or for the replacements or substitutions therefor or additions or improvements thereto, that in any such case have a useful life of more than one year, together, in any case, with costs incurred in connection therewith all as accounted for as capital expenditure, excluding any Capital Expenditures that are financed with the proceeds of any Asset Sale applied in accordance with clause (1) of paragraph (b) of the covenant described under “*—Certain Covenants—Limitation on Sale of Assets*”.

"**Capital Stock**" of any Person means any and all shares, interests, limited liability company interests, participations, rights in or other equivalents (however designated) of such Person's capital stock, partnership interests (whether general or limited), other equity interests and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such Person and any rights (other than debt securities or other Indebtedness exchangeable or convertible into Capital Stock prior to the exchange or conversion thereof), warrants or options exchangeable for or convertible into such Capital Stock.

"**Cash Management Arrangements**" means any cash management, cash pooling or netting or setting off arrangements, any arrangements for the honoring of checks, drafts or similar instruments and any other treasury, depositary or similar services, including services with respect to commercial credit cards, stored value cards, purchasing cards, treasury management, check drawing and automated payment services (including depositary, overdraft, controlled disbursement, ACH transactions, return items, interstate depositary network services, Society for Worldwide Interbank Financial Telecommunication transfers, cash pooling and operational foreign exchange management), dealer incentive, supplier finance or similar programs, current account facilities and arrangements or services similar to any of the foregoing.

"**Cash Management Provider**" shall have the meaning provided in the Intercreditor Agreement.

"**Change of Control**" means the occurrence of any of the following events:

(a) prior to the consummation of an initial Public Equity Offering, the Permitted Holders cease to be the "beneficial owners" (as defined in Rules 13d-3 and 13d-5 under the U.S. Exchange Act), directly or indirectly, of at least 50% of the total voting power represented by the outstanding Voting Stock of the Company;

(b) on and after the consummation of an initial Public Equity Offering, (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the U.S. Exchange Act), other than the Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the U.S. Exchange Act), directly or indirectly, of more than 50% of the total voting power represented by the outstanding Voting Stock of the Company; *provided* that any Voting Stock of which any Permitted Holder is the "beneficial owner" (other than deemed beneficial ownership derived from membership in a "group") shall not be included in any Voting Stock of which any other "person" or "group" is the "beneficial owner", unless such "person" or "group" is not an Affiliate of a Permitted Holder and has the sole voting power with respect to such Voting Stock or (ii) occupation at any time of a majority of the seats (other than vacant seats) on the Board of Directors of the Parent by persons who were not (A) directors of the Parent on the Issue Date or (B) nominated, appointed or approved by the Board of Directors of the Parent; or

(c) the Company consolidates with or merges with or into any Person or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its Consolidated assets to any Person (other than any Restricted Subsidiary), or any Person consolidates with or merges into or with the Company, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is converted into or exchanged for cash, securities or other property, other than any such transaction where (i) the outstanding Voting Stock of the Company is converted into or exchanged for Voting Stock of the surviving Person and (ii) immediately after such transaction, no "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the U.S. Exchange Act), other than the Permitted Holders, is the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the U.S. Exchange Act), directly or indirectly, of more than 50% of the total voting power represented by the outstanding Voting Stock of the surviving Person; *provided* that any Voting Stock of which any Permitted Holder is the "beneficial owner" (other than deemed beneficial ownership derived from membership in a "group") shall not be included in any Voting Stock of which any other "person" or "group" is the "beneficial owner", unless such "person" or "group" is not an Affiliate of a Permitted Holder and has the sole voting power with respect to such Voting Stock.

For purposes of this definition, any transfer of Capital Stock of an entity that was formed for the purpose of acquiring Voting Stock of the Company will be deemed to be a transfer of such portion of such Voting Stock as corresponds to the portion of the Capital Stock of such entity that has been so transferred.

"**Clearstream**" means Clearstream Banking, *société anonyme*.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time.

"**Collateral**" means the Initial Collateral, the Subsequent Collateral and all other rights, property and assets in which a security interest is granted or purported to be granted pursuant to any Security Document to secure the Notes or any Guarantee.

"**Commission**" means the U.S. Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or if at any time after the execution of the Indenture, the U.S. Securities and Exchange Commission is not existing and performing the duties now assigned to it under the Securities Act and the Exchange Act, then the body performing such duties at such time.

"**Commodity Price Protection Agreement**" means any forward contract, commodity swap, commodity option or other similar financial agreement or arrangement relating to, or the value of which is dependent upon, fluctuations in commodity prices.

"**Company**" means:

(a) INEOS Styrolution Financing Limited, until any designation is made in accordance with clause (b) below; or

(b) any other Subsidiary of the Parent (1) that guarantees (or, substantially concurrently with such designation, will guarantee, including as a result of the assumption of obligations referred to in clause (iii) below) the Notes and (2) is designated, as part of any Permitted Reorganization, by the then current Company to be the "Company" by written notice to the Trustee, *provided* that (i) such other Subsidiary is wholly owned by the Parent, (ii) the Issuer is a wholly owned direct or indirect Subsidiary of such other Subsidiary and (iii) such other Subsidiary expressly assumes the obligations of the Company under each of the Notes Documents to which the Company is a party pursuant to agreements reasonably satisfactory to the Trustee;

in each case, until a successor replaces such Person pursuant to the covenant described under the caption "—*Consolidation, Merger, Sale of Assets*", and thereafter (unless another Subsidiary of the Parent is designated in accordance with clause (b) of this definition), shall mean such successor. It is understood and agreed that any designation under clause (b) of this definition may be made concurrently with any designation under clause (b) of the definition of Parent, in which case the satisfaction of the requirements set forth in clause (b) of this definition shall be determined on a *pro forma* basis immediately after giving effect to each such designation.

In the event any other Subsidiary of the Parent is designated as the "Company" pursuant to and in accordance with the provisions of clause (b) above, upon the effectiveness of such designation the Subsidiary that was the Company immediately prior thereto shall cease to be the "Company" for all purposes of the Notes and the other Notes Documents.

"**Consolidated Adjusted EBITDA**" of any Person means, for any period, (a) Consolidated Net Income (Loss) for such period of such Person and its Restricted Subsidiaries, *plus* (b) the sum of, in each case to the extent deducted in computing Consolidated Net Income (Loss) for such period, Consolidated Interest Expense, Consolidated Income Tax Expense and Consolidated Non-Cash Charges for such period of such Person and its Restricted Subsidiaries, all determined in accordance with IFRS, *plus* (c) a *pro forma* adjustment for the amount of any "run rate" cost savings, operating expense reductions, synergies and operating improvements (including "run rate" operating improvements arising from any acquisition, construction, development or improvement of any plant, facility or other assets used or to be used in the business of the Company and its Restricted Subsidiaries) (collectively, "**Run Rate Adjustment**") (such adjustment to be calculated on a pro forma basis as though such cost savings, operating expense reductions, synergies and operating improvements had been realized on the first day of such period, but net of the actual amounts realized) relating to Asset Sales, Acquisitions, Investments, dispositions, Capital Expenditures, restructurings, cost saving initiatives, business optimization initiatives and similar initiatives that are projected by the Parent in good faith to be realized by the Group within 18 months after the consummation, adoption or implementation of the applicable transaction, events or initiatives.

"**Consolidated First Lien Net Leverage Ratio**" means, as at any date of determination, the ratio of (a) the Consolidated Senior Secured Net Debt of the Group as of such date to (b) Consolidated Adjusted EBITDA of the Group for the most recent period of four full fiscal quarters ending immediately prior to such date for which financial statements are available, in each case after giving *pro forma* effect to:

(a) the incurrence of the Indebtedness giving rise to the need to make such calculation and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, on the first day of such period;

(b) the incurrence, repayment or retirement of any other Indebtedness by the Group Companies since the first day of such period as if such Indebtedness was incurred, repaid or retired at the beginning of such period; *provided*, *however*, that the *pro forma* calculation of Consolidated First Lien Net Leverage Ratio shall not give effect to (A) any Indebtedness incurred on the date of determination pursuant to paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*" (other than clause (1)(D) of such paragraph or, to the extent such Indebtedness is Senior Secured Indebtedness and is incurred in reliance on clause (i) of the definition of Permitted Collateral Liens, clause (14) of such paragraph (b)) and (B) any repayment or retirement of any Indebtedness on the date of determination to the extent such repayment or retirement results from the proceeds of Indebtedness incurred pursuant to paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*" (other than clause (14) of such paragraph (b)); and

(c) any acquisition or disposition by the Group Companies of any Person or any business or any assets out of the ordinary course of business, whether by merger, consolidation, amalgamation, stock purchase or sale or asset purchase or sale, and any related incurrence or repayment or retirement of Indebtedness, in each case since the first day of such period, assuming such acquisition or disposition had been consummated on the first day of such period.

For purposes of this definition, whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations (including in respect of the Run Rate Adjustment) will be as determined in good faith by a responsible financial or accounting officer of the Parent.

"**Consolidated Fixed Charge Coverage Ratio**" of any Person means, for any period, the ratio of (a) the Consolidated Adjusted EBITDA of the Group for such period to (b) the sum of Consolidated Interest Expense of the Group for such period, plus cash and noncash dividends due (whether or not declared) on any Preferred Stock of any Group Company paid or payable during such period to a Person other than a Group Company, in each case after giving *pro forma* effect to:

(a) the incurrence of the Indebtedness giving rise to the need to make such calculation and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, on the first day of such period;

(b) the incurrence, repayment or retirement of any other Indebtedness by the Group Companies since the first day of such period as if such Indebtedness was incurred, repaid or retired at the beginning of such period; *provided*, *however*, that the *pro forma* calculation of Consolidated Interest Expense shall not give effect to (A) any Indebtedness incurred on the date of determination pursuant to paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*" (other than clause (14) of such paragraph (b)) and (B) any repayment or retirement of any Indebtedness on the date of determination to the extent such repayment or retirement results from the proceeds of Indebtedness incurred pursuant to paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*" (other than clause (14) of such paragraph (b)); and

(c) any acquisition or disposition by the Group Companies of any Person or any business or any assets out of the ordinary course of business, whether by merger, consolidation, amalgamation, stock purchase or sale or asset purchase or sale, and any related incurrence or repayment or retirement of Indebtedness, in each case since the first day of such period, assuming such acquisition or disposition had been consummated on the first day of such period;

provided that, in making any computation under clauses (a), (b) and (c) above, (A) the Consolidated Interest Expense attributable to interest on any Indebtedness computed on a *pro forma* basis and (x) bearing a floating interest rate shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period and (y) which was not outstanding during the period for which the computation is being made but which bears, at the option of such Person, a fixed or floating rate of interest, shall be computed by applying at the option of such Person either the fixed or floating rate (in the case of clauses (x) and (y), taking into account any Interest Rate Agreement applicable to such Indebtedness for a period equal to the remaining term of such Interest Rate Agreement) and (B) the Consolidated Interest Expense attributable to interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

For purposes of this definition, whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations (including in respect of the Run Rate Adjustment) will be as determined in good faith by a responsible financial or accounting officer of the Parent.

"**Consolidated Income Tax Expense**" of any Person means, for any period, the provision for federal, national, state and local income taxes of the United States, Germany or any other jurisdiction of such Person and its Restricted Subsidiaries for such period, on a Consolidated basis determined in accordance with IFRS.

"**Consolidated Interest Expense**" of any Person means, without duplication, for any period, the sum of:

(a) the interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period, determined on a Consolidated basis in accordance with IFRS, excluding any debt issuance costs and currency translation differences, and in each case any amortization thereof, and any interest expense on employee benefit liabilities, but including (to the extent included in such interest expense):

(1) amortization of debt discount;

(2) the net costs associated with Interest Rate Agreements and, to the extent relating to Indebtedness, Currency Hedging Agreements;

(3) the interest portion of any deferred payment obligation;

(4) all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing; and

(5) accrued interest; *plus*

(b) the interest component of the Finance Lease Obligations accrued by such Person and its Restricted Subsidiaries during such period, determined on a Consolidated basis in accordance with IFRS; *plus*

(c) the interest expense under any Guaranteed Debt of such Person or any of its Restricted Subsidiaries (other than in respect of any Indebtedness of such Person or any of its Restricted Subsidiaries) to the extent not included under clause (a) above (and excluding any debt issuance costs and currency translation differences, and in each case any amortization thereof, and any interest expense on employee benefit liabilities), to the extent paid by such Person or its Restricted Subsidiaries during such period.

"**Consolidated Net Income (Loss)**" of any Person means, for any period, the net income (or loss) of such Person and its Restricted Subsidiaries for such period, determined on a Consolidated basis in accordance with IFRS, adjusted, to the extent included (or, in the case of lost profits referred to in clause (q) below, not included) in calculating such net income (or loss), to exclude (or, in the case of lost profits referred to in clause (q) below, to include), without duplication:

(a) all extraordinary or exceptional gains or charges, losses or expenses, net of taxes;

(b) the portion of net income (or loss) of such Person and its Restricted Subsidiaries on a Consolidated basis attributable to interests in unconsolidated Persons or Unrestricted Subsidiaries, except to the extent that cash dividends or distributions have actually been received by such Person or any of its Restricted Subsidiaries (or, in the case of net loss of any such unconsolidated Person or Unrestricted Subsidiary, to the extent such Person or any of its Restricted Subsidiaries has made during such period a cash investment in such Person or Unrestricted Subsidiary); *provided* that, in the case of any increase in net income (or any decrease in net loss) of such Person and its Restricted Subsidiaries on a Consolidated basis attributable to interests in any unconsolidated Person, this clause (b) shall not apply to the extent the aggregate amount of such increase (or such decrease) attributable to interests in all unconsolidated Persons does not exceed for such period €10,000,000;

(c) net income (or loss) of any Person combined with such Person or any of its Restricted Subsidiaries on a "pooling of interests" basis attributable to any period prior to the date of combination;

(d) (i) any gain or charge, loss or expense, net of taxes, realized upon the termination or modification of any employee benefit plan or (ii) any non-cash interest expense on employee benefit liabilities, net of any non-cash interest income on defined benefit pension plan assets;

(e) (i) any charge, loss or expense attributable to any disposed, divested and/or discontinued operations or (ii) any gain or charge, loss or expense, net of taxes, in respect of dispositions, divestitures or discontinuation of assets or operations other than in the ordinary course of business;

(f) the net income of any Restricted Subsidiary to the extent that the declaration of dividends or similar distributions by such Restricted Subsidiary of that income is not at the time permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary or its shareholders, in each case, other than by encumbrances and restrictions which are not prohibited by the covenant described under "*—Certain Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*";

(g) the amount of any deduction attributable to non-controlling interests in any non-wholly owned Restricted Subsidiary of such Person;

(h) any net gain or charge, loss or expense arising from the acquisition of any securities or from early extinguishment of any Indebtedness or early termination of any Hedging Agreement, including any charge, loss or expense with respect to any write-off or amortization of any deferred financing costs and/or premiums paid;

(i) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards;

(j) any charges, losses or expenses attributable to the undertaking and/or implementation of restructurings, cost savings initiatives, business optimization initiatives and similar initiatives, including (i) charges, losses and expenses in connection with any integration, any reconfiguration of fixed assets for alternative uses, any construction, development or improvement of any assets, any opening, closure or consolidation of any operations, any project startup or any other strategic initiative, (ii) systems implementation costs and (iii) any severance costs and any retention or completion bonuses;

(k) (i) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of such Person or any of its Restricted Subsidiaries, (ii) any unrealized foreign currency gains or losses relating to translation of assets and liabilities denominated in foreign currencies and (iii) any unrealized gains or losses arising from changes in the fair value of Hedging Obligations;

(l) the impact of capitalized or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding;

(m) (i) any non-cash charges, losses or expenses arising from any write-off and/or write-down of assets, including any impairment charge, or any amortization of goodwill or other intangible assets (but not depreciation of fixed assets), or (ii) any non-cash gain on revaluation of assets;

(n) the cumulative effect of a change in accounting principles;

(o) any charge, loss or expense (including non-cash charges) relating to the Transactions;

(p) any charge, loss or expense (including non-cash charges) relating to any Permitted Reorganization, including the amount of incremental amortization or depreciation arising as a result of any adjustments to inventory, equipment and other assets arising as a result of the consummation of, and any other charge, loss or expense arising from other accounting effects of the consummation of, such Permitted Reorganization;

(q) charges, losses, expenses and lost profits (as determined in good faith by the responsible financial or accounting officer of the Parent) to the extent covered by insurance or third party indemnity, including any indemnification provisions in connection with any Acquisition or any disposition of assets and, in the case of lost profits, any business interruption insurance, in each case, to extent that (i) such amounts are actually reimbursed or (ii) coverage has not been denied in writing by the applicable insurer or indemnitor and the Parent has made a determination that there exists reasonable evidence that such amounts will in fact be reimbursed by the applicable insurer or indemnitor within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days); and

(r) any gains or charges, losses or expenses relating to contingent or deferred consideration payable by such Person or its Restricted Subsidiaries in connection with any Acquisition for such period, including any gains or charges, losses or expenses arising from changes in the fair value of such contingent or deferred consideration.

"**Consolidated Non-Cash Charges**" of any Person means, for any period, the aggregate depreciation, amortization and other non-cash charges, losses or expenses of such Person and its Restricted Subsidiaries for such period on a Consolidated basis determined in accordance with IFRS (excluding any non-cash charge, loss or expense that represents an accrual or reserve for cash payments in any future period).

"**Consolidated Senior Secured Net Debt**" means, at any time:

(a) the outstanding principal amount of Funded Indebtedness that is Senior Secured Indebtedness of the Group, determined on a Consolidated basis in accordance with IFRS, at such time; *minus*

(b) the aggregate amount of cash, cash equivalents and Temporary Cash Investments (which, in each case, for purposes of this definition shall only include amounts restricted in favor of any such Indebtedness or amounts which are unrestricted, but shall not include proceeds of any incurrence of Indebtedness with respect to which the calculation is then being made) held by the Group at such time.

"**Consolidated Total Net Debt**" means, at any time:

(a) the outstanding principal amount of Funded Indebtedness of the Group, determined on a Consolidated basis in accordance with IFRS, at such time; *minus*

(b) the aggregate amount of cash, cash equivalents and Temporary Cash Investments (which, in each case, for purposes of this definition shall only include amounts restricted in favor of any such Indebtedness or amounts which are unrestricted, but shall not include proceeds of any incurrence of Indebtedness with respect to which the calculation is then being made) held by the Group at such time.

"**Consolidated Total Net Leverage Ratio**" shall mean, as at any date of determination, the ratio of (a) the Consolidated Total Net Debt of the Group as of such date to (b) Consolidated Adjusted EBITDA of the Group for the most recent period of four full fiscal quarters ending immediately prior to such date for which financial statements are available, in each case after giving *pro forma* effect to:

(a) the incurrence of any Indebtedness incurred in connection with a transaction giving rise to the need to make such calculation and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, on the first day of such period;

(b) the incurrence, repayment or retirement of any other Indebtedness by the Group Companies since the first day of such period as if such Indebtedness was incurred, repaid or retired at the beginning of such period; and

(c) any acquisition or disposition by the Group Companies of any Person or any business or any assets out of the ordinary course of business, whether by merger, consolidation, amalgamation, stock purchase or sale or asset purchase or sale and any related incurrence or repayment or retirement of Indebtedness, in each case since the first day of such period, assuming such acquisition or disposition had been consummated on the first day of such period.

For purposes of this definition, whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations (including with respect to the Run Rate Adjustment) will be as determined in good faith by a responsible financial or accounting officer of the Parent.

"**Consolidation**" shall mean, with respect to any Person, the consolidation of the accounts of such Person and each of its Subsidiaries (or, to the extent specified herein, its Restricted Subsidiaries) if and to the extent the accounts of such Subsidiary would be required to be consolidated with those of such Person in accordance with IFRS. The term "**Consolidated**" shall have a similar meaning.

"**Credit Facilities**" means one or more debt facilities (including debt facilities made available under, or in accordance with, the Term Loan B Facilities Agreement) or commercial paper facilities, credit facility agreements, notes, bonds, debentures, indentures, trust deeds, fiscal agency agreements, note purchase agreements, debt instruments or arrangements with banks, insurance companies or other institutional lenders or investors providing for revolving credit loans, term loans, receivables financing (including through the sale or factoring of receivables to such lenders or investors or to special purpose entities formed to borrow from or issue securities to such lenders against such receivables), letters of credit or other forms of guarantees and assurances, notes, bonds, debentures, indentures, trust deeds, fiscal agency agreements, note purchase agreements, debt instruments or other indebtedness, including overdrafts, in each case, as amended, restated, modified, renewed, refunded, replaced, refinanced, increased or extended in whole or in part from time to time, and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustee or trustees or fiscal agents or agents or other banks or other institutional lenders or investors and whether provided under the Term Loan B Facilities Agreement or one or more other credit agreements or financing agreements or indentures or trust deeds or fiscal agency agreements or note purchase agreements or other debt instruments and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes, bonds, debentures and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "**Credit Facility**" shall include any agreement or instrument (a) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (b) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (c) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (d) otherwise altering the terms and conditions thereof.

"**Currency Hedging Agreements**" means any foreign exchange contracts, currency swap agreements or other similar agreements or arrangements designed to protect against fluctuations in currency values.

"**Declined Proceeds**" means the share of any mandatory prepayment required to be made under the Term Loan B Facilities Agreement rejected by any lenders thereunder pursuant to the terms thereof.

"**Default**" means any event, act or condition that with notice or lapse of time, or both, would constitute an Event of Default.

"**Designated Non-Cash Consideration**" means the Fair Market Value of non-cash consideration received by the Company or any of its Restricted Subsidiaries in connection with an Asset Sale that is designated as "Designated Non-Cash Consideration" pursuant to an Officer's Certificate of the Company delivered to the Trustee, which certificate shall set forth the basis of such valuation, less the amount of cash, cash equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed, retired, sold or otherwise disposed of in compliance with the covenant described under "***—Limitation on Sale of Assets***".

"**Designation**" has the meaning provided under the "***—Limitation on Unrestricted Subsidiaries***" covenant.

"**Designation Amount**" has the meaning provided under the "***—Limitation on Unrestricted Subsidiaries***" covenant.

"**Disinterested Director**" means, with respect to any transaction or series of related transactions, a member of the Board of Directors of the Company who does not have any material direct or indirect financial interest in or with respect to such transaction or series of related transactions. A member of the Board of Directors of the Company shall not be deemed to have such a financial interest by reason of such member's holding Capital Stock of the Company or any Parent Holdco or Financing Subsidiary or any options, warrants or other rights in respect of such Capital Stock.

"**Dollars**" and "**US$**" mean dollars in lawful currency of the United States of America.

"**Escrow Indebtedness**" means Indebtedness that is initially incurred by a Person that is not the Company or a Restricted Subsidiary of the Company and the proceeds of which are initially funded and held in escrow pending such Person becoming a Restricted Subsidiary of the Company or transferring its assets to, or merging, consolidating or amalgamating with, the Company or a Restricted Subsidiary of the Company.

"**Escrowed Proceeds**" means the proceeds from the issuance of any debt securities or incurrence of any other Indebtedness paid into any escrow account on the date of the applicable issuance or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events, together with any cash, cash equivalents or Temporary Cash Investments paid into such escrow account to prefund the payment of interest, premiums, make-whole amounts, fees, costs or other expenses on such debt securities or such other Indebtedness. The term "**Escrowed Proceeds**" shall include any such escrow account and all funds, securities, interest, dividends, distributions and other property and payments deposited into or credited to such escrow account.

"**Euro**" or "**€**" shall mean the single currency of Participating Member States of the European Union.

"**Euro Equivalent**" means, (a) with respect to any amount on Euro, such amount and (b) with respect to any monetary amount in a currency other than Euro, as of any date, the equivalent of such amount in Euro to be determined at the rate of exchange quoted by the Reuters World Currency Page for such currency other than Euro at 11:00 a.m. (London time) on such date (or, in the event such rate does not appear on any Reuters World Currency Page, by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Trustee and the Company, or, in the absence of such agreement, such rate shall instead be the arithmetic average of the spot rates of exchange of the Trustee in the market where its foreign currency exchange operations in respect of such currency are then being conducted, at or about 10:00 a.m. (London time) on such date for the purchase of Euros for delivery two Business Days later).

"**Euroclear**" means Euroclear Bank SA/NV.

"**European Government Obligations**" means direct obligations (or certificates representing an ownership interest in such obligations) of a member state of the European Union (including any agent or instrumentality thereof) for the payment of which the full faith and credit of such government is given.

"**Event of Default**" has the meaning provided under the caption "*—Events of Default*."

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"**Excess Proceeds**" has the meaning provided under the "*—Limitation on Sale of Assets*" covenant.

"**Excluded Property**" has the meaning provided under clause (a)(e) of "*—Brief Description of the Notes, the Guarantees and the Security—Security—The Security Principles*".

"**Fair Market Value**" as used in the Indenture (except in relation to an enforcement action or distressed disposal pursuant to the Intercreditor Agreement and except as otherwise specifically provided in the Indenture) shall be determined by the Board of Directors of the Company in good faith, and may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Company delivered to the Trustee, in each case, setting forth such fair market value as so determined.

"**Finance Lease Obligation**" of any Person shall mean any obligation of such Person under any lease of (or other agreement conveying the right to use) real or personal property which, in accordance with IFRS, is required to be accounted for as a finance lease. The amount of such obligation shall be the capitalized amount thereof determined in accordance with IFRS.

"**Financing Subsidiary**" means a financing Subsidiary of any Parent Holdco that is not a Parent Intermediate Holdco, the Company or a Restricted Subsidiary.

"**Fitch**" means Fitch Ratings, and any successor to its rating agency business.

"**Fund**" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or investing in commercial loans and similar extensions of credit in the ordinary course.

"**Funded Indebtedness**" means Indebtedness of the type referred to in clauses (a), (b), (c) (solely with respect to Indebtedness in respect of drawings under letters of credit that have not been reimbursed), (d), (e), (g) and (j) of the definition of such term; *provided* that, to the extent otherwise included therein, Funded Indebtedness shall not include any Indebtedness in respect of any Cash Management Arrangements or any Hedging Agreements; *provided further* that Indebtedness of the type referred to in clauses (d) and (e) of the definition of such term shall constitute Funded Indebtedness only if such Indebtedness would be reflected as financial indebtedness (or a similar line item) on the Parent's Consolidated balance sheet prepared in accordance with IFRS.

"**German Guarantor**" means any Guarantor organized under the laws of Germany.

"**Governmental Authority**" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"**Guarantee**" means the guarantee by any Guarantor of the Notes.

"**Guaranteed Debt**" of any Person means, without duplication, all Indebtedness of any other Person (the "**debtor**") guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement:

(a) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness;

(b) to purchase property or services primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss;

(c) to supply funds to, or in any other manner invest in, the debtor (including any agreement to pay for property or services without requiring that such property be received or such services be rendered);

(d) to maintain working capital or equity capital of the debtor, or otherwise to maintain the net worth, solvency or other financial condition of the debtor or to cause such debtor to achieve certain levels of financial performance; or

(e) otherwise to assure the holder of such Indebtedness against loss;

provided that the term "**Guaranteed Debt**" shall not include (i) endorsements for collection or deposit, in either case in the ordinary course of business, or (ii) any liability owing to customers or suppliers in respect of volume offtake, transportation or capacity reservation arrangements (including pursuant to take-or-pay arrangements) or forward purchase arrangements.

"**Guaranteed Hedging and Cash Management Obligations**" means all obligations, of whatever nature and whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired, of any Restricted Group Company arising in respect of

(a) any Hedging Agreement that, in each case, is permitted under the Indenture and the obligations under which are designated as "Guaranteed Hedging and Cash Management Obligations" by written notice from the Company to the Trustee; and

(b) any Cash Management Arrangements where such Cash Management Arrangements are provided pursuant to an agreement or agreements the obligations under which are designated as "Guaranteed Hedging and Cash Management Obligations" by written notice from the Company to the Trustee;

provided that the Company may terminate any such designation with respect to any such obligations under any Hedging Agreement or any such other agreement, in each case, by providing a written notice thereof from the Company to the Trustees and an Officer's Certificate to the effect that at the time of such termination no obligations of any Restricted Group Company are outstanding thereunder.

"**Guarantors**" means the Initial Guarantors, the Subsequent Guarantors and (ii) any other Person that is required after the Issue Date to provide a Guarantee of the Notes pursuant to "*—Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*" or that otherwise provides a Guarantee of the Notes after the Issue Date, in each case until (x) the Guarantee of such Person has been released in accordance with the provisions of the Indenture or (y) a successor replaces such Person pursuant to the applicable provisions of the Indenture and, thereafter (until the Guarantee of such successor has been so released), shall mean such successor.

"**Guarantor Surviving Entity**" has the meaning provided in clause (a)(2) of "*—Consolidation, Merger, Sale of Assets—Subsidiary Guarantors*".

"**Group**" means the Parent, the Company and its Restricted Subsidiaries from time to time.

"**Group Company**" means a member of the Group.

"**Hedge Counterparty**" has the meaning set forth in the Intercreditor Agreement.

"**Hedging Agreements**" means any Interest Rate Agreements, Currency Hedging Agreements or Commodity Price Protection Agreements.

"**Hedging Obligations**" means, with respect to any Person, the obligations of such Person under any Hedging Agreement.

"**IFRS**" means the accounting standards issued by the International Accounting Standards Board and its predecessors, as adopted by the European Union or the United Kingdom, as in effect from time to time; *provided* that if the Company, by written notice to the Trustee, shall request an amendment to any provision of the Indenture to eliminate the effect of any change occurring after the Issue Date in IFRS or in the application thereof on the operation of such provision, regardless of whether any such notice is given before or after such change in IFRS or in the application thereof, then such provision shall be interpreted on the basis of IFRS as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance with the Indenture and therewith. At any time after the Issue Date, the Parent may elect to apply generally accepted accounting principles in the United States ("**U.S. GAAP**") in lieu of IFRS and, upon any such election, references herein to IFRS shall thereafter be construed to mean U.S. GAAP as in effect from time to time; *provided* that any such election, once made, shall be irrevocable and that upon first reporting its fiscal year results under U.S. GAAP, the Parent shall restate its financial statements on the basis of U.S. GAAP for the fiscal year ending immediately prior to the first fiscal year for which financial statements have been prepared on the basis of U.S. GAAP. The Parent shall give notice of any such election to the Trustee.

"**Immaterial Subsidiary**" means a Subsidiary which has not traded or has ceased trading and which does not own assets or have liabilities, in either case, with an aggregate value greater than €200,000 (or its equivalent); *provided* that any asset or liability which consists solely of a claim by a Subsidiary upon another Subsidiary where but for that asset or liability, both Subsidiaries would be Immaterial Subsidiaries under this definition shall be disregarded.

"**incur**" has the meaning provided in paragraph (a) of "*—Certain Covenants—Limitation on Indebtedness*".

"**Indebtedness**" means, with respect to any Person, without duplication:

(a) the principal amount of all indebtedness of such Person for borrowed money;

(b) the principal amount of all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments;

(c) all obligations, contingent or otherwise, of such Person in respect of any letters of credit issued under letter of credit facilities, acceptance facilities or other similar facilities (including reimbursement obligations with respect thereto, except to the extent such reimbursement obligations relate to a trade payable and such obligation is satisfied within 30 days of incurrence);

(d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business (it being agreed that the amount of Indebtedness under this clause (d) will be the lesser of (i) the Fair Market Value of such property at the date of determination and (ii) the amount of such indebtedness);

(e) the principal component of all obligations of such Person to pay the deferred purchase price of property or services, excluding (x) any obligations owing to customers or suppliers in respect of volume offtake, transportation or capacity reservation arrangements (including pursuant to take-or-pay arrangements) or forward purchase arrangements and any trade payables or other accrued current liabilities arising in the ordinary course of business and (y) any guarantees of any obligations referred to in clause (i);

(f) all obligations under Hedging Agreements of such Person (the amount of any such obligations to be equal at any time to the termination value of the applicable Hedging Agreement giving rise to such obligation that would be payable by such Person at such time, giving effect to any netting arrangements);

(g) all Finance Lease Obligations of such Person;

(h) all obligations referred to in clauses (a) through (g) above of other Persons (but only to the extent such obligations constitute Indebtedness) the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on any property (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness (it being agreed that the amount of Indebtedness under this clause (h) will be the lesser of (i) the Fair Market Value of such property at the date of determination and (ii) the amount of such Indebtedness of such other Person);

(i) all Guaranteed Debt of such Person; and

(j) all Attributable Debt of such Person.

Notwithstanding the foregoing and, when applicable, for the avoidance of doubt, the term "**Indebtedness**" shall not include:

(i) Subordinated Shareholder Funding;

(ii) [reserved];

(iii) contingent obligations incurred in the ordinary course of business;

(iv) in connection with any Acquisition, by the Parent or any of its Restricted Subsidiaries, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of the Person or assets acquired after the closing; *provided, however*, that to the extent such payment becomes fixed and determined, the amount is paid within six months thereafter;

(v) deferred compensation payable to directors, officers, employees or consultants and any obligations in respect of workers' compensation claims, early retirement obligations, pension fund obligations or contributions or social security or wage Taxes;

(vi) any obligations under any Profit Pooling Agreement;

(vii) deferred or prepaid revenues;

(viii) prepayments or deposits received from clients or customers in the ordinary course of business;

(ix) obligations under any license, permit or other approval (or guarantees given in respect of such obligations) incurred in the ordinary course of business;

(x) accrued expenses and trade payables (including non-interest bearing installment obligations and accrued liabilities (or forward purchase agreements) incurred in the ordinary course of business that are not more than 120 days past due);

(xi) obligations in respect of performance, completion, surety, Tax, appeal, judgment, advance payment, customs or VAT bonds, guarantees or similar instruments provided by the Parent or any of its Restricted Subsidiaries in the ordinary course of business;

(xii) obligations in respect of letters of credit and bank guarantees provided by the Parent or any of its Restricted Subsidiaries in the ordinary course of business, to the extent such letters of credit or bank guarantees are not drawn upon or, if and to the extent drawn upon, are reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following such drawing; or

(xiii) indebtedness incurred by the Parent or any of its Restricted Subsidiaries in connection with a transaction where (A) such indebtedness is borrowed from a bank or trust company, having a combined capital and surplus and undivided profits of not less than €250.0 million and whose debt has a rating immediately prior to the time such transaction is entered into of at least BBB− or the equivalent thereof by S&P and Baa3 or the equivalent thereof by Moody's and (B) a substantially concurrent Investment is made by the Parent or any of its Restricted Subsidiaries in the form of cash deposited with the lender of such indebtedness, or a Subsidiary or Affiliate thereof, in an amount equal to such indebtedness.

"**INEOS Capital**" means the Permitted Holders and any Person controlled by any of them that controls the Parent.

"**INEOS Styrolution Financing Limited**" means INEOS Styrolution Financing Limited, a limited liability company incorporated under the laws of England and Wales with registered number 09922303 and having its registered office at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

"**INEOS Styrolution Group GmbH**" means INEOS Styrolution Group GmbH (formerly known as Styrolution Group GmbH), a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany.

"**INEOS Styrolution Holding GmbH**" means INEOS Styrolution Holding GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany.

"**INEOS Styrolution Holding Limited**" means INEOS Styrolution Holding Limited, a limited liability company incorporated under the laws of England and Wales with registered number 09922632 and having its registered office at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

"**Initial Collateral**" means the collateral described under the caption "*—Brief Description of the Notes, the Guarantees and the Security—Security—General—The Initial Collateral*".

"**Initial Guarantors**" means INEOS Styrolution America LLC, INEOS Styrolution APAC Pte. Ltd., INEOS Styrolution Belgium NV, INEOS Styrolution Beteiligungs GmbH, INEOS Styrolution Canada Ltd., INEOS Styrolution Europe GmbH, INEOS Styrolution Holding GmbH, INEOS Styrolution Investment GmbH, INEOS Styrolution Köln GmbH, INEOS Styrolution Ludwigshafen GmbH, INEOS Styrolution Switzerland SA, INEOS Styrolution US Holding LLC, the Company and the Parent.

"**Initial Purchasers**" means Credit Suisse Securities (Europe) Limited, BNP Paribas, London Branch, HSBC Bank plc, Commerzbank Aktiengesellschaft, ING Bank N.V., London Branch, Landesbank Hessen-Thüringen Girozentrale, Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH and NatWest Markets Plc.

"**Intellectual Property**" means the Intellectual Property Rights owned or used by any Restricted Group Company throughout the world or the interests of any Restricted Group Company in any such Intellectual Property Rights, together with the benefit of all agreements entered into or the benefit of which is enjoyed by any Restricted Group Company relating to the use or exploitation of any such Intellectual Property Rights.

"**Intellectual Property Rights**" means all patents and patent applications, trade and service marks and trade and service mark applications (and all goodwill associated with any such registrations and applications), all brand and trade names, all copyrights and rights in the nature of copyright, all design rights, all registered designs and applications for registered designs, all inventions, all trade secrets, all know-how and all other intellectual property rights throughout the world.

"**Intercreditor Agreement**" means the Intercreditor Agreement dated November 7, 2014, as amended and restated as of the Issue Date, among, *inter alios*, the Company, the Parent, Barclays Bank PLC, as administrative agent under the Term Loan B Facilities Agreement and the Security Agent, and, to the extent applicable, any other intercreditor agreement entered into that is permitted under "*—Certain Covenants—Intercreditor Agreement; Additional Intercreditor Agreement*" and to which the Trustee will accede on the Issue Date.

"**Interest Rate Agreements**" means any interest rate protection agreements (including interest rate swaps, caps, floors, collars and similar agreements) and any interest rate hedging agreements of any other type.

"**Investment**" means, with respect to any Person, directly or indirectly, any advance, loan or other extension of credit (including guarantees) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities issued by any other Person; *provided* that:

(a) Hedging Obligations entered into for bona fide business purposes (including any commodity trading or commodity risk management business) and not for speculative purposes, as determined in good faith by the Board of Directors or senior management of the Company;

(b) endorsements of negotiable instruments and documents in the ordinary course of business;

(c) any advances, loans or other extensions of credit to customers or suppliers in the ordinary course of business; and

(d) any liability owing to customers or suppliers in respect of volume offtake, transportation or capacity reservation arrangements (including pursuant to take-or-pay arrangements) or forward purchase arrangements;

shall in each case be deemed not to be an Investment.

For purposes of "*—Certain Covenants—Limitation on Restricted Payments*":

(a) Investment will include the Designation Amount as and to the extent set forth in the third paragraph of the covenant under the caption "*—Certain Covenants—Limitation on Unrestricted Subsidiaries*"; *provided*, *however*, that upon a Redesignation of any Unrestricted Subsidiary as a Restricted Subsidiary of the Company, the Company will be deemed to continue to have a permanent "Investment" in such Unrestricted Subsidiary in an amount (if positive) equal to (i) the Company's "Investment" in such Subsidiary at the time of such Redesignation less (ii) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Unrestricted Subsidiary at the time that such Unrestricted Subsidiary is so Redesignated as a Restricted Subsidiary of the Company; and

(b) any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of such transfer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment plus the cost of all additional Investments therein by the Company or any of its Restricted Subsidiaries, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"**Investment Grade Rating**" shall mean, with respect to any Rating Agency:

(a) in the case of S&P, a rating of "BBB−" or higher;

(b) in the case of Moody's, a rating of "Baa3" or higher;

(c) in the case of Fitch, a rating of "BBB−" or higher; or

(d) in the case of any other Rating Agency, the equivalent of any such rating by such Rating Agency.

"**Investment Grade Status**" shall occur if the Notes shall have an Investment Grade Rating from at least two Ratings Agencies.

"**Item**" has the meaning provided in paragraph (c) of "*Certain Calculations*".

"**Issue Date**" means the original issue date of the Notes under the Indenture.

"**Issuer Surviving Entity**" has the meaning provided in clause (a)(2) of "*—Certain Covenants—Consolidation, Merger, Sale of Assets—Issuer*".

"**LC Account Party**" means any Restricted Subsidiary of the Company that is an account party, borrower or guarantor in respect of any LC Facility; *provided* that immediately prior to becoming an account party, borrower or guarantor in respect of any LC Facility, such Restricted Subsidiary would constitute an Immaterial Subsidiary and thereafter does not carry on any business other than being an account party, borrower or guarantor in respect of (a) such LC Facility or any other LC Facility, (b) any letters of credit issued in the ordinary course of business with respect to trade payables, (c) any other letters of credit, bank guarantees, surety, performance, completion, Tax, appeal, judgment, advance payment, customs or VAT bonds, guarantees or similar instruments, in each case issued in the ordinary course of business and not in connection with the borrowing of money, including letters of credit, bank guarantees or similar instruments in respect of self-insurance and workers compensation obligations, or (d) any Cash Management Arrangements.

"**LC Facility**" means any letter of credit, bank guarantee, performance bonds or similar working capital facility; *provided* that the aggregate outstanding principal amount of Indebtedness under the LC Facilities shall not exceed €200.0 million (or its equivalent) at any time.

"**Lien**" means any mortgage or deed of trust, charge, pledge, lien (statutory or otherwise), privilege (including "*voorrecht/privilège*"), security interest, assignment or transfer for security purposes, easement, hypothecation, claim, preference, priority, mandate ("*mandaat/mandat*") to create a mortgage or pledge over business assets or other encumbrance upon or with respect to any property of any kind (including any conditional sale or other title retention agreement or any Finance Lease Obligation), real or personal, movable or immovable, now owned or hereafter acquired. A Person will be deemed to own subject to a Lien any property which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement or other title retention agreement or any Finance Lease Obligation.

"**Limited Condition Transaction**" means any Acquisition, Investment, disposition, Restricted Payment or Permitted Payment.

"**Long-Term Indebtedness**" shall mean any Indebtedness that, in accordance with IFRS, constitutes (or, when incurred, constituted) a long-term liability.

"**Management Advances**" means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent Holdco, the Company or any Restricted Subsidiary:

(a) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business;

(b) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or

(c) in the ordinary course of business and (in the case of this clause (c)) not exceeding €20.0 million in the aggregate outstanding at any time.

"**Material Real Property**" means (a) any real property owned by the Issuer or any Guarantor in fee that constitutes Collateral as of the Issue Date and (b) any other real property owned by the Issuer or any Guarantor in fee and that, as of the Issue Date or as of the time of the acquisition thereof by the Issuer or such Guarantor, has a Fair Market Value in excess of €20.0 million.

"**Maturity**" means, when used with respect to the Notes, the date on which the principal of the Notes becomes due and payable as therein provided or as provided in the Indenture, whether at Stated Maturity, the Offer Date or the redemption date and whether by declaration of acceleration, offer in respect of Excess Proceeds, Change of Control Offer in respect of a Change of Control, call for redemption or otherwise.

"**Mexican Subsidiary**" means INEOS Styrolution Mexicana S.A. de C.V.

"**Moody's**" means Moody's Investors Service, Inc. or any successor to its rating business.

"**Net Cash Proceeds**" means:

(a) with respect to any Asset Sale by any Person, the proceeds thereof (without duplication in respect of all Asset Sales) in the form of cash, cash equivalents or Temporary Cash Investments, including payments in respect of deferred payment obligations or purchase price adjustments when received in the form of, or stock or other assets or any Designated Non-Cash Consideration when disposed of for, cash, cash equivalents or Temporary Cash Investments, but only as and when received and excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Sale (in each case, except to the extent that the proceeds of such Asset Sale are financed by, or the properties or assets that are the subject of such Asset Sale are disposed with recourse to, the Company or any Restricted Subsidiary), net of:

(1) brokerage commissions and other reasonable fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

(2) provisions for all Taxes payable as a result of such Asset Sale;

(3) provisions for payments made in respect of earn-out obligations and purchase price adjustments, including in respect of working capital items;

(4) payments made to retire Indebtedness where such Indebtedness is secured by the assets or properties the subject of such Asset Sale (but excluding assets or properties that are subject to Liens created by the Security Documents);

(5) amounts required to be paid to any Person (other than the Company or any Restricted Subsidiary) owning a beneficial interest in the assets subject to such Asset Sale; and

(6) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with IFRS, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as reflected in an Officer's Certificate delivered to the Trustee; and

(b) with respect to any capital contributions, issuance or sale or exercise (as applicable) of Capital Stock or options, warrants or rights to purchase Capital Stock, or debt securities or Capital Stock that have been converted into or exchanged for Capital Stock as referred to under "*—Certain Covenants—Limitation on Restricted Payments*", the proceeds thereof in the form of cash, cash equivalents or Temporary Cash Investments, including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, cash, cash equivalents or Temporary Cash Investments (in each case, except to the extent that the proceeds of such contribution, issuance, sale or exercise are financed by the Company or any Restricted Subsidiary), net of attorney's fees, accountant's fees and brokerage, consultation, underwriting and other fees (including placement agents' fees, listing fees, or other discounts and commissions) and expenses actually incurred in connection therewith and net of Taxes paid or payable as a result thereof.

"**Notes Documents**" means the Notes (including Additional Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any additional intercreditor agreement.

“**Offer Date**” has the meaning provided in clause (c)(3) of the “*—Limitation on Sale of Assets*” covenant.

“**Offered Price**” has the meaning provided in clause (c)(3) of the “*—Limitation on Sale of Assets*” covenant”.

“**Officer’s Certificate**” means a certificate signed (without personal liability) by an officer of the Parent, the Company, the Issuer, or any other Guarantor or a Surviving Entity, as the case may be, and delivered to the Trustee.

“**Parent**” means

(a) INEOS Styrolution Holding Limited, until any designation is made in accordance with clause (b) below; or

(b) any other Person that guarantees (or, substantially concurrently with such designation, will guarantee, including as a result of the assumption of obligations referred to in clause (ii) below) the Notes and is designated, as part of any Permitted Reorganization, by the then current Parent to be the “Parent” by written notice to the Trustee, *provided* that (i) the Company is a wholly owned direct or indirect Subsidiary of such other Person and (ii) such other Person expressly assumes the obligations of the Parent under the Indenture, the Intercreditor Agreement and the other Notes Documents to which the Parent is a party pursuant to agreements reasonably satisfactory to the Trustee;

in each case, until a successor replaces such Person pursuant to “*—Certain Covenants—Consolidation, Merger, Sale of Assets—Parent Obligors and the Company*”, and thereafter (unless another Person is designated in accordance with clause (b) of this definition), shall mean such successor. It is understood and agreed that any designation under clause (b) of this definition may be made concurrently with any designation under clause (b) of the definition of the Company, in which case the satisfaction of the requirements set forth in clause (b) of this definition shall be determined on a *pro forma* basis immediately after giving effect to each such designation.

In the event any other Person is designated as the “Parent” pursuant to and in accordance with the provisions of clause (b) above, upon the effectiveness of such designation the Person that was the Parent immediately prior thereto shall cease to be the “Parent” for all purposes of the Indenture and the other Notes Documents.

“**Parent/Company Surviving Entity**” has the meaning provided in clause (a)(ii) of “*—Certain Covenants—Consolidation, Merger, Sale of Assets—Parent Obligors and the Company*”.

“**Parent Holdco**” means any Person (other than a natural person) of which the Company is or becomes a direct or indirect Subsidiary; *provided* that the primary purpose of such Person is to serve as a direct or indirect holding company of the Company. Unless the context expressly otherwise requires, the term “Parent Holdco” shall include each Parent Obligor.

“**Parent Intermediate Holdco**” shall mean any Parent Holdco that is a direct or indirect Subsidiary of the Parent.

“**Parent Obligors**” shall mean the Parent and each Parent Intermediate Holdco.

“***Pari Passu* Debt Amount**” has the meaning provided in clause (c)(2) of the “*—Limitation on Sale of Assets*” covenant.

“***Pari Passu* Indebtedness**” means (a) any Indebtedness of the Issuer that is *pari passu* in right of payment to the Notes and (b) any Indebtedness (including any Guarantee) of the Company or any Subsidiary Guarantor that is *pari passu* in right of payment to the Guarantee of the Company or such Subsidiary Guarantor.

“***Pari Passu* Offer**” has the meaning provided in clause (c)(2) of the “*—Limitation on Sale of Assets*” covenant.

“**Participating Member State**” means any member state of the European Union that has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“**Paying Agent**” means any Person authorized by the Company or the Issuer to pay the principal of (and premium, if any), or interest on any Note on behalf of the Issuer.

"**Permitted Asset Swap**" means the concurrent purchase and sale or exchange of assets used or useful in a business, service or activity relating to the business of the Company and its Restricted Subsidiaries or a combination of such assets and cash, cash equivalents or Temporary Cash Investments between the Company or any of its Restricted Subsidiaries and another Person; *provided* that any cash, cash equivalents and Temporary Cash Investments received in excess of the value of any cash, cash equivalents and Temporary Cash Investments sold or exchanged shall, to the extent constituting Net Cash Proceeds, be applied in accordance with the provisions of the covenant described under "*—Certain Covenants—Limitation on Sale of Assets*".

"**Permitted Collateral Liens**" means

(a) Liens to secure any Indebtedness of the Company or any Restricted Subsidiary that is permitted to be incurred under clause (b)(1) of "*—Certain Covenants—Limitation on Indebtedness*" (or, in the case of Liens on any property or assets of the Parent or any Parent Intermediate Holdco, any guarantee of any such Indebtedness); *provided* that, subject to the Security Principles, all property and assets (including the Collateral, but excluding any Escrowed Proceeds with respect to such Indebtedness) of the Issuer or any Guarantor securing such Indebtedness also secure the Notes or Guarantees on a senior or *pari passu* basis and each holder of any such Indebtedness (or a representative acting on its behalf) shall have entered into the Intercreditor Agreement in the applicable capacity;

(b) Liens to secure the Notes issued on the Issue Date and any related Guarantees (whether provided on or after the Issue Date);

(c) Liens to secure any Indebtedness of the Company or any Restricted Subsidiary that is permitted to be incurred under clause (b)(8) of "*—Certain Covenants—Limitation on Indebtedness*" (or, in the case of Liens on any property or assets of the Parent or any Parent Intermediate Holdco, any guarantee of any such Indebtedness); *provided* that, subject to the Security Principles, all property and assets (including the Collateral, but excluding any Escrowed Proceeds with respect to such Indebtedness) of the Issuer or any Guarantor securing such Indebtedness also secure the Notes or Guarantees on a senior or *pari passu* basis and each holder of any such Indebtedness (or a representative acting on its behalf) shall have entered into the Intercreditor Agreement in the applicable capacity;

(d) Liens to secure any Indebtedness of the Company or any Restricted Subsidiary that is permitted to be incurred under paragraph (a) of "*—Certain Covenants—Limitation on Indebtedness*" (or, in the case of Liens on any property or assets of the Parent or any Parent Intermediate Holdco, any guarantee of any such Indebtedness); *provided* that on the date of the incurrence of such Indebtedness and after giving *pro forma* effect thereto (including after giving *pro forma* effect to the use of the proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the Consolidated First Lien Net Leverage Ratio as of the last day of the most recent period of four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness is not greater than 3.00 to 1.00; *provided further* that, subject to the Security Principles, all property and assets (including the Collateral, but excluding any Escrowed Proceeds with respect to such Indebtedness) of the Issuer or any Guarantor securing such Indebtedness also secure the Notes or Guarantees on a senior or *pari passu* basis and each holder of any such Indebtedness (or a representative acting on its behalf) shall have entered into the Intercreditor Agreement in the applicable capacity;

(e) Liens to secure Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refinance, any Indebtedness which is secured by a Lien pursuant to clauses (a) (in the case of Indebtedness incurred in reliance on sub-clause (D) of clause (b)(1) of "*—Certain Covenants—Limitation on Indebtedness*"), clause (b) and (d) above, clause (i) below or this clause (e) (or, in the case of Liens on any property or assets of the Parent or any Parent Intermediate Holdco, any guarantee of any such Permitted Refinancing Indebtedness); *provided* that, subject to the Security Principles, all property and assets (including the Collateral, but excluding any Escrowed Proceeds with respect to such Indebtedness) of the Issuer or any Guarantor securing such Indebtedness also secure the Notes or Guarantees with Lien priority with respect to the Permitted Refinancing Indebtedness substantially similar to, or higher than, that of the Indebtedness which is being refinanced; *provided further* that each holder of any such Indebtedness (or a representative acting on its behalf) shall have entered into the Intercreditor Agreement in the applicable capacity;

(f) Liens securing obligations of the Company or any Restricted Subsidiary in respect of Hedging Agreements entered into in accordance with clause (b)(7) of "*—Certain Covenants—Limitation on Indebtedness*" or obligations in respect of Cash Management Arrangements entered into in the ordinary course of business (or, in the case of Liens on any property or assets of the Parent or any Parent Intermediate Holdco, any guarantee of any such obligations); *provided* that, subject to the Security Principles, all property and assets (including the Collateral, but excluding any Escrowed Proceeds with respect to such Indebtedness) of the Issuer or any Guarantor securing such obligations also secure the Notes or Guarantees on a senior or *pari passu* basis; *provided further* that each holder of such obligations (or a representative acting on its behalf) shall have entered into the Intercreditor Agreement in the applicable capacity;

(g) Liens that are described in one or more of clauses (b), (d), (e), (f), (i), (j), (k), (l), (n), (o), (p), (q), (r), (s), (u), (v), (y), (dd) and (ee) (or in clause (ff) to the extent relating to any of the foregoing clauses) of the definition of Permitted Liens, it being understood that, except to the extent doing so would not be consistent with the applicable clause, any holder of such Lien (or a representative acting on its behalf) may, but shall not be required, to enter into the Intercreditor Agreement (or any additional intercreditor agreement) in the applicable capacity (determined based on whether the obligations secured by such Lien constitute *Pari Passu* Indebtedness or Subordinated Indebtedness);

(h) Liens securing obligations of the Company or any Restricted Subsidiary, as a primary obligor or as a guarantor, in respect of Proceeds Loans between the Company or any Restricted Subsidiary, as borrower, and the Company or any other Restricted Subsidiary, as lender, of the proceeds received from the issuance, incurrence or offering of any Indebtedness under any Credit Facilities and other Indebtedness permitted by "*—Certain Covenants—Limitation on Indebtedness*" to the extent such Proceeds Loans constitute Collateral; *provided* that such Indebtedness is or could be, at the time of creation of such Liens, secured by Permitted Collateral Liens under any of clauses (a) through (f) above or clause (i) below;

(i) Liens to secure any Indebtedness that is permitted to be incurred under clause (b)(14) of "*—Certain Covenants—Limitation on Indebtedness*" (or, in the case of Liens on any property or assets of the Parent or any Parent Intermediate Holdco, any guarantee of any such Indebtedness); *provided* that on the date of the incurrence of such Indebtedness and after giving *pro forma* effect thereto (including after giving *pro forma* effect to the use of the proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the Consolidated First Lien Net Leverage Ratio as of the last day of the most recent period of four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness is either (i) not greater than 3.00 to 1.00 or (ii) not greater than it was immediately prior to giving *pro forma* effect to the relevant transaction and incurrence of such Indebtedness; *provided further* that, subject to the Security Principles, all property and assets (including the Collateral, but excluding any Escrowed Proceeds with respect to such Indebtedness) of the Issuer or any Guarantor securing such Indebtedness also secure the Notes or Guarantees on a senior or *pari passu* basis and each holder of any such Indebtedness (or a representative acting on its behalf) shall have entered into the Intercreditor Agreement in the applicable capacity;

(j) Liens to secure any Indebtedness of any Parent Holdco or any Indebtedness of the Issuer or any Guarantor (including guarantees of any Indebtedness of any Parent Holdco); *provided* that, subject to the Security Principles, all property and assets (including, without limitation, the Collateral, but excluding any Escrowed Proceeds with respect to such Indebtedness) of the Issuer or any Guarantor securing such Indebtedness also secure the Notes or Guarantees on a senior basis and each holder of any such Indebtedness (or a representative acting on its behalf) shall have entered into the Intercreditor Agreement in the applicable capacity; and

(k) Liens securing the obligations owed to agents and other representatives of creditors, in their capacity as such, under Indebtedness referred to under any of clauses (a) through (j) above.

"**Permitted Holders**" means each and any of:

(a) James A. Ratcliffe, John Reece and Andrew Currie and any Affiliate of any of the foregoing;

(b) any person having a relationship with James A. Ratcliffe, John Reece or Andrew Currie by blood, marriage or adoption not more remote than first cousin;

(c) any heir of James A. Ratcliffe, John Reece or Andrew Currie and any beneficiary of their respective estates;

(d) any trust or similar arrangement established solely for the benefit of James A. Ratcliffe, John Reece or Andrew Currie or any Person mentioned in clause (b) or (c) above; provided that James A. Ratcliffe, John Reece or Andrew Currie or any such Person retains sole control over the voting rights of the Capital Stock held by such trust or arrangement;

(e) any Person that is directly or indirectly owned solely by one or more Permitted Holders described under clause (a), (b), (c) or (d) of this definition; and

(f) any Person or group, together with its Affiliates, whose acquisition of beneficial ownership of the Voting Stock of the Company constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture.

"**Permitted Indebtedness**" has the meaning provided in paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*".

"**Permitted Investment**" means:

(a) Investments in (i) the Company, (ii) any Restricted Subsidiary of the Company (including the purchase of Capital Stock of any Restricted Subsidiary) or (iii) any Person which, as a result of such Investment, (A) becomes a Restricted Subsidiary of the Company or (B) is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or any Restricted Subsidiary of the Company;

(b) Indebtedness of the Company or a Restricted Subsidiary described under clauses (b)(3), (b)(4) and (b)(6) of "*—Certain Covenants—Limitation on Indebtedness*";

(c) Investments in (i) any of the Term Loans; *provided* that such Term Loans are cancelled upon the making of such Investment, or (ii) any Notes;

(d) Investments in cash, cash equivalents and Temporary Cash Investments;

(e) Investments acquired by the Company or any Restricted Subsidiary in connection with an Asset Sale permitted under "*—Certain Covenants—Limitation on Sale of Assets*" to the extent such Investments are non-cash proceeds or deemed cash proceeds as permitted under such covenant, and Investments acquired by the Company or any Restricted Subsidiary in connection with a sale or other disposition that is specifically excluded from the definition of "Asset Sale" pursuant to clause (13) of such definition;

(f) (i) Investments in existence (or made pursuant to, and as required under, legally binding agreements that exist) on the Issue Date and (ii) Investments consisting of any modification, replacement, renewal, reinvestment or extension of any of the foregoing; *provided* that the amount of any Investment permitted pursuant to this clause (ii) is not increased from the amount of such Investment in existence on (or the amount thereof required under legally binding agreements that exist on) the Issue Date except pursuant to the terms of such Investment as of the Issue Date or as otherwise permitted under "*—Certain Covenants—Limitation on Restricted Payments*" ;

(g) receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided, however*, that such trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(h) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(i) loans or advances to directors, officers, employees and consultants of any Parent Holdco, the Company or any of its Restricted Subsidiaries made in the ordinary course of business not to exceed €20.0 million in the aggregate at any one time outstanding;

(j) Investments received in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of a debtor, or in settlement of delinquent obligations of, or other disputes with, customers and suppliers or upon the foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(k) Hedging Obligations incurred in compliance with "—*Certain Covenants—Limitation on Indebtedness*";

(l) any Investment required by any agreement in respect of any Permitted Joint Venture so long as the aggregate outstanding amount of such Investments, together with the aggregate outstanding principal amount of any Indebtedness incurred under clause (b)(17) of "—*Certain Covenants—Limitation on Sale of Assets*" (without duplication to the extent proceeds of any such Indebtedness are used to make any such Investment), does not exceed (after giving pro forma effect thereto and the use of proceeds thereof) at the time of such Investment the greater of (x) €175.0 million and (y) 4.50% of Total Assets;

(m) Investments of any Person referred to in clause (a)(iii) of this definition that exist (or are made pursuant to, and as required under, legally binding agreements that exist) on the date such Person becomes a Restricted Subsidiary or is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or any Restricted Subsidiary; *provided* that such Investment was not acquired or made in contemplation of such Person becoming a Restricted Subsidiary or such merger, consolidation, amalgamation, transfer, conveyance or liquidation;

(n) (i) loans or other Investments required to be entered into in connection with a Permitted Receivables Financing and (ii) Investments that may be deemed to exist as a result of the terms of any inventory financing or similar arrangement to the extent permitted under the terms of the Indenture;

(o) guarantees not prohibited by "—*Certain Covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) other guarantees, keepwells and similar arrangements;

(p) any Investment by the Company or any Restricted Subsidiary that, together with the aggregate outstanding amount of all other Investments under this clause (p), does not exceed (after giving pro forma effect thereto and the use of proceeds thereof) at the time of such Investment the greater of (i) €150.0 million and (ii) 3.75% of Total Assets;

(q) loans or advances to directors, officers, employees or consultants of the Parent or any of its Restricted Subsidiaries to fund the purchase of Capital Stock of any Parent Holdco not to exceed €10.0 million in any calendar year (with unused amounts in any calendar year (less any amount carried forward to such calendar year) being carried forward to either of the immediately subsequent two calendar years);

(r) Investments that result solely from the receipt by the Company or any of its Restricted Subsidiaries of a dividend or other Restricted Payment or Permitted Payment in the form of Capital Stock, evidences of Indebtedness or other securities (but not any additions thereto made after the date of the receipt thereof); and

(s) deposits and progress or similar payments made in the ordinary course of business with respect to capital equipment and construction projects.

In connection with any assets or property contributed or transferred to any Person as an Investment, such property and assets shall be equal to the Fair Market Value at the time of Investment. For the avoidance of doubt, if an Investment is made pursuant to any clause of this definition in a Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to "—*Certain Covenants—Limitation on Unrestricted Subsidiaries*", such Investment shall thereafter be deemed to have been made under clauses (a)(ii) or (a)(iii) above and not such other clause of this definition.

"**Permitted Joint Venture**" means:

(a) each of the joint ventures of the Company and any of its Restricted Subsidiaries existing on the Issue Date;

(b) any Person in which the Company or any of its Restricted Subsidiaries owns, directly or indirectly, not more than 50% of the total voting power represented by the outstanding Voting Stock of such Person and which is in a business relating, incidental or complementary to the business of the Company and its Restricted Subsidiaries; and

(c) any Unrestricted Subsidiary.

"**Permitted Jurisdiction**" means (a) any state of the United States (or the District of Columbia), Luxembourg, Canada, the Netherlands, Germany or England and Wales, or (b) any other jurisdiction if the organization of the relevant Person in such other jurisdiction is not, in the good faith determination of the Company, materially adverse to the interests of the holders of the Notes with respect to the Guarantees or the Collateral as compared to a jurisdiction referred to in clause (a) (it being agreed, without limiting the generality of the foregoing, that the organization of the relevant Person in any jurisdiction the laws of which provide for a moratorium, an automatic stay or similar restrictions on the enforcement of the Liens on any Collateral in the form of Capital Stock in the Company shall be deemed to be materially adverse to such interests of the holders of the Notes).

"**Permitted Lien**" means:

(a) any Lien existing on the Issue Date;

(b) any Lien arising by reason of:

(1) any judgment, decree or order of any court and any Liens that are required to protect or enforce any rights in any administrative, arbitration or other court proceedings in the ordinary course of business;

(2) Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings and, to the extent required by IFRS, for which reserves have been established in accordance with IFRS;

(3) security for payment of workers' compensation or other insurance (including general liability exposure of the Parent, any Parent Intermediate Holdco, the Company and its Restricted Subsidiaries);

(4) security for tenders, bids, leases and contracts (other than contracts for the payment of money);

(5) zoning restrictions, building codes, land use laws, easements, licenses, reservations, limitations, appropriations, title defects, statutory exceptions to title, conditions revealed by an accurate survey or a physical inspection of real property, rights of others for rights of way, utilities, sewers, electric lines, telephone or telegraph lines, and other similar purposes, provisions, covenants, conditions, waivers, restrictions on the use of real property or minor irregularities of title (and with respect to leasehold interests, mortgages, obligations, liens, easements and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under a landlord or owner of the leased property, with or without consent of the lessee), none of which materially impairs the use of any parcel of real property material to the operation of the business of the Company or any Restricted Subsidiary or the value of such property for the purpose of such business;

(6) security for public or statutory obligations, or in lieu of surety or appeal bonds;

(7) operation of law, including any Lien imposed pursuant to applicable Canadian federal or provincial pension benefits standards legislation for amounts required to be remitted but not yet due, or in favor of mechanics, carriers, warehousemen, landlords, materialmen, laborers, contractors, subcontractors employees, suppliers or similar Persons, incurred in the ordinary

course of business for sums which are not yet overdue for a period of more than 60 days or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof;

(8) compliance with the requirements of section 8a of the German Act on Partial Retirement (*Altersteilzeitgesetz*) or similar arrangements under applicable law) or sections 7b and 7e of the German Social Security Code IV (*Sozialgesetzbuch IV*);

(9) operation of law (sections 22, 204 of the German Transformation Act (*Umwandlungsgesetz*)) in favor of creditors as a consequence of a merger or conversion permitted under the Indenture; or

(10) operation of law in favor of social security bodies or administrators;

(c) any Lien securing Hedging Obligations (other than Hedging Obligations that are secured by Permitted Collateral Liens on the Collateral);

(d) any Lien securing Acquired Indebtedness created prior to (and not created in connection with, or in contemplation of) the incurrence of such Indebtedness by the Company or any Restricted Subsidiary; *provided* that such Lien does not extend to any property or assets of the Company or any Restricted Subsidiary other than the assets subject thereto prior to the incurrence of such Acquired Indebtedness by the Company or any Restricted Subsidiary and additions and accessions thereto and proceeds therefrom;

(e) any Lien to secure the performance of bids, trade contracts, leases (including statutory and common law landlord's liens), statutory obligations, performance, completion surety, Tax, appeal, judgment, customs or VAT bonds, guarantees or similar instruments, letters of credit (including obligations under any LC Facility) and other obligations of a like nature, in each case, incurred in the ordinary course of business of the Parent, any Parent Intermediate Holdco, the Company or any Restricted Subsidiary;

(f) any Lien securing Finance Lease Obligations, Purchase Money Obligations or other Indebtedness that is incurred in connection with the financing of all or any part of the purchase price, lease expense or cost of development, construction or improvement of real or personal, moveable or immovable property (including Capital Stock) used or to be used in the business of the Company, any of its Restricted Subsidiaries or a Permitted Joint Venture, or any Indebtedness refinancing any such Indebtedness; *provided* that such Lien shall only extend to such acquired, leased, developed, constructed or improved property (and any rights relating thereto) and additions and accessions thereto and proceeds therefrom, such Lien shall secure Indebtedness in an amount not in excess of the original purchase price or the original cost (or if greater, the Fair Market Value) of any such property or any such development, construction or improvement (or such Indebtedness shall be with recourse solely to such property (including such related rights), additions and accessions thereto and any proceeds therefrom) and the incurrence of such Indebtedness is permitted by "*—Certain Covenants—Limitation on Indebtedness*";

(g) Liens on assets of a Restricted Subsidiary of the Company that is not a Guarantor securing Indebtedness of any Restricted Subsidiary of the Company that is not a Guarantor;

(h) Liens in favor of the Company or any of its Restricted Subsidiaries;

(i) banker's liens, rights of set-off or similar rights and remedies as to deposit accounts, securities accounts or other funds maintained with a depositary institution or securities intermediary or Liens arising under the general terms and conditions of banks or savings and loans or other financial institutions (*Allgemeine Geschäftsbedingungen der Banken oder Sparkassen*); *provided* that such deposit account or securities account is not intended by the Parent, any Parent Intermediate Holdco, the Company or any Restricted Subsidiary to provide collateral to the depositary institution or securities intermediary;

(j) Liens arising from Uniform Commercial Code financing statement (or the equivalent in any other jurisdiction) filings regarding operating leases entered into by the Parent, any Parent Intermediate Holdco, the Company and its Restricted Subsidiaries in the ordinary course of business;

(k) (i) mortgages, liens, security interests, restrictions, easements, encumbrances or any other matters that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary and subordination or similar agreements relating thereto, (ii) easements, restrictions, rights of way, operating agreements and other similar matters with or for the benefit of any developer or other third party purchaser on any real property conveyed by the Company or any Restricted Subsidiary to such developer or third party purchaser in accordance with "*—Certain Covenants—Limitation on Sale of Assets*" or otherwise permitted under the Indenture, and (iii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(l) any provision for the retention of title to any asset by the vendor or transferor of such asset which asset is acquired by the Company or any Restricted Subsidiary in a transaction entered into in the ordinary course of business of the Company or such Restricted Subsidiary and for which kind of transaction it is normal market practice for such retention of title provision to be included;

(m) other Liens; *provided* that, immediately after giving effect to the creation, incurrence or assumption of any such Lien, the aggregate outstanding principal amount of all Indebtedness secured pursuant to this clause (m) (after giving *pro forma* effect to the incurrence of such Indebtedness and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow) does not exceed, at the time such Lien is created, incurred or assumed, the greater of (x) €300.0 million and (y) 7.50% of Total Assets;

(n) leases (including operating leases), licenses, subleases and sublicenses of assets (including real property and Intellectual Property Rights), in each case entered into in the ordinary course of business, including, for the avoidance of doubt, (i) ground leases entered into by any Restricted Group Company in connection with any development, construction, operation or improvement of assets on any real property owned by any Restricted Group Company (and any Liens created by the lessee (in the case of any lessee that is a Restricted Group Company, only if such Liens are otherwise permitted under the Indenture) in connection with any such ground lease, including easements and rights of way, or on any of its assets located on the real property subject to such ground lease), and (ii) leases, licenses, subleases and sublicenses in respect of real property to any trading counterparty to which any Restricted Group Company provides services on such real property in the ordinary course of its trading;

(o) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(p) Liens on Receivables Assets created or incurred in connection with any Permitted Receivables Financing;

(q) Liens on assets or Capital Stock of a Receivables Subsidiary to secure Indebtedness or other obligations incurred in connection with any Permitted Receivables Financing;

(r) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(s) Liens on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of any Unrestricted Subsidiary;

(t) any limited recourse Lien to secure Indebtedness incurred in connection with any project financing; *provided* that the assets or revenues which are subject to that Lien are:

  (i) assets which are the subject of the applicable project; or

  (ii) claims, revenues or proceeds which arise from the use or operation, failure to meet specifications, failure to complete, expropriation, sale, or loss of or damage to those assets;

(u) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Company's or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which that pledge exists;

(v) Liens created on any asset acquired by the Company or a Restricted Subsidiary or developed by the Company or a Restricted Subsidiary after the Issue Date for the sole purpose of financing or refinancing such acquisition or development and securing not more than 100% of the cost of acquisition or development; *provided* such Lien is released within 6 months of such acquisition or completion of such development;

(w) Liens (other than floating charges) constituting finance leases over the assets leased pursuant to such permitted finance leases;

(x) Liens on any escrow account, and all funds, securities, interest, dividends, distributions and other property and payments deposited into or credited to such escrow account, pursuant to any purchase price retention arrangement as part of any permitted disposition by the Company or a Restricted Subsidiary; *provided* that the cash paid into such escrow account in relation to a disposition does not represent more than 15% of the net proceeds of such disposition;

(y) limited recourse Liens in respect of the ownership interest or assets owned by joint ventures securing obligations of joint ventures; *provided* that the incurrence of the liability secured by such Lien is not prohibited by "*—Certain Covenants—Limitation on Indebtedness*";

(z) Permitted Collateral Liens (for the avoidance of doubt, whether such Liens are on Collateral or other assets);

(aa) Liens on any Proceeds Loans made by the Company or any Restricted Subsidiary in connection with any incurrence of Indebtedness (other than any Indebtedness of the type referred to in the proviso to clause (h) of the definition of Permitted Collateral Liens secured by Permitted Collateral Liens) permitted under the Indenture and securing that Indebtedness (without any requirement to secure the Notes or Guarantees with a Lien on such Proceeds Loans);

(bb) Liens incurred to secure Cash Management Arrangements or to implement cash pooling arrangements or to cash collateralize letters of credit, bank guarantees or similar instruments in the ordinary course of business, and Liens incurred by any LC Account Party to secure obligations under any LC Facility;

(cc) Liens on cash, cash equivalents and Temporary Cash Investments made to defease or satisfy and discharge any Indebtedness;

(dd) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof);

(ee) Liens arising in connection with Indebtedness incurred pursuant to clause (b)(5) of "*—Certain Covenants—Limitation on Indebtedness*"; and

(ff) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (a) through (ee); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Permitted Lien under the Indenture.

"**Permitted Payment**" has the meaning provided in clause (c) of the "*—Limitation on Restricted Payments*" covenant.

"**Permitted Receivables Financing**" means (a) the Securitization Programs and (b) any other financing pursuant to which the Company or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to any other Person, and grant a security interest in, any accounts receivable (and related assets, including any credit insurance relating to such accounts receivable) in an aggregate principal amount equivalent to the Fair Market Value of such accounts receivable (and related assets) of the Company or any of its Restricted Subsidiaries; *provided* that, in each case, (i) the covenants, events of default and other provisions applicable to such financing shall be customary for such transactions and shall be on market terms (as determined in good faith by the Board of Directors or senior management of the Company) at the time such financing is entered into and (ii) such financing shall be non-recourse to the Company or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) except to a limited extent customary for such transactions. The amount of any Permitted Receivables Financing shall be deemed for the purposes hereof, at any time, to be the amount that would be required to repay, discharge or satisfy all obligations owing to lenders or other third party investors that have made loans or extended credit in respect of such Permitted Receivables Financing, if such Permitted Receivables Financing were to be terminated at such time.

"**Permitted Refinancing Indebtedness**" means any Indebtedness that refinances any Indebtedness, including any successive refinancings, so long as:

(a) such Indebtedness is in an aggregate principal or commitment amount (or if incurred with original issue discount, an aggregate issue price) not in excess of the sum of (i) the aggregate principal or commitment amount then outstanding or in effect, respectively, of the Indebtedness being refinanced and (ii) an amount necessary to pay any fees and expenses, including premiums and defeasance costs, related to such refinancing; and

(b) (i) the Average Life of such Indebtedness is equal to or greater than the Average Life of the Indebtedness being refinanced, (ii) the final Stated Maturity of such Indebtedness is no earlier than the final Stated Maturity of the Indebtedness being refinanced, (iii) in the case of a refinancing of Subordinated Indebtedness, such Indebtedness is subordinated to the Notes and the Guarantees on substantially the same terms (or on terms (taken as a whole) that are not materially less favorable to the holders of the Notes) as provided in any applicable Intercreditor Agreement, as determined by the Company in good faith, and (iv) in the case of a refinancing of Subordinated Lien Indebtedness, the Liens securing such Indebtedness are subordinated to the Liens securing the Obligations on substantially the same terms (or on terms (taken as a whole) that are not materially less favorable to the holders of the Notes) as set forth in the Intercreditor Agreement as applicable to the "Second Lien Debt" under and as defined in the Intercreditor Agreement, as determined by the Company in good faith; *provided* that the requirements of clauses (i) and (ii) above shall not apply to any refinancings of Indebtedness under, or with Indebtedness under, any revolving credit, working capital, commercial paper or letter of credit facilities or any receivables financing;

provided that Permitted Refinancing Indebtedness shall not include (i) Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or (ii) Indebtedness of a Person other than the Issuer or a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

"**Permitted Reorganization**" means any reorganization or corporate restructuring, on a solvent basis, involving one or more of the then current Parent, any Parent Intermediate Holdco, the then current Company or any of its Restricted Subsidiaries (any such reorganization or corporate restructuring, a "**Reorganization**"), whether or not such Reorganization also involves any other Person, including any merger, demerger, consolidation or amalgamation, any sale or other disposition of any assets or properties and any voluntary liquidation or winding up on a solvent basis, in each case, that is consummated as part of such Reorganization; *provided* that, in the case of any Reorganization and after giving effect to any related designations of a new Parent or a new Company as contemplated by the definition of such terms, (a) all the business and assets of the then current Company and its Restricted Subsidiaries (as in effect prior to such Reorganization) shall remain within the Company and its Restricted Subsidiaries (other than for such period, not in excess of 10 Business Days, as may be reasonably required, in the good faith determination of the Company, to effect such Reorganization or for such longer period as may be reasonably acceptable to the Trustee), (b) the Parent, each Parent Intermediate Holdco and the Company shall be organized under the laws of a Permitted Jurisdiction, (c) any Capital Stock or other assets that constitute Collateral and that are subject to any sale or other disposition as part of such Reorganization shall remain (other than for such period, not in excess of 10 Business Days, as may be reasonably required, in the good faith determination of the Company, to effect such Reorganization or for such longer period as may be reasonably acceptable to the Trustee) Collateral (including as a result of Liens thereon granted by the new owner thereof), subject to Liens thereon securing the Notes and the Guarantees that are valid and enforceable substantially to the same extent as the Liens thereon were prior to such sale or other disposition, in each case, as determined by the Company in good faith, it being understood and agreed that, in connection with any Reorganization, Liens on any Collateral may be released and re-taken in a manner consistent with releases and re-takings permitted by clause (vi) of the second paragraph of "*—Certain Covenants—Impairment of Security Interest*", and (d) in the event of a sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the assets of, or a consolidation, amalgamation or merger with or into, the then current Parent, the then current Company, the Issuer or any Subsidiary Guarantor, the Surviving Entity thereof (if not the Parent, the Company, the Issuer or a Subsidiary Guarantor) shall assume the obligations of the Parent, the Company, the Issuer or such Subsidiary Guarantor, as applicable, in a manner consistent with "*—Consolidation, Merger, Sale of Assets*", as applicable. Nothing in this definition shall be deemed to restrict any merger, demerger, consolidation, amalgamation, sale or other disposition, voluntary liquidation, winding up or other transaction, or any release of any Collateral or any Guarantee, in each case, that is permitted pursuant to the provisions of the Indenture other than those provisions expressly relating to a Permitted Reorganization.

"**Person**" means any individual, corporation, limited liability company (including, a public limited company and a private limited company incorporated under the laws of England and Wales), partnership, joint venture, association, joint stock company, trust, unincorporated organization or Governmental Authority.

"**Preferred Stock**" means, with respect to any Person, any Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over the Capital Stock of any other class in such Person.

"**Proceeds Loans**" means any proceeds loan or other Indebtedness, in each case, arising from the lending of proceeds of any Indebtedness of any Parent Holdco, any Financing Subsidiary, the Issuer or any other Restricted Group Company to any Restricted Group Company.

"**Proceeds Loans Agreements**" means each loan agreement or any other agreement (a) by and among members of the Restricted Group or (b) by and among members of the Restricted Group, on the one hand, and any Parent Holdco or any Financing Subsidiary, on the other, evidencing or governing any Proceeds Loan, in each case, as amended, supplemented, restated or substituted from time to time.

"**Proceeds Loans Documents**" means the Proceeds Loans Agreements and any documents that provide a guarantee by any Guarantor of, or create a Lien over any Collateral or other assets of any Guarantor as security for, any Proceeds Loan, in each case, as amended, supplemented, restated or substituted from time to time.

"**Profit Pooling Agreement**" means any profit and loss transfer agreement (*Gewinnabführungsvertrag*) between (a) the Company (as dominating entity) and any of its Restricted Subsidiaries, (b) any two Restricted Subsidiaries of the Company or (c) any Parent Holdco (as dominating entity) and the Company, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof, and any arrangements or transactions made between the parties to such Profit Pooling Agreement to satisfy the obligations arising under any such Profit Pooling Agreement (including, for the avoidance of doubt, distributions for purposes of compensating accounting losses in relation to a profit and loss pooling agreement and/or upstream loans to any Parent Holdco to enable any Parent Holdco to compensate the Company or such Subsidiary for losses incurred which may need to be compensated by a Parent Holdco under any Profit Pooling Agreement).

"**Project Finance Subsidiary**" means

(a) any Restricted Subsidiary that was newly formed by the Company for the purpose of acquiring (or constructing or developing) and operating any plant, facility or other fixed assets or any business and incurring Indebtedness in connection therewith, *provided* that such Restricted Subsidiary does not own any material assets other than

(i) the plant, facility, other fixed assets or businesses so acquired, constructed or developed, any additions and accessions thereto and proceeds therefrom (and any rights relating thereto),

(ii) assets relating to any of the foregoing (including contractual rights) or its activities in respect thereof (including to the operation thereof) or to its existence, and

(iii) cash, cash equivalents and Temporary Cash Investments and items of Indebtedness, and

(b) any Restricted Subsidiary that does not own any material assets other than the Capital Stock of a Restricted Subsidiary described in clause (a) above and assets relating thereto (including contractual rights) or to its existence, including cash, cash equivalents and Temporary Cash Investments and items of Indebtedness.

"**Public Debt**" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (a) a public offering registered under the Securities Act or (b) a private placement to institutional investors whether or not it is underwritten for resale in accordance with Rule 144A or Regulation S, and whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC.

"**Public Equity Offering**" means an underwritten public offering of ordinary shares (other than Redeemable Capital Stock) of the Company or a Parent Holdco (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar Persons) and, with respect to an offering by a Parent Holdco, the Net Cash Proceeds of which are contributed to the Company in the form of a subscription for, or a capital contribution in respect of, Qualified Capital Stock or as Subordinated Shareholder Funding.

"**Purchase Money Obligation**" means any Indebtedness secured by a Lien on assets related to the business of the Company and its Restricted Subsidiaries (and any additions and accessions thereto and proceeds therefrom) which are purchased, acquired, constructed, developed or improved by the Company or any Restricted Subsidiary at any time after the Issue Date; *provided* that:

(a) the security agreement or conditional sales or other title retention contract pursuant to which the Lien on such assets is created (collectively, a "**Purchase Money Security Agreement**") shall be entered into within 270 days after the purchase or acquisition or substantial completion of the construction, development or improvement of such assets and shall at all times be confined solely to such assets (and any rights relating thereto), any additions and accessions thereto and any proceeds therefrom; and

(b) either (i) the aggregate outstanding principal amount of Indebtedness secured thereby shall not at the time such Purchase Money Security Agreement is entered into exceed 100% of the purchase or acquisition price, or the cost of such construction, development or improvement, to the Company or any Restricted Subsidiary of the assets subject thereto or (ii) the Indebtedness secured thereby shall be with recourse solely to such assets (including such related rights), any additions and accessions thereto and any proceeds therefrom.

"**Qualified Capital Stock**" of any Person means any and all Capital Stock of such Person other than Redeemable Capital Stock.

"**Rating Agency**" means any of S&P, Moody's, Fitch or any other "nationally recognized statistical ratings organization" (within the meaning of Rule 436 under the Securities Act).

"**Receivables Asset**s" means any assets that are or will be the subject of a Permitted Receivables Financing.

"**Receivables Fees**" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not the Company or a Restricted Subsidiary in connection with, any Permitted Receivables Financing.

"**Receivables Purchaser**" means a limited liability special purpose, bankruptcy-remote Subsidiary or independent, non-connected special purpose vehicle.

"**Receivables Repurchase Obligation**" means any obligation of a seller of Receivables Assets in a Permitted Receivables Financing to repurchase any Receivables Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of any receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"**Receivables Subsidiary**" means any Subsidiary of the Company that engages in no activities other than in connection with a Permitted Receivables Financing; *provided* that:

(a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of such Subsidiary:

(1) is guaranteed by the Company or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to representations, warranties, covenants, and indemnities entered into in the ordinary course of business in connection with a Permitted Receivables Financing);

(2) is recourse to or obligates the Company or any Restricted Subsidiary in any way other than pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Permitted Receivables Financing; or

(3) subjects any property or asset of the Company or any Restricted Subsidiary (other than accounts receivable and related assets as provided in the definition of Permitted Receivables Financing and the Capital Stock of such Subsidiary), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Permitted Receivables Financing;

(b) neither the Company nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding with such Subsidiary other than on terms no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing accounts receivable; and

(c) neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve such Subsidiary's financial condition or cause such Subsidiary to achieve a certain level of operating results.

"**Redeemable Capital Stock**" means any Capital Stock that, either by its terms or by the terms of any security into which it is convertible or exchangeable or otherwise, is or upon the happening of an event or passage of time would be, required to be redeemed prior to the final Stated Maturity as of the time of the issuance thereof or is redeemable at the option of the holder thereof at any time prior to such final Stated Maturity (other than upon a change of control or an asset sale (howsoever defined) in circumstances where the holders of the Notes would have similar rights), or is convertible into or exchangeable for debt securities at any time prior to such final Stated Maturity at the option of the holder thereof; *provided* that (a) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Redeemable Capital Stock and (b) any Capital Stock that would constitute Redeemable Capital Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale (howsoever defined or referred to) shall not constitute Redeemable Capital Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with "*—Certain Covenants—Limitation on Restricted Payments*".

"**Redesignation**" has the meaning provided in the "*—Limitation on Unrestricted Subsidiaries*" covenant.

"**refinances**" shall mean renews, extends, repays, substitutes, refinances or replaces; "**refinanced**" and "**refinancing**" shall have correlative meanings.

"**Regulation S-X**" means Regulation S-X under the Exchange Act as from time to time in effect.

"**Rental Payments**" means rental payments made by the Company and its Restricted Subsidiaries under leases and sub-leases on reasonable commercial terms (as determined in good faith by the Company) in respect of the headquarters or other offices or facilities used by the Company and/or its Restricted Subsidiaries.

"**Restricted Group**" shall mean the Company and its Restricted Subsidiaries from time to time.

"**Restricted Group Company**" shall mean a member of the Restricted Group.

"**Restricted Payment**" has the meaning provided in clause (a) of the "*—Limitation on Restricted Payments*" covenant.

"**Restricted Subsidiary**" means in the case of any reference to (a) the Company and its Restricted Subsidiaries, any Subsidiary of the Company other than an Unrestricted Subsidiary, or (b) the Parent and its Restricted Subsidiaries, any Parent Intermediate Holdco, the Company and any Subsidiary of the Company other than an Unrestricted Subsidiary.

"**RPI**" means the index entitled "General Index of Retail Prices" prepared by the Office for National Statistics from time to time (or, if that index ceases to be so prepared, such other comparable index as is generally accepted).

"**Run Rate Adjustment**" has the meaning provided in the definition of Consolidated Adjusted EBITDA.

"**S&P**" means S&P Global Ratings, a division of S&P Global Inc., or any successor to its rating business.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"**Securitization Programs**" means (a) the trade receivables securitization program established on May 6, 2011, by INEOS Styrolution Receivables Finance DAC (Designated Activity Company) (formerly known as Styrolution Receivables Finance Limited) (as purchaser and borrower) and INEOS Styrolution Group GmbH (as master servicer, seller agent and subordinated lender) with, among others, HSBC Bank PLC (as facility agent and conduit support lender) and The Law Debenture Trust Corporation PLC (as security trustee) and (b) the trade receivables program which was established under a Mexican Trust Agreement number F/1787 among INEOS Styrolution Mexicana S.A. de C.V., as Initial Trustor; Deutsche Bank Mexico S.A., Institución de Banca Múltiple, División Fiduciaria, as the Trustee; and INEOS Styrolution Receivables Finance DAC (Designated Activity Company), as the First Beneficiary; and under a Mexican Factoring Agreement among INEOS Styrolution Mexicana S.A. de C.V., as the Mexican Seller; Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria, as the Mexican Trustee; INEOS Styrolution Receivables Finance DAC (Designated Activity Company), as the Trust Beneficiary; INEOS Styrolution Group GmbH, as the Master Servicer; HSBC Bank PLC as Facility Agent; and The Law Debenture Trust Corporation PLC, as the Security Trustee (as such programs may be amended, supplemented, varied, novated, extended or replaced from time to time and including without limitation any further receivables purchase agreements and other documents evidencing the accession of further receivables sellers to such programs and any additional security from time to time created by or in connection with any additional sellers).

"**Security Agent**" means Barclays Bank PLC, in its capacity as security agent under the Security Documents, or any successor security agent pursuant to the Intercreditor Agreement.

"**Security Documents**" means each document that provides for a Lien in favor of the Security Agent, for the benefit of the Trustee and the holders of the Notes, over any Collateral, in each case, as amended, supplemented, restated or substituted from time to time.

"**Security Interests**" means the security interests that secure the obligations under the Notes and the Notes Guarantees created by the Security Documents.

"**Security Principles**" means the Security Principles set forth in the Indenture (or a schedule thereto), as applied reasonably and in good faith by the Company. For the avoidance of doubt, any requirement set forth in the Indenture with respect to the granting of a Lien or Guarantee under the Indenture shall be subject to the Security Principles.

"**Senior Indebtedness**" means any Indebtedness of the Company or any of its Restricted Subsidiaries that is not Subordinated Indebtedness.

"**Senior Secured Indebtedness**" shall mean (a) the Notes and any other Senior Indebtedness that is secured by Liens on the Collateral ranking *pari passu* with the Liens on the Collateral securing the Notes as permitted by the Indenture and (b) the Indebtedness under the Securitization Programs and any other Permitted Receivables Financing.

"**Significant Restricted Subsidiary**" means, at the date of determination, any Restricted Subsidiary of the Company that, on a Consolidated basis with its Restricted Subsidiaries, (a) for the most recent fiscal year for which audited consolidated financial statements of the Parent shall have been delivered pursuant to paragraph (1) under "*—Certain Covenants—Provision of Financial Statements*", accounted for more than 10% of the Consolidated revenues of the Parent or (b) as of the end of the most recent fiscal quarter for which consolidated financial statements of the Parent shall have been delivered pursuant to paragraph (1) or (2) under "*—Certain Covenants—Provision of Financial Statements*", was the owner of more than 10% of the Consolidated assets of the Parent.

"**Specified Affiliate Payments**" means:

(a) the purchase of (and any dividend, distribution, loan or other payment to any Parent Holdco, Affiliate or employee trust or similar entity to effect the purchase of) (i) any Capital Stock of the Company, any Restricted Subsidiary or any Parent Holdco or (ii) any employee loan stock of the Company, any Restricted Subsidiary or any Parent Holdco, in each case held by any future, present or former employee, director, officer or consultant of any Parent Holdco, the Company or any of its Restricted Subsidiaries (or their estates or beneficiaries under their estates) pursuant to any management equity subscription agreement, stock option agreement, put agreement, consulting agreement, stockholder agreement or similar agreement or employee loan stock scheme that may be in effect from time to time; *provided* that the aggregate price paid for all such purchased Capital Stock and employee loan stock shall not exceed €5.0 million in any calendar year (with unused amounts in any calendar year (for the avoidance of doubt, beginning with 2014) being carried over to succeeding calendar years subject to a maximum amount of purchases pursuant to this clause (a) of €10.0 million in any calendar year);

(b) transactions with customers, clients, suppliers and distributors, and other purchases or sales of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture, which when taken together are fair to the Company and its Restricted Subsidiaries, as determined in good faith by the Board of Directors or senior management of the Company, or are on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate, as determined in good faith by the Board of Directors or senior management of the Company;

(c) dividends, distributions, loans or other amounts paid to or on behalf of any Parent Holdco in amounts equal to amounts required for such Person to pay (i) audit fees and expenses, (ii) directors' fees, remuneration and expenses (including customary indemnification obligations and director and officer insurance premia), (iii) corporate overhead and salary or other compensation to existing and future employees allocable to the Company and its Restricted Subsidiaries, (iv) other ordinary course expenses required to maintain its corporate existence, (v) amounts required in relation to public reporting and registration and on-going administration of any securities or other Indebtedness and the Intercreditor Agreement and (vi) payments of fees under management agreements to INEOS Capital pursuant to agreements in effect on the Issue Date and any amendment or modifications thereof; *provided* that any amendments or modifications to the terms thereof are not more disadvantageous to the holders of the Notes in any material respect than such agreements as in effect on the Issue Date;

(d) dividends, distributions, loans or other amounts paid to or on behalf of any Parent Holdco in amounts equal to amounts required by any Parent Holdco to pay income or corporation taxes or VAT, but only to the extent such income or corporation taxes or VAT are attributable to the business of the Parent Holdcos, the Company or its Restricted Subsidiaries;

(e) the payment of any other amounts; *provided* that the total aggregate amount of Specified Affiliate Payments made under this clause (e) does not exceed in any fiscal year the greater of (x) €25.0 million and (y) 0.67% of Total Assets at the time such payment is made;

(f) the payment of an annual management fee (in whatever form) to any Parent Holdco, any Permitted Holder or any of their respective Affiliates; *provided* that the total amount of Specified Affiliate Payments made under this clause (f) does not exceed in any fiscal year the greater of (x) €25.0 million (adjusted, since November 7, 2014, in accordance with the RPI) and (y) 0.67% of Total Assets at the time such payment is made; and

(g) Rental Payments.

"**Sponsor Purchasers**" means any of the Permitted Holders and any of their Affiliates (other than the Company and its Subsidiaries).

"**Stated Maturity**" means, when used with respect to any Indebtedness or any installment of interest thereon, the dates specified in such Indebtedness as the fixed date on which the principal of such Indebtedness or such installment of interest, as the case may be, is due and payable. For the avoidance of doubt, references to the "final Stated Maturity" of any Indebtedness shall mean the final scheduled repayment in respect of such Indebtedness, and in determining such final scheduled repayment date for any Indebtedness incurred in the form of a bridge or other interim credit facility intended to be extended, renewed or refinanced with Long-Term Indebtedness, the initial maturity date or rollover date (however denominated) thereof shall be disregarded so long as such credit facility includes customary "rollover" provisions that are subject to no conditions precedent other than (a) the occurrence of the date specified for the "rollover" and (b) that no payment or bankruptcy event of default shall have occurred and be continuing.

"**Subordinated Indebtedness**" means Indebtedness of the Issuer or any Guarantor that is subordinated in right of payment to the Notes or a Guarantee of such Guarantor, as applicable; *provided* that, for the avoidance of doubt, no Senior Indebtedness held by any Sponsor Purchaser shall constitute Subordinated Indebtedness.

"**Subordinated Lien Indebtedness**" means Indebtedness of the Issuer or any Guarantor secured by a Lien on the Collateral that is contractually junior to the Liens on the Collateral securing the Notes or a Guarantee of such

Guarantor, as applicable, pursuant to the Intercreditor Agreement, other than any such Indebtedness owing to the Company or any Restricted Subsidiary.

"**Subordinated Shareholder Funding**" means Subordinated Indebtedness of the Company issued to any Parent Holdco or any Affiliate thereof (other than any Restricted Subsidiary of the Company):

(a) which, by its terms or pursuant to the terms of any subordination agreement to which it is subject:

(i) does not (including upon the happening of any event) mature (other than upon acceleration of its maturity permitted by clause (a)(iii) below) or require any amortization and is not (including upon the happening of any event) mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder, in whole or in part, and does not include any provision requiring repurchase by the Company or any Restricted Subsidiary (including upon the happening of any event), in each case, prior to the first anniversary of the final Stated Maturity of the Notes as of the date of the incurrence thereof;

(ii) does not (including upon the happening of any event) require the payment of interest (in cash or otherwise, except any interest in the form of the issuance of additional Subordinated Shareholder Funding), cash withholding amounts or other cash gross ups or any other cash amounts prior to its final Stated Maturity (*provided* that interest may accrete while such Subordinated Indebtedness is outstanding and accreted interest may become due upon acceleration of maturity as permitted by clause (a)(iii) below);

(iii) contains no change of control or similar provisions, has no right to declare a default or event of default, does not provide (including upon the happening of any event) for the acceleration of its maturity (other than any default, event of default or acceleration of its maturity upon the happening of any events described in clause (b)(ii) below, so long as the subordination requirements of such clause are satisfied), the ability to take any enforcement action or the exercise of remedies, in each case, prior to the date on which the Notes mature and are repaid;

(iv) is not required to be, and is not, secured by, a Lien on any assets of the Company or any Restricted Subsidiary and is not guaranteed by any Restricted Subsidiary of the Company;

(v) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by the Issuer with its obligations under the Notes Documents;

(vi) does not contain any covenants (financial or otherwise) other than a covenant to pay such Subordinated Indebtedness, including interest thereon;

(vii) does not (including upon the happening of an event) constitute Voting Stock; and

(viii) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the final Stated Maturity of the Notes as of the date of the incurrence thereof other than into or for Capital Stock (other than Redeemable Capital Stock) of the Company; and

(b) which is contractually subordinated and junior (by its terms in favor of, or pursuant to an agreement with, the Trustee) in right of payment to the prior payment in full in cash of all obligations (including principal, interest, premium (if any) and Additional Amounts (if any)) of the Company under the relevant Guarantee of the Notes and the Indenture (other than contingent indemnity, expense reimbursement, tax gross-up or other yield protection obligations, in each case, for which a claim has not been made) such that:

(i) the Company shall not make any payment in respect of such Subordinated Indebtedness (whether in cash, securities or otherwise, except as permitted by clause (a)(ii) or (a)(iii) above) and may not acquire such Subordinated Indebtedness, in each case, except as permitted by the Indenture until the prior payment in full in cash of all obligations under the relevant Guarantee of the Notes and the Indenture (other than contingent indemnity, expense reimbursement, tax gross-up or other yield protection obligations for which a claim has not been made);

(ii) upon any total or partial liquidation, dissolution or winding up of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property, the holders of the Notes will be entitled to receive payment in full in cash of all obligations under the relevant Guarantee of the Notes and the Indenture (other than contingent indemnity, expense reimbursement, tax gross-up or other yield protection obligations for which a claim has not been made) before the holders of such Subordinated Indebtedness will be entitled to receive any payment in respect of such Subordinated Indebtedness;

(iii) such Subordinated Indebtedness may not be amended such that it would cease to qualify as Subordinated Shareholder Funding until a date that is after the prior payment in full in cash of all obligations under the relevant Guarantee of the Notes and the Indenture (other than contingent indemnity, expense reimbursement, tax gross-up or other yield protection obligations for which a claim has not been made);

(iv) the holders of such Subordinated Indebtedness shall assign any rights to vote, including by way of proxy, in a bankruptcy, insolvency or similar proceeding to the Trustee to the extent necessary to give effect to the priority and subordination provisions described in this definition; and

(v) the holders of such Subordinated Indebtedness shall agree that, in the event any payment on such Subordinated Indebtedness is received by such holder in contravention of the terms of the Indenture and any applicable subordination agreement, then such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the Trustee, on behalf of the holders of the Notes;

provided that any event or circumstance that results in such Subordinated Indebtedness ceasing to qualify as Subordinated Shareholder Funding shall (A) constitute an incurrence of such Indebtedness by the Company and (B) reduce the amount described in clause (3)(B) of paragraph (b) under "*—Certain Covenants—Limitation on Restricted Payments*" by an amount equal to the amount by which the amount in such clause (3)(B) had been previously increased on account of such Subordinated Shareholder Funding, and any and all Restricted Payments made since the date of the original issuance of such Subordinated Shareholder Funding shall constitute new Restricted Payments that must satisfy "*—Certain Covenants—Limitation on Restricted Payments*" at a time on or after the date of the original issuance of such Subordinated Shareholder Funding after giving effect to the reduction referred to above in clause (B) above. It is understood and agreed that the requirements of clause (b) above shall be deemed to be satisfied by the terms and conditions of the Intercreditor Agreement applicable to "Subordinated Creditors" or "Subordinated Obligations" (each such term as defined therein). Notwithstanding clause (i) of the second sentence of the definition of Indebtedness, "Subordinated Indebtedness", as used in this definition, shall not exclude Subordinated Shareholder Funding.

"**Subsequent Collateral**" means the Collateral described under the caption "*—Brief Description of the Notes, the Guarantees and the Security—Security—General—The Subsequent Collateral*".

"**Subsequent Guarantor**" or "**Subsequent Guarantors**" means the (i) the Mexican Subsidiary, the Guarantee of which will not be effective before third parties until filed in the relevant registry and (ii) Korean Subsidiary, which will guarantee the obligations of the Issuer under the Notes only if the Bank of Korea accepts the report to be filed with it by the Korean Subsidiary.

"**Subsidiary**" of any Person means (a) any corporation more than 50% of the total voting power of the outstanding Voting Stock of which is owned or controlled, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person, or by such Person and one or more other Subsidiaries thereof, (b) any limited partnership of which such Person or any Subsidiary of such Person is a general partner, (c) any other Person in which such Person, or one or more other Subsidiaries of such Person, or such Person and one or more other Subsidiaries, directly or indirectly, owns more than 50% of the outstanding equity value or partnership or similar interests or has the power, by contract or otherwise, to direct or cause the direction of the policies, management and affairs thereof and (d) any Subsidiary within the meaning of Section 17 of the German Stock Corporation Act (*Aktiengesetz*). Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Parent.

"**Subsidiary Guarantor**" means each Restricted Subsidiary of the Company that is a Guarantor of the Notes.

"**Surviving Entity**" means a Parent/Company Surviving Entity, an Issuer Surviving Entity or a Guarantor Surviving Entity, as the context requires.

"**Tax Sharing Agreement**" means any tax sharing or tax payment agreement with customary terms and any arrangement in respect of the surrender of group relief or the allocation of disallowances of deductions for financing purposes, in each case, entered into with any Parent Holdco, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"**Taxes**" means all present and future taxes, levies, assessments, imposts, deductions, charges, duties, withholdings (including backup withholding), or fees imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"**Temporary Cash Investments**" means

(a) any evidence of Indebtedness, maturing not more than one year after the date of acquisition, issued by the United States of America, Canada, Norway, Switzerland, the United Kingdom or any state that was a member state of the European Union on December 31, 2003 (or any state, territory, political subdivision or taxing authority of any of the foregoing) or an instrumentality or agency thereof, and guaranteed fully as to principal, premium, if any, and interest by any of the foregoing;

(b) any certificate of deposit, maturing not more than one year after the date of acquisition, issued by, or time deposit of, a commercial banking institution that is a member of the U.S. Federal Reserve System or a bank or trust company organized in the United States of America, Canada, Norway, Switzerland, the United Kingdom or any state that was a member state of the European Union on December 31, 2003 (or any state, territory, political subdivision or taxing authority of any of the foregoing) and that has combined capital and surplus and undivided profits of not less than US$500.0 million and whose debt has a rating, at the time as of which any investment therein is made, of "P-2" (or higher) according to Moody's or any successor rating agency or "A-2" (or higher) according to S&P or any successor rating agency;

(c) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate or Subsidiary of the Company) organized and existing under the laws of the United States of America, Canada, Norway, Switzerland, the United Kingdom or any state that was a member state of the European Union on December 31, 2003 (or any state, territory, political subdivision or taxing authority of any of the foregoing) with a rating, at the time as of which any investment therein is made, of "P-2" (or higher) according to Moody's or any successor rating agency or "A-2" (or higher) according to S&P or any successor rating agency;

(d) any money market deposit accounts issued or offered by a commercial bank organized in the United States of America, Canada, Norway, Switzerland, the United Kingdom or any state that was a member state of the European Union on December 31, 2003 (or any state, territory, political subdivision or taxing authority of any of the foregoing) having capital and surplus in excess of US$500.0 million; *provided* that the short term debt of such commercial bank has a rating, at the time as of which any investment therein is made, of "P-2" (or higher) according to Moody's or any successor rating agency or "A-2" (or higher) according to S&P or any successor rating agency;

(e) repurchase obligations with a term of not more than 30 days for underlying obligations of the types described in clauses (a) and (b) above entered into with any bank meeting the qualifications specified in clause (b) above;

(f) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (a) through (e) above; and

(g) other short-term investments utilized by Restricted Subsidiaries of the Parent in accordance with normal investment practices for cash management (as determined by the Company in good faith) in the jurisdiction of organization or operation of such Restricted Subsidiary.

"**Term Loan**" means any loan made by any lender under the Term Loan B Facilities Agreement.

"**Term Loan B Facilities Agreement**" means the credit agreement dated as of November 7, 2014 between, among others, the Issuer and INEOS Styrolution US Holding LLC as borrowers and guarantors, the other guarantors from time to time party thereto and Barclays Bank PLC as Administrative Agent and Security Agent, as amended and restated as of March 30, 2017 and as further amended and restated as of November 22, 2017, which will be amended and restated on or about the Issue Date pursuant to the Amendment and Extension.

"**Total Assets**" means the Consolidated total assets of the Parent and its Restricted Subsidiaries, as shown on the most recent balance sheet of the Parent, but subject to the final proviso set forth in paragraph (b) under "*—Certain Covenants—Limitations on Activities of Parent and Parent Intermediate Holdcos*".

"**Transactions**" has the meaning ascribed to such term under the caption "*The Transactions*".

"**Trust Indenture Act**" means the U.S. Trust Indenture Act of 1939, as amended, or any successor statute.

"**United States**" or "**U.S.**" means the United States of America.

"**Unrestricted Subsidiary**" means any Subsidiary of the Company (other than the Issuer) designated as such pursuant to and in compliance with "*—Limitation on Unrestricted Subsidiaries*", in each case unless and until such Subsidiary is redesignated as a Restricted Subsidiary pursuant to a Redesignation as provided in paragraph (d) of such covenant.

"**Voting Stock**" of a Person means Capital Stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors of such Person, managers or trustees of such Person (irrespective of whether or not at the time Capital Stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

"**wholly owned**", when used in reference to a Subsidiary of any Person, means that all the Capital Stock of such Subsidiary (other than directors' qualifying shares and other nominal amounts of Capital Stock that are required to be held by other Persons under applicable law) are owned by such Person, another wholly owned Subsidiary of such Person or any combination thereof.

"**Wholly Owned Restricted Subsidiary**" means a Restricted Subsidiary all the Capital Stock of which (other than directors' qualifying shares and other nominal amounts of Capital Stock that are required to be held by other Persons under applicable law) is owned by the Company, another Wholly Owned Restricted Subsidiary or any combination thereof.

BOOK-ENTRY, DELIVERY AND FORM

General

Notes sold to qualified institutional buyers in reliance on Rule 144A will initially be represented by a global note in registered form without interest coupons attached (the "**Rule 144A Global Notes**"). Notes sold outside the United States to non-U.S. persons in reliance on Regulation S will initially be represented by a global note in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Global Notes will be deposited with, or on behalf of, a common depositary (the "**Common Depositary**") for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the Common Depositary.

Ownership of interests in the Rule 144A Global Notes ("**Rule 144A Book-Entry Interests**") and in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, collectively with the Rule 144A Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream, or persons that hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and/or Clearstream and their participants. The Book-Entry Interests in the Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear or Clearstream, as applicable, will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not have the Notes registered in their name, will not have received physical delivery of the Notes in certificated form and will not be considered the registered owners or "holders" of Notes under the Indenture for any purpose.

So long as the Notes are held in global form, the Common Depositary for Euroclear and/or Clearstream (or their respective nominees), as applicable, will be considered the sole holder of the Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear and Clearstream, as applicable, and indirect participants must rely on the procedures of Euroclear and Clearstream, as applicable, and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

Neither the Issuer, the Guarantors, the Registrar, the Common Depositary, the nominee of the Common Depositary, the Trustee under the Indenture nor any of the Issuer's, the Guarantors' or the Trustee's respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive Notes in definitive registered form (the "**Definitive Registered Notes**"):

(1) if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

(2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an event of default under the Indenture.

Euroclear and Clearstream have advised the Issuer that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (2), their current procedure is to request that the Issuer issues or causes to be issued Definitive Registered Notes to all owners of Book-Entry Interests and not only to the owner who made the initial request.

In such an event described in clauses (1) and (2), the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

Redemption of the Global Notes

In the event any Global Note, or any portion thereof, is redeemed, Euroclear or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided*, *however*, that no Book-Entry Interest of less than €100,000, principal amount at maturity, or less, may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts, if any) will be made by the Issuer to the Paying Agent. The Paying Agent will, in turn, make such payments to the Common Depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture governing the Notes, the Issuer and the Trustee will treat the registered holder of the Global Notes (for example, Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Guarantors, the Trustee, the Registrar nor any Paying Agent or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;

- payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or

- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interest in such notes (the "Euroclear/Clearstream Holders") through Euroclear or Clearstream, as applicable, in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream, at the request of the holders of the Notes, reserve the right to exchange the Global Notes for Definitive Registered Notes, and to distribute such Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear and/or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth in "*Notice to Investors*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Notice to Investors*."

Through and including the 40th day after the later of the commencement of the Offering of the Notes and the closing of the Offering (the "**40-day Period**"), beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note denominated in the same currency only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

After the expiration of the 40-day Period, beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in a Rule 144A Global Note denominated in the same currency without compliance with these certification requirements.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in a Regulation S Global Note only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act (if available).

Subject to the foregoing, and as set forth in "*Notice to Investors*," Book-Entry Interests may be transferred and exchanged as described under "*Description of the Notes—Transfer and Exchange*." Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book- Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Notice to Investors*."

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor the initial purchasers are responsible for those operations or procedures.

The Issuer understands as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets.

Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be admitted to trading on the Euro MTF and listed on the Official List of the Luxembourg Stock Exchange. The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers and common code numbers for the Notes are set out under "*Listing and General Information*." Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear or Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, any Guarantor, the Trustee, the Registrar or the Paying Agent will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through Euroclear or Clearstream on days when those systems are open for business.

Trustee's Powers

In considering the interests of the holders of the Notes, while title to the Notes is registered in the name of a nominee of a clearing system, the Trustee may have regard to, and rely on, any information provided to it by that clearing system as to the identity (either individually or by category) of its account holders with entitlements to Notes and may consider such interests as if such account holders were the holders of the Notes.

Enforcement

For the purposes of enforcement of the provisions of the Indenture by the Trustee, the persons named in a certificate of the holder of the Notes in respect of which a Global Note is issued shall be recognized as the beneficiaries of the trusts set out in the Indenture to the extent of the principal amounts of their interests in the Notes set out in the certificate of the holder, as if they were themselves the holders of the Notes in such principal amounts.

LIMITATIONS ON THE VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND THE COLLATERAL AND CERTAIN INSOLVENCY CONSIDERATIONS

The following is a brief description of certain limitations on the validity and enforceability of the Guarantees and security interests for the Notes and certain aspects of insolvency law in each of the jurisdictions in which the Issuer, the Guarantors and the providers of security to the Notes are organized. In the event that any one or more of the Issuer, the Guarantors and the providers of security to the Notes or any other of the Issuer's subsidiaries experienced financial difficulty, it is not possible to know with certainty in which jurisdiction or jurisdictions bankruptcy, insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer, the Guarantors and the providers of security to the Notes. The descriptions below are only a summary and do not purport to be complete or discuss all of the limitations or considerations that may affect the Notes, the Guarantees or other security interests. See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Your rights as a creditor may not be the same under relevant insolvency laws in Germany and other jurisdictions as under U.S. or other insolvency laws. Corporate benefit, capital maintenance and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees of the Notes and the security interests and will limit the amount that can be recovered under the Guarantees and the security interests granted by the Issuer and its subsidiaries*."

European Union

The Issuer and several of the Guarantors are organized under the laws of Member States of the European Union.

Regulation (EU) no. 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (the "Recast EU Insolvency Regulation") entered into force on June 26, 2017 and is applicable to insolvency proceedings opened on or after that date, replacing Council Regulation (EC) no. 1346/2000 on insolvency proceedings (which continues to apply to insolvency proceedings opened prior to June 26, 2017). Pursuant to the Recast EU Insolvency Regulation, which applies within the European Union (other than Denmark), the court which shall have jurisdiction to open main insolvency proceedings in relation to a company is the court of the Member State where the company has its "centre of main interests" (which, according to Article 3(1) of the Recast EU Insolvency Regulation, is "the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties"). The determination of where any such company has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

The term "centre of main interests" is not a static concept and may change from time to time. Although there is a rebuttable presumption under Article 3(1) of the Recast EU Insolvency Regulation that a company has its "centre of main interests" in the Member State in which it has its registered office, this presumption only applies if the registered office has not been moved to another Member State within the 3-month period prior to the request for the opening of insolvency proceedings.

Further, Preamble 30 of the Recast EU Insolvency Regulation states that "it should be possible to rebut this presumption where the company's central administration is located in a Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual centre of management and supervision and of the management of its interests is located in that other Member State." In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the location where the large majority of the company's creditors are established may all be relevant in the determination of the place where the company has its "centre of main interests." The point at which a company's "centre of main interests" is determined is at the time that the relevant insolvency proceedings are opened.

If the centre of main interests of a company is and will remain located in the Member State (other than Denmark) in which it has its registered office, the main insolvency proceedings in respect of the company under the Recast EU Insolvency Regulation may only be commenced in such jurisdiction, and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the Recast EU Insolvency Regulation. Main insolvency proceedings opened in one Member State under the Recast EU Insolvency Regulation are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in another Member State. If the "centre of main interests" of a company is in one Member State (other than Denmark) under Article 3(2) of the Recast EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open "territorial proceedings" only in the event that such company has an "establishment" in the territory of such other Member State. "Establishment" is defined in Article 2(10) of the Recast EU Insolvency Regulation to mean any place of operations where the company carries out or has carried out in the 3-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. The effects of those territorial proceedings are restricted to the assets of the company situated in the territory of such other Member State where proceedings were opened. If a company does not have an establishment in any other Member State, no court of any other Member State has jurisdiction to open territorial proceedings in respect of such company under the Recast EU Insolvency Regulation.

Where main insolvency proceedings in the Member State in which a company has its centre of main interests have not yet been opened, territorial insolvency proceedings can be opened in another Member State where the company has an establishment, *provided* either (a) insolvency proceedings cannot be opened in the Member State in which that company's centre of main interests is situated under that Member State's law; or (b) the territorial insolvency proceedings are opened at the request of either (i) a creditor whose claim arises from or is in connection with the operation of the establishment situated within the territory of the Member State where the opening of territorial proceedings is requested or (ii) a public authority which, under the law of the Member State within whose territory the establishment is situated, has the right to request the opening of insolvency proceedings.

The courts of all Member States (other than Denmark) must recognize the judgment of the court opening the main proceedings and give the same effect to the judgment so long as no secondary proceedings have been opened there. The insolvency practitioner appointed by a court in a Member State (other than Denmark) which has jurisdiction to open main proceedings (because the company's centre of main interests is there) may exercise the powers conferred on him by the law of that Member State in another Member State (other than Denmark), such as to remove assets of the company from that other Member State, subject to certain limitations, so long as no insolvency proceedings have been opened in that other EU member state nor any preservation measure has been taken to the contrary further to a request to open insolvency proceedings in that other EU member state where the company has assets.

It remains to be seen what impact the recent vote by the United Kingdom to leave the EU will have on the regulatory environment in the EU and the United Kingdom, and on the applicability of EU law in the United Kingdom.

Belgium

Insolvency

The Notes will be guaranteed by a company which is incorporated under the laws of, and has its statutory seat (*statutaire zetel/siège social*) in, Belgium (the "**Belgian Guarantor**"). Consequently, in the event of an insolvency of the Belgian Guarantor, main insolvency proceedings may be initiated in Belgium. Such proceedings would then be governed by Belgian law. Under certain circumstances, Belgian law also allows secondary bankruptcy proceedings to be opened in Belgium over the assets of companies that are not established under Belgian law.

The following is a brief description of certain aspects of Belgian insolvency law.

Belgian insolvency laws provide for two primary insolvency procedures: a judicial reorganization procedure (*gerechtelijke reorganisatie/réorganisation judiciaire*) and a bankruptcy procedure (*faillissement/ faillite*). Both types of insolvency proceedings are governed by Book XX "Insolvency of enterprises" of the Belgian Code of Economic Law.

Judicial reorganization.

A debtor (and in limited circumstances, its creditors, interested third parties or the public prosecutor) may file a petition for judicial reorganization if the continuity of the enterprise is at risk, whether immediately or in the future. The interpretation of this principle is broad and defined by the courts. The fact that the conditions for bankruptcy are met (entailing that the debtor has the obligation to file for bankruptcy pursuant to Book XX of the Belgian Code of Economic Law) does not preclude the debtor from applying for a judicial reorganization. If the net assets of the debtor have fallen below 50% of the debtor's issued capital, the continuity of the enterprise is always presumed to be at risk.

The petition for judicial reorganization, to be filed with the clerk office of the relevant Enterprise Court, must include the contemplated measures and proposals that will be taken or made by the debtor to carry out the reorganization. Further, the petition must be accompanied by a number of documents, including, but not limited to, an interim balance sheet and income statement, prepared under the supervision of an auditor, an external expert accountant or a certified tax accountant.

As from the filing of the petition with the relevant Enterprise Court overseeing the judicial reorganization and for as long as such court has not issued a judgment on the reorganization petition, the debtor cannot be declared bankrupt or wound up by court order. In addition, during this period between the filing of the petition and the court's decision, subject to certain exceptions, none of the debtor's assets may be disposed of by any of its creditors as a result of the enforcement of any security interests that such creditors may hold with respect to such assets. If the debtor requested the opening of judicial reorganization proceeding less than six months ago and such request was accommodated, the filing of the petition does not have a suspensory effect, except if the court decides otherwise.

Book XX of the Belgian Code of Economic Law provides that, within a period of 15 days as from the filing of the petition, the court will hear the debtor and/or his or her legal counsel on the petition for reorganization and will hear the report from the delegated judge. After such hearing, the court will rule within eight days on the petition for judicial reorganization. If the conditions for judicial reorganization appear to be met, and all required documents have been provided, the court will declare the judicial reorganization procedure open, allowing a temporary moratorium for a maximum period of six months. At the request of the debtor (or of the judicial trustee in case of a procedure of transfer under judicial authority) and pursuant to the report issued by the delegated judge, the moratorium period can thereafter be extended by an additional period of up to six months. In exceptional circumstances (such as due to the size of the business, the complexity of the case or the impact of the procedure on employment), and if the interests of the creditors so allow, the court may order an additional extension of the moratorium period for six months.

The granting of the temporary moratorium operates as a stay on enforcement. No enforcement measures with respect to pre-existing claims in the moratorium can be continued or initiated against any of the debtor's assets from the time that the moratorium is granted until the end of the period, with limited exceptions. Furthermore, during the moratorium, the debtor cannot be declared bankrupt or wound up by court order. During the duration of the moratorium, no attachments can be made with regard to pre-existing claims. Creditors however retain the possibility to be granted legal or contractual security.

Conservatory attachments that existed prior to the opening of the judicial reorganization retain their conservatory character, but the court may order their release, *provided* that such release does not have a material adverse effect on the situation of the creditor concerned. If the date for the forced sale of moveable or immovable property has already been set, such sale may, under certain conditions, be continued.

If receivables are pledged by the debtor in favor of a creditor prior to the opening of the judicial reorganization procedure, such pledge will not be affected by the moratorium, provided that the receivables are pledged specifically to that creditor from the moment when the pledge is created. The holder of such pledged receivables is permitted to take enforcement measures against the estate of the initial counterparty of the debtor (such as the debtor's customers) during the moratorium.

A pledge on financial instruments within the meaning of the Financial Collateral Act of December 15, 2004 (the "**Belgian Financial Collateral Act**"), such as shares in the Belgian Guarantor, can be enforced notwithstanding the enforcement prohibition imposed by the moratorium (unless considered an abuse of right). In the case of a pledge on bank accounts, the enforcement prohibition applies, save in the event of payment default or if certain other conditions are met. Personal guarantees granted by third parties in favor of the debtor's creditors are not covered by the enforcement prohibition imposed by the moratorium, nor are the debts payable by co-debtors. The moratorium also does not prevent the voluntary payment by the debtor of claims covered by the moratorium to the extent such payment is necessary for the continuity of the enterprise.

During the judicial reorganization procedure, the board of directors and management of the debtor in principle continue to exercise their management functions. However, upon request of the debtor or any other interested party and to the extent it is deemed useful for reaching the aims of the reorganization, the court may appoint, an enterprise mediator (*ondernemingsbemiddelaar*/*médiateur d'entreprise*) to facilitate the reorganization of all or part of its assets or its activities. The court may also appoint a judicial administrator (*gerechtsmandataris/mandataire de justice*), upon the request of any interested party or the public prosecutor, in the event of manifestly grave shortcomings (*kennelijk grove tekortkomingen/manquements graves et caractérisés*) of the debtor or any of its corporate bodies or if the debtor's economic activities are endangered, insofar as such measure can safeguard the continuity of the debtor. In addition, in the event of manifestly gross negligence (*kennelijk grove fout/faute grave et caractérisée*), the court may, upon the request of any interested party or the public prosecutor, appoint a temporary administrator (*voorlopig bewindvoerder/administrateur provisoire*) replacing the debtor's corporate bodies for the duration of the moratorium and charged with the management of the debtor. Furthermore, upon request of any interested party or upon its own initiative, the court may decide that the company loses all or part of the management of all or part of its assets or activities in case of important, precise and consistent indications (*gewichtige, bepaalde en met elkaar overeenstemmende aanwijzigingen/indices graves*, *précis et concordants*) that the conditions for bankruptcy are met.

The delegated judge, appointed by the court to assist the debtor in achieving the goal of the reorganization, has additional powers, including the power to request the court to end the reorganization procedure prematurely if he or she considers that the debtor is clearly not in a state to ensure the continuity of the whole or part of his or her business.

The restructuring procedure aims to preserve the continuity of a company as a going concern. Consequently, the initiation of the judicial reorganization proceedings does not terminate any contracts. Contractual provisions that provide for the early termination or acceleration of the contract upon the initiation or approval of a reorganization procedure, and certain contractual terms such as default interest, may not be enforceable during such a procedure. Subject to certain conditions, such enforcement prohibition does not apply to close-out netting provisions. Book XX of the Belgian Code of Economic Law provides that a creditor may not terminate a contract on the basis of a debtor's default that occurred prior to the reorganization procedure if the debtor remedies such default within a 15-day period following the notification of such default.

As an exception to the general rule of continuity of contracts, the debtor may cease performing a contract during the reorganization procedure, *provided* that the debtor notifies the creditor, and the decision is necessary for the debtor to be able to propose a reorganization plan to its creditors or to transfer all or part of the enterprise or its assets. The exercise of this right does however not prevent the creditor from suspending in turn the performance of its own obligations. The creditor can however not terminate the agreement solely on the ground that the debtor has suspended the performance of its own obligations.

Book XX of the Belgian Code of Economic Law provides for three types of reorganization: (i) an amicable settlement between the debtor and two or more of its creditors; (ii) a collective agreement; or (iii) the transfer of (part of) the activities. The type of reorganization may change during the proceedings and may also depend on the position of the court and/or third parties.

Amicable Settlement

In the case of an amicable settlement as provided by Book XX of the Belgian Code of Economic Law, the debtor can opt for an amicable settlement by drawing up an agreement and joint payment scheme plan with at least two creditors in order to settle its debts. The parties thereto will be bound by the terms they have agreed. If an agreement is reached for reorganization purposes, it is submitted to the court and entered into a register. Such an amicable settlement will remain enforceable in the event of a later bankruptcy, subject to certain exceptions.

Collective Agreement

In the case of a judicial reorganization by collective agreement, the creditors agree to a restructuring plan during the reorganization procedure.

The debtor must prepare a reorganization plan in which it includes a list of its creditors and of the amount of their claims against the debtor as recorded in the books of the debtor, as well as of details regarding security interests, if applicable. Creditors with pre-existing claims, as well as any other interested party that claims to be a creditor, can challenge the amounts and the ranking of the secured claims declared by the debtor. The court can determine the disputed amounts and the ranking of such claims on a preliminary basis for the purpose of the reorganization procedure. In addition, the court can, upon the request by the creditor, change the amount and the ranking of the claim initially declared by the debtor at the latest fifteen days before the date on which the creditors will vote on the reorganization plan. If a creditor has not challenged the amount and the ranking of its claim at least one month in advance of the date on which the creditors will vote on the approval of the reorganization plan, the amount of its claim will remain unchanged for voting purposes as well as for the purposes of the reorganization plan.

The debtor must use the moratorium period to complete and finalize a reorganization plan, with the assistance of the court-appointed administrator or enterprise mediator, as the case may be. The plan may include measures such as the reduction or rescheduling of liabilities and interest obligations and the conversion of debt into equity and may be based on a differentiated treatment of certain various categories of liabilities. The maximum duration of the plan is five years. The reorganization plan must be filed with the electronic registry managed by the Belgian bar associations (www.regsol.be) at least 20 days in advance of the date on which the creditors will vote its approval. The court needs to ratify the reorganization plan prior to its taking effect. A reorganization plan approved by a double majority of the creditors (both in headcount and in principal amount due) and ratified by the court will bind the debtor and all creditors, including those who voted against it or did not vote and whether secured or not (the measures which can be imposed on creditors holding security rights are however limited to suspension of their claims).

Transfer of (part of) the activities

A court ordered transfer of all or part of the debtor's enterprise can be requested by the debtor in its petition or at a later stage in the procedure. It can be requested by the public prosecutor, by a creditor or by any party who has an interest in acquiring, in whole or in part, the debtor's enterprise, and the court can order such transfer in specific circumstances. The price of the transferred assets should at least be equal to the liquidation value. In the case of comparable offers, priority will be given to the offer guaranteeing employment by way of a social agreement.

A court-ordered transfer will be organized by one or more judicial administrators (*gerechtsmandataris/mandataire de justice*) appointed by the court. Following the transfer, the recourse of the creditors will be limited to the transfer price, subject to some limited exceptions.

In the case of a court-ordered transfer, co-contractors of ongoing agreements can be forced to continue to perform the agreement without their consent after the transfer (except in case of *intuitu personae* agreements), provided historical debts under such agreement are paid.

Bankruptcy

The Belgian bankruptcy procedure is essentially governed by Book XX of the Belgian Code of Economic Law and by case law.

Bankruptcy proceedings may be initiated by the debtor, by unpaid creditors or upon the initiative of the public prosecutor's office, or the provisional administrator of the debtor's assets or the liquidator of "main insolvency proceedings" opened in another EU member state (other than Denmark) in accordance with the Recast EU Insolvency Regulation.

Conditions for a bankruptcy order (*déclaration de faillite/aangifte van faillissement*) are that the debtor must be in a situation of cessation of payments (*cessation de paiements/staking van betaling*) and be unable to obtain further credit (*ébranlement de crédit/wiens krediet geschokt is*). Cessation of payments is generally considered as the inability of the debtor to pay its debts as they fall due. Such situation must be persistent and not merely temporary. The mere fact that a debtor has more debts than assets does not mean that the bankruptcy conditions are met. Companies in liquidation can be declared bankrupt up to six months after the judgments of the closing of the liquidation. In bankruptcy, the debtor loses all authority and decision rights concerning the management of the bankrupt business. The bankruptcy receiver (*curateur/curator*) becomes responsible for the operation of the business and implements the sale of the debtor's assets, the distribution of the sale proceeds to creditors and the liquidation of the debtor. The rights of creditors in the process are limited to being informed of the course of the bankruptcy proceedings on a regular basis by the bankruptcy receiver. Creditors may oppose the sale of assets by bringing an action before the court, or may request the temporary continued operation of the business.

The bankruptcy receiver must decide whether or not to continue performance of ongoing contracts (i.e., contracts existing before the bankruptcy order). The bankruptcy receiver may decide not to continue the performance of one or several contracts, subject to certain limitations, according to case law. The counterparty to an ongoing contract may summon the bankruptcy receiver to take a decision within fifteen days. If no extension of the 15-day term is agreed upon or if the bankruptcy receiver does not make any decision, the ongoing contract is presumed to be terminated after the expiration of the 15-day term. If the bankruptcy receiver decides not to continue the performance of an ongoing contract or if an ongoing contract is terminated due to the expiration of the fifteen-day term, the counterparty to the contract may make a claim for damages in the bankruptcy, in which case such claim will rank pari passu with the claims of all other unsecured creditors.

The bankruptcy receiver may elect to continue the business of the debtor, provided the bankruptcy receiver obtains the authorization of the court and such continuation does not cause any prejudice to the creditors. Two exceptions apply, however:

(a) the parties to an agreement may contractually agree that the occurrence of a bankruptcy constitutes an automatic early termination or acceleration event; and

(b) *intuitu personae* contracts (*i.e.*, contracts whereby the identity of the other party constitutes an essential element upon the signing of the contract) are automatically terminated as of the bankruptcy judgment, since the debtor is no longer responsible for the management of the company. Parties can agree to continue to perform under such contracts.

As a general rule, the enforcement rights of individual creditors are suspended upon the rendering of the court order opening bankruptcy proceedings, and after such order is made, only the bankruptcy receiver may proceed against the debtor and liquidate its assets. However, such suspension does not apply to a pledge on financial instruments or cash held on account falling within the scope of the Belgian Financial Collateral Act. Further exceptions exist with regard to estate debts (*boedelschulden/dettes de la masse*).

For creditors with claims secured by movable assets, such suspension would normally be limited to the period required for the first report of verification of the claims. At the request of the bankruptcy receiver, the suspension period may be extended for up to one year as from the bankruptcy judgment, provided that such extension is in the interest of the bankruptcy estate and if the further suspension will allow for a realization of the assets which does not prejudice the secured creditors, and provided that those secured creditors have been given the opportunity to be heard by the court.

For creditors with claims secured by immovable assets, the intervention of the bankruptcy receiver is necessary to pursue the sale of the assets, subject to certain exceptions. The bankruptcy receiver will do so upon an order of the court. However, a first-ranking mortgagee will generally be entitled to pursue the enforcement of its mortgage as soon as the first report of claims has been finalized.

If a security interest, such as a pledge, has been granted over assets that, at the time insolvency proceedings are initiated, are located in another EU Member State, the rights the creditor has under such security shall, in accordance with the Recast EU Insolvency Regulation, not be affected by the initiation of such insolvency proceedings.

As from the date of the bankruptcy judgment, no further interest accrues against the bankrupt debtor on its unsecured debt, or debts secured by a general privilege, such as tax debts or social security debts.

The ranking of different types of debt of the bankrupt debtor is determined on the basis of a complex set of rules. The following is a general overview of only the main principles:

(a) Estate debt: Costs and indebtedness incurred by the bankruptcy receiver during the bankruptcy proceedings, the so-called "estate debts," have a senior priority. In addition, if the bankruptcy receiver has contributed to the realization and enforcement of secured assets, such costs will be paid to the bankruptcy receiver in priority out of the proceeds of the realized assets before distributing the remainder to the secured creditors. Tax and social security claims incurred during the judicial reorganization proceedings will be preferential debts of the estate in a subsequent liquidation or bankruptcy.

(b) Security interests: Creditors that hold a security interest have a priority right over the secured asset (whether by means of appropriation of the asset or on the proceeds upon realization);

(c) Privileges: Creditors may have a particular privilege on certain or all assets (*e.g.*, tax claims, claims for social security premiums, etc.). Privileges on specific assets rank before privileges on all assets of the debtor. Certain privileges prevail over security interests;

(d) Unsecured creditors (*Pari passu*): Once all estate debts and creditors having the benefit of security interests and privileges have been satisfied, the proceeds of the remaining assets will be distributed by the bankruptcy receiver among the unsecured creditors who rank *pari passu* (unless a creditor agreed to be subordinated); and

(e) Subordinated creditors will receive the remainder (if any).

Book XX of the Belgian Code of Economic Law provides that any assets, amounts and sums of distributions (such as income generated by a new activity) received after a bankruptcy are excluded from the bankruptcy estate if their relevant cause dates from after the bankruptcy.

Limitation on Enforcement

The grant of a guarantee or collateral by the Belgian Guarantor for the obligations of another group company must fall within the grantor's legal and corporate purpose and must serve the own corporate benefit of the Belgian Guarantor and comply with any applicable financial assistance rules. Corporate benefit is not a well-defined concept under Belgian law and its interpretation is left to the courts and legal authors. The corporate benefit rules and their application in the context of granting guarantees or collateral for the benefit of a group company are not clearly established under Belgian law and there is only limited case law on this issue.

The question of corporate benefit must be determined on a case-by-case basis by reference to the prevailing factual circumstances. Consideration has to be given to any direct and/or indirect benefit that the Belgian company would derive from the transaction and is particularly relevant for upstream or cross stream guarantees and collateral.

It is generally taught by legal scholars that such benefit should be proportionally greater than the risk for the Belgian company resulting from the granting and/or enforcement of the guarantee concerned. The financial support granted by the Belgian company should not exceed its financial capabilities. Belgian case law does not offer clear guidelines on when a group transaction is within the individual group member's corporate benefit and when aforementioned conditions are met.

Whether or not the corporate benefit requirement is met is a matter of fact to be assessed by the board of directors of the Belgian Guarantor. The corporate benefit justification by the Belgian company's board of directors will be subject to only a "marginal review" by the courts; in insolvency situations, however, the courts can be expected to take a more critical view.

If the corporate benefit requirement is not met, the directors of the company may be held liable (i) by the company for negligence in the management of the company and (ii) by third parties in tort. Moreover, the guarantee or collateral could be declared null and void and, under certain circumstances, the creditor that benefits from the guarantee or collateral could be held liable for up to the amount of the guarantee. Alternatively, the guarantee or collateral could be reduced to an amount corresponding to the corporate benefit, or the creditor may be held liable for any guarantee amount in excess of such amount. These rules have been seldom tested under Belgian law, and there is only limited case law on this issue.

In order to enable Belgian subsidiaries to grant a guarantee and collateral to secure liabilities of a direct or indirect parent or sister company without the risk of violating Belgian rules on corporate benefit, it is standard market practice for indentures, credit agreements, guarantees and security documents to contain so-called "limitation language" in relation to subsidiaries incorporated or established in Belgium. Accordingly, the Purchase Agreement, the Indenture and the security documents will contain such limitation language and the security and the guarantees of the Belgian Guarantor will be so limited. Including such limitation language is, however, not conclusive in determining or upholding the corporate benefit.

The Indenture will expressly provide, substantially to the effect that, the total liability of the Belgian Guarantor for the obligations under the Indenture shall at all times be limited to an amount not exceeding the greater of:

(a) 90% of the Belgian Guarantor's net assets (*eigen vermogen/capitaux propres*) as determined in accordance with Article 7:212 of the Belgian Companies and Associations Code and Belgian GAAP, but not taking intra-group debt into account as debt, as calculated on the basis of its most recent audited annual financial statements as approved at its meeting of shareholders;

(b) the aggregate of the amounts, either directly or through one or more other companies of the INEOS Group, made available to the Belgian Guarantor and its subsidiaries (if any) using all or part of the proceeds of the Notes (increased by all interests, commissions, costs, fees, expenses and other sums accruing or payable in connection with such amount), outstanding at the date on which a demand is made under the Indenture.

The Belgian Guarantor shall not be liable for the obligations of any other obligor under the Indenture, to the extent that such liability would constitute unlawful financial assistance within the meaning of article 7:227 of the Belgian Companies and Associations Code.

Representative of secured creditors

Since there is no established concept of "trust" or "trustee" under the present Belgian legal system, the nature, effect and enforceability of the duties, rights and powers of a security agent as agent or trustee for holders of the Notes in respect of security interests such as pledges are debated and may not be effective or enforceable under Belgian law. Pursuant to Belgian law, security is an "accessory" which must be granted to the same person to whom the secured debt is owed, except in the case of financial collateral within the meaning of the Belgian Financial Collateral Act or collateral subject to the Belgian Act of July 11, 2013 on in rem security interests over movable assets ("**Belgian Act on Security over Movable Assets**").

Belgian pledges over financial collateral (such as the shares of the Belgian Guarantor) will be granted to the financial institution acting as the security agent acting for itself and for the account of the secured parties pursuant to Article 5 of the Belgian Financial Collateral Act. Belgian pledges over movable assets (including receivables) will be granted to the financial institution acting as the security agent acting for itself and for the account of the secured parties pursuant to Article 3 of the Belgian Act on Security over Movable Assets. These provisions allow for the creation of security over financial collateral and over movable assets, respectively, held by an agent acting as representative for secured parties, provided that the secured parties can be determined on the basis of the security agreement.

Beneficial Ownership

As there is no concept of "beneficial ownership" or "beneficial owner" under the present Belgian legal system, the rights, claims and effects resulting from such a concept may not be enforceable under Belgian law.

Hardening Periods and Fraudulent Transfer

In the event of bankruptcy proceedings governed by Belgian law, certain business transactions that have been concluded or performed by the debtor during the "hardening period" may be declared ineffective against third parties.

In principle, the cessation of payments (which constitutes a condition for filing for bankruptcy) is deemed to have occurred as of the date of the bankruptcy order. The court issuing the bankruptcy order may determine, based on serious and objective indications that the cessation of payments occurred on an earlier date. Such earlier date may not be earlier than six months before the date of the bankruptcy order, except in the case where the bankruptcy order relates to a company that was dissolved more than six months before the date of the bankruptcy order in circumstances suggesting an intent to defraud its creditors, in which case the date of cessation of payments may be determined to be the date of such decision to dissolve the company. The period from the date of cessation of payments up to the declaration of bankruptcy is referred to as the "hardening period" (*verdachte periode/période suspecte*).

The transactions entered into or performed during the hardening period which will be declared ineffective against third parties and which are unenforceable against the bankruptcy receiver include, among others, (i) gratuitous transactions or transactions where the consideration received is considerably below the value of the act or asset provided by the debtor, (ii) payments for debts which are not due, (iii) payments other than in cash for debts due, and (iv) new security provided for pre-existing debt (save for any security granted during the suspension period of judicial reorganization proceedings).

Other transactions entered into or performed during the hardening period may be declared ineffective against third parties, provided that the counterparty was aware of the debtor's cessation of payment.

In particular, a guarantee or security interests entered into during the hardening period may be declared ineffective against third parties if (i) it is regarded as having been granted gratuitously or where the consideration received is considerably below the value of the guarantee or security interests provided, (ii) the beneficiaries of the guarantee or security interests were aware of the company's cessation of payments or (iii) it is granted for preexisting debts.

If the guarantee or security interests granted by the Belgian Guarantor were successfully voided (based on the considerations above), holders of the Notes would cease to have any claim in respect thereof and would be under an obligation to repay any amounts received pursuant to such Guarantee or the enforcement proceeds of the security interests.

Finally, regardless of any declaration by the Enterprise Court of a hardening period, a third-party creditor may obtain a court ruling that any act or transaction (such as a guarantee) is not enforceable against it if it can establish that the challenged act or transaction was entered into with the fraudulent intent to adversely affect its position as an existing creditor (*actio pauliana*), irrespective of its date.

Grace Periods

In addition enforcement rights may, like those of any other creditor, be subject to Article 1244 of the Belgian Civil Code.

Pursuant to the provisions of these articles, Belgian courts may, in any civil proceeding involving a debtor, defer or otherwise reasonably reschedule the payment dates of payment obligations. Belgian courts can also decide that the interest rate applicable be reduced if it is considered to exceed the normal rate applicable to similar debts.

Recognition and enforcement

The granting of security interests over movable or immovable, tangible or intangible, assets may be subject to validity and/or enforceability conditions. The breach of any of such conditions may render such security interests invalid or unenforceable. The foreclosure of security interests may be subject to formalities (e.g. judicial or non-judicial consent) and may be time consuming in the event that the foreclosure takes place under judicial control or in the event of a legal dispute. Courts may condition the enforcement of a security interest and/or guarantee upon the evidence that the creditor has a final and undisputed claim triggering the foreclosure of the security interest and/or guarantee. Enforcement of security interests and/or guarantees may be hindered by conflict of law and/or conflict of jurisdiction issues and may not breach any public policy provision and/or mandatory legal provisions. Courts may require a sworn translation in French or Dutch of the English documents which they may review.

In particular, and without limiting the generality of what is set out above, validity, effectiveness and enforceability of certain security interests may be limited as follows:

- bank account and receivables pledge: the perfection of the pledge towards respectively the account bank or the debtor of the pledged receivables requires a notice of pledge or acknowledgment of pledge by the relevant account bank or debtor. In the absence of notice (or, in the case of a receivable governed by foreign law, of compliance with the applicable rules set by that foreign law), the pledge is not perfected as against the debtors of the receivables and (i) the debtors may still validly pay the receivables to the pledgor, (ii) the debtors may still raise defenses of set-off, (iii) subsequent assignment or pledge of the receivables to a bona fide third party in respect of which notice is given first would take priority over the pledge effected by the bank account and receivable pledge agreement, (iv) the pledge will not be effective against a third-party creditor of the company (such as, typically, a creditor, a creditor having made an attachment on the receivables) to whom a debtor would, in good faith, have paid a receivable before having received notice of the pledge, and (v) it is uncertain whether, after notice, debtors may still raise defenses of set-off.

- pledge on moveable assets: the perfection of the pledge towards third parties requires a registration of the pledge with the National Pledge Register (*Nationaal Pandregister/Registre National des gages*) established by a royal decree of 14 September 2017 in execution of the articles of title XVII of book III of the Belgian Civil Code relating to the use of the National Pledge Register. The pledgee or its proxy holder is responsible to complete the registration process through an online application by inserting, amongst others, the identity of the parties, the secured amount, the pledged asset and a declaration of the pledgee confirming he assumes liability for any incorrect information. The pledge will become effective as of the date of payment of the retribution and such registration remains valid for a renewable period of 10 years. As long as it is not recorded with the National Pledge Register, there is a risk that the holders of Notes secured by such pledge on moveable assets will not receive any proceeds from an enforcement of the security interest in that collateral; and

- pledge on registered shares representing the issued share capital of a Belgian company: a notice of pledge must be recorded and dated in the share register of the Belgian company to be enforceable against third parties. As long as the recordation is not effectuated in the share register of the Belgian company, there is a risk that the holders of Notes secured by such pledge on registered shares will not receive any proceeds from an enforcement of the security interest in that collateral.

Canada

INEOS Styrolution Canada Ltd. (the "**Canadian Guarantor**") is a corporation organized under the federal laws of Canada. This summary highlights certain aspects of (i) the laws of the province of Ontario relating to guarantees granted by corporations and (ii) the federal and provincial laws in effect in Canada in respect of bankruptcy, insolvency and restructuring and receiverships in respect of the business and assets of debtors, in each case in force on the date of this offering memorandum.

Guarantees

Under the laws of the province of Ontario, there are no financial assistance rules that would restrict the giving of upstream guarantees by corporations. Under the laws of the province of Ontario (and the federal laws of Canada applicable therein), a guarantee or some of its provisions may be unenforceable against the guarantor if they constitute (i) a penalty or (ii) a breach of law or public policy (*e.g.*, a clause providing for a rate of interest exceeding the statutory maximum under the Canadian Criminal Code would be illegal). A guarantee may also be unenforceable if the underlying guaranteed obligation has been changed without the consent of the guarantor or is unenforceable against the principal debtor.

Preferences and Transfers at Undervalue

In the context of certain proceedings, a trustee in bankruptcy, a court- appointed monitor or proposal trustee is required to review asset transfers and other transactions undertaken by the bankrupt or insolvent debtor within specified time periods prior to the commencement of insolvency proceedings to determine if the debtor was engaged in any preferential transactions or transfers at undervalue. In the case of "transfers at under value," the review period is one year (or five years for parties not dealing at arm's length in certain circumstances) and preferences are subject to review if they occurred within three months (or twelve months for parties not dealing at arm's length). Provincial laws regarding fraudulent preferences and fraudulent conveyances may also apply.

A guarantee and/or any security provided to secure the obligations of a guarantor could be voided as a preference if the applicable guarantor was insolvent at the time the guarantee and/or security was issued or rendered insolvent by reason of the issuance of the guarantee and the applicable guarantor issued the guarantee and/or granted the security (1) to a creditor that was dealing at arm's length with the guarantor with a view to giving the creditor a preference, or (2) to a creditor that was not dealing at arm's length with the guarantor that has the effect of giving that creditor a preference. If the guarantee or the grant of security in favor of an arm's length creditor has the effect of granting a preference, the applicable guarantor will have been presumed to have intended to give a preference, absent evidence to the contrary. In the case of a transfer at undervalue, with respect to parties dealing at arm's length, the guarantee and/or security could potentially be voided if it (i) was determined that the guarantee and/or security constituted a disposition of property or provision of services, (ii) the applicable guarantor did not receive any consideration for issuing the guarantee or granting the security, or if the consideration received by the issuer of the guarantee was conspicuously less than the fair market value of the consideration given by the applicable guarantor and (iii) the applicable guarantee or security was granted with an intention to defraud, defeat or delay a creditor. In addition, a trustee or monitor may also bring an action against the recipient of a transfer at undervalue for the difference between the value received by the debtor and the value of the consideration given by the debtor. In the case of parties not dealing at arm's length, neither the insolvency nor the intention of the party giving the guarantee or granting the security is relevant to the determination of whether or not the giving of a guarantee or the granting of the security was a transfer at undervalue in the first twelve months prior to the giving of such guarantee. If the requisite intention can be established, the review period may be extended to five years.

Bankruptcy and Insolvency

Bankruptcy and insolvency matters are within the jurisdiction of the federal government of Canada, but provincial laws can affect bankruptcy and insolvency proceedings. In the event of the insolvency of the Canadian Guarantor, insolvency proceedings with respect to that Canadian Guarantor may be initiated in Canada. Canadian insolvency laws and applicable provincial legislation would govern those proceedings (subject to laws or protocols that may be applicable to the recognition of international insolvencies if proceedings also occur in other jurisdictions in respect of those Guarantors). The insolvency laws of Canada and related provincial legislation may restrict, delay, compromise or otherwise limit certain of your rights and remedies, including in respect of priority of creditors, the ability to obtain post-filing interest and other amounts and the duration of the insolvency proceedings, and hence may limit your ability to recover payments due on the Notes or to require the performance by the Canadian Guarantor of its obligations or its Guarantee.

In Canada, there are two primary federal statutes that govern insolvency and restructuring proceedings of corporate debtors. The Bankruptcy and Insolvency Act (the "**BIA**") contains provisions for the liquidation of insolvent companies (in a manner loosely akin, in substance, to U.S. Chapter 7 proceedings, although there are important distinctions) and for the restructuring of corporations (in a manner loosely akin, in substance, to U.S. Chapter 11 proceedings, although there are important distinctions). In addition, under the BIA and applicable provincial laws, secured creditors or other interested parties may seek the appointment by a court of a "receiver" or "receiver and manager" over all or part of the assets, property and undertakings of a debtor, in order to sell the debtor's assets, manage the debtor's business or otherwise realize on collateral. Secured creditors in addition to a court appointed receiver may also have recourse to the appointment of a private receiver under the security documents. In addition to the BIA, Canada also has the Companies' Creditors Arrangement Act ("**CCAA**"), which is a restructuring statute that operates, in practice, in a manner loosely akin to U.S. Chapter 11 proceedings (with important distinctions).

Stay of Proceedings Generally

As a result of these laws, among other things, creditors, including secured creditors, may be subject to a stay of proceedings. Secured creditors could be prohibited from enforcing upon their security or retaining collateral enforced upon prior to the commencement of such proceedings without court approval. Moreover, in such proceedings but subject to court oversight, the debtor (or its trustee in bankruptcy, receiver or similar representative) may be permitted to continue to use collateral, including cash collateral, even though the debtor is in default under the applicable debt instruments.

Consequently, the rights of the Security Agent who represents the holders of the Notes to enforce remedies could be delayed or prevented by the provisions of applicable Canadian federal bankruptcy, insolvency and other reorganization or arrangement legislation and orders made with respect to Canadian law if the benefit of such law is sought by the Canadian Guarantor, unless leave of the court is obtained. The powers of the court under the Canadian federal and provincial insolvency and other reorganization or arrangement laws have been interpreted and exercised broadly so as to protect a restructuring entity from actions taken by creditors and other parties.

Liquidation

Bankruptcy proceedings in Canada can be either voluntarily commenced by a debtor or commenced against the debtor by any creditor or creditors of such debtor where the unsecured claims of the applicant creditors equals C$1,000 or more. In order for a bankruptcy filing to be valid, the debtor must meet one of the tests for bankruptcy set out in the BIA, with the most common test being the inability or failure to meet obligations generally as they become due. Upon a bankruptcy occurring, all of the assets of the bankrupt (with a few limited exceptions) vest in a trustee in bankruptcy, with the proceedings being subject to the oversight of both the Superintendent of Bankruptcy and the relevant court. Typically, a trustee in bankruptcy proceeds to liquidate the assets of the bankrupt and distribute the proceeds to creditors in accordance with their legal priorities.

The BIA and certain other federal and provincial statutes in Canada provide super priority status to claims such as payroll deductions for employee income taxes, government operated pension plans and employment insurance, as well as for certain specified private pension contributions (if any), unpaid wages, vacation pay and employee disbursements (accrued in the six months prior to the bankruptcy, up to C$2,000 for wages and C$1,000 for disbursements, per employee) and, in some circumstances, collected and unremitted Goods and Services Tax, Harmonized Sales Tax and other provincial sales taxes. These super priority status claims are secured on certain assets of the debtor and such security may rank in priority to the security interests of other secured creditors. After the claims subject to statutory super priorities are paid, the BIA provides that secured creditors are to be paid prior to unsecured creditors. While the general rule is that unsecured creditors share any remaining proceeds pari passu, the BIA does provide that certain "preferred" claims are to be paid prior to the general body of unsecured creditors, including the fees and expenses of the trustee in bankruptcy and its counsel, remaining unpaid wages and employee disbursements accrued in the six months prior to the bankruptcy in the amount noted above that were not paid from the assets to which the super priority security interest attaches, certain landlord claims, and certain other claims.

Upon the occurrence of a bankruptcy order or a voluntary assignment in bankruptcy, the BIA imposes a stay of proceedings on unsecured creditors and leave is required to proceed, or continue, with any actions against the bankrupt entity. The stay of proceedings generally does not apply to secured creditors, though a stay may apply to secured creditors for up to six months in certain circumstances. If no stay applies, secured creditors are free to continue to enforce their security against the assets of the bankrupt, subject to satisfying the trustee in bankruptcy that they have valid and perfected security over the same.

Restructuring

Generally, restructuring proceedings of insolvent entities are commenced under one of two statutes in Canada and it is also possible to restructure an enterprise under the reorganization or arrangement provisions of applicable federal or provincial corporate statutes. Any such restructuring can involve a stay of proceedings with respect to creditors' rights and remedies and a compromise of the debt, including secured debt, owing by the debtor company.

For large or complex restructurings, the most commonly used statute is the CCAA. In order to seek relief under the CCAA, the debtor (or affiliated debtor companies) must have in excess of C$5 million in outstanding claims against it. The granting of an order for relief under the CCAA is in the discretion of the court, but if granted, a CCAA order typically involves a broad stay of proceedings (applying to secured and unsecured creditors), protection from the termination of contracts by third parties, authority to disclaim or repudiate unfavorable contracts and, in certain cases, the granting of super-priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the applicant debtor company to secure the payment of certain obligations of the debtor, including any amounts to be borrowed from debtor-in-possession lenders to facilitate the restructuring, any amounts owing for the fees and costs of professionals involved in the restructuring and obligations of directors of the company with respect to their liabilities arising from and after the filing date. An initial stay of proceedings under the CCAA cannot exceed 10 days, but the applicant debtor company is entitled to seek extensions to the stay. There is no time limit on the duration of an extension to the stay of proceedings under the CCAA or on the duration of the entirety of the proceeding itself.

CCAA proceedings are supervised by the court and upon the making of an order under the CCAA, the court must appoint a licensed trustee in bankruptcy to act as the “monitor” of the applicant company. The monitor is given certain powers under the CCAA and additional powers may be granted by court order. The monitor does not take possession of, or have any control over, the assets of the applicant company unless otherwise ordered by the court. The monitor is required to oversee certain filings made by the applicant company and provide its views with respect to same. The monitor also has a statutory duty to advise the court of any material adverse change in the status of the applicant company.

Under the CCAA, a company may, inter alia, proceed to file a plan of compromise or arrangement, or seek court approval of a sale of some or all of its assets. In the case of a plan of compromise or arrangement, it is necessary for the applicant company to obtain the requisite level of approval from affected creditors (approval must be obtained from creditors representing $66^2/_3$% in value of the debt and more than 50% in number of the creditors who cast votes in each affected class of creditors) and sanction of the court. Secured creditors may be included as affected creditors in the plan, or may be dealt with outside of the plan. Upon requisite creditor and court approvals being obtained, the restructuring plan is binding on all affected creditors whether or not they voted in favor of the plan. CCAA plans may be combined with plans of reorganization or arrangement under Canada’s federal and provincial corporate statutes, allowing Canadian corporate entities to change their share capital, including cancelling existing shares and/or converting existing debt to new shares, in the context of a plan. If the proceeding includes an asset sale, any sale out of the ordinary course is subject to approval of the court (but with no creditor vote) and the court is authorized to make an order transferring assets to a purchaser free and clear of all liens, claims and encumbrances. During the course of a CCAA proceeding, the stay of proceedings typically provides that creditors and contractual counterparties are not entitled to exercise any rights or remedies as against the debtor company or its assets without leave of the court except for certain statutory exceptions (*e.g.,* proven claims of set-off in certain circumstances, termination and enforcement rights under certain types of eligible financial contracts and certain regulatory investigations and orders).

The court may not approve an asset sale or sanction a restructuring plan in the context of a CCAA proceeding unless any existing super priority employee wage claims and pension contribution claims are satisfied or provided for to the satisfaction of the court.

Debtors in Canada may also proceed with a restructuring under the proposal provisions of the BIA. The proposal provisions of the BIA (the “**Proposal Provisions**”) provide for a process that is generally similar to, but less flexible than, restructuring proceedings under the CCAA. A restructuring under the BIA is typically undertaken where the proposed restructuring is small or relatively simple; or, where the applicant debtor simply does not qualify for the CCAA because its aggregate debt is less than C$5 million. There is no minimum amount of outstanding debt required to use the Proposal Provisions.

Upon filing a proposal (or a notice of intention to make a proposal) with the official receiver employed by the Office of the Superintendent of Bankruptcy, the BIA provides an automatic stay of proceedings. There is no need to apply to the court for the initial stay. The nature and term of the stay varies, depending on whether the debtor commences the proceedings by filing a proposal or by filing a notice of intention to make a proposal. In the context of a proposal, the stay applies to unsecured creditors but will only apply to secured creditors if the proposal includes an offer to secured creditors. Such stay will remain in place until the trustee administering the proposal proceedings is discharged (*e.g.,* the proposal is implemented and the proceedings concluded) or the debtor becomes bankrupt (*e.g.,* via a failed proposal, as discussed below). In the context of a notice of intention to make a proposal, the initial stay is for a period of 30 days, which applies to secured creditors (subject to certain limited exceptions) and unsecured creditors. However, if the debtor has not filed its proposal within the initial 30-day period, it may apply to the court for an extension of such period. The

Proposal Provisions limit the duration of initial 30-day period and any extensions thereto to an aggregate of six months from the date of the filing of the notice of intention. Failure to file a proposal within this period will result in a deemed bankruptcy. In the case of any proceedings under the Proposal Provisions, the applicant debtor is protected from the termination of most contracts by third parties.

The Proposal Provisions allow for the granting of super priority charges (similar to the CCAA), repudiation or disclaimer of contracts (similar to the CCAA), and the appointment of a proposal trustee (which may have a similar role and powers as a monitor under the CCAA). A proposal is ultimately put to a creditor vote, with secured creditors (if any) voting in a separate class (or classes). In the event that the debtor's proposal to its creditors is either rejected by any class of unsecured creditors at a meeting held to approve such proposal (with the same voting thresholds as the CCAA noted above) or by the court when the proposal is put before the court for sanction, the debtor is deemed bankrupt. Notably, if a proposal is rejected by a class of secured creditors but accepted by each class of unsecured creditors, the proposal does not automatically fail. The secured class rejecting the proposal is left to pursue rights and remedies in respect of their security, while the proposal is submitted to the court for approval.

England and Wales

The Parent and the Company (both Guarantors) are companies incorporated under the laws of England and Wales (the "**English Obligors**"). Therefore, any main insolvency proceedings in respect of the English Obligors would likely be commenced in England. However, pursuant to the Recast EU Insolvency Regulation, where an English company conducts business in another member state of the European Union, the jurisdiction of the English courts may be limited if the company's "centre of main interests" is found to be in another Member State (please see "*—European Union*").

The U.K. Cross-Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross-Border Insolvency in the United Kingdom, provide that a foreign (i.e. non-EU) court may have jurisdiction where any English company has the centre of its main interests in such foreign jurisdiction or where it has an "establishment" (being a place of operations in such foreign jurisdiction, where it carries out non-transitory economic activities with human means and assets or services).

It remains to be seen what impact the vote by the United Kingdom in June 2016 to leave the EU will have on the regulatory environment in the EU and the United Kingdom, and on the applicability of EU law in the United Kingdom. Following the United Kingdom's withdrawal from the European Union, it is possible that the United Kingdom would cease to benefit from the reciprocal framework set out in the Recast EU Insolvency Regulation. Please note that the information contained in this section will therefore be subject to change in light of the arrangements to be put in place to effect the United Kingdom's withdrawal from the European Union. As such arrangements have not yet been determined, this section outlines the relevant insolvency law considerations in England and Wales as of the date of this offering memorandum.

English insolvency law may not be as favourable to the interests of investors as the laws of the United States or other jurisdictions with which investors are familiar. In the event that either of the English Obligors experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

The Issuer's obligations under the Notes will be guaranteed by the English Obligors and secured by security interests over the Collateral. English insolvency laws and other limitations could limit the enforceability of a guarantee against an English Obligor and the enforceability of security interests over the Collateral.

The following is a brief description of certain aspects of English insolvency law relating to certain limitations on the guarantees or the security interests over the Collateral.

The application of these laws could adversely affect investors, their ability to enforce their rights under the guarantees and/or the Collateral securing the Notes and therefore may limit any amounts that investors may receive in an insolvency of an English Obligor.

Fixed and Floating Charges

There are a number of ways in which fixed charge security has an advantage over floating charge security, including: (a) an administrator appointed to a charging company can convert floating charge assets to cash and use such cash, or use cash subject to a floating charge, to meet administration expenses (which can include the costs of continuing to operate the charging company's business) while in administration in priority to the claims of the floating charge holder; (b) a fixed charge, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets; (c) general costs and expenses (including the remuneration of the insolvency officeholder) properly incurred in a winding-up are payable out of the company's assets (including the assets that are the subject of the floating charge) in priority to floating charge claims; (d) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge and meaning that there is a risk of security being granted over such assets in priority to the floating charge security; (e) floating charge security is subject to certain challenges under English insolvency law (please see "*—Grant of Floating Charge*"); (f) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees) and to ring-fencing (please see "*—Priority on insolvency*"); and (g) an administrator may dispose of or take action relating to property subject to a floating charge without the prior consent of the charge holder or court but the floating charge holder retains the same priority in respect of the proceeds from the disposal of the assets subject to the floating charge. With prior approval of the court, an administrator may deal with property subject to a fixed charge provided that disposing of the property is likely to promote the administration's purpose and that the administrator apply the net proceeds from the disposal of the property in question towards discharging the obligations of the company to the charge holder.

Under English law there is a possibility that a court could re-characterize fixed security interests purported to be created by a security document as floating charges and the description given to security interests by the parties is not determinative. Whether security interests labelled as fixed will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the chargee has the requisite degree of control over the relevant chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the chargee in practice. Where the chargor is free to deal with the secured assets without the consent of the chargee prior to crystallization, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge in the security documents.

Administration and Floating Charges

The relevant English insolvency statutes empower English courts to make an administration order in respect of an English company in certain circumstances. An administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" and that the administration order is reasonably likely to achieve the purpose of administration. A company is unable to pay its debts if it is insolvent on a "cash flow" basis (unable to pay its debts as they fall due) or if it is insolvent on a "balance sheet" basis (the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities). Such insolvency is presumed if, among other matters, the company fails either to satisfy a creditor's statutory demand for a debt exceeding £750 or to satisfy in full or in part a judgment debt (or similar court order). An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge and different procedures apply according to the identity of the appointor.

The purpose of an administration is comprised of three objectives that must be looked at successively: rescuing a company as a going concern or, if that is not reasonably practicable, achieving a better result for a company's creditors as a whole than would be likely upon immediate liquidation or, if neither of those objectives is reasonably practicable, and the interests of the creditors as a whole are not unnecessarily harmed thereby, realising property to make a distribution to one or more secured or preferential creditors. The order of priority which applies to any distribution to creditors is set out below (see "*Priority on insolvency*").

In general, during the administration, no proceedings or other legal process may be commenced or continued against the debtor, or security enforced over the company's property, except with leave of the court or the consent of the administrator. Accordingly, if any of the English Obligors were to enter into administration, the relevant guarantees and the Collateral could not be enforced while the relevant company was in administration without the permission of the court or consent of the administrator. There can be no assurance that the Security Trustee would obtain such permission of the court or consent of the administrator.

Certain creditors of a company in administration may be able to realize their security over that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the moratorium in relation to a "security financial collateral agreement" (generally, a charge over cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003. If an English Obligor were to enter administration, it is possible that, to the extent that it is not a financial collateral agreement, the security granted by it or the guarantee granted by it may not be enforced while it is in administration, without the leave of the court or consent of the administrator. In addition, other than in limited circumstances, no administrative receiver can be appointed by a secured creditor in preference to an administrator, and any already appointed must resign if requested to do so by the administrator. Where the company is already in administration no other receiver may be appointed and an administrative receiver may only be appointed with the leave of a court or consent of the administrator.

In addition, an administrator is given wide powers to conduct the business and, subject to certain requirements under the U.K. Insolvency Act 1986, dispose of the property of a company in administration (including property subject to a floating charge).

Liquidation

Liquidation is a termination procedure applicable to companies incorporated under the laws of England and Wales. There are three ways an English company may be placed into liquidation or "wound up," being (1) Members' Voluntary Liquidation (which is a procedure available to solvent companies only), (2) Creditors' Voluntary Liquidation, and (3) Compulsory Winding-Up.

On the voluntary liquidation of an English company, there is no automatic statutory moratorium in place preventing the holders of security interests from taking steps to enforce those security interests (although the liquidator or any creditor or shareholder of the company in liquidation may apply to court for a stay). Where a company incorporated under the laws of England and Wales is placed into liquidation, a creditor holding a valid mortgage, charge or other security interest has four options: (1) to realize the security, apply the proceeds towards discharge of the secured debt, and prove in the liquidation for any balance; (2) to retain the security and not prove in the liquidation; (3) to value the security and prove for any shortfall between that value and the value of the debt; and (4) to surrender the security and prove for the full amount of the debt.

The effect of a compulsory winding-up differs in a number of respects from that of a voluntary liquidation. In a compulsory winding-up, under Section 127 of the U.K. Insolvency Act 1986, any disposition of the relevant company's property made after the commencement of the winding-up is, unless sanctioned by the court, void. Subject to certain exceptions, when an order is made for the winding-up of a company by the court, it is deemed to have commenced from the time of the presentation of the winding-up petition. Once a winding-up order is made by the court, a stay of all proceedings against the company will be imposed. No legal action may be continued or commenced against the company without permission of the court.

Foreign Currency

Under English insolvency law, where creditors are asked to submit formal proofs of claim for their debts, the office-holder will convert all foreign currency denominated proofs of debt into sterling at a single rate for each currency determined by the office-holder by reference to the exchange rates prevailing on the relevant date. If a creditor considers the rate to be unreasonable, they may apply to the court. Accordingly, in the event that an English Obligor goes into liquidation or administration, holders of the Notes may be subject to exchange rate risk between the date that such English Obligor went into liquidation or administration and receipt of any amounts to which such holders of the Notes may become entitled.

Priority on insolvency

With the exception of the Prescribed Part (as defined below), distributions generally cannot be made to a class of creditors until the claims of the creditors in a prior ranking class have been paid in full. Unless creditors have agreed otherwise, distributions are made on a pari passu basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class.

The general priority on insolvency is as follows (in descending order of priority):

- First ranking: holders of fixed charge security and creditors with a proprietary interest in specific assets in the possession (but not full legal and beneficial ownership) of the debtor but only to the extent of the realisations from those secured assets or with respect to the asset in which they have a proprietary interest;

- Second ranking: expenses of the insolvent estate (there are statutory provisions setting out the order of priority in which expenses are paid);

- Third ranking: these are divided into ordinary preferential creditors and secondary preferential creditors with ordinary preferential creditors being paid in priority to secondary preferential creditors. Ordinary preferential debts include (but are not limited to) debts owed by the insolvent company in relation to: (a) contributions to occupational and state pension schemes; (b) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person; (c) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the date of insolvency; and (d) bank and building deposits eligible for compensation under the Financial Services Compensation Scheme up to the statutory limit. As between one another, ordinary preferential debts rank equally. Secondary preferential debts are the balance of insured bank and building deposits above the statutory limit of amounts insured under the Financial Services Compensation Scheme. In the Government's 2018 Autumn Budget it was announced that, for insolvencies commencing on or after 6 April 2020, taxes collected and held by businesses on behalf of other taxpayers (including VAT, PAYE income tax, employee national insurance contributions and construction industry scheme deductions) would constitute secondary preferential debts;

- Fourth ranking: holders of floating charge security, according to the priority of their security, to the extent of the realizations from those secured assets.

This would include any floating charge that was stated to be a fixed charge in the document that created it but which, on a proper interpretation, was re-characterised or rendered as a floating charge.

However, before distributing asset realisations to the holders of floating charges, the Prescribed Part (as defined below) must, subject to certain exceptions, be set aside for distribution to unsecured creditors;

- Fifth ranking:

  - firstly, provable debts of unsecured creditors and any secured creditor to the extent of any unsecured shortfall, in each case including accrued and unpaid interest on those debts up to the date of commencement of the relevant insolvency proceedings. To pay the secured creditors any unsecured shortfall, the insolvency officeholder can only use realisations from unsecured assets, as secured creditors are not entitled to any distribution from the Prescribed Part unless the Prescribed Part is sufficient to pay out all unsecured creditors;

  - secondly, interest on the company's debts (at the higher of the applicable contractual rate and the official rate) in respect of any period after the commencement of liquidation, or after the commencement of any administration which had been converted into a distributing administration. However, in the case of interest accruing on amounts due under the Notes or the guarantees, such interest due to the holders of the Notes may, if there are sufficient realisations from the secured assets, be discharged out of such security recoveries; and

  - thirdly, non-provable liabilities, being liabilities that do not fall within any of the categories above and therefore are only recovered in the (unusual) event that all categories above are fully paid. This however does not include "currency conversion" claims following the English Supreme Court Lehman Brothers ruling dated May 17, 2017; and

- Sixth ranking: shareholders. If after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Subject to the above order of priority, subordinated creditors are ranked according to the terms of the subordination language in the relevant documentation.

An insolvency practitioner of the company (e.g., administrator, administrative receiver or liquidator) will generally be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors (after making full provision for preferential creditors and expenses out of floating charge realisations) (the "**Prescribed Part**"). Under current law, this ring-fence applies to 50% of the first £10,000 of floating charge realisations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000. The Prescribed Part must be made available to unsecured creditors unless the cost of doing so would be disproportionate to the resulting benefit to creditors. The UK government has recently announced its intention to increase this cap on the Prescribed Part to £800,000 in line with inflation although legislation to this effect has not yet been effected.

Challenges to Guarantees and Security

There are circumstances under English insolvency law in which the granting by an English company of security and guarantees can be challenged. In most cases this will only arise if the company is placed into administration or liquidation within a specified period (as set out in more detail below) of the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, he may challenge the validity of the guarantee or security given by such company.

The following potential grounds for challenge may apply to guarantees and charges:

Transaction at an Undervalue

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or guarantee constituted a transaction at an undervalue. There will only be a transaction at an undervalue, if at the time of the transaction or as a result of the transaction, the English company was or becomes unable to pay its debts (as defined in the U.K. Insolvency Act 1986, as amended). The transaction can be challenged if the English company enters into liquidation or administration proceedings within a period of two years (in the case of a transaction entered into between the relevant company and a person who is "connected" with that company, within the meaning of section 249 of the U.K. Insolvency Act 1986 (a "**Connected Person"**) or six months (in the case of a transaction entered into between the relevant company and any person who is not a Connected Person) from the date the English company grants the security interest or the guarantee. A transaction might be subject to being set aside as a transaction at an undervalue if the company makes a gift to a person, if the company receives no consideration or if the company receives consideration of significantly less value, in money or money's worth, than the consideration given by such company. However, a court generally will not intervene if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit it. If the court determines that the transaction was a transaction at an undervalue, the court can make such order as it thinks fit to restore the position to what it would have been in if the transaction had not been entered into. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent unless a beneficiary of the transaction was a Connected Person, in which case there is a presumption of insolvency and the Connected Person must demonstrate the solvency of the English company in such proceedings. The Issuer cannot assure holders of the Notes that in the event of insolvency, the granting of the security or the giving of the guarantees by companies incorporated under the laws of England and Wales would not be challenged by a liquidator or administrator or that a court would support the Group's analysis that (in any event) the security and guarantees were entered into in good faith for the purposes described above.

In general terms, in such circumstances the Courts of England and Wales have the power to make void such transactions, or restore the position to what it would have been if the company had not entered into the transaction. If a court voided any grant of security or giving of any guarantee as a result of a transaction at an undervalue or preference, or held it unenforceable for any other reason, investors would cease to have any security over the grantor or a claim against the Guarantor giving such guarantee.

Preference

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or such guarantee constituted a preference. There will only be a preference if, at the time of the transaction or as a result of the transaction, the English company was or becomes unable to pay its debts (as defined in the U.K. Insolvency Act 1986 (as amended)). The transaction can be challenged if the English company enters into liquidation or administration proceedings within a period of six months (if the beneficiary of the security or the guarantee is not a Connected Person) or two years (if the beneficiary is a Connected Person) from the date the English company grants the security interest or the guarantee. A transaction will constitute a factual preference if it has the effect of putting a creditor of the English company (or a surety or guarantor for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. If the court determines that the transaction constituted such a preference, the court has very wide powers for restoring the position to what it would have been if that preference had not been given, which could include reducing payments under the Notes and the guarantees (although there is protection for a third party who enters into one of the transactions in good faith and without notice). However, for the court to do so, it must be shown that in deciding to give the factual preference the English company was influenced by a desire to produce the preferential effect. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent at the relevant time and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a Connected Person, in which case there is a presumption that the company was influenced by a desire to produce the preferential effect and the Connected Person must demonstrate in such proceedings that there was no such influence.

Transaction Defrauding Creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue and was made for the purposes of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim, which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. This provision may be used by any person who claims to be a "victim" of the transaction and, subject to certain conditions, the U.K. Financial Conduct Authority and the U.K. Pensions Regulator, and is not therefore limited to liquidators or administrators. There is no time limit in the English insolvency legislation within which the challenge must be made (subject to the normal statutory limitations period) and the relevant company does not need to be insolvent at the time of the transaction. If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction.

Extortionate Credit Transaction

An administrator or a liquidator can apply to court to set aside an extortionate credit transaction. The court can review extortionate credit transactions entered into by an English Obligor up to three years before the day on which the English Obligor entered into administration or went into liquidation. A transaction is "extortionate" if, having regard to the risk accepted by the person providing the credit, the terms of it are (or were) such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit or it otherwise grossly contravened ordinary principles of fair dealing.

Ranking of Security Interests

Under English law, there are certain common law rules and equitable principles which will determine the ranking of two or more competing security interests over the same assets. A number of different factors are taken into account, such as the nature of the security interest, the order of creation, compliance with perfection requirements and the order of giving notice. English law security interests are to be granted to secure obligations under the Notes (which will also extend to obligations under the Term Loan B Facilities Agreement, certain hedging liabilities and certain cash management liabilities); these security interests will be granted over the same assets in respect of which security interests have already been granted in favour of the lenders under the Term Loan B Facilities Agreement. Accordingly, without the Intercreditor Agreement, these new security interests would be likely to rank after the existing security interests. However, the Intercreditor Agreement provides that as a contractual matter as among Senior Secured Creditors (as defined in the Intercreditor Agreement) the Notes will be secured on a *pari passu* basis with the Term Loan B Facilities Agreement, certain hedging liabilities and certain cash management liabilities and will be treated as such for the purposes of the application of proceeds from the enforcement of such assets.

Disclaimer

An English liquidator has the power to disclaim onerous property, which is any unprofitable contract or other property of the company that cannot be sold, readily sold or may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on a company that may be detrimental to creditors. However, this power does not apply to an executed contract, nor can it disturb accrued rights and liabilities.

Limitation on enforcement

The grant of a guarantee or Collateral by any of the English Obligors in respect of the obligations of another group company must satisfy certain legal requirements. More specifically, such a transaction must be allowed by the respective company's memorandum and articles of association. To the extent that these documents do not allow such an action, there is the risk that the grant of the guarantee and the subsequent security can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with an English Obligor in good faith; however, the relevant legislation is not without difficulties in its interpretation. Further, corporate benefit must be established for each English Obligor in question by virtue of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director must act in the way that he considers, in good faith, would be most likely to promote the success of the English Obligor for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found as abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court.

Security over shares

Security over shares granted by an English Obligor or over shares of an English Obligor are, under English law, equitable charges, not legal charges. An equitable charge arises where a charger creates an encumbrance over the property in favour of the chargee but the chargor retains legal title to the shares. Remedies in relation to equitable charges may be subject to equitable considerations or are otherwise at the discretion of the court.

Security over bank accounts

With respect to any security over bank accounts (each an "**Account Charge**") granted by an English Obligor, the banks with which some of those accounts are held (each an "**Account Bank**") may hold a right at any time (at least prior to them being notified of a crystallisation event under the Account Charge) to exercise the rights of netting or set-off to which they are entitled under their cash pooling or other arrangements with that guarantor. As a result, and if the security granted over those accounts is merely a floating (rather than fixed) charge, the collateral constituted by those bank accounts will be subject to the relevant Account Bank's rights to exercise netting and set-off with respect to the bank accounts charged under the relevant Account Charge. Once the floating charge has crystallised and converted into a fixed charge (as it would on enforcement or the occurrence of certain insolvency events with respect to the relevant English Obligor) and the Account Bank has been formally notified of that fact, the collateral will no longer be subject to the relevant Account Bank's netting and set-off rights.

Company voluntary arrangements

Pursuant to Part I of the U.K. Insolvency Act 1986, a company (by its directors or its administrator or liquidator as applicable) may propose a company voluntary arrangement to the company's shareholders and creditors which entails a compromise, or other arrangement, between the company and its creditors, typically a rescheduling or reducing of the company's debts. Provided that the proposal is approved by the requisite majority of creditors by way of a decision procedure, it will bind all unsecured creditors who were entitled to vote on the proposal. A company voluntary arrangement cannot affect the right of a secured creditor to enforce its security, or of a preferential creditor to be paid in priority to non-preferential creditors (see "*Priority on insolvency*"), except with the consent of the secured creditor or the preferential creditor (as applicable).

In order for the company voluntary arrangement proposal to be passed, it must be approved by at least 75% (by value) of the company's creditors who respond in the decision procedure, and no more than 50% (by value) of unconnected creditors may vote against it. Secured debt cannot be voted in a company voluntary arrangement. However, a secured creditor may vote to the extent that it is undersecured. A secured creditor who proves in the company voluntary arrangement for the whole of its debt may be deemed to have given up its security.

Scheme of arrangement

Although it is not an insolvency proceeding, pursuant to Part 26 of the Companies Act 2006, the English courts have jurisdiction to sanction a scheme of arrangement that effects a compromise of a company's liabilities between a company and its creditors (or any class of its creditors). An English Obligor may be able to pursue a scheme in respect of its financial liabilities. In addition, a foreign Guarantor which is liable to be wound up under the U.K. Insolvency Act 1986 and has a "sufficient connection" to England and Wales could also pursue a scheme. In practice, a foreign company is likely to satisfy the first limb of this test and the second limb has been found to be satisfied where, amongst other things, the company's COMI is in England, the company's finance documents are English law-governed, or the company's finance documents have been amended in accordance with their terms to be governed by English law. Ultimately, each case will be considered on its particular facts and circumstances so previous cases will not necessarily determine whether or not any of the grounds of the second limb are satisfied in the present case.

Before the court considers the sanction of a scheme of arrangement at a hearing where the fairness and reasonableness of the scheme will be considered, affected creditors will vote on the proposed compromise or arrangement in respect of their claims in a single class or in a number of classes, depending on the rights of such creditors that will be affected by the proposed scheme and any new rights that such creditors are given under the scheme. Such compromise can be proposed by the company or its creditors. If a majority in number representing 75% or more by value of those creditors present and voting at the meeting(s) of each class of creditors vote in favour of the proposed scheme, irrespective of the terms and approved thresholds contained in the finance documents, then that scheme will (subject to the sanction of the court) be binding on all affected creditors, including those affected creditors who did not participate in the vote and those who voted against the scheme. The scheme then needs to be sanctioned by the court at a sanction hearing where the court will review the fairness of the scheme and consider whether it is reasonable. The court has the discretion as to whether to sanction the scheme as approved, make an order conditional upon modifications being made or reject the scheme.

Germany

Insolvency

The Issuer and several of the Guarantors of the Notes and providers of security to the Notes are organized under the laws of Germany ("**German Guarantors**"). Consequently, in the event of an insolvency of any such Guarantor, subject to the information presented in "—*European Union*," insolvency proceedings may be initiated in Germany. Such proceedings would then be governed by German law. However, pursuant to the Recast EU Insolvency Regulation, where a German company conducts business in more than one member state of the European Union, the jurisdiction of the German courts may be limited if the company's "centre of main interests" is found to be in a member state other than Germany (see "—*European Union*"). There are a number of factors that are taken into account to ascertain the "centre of main interests," which should correspond to the place where the company conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. The point at which this issue falls to be determined is at the time that the relevant insolvency proceedings are opened. The insolvency laws of Germany and, in particular, the provisions of the German Insolvency Act (*Insolvenzordnung*) may be less favorable to your interests as creditors than the insolvency law of other jurisdictions including in respect of the priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings.

Under German law, insolvency proceedings can be initiated either by the debtor or by a creditor in the event of over-indebtedness (*Überschuldung*) or illiquidity (*Zahlungsunfähigkeit*) of the debtor. The debtor is over-indebted if its liabilities exceed the value of its assets (based on their liquidation value) unless its continuation as a going concern is predominantly likely (*überwiegend wahrscheinlich*). The debtor is illiquid if it is unable to pay its debts as and when they fall due. In addition, the debtor can file for insolvency proceedings if it is imminently at risk to be unable to pay its debts as and when they fall due (*drohende Zahlungsunfähigkeit*). The insolvency proceedings are court controlled, and upon receipt of the insolvency petition, the insolvency court may take preliminary protective measures to secure the property of the debtor during the preliminary proceedings. The insolvency court may prohibit or suspend any measures taken to enforce individual claims against the debtor's assets during these preliminary proceedings and may appoint a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*) who, depending on the court decision, may have the right to manage and dispose of the business and assets of the debtor. During preliminary insolvency proceedings, the insolvency court generally must set up a "preliminary creditors' committee" (*vorläufiger Gläubigerausschuss*) if the debtor has satisfied at least two of the following three requirements in its previous financial year: a balance sheet total in excess of €6,000,000 (after deducting an equity shortfall if the debtor is over indebted), revenues of at least €12,000,000 and/or fifty or more employees on average. The requirements apply to the respective entity without taking into account the assets of other group companies. If these requirements are not met, a preliminary creditors' committee can be established at the request of the preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*) or a creditor. The preliminary creditors' committee will be able to participate in certain important insolvency court decisions. It will have, for example, the power to influence the following: the selection of a preliminary insolvency administrator or an insolvency administrator (*vorläufiger Insolvenzverwalter* and *Insolvenzverwalter*), orders for "debtor-in-possession" proceedings (*Anordnung der Eigenverwaltung*), and appointments of preliminary trustees (*Sachwalter*). The court opens the insolvency proceedings (*Insolvenzeröffnung*) if certain formal requirements are met and if there are sufficient assets to cover at least the costs of the proceedings. If the assets of the debtor are not expected to be sufficient, the insolvency court will only open main insolvency proceedings if third parties, for instance creditors, advance the costs themselves. In the absence of such advancement, the petition for opening of insolvency proceedings will usually be refused for insufficiency of assets (*Abweisung mangels Masse*). If insolvency proceedings are opened, the court appoints an insolvency administrator (*Insolvenzverwalter*) unless debtor-in-possession (*Eigenverwaltung*) is ordered. In the absence of debtor-in-possession proceedings, the right to administer the debtor's business affairs and to dispose of the assets of the debtor passes to the insolvency administrator. The insolvency administrator has full power to manage the business and dispose of the debtor's assets, whereas the debtor is no longer entitled to manage the business or dispose of its assets. The insolvency administrator may raise new financial indebtedness and incur other liabilities to continue the debtor's operations or may deem it necessary to wind down the company, and satisfaction of these liabilities as preferential debts of the estate (*Masseschulden*) will be preferred to any insolvency liabilities created by the debtor (including secured debt).

For the holders of the Notes, the most important consequences of such opening of formal insolvency proceedings that are subject to the German insolvency regime (against the Issuer, a German Guarantor or against any other Guarantor having its center of main interest in Germany and where the German insolvency courts have jurisdiction in accordance with the Recast EU Insolvency Regulation or the German Insolvency Act) would be the following:

- the right to administer and dispose of assets of the relevant insolvent debtor would generally pass to the insolvency administrator (*Insolvenzverwalter*) as sole representative of the insolvency estate, unless debtor-in-possession proceedings (*Eigenverwaltung*) are ordered;
- if the court does not order debtor-in-possession proceedings (*Eigenverwaltung*), disposals effected by management of the insolvent debtor after the opening of formal insolvency proceedings are null and void by operation of law;
- if, during the final month preceding the date of filing for insolvency proceedings, a creditor in the insolvency proceedings acquires through execution (*e.g.*, attachment) a security interest in part of the insolvent debtor's property that would normally form part of the insolvency estate, such security becomes null and void by operation of law upon the opening of formal insolvency proceedings; and
- claims against the insolvent debtor may generally only be pursued in accordance with the rules set forth in the German Insolvency Code (*Insolvenzordnung*).

Under German insolvency law, termination rights, automatic termination events or "escape clauses" entitling one party to terminate an agreement, or resulting in an automatic termination of an agreement, upon the opening of insolvency proceedings in respect of the other party, the filing for insolvency or the occurrence of reasons justifying the opening of insolvency proceedings (*insolvenzbezogene Kündigungsrechte or Lösungsklauseln*) may be invalid if they frustrate the election right of the insolvency administrator whether or not to perform the contract unless they reflect termination rights applicable under statutory law. This may also relate to agreements that are not governed by German law in the event insolvency proceedings are opened in Germany against the counterparty. All creditors, whether secured or unsecured, unless they have a right to segregate an asset from the insolvency estate (*Aussonderungsrecht*)—as opposed to a right of preferential satisfaction from realisation proceeds (*Absonderungsrecht*)—who wish to assert claims against the debtor need to participate in the insolvency proceedings. Any individual enforcement action (*Zwangsvollstreckung*) brought against the debtor by any of its creditors other than creditors with preferred claims (*Absonderung der Masseverbindlichkeiten*) is subject to an automatic stay once insolvency proceedings have been opened. Secured creditors are generally not entitled to enforce their security interests outside the insolvency proceedings. However, secured creditors have certain preferential rights. The enforcement proceeds minus certain contributory charges for (i) assessing the value of the secured assets and (ii) realizing the secured assets are paid to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. Remaining amounts are distributed among the unsecured creditors. If the either the Issuer or a German Guarantor grants security over their assets to other creditors than the holders of the Notes, such security may result in a preferred treatment of creditors secured by such security. The proceeds resulting from such collateral may not be sufficient to satisfy the holders of the Notes under the Guarantees granted by the German Guarantors after such secured creditors have been satisfied. A different distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) that can be submitted by the debtor or the insolvency administrator and requires the consent of the debtor as well as the consent of each class of creditors in accordance with specific majority rules. Under German insolvency laws, it is possible to implement a debt-to-equity-swap through an insolvency plan. However, it will not be possible to force a creditor into a debt-to-equity conversion if it does not consent to such debt-to-equity-swap.

If a company faces imminent illiquidity and/or over-indebtedness it may also file for preliminary "debtor-in-possession" proceedings. In such a case and upon request of the debtor, the court will prohibit enforcement measures (other than with respect to immoveable assets) and may implement other preliminary measures to protect the debtor from creditor enforcement actions for up to three months. During such period, the debtor shall, together with its creditors and a preliminary trustee (*vorläufiger Sachwalter*), prepare an insolvency plan which ideally will be implemented in formal "debtor-in-possession" proceedings (*Eigenverwaltung*) after formal insolvency proceedings have been opened.

Under German insolvency law, there is no consolidation of the assets and liabilities of a group of companies in the event of insolvency. In case of a group of companies, each entity, from an insolvency law point of view, has to be dealt with separately (*i.e.*, there is generally no group insolvency concept under German insolvency law). As a consequence, there is, in particular, no pooling of claims among the respective entities of a group, but rather claims of and vis-à-vis each entity have to be dealt with separately. On April 21, 2018, the Bill to Facilitate the Handling of Group

Insolvencies (*Gesetz zur Erleichterung der Bewältigung von Konzerninsolvenzen*) entered into force. While the bill does not abolish the principle of separate insolvency proceedings in relation to each group entity, it provides for the following four key amendments of the German Insolvency Code in order to facilitate an efficient administration of group insolvencies: (i) a single court may be competent for each group entity's insolvency proceeding; (ii) the appointment of a single person as insolvency administrator for all group companies is facilitated; (iii) certain coordination obligations are imposed on insolvency courts, insolvency administrators and creditors' committees; and (iv) certain parties may apply for "coordination proceedings" (*Koordinationsverfahren*) and the appointment of a "coordination insolvency administrator" (*Koordinationsverwalter*) with the ability to propose a "coordination plan" (*Koordinationsplan*).

Limitation on Enforcement

The Issuer and the Guarantors of the Notes that are organized under German law are incorporated or established in the form of a GmbH (*Gesellschaft mit beschränkter Haftung*, Limited Liability Company), or (in the case of one of the Guarantors) as a GmbH & Co. KG, a limited partnership with a GmbH (Limited Liability Company) as its sole general partner. Consequently, the grant of Collateral by the Issuer and these Guarantors is subject to certain provisions of the German Limited Liability Company Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*, the "**GmbHG**").

Sections 30 and 31 of the GmbHG ("**Sections 30 and 31**") prohibit a GmbH from disbursing its assets to its shareholders to the extent that the amount of the GmbH's net assets determined in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch*, *the HGB*) (*i.e.*, assets minus liabilities and liability reserves) is or would fall below the amount of its stated share capital (*Begründung einer Unterbilanz*) or would increase any already existing capital impairment (*Vertiefung einer Unterbilanz*). Guarantees, share pledges and any other collateral granted by a GmbH in order to guarantee or secure liabilities of a direct or indirect parent or sister company are considered disbursements under Sections 30 and 31. Therefore, in order to enable German subsidiaries to grant guarantees and collateral to secure liabilities of a direct or indirect parent or sister company without the risk of violating Sections 30 and 31, it is standard market practice for credit agreements, indentures, guarantees and security documents to contain so-called "limitation language" in relation to subsidiaries in the legal form of a GmbH or a limited partnership with a GmbH as its sole general partner incorporated or established in Germany. Pursuant to such limitation language, the secured parties agree to enforce the collateral (or retain the proceeds of an enforcement of the collateral) and the beneficiaries of the guarantees agree to enforce the guarantees against the German subsidiary only to the extent that such enforcement does not result in the subsidiary's net assets falling below its stated share capital. Accordingly, the documentation in relation to the guarantees and the security interests, to the extent they concern the German Guarantors, contains such limitation language and such guarantees and security interests are limited in the manner described. This could lead to a situation in which the respective guarantee or security granted by a GmbH cannot be enforced at all. Details of the application of Sections 30 and 31 (or capital maintenance rules) are subject to evolving case law. Future court rulings may further limit the access of a shareholder to assets of its subsidiaries constituted in the form of a GmbH or a limited partnership with a GmbH as its sole general partner incorporated or established in Germany, which can negatively affect the ability of the German Guarantors to make payments under the guarantees, of the beneficiaries of the guarantees to enforce the guarantees or of the secured parties to enforce the collateral. Furthermore, it cannot be ruled out that the case law of the German Federal Supreme Court (*Bundesgerichtshof*) regarding so-called destructive interference (*existenzvernichtender Eingriff*) (*i.e.*, a situation where a shareholder deprives a German limited liability company of the liquidity necessary for it to meet its own payment obligations) may be applied by courts with respect to the enforcement of a guarantee or security interest granted by a German (direct or indirect) subsidiary or sister company of the Issuer. In such case, the amount of proceeds to be realized in an enforcement process may be reduced, even to zero.

German capital maintenance rules are subject to ongoing court decisions. We cannot assure you that future court rulings may not further limit the access of shareholders to assets of its subsidiaries constituted in the form of a limited liability company or of a limited partnership, the general partner or general partners of which is or are a limited liability company, which can negatively affect the ability of the Issuer to make payment on the Notes, of the German subsidiaries to make payments on the guarantees, of the secured parties to enforce the collateral (or retain the proceeds of an enforcement of the collateral) or of the beneficiaries of the guarantees to enforce the guarantees.

In addition to the limitations resulting from the capital maintenance rules, the Guarantees and the security documents entered into by the German Guarantors will contain additional provisions which may limit the enforcement in the event the enforcement would result in an illiquidity of the relevant German Guarantors.

Parallel Debt

Under German law, certain "accessory" security interests such as pledges (*Pfandrechte*) require that the pledgee and the creditor be the same person. Such security interests cannot be held for the benefit of a third party by a pledgee who does not itself hold the secured claim. The holders of interests in the Notes from time to time will not be party to the security documents. In order to permit the holders of the Notes from time to time to have a secured claim the Intercreditor Agreement provides for an abstract acknowledgment of indebtedness in favour of the Security Agent ("**parallel debt**"). Pursuant to the parallel debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under the Notes. The pledges governed by German law will directly secure the parallel debt. The parallel debt concept is widely used in the German market, but has not been tested under German law, and there is no certainty that it will eliminate or mitigate the risk of unenforceability posed by German law.

Ranking of Security Interests

Under German law, the ranking of several security interests over the same assets is determined, as a matter of law, by the timing of the perfection of the several security interests, and security interests perfected at an earlier point in time will have a higher rank than security interests granted at a later point in time over the same assets (*Prioritätsgrundsatz*). The German law security interests granted to secure the Notes are expressed to cover the same assets as the security interests already granted to secure the obligations under the Term Loan B Facilities Agreement, certain hedging liabilities and certain cash management liabilities. Whereas the German law "non-accessory" security interests granted to secure the obligations under the Notes will be granted by way of amendments to the security purpose under the existing security interests granted originally to secure the obligations under the Term Loan B Facilities Agreement, certain hedging liabilities and certain cash management liabilities, with the effect that the obligations under the Notes will be included in the security purpose and accordingly also be secured, the German law "accessory" security interests to secure the obligations under the Notes will have to be granted as junior ranking security interests, which, as a matter of law will rank below the corresponding accessory security interests granted to secure the obligations under the Term Loan B Facilities Agreement, certain hedging liabilities and certain cash management liabilities. Although the Intercreditor Agreement provides that, as amongst the parties, security interests to secure obligations under the Notes, the Term Loan B Facilities Agreement, certain hedging liabilities and certain cash management liabilities shall rank *pari passu*, these provisions under the Intercreditor Agreement are only of an obligatory nature and cannot enhance the junior rank of the accessory security interests (*i.e.*, the pledges over accounts, shares and partnership interests) granted to secure the obligations under the Notes. In the event of insolvency proceedings opened under German law against a security grantor of such junior ranking accessory security interests, the preferential rights of the secured parties under such junior ranking security interests would be satisfied after the preferential rights of the secured parties under the senior ranking accessory security interests over the same assets, regardless of the provisions of the Intercreditor Agreement.

Under German law, it is unclear whether all of the security interests in the Collateral give the Security Agent a right to prevent other creditors of the Issuer or the German Guarantors from foreclosing into and realizing the Collateral. Some courts have held that certain types of security interests only give their holders priority (according to their rank) in the distribution of any proceeds of such realization. Accordingly, the Security Agent and the noteholders may not be able to avoid foreclosure by unsecured creditors into the Collateral, even if they consider such foreclosure untimely.

Hardening Periods and Fraudulent Transfer

In the event that insolvency proceedings with respect to the Issuer or a German Guarantor, which would most likely be based on and governed by the insolvency laws of Germany, the security interests granted as well as the guarantee provided by that entity could be subject to potential challenges by an insolvency administrator (*Insolvenzverwalter*) under the rules of avoidance as set out in the German Insolvency Code (*Insolvenzordnung*).

Based on these rules, an insolvency administrator may challenge transactions that are deemed detrimental to insolvency creditors and were effected prior to the commencement of insolvency proceedings. Such transactions can include the payment of any amounts to the holders of the Notes as well as granting them any security interest. The administrator's right to challenge transactions can, depending on the circumstances, extend to transactions during the 10-year period prior to the filing of the petition for commencement of insolvency proceedings. In the event such a transaction is successfully avoided, the holders of the Notes would be under an obligation to repay the amounts received or to waive the guarantee or security interest.

In particular, an act (*Rechtshandlung*) or a transaction (*Rechtsgeschäft*) (which term includes the provision of security or the repayment of debt) may be avoided in the following cases:

- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction (i) if such act was performed during the last three months prior to the filing of the petition for the commencement of the insolvency proceedings and the debtor was illiquid (*zahlungsunfähig*) at the time when such act was taken and the creditor had knowledge of such illiquidity (or of the circumstances that unmistakably suggest that the debtor was illiquid) at such time, or (ii) if such act was performed after the filing of the petition for the commencement of the insolvency proceedings and the creditor had knowledge of the illiquidity of the debtor or the filing of such petition (or of circumstances unmistakably suggesting such illiquidity or filing);

- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction to which such creditor was not entitled or which was granted or obtained in a form or at a time to which or at which such creditor was not entitled to such security or satisfaction if (i) such act was performed during the last month prior to the filing of the petition for the commencement of the insolvency proceedings or after such filing, (ii) such act was performed during the second or third month prior to the filing of the petition and the debtor was illiquid at such time, or (iii) such act was performed during the second or third month prior to the filing of the petition for the commencement of the insolvency proceedings and the creditor knew at the time such act was taken that such act was detrimental to the other insolvency creditors (or had knowledge of circumstances that unmistakably suggest such detrimental effects);

- any transaction by the debtor that is directly detrimental to the insolvency creditors or by which the debtor loses a right or the ability to enforce a right or by which a proprietary claim against a debtor is obtained or becomes enforceable, if (i) it was entered into during the three months prior to the filing of the petition of the commencement of the insolvency proceedings, the debtor was illiquid at the time of such transaction and the counterparty to such transaction had knowledge of the illiquidity at such time or (ii) it was entered into after such filing and the counterparty to such transaction had knowledge of either the debtor's illiquidity or such filing at the time of the transaction;

- any act by the debtor without (adequate) consideration (for example, whereby a debtor grants security for a third-party debt), which might be regarded as having been granted gratuitously (*unentgeltlich*), if it was effected in the four years prior to the filing of a petition for the commencement of insolvency proceedings against the debtor;

- any act performed by the debtor in the 10 years prior to the filing of the petition for the commencement of insolvency proceedings with the intent (known to the beneficiary of the act at the time of such act) to prejudice its creditors; if the relevant act consisted of a settlement of an obligation or the grant of the security to the counterparty, the relevant period is four years instead of 10 years; "knowledge by the beneficiary of the act" in terms of such provision is presumed if the beneficiary knew that the debtor was imminently illiquid (*drohende Zahlungsunfähigkeit*) and that the relevant act disadvantaged the other creditors; in case the relevant act granted a creditor, or enabled a creditor to obtain, security or satisfaction in a form or at a time to which or at which such creditor was entitled, the "knowledge by the beneficiary of the act" is presumed if the beneficiary knew that the debtor was actually illiquid (*eingetretene Zahlungsunfähigkeit*) and that the relevant act disadvantaged the other creditors; the fact that the creditor agreed on a payment plan with the debtor or agreed to deferred payments establishes a presumption that he had no knowledge of the debtor being illiquid at this time;

- any contract entered into by the debtor in the last two years prior to the filing of the petition for the opening of insolvency proceedings with a closely related party (which term includes in particular the management, supervisory board members and shareholders of the debtor owning more than 25% of the debtor's share capital, certain persons with comparable access to information about the debtor, and certain of their or its affiliates, management and relatives) and which is directly detrimental to the insolvency creditors, unless the closely related party was unaware of the debtor's intent to prejudice its creditors;

- any act that provides security or satisfaction for a shareholder loan made to the debtor or a similar claim if (i) in the case of the provision of security, the act occurred during the 10 years prior to the filing of the petition for the commencement of the insolvency proceedings or after the filing of such petition, or (ii) in the case of satisfaction, the act occurred during the last year prior to the filing of the petition for the commencement of the insolvency proceedings or after the filing of such petition; and

- any act whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party if (i) the transaction was effected in the last year prior to the filing of a petition for commencement of insolvency proceedings or thereafter and (ii) a shareholder of the debtor had granted security or was liable as a guarantor (*Bürge*) (in which case the shareholder has to compensate the debtor for the amounts paid (subject to further conditions)).

In this context, "knowledge" is generally deemed to exist if the other party is aware of the facts from which the conclusion must be drawn that the debtor was unable to pay its debts generally as they fell due, that a petition for the opening of insolvency proceedings had been filed, or that the act was detrimental to, or intended to prejudice, the insolvency creditors, as the case may be. A person is deemed to have knowledge of the debtor's intention to prejudice the insolvency creditors if it was aware of the debtor's actual illiquidity (*Zahlungsunfähigkeit*) or impending illiquidity (*drohende Zahlungsunfähigkeit*) and that the transaction prejudiced the debtor's creditors, *provided* that, if the relevant act by the debtor consisted of a settlement of an obligation or the grant of a security which was due to be paid or granted, as the case may be, then the knowledge of the debtor's intention to prejudice the insolvency creditors is only presumed if the other party was aware of the actual illiquidity (*Zahlungsunfähigkeit*) of the debtor and of the fact that the transaction prejudiced the debtor's creditors. With respect to a "related party," there is a general statutory presumption that such party had "knowledge."

If any of the guarantees given or any security interest granted by the Issuer or any of the German Guarantors were avoided or held unenforceable for any reason, you would cease to have any claim in respect thereof. Any amounts received from a transaction that has been avoided would have to be repaid to the insolvent estate and you would have a claim solely under the Notes and the remaining security, if any.

Furthermore, even in the absence of an insolvency proceeding, a third-party creditor who has obtained an enforcement order (*Vollstreckungstitel*) but has failed to obtain satisfaction on its enforceable claims by a levy of execution, under certain circumstances, has the right to avoid certain transactions, such as the payment of debt and the granting of security pursuant to the German Code on Avoidance (*Anfechtungsgesetz*). The conditions for avoidance under the German Code on Avoidance differ to a certain extent from the above-described rules under the German Insolvency Act and the avoidance periods are calculated from the date when a creditor exercises its rights of avoidance in the courts.

In addition, under German law, a creditor who provided additional, or extended existing, funding to a debtor or obtained security from a debtor may be liable in tort if such creditor was aware of the debtor's (impending) insolvency or of circumstances indicating such debtor's (impending) insolvency at the time such funding was provided or extended or such security was granted. The German Federal Supreme Court (*Bundesgerichtshof*) held that this could be the case if, for example, the creditor was to act with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of *bonos mores* (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that the debtor as the grantor of the guarantee or security was close to collapse (*Zusammenbruch*), or had reason to enquire further with respect thereto. Furthermore, according to a decision of the German Federal Supreme Court (*Bundesgerichtshof*), a security or guarantee agreement may be void due to tortious inducement of breach of contract if a creditor knows about the distressed financial situation of the debtor and anticipates that the debtor will only be able to grant collateral by disregarding the vital interests of its other business partners. It cannot be ruled out that German courts may apply this case law with respect to the granting of guarantees and/or security interests to be granted by the German Guarantors.

The German restructuring laws will likely be subject to further amendments in near future. On June 20, 2019, the Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (Directive on restructuring and insolvency) (the "**Restructuring Directive**") has been adopted. The Restructuring Directive was published in the Official Journal of the European Union on June 26, 2019, and the member states have approximately two years to transpose the substantive parts of the Restructuring Directive into their national legislation, although a one-year extension can be granted. The Restructuring Directive aims to put in place key principles for all member states on effective preventive restructuring and second chance frameworks, and measures to make all types of insolvency procedures more efficient by reducing their length and associated costs and improving their quality. The key feature of the Restructuring Directive is the introduction of a preventive restructuring framework. The Restructuring Directive sets out minimum EU standards to be applied by the member states (i.e., minimum harmonization). Whereas certain features of the Restructuring Directive need to be transposted into national legislation, the Restructuring Directive leaves a large degree of discretion regarding the implementation of certain other features. Most notably, the Restructuring Directive provides for a framework pursuant to which claims of the relevant creditors may be modified in a restructuring plan by majority vote with a majority of not more than 75% of the amount of claims in each class and, where applicable, a majority by numbers and against the voting of a single creditor in a pre-insolvency restructuring procedure, i.e. outside formal insolvency proceedings. The Restructuring Directive also provides for cross-class cram-down, i.e. even if the creditors of one class voting on the restructuring plan did not consent to the restructuring plan with the required majority, the restructuring plan might still be adopted and take effect for the dissenting creditors. Further, the Restructuring Directive provides for a stay on enforcement, which needs to be transposed into national legislation. The implementation of the Restructuring Directive into national legislation might also include priority ranking for new financing.

Korea

Overview

The basic insolvency law in Korea is the "Debtor Rehabilitation and Bankruptcy Act" (the "**DRBA**").

Under the DRBA, the ability of secured creditors to enforce their rights to security may be subject to rescheduling under the debtor rehabilitation proceeding. Under the bankruptcy proceeding and the individual debtor rehabilitation proceeding, however, it is possible for secured creditors to enforce their security interests, subject to certain restrictions.

DRBA

The DRBA contains:

(a) provisions applicable to rehabilitation pursuant to Chapter 2 Proceedings;

(b) provisions applicable to bankruptcy procedures;

(c) provisions applicable to individual rehabilitation pursuant to Chapter 4 Proceedings, which are applicable only to certain individual debtors who are wage earners or self-employed earners with debts of no more than a certain specified amount; and

(d) provisions applicable to international insolvency proceedings.

Under the DRBA, the petitioner must specify which procedure he or she wishes to use.

For a debtor that has filed for bankruptcy proceedings, a bankruptcy trustee will be appointed to liquidate the assets of the debtor and to distribute the proceeds to its unsecured creditors on a pro-rata basis. Secured creditors remain free to exercise their interests under the bankruptcy proceedings.

On the other hand, the goal of Chapter 2 Proceedings and Chapter 4 Proceedings is to rehabilitate insolvent companies or, as the case may be, individuals. While in a Chapter 2 Proceeding secured creditors will not be able to enforce their security outside such Chapter 2 Proceeding, secured creditors in a Chapter 4 Proceeding will be able to enforce their security interests notwithstanding such Chapter 4 Proceeding (x) unless the court issues an order to suspend or prohibit such exercise during the period after the filing of the petition for the Chapter 4 Proceeding but before the court decides to commence the Chapter 4 Proceeding, or (y) once the court decides to commence the Chapter 4 Proceeding, only after the earlier of (i) the court's approval of the repayment plan or (ii) the final decision by the court to discontinue such Chapter 4 Proceeding.

Chapter 2 Proceedings

A Chapter 2 Proceeding (*i.e.*, rehabilitation proceeding) is designed for use by an insolvent debtor which desires to rehabilitate itself. This type of proceeding is tightly controlled by the court so that most of the material actions or decisions of the debtor may be taken or made only with the approval of the court.

All types of legal entities, including joint stock companies, limited liability companies and unincorporated foundations or associations, as well as individuals, can rehabilitate pursuant to Chapter 2 Proceedings.

The DRBA provides that, in principle, the debtor itself or, in cases where the debtor is a company, its own representative, and not a third party, should be elected as the receiver. Further, the DRBA permits a legal entity to be appointed as the receiver in the rehabilitation proceeding, in which case this legal entity should designate one of its directors to exercise the rights and powers conferred to it as a receiver and report such designation to the court.

Under the DRBA, the debtor may file a petition to the court for Chapter 2 Proceedings in cases where (i) debts cannot be repaid without causing material damage to the continuance of the debtor's business or (ii) any events leading to bankruptcy of the debtor may arise. If the debtor is a joint stock company or a limited liability company, (a) a creditor who has claims in an amount of not less than 10 percent of the debtor's paid-in capital or (b) a shareholder or equity holder who holds shares or equity interest not less than 10 percent of the debtor's paid-in capital may also apply for a Chapter 2 Proceeding. If the debtor is not a joint stock company or a limited liability company, a creditor who has claims in an amount of not less than KRW50 million or an equity holder who holds an equity interest of not less than 10 percent of the debtor's equity can apply for a Chapter 2 Proceeding.

When the debtor itself or its creditor or equity holder satisfying the above requirements applies for a Chapter 2 Proceeding, the court may, upon the request of interested parties or in its sole discretion, but after hearing the opinion of the management committee, issue a preservation order against individual assets of the debtor, and may issue an injunction against bankruptcy proceedings or enforcement proceedings initiated by the debtor's secured or unsecured creditors. Further, if the court determines that the object of the Chapter 2 Proceedings may not be achieved through individual asset preservation orders, it may, upon the petition of interested parties or in its sole discretion, issue a comprehensive stay order against enforcement proceedings initiated by creditors against the assets of the debtor. If a comprehensive stay order is issued, enforcement proceedings that are already in progress will be suspended, and the court may cancel such enforcement proceedings upon the request of the debtor or, as the case may be, the receiver, if deemed necessary for the continuance of the debtor's business. However, if the court determines that a creditor may sustain unjust damages as a result of such comprehensive stay order, the court may lift the stay order for that particular creditor upon the request of such creditor.

When a petition for a Chapter 2 Proceeding is filed, the court is required within one month of the date of petition to determine whether to commence such proceeding. Once the commencement of the Chapter 2 Proceeding is declared, most claims against the debtor that arose prior to such commencement date are automatically stayed, while claims arising after such commencement date are generally not subject to the proceedings. Also, the court will appoint a permanent receiver with the power to conduct all of the debtor's business and manage all of the debtor's properties, subject to court supervision.

Under the DRBA, unless the debtor is a small or medium sized enterprise or an individual, the committee of creditors composed of not more than 10 major creditors of the debtor should be instituted and the committee of creditors has the rights, among others, to submit their opinion on the various matters including appointment of a receiver or an auditor and to request investigation of the debtor company's business status after the approval of the rehabilitation plan.

As a general rule, any creditor whose claim against the debtor arose prior to the commencement of the Chapter 2 Proceeding, whether secured or unsecured, may not enforce such claims other than as provided for in the rehabilitation plan adopted at the meeting of interested parties and approved by the court. The rehabilitation plan may alter or modify the rights of creditors or shareholders. Accordingly, there can be no assurance that the rights of the creditors, whether secured or unsecured, will not be adversely affected by a Chapter 2 Proceeding. Further, a creditor who intends to participate in the rehabilitation plan must file its claim with the court within the period fixed by the court.

Under a Chapter 2 Proceeding, creditors are classified into three basic categories: (i) creditors with unsecured rehabilitation claims, (ii) creditors with secured rehabilitation claims and (iii) creditors with common *benefit claims*. The former two categories of creditors are subject to Chapter 2 Proceedings and generally may not receive payment or repayment for their respective claims other than as provided in the rehabilitation plan. Creditors with common *benefit claims* are not subject to the rehabilitation plan, and include, among others, those creditors whose claims either arose after the commencement of a Chapter 2 Proceeding (subject to certain exceptions) or those creditors whose claims were approved by the court during the preservation period.

In order to encourage mergers and/or acquisitions of insolvent companies, the DRBA loosens the requirements for approval of rehabilitation plans contemplating liquidation, by requiring the approval of the creditors representing four-fifths of the outstanding amount of secured rehabilitation claims. However, in case of rehabilitation plans contemplating the continuance of the debtor's business including, without limitation, merger, spin-off or business transfer, the consent of the creditors representing not less than three-quarters of the amount of secured rehabilitation claims is required. For approval of all types of rehabilitation plans, each of the consent of the creditors representing not less than two-thirds of the amount of unsecured rehabilitation claims and the consent of the shareholders having not less than half of the voting rights is also required.

If the debtor fails to perform its payment obligations in accordance with the rehabilitation plan, affected creditors are not permitted to initiate lawsuits or enforce their security interests. Instead, they (or the receiver of the debtor) may only request the court to amend the rehabilitation plan. However, if such amendment could have an adverse effect on creditors with rehabilitation claims or shareholders of the debtor, the court may amend the rehabilitation plan only by obtaining an affirmative vote at a meeting of interested parties. If it becomes apparent, either before or after the court approves the rehabilitation plan, that the debtor cannot be rehabilitated, the court may, at its sole discretion or upon the request by the receiver or a creditor with a rehabilitation claim, issue an order to discontinue the Chapter 2 Proceeding.

Once the Chapter 2 Proceeding is discontinued and if the court determines the debtor is insolvent, the court must declare the debtor bankrupt and must initiate the bankruptcy proceeding against the debtor. The compulsory declaration of bankruptcy in Chapter 2 Proceedings is limited to those cases where a final decision has been made to discontinue the Chapter 2 Proceedings after the approval of the rehabilitation plan. Declaration of bankruptcy is optional in cases of:

(i) the dismissal of a petition for the commencement of Chapter 2 Proceedings;

(ii) the non-approval of a rehabilitation plan; and

(iii) an order to terminate Chapter 2 Proceedings before the approval of the rehabilitation plan.

If the bankruptcy proceedings are initiated, unsecured rehabilitation claims are characterized as bankruptcy claims, and creditors with unsecured rehabilitation claims will be paid pursuant to the bankruptcy proceedings. Creditors with secured rehabilitation claims, on the other hand, may immediately enforce their security interest once the rehabilitation proceeding is discontinued; provided however that, if the terms of the secured claim are amended by the rehabilitation plan, such claim may only be enforced in accordance with such amendment and the original terms shall not be revived.

Bankruptcy Proceeding

A bankruptcy proceeding is a court administered process designed to liquidate an insolvent debtor’s assets and formally begins upon an adjudication of bankruptcy by the court where the debtor is unable to pay its debts or, in the case of a corporation, its liabilities exceed assets. The court will make its determination as to whether grounds for bankruptcy exist based on the written pleadings and oral argument of the petitioner. The adjudication of bankruptcy also has the effect of automatically staying all unsecured creditors from executing their claims against the bankruptcy estate.

The bankruptcy trustee appointed by the court will be vested with the exclusive right to manage and dispose of the bankruptcy estate, and to conduct an investigation and assessment of the bankruptcy estate. If a legal entity is appointed the bankruptcy trustee, it shall designate one of its directors to exercise the right and power conferred to it as bankruptcy trustee and shall report such designation to the court.

Subject to certain statutory limitations and approval by the inspection commissioners, the bankruptcy trustee has the power to liquidate the bankruptcy estate, and to determine the manner and timing of such liquidation. The bankruptcy trustee distributes the proceeds from the liquidation of the bankruptcy estate to the creditors in proportion to their claims. The distribution proceeds in several stages. Claims entitled to distribution are differentiated according to the priority of claims. Bankruptcy creditors are classified as follows, in accordance with their priorities: (i) secured creditors, who have the right to proceed against their securities on the same terms as would be available if the debtor were not in bankruptcy; (ii) creditors with estate claims, which include costs of judicial proceeding, tax claims, wages and payment of severance, management expenses incurred in connection with management, liquidation and distribution of the bankruptcy estate, and other claims arising from administration of the bankruptcy estate; (iii) creditors with other statutorily preferred claims (including policyholders’ claims against an insurance company to the extent of the amount equal to the relevant reserves); (iv) general claims; and (v) less preferred claims.

The DRBA ensures that the priority rights of tenants under the Residential Tenant Protection Act and the Commercial Building Tenant Protection Act are also protected under bankruptcy proceedings.

International Insolvency Proceedings

The representative in a foreign insolvency proceeding (*i.e.*, a person or entity recognized by the applicable court as the receiver or representative in the foreign insolvency proceeding) may file with the Korean court for approval of such foreign insolvency proceeding. Once the foreign insolvency proceeding is approved by the Korean court, the representative in such proceeding may apply for insolvency proceedings in Korea or participate in the insolvency proceeding that is already in progress in Korea. On the other hand, the receiver or bankruptcy trustee in the insolvency proceeding in Korea may, for purposes of such proceeding, take actions in foreign jurisdictions to the extent permitted by the applicable laws.

Corporate Restructuring Promotion Act

In addition to the DRBA, the Corporate Restructuring Promotion Act (the "**CRPA**"), which is intended, among other things, to promote the corporate restructuring of Korean companies by market mechanisms, restricts certain creditor financial institutions' ability to enforce security interests given by a company which may not be able to repay its borrowings without external financial support or additional borrowings (other than borrowings in the ordinary course of business) (a "**Failing Company**").

On October 16, 2018, the National Assembly of Korea passed the current CRPA, which will remain in effect for 5 years.

The following is a summary of the key provisions of the CRPA. Under the CRPA, "Financial Claims" are defined as those claims arising from the provision of credit to a third party and "Financial Creditors" are those creditors with Financial Claims. Accordingly, both onshore and offshore financial institutions, as long as they have Financial Claims, are subject to the CRPA. The condition of a Failing Company is determined, on the basis of a credit evaluation carried out in the manner set out in the CRPA by its 'main Creditor Financial Institution' or a committee of Financial Creditors (a "**Creditor Committee**").

Under the CRPA, the main Creditor Financial Institution of a Failing Company is required to take or arrange one of the following actions if it determines that there is a possibility that the financial condition of the Failing Company may be rehabilitated or brought back to normal in accordance with its business plan:

- assumption of management of the Failing Company by the Creditor Committee; or
- assumption of management of the Failing Company by the main Creditor Financial Institution.

If the Creditor Committee assumes the management of the Failing Company, the Creditor Committee may appoint an administrator for the management of funds and other important businesses of the Failing Company from the date of commencement of such management by the Creditor Committee. Management by the Creditor Committee or by the main Creditor Financial Institution will be conducted in a manner acceptable to the Creditor Committee.

"Provision of Credit" is defined in the CRPA as any transaction determined by the FSC to fall under any of the following:

- loans;
- purchase of promissory notes, debentures or bonds;
- equipment leasing;
- payment guarantees;
- providing advance payments on acceptances and guarantees under a payment guarantee;
- any transaction which may cause a loss to a Financial Creditor as a consequence of a payment failure by its counterparty; or
- any transaction which may have in substance the same effect to a Financial Creditor as the transactions set out above even though it may not have provided credit.

Under the CRPA, in the event that the main Creditor Financial Institution of the Failing Company decides to assume management of the Failing Company and accordingly calls for a meeting of the Creditor Committee, the main Creditor Financial Institution may require the Financial Creditors to grant a moratorium on the enforcement of claims (including the enforcement of security interest) until the first meeting of the Creditor Committee. If Financial Creditors enforces its claim against the Failing Company after the request to suspend enforcement of claims, it shall be required to unwind the enforcement action to return to the state that was in existence. In addition, at the first meeting of the Creditor Committee, Financial Creditors representing at least 75 percent of the outstanding Financial Claims against of the Failing

Company may declare a moratorium for up to three months if an investigation of the Failing Company's financial status is necessary, or up to one month if such investigation is not necessary (which may be extended by an additional month).

If the Creditor Committee cannot agree on the moratorium period or if the corporate repayment plan is not approved by the date the moratorium period ends, the Creditor Committee's management of the Failing Company shall be deemed to have terminated. The Creditor Committee can approve the rescheduling of the debt owed by the Failing Company or provide new credit to it with the approval of Financial Creditors representing not less than 75 per cent of all outstanding Financial Claims.

A Creditor Financial Institution which does not participate in the relevant Creditor Committee meeting or has opposed the resolutions of the Creditor Committee in respect of the commencement of management of the Failing Company by the Creditor Committee, the rescheduling of claims, provision of new credit or the extension of the management by the Creditor Committee (the "**Opposing Financial Creditor**") may, within seven days of such resolution, request the Financial Creditors that have approved such resolution (the "**Approving Financial Creditors**") to purchase its outstanding claims against the Failing Company by notifying the main Creditor Financial Institution of the type and amount of its claims. Upon such request, the Approving Financial Creditors must purchase such claims within six months.

The purchase price and terms of such purchase shall be determined by mutual agreement of the Approving Financial Creditors and the Opposing Financial Creditor. The purchase price paid for claims held by the Opposing Financial Creditor shall not be less than the amount that may be recovered by the Opposing Financial Creditor through liquidation of the Failing Company.

Parallel Debt

In Korea, due to certain laws and jurisprudence governing the creation and perfection of security interests and enforceability of such security interests, it is necessary in order to grant the relevant Collateral (*i.e.*, the Capital Stock of Styrolution Korea Ltd., the "**Korean Collateral**") to the Security Agent, that the Security Agent hold its own "parallel debt" claim ("**Parallel Debt**").

The Intercreditor Agreement thus provides for the creation of such Parallel Debt in favor of the Security Agent, mirroring the obligations of the Issuer towards the holders of the Notes and the Trustee under or in connection with the Indenture and the Intercreditor Agreement ("**Principal Obligations**"). This Parallel Debt is created to address a Korean law requirement that the Security Agent, as the grantee of the security interest created by the security documents governed by Korean law (the "**Korean Security Documents**"), be a creditor of the relevant security provider.

The pledge of the Korean Collateral will be granted to the Security Agent as security for the Parallel Debt and will not directly secure the Principal Obligations. In respect of the security interest granted to secure the Parallel Debt, as the holders of the Notes from time to time will not be party to the Korean Security Documents, such holders of the Notes will not have direct security interests in the Korean Collateral and will not be entitled to take direct enforcement actions, individually or collectively, in respect of such security interests except through the Security Agent. Therefore, although the Security Agent will have, pursuant to the Parallel Debt, a claim against the Issuer for the full principal amount of the Notes, the holders of the Notes will bear the risk of insolvency or bankruptcy of the Security Agent in relation to the Korean Collateral. In addition, the Parallel Debt construct has not been tested under Korean law and to the extent that the security interests in the Korean Collateral created under the Parallel Debt construct are successfully challenged in Korea by other parties, the holders of the Notes will not receive any proceeds from an enforcement of such security interests in Korea.

Limitation on Enforcement

The grant of a guarantee or collateral by a Korean company for the obligations of another group company must be for the corporate benefit of the granting company. The question of corporate benefit is determined on a case-by-case basis and at the time when such guarantee or collateral is provided considering the totality of the circumstances at that point in time.

Under Korean law, if there is no corporate benefit justifiable for a Korean company to provide guarantee or security interest securing another group company's obligations, such provision of guarantee or security interest can raise a breach of fiduciary duty issue for the directors of such Korean company. In a recent case, the Korean Supreme Court ruled that the provision of security interests by a Korean company securing its parent company's obligations in a certain transaction without consideration constituted a breach of fiduciary duty.

In addition, any provision of a guarantee by a Korean company for the benefit of a non-Korean company requires the filing of the report with the Bank of Korea, and the acceptance of such report by the Bank of Korea. In connection with such filing, the Bank of Korea has in the past limited the maximum amount of the guarantee provided by a Korean company that is a "foreign-invested enterprise" under the Foreign Investment Promotion Law (such as the Korean Subsidiary), pursuant to its internal guideline which provides that the maximum amount of the guarantee provided by such Korean company should not, as a general matter, exceed the sum of (i) the paid-in capital of such Korean company and (ii) the aggregate amount of the outstanding principals of any inter-company loan(s) from offshore affiliates owed by such Korean company as of the date of the filing of the report with the Bank of Korea. There have been recent cases where the Bank of Korea accepted the report without imposing such limitation, but we cannot exclude the possibility that the Bank of Korea may impose this limitation on the guarantee to be provided by the Korean Subsidiary.

Hardening periods and fraudulent transfer

Under the Korean Civil Code, a creditor of a company may apply to the court for cancellation and restitution of any "legal act" (including, but not limited to the debtor company's provision of a guarantee) of a company if (i) the company committed such a legal act, (ii) such act is detrimental to its creditors and (iii) both the company and the transferee (or beneficiary) had knowledge that such act would be detrimental to the company's creditors. In order to constitute a fraudulent conveyance under Korean law, a transaction should be detrimental to the general creditors of the company. Conceptually, this "detriment to creditors" requirement requires that the company become insolvent due to the transaction or, if the company is already insolvent, that the financial condition of the company worsen due to the transaction, since the purpose of a fraudulent conveyance action is to protect the unsecured creditors by preventing a diminution of the gross assets of the company to a level where such gross assets would not be sufficient to cover the creditors' claims.

Under Korean insolvency laws, the receiver or the bankruptcy trustee of an insolvent Korean company has the right to exercise its "avoidance" right with respect to acts (*e.g.,* transfer of assets, provision of a guarantee, etc.) of such insolvent Korean company for which it does not receive any compensation during the period allotted by statute.

Specifically, the Korean insolvency laws allow the receiver or the bankruptcy trustee to avoid an act of a debtor which falls under one of the following categories:

- any act taken by the debtor company with the knowledge that creditors will be harmed by the act (unless the party that benefited from such act did not know about such harm to creditors);

- (x) any act that would harm creditors or (y) any repayment of debt or provision of collateral, in either case, taken or made after occurrence of suspension of payments by the debtor or a petition for insolvency proceeding of the debtor has been filed ("**Insolvency Event**") (but only if the party that benefited from such act knew that the Insolvency Event has occurred or that such act will harm creditors);

- repayment of debt or provision of collateral made by the debtor after, or within 60 days (if such act was made with a specially related party, one (1) year) prior to, an Insolvency Event when the debtor had no obligation to do so or the method or timing of such act does not fall under the debtor's obligation (but only if the payee/secured party knew such act will prejudice equal treatment of creditors and where the payee/secured party did not know about the Insolvency Event has occurred if such act was carried out after the Insolvency Event); and

- any gratuitous act or act that can be deemed gratuitous which occurs after, or within six (6) months (if such act was made with a specially related party, one (1) year) prior to, an Insolvency Event.

The receiver and the bankruptcy trustee has the right to avoid any such act with no compensation for a period of two (2) years from the date of the rehabilitation commencement order or the adjudication of bankruptcy, as the case may be.

Other Local Law Considerations

Under the Foreign Exchange Transaction Law of Korea, in case any collateral over the Korean Won-denominated securities (including the shares issued by a Korean company) or the rights related to such securities is provided by a non-resident to another non-resident of Korea, such non-resident collateral provider is required to file a report with the Bank of Korea with respect to such provision of collateral, which must be accepted by the Bank of Korea prior to the execution of any definitive documents for provision of such collateral. If the Korean Won-denominated securities subject to such collateral were acquired in accordance with the Foreign Investment Promotion Act of Korea, however, such report to the Bank of Korea would not be required.

Further, under the Foreign Exchange Transaction Law of Korea, in the case a guarantee or collateral is provided by a resident of Korea to guarantee or secure the obligations of a non-resident of Korea, such Korean resident is required to file a report with the Bank of Korea with respect to such provision of guarantee or collateral, which report should be accepted by the Bank of Korea prior to the execution of the guarantee or relevant security document.

Mexico

Guarantees

One of the Guarantors is organized under the laws of Mexico. Under Mexican law, there are no limitations for Mexican companies to guarantee third-party obligations, including parents, subsidiaries or affiliates, to the extent permitted by its corporate by-laws and authorized by its competent corporate bodies if necessary pursuant to its corporate by-laws. Mexican law provides that contractual obligations such as those assumed by Guarantors are considered to be ancillary obligations (*obligaciones accesorias*) to the principal obligations that they secure and therefore the same may only exist to the extent that the obligations of the principal obligor are valid. Therefore, it should be noted that upon a finding of lack of genuineness, validity or enforceability of the obligations of the Issuer under the Notes, the ancillary obligations of the Mexican Guarantor shall be equally affected and in such circumstances the obligations provided for under the Notes might not be enforced in a proceeding before a Mexican court.

Additionally, under Mexican law, a Guarantor may be released from its obligations under a Guarantee by the extension or the granting of grace periods to the principal obligor, any modification of a guaranteed obligation that would increase the obligation of the Guarantor, or any other amendment to the principal obligation that could be considered a novation of the principal obligation, without the consent of such Guarantor. Therefore, the obligations of the Mexican Guarantor under the Notes may not be enforced by Mexican courts if any of the obligations under the Notes are extended, increased or novated without the consent of the Mexican Guarantor.

Security Interest

One of the most common types of security interests in personal property that may be implemented in Mexico is a pledge. At a minimum, security interests require a written agreement for perfection. In most cases, security interests require formalization in a public instrument issued by a Mexican notary public or public attestor. Also, in many cases, the documents evidencing the security interests are required to be recorded in a public registry in order to obtain priority *vis-à-vis* third parties.

Pledge

A pledge creates a lien on personal property, including account receivables and shares. Although pledges are regulated by state law, federal law regulating pledges overrides state law if the pledge is granted for commercial purposes. Commercial law provides for two types of pledges: possessory, when the pledged asset is delivered to the pledgee or a person appointed by the parties, and non-possessory (*prenda sin transmisión de posesión*), when the pledged asset remains with the pledgor.

In the case of a possessory pledge, the pledge is perfected by delivery of the asset to the pledgee or to a third party appointed by the parties. Also, depending on the nature of the asset, notice to third parties may be required, as in the case of accounts receivables (notice to the account borrower), and of stock (book-entry of the pledge in the stock's registry book). Further formalities may be required in the case of negotiable instruments, which may require the endorsement of the share certificate and its physical deliver in favor of the pledgee and its annotation in the share registry book of the issuer entity of the shares. A pledgee in a possessory pledge has the right, in case of default, to request the court to sell the assets and apply the proceeds of the sale to the payment of the secured obligations.

Enforcement of Security Interests

As a general principle under Mexican law, a secured creditor may not take possession of the collateral without court intervention, and if it does so, such action could constitute a criminal offence. Generally speaking, the main right that a security interest provides is the right to request a court to dispose of the asset and apply the proceeds of the sale to payment of the secured obligation. Procedural steps to enforce liens before courts in Mexico depend on the nature of each security interest, and on whether the debtor is in insolvency (*concurso mercantil*), bankruptcy (*quiebra*), or is still doing business. In any event, the procedural approach will vary and the type of action will depend on the documentation held by the creditor.

Pursuant to the foregoing, in order to enforce its security interest, in many cases the creditor must initiate a lawsuit. When the collateral is located within Mexican territory, filing the lawsuit before a Mexican court would be more effective than trying to enforce the judgment of a foreign court in Mexico. Judgments of non-Mexican courts are enforceable in Mexico provided that a number of conditions are met, including certain basic principles of Mexican due process rules and the non-violation of Mexican law or public policy (*orden público*). Among such basic principles is service of process, which in all instances should be made personally on the defendant, its attorney-in-fact or its duly appointed process agent. Service of process by mail is ineffective under Mexican due process rules.

There are no limitations to the election of remedies in Mexico; creditors can pursue multiple remedies at the same time until the total amount of indebtedness is fully paid, in the understanding however that under Mexican law an obligation in a currency other than the Mexican peso, which is payable in Mexico, may be satisfied in Mexican currency at the applicable official exchange rate published by the Mexican Central Bank (*Banco de México*) on the date on which the payment is effectively made. The debtor is entitled to receive any outstanding amount derived from the enforcement and foreclosure of all security interest, once the secured obligations have been paid in full to the creditors.

Foreclosure

Court intervention is required in order to foreclose most security interests afforded by Mexican law. The time implications of foreclosure of a possessory pledge and of the conditional sale, based in a Mexican legal practice, can take from two to four years (and up to three to five years, in certain scenarios).

Insolvency

The Mexican Insolvency Law (*Ley de Concursos Mercantiles*) contemplates a single proceeding for insolvency (*concurso mercantil*) and bankruptcy (*quiebra*) with two successive stages: the first stage, known as the "mediation" stage, is compulsory (except in the event in which the insolvent entity directly requests to be declared bankrupt), and is designed to reorganize the insolvent entity, and the second stage, known as the "bankruptcy" stage, provides for the bankruptcy and liquidation of the insolvent entity. During these two phases, the creditors have to comply with different obligations to reach either a payment agreement or foreclose on their collateral.

General requirements to initiate insolvency proceedings

In Mexico, a person will be declared insolvent when it generally fails to pay its obligations as and when they become due. Insolvency of a person will be adjudicated upon the request of the insolvent entity, the Mexican attorney general's office or any creditor of the insolvent entity when, (a) the insolvent entity has defaulted on its payment obligations with two or more creditors and (b) when, on the date of such request, (i) 35% or more of such obligations have been delinquent for more than 30 days; and/or (ii) the insolvent entity does not have sufficient liquid assets (namely, cash and cash equivalents, such as bank deposits and other receivables with a maturity of no more than 90 days, or securities that may be sold within 30 days, in each case, from the date of filing of the insolvency request) to pay at least 80% of its due and payable obligations on the date of filing of the insolvency request.

If the insolvency request is filed voluntarily by the insolvent entity, only one of the conditions described in items (i) and (ii) of clause (b) above would have to be satisfied. If the insolvency request is filed by the attorney general's office or any creditor of the insolvent entity, both conditions described in items (i) and (ii) of clause (b) above would have to be satisfied. An insolvency presumption will exist with respect to any person or entity when, *inter alia*, its assets for attachment in aid of execution of a judgment or claim are insufficient; it has failed to pay two or more creditors; or it has participated in fraudulent or fictitious acts to avoid payment to creditors.

Upon the filing of a petition for a judgment declaring insolvency, the court will instruct the Federal Institute of Insolvency Specialists (*Instituto Federal de Especialistas de Concursos Mercantiles*) to appoint an inspector (*visitador*) to visit the entity presumed to be insolvent. The inspector will then issue an opinion regarding the commercial entity's insolvency, which will enable the court to issue a judicial resolution declaring the legal insolvency of such person. Following the issuance of such insolvency judgment, the Federal Institute of Insolvency Specialists will designate and appoint a mediator (*conciliador*) who will facilitate the negotiations between the insolvent entity and its creditors in order to reach a creditors' agreement.

Mediation

The issuance of the insolvency judgment and the appointment of the mediator will initiate the "mediation" stage of the insolvency proceeding. The insolvency proceeding in Mexico is at all times court controlled, and upon receipt of an insolvency petition, the insolvency court may take preliminary measures (*providencias precautorias*) to secure the property of the insolvent entity.

During the "mediation" stage, the insolvent entity and those creditors that have been recognized within the insolvency proceeding as creditors of the insolvent entity would negotiate an agreement with respect to the payment of the outstanding obligations of the insolvent entity. In order for such creditors' agreement to become effective and binding, it must be entered into between the insolvent entity and those recognized creditors holding title to more than 50% of the sum of (i) the amount of all unsecured claims of all unsecured recognized creditors of the insolvent entity, and (ii) the amount of all secured claims of those secured recognized creditors that enter into such creditors' agreement. The creditors' agreement would then have to be approved by the insolvency court. A secured claim under the Mexican insolvency law is considered to be a claim secured under a pledge or a mortgage or otherwise benefiting from any other form of statutory privilege or priority of payment.

Under the Mexican insolvency statute, the creditors' agreement would be deemed entered into by an unsecured recognized creditor (whether or not such creditor actually enters into the agreement) if the agreement expressly contemplates (a) the payment of all amounts due and payable to such creditor on the date of the respective insolvency judgment converted to *Unidades de Inversión* ("**UDIs**") or indexed inflation units at the applicable official rate fixed by the Mexican Central Bank (*Banco de México*) on the date on which the conversion takes place, (b) the payment of all amounts that would become due and payable to such creditor from the date of the insolvency judgment until the date of approval of the creditors' agreement by the insolvency court, which would be converted into UDIs on the date such amounts become due and payable and (c) the payment of all amounts that would become due and payable to such creditor after the date of approval of the creditors' agreement.

The creditors' agreement could also provide, with respect to any unsecured recognized creditors that are not a party to such agreement, (i) a stay of such creditors' claim (with capitalization of ordinary interest), but only to the extent that the term of such stay is at least equal to the shortest stay assumed by those unsecured creditors that are a party to the creditors' agreement and whose claims amount to 30% of all aggregate recognized claims; (ii) a write-off of such creditors' claim, but only to the extent such write-off is at least equal to the lowest write-off assumed by those unsecured creditors that are a party to the creditors' agreement whose claims amount to 30% of all aggregate recognized claims; or (iii) a combination of a stay and a write-off of such creditors' claim, to the extent it is identical to the combinations accepted by those unsecured creditors that are a party to the creditors' agreement whose claims amount to 30% of all aggregate recognized claims.

Secured recognized creditors that do not become a party to the creditors' agreement may commence or continue foreclosure of their respective collateral; unless the creditors' agreement contemplates the payment of their respective claims or the payment of the price of the properties constituting such collateral. In this case, any excess with respect to the value of such properties would be deemed an unsecured claim for purposes of the insolvency proceeding.

Bankruptcy

The insolvency court will declare the borrower in bankruptcy if (i) the "mediation" phase expires without the filing of an approved creditors' agreement before the insolvency court, (ii) if requested by the insolvent entity, or (iii) at the request of the mediator. The purpose of the bankruptcy phase is to liquidate the borrower's assets in order to pay the creditors.

Upon such declaration of bankruptcy, the insolvency court will instruct the Federal Institute of Insolvency Specialists to appoint a receiver (*síndico*) who would be charged with the management of the insolvent entity until its liquidation. The receiver would carry out the liquidation of the insolvent entity through the sale of its assets, in accordance with certain preset rules and conditions.

Bankruptcy proceedings shall be terminated by the court if all the assets of the borrower have been sold, or all creditors have been paid in full, or the insufficiency of the borrower's assets to pay all creditors has been proved.

Effect of Bankruptcy on transactions

Under Mexican law, the Guarantee provides a basis for a direct claim against the Mexican Guarantor; however, it is possible that the Guarantee may not be enforceable under Mexican insolvency law. While Mexican law does not prohibit the giving of guarantees and as a result does not prevent the Guarantee of the Notes from being valid, binding and enforceable against the Mexican Guarantor, in the event that the Mexican Guarantor becomes subject to an insolvency proceeding, the Guarantee may be deemed to have been a fraudulent transfer and declared void. Under the Mexican insolvency law, any action consummated by a Mexican Guarantor prior to the date of an insolvency judgment will be deemed fraudulent when the Mexican Guarantor is knowingly defrauding its creditors, and the third party participating in any such action had actual knowledge of such fraudulent intent. If the action is gratuitous, the action will be deemed fraudulent even if the third party had no actual knowledge of the fraudulent intent.

Any action consummated by the Mexican Guarantor at any time after the date that is 270 calendar days prior to the date of the applicable insolvency judgment (i) will be deemed fraudulent when, *inter alia*, (a) the Mexican Guarantor receives no consideration, or the consideration received or paid by the Mexican Guarantor, or the terms and conditions of the transaction, are clearly or materially below market, or (b) the Mexican Guarantor makes a payment of indebtedness not yet due, or forgives receivables owed to it and (ii) will be presumed fraudulent, unless the interested third party proves that it was acting in good faith, when (a) the Mexican Guarantor grants or increases collateral that was not originally contemplated and (b) the Mexican Guarantor makes any payments in kind that were not originally contemplated. In addition, certain transactions among related parties will also be deemed fraudulent and may be set aside by the insolvency court. In Mexico, the obligations of the Mexican Guarantor would be considered to be ancillary obligations (*obligaciones accesorias*) to the principal obligations that they secure. If the principal obligations were to be declared null and void by the insolvency court, the ancillary obligations would also be considered to be null and void.

In addition, the mediator may order the borrower to abstain from performing agreements which have not been performed by the borrower at the time of the declaration of insolvency, if the mediator considers that performance of such agreement would adversely affect the borrower's estate, case in which the agreement shall be rescinded.

The Mexican Insolvency Law also provides that all peso denominated obligations be converted to UDIs, and foreign currency denominated obligations are to be converted to pesos at the prevailing exchange rate on the date the insolvency judgment is rendered, and then converted to UDIs. With this mechanism, although creditors will not be entitled to collect interest during the insolvency proceedings, the fact that the obligations will be denominated in UDIs, protects the value of the debts from a loss of value resulting from inflation.

Those creditors with a perfected security interest (mortgage, pledge or guarantee trust) will not suffer any currency or unit conversion, and their debts will continue to accrue interest at the contractual (not default of penalty) interest rate, up to the amount of the value of the mortgaged or pledged assets. Any amount not covered by collateral will be converted to UDIs and subject to the general rules of the Mexican Insolvency Law.

Therefore, upon issuance of an insolvency judgment (*concurso mercantil*) or bankruptcy (*quiebra*) declaration against the Mexican Guarantor, the obligations of such Mexican Guarantor under the Notes (i) would be converted from euro to U.S. dollar and then converted into Mexican pesos at the exchange rate prevailing at the time of the insolvency judgment and then from Mexican pesos into UDIs, a Mexican inflation-pegged accounting unit, and would not be adjusted to take into account any devaluation of the Mexican peso relative to any foreign legal currency occurring after such conversion; (ii) would be subject to the outcome of, and priorities recognized in, the Mexican Insolvency Law; (iii) would cease to accrue interest from the date an insolvency proceeding is declared; and (iv) would be subject to certain statutory preferences, including tax, social security and labor claims and claims of secured creditors.

Ranking of creditors

Recognized claims against a bankruptcy estate are classified in categories, according to the nature of their claims. The proceeds obtained from the liquidation of the assets of the insolvent entity would be applied by the receiver to make payments to creditors in the following order of priority:

(a) *Claims against the bankruptcy estate*, which are (i) payments of labor claims for salaries and severance for the two calendar years preceding the insolvency judgment (*concurso mercantil*) or banktruptcy (*quiebra*); (ii) payments of liabilities and obligations of the estate of the insolvent entity (*i.e.,* management costs, fees and expenses incurred after the insolvency judgment); and (iii) payments of litigation costs and expenses, and fees and expenses of the inspector (*visitador*), the mediator (*conciliador*) and any appointed receivers (*síndico*);

(b) *Mortgagee's and pledgee's claims*, which are payments to secured creditors (including the costs and expenses relating to foreclosure and the enforcement of their respective rights), but only to the extent of the value of their respective collateral;

(c) Common labor credits and tax credits different to the ones referred in paragraph (a)(i) above which shall be paid once the creditors referred in paragraphs (a) and (b) above are satisfied and with priority to the special priviliged creditors provided in paragraph (d) hereafter and common creditors;

(d) *Special privileged claims,* which are payments to other creditors that qualify as "privileged" under Mexican commercial laws (*e.g.*, creditors that are entitled to retain an asset until payment is made), but only to the extent of the value of the respective privilege;

(e) *Common claims*, which are payments to unsecured creditors; and

(f) *Subordinated claims*, which are those of creditors who have agreed to be subordinated with respect to the common claims.

Limitation on Enforcement

Under Mexican law, there is no limitation with respect to the amount of the secured obligations nor the corporate benefit received by the Mexican Guarantor. However, the grant of a guarantee or collateral by the Mexican Guarantor in respect of the obligations of another Group company must fall within the grantor's legal and corporate purpose and it must be authorized by its competent corporate bodies if necessary pursuant to its corporate by-laws, to the extent that, in case it is not expressly allowed and authorized, if the latter is necessary, there is the risk that the grant of the guarantee and the subsequent security can be found to be void and the respective creditor's rights unenforceable.

Singapore

The main legislation applicable to corporate insolvencies and reorganizations in Singapore, at the date of this offering memorandum, is the Companies Act (Chapter 50) of Singapore (the "**Singapore Companies Act**"), read with its subsidiary legislation.

On October 1, 2018, the Insolvency, Restructuring and Dissolution Act (the "**IRD Act**") was passed in the Singapore Parliament. With the passing of the IRD Act, the provisions in the Singapore Companies Act pertaining to corporate insolvency and restructuring will be repealed upon the coming into force of the IRD Act, which has yet to be gazetted.

In this section, a summary of Singapore insolvency law for corporate insolvencies and reorganizations based on the existing law at the date of this offering memorandum (the "**Existing Singapore Insolvency Law**") is made, together with references to the IRD Act.

Difference in Insolvency Law

One of the Guarantors is incorporated under the laws of Singapore (the "**Singapore Guarantor**"). Any insolvency proceedings applicable to the Singapore Guarantor will likely be governed by Singapore insolvency laws. Singapore insolvency laws differ from the insolvency laws of the United States and may make it more difficult for holders of the Notes to recover the amount in respect of the Singapore Guarantor's guarantee of the Notes and/or the Collateral securing the same than they would have recovered in a liquidation or bankruptcy proceeding in the United States.

Priority of Secured Creditors

Singapore insolvency laws generally recognize the priority of secured creditors over unsecured creditors. The lenders under the Senior Secured Term Loans have security interests on certain of the assets of the Singapore Guarantor.

Security over Book Debts

Where security is taken over the book debt of a Singapore company by way of an assignment, the Civil Law Act (Chapter 43) of Singapore prescribes that a statutory assignment must be by way of an absolute assignment in writing under hand of the assignor and express notice in writing thereof must be given to the debtor, trustee or other person from whom the assignor would have been entitled to receive or claim such book debt. Where such notice is not given, the assignment is only effective as an equitable assignment and a subsequent assignee of the book debt who gives notice might have priority.

Fixed and Floating Charges

Fixed charges are superior to floating charges in a number of aspects. Until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the chargor company so as to give a third party good title to the assets free of the floating charge and so as to give rise to the risk of security being granted over such assets in priority to the floating charge security. In addition, a floating charge security created within six months of the commencement of winding up of the chargor company may be invalid, unless it is proved that the chargor company was solvent immediately after the creation of the charge. Where the assets of the chargor company are insufficient to pay certain preferential debts (these include winding up costs, wages and salaries and retrenchment benefits), those preferential debts would have priority over debts secured by a floating charge.

Amounts received in a winding-up or receivership from the realization of assets subject to a floating charge must first be used to pay the holders of any fixed charge over such assets and then certain preferential creditors if applicable (explained above) before any distribution is made to the holders of a floating charge.

It is open to a court to find that assignments and charges described as fixed charges constitute floating charges rather than fixed charges, the description given to them as fixed charges not being determinative. One of the three characteristics of a floating charge is the ability of the chargor company to carry on business in the ordinary course so far as concerns the particular class of assets in question until some further step is taken by or on behalf of the chargee. Where the chargor company, without the consent of the chargee, is free to deal with the assets or the proceeds of such assets that form the subject matter of the charge, the court would be likely to hold that the charge in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge. In addition, to the extent that any of the assets secured by the Collateral are not specifically identified, an insolvency official may hold that such assets, which are expressed to be subject to a fixed charge, may in fact be subject to a floating charge.

Preferential Creditors

Under the Existing Singapore Insolvency Law and the IRD Act, in a winding up of a Singapore company preferential debts are required to be paid in priority to all other debts other than those secured by a fixed charge. Certain preferential debts therefore have priority over debts secured by a floating charge (*i.e.*, those listed in paragraphs (a) to (c) and (e) to (f) below) if the assets of the chargor company are insufficient to satisfy such preferential debts. The preferential debts covered by the relevant sections of the Singapore Companies Act and the IRD Act are described briefly below:-

(a) costs and expenses of the winding up;

(b) employees' wages and salaries, including gratuity or other sum of money due and owing to an employee on his retirement or on termination of his services pursuant to a collective agreement or an award;

(c) retrenchment benefits under employment contracts;

(d) work injury compensation under the Work Injury Compensation Act (Chapter 354) of Singapore;

(e) certain amounts due under employee's superannuation or provident funds or under any scheme of superannuation which is an approved scheme under the Income Tax Act (Chapter 134) of Singapore;

(f) other remuneration payable to employees such as vacation leave and death benefits; and

(g) taxes assessed and goods and services tax.

Under the Existing Singapore Insolvency Law and the IRD Act, in a winding up of a Singapore company certain claims (if they exist) also rank ahead of a fixed charge, including (without limitation) claims of workmen or employees with salaries of up to the amounts set out in the Employment Act (Chapter 91) of Singapore.

Limitation on Enforcement

The grant of a guarantee or collateral by a Singapore company for the obligations of another group company must be for the corporate benefit of the granting company. The question of corporate benefit is determined on a case-by-case basis and at the time when such guarantee or collateral is provided considering the totality of the circumstances at that point in time.

Under Singapore law, if there is no corporate benefit justifiable for a Singapore company to provide guarantee or security interest securing another group company's obligations, such provision of guarantee or security interest can raise a breach of fiduciary duty issue for the directors of such Singapore company. In such situation, the directors could be sued by the Singapore company for damages suffered.

Transactions at Undervalue or Unfair Preference

Under the Existing Singapore Insolvency Law, if a Singapore company goes into liquidation, and has entered into certain transactions at an undervalue within a period of five years before commencement of winding up, or has entered into a transaction by way of unfair preference within a period of six months (a two-year period applies in the case of a transaction with a connected party) before the commencement of winding up, those transactions may be liable to be made void or voidable.

Under the IRD Act, the look-back period for transactions at an undervalue would be three years before commencement of winding up, and for transactions entered into by way of unfair preference, it would be one year before commencing of winding up (a two-year period applies in the case of a transaction with a connected party).

Disclaimer of Onerous Contracts

Section 332 of the Singapore Companies Act provides that where any property of a Singapore company consists of either an estate or interest in land that is burdened with onerous covenants, shares in corporations, unprofitable contracts or any other property that is unsaleable by reason of its binding the company to any onerous act or payment ("**Onerous Property**"), the liquidator may apply to disclaim such property within 12 months of (i) commencement of winding-up or (ii) such time as the liquidator becomes aware of such property or such extended period as is allowed by the court.

The IRD Act provides that a liquidator may disclaim Onerous Property, and empower the Singapore court to make certain orders where a liquidator has disclaimed Onerous Property, such as setting aside the disclaimer or make such order as the court thinks just where the injury caused by the disclaimer outweighs any advantage likely to be gained by a liquidator.

Certain Contractual Rights Limited

The IRD Act limits the exercise of certain contractual rights, such as claiming an accelerated payment or forfeiture of term under any agreement (including a security agreement) with a Singapore company, by reason only that certain restructuring proceedings in respect of the company have commenced or that the company is insolvent.

Enforcement Process

Receivership

Receivership arises principally by way of enforcement of the right of the holders of security under mortgage or charges, as set out in the security document. The receiver is, in effect, an agent of the chargor company. Its rights and obligations are usually set out in the security document itself.

The IRD Act expressly provides that a receiver is personally liable on any contract he or she entered into in the performance of his or her functions (except insofar as the contract otherwise provides) and, to the extent of any qualifying liability, on any contract of employment adopted by him or her in the performance of those functions. A receiver is however entitled to an indemnity out of the property of the company or corporation.

Appointment

Receivers can be appointed on the basis of the powers set out in the security document. A person appointed on the basis of a fixed charge over specific assets will act as receiver in respect of those assets. However, mortgages containing a floating charge over all of the assets and undertaking typically provide for enforcement by means of the appointment of a receiver having full powers as a receiver and manager over all of the secured assets (*i.e.*, all of the assets and undertaking of a chargor company), including the power of sale of the assets.

Switzerland

Limitations on guarantees and securities provided by the Swiss Guarantors

One of the Guarantors is incorporated in Switzerland (the "**Swiss Guarantor**").

The validity or enforceability of a security interest granted or a guarantee issued by a Swiss Guarantor may be limited by applicable debt collection and bankruptcy laws, insolvency, re-organization, corporate, tax, contract or similar laws, regulations or defenses affecting creditors and secured parties in general (including provisions relating to fraudulent transfer, voidable preference, corporate purpose, financial assistance, capital maintenance and solvency) or laws or principles of general application (including the abuse of rights (*Rechtsmissbrauch*) and the principle of good faith *(Grundsatz von Treu und Glauben*) and public policy.

In particular, Swiss rules regarding capital maintenance, including but not limited to Articles 671(1) to (4), 675(2) and 680(2) of the Swiss Code of Obligations, prohibit the direct or indirect repayment of a Swiss corporation's share capital and legal reserves to its shareholders and restrict the distribution of a Swiss corporation's accrued earnings to its shareholders. Guarantees, share pledges, assignments for security purposes and any other collateral granted by a Swiss corporation in order to guarantee or secure liabilities of a direct or indirect parent or sister company as well as any other undertaking contained in any agreement having the same or a similar effect, such as, but not limited to, the waiver of set off or subrogation rights or the subordination of intra-group claims may be considered as an indirect distribution of assets which are subject to the limitation provided by Swiss law to protect the share capital and legal reserves of Swiss corporation. Similar rules apply in case the guarantee or collateral is granted by a Swiss limited liability company (*GmbH*). Therefore, it is standard market practice for indenture agreements, credit agreements, guarantees and security documents to contain so-called "limitation language" in relation to Swiss subsidiaries essentially providing for that if and to the extent a Swiss Guarantor becomes liable under the relevant agreement for obligations of any direct or indirect shareholder or subsidiary of such shareholder (other than direct or indirect subsidiaries of such Swiss Guarantor (the "**Restricted Obligations**") and if complying with such obligations would constitute a repayment of capital (*Einlagerückgewähr*), a violation of the legally protected reserves (*gesetzlich geschützte Reserven*) or the payment of a (constructive) dividend (*Gewinnausschüttung*) by such Swiss Guarantor or would otherwise be restricted under Swiss law and practice then applicable, such Swiss Guarantor's aggregate liability for Restricted Obligations shall not exceed the amount of the Swiss Guarantor's freely disposable equity (*frei verfügbares Eigenkapital*) at the time it becomes liable in accordance with Swiss law, and providing for that if the secured/guaranteed obligations are "Restricted Obligations", then any obligation to gross-up for tax (such as, in particular, withholding tax on a deemed dividend distribution) triggered by the enforcement of the security interest/guarantee would equally be limited under the context of "Restricted Obligations" as described above. The Restricted Obligations are only valid if approved by the general meeting at the time of enforcement in accordance with the rules applicable to the distribution of dividend. As a result, the creditors to be secured by any Restricted Obligations should take into account that the actual value of such Restricted Obligations may be very limited. This shall in particular be relevant for the purpose of the Guarantee (or any other security) to be granted by a Swiss Guarantor for the benefits of the holders of the Notes.

Insolvency

In the event of insolvency, insolvency proceedings relating to the Swiss Guarantor's Guarantee and any security interests provided by such Swiss Guarantor would likely be subject to Swiss insolvency law. Swiss insolvency law may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar. The following is a brief description of certain aspects of insolvency law in Switzerland. In the event that the Issuer or any of its Swiss subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Pursuant to Swiss insolvency laws, your ability to receive payment under the Notes may be more limited that would be the case under U.S. or other non-Swiss insolvency laws. Under Swiss law, there are two primary insolvency regimes, the bankruptcy procedure (*Konkurs*) and the composition procedure (*Nachlassvertrag*) (altogether referred to as insolvency proceedings) that may be opened against an entity having it registered offices or assets in Switzerland.

In the event of a Swiss entity's insolvency, the respective insolvency proceedings would be governed by Swiss law as a result of such Swiss entity's offices being registered in the competent commercial register in Switzerland. In addition, Swiss debt enforcement and insolvency laws may be applicable in case of an enforcement of security interests over assets of a foreign entity located in Switzerland. The enforcement of claims and questions relating to insolvency and bankruptcy in general are dealt with by the Swiss Federal Act on Debt Enforcement and Bankruptcy, as amended from time to time. Under these rules, claims that are pursued against a Swiss entity can lead to the opening of bankruptcy (*Konkurs*) and, hence, a general liquidation of all assets, even if located outside Switzerland, and liabilities of the debtor. However, with regard to assets located outside Switzerland, a Swiss bankruptcy decree is enforceable only if it is recognized at the place where such assets are located. Creditors secured by a pledge must generally initiate enforcement proceedings pursuant to the Swiss Federal Act on Debt Enforcement and Bankruptcy except in the event that (i) the parties have agreed on a private enforcement; or (ii) the security provider has been adjudicated bankrupt. A private enforcement is subject to certain requirements (including notification and pricing requirement) and is generally to be made in accordance with the principles of good faith, adequately taking into account the interests of the security provider. If the security provider has been adjudicated bankrupt, secured creditors participate in the bankruptcy proceedings with the other creditors and a private enforcement is no longer permitted. Certain particular rules apply to security interests created over intermediated securities pursuant to the Swiss Federal Intermediated Securities Act.

As a rule, the opening of bankruptcy by the competent court needs to be preceded by a prior debt enforcement procedure which involves, *inter alia*, the issuance of a payment summons by local debt enforcement authorities (*Betreibungsamt*). However, the competent court may also declare a debtor bankrupt without such prior proceedings if the following requirements are met: (i) at the request of the debtor, if the debtor's board of directors or the auditors of the company (in case of failure of the board of directors) declare that the debtor is overindebted (*überschuldet*) within the meaning of art. 725 (2) of the Swiss Code of Obligations (or the corresponding provision of the Swiss Code of Obligations in case of a limited liability company (*GmbH*)) or if it declares to be insolvent (*zahlungsunfähig*), and (ii) at the request of a creditor, if the debtor commits certain acts to the detriment of its creditors or ceases to make payments (*Zahlungseinstellung*) or if certain events happen during composition proceedings. The bankruptcy proceedings are carried out and the bankrupt estate is managed by the receiver in bankruptcy (*Konkursverwaltung*) which will draw up an inventory of the assets and, further to a creditor's call for the filling of claims, establish a schedule of claims (*Kollakationsplan*).

All assets at the time of the declaration of bankruptcy and all assets acquired or received subsequently form the bankrupt estate which, after deduction of costs and certain other expenses, is used to satisfy the creditors. However, in respect of assets located abroad, the Swiss authorities do not have jurisdiction to collect such assets for the purpose of including them in the Swiss bankruptcy estate of the debtor. It is therefore the foreign law applicable at the place where the assets are located abroad, or treaties between Switzerland and the state in which such assets are located, that will determine whether and to what extent the foreign authorities can assist in the collection of these assets. Assets of the bankrupt estate over which a pledge was created in favor of a creditor before the declaration of bankruptcy are included in the bankrupt estate. The pledgee is under an obligation to remit the pledged assets to the bankrupt estate. The assets are liquidated by the receiver in bankruptcy in the same manner as the other assets of the bankrupt estate, but the creditor secured by the pledge retains its privilege to be satisfied from the proceeds of the liquidation of the assets pledged to it with priority over the unsecured creditors. Final distribution of non-secured claims is based on a ranking of creditors in three classes. The first and the second class, which are privileged, comprise claims under employment contracts, accident insurance, pension plans and family law. Certain privileges can also be claimed by the government and its subdivisions based on specific provisions of Swiss Federal law. All other creditors are treated equally in the third class. A secured party participates in the third class to the extent its claim is not covered by its collateral.

Any creditor wishing to contest the schedule of claims because his claim has been entirely or partially rejected by the receiver in bankruptcy or not allocated in the rank requested must bring an action against the estate before the competent court. If any creditor wishes to contest the admission of another creditor to the schedule of claims or the allocated rank, he must bring an action against such creditor. Such court proceedings could cause the holders of the Notes to recover less than the principal amount of their notes or less than they could recover in a United States liquidation. Such proceedings could also cause payment to the holders of the Notes to be delayed, as compared with holders of undisputed claims.

With the opening of bankruptcy proceedings, interest ceases to accrue against the debtor. However, interest on claims secured by pledges continues to accrue until the realization of the pledge, provided the proceeds exceed the amount of the claim and the interest which had accrued by the date of the opening of bankruptcy proceedings.

Swiss insolvency laws also provide for reorganization procedures by composition with the debtor's creditors. Reorganization is initiated by a request with the competent court for a stay (*Nachlassstundung*) pending negotiation of the composition agreement with the creditors and confirmation of such agreement by the competent court. A distinction is made between a composition agreement providing for the assignment of assets (*Nachlassvertrag mit Vermögensabtretung*) which leads to a private enforcement and in many instances has analogous effects as a bankruptcy, and a dividend composition (*Dividenden-Vergleich*) providing for the payment of a certain percentage on the creditors' claims and the continuation of the debtor. Further, there is the possibility of a composition in the form of a mere payment term extension (*Stundungsvergleich*). During a moratorium, debt collection proceedings cannot be initiated and pending proceedings are stayed. Furthermore, the debtor's power to dispose of its assets and to manage its affairs is restricted. In case of a pledge, the secured party is not entitled to proceed with a private enforcement until the confirmation of the settlement by the competent court. A secured creditor participates in the settlement only for the amount of its claim not covered by the collateral. The moratorium does not affect the agreed due dates of debts (contrary to bankruptcy, in which case all debts become immediately due upon adjudication). The moratorium aims at facilitating the conclusion of one of the above composition agreements. Any composition agreement needs to be approved by the creditors and confirmed by the competent court. With the judicial confirmation, the composition agreement becomes binding on all creditors, whereby secured claims are only subject to the composition agreement to the extent that the collateral proves to be insufficient to cover the secured claims.

Foreign bankruptcy decrees issued in the country of a debtor's domicile may be recognized in Switzerland only, *provided* that (i) the bankruptcy decree is enforceable in the country where it was issued, (ii) its recognition is, *inter alia*, not against Swiss public policy, and (iii) the bankruptcy decree was issued (a) in the state of the debtor's domicile or (b) in the state where the center of the debtor's main interests are located, provided that the debtor was not domiciled in Switzerland when the foreign bankruptcy proceedings were initiated.

Security in the form of pledge

Under Swiss law, a valid pledge only arises if the pledgor loses the exclusive possession over the pledged assets (which includes the delivery of the share certificates representing all shares in the Swiss Guarantor whose share are pledged). Until a pledgor loses exclusive control over the assets purported to be pledged under a Swiss pledge agreement, a third party may acquire preferential property rights over such assets, including a right of pledge.

The undertaking to pledge assets which is granted by the Swiss Guarantor is a way that is being used in practice in Switzerland whereby an undertaking to pledge is entered into initially and the pledge is perfected at a later stage if certain events occur. One should also be aware that the pledge to be created under the undertaking to pledge upon the occurrence of certain events may be challenged under Swiss avoidance rules

Under Swiss conflict of law rules, although Swiss law permits a choice of law with respect to a pledge of shares or an assignment of bank accounts, such choice of law may not be opposable to third parties.

A sale or transfer of shares in the Swiss Guarantor in the context of the realization of the share pledge agreement concerning such shares may be subject to Swiss transfer stamp duty if a Swiss securities dealer, as defined in the Swiss stamp tax act, is involved in the transaction as party or intermediary.

Under Swiss law, pledges are accessory to the obligations they secure and, therefore, pledges may only be constituted for the benefit of the creditors of the secured obligations. Any pledge governed by Swiss law to secure claims of the holders of the Notes under the Indenture(s) should therefore be constituted for the benefit of the holders of the Notes acting as pledgees (being represented for the purposes thereof by the Security Agent acting in its capacity as security agent for itself and as direct representative (*direkter Stellvertreter*) in the name and for the account of each other pledgees). Because any such pledge is likely to be constituted for the benefit of the Security Agent acting as a fiduciary (*Treuhänder*) in its own name but for the benefit of the holders of the Notes (but not as a direct representative (*direkter Stellvertreter*) acting in its own name and in the name and for the account of each other Secured Party), there is a risk regarding the enforceability of such pledge granted in favor of the holders of the Notes. In order to mitigate these risks and in order to give the Security Agent as much flexibility as possible, the Intercreditor Agreement provides for the creation of a parallel debt structure, whereby the pledge would not directly secure the claims of the holders of the Notes but an independent claim of the Security Agent stated to be at all times equal to the outstanding claims of the holders of the Notes, under in particular, the Notes and the Indenture(s). Under this structure the notes Holders will bear some risks associated with a possible insolvency or bankruptcy of the Security Agent. There are no published court decisions confirming the validity of the parallel debt structure and hence it is uncertain whether such structure would be valid and enforceable under Swiss law as it could be viewed as a circumvention of the accessory nature of the pledge.

Avoidance

Certain arrangements or dispositions that are made during a certain period (the “suspect period”) preceding the declaration of bankruptcy or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*) may be challenged by the receiver in bankruptcy (*Konkursverwaltung*) and certain creditors under the applicable rules of avoidance. The avoidance may relate to (i) gifts, gratuitous transactions and transactions pursuant to which the debtor received consideration which was disproportionate to its own performance made in the suspect period of 12 months prior to being declared bankrupt or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*), (ii) certain acts of a debtor (e.g. repayment of a debt which has not yet fallen due, settlement of a debt by unusual means of payment, granting of a collateral for previously unsecured liabilities without previously being obliged to do so) in the suspect period of 12 months prior to being declared bankrupt or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*) if the debtor at that time was overindebted, and (iii) dispositions made by the debtor within a suspect period of five years prior to being declared bankrupt or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*) with the intent, identifiable by the other party, to disadvantage its creditors or to prefer certain of its creditors to the detriment of other creditors. In case of avoidance action regarding a disposition in favor of an affiliated person, including a group company, the favored person bears the burden of proof that the intent of disadvantaging the creditors was not identifiable. The transactions potentially subject to avoidance also include those contemplated by a Swiss entity’s guarantee of the Notes or the granting of security interests under the Security Documents by a Swiss entity. If they are challenged successfully, the rights granted by a Swiss entity under the guarantee of the Notes or in connection with security interests under the Security Documents may become unenforceable and any amounts received must be refunded to the bankrupt estate. The creditors (such as the holder of the Notes) who have restituted the avoided amount paid to them regain their original claims against the Swiss Guarantor and are entitled to list their claims in the schedule of claims in their respective rank and priority. The Swiss principles on avoidance may therefore limit the holders of the Notes’ ability to recover payments due under the Guarantees or security interest.

United States

Fraudulent Transfer

Under the U.S. Bankruptcy Code or comparable provisions of state fraudulent transfer or fraudulent conveyance laws, the incurrence of the obligations under the Notes, the issuance of the guarantees and the grant of security, whether now or in the future, by the Issuer and the Guarantors (together, the “**Obligors**”) could be avoided, if, among other things, at the time the Obligors incurred the obligations, issued the related guarantee or gave the security, the Obligors intended to hinder, delay or defraud any present or future creditor; or received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness or the grant of such security and either:

- were insolvent or rendered insolvent by reason of such incurrence or grant of security;
- were engaged in a business or transaction for which the Obligors’ remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that they would incur, debts beyond their ability to pay such debts as they mature.

Preference

Any future grant of security interest with regard to the Collateral in favor of the Notes, including pursuant to security documents delivered after the date of the Indenture, might be avoidable in a U.S. bankruptcy case by the grantor (as debtor-in-possession) or by its bankruptcy trustee as a preference if certain events or circumstances exist or occur, including, among others, if the grantor is insolvent at the time of the grant, the security interest permits the holders of the Notes to receive a greater recovery than if the bankruptcy case were a case under Chapter 7 of the Bankruptcy Code and the security had not been given and a bankruptcy case in respect of the grantor is commenced within 90 days following the grant, or in certain circumstances, a longer period.

The Automatic Stay

The right of a holder of the Notes to enforce its security interests against the Obligors upon the occurrence of an event of default under the Indenture governing the Notes is likely to be significantly impaired by applicable U.S.

bankruptcy law if one or more of the Obligors became a debtor in a case under the U.S. Bankruptcy Code before such security interest was enforced. Upon the commencement of a case under the U.S. Bankruptcy Code, a secured creditor such as a holder of Notes is prohibited by the automatic stay imposed by the U.S. Bankruptcy Code from taking any act to obtain possession of or exercise control over, property of the bankruptcy estate. The automatic stay in a bankruptcy case of one or more of the Obligors could therefore prevent the holders of the Notes from obtaining possession or exercising control over the Collateral or commencing any action in an attempt to obtain possession or exercise control over the Collateral the automatic stay could be lifted or modified with bankruptcy court approval in certain circumstances, but parties may object to any creditor request to lift or modify the automatic stay, and the bankruptcy court deny such a request.

Right of Debtor-In-Possession to Remain In Control of Collateral and the Bankruptcy Process

An entity that becomes a debtor under chapter 11 of the U.S. Bankruptcy Code remains in possession of its property and is authorized to operate and manage its business as a "debtor-in-possession," subject to certain limitations. This remains the case unless a chapter 11 trustee is appointed or the chapter 11 case is converted to a chapter 7 liquidation under the U.S. Bankruptcy Code.

Moreover, the U.S. Bankruptcy Code permits the debtor to continue to retain and use collateral even though the debtor is in default under the applicable debt instruments, *provided* that the secured creditor is given "adequate protection" of its interest in the debtor's property. The term "adequate protection" is not defined in the U.S. Bankruptcy Code, but it may include making periodic cash payments, providing an additional or replacement lien or granting other relief, in each case to the extent that the collateral decreases in value during the pendency of the bankruptcy case as a result of, among other things, the use, sale or lease of such collateral or the imposition of the automatic stay.

The type of adequate protection provided to a secured creditor may vary according to circumstances. A U.S. bankruptcy court may determine that a secured creditor is not entitled to additional adequate protection for a diminution in the value of its collateral if the value of the collateral exceeds the amount of the debt that it secures.

Only the debtor in a chapter 11 bankruptcy case may propose a chapter 11 plan unless the debtor fails to file a plan within the first 120 days of the case or fails to solicit sufficient acceptances of its plan within the first 180 days of the case. The bankruptcy court may reduce or enlarge these periods. The 120-day period could be extended for up to 18 months after a chapter 11 filing, while the 180-day period could be extended for up to 20 months after a chapter 11 filing. During these "exclusive periods," other parties such as secured creditors would be precluded from proposing or soliciting acceptances of their own chapter 11 plans.

In view of the automatic stay, the lack of a precise definition of the term "adequate protection," the exclusive periods, and the broad discretionary power of a U.S. bankruptcy court, it is impossible to predict:

- whether or when a holder of the Notes could enforce its security interests;
- the value of the collateral at the time of the bankruptcy petition or at the time a chapter 11 plan is proposed or confirmed; or
- whether or to what extent holders of the Notes would be compensated for any delay in payment or loss of value of the collateral through the requirement of "adequate protection."

A Debtor-In-Possession May Obtain New Credit Secured By a Lien That is Senior or Equal to Existing Liens

The U.S. Bankruptcy Code permits a debtor-in-possession or trustee in a chapter 11 case to obtain an extension of new credit from an existing lender or from a new lender. The bankruptcy court may, depending on the facts and circumstances, authorize the debtor-in-possession or trustee to obtain new credit or incur new debt that is secured by a lien that is senior or equal to existing liens. In other words, it is possible that in connection with a chapter 11 case of one or more of the Obligors, such Obligor or Obligors would be permitted to incur new debt that is secured by a lien that is senior or equal to the liens that exist at the time of the chapter 11 filing.

Ability to Confirm a Chapter 11 Plan Notwithstanding the Dissenting Votes of Creditors

Under the U.S. Bankruptcy Code, a chapter 11 plan can be imposed on a creditor or equityholder (or class of creditors or equityholders) that does not accept the plan. A chapter 11 plan provides for the comprehensive treatment of all claims asserted against the debtor and its property, and may provide for the readjustment or extinguishment of equity interests. Claims and interests may be classified by type. Only those classes of claims and interests impaired by the plan may vote to accept or reject such plan. Classes of claims and interests that are unimpaired are not entitled to vote on the plan, and are deemed to accept it. Classes of claims and interest that receive no distributions under the plan are not entitled to vote on the plan, and are deemed to reject it.

A class of claims is deemed to accept the plan if more than one-half in number of claims holders and two-thirds in claims amount in that class vote in favor of the plan. A plan can be confirmed by the bankruptcy court over the dissenting votes of members of a class that accepts the plan overall. Furthermore, even if one or more impaired classes reject the plan, it may still be confirmed, subject to specific statutory requirements, in accordance with the "cram-down" provisions of the U.S. Bankruptcy Code, so long as the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims or interests that is impaired under, and has not accepted, the plan. This could allow the debtor or other plan proponent to confirm its plan over the objection of one or more dissenting classes.

CERTAIN TAX CONSIDERATIONS

German Taxation

The following is a general discussion of certain German tax consequences resulting from the acquisition, ownership and disposition of the Notes. This discussion does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase the Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser subject to special tax regimes, such as banks, insurance companies, investment funds or tax-exempt organizations. Although any information given hereafter reflects the opinion of the Issuer, it must not be misunderstood as a representation or guarantee, and courts or other relevant authorities may come to different interpretations of the applicable laws. This summary is based on the laws (including tax treaties) currently in force and as applied on the date of this offering memorandum in Germany, which are subject to change, possibly with retroactive effect.

PROSPECTIVE PURCHASERS OF THE NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES UNDER THE TAX LAWS APPLICABLE IN GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS OR WHOSE TAX LAWS APPLY TO THEM FOR OTHER REASONS.

German Tax Resident Investors

This subsection "—*German Tax Resident Investors*" refers to persons who are tax resident in Germany (*i.e.*, persons whose residence, habitual abode, statutory seat or place of management is located in Germany).

Withholding Tax

For German tax residents, interest payments on the Notes are subject to withholding tax, provided that (i) the Notes are entered into a foreign register or being issued in the form of global certificates (*Sammelurkunden*) within the meaning of § 9a of the German Securities Deposit Act (*Depotgesetz*) or as partial debentures (*Teilschuldverschreibungen*) and (ii) a Disbursing Agent keeps the Notes in custody or administers the Notes or carries out the disposal of the Notes and pays out or credits the investment income, or a Disbursing Agent pays out or credits the investment income against delivery of the interest coupon or partial debenture to someone else than a foreign credit institution or financial services institution (the "**Over-The-Counter Transaction**," *Tafelgeschäft*) . "**Disbursing Agents**" (*inländische Zahlstelle*), which are required to deduct the withholding tax from such interest payments, are German resident credit institutions and financial services institutions (including in both cases German branches of foreign institutions), securities trading companies or securities trading banks, or—if no German resident credit institution or financial services institution is the Disbursing Agent—the Issuer. The applicable withholding tax rate is 25% (plus a 5.5% solidarity surcharge thereon, resulting in a total withholding of 26.375%, plus, if applicable, church tax).

The church tax is generally collected by the Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the investor is required to include the interest income in his/her income tax return and the church tax will then be levied by way of an assessment.

The withholding tax regime also applies to any gains from the disposal or redemption of Notes realized by individuals holding the Notes as private (and not as business) assets (*Privatvermögen*) ("**Private Individual Investors**") if (i) a Disbursing Agent keeps the Notes in custody or administers the Notes or carries out the disposal of the Notes and pays out or credits the investment income, or (ii) the gains are realized by way of an Over-The-Counter Transaction. Subject to exceptions, the amount of capital gains on which the withholding tax charge is applied is generally the difference between the proceeds received upon the disposal or redemption of the Notes and (after the deduction of actual expenses directly related thereto) the acquisition costs. Accrued interest (*Stückzinsen*) received by the investor upon disposal of the Notes between two interest payment dates is considered to be part of the sales proceeds and thus increasing a capital gain or reducing a capital loss from the Notes. Accrued interest paid by the investor upon an acquisition of the Notes qualifies as negative investment income to be offset or carried forward by the Disbursing Agent as explained below. If Notes kept or administered in the same custodial account have been acquired at different points in time, the Notes first acquired will be deemed to have been sold first for the purpose of determining the capital gains. Where the Notes are acquired and/or sold in a currency other than Euro, the acquisition costs and sale proceeds will be converted in Euro on the basis of the exchange rate applicable at the time of sale, respectively, the time of acquisition. The taxable capital gain therefore also includes any currency gains (and losses).

If interest coupons or interest claims are disposed of separately (*i.e.*, without the Notes), the gains from the disposition are also subject to withholding tax. The same applies to the gains from the redemption of interest coupons or interest claims realized by the former investor and to gains from the payment of interest coupons or interest claims if the Notes have been disposed of separately.

If the Notes have not been kept in a custodial account with the same Disbursing Agent since their acquisition and the current Disbursing Agent has not been notified of the actual acquisition costs of the Notes in the form required by law, tax at a rate of 25% (plus a 5.5% solidarity surcharge and, if applicable, church tax thereon) will be imposed on an amount equal to 30% of the proceeds from the disposal or redemption of the Notes.

In computing any withholding tax, the Disbursing Agent generally deducts from the withholding tax base negative investment income (*e.g.*, accrued interest paid upon the acquisition of a security and losses from the sale of other securities with the exception of shares) realized by the Private Individual Investor *via* the Disbursing Agent and carries forward any losses that cannot be offset to the following year. If losses cannot be offset in full against positive investment income by the Disbursing Agent in the current year, the investor can, instead, request that the Disbursing Agent issues a certificate stating the losses in order for them to be offset against other positive income from capital investments or carried forward in the assessment procedure. The request must reach the Disbursing Agent by 15 December of the current year and is irrevocable. In addition, subject to certain requirements and restrictions, the Disbursing Agent credits foreign withholding taxes levied on investment income in a given year regarding securities held by a Private Individual Investor in the custodial account with the Disbursing Agent.

Upon the Private Individual Investor filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, no withholding tax is applied in the amount shown on the exemption certificate, with a maximum exemption of €801 (€1,602 for married couples filing jointly). No withholding tax will be levied either if a Private Individual Investor has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) which also includes the tax identification number and which has been issued by the competent German tax office. German-resident corporate investors and investors who are individuals holding the Notes as business (and not as private) assets should (subject to certain formal requirements, as the case may be) not be subject to the withholding tax on gains from the disposal or redemption of the Notes or the separate disposition of interest coupons or interest claims, while interest payments from a Disbursing Agent are subject to withholding tax. In computing the withholding tax, the Disbursing Agent must not deduct from the withholding tax base any negative investment income or foreign withholding taxes.

Private Individual Investors

For Private Individual Investors the withholding tax is—without prejudice to certain exceptions—definitive and satisfies the Private Individual Investor's income tax liability with respect to the relevant income from the investment in the Notes (so-called "Flat Tax", *Abgeltungsteuer*).

The coalition agreement between the German Christian Democratic Party and the German Social Democratic Party dated 7 February 2018 provides that the Flat Tax regime shall be partially abolished for certain capital investment income, in particular interest income. There is however no draft bill available yet and a lot of details are hence still unclear. That means however that income received by investors holding the Notes as private assets may be taxed at individual progressive income tax rates of up to 45% in the future (plus, if applicable, solidarity surcharge and church tax).

Under the Flat Tax regime, Private Individual Investors can apply in their income tax return to have their income assessed in accordance with the general rules on determining an individual's tax bracket if this results in a lower tax burden. Also in this case, income-related expenses (other than actual expenses directly related to a disposal) cannot be deducted from the investment income, except for the annual lump sum deduction (*Sparer-Pauschbetrag)* of € 801 (€ 1,602 for married couples filing jointly). If the tax on the income from the Notes is assessed, any tax withheld by the Disbursing Agent will be credited against the Private Individual Investor's income tax liability and, to the extent the withheld amount exceeds the actual income tax liability, refunded to the Private Individual Investor.

To the extent withholding tax has not been levied, such as in the case of Notes kept in custody abroad or if no Disbursing Agent is involved in the payment process, the Private Individual Investor must report his or her interest income and capital gains derived from the Notes in his or her tax return and then will also be taxed at a rate of 25% (plus a 5.5% solidarity surcharge and, if applicable, church tax thereon).

If the withholding tax on a disposal or redemption of the Notes has been calculated from 30% of the respective proceeds (rather than from the actual gain), a Private Individual Investor may and in case the actual gain is higher than

30% of the respective proceeds (and, according to administrative guidance, the difference between the actual gain and 30% of the respective proceeds is more than € 500), must apply for an assessment on the basis of his or her actual acquisition costs. Also in this case, income-related expenses (other than actual expenses directly related to the disposal) cannot be deducted from the investment income, except for the aforementioned annual lump sum deduction.

Due to recent legislative changes, losses arising from the fact that a receivable is fully or partially irrecoverable or is written off due to an impairment and losses arising from a transfer of an impaired receivable to a third party or from any other default, in each case suffered after December 31, 2019, can be offset up to an amount of €10,000 per year.

In each case, losses resulting from the disposal or redemption of the Notes can only be offset against other investment income. In the event that a set-off is not possible in the assessment period in which the losses have been realized, such losses can be carried forward into future assessment periods only and can be offset against investment income generated in future assessment periods.

Business Investors

Interest payments and capital gains from the disposal or redemption of the Notes or the separate disposition of interest coupons and interest claims held as business assets by German tax resident business investors (including corporate investors) are generally subject to German income tax or corporate income tax (in each case plus, if applicable, solidarity surcharge and church tax thereon). The investor is required to report the income and related (business) expenses in its tax return and will be taxed at the investor’s applicable tax rate. Any withholding tax deducted from interest payments and, as the case may be, from capital gains is, subject to certain requirements, creditable as advance payment against the investor’s corporate or individual income tax liability (plus, if applicable, solidarity surcharge and church tax thereon). To the extent the amount withheld exceeds the (corporate) income tax liability, the withholding tax is, as a rule, refundable.

The interest payments and capital gains are also subject to trade tax if the Notes are attributable to a German permanent establishment of a trade or business. If the investor is an individual or an individual partner of a partnership, the trade tax may be completely or in part credited against the individual’s income tax liability pursuant to a lump sum method.

Foreign Tax Resident Investors

This subsection “*—Foreign Tax Resident Investors*” refers to persons who are not tax resident in Germany (*i.e.*, persons whose residence, habitual abode, statutory seat or place of management is not located in Germany).

Foreign investors are generally not subject to German taxation with their interest income and capital gains from the investment in the Notes. Therefore, generally no German withholding tax is withheld from such income, even if the Notes are held in custody with a Disbursing Agent.

Exceptions apply where (i) the Notes are held as business assets in a German permanent establishment, or where the Notes are attributable to the business income derived through a German permanent representative appointed by the investor, or (ii) the income from the Notes otherwise constitutes German-source income (such as interest income from certain Over-The-Counter Transactions and interest income if the claim for the repayment of the principal under the Notes is directly or indirectly secured by German-situs real estate, German rights which are subject to the civil law provisions on real estate or ships which are registered with a German ship register, unless the Notes are issued in the form of global certificates (*Sammelurkunden*) within the meaning of § 9a of the German Securities Deposit Act (*Depotgesetz*) or in the form of partial debentures (*Teilschuldverschreibungen*)). In these exceptional cases, interest income of foreign investors is generally subject to German taxation and also withholding tax. Subject to certain prerequisites, however, a foreign tax resident investor may benefit from a relief available under an applicable double tax treaty.

Inheritance and Gift Tax

Inheritance or gift taxes with respect to the Notes will, in principle, arise under German law if (i), in the case of inheritance tax, either the decedent or the beneficiary or, in the case of gift tax, either the donor or the donee is a resident of Germany at the relevant point in time, or if (ii) the Notes are attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed in Germany, or (iii) the claims under the Notes are directly or indirectly secured by German-situs real estate or ships which are registered with a German ship register (unless the Notes qualify as bonds which are issued as partial debentures). In addition, certain German expatriates will be subject to inheritance and gift tax. However, applicable double taxation treaties may provide for exceptions to the German domestic inheritance and gift tax regulations.

Other Taxes

No stamp, issue or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany.

The European Commission and certain EU Member States (including Germany) are currently intending to introduce a financial transaction tax ("**FTT**"). The scope of the FTT is, however, unclear and debated, and it is currently uncertain if and when the proposed FTT will be enacted by the participating EU Member States and when, if applicable, the FTT will enter into force.

Responsibility of the Issuer for the Withholding of Tax at Source

The Issuer does not assume any responsibility for the deduction of withholding tax (including the solidarity surcharge and, if applicable, the church tax thereon) at source.

U.S. Federal Income Tax Considerations

The following discussion is a summary based on present law of the material U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the Notes. This discussion addresses only U.S. Holders (as defined below) who purchase the Notes in the original issuance at the "issue price" (generally, the first price at which a substantial amount of the Notes is sold to the public for cash), hold the Notes as capital assets and use the U.S. dollar as their functional currency. This summary does not address the tax consequences to subsequent purchasers of the Notes.

This discussion is not a complete description of all U.S. federal income tax considerations relating to the Notes. It does not address the tax treatment of prospective purchasers subject to special rules, such as banks, dealers, traders that elect to mark to market, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, investors liable for the alternative minimum tax, U.S. expatriates, accrual method taxpayers who are required to recognize income for U.S. federal income tax purposes no later than when such income is taken into account for financial accounting purposes, tax-exempt entities or persons holding the Notes as part of a hedge, straddle, conversion or other integrated financial transaction. This summary does not discuss any tax consequences arising under U.S. federal estate and gift tax laws or the laws of any state, local, non-U.S. or other taxing jurisdiction.

YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISOR ABOUT THE U.S. FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES TO YOU OF PURCHASING, HOLDING AND DISPOSING OF THE NOTES, AS WELL AS THE CONSEQUENCES TO YOU ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION OR DUE TO CHANGES IN TAX LAW.

For purposes of this discussion, a "**U.S. Holder**" is a beneficial owner that is, for purposes of U.S. federal income taxation, (i) a citizen or resident alien of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or its political subdivisions, (iii) a trust that (a) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person or (iv) an estate, the income of which is subject to U.S. federal income taxation regardless of its source.

If a an entity or arrangement treated as a partnership for U.S. federal income tax purposes acquires or holds the Notes, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner or partnership that acquires or holds the Notes should consult its own tax advisors.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury Regulations promulgated thereunder, rulings and judicial decisions all as of the date hereof, which are subject to change (possibly with retroactive effect), so as to result in U.S. federal income tax consequences different from those summarized below. No rulings from the U.S. Internal Revenue Service ("**IRS**") have been or will be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes and that any such position would not be sustained.

Characterization of the Notes

In certain circumstances we may be obligated to make payments on the Notes in excess of stated principal and interest. These potential payments may implicate provisions of the U.S. Treasury Regulations relating to "contingent payment debt instruments." Although the issue is not free from doubt, we intend to take the position that the foregoing contingencies should not cause the Notes to be treated as contingent payment debt instruments. Assuming such position is respected, a U.S. Holder would be required to include in income the amount of any such additional payments at the time such payments are received or accrued in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes. Our determination that the possibility of such additional payments does not result in the notes being treated as contingent payment debt instruments is binding on a holder, unless such holder explicitly discloses to the IRS on its tax return for the year during which it acquires the Notes that it is taking a different position. If the IRS takes a contrary position to that described above, then the Notes may be treated as contingent payment debt instruments. In that case, regardless of a holder's regular method of accounting for U.S. federal income tax purposes, a holder subject to U.S. federal income taxation may be required to accrue ordinary interest income on the Notes at a rate in excess of their stated interest, and to treat any gain realized on the sale, redemption or other taxable disposition of the Notes as ordinary income rather than capital gain. You are urged to consult your own tax advisors regarding the tax consequences of the Notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments for U.S. federal income tax purposes.

Stated Interest

Interest paid on the Notes generally will be taxable to you as ordinary income at the time the interest accrues or is received, in accordance with your regular method of accounting for U.S. federal income tax purposes. Interest generally will be income from sources outside the United States and, for purposes of the U.S. foreign tax credit, generally will be considered "passive category income."

If you use the cash basis method of accounting, you will be required to include in income the U.S. dollar value of the amount received, determined by translating the euros received at the "spot rate" in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. You will not recognize exchange gain or loss with respect to the receipt of such payment of stated interest.

If you use the accrual method of accounting, you may determine the amount of income recognized with respect to such interest in accordance with either of two methods. Under the first method, you will be required to include in income for each taxable year the U.S. dollar value of the stated interest that has accrued during such year, determined by translating such interest at the average rate of exchange for the period during which such interest accrued, or, in the case of an accrual period that spans two taxable years, at the average rate for the partial period within your taxable year. Under the second method, you may elect to translate stated interest income at the spot rate on (i) the last day of the accrual period, (ii) the last day of the taxable year if the accrual period straddles your taxable year or (iii) the date the stated interest payment is received if such date is within five days of the end of the accrual period. Such election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS. In addition, upon receipt of a stated interest payment in euros (including amounts received upon the sale, redemption or other taxable disposition of a Note attributable to accrued interest previously included in income), you will recognize exchange gain or loss, generally treated as U.S. source ordinary income or loss (and not as an adjustment to interest income or expense), in an amount equal to the difference, if any, between the U.S. dollar value of such payment (determined by translating the euros received at the spot rate in effect on the date of receipt) and the U.S. dollar value of the stated interest income that you previously included in income with respect to such payment, regardless of whether the payment is actually converted into U.S. dollars.

Disposition

You generally will recognize gain or loss on a sale, redemption or other taxable disposition of a Note in an amount equal to the difference between the amount realized (less any accrued but unpaid stated interest, which if not previously included in income is taxed as interest income) and your adjusted tax basis in the Note. Your adjusted tax basis in a Note generally will be the U.S. dollar cost for the Note decreased by any payments on the Note other than stated interest previously received. If you purchased a Note with euros, your cost generally will be the U.S. dollar value of the euros paid for such Note determined at the spot rate on the date of such purchase (or on the settlement date of the purchase, in the case of an electing accrual basis taxpayer if the Note is traded on an established securities market or a cash basis taxpayer). If your Note is sold, redeemed or otherwise disposed of in a taxable transaction for euros, then your amount realized generally will be the U.S. dollar value of any euros received based on the spot rate in effect on the date of such sale, redemption or other taxable disposition (or on the settlement date of the sale or other disposition, in the case of an electing accrual basis taxpayer if the Note is traded on an established securities market or a cash basis taxpayer). If you use the accrual method of accounting and have not elected to translate euro amounts at the spot rate of exchange on the settlement date, upon receipt of a payment in euros, you may recognize exchange gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the spot rate in effect on the date of sale, redemption or other taxable disposition and spot rate in effect on the settlement date.

Subject to the foreign currency rules discussed below, your gain or loss on disposition of a Note generally will be U.S. source capital gain or loss and will be long-term capital gain or loss if you have held the Note for more than one year at the time of disposition. A non-corporate U.S. Holder generally will be eligible for reduced rates of taxation on any long-term capital gain recognized. Deductions for capital losses are subject to limitations.

A portion of your gain or loss may be treated as exchange gain or loss. Such exchange gain or loss will be treated as ordinary income or loss and generally will be U.S. source gain or loss. For these purposes, the principal amount of the Notes is your purchase price for the Note in euros on the date of purchase, and the amount of exchange gain or loss recognized is equal to the difference between the (i) U.S. dollar value of the principal amount determined on the date of the sale, redemption or other taxable disposition of the Note (or on the settlement date, if you are an electing accrual basis taxpayer and the Note is traded on an established securities market or if you are a cash basis taxpayer) and (ii) U.S. dollar value of the principal amount determined on the date you purchased the Note. The amount of exchange gain or loss with respect to the principal and with respect to accrued and unpaid stated interest will be limited to the amount of overall gain or loss realized on the disposition of the Note. In certain circumstances, U.S. Treasury Regulations require foreign exchange losses in excess of a threshold amount to be reported to the IRS. If you hold a Note, you should consult your tax advisors to determine the tax return obligations, if any, with respect to an investment in the Note, including any requirement to file IRS Form 8886.

Exchange of Foreign Currency

On a sale, redemption or other taxable disposition of foreign currency, you generally will recognize gain or loss in an amount equal to the difference between (i) the amount of U.S. dollars, or the fair market value in U.S. dollars of other property, received by you in the disposition and (ii) your tax basis in the foreign currency. Any such gain or loss will be ordinary income or loss and will not be treated as interest income or expense, except to the extent provided by administrative pronouncements of the IRS. Foreign currency received as interest on a Note or on the sale, redemption or other taxable disposition of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received (i.e., on the settlement date), regardless of the taxpayer’s method of accounting.

Information Reporting and Backup Withholding

Payments of interest and proceeds from the sale, redemption or other taxable disposition of a Note may be subject to U.S. information reporting to the IRS unless you establish a basis for exemption. Backup withholding may apply to amounts subject to reporting if you fail to provide an accurate taxpayer identification number and otherwise comply with applicable backup withholding rules. Backup withholding is not an additional tax. You generally can claim a credit against your U.S. federal income tax liability for the amount of any backup withholding and a refund of any excess, provided that the required information is timely furnished to the IRS.

Information with Respect to Foreign Financial Assets

Individuals that own “specified foreign financial assets” with an aggregate value in excess of $50,000 on the last day of the tax year or $75,000 at any time during the tax year are generally required to file information reports with respect to such assets with their U.S. federal income tax returns. Depending on the individual’s circumstances, higher threshold amounts may apply. “Specified foreign financial assets” include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties and (iii) interests in non-U.S. entities. The Notes may be treated as specified foreign financial assets. You may be subject to this information reporting regime and required to file IRS Form 8938 listing these assets with your U.S. federal income tax return. Failure to file information reports may subject you to penalties. You are urged to consult your own tax advisor regarding your obligations to file information reports with respect to the Notes.

Additional Tax on Net Investment Income

The "net investment income" (or undistributed "net investment income," in the case of a trust or estate) of certain U.S. Holders that are individuals, trusts or estates and that have modified adjusted gross income (or adjusted gross income, in the case of a trust or estate) above a certain threshold (which in the case of an individual is between $125,000 and $250,000, depending on the individual's circumstances) is subject to a 3.8% tax, in addition to otherwise applicable U.S. federal income tax. A U.S. Holder's "net investment income" generally includes, among other things, interest income on and capital gain from the disposition of securities like the Notes, subject to certain exceptions. If you are a U.S. Holder that is an individual, estate or trust, you are urged to consult your own tax advisor regarding the applicability of this tax to your investment in the Notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the Notes. Prospective purchasers of the Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

United Kingdom Tax Considerations

The following is a general description of certain U.K. tax consequences of acquiring, holding and disposing of the Notes and is based on the Issuer's understanding of current U.K. law and HM Revenue & Customs ("**HMRC**") practice as at the date hereof, both of which are subject to change, possibly with retrospective effect. This description is not exhaustive and relates only to the position of persons who are the absolute beneficial owners of the Notes and may not apply to certain classes of persons, such as brokers, dealers in securities, individuals holding the Notes through an ISA, persons connected with the Issuer or certain professional investors, to whom special rules may apply. Further, these comments do not deal with holders of the Notes who are individuals treated as non-domiciled in the United Kingdom for U.K. tax purposes. This description does not purport to constitute legal or tax advice and any holders who are in any doubt as to their tax position should consult their independent professional advisors. Any holders of the Notes who are subject to tax in a jurisdiction other than the United Kingdom should consult their independent professional advisors.

Payments by a Guarantor

If a Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes), it is possible that such payments may be subject to U.K. withholding tax, subject to any claim which could be made under an applicable double taxation treaty. Such payments by a Guarantor may not be eligible for the quoted Eurobond relief under Section 882 of the Income Tax Act 2007 ("**ITA**") which is available for "quoted Eurobonds" within the meaning of Section 987 of ITA.

HMRC Information Powers

Holders of the Notes who are individuals may wish to note that HMRC has power to obtain information (including the name and address of the recipient or beneficial owner of the relevant payment) from any person in the United Kingdom who either pays interest to, or receives interest for the benefit of, an individual. Any information obtained may, in certain circumstances, be provided by HMRC to the tax authorities of other jurisdictions.

United Kingdom Holders Subject to Corporation Tax

In general, holders of the Notes who are within the charge to U.K. corporation tax will be charged to tax on income in respect of all profits, gains and losses on, and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) measured and recognized in each accounting period broadly in accordance with their statutory accounting treatment, calculated in accordance with generally accepted accounting practice, under the "loan relationships" rules in Part 5 of the Corporation Tax Act 2009.

United Kingdom Holders not Subject to Corporation Tax

Assuming that the Notes do not constitute "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005, the disposal of the Notes by an individual holder who is resident for tax purposes in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable may give rise to a chargeable gain or allowable loss for the purposes of U.K. tax on chargeable gains, depending on individual circumstances. In calculating any gain or allowable loss on the disposal of the Notes, sterling values are compared at acquisition and disposal. Accordingly, a taxable gain can arise even where the euro amount received on a disposal is less than or the same as the euro amount paid for the Notes.

Special rules may apply to individuals who have ceased to be resident for tax purposes in the United Kingdom and who dispose of their Notes before becoming once again resident in the United Kingdom. Noteholders are advised to consult their own professional advisors if they require any advice or further information relating to residency.

On the disposal of Notes by a holder (assuming they do not constitute deeply discounted securities), any interest which has accrued since the last interest payment date may be chargeable to tax on income under the rules relating to accrued income profits as set out in Chapter 2 of Part 12 of ITA if that holder is resident for tax purposes in the United Kingdom or carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable.

Stamp Duty and Stamp Duty Reserve Tax

No U.K. stamp duty or stamp duty reserve tax is payable on the issue of, or on a transfer of, the Notes.

Mexican Tax Considerations

A legal entity is a resident of Mexico if it maintains the principal administration of its business or the effective location of its management in Mexico.

If a legal entity or an individual is deemed to have a permanent establishment in Mexico for Mexican tax purposes, any and all income attributable to that permanent establishment of such resident will be subject to Mexican income taxes, in accordance with applicable tax Mexican laws.

Payments of Interest

Mexican withholding taxes, as applicable to interest payments or amounts deemed interest paid by Mexican guarantor to foreign holders in respect of the notes, will be 10.0% or higher, subject to any reduced rate that may be applicable under a double tax treaty considering the tax residence of said foreign holders. If the effective beneficiaries, whether acting directly or indirectly, individually or jointly with related parties, that receive more than 5% of the interest paid under the notes (i) are persons who own, directly or indirectly, individually or with related parties, 10% of our voting stock or (ii) are corporations or other entities, of which 20% or more of the voting stock is owned, directly or indirectly, jointly or severally, by persons related to the guarantor, then the Mexican withholding tax rate applicable to payments of interest under our notes will increase to the maximum applicable rate according to the Mexican Income Tax Law (currently 35%). For these purposes, persons will be related if:

- one person holds an interest in the business of the other person;
- both persons have common interests; or
- a third party has an interest in the business or assets of both persons.

Payments of interest on the notes made by the Mexican guarantor to non-Mexican pension and retirement funds will be exempt from Mexican withholding tax provided that:

- the applicable fund is duly incorporated pursuant to the laws of its country of residence and is the effective beneficiary of the interest payment;
- such income is exempt from taxes in its country of residence; and
- such fund is registered with the SAT, through the guarantor, in accordance with rules issued by SAT for these purposes.

Holders or beneficial owners of the notes may be requested, subject to specified exceptions and limitations, to provide certain information or documentation necessary to enable the Mexican guarantor to apply the appropriate Mexican withholding tax rate on interest payments under the notes made by the guarantor to such holders or beneficial owners. Additionally, the Mexican Income Tax Law provides that, in order for a foreign holder to be entitled to the benefits under the effective treaties for the avoidance of double taxation entered into by Mexico, it is necessary for the foreign holder to meet the procedural requirements set forth in such Law. In the event that the specified information or documentation concerning the holder or beneficial owner, if requested, is not timely provided, we may withhold Mexican tax from interest payments on the notes to that foreign holder or beneficial owner at the maximum applicable rate in effect, and our obligation to pay additional amounts relating to those withholding taxes will be limited.

Payments of Principal

Under the Mexican Income Tax Law, payments of principal on the notes made by the Mexican guarantor to foreign holders will not be subject to any Mexican withholding tax.

Taxation of Capital Gains

Under the Mexican Income Tax Law, capital gains resulting from the sale or other disposition of the notes by a foreign holder to another foreign holder are not taxable in Mexico. Gains resulting from the sale of the notes by a foreign holder to a Mexican resident for tax purposes or to a foreign holder deemed to have a permanent establishment in Mexico for tax purposes, will be subject to the Mexican taxes pursuant to the rules described above with respect to interest payments.

Other Mexican Taxes

Under current Mexican tax laws, generally there are no estate, inheritance, succession or gift taxes applicable to the purchase, ownership or disposition of the notes by a foreign holder. Gratuitous transfers of the notes in certain circumstances may result in the imposition of a Mexican federal tax upon the recipient. There is no Mexican stamp, issue, registration or similar taxes or duties payable by foreign holders of the notes with respect to the notes or the issuance of the notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the Notes. Prospective purchasers of the Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and Guarantees have not been and will not be registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable securities laws in any other jurisdiction. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A under the Securities Act and to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act.

We have not registered and will not register the Notes or the Guarantees under the Securities Act and, therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Issuer is offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to "qualified institutional buyers," commonly referred to as "**QIBs**," as defined in Rule 144A in compliance with Rule 144A; and

- outside the United States to non-U.S. persons in accordance with Regulation S.

We use the terms "**offshore transaction**," "**U.S. person**" and "**United States**" with the meanings given to them in Regulation S.

Each purchaser of the Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the Initial Purchasers as follows:

1. It understands and acknowledges that the Notes and Guarantees have not been registered under the Securities Act or any other applicable securities laws, and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A under the Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs 4 and 5 below.

2. It is not an "affiliate" (as defined in Rule 144 under the Securities Act) of the Issuer or acting on the Issuer's behalf and it is either:

   (i) a QIB, within the meaning of Rule 144A under the Securities Act, and is aware that any sale of the Notes to it will be made in reliance on Rule 144A under the Securities Act, and such acquisition will be for its own account or for the account of another QIB; or

   (ii) a non-U.S. person and it is purchasing the Notes in an offshore transaction in accordance with Regulation S under the Securities Act.

3. It acknowledges that none of the Issuer, the Guarantors or the Initial Purchasers, nor any person representing the Issuer, the Guarantors or the Initial Purchasers, has made any representation to it with respect to us or the offering or sale of any Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy and completeness of this offering memorandum. It has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

4. It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in

connection with, any distribution thereof in violation of the Securities Act, any state securities laws or the securities laws of any other jurisdiction, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act.

5. Each holder of the Notes issued in reliance on Rule 144A ("**Rule 144A Notes**") or Regulation S ("**Regulation S Notes**") agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "**Resale Restriction Termination Date**") that is one year (in the case of Rule 144A Notes) or 40 days (in the case of Regulation S Notes) after the later of the date of the original issue and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A under the Securities Act, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the Securities Act, (iv) to non-U.S. persons pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act, or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clauses (iv) and (v) to require the delivery of an opinion of counsel, certification or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) TO NON-U.S. PERSONS PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH

INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

Each purchaser of Notes will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

6. It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on the transfer of such Notes.

7. It acknowledges that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

8. It acknowledges that the Trustee will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set forth therein have been complied with.

9. It acknowledges that we, the Initial Purchasers and others will rely upon the truth and accuracy of its acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes is no longer accurate, it shall promptly notify the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

10. It represents that it is not a "retail investor". For the purposes of this paragraph, the expression "retail investor" means a person who is one (or more) of the following:

    (a) a "retail client" as defined in point (11) of Article 4(1) of MiFID II;

    (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

    (c) not a "qualified investor" as defined in the Prospectus Regulation.

11. It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*."

ERISA Considerations

Any purchaser, including, without limitation, any fiduciary purchasing on behalf of (i) an employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")) subject to the provisions of Part 4 of Subtitle B of Title I of ERISA or a plan, individual retirement account or other arrangement to which Section 4975 of the Code applies (each, a "**Plan**"), (ii) an entity whose underlying assets include "plan assets" with respect to a Plan by reason of a Plan's investment in such entity or otherwise (each, a "**Benefit Plan Investor**") or

(iii) a "governmental plan" (as defined in Section 3(32) of ERISA), "church plan" (as defined in Section 3(33) of ERISA or Section 4975(g)(3) of the Code) or non-U.S. plan (as described in Section 4(b)(4) of ERISA) or other arrangement that is subject to any Federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code ("**Similar Laws**"), transferee or holder of the Notes will be deemed to have represented, agreed and acknowledged (as applicable) in its corporate and fiduciary capacity, that:

(a) With respect to the acquisition, holding and disposition of the Notes, or any interest therein, (1) either (A) it is not, and it is not acting directly or indirectly on behalf of (and for so long as it holds such Notes or any interest therein will not be, and will not be acting directly or indirectly on behalf of), a Plan, a Benefit Plan Investor, or a governmental, church or non-U.S. plan or other arrangement that is subject to Similar Laws, and no part of the assets used or to be used by it to acquire or hold such Notes or any interest therein constitutes the assets of any such Plan, Benefit Plan Investor or governmental, church or non-U.S. plan or other arrangement that is subject to Similar Laws, or (B) (i) its acquisition, holding and disposition of such Notes or any interest therein does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Part 4 of Subtitle B of Title I of ERISA or Section 4975 of the Code, as applicable (or, in the case of a governmental, church or non-U.S. plan or other arrangement, a violation of any applicable Similar Laws); and (ii) none of the Issuer, the Guarantors, the Initial Purchasers, the Trustee or any of their respective affiliates, is a sponsor of, or a fiduciary (within the meaning of Section 3(21) of ERISA or, with respect to a governmental, church or non-U.S. plan or other arrangement, any definition of "fiduciary," or any substantially similar concept, under any applicable Similar Laws) with respect to the purchaser, transferee or holder in connection with any acquisition, holding or disposition of such Notes, or as a result of any exercise by the Issuer or any of its affiliates of any rights in connection with such Notes, and no advice provided by the Issuer or any of their affiliates has formed a primary basis for any investment or other decision by or on behalf of the purchaser, transferee or holder in connection with such Notes and the transactions contemplated with respect to such Notes; and (2) it will not sell or otherwise transfer such Notes or any interest therein other than to a purchaser or transferee that is deemed (or if required by the applicable indenture, certified) to make these same representations, warranties and agreements with respect to its acquisition, holding and disposition of such Notes or any interest therein.

(b) The acquirer and any fiduciary causing it to acquire an interest in any Notes agrees to indemnify and hold harmless the Issuer, the Guarantors, the Initial Purchasers, the Trustee and their respective affiliates, from and against any cost, damage or loss incurred by any of them as a result of any of the foregoing representations and agreements being or becoming false.

(c) Any purported acquisition or transfer of any Note or beneficial interest therein to a purchaser or transferee that does not comply with the requirements of the above provisions shall be void *ab initio*.

Section 406 of ERISA and Section 4975 of the Code, prohibit certain transactions involving the assets of an ERISA Plan or Benefit Plan Investor (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts) and certain persons who are "parties in interest," within the meaning of Section 3(14) of ERISA, or "disqualified persons," within the meaning of Section 4975, having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and/or the Code. In addition, the fiduciary of a Plan who engages in a prohibited transaction may be subject to penalties and liabilities under ERISA and/or the Code.

The fiduciary of a Plan that proposes to purchase and hold any Notes should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, the Issuer, BASF, INEOS, the Guarantors, the initial purchasers, the Trustee, the Registrar, the agents or any of their respective affiliates. Depending on the satisfaction of certain conditions, which may include the identity of the Plan fiduciary making the decision to acquire or hold the Notes on behalf of a Plan, Section 408(b)(17) of ERISA, Section 4975(d)(20) of the Code or Prohibited Transaction Class Exemption (**"PTCE"**) 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager) (collectively, the **"Class**

Exemptions") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in a non-exempt prohibited transaction, each Plan fiduciary (and each fiduciary for non-U.S., governmental or church plans subject to Similar Laws) should consult with its legal advisor concerning the potential consequences to the plan under ERISA, Section 4975 of the Code or such Similar Laws of an investment in the Notes.

PLAN OF DISTRIBUTION

Credit Suisse Securities (Europe) Limited, BNP Paribas, London Branch, HSBC Bank plc, Commerzbank Aktiengesellschaft, ING Bank N.V., London Branch, Landesbank Hessen-Thüringen Girozentrale, Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH and NatWest Markets Plc are the Initial Purchasers. Subject to the terms and conditions set forth in the purchase agreement dated January 22, 2020 among the Issuer, the Guarantors and the Initial Purchasers (the "**Purchase Agreement**"), we have agreed to sell to the Initial Purchasers, and each of the Initial Purchasers has agreed, severally and not jointly, to purchase the Notes from the Issuer.

Subject to the terms and conditions set forth in the Purchase Agreement, the Initial Purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the Purchase Agreement if any of the Notes are purchased. If an Initial Purchaser defaults, the Purchase Agreement provides that the purchase commitments of the non-defaulting Initial Purchasers may be increased or the Purchase Agreement may be terminated. The Initial Purchasers may make offers and sales into the United States through U.S. broker-dealers.

We have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities.

The Initial Purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes, and other conditions contained in the Purchase Agreement, such as the receipt by the Initial Purchasers of officer's certificates and legal opinions. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

Offer Price

The Initial Purchasers propose initially to offer the Notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. To the extent that any Initial Purchasers that are not U.S. registered broker dealers intend to effect any sales of the Notes in the United States, they will only do so through one or more U.S. registered broker dealers affiliates as permitted by Financial Industry Regulatory Authority guidelines.

Notes Are Not Being Registered

The Notes and the Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to persons who are not U.S. persons (as defined in Regulation S under the Securities Act) in offshore transactions in reliance on Regulation S under the Securities Act. In addition, until 40 days following the later of (i) the commencement of this Offering and (ii) the issue date of the Notes, an offer or sale of the Notes initially sold in reliance on Regulation S within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "*Notice to Investors*."

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this offering memorandum and resale of the Notes. See "*Notice to Investors*."

The Issuer and the Guarantors have agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the Securities Act or the safe harbor of Rule 144A and Regulation S under the Securities Act to cease to be applicable to the offer and sale of the Notes.

EEA

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision:

- the expression "retail investor" means a person who is one (or more) of the following: (i) a "retail client" as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" as defined in the Prospectus Regulation; and

- the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Each Initial Purchaser has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- has complied and will comply with all applicable provisions of the FSMA in respect of anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

New Issue of Securities

The Notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the Notes on any U.S. securities exchange or for inclusion of the Notes on any automated dealer quotation system. We have been advised by the Initial Purchasers that they presently intend to make a market in the Notes after completion of the Offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors. See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—There is no established trading market for the Notes. If a market for the Notes does not develop, you may be unable to sell your Notes*." There may not be an active trading market for the Notes, in which case your ability to sell your Notes may be limited."

We have applied, through our listing agent, to list the Notes on the Official List of the Luxembourg Stock Exchange and trade the Notes on the Euro MTF market, however, we cannot assure you that such listing will be maintained.

Settlement

We expect that delivery of the Notes will be made to investors on or about the date specified in the last paragraph of the cover page of this offering memorandum, which will be seven U.S. business days (as such term is used for purposes of Rule 15(c)6-1 of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) following the date of this offering memorandum (such settlement being referred to as "T+7"). Under Rule 15(c)6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next four succeeding U.S. business days will be required, by virtue of the fact that the Notes initially settle in T+7, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

No Sales of Similar Securities

We have agreed that we will not, for a period of 60 days after the date of this offering memorandum, without the prior written consent of the Initial Purchasers, directly or indirectly, pledge, issue, sell, offer to sell, grant any option for the sale of, or otherwise dispose of any of our other debt securities having a maturity of more than one year from the date of issue, except for debt securities (A) issued or guaranteed in accordance with, or as permitted under, the Term Loan B Facilities Agreement, (B) issued or guaranteed in connection with the sales of receivables pursuant to securitization or factoring arrangements or issuances of debt securities pursuant to sales of such receivables, or the implementation of any receivables securitization or factoring facility or (C) issued or guaranteed in immaterial amounts in the ordinary course of business.

Price Stabilization and Short Positions

In connection with the Offering, the Initial Purchasers (or persons acting on their behalf) may engage in transactions that stabilize the market price of the Notes. Such transactions consist of bids or purchases to peg, fix or maintain the price of the Notes. Purchases of a security to stabilize the price or to reduce a short position may cause the price of the security to be higher than it might be in the absence of such purchases.

In connection with the Offering, the Initial Purchasers may purchase and sell the Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater principal amount of Notes than they are required to purchase in the Offering. The Initial Purchasers must close out any short position by purchasing the Notes in the open market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the Offering.

Similar to other purchase transactions, the Initial Purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the Initial Purchasers make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Any stabilizing action, if commenced, must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—There is no established trading market for the Notes. If a market for the Notes does not develop, you may be unable to sell your Notes*."

Other Relationships

The Initial Purchasers and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial investment banking, financial advising, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their respective affiliates have engaged in, and may in the future engage in, investment banking, financial advisory, consulting, commercial banking and other commercial dealings in the ordinary course of business with us, our principal shareholders or our affiliates. They have received, and expect to receive, customary fees, commissions and expense reimbursements for these transactions. In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and trading activities may involve securities and/or instruments of the Group or the Group's affiliates. The Initial Purchasers or their respective affiliates may also receive allocations of the Notes. Certain of the Initial Purchasers or their affiliates that have a lending relationship with the Group routinely hedge their credit exposure to the Group consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of Notes. The Initial Purchasers and their affiliates may also publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. We may enter into hedging or other derivative transactions as part of our risk management strategy with one or more of the Initial Purchasers, which may include transactions relating to our obligations under the Notes. Certain entities controlled by our shareholders may buy a portion of the Notes in the initial offering.

Each of Credit Suisse Securities (Europe) Limited, BNP Paribas, London Branch and HSBC Bank plc, or their respective affiliates, are acting as arrangers and lenders under the New Term Loan B Facilities, for which they will receive customary fees and expenses.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon for us by Cravath, Swaine & Moore LLP, as to matters of U.S. federal and New York law, and by Hengeler Mueller, *Partnerschaft von Rechtsanwälten mbB*, as to matters of German law. Certain legal matters in connection with this Offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP, as to matters of U.S. federal and New York law, and by Latham & Watkins LLP as to German law.

INDEPENDENT AUDITORS

The Audited Consolidated Financial Statements included elsewhere in this offering memorandum have been audited by PricewaterhouseCoopers LLP, who were the independent auditors, as stated in their reports appearing herein. PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants in England and Wales (the "**ICAEW**"). PwC has resigned as the independent auditors of the Parent and its subsidiaries as of September 6, 2019.

Deloitte LLP are currently the independent auditors of the Parent and its consolidated subsidiaries. Deloitte LLP is registered to carry on work in the United Kingdom and Ireland by the Institute of Chartered Accountants in England and Wales.

WHERE YOU CAN FIND MORE INFORMATION

We are not currently subject to the periodic reporting and other information requirements of the Exchange Act.

Each purchaser of Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and any amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any amendments or supplements to this offering memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from the Issuer, and to review and has received all additional information considered by it to be necessary to verify the accuracy and completeness of the information contained herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy, adequacy or completeness of such information or its decision to invest in the Notes; and

(3) except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the Notes or the Guarantees offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

We will agree in the Indenture that, for so long as the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, upon written request of a holder or beneficial owner of the Notes, furnish to such holder or beneficial owner or to the Trustee or any relevant paying agent for delivery to such holder or beneficial owner or prospective purchaser of the Notes, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, to permit compliance with Rule 144A thereunder in connection with resales of the Notes. Any such request should be directed to Mainzer Landstraße 50, 60325 Frankfurt am Main, Germany, Attention: Head of Group Treasury & Investor Relations.

So long as the Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market thereof, and the rules and regulations of such stock exchange so require, copies of such information will also be available for review during the normal business hours on any business day at the specified office of the Paying Agent in Luxembourg.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

The Issuer and some of the Guarantors and security providers are companies incorporated in Germany. Other Guarantors are organized under the laws of Belgium, Canada, Singapore, Switzerland, Mexico and England and Wales, and future guarantors and security providers may also be organized under the laws of non-U.S. jurisdictions. The majority of our directors and executive officers and the majority of the directors and officers of many of the Guarantors and security providers are non-residents of the United States. Although we and each of the Guarantors have submitted to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on our directors and executive officers and the directors and executive officers of the Guarantors or security providers. In addition, as many of our and the Guarantors' and security providers' assets and the assets of our and their directors and executive officers are located outside of the United States, you may be unable to enforce against them or us judgments obtained in U.S. courts predicated on civil liability provisions of the federal securities laws of the United States.

If a judgment is obtained in a U.S. court against us, a Guarantor or a security provider, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for Germany and a number of other jurisdictions, you should consult with your own advisors in any pertinent jurisdictions, as needed, to enforce a judgment in those countries or elsewhere outside the United States.

Belgium

In the absence of any bilateral or multilateral treaty, a final and enforceable judgment of the courts exercising jurisdiction in the United States would be recognized and enforced by the courts of Belgium without review on the merits subject to the conditions specified in Articles 22 to 25 of the law of July 16, 2004 which implements the Code of Private International Law (*Wetboek van Internationaal Privaatrecht/Code de droit international privé*), as amended (the "**Belgian Code of Private International Law**").

Pursuant to Article 24 of the Belgian Code of Private International Law, the following documents must be produced in court by the claimant seeking enforcement:

- an official copy of the judgment (*uitgifte van de beslissing/expédition de la décision*) fulfilling all conditions required for its authentication under applicable foreign law;

- if obtained by default, an original or legalized copy of the document demonstrating that the originating process has been served on the defendant in accordance with the applicable foreign law; and

- any document demonstrating that, under the applicable foreign law, the judgment is enforceable and has been notified to the defendant.

Articles 22 et seq. of the Belgian Code of International Private Law mainly require that the recognition or enforcement of the foreign judgment should not be a manifest violation of public policy, that the foreign courts must have respected the rights of defense, that the foreign judgment should be final, and that the assumption of jurisdiction by the foreign court may not have breached certain principles of Belgian law.

However, the court will refuse enforcement in the circumstances described in Article 25 of the Belgian Code of International Private Law and notably, if:

- the rights of defense have been violated;

- such recognition or enforcement of the decision would be manifestly incompatible with Belgian public policy;

- the jurisdiction of the courts of the foreign judge was based solely on the presence of the defendant or assets in such state without any further connection with the litigation in such state;

- the judgment is not final and may still be appealed under the applicable foreign law (however, provisional enforcement could then be granted) or does not meet the requirements of authenticity pursuant to applicable laws;

- if in relation to matters for which parties cannot freely dispose of their rights, the decision has been sought with the sole purpose of escaping from the application of the laws applicable in accordance with Belgian conflict of law rules;

- the judgment is incompatible with a decision rendered in Belgium or a prior judgment rendered in another jurisdiction that can be recognized in Belgium;

- the claim was introduced before the courts of such state after the filing in Belgium of a claim that is still pending between the same parties with respect to the same subject matter;

- the Belgian courts have exclusive jurisdiction in relation to the claim; or

- the decision is in conflict with the rules on the recognition and enforcement of court decisions in relation to insolvency proceedings.

As a general principle, procedural rules are governed by the law of the jurisdiction of the court (*lex fori*). In Belgium the procedural rules set out in, among others, the Belgian Judicial Code and the Belgian Code of Private International Law will apply when recognition and enforcement of judgments rendered by United States courts is sought in Belgium.

In the case of an enforcement through legal proceedings in Belgium (including the exequatur of foreign court decisions in Belgium), a registration tax at the rate of 3% of the amount of the judgment is payable by the debtor if the sum of money that the debtor is ordered to pay by (a) Belgian court, or (b) a foreign court judgment that is either (i) automatically enforceable and registered in Belgium or (ii) rendered enforceable by a Belgian court, exceeds EUR12,500. A nominal registration tax A nominal registration tax would be due on the registration of bailiff deeds.

The Code of Private International Law contains specific rules for the enforcement of judgments that relate to insolvency matters.

Canada

The following discussion with respect to the enforceability of certain United States court judgments in the Canadian province of Ontario is based upon advice provided to us by our Canadian counsel.

The United States and Canada currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment rendered by any federal or state court in the United States, whether predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in the Province of Ontario. However, under the laws of the Province of Ontario and the federal laws of Canada applicable therein, a court of competent jurisdiction in Ontario (an "**Ontario Court**") would permit an action to be brought in such Ontario Court on a final, conclusive and subsisting in personam judgment of a court exercising competent jurisdiction in the U.S. (a "**U.S. Court**") for a sum certain, obtained against the Issuer or the Guarantors (a "**U.S. Judgment**"), without reconsideration of the merits, *provided* that:

- the U.S. Court rendering such judgment had jurisdiction over the Issuer or the Canadian Guarantor, as recognized by the Ontario Court (and submission by the Issuer and each Canadian Guarantor to the non-exclusive jurisdiction of the U.S. Court would be sufficient for that purpose);

- an action to enforce the U.S. Judgment must be commenced in the Ontario Court within any applicable limitation period;

- the Ontario Court has discretion to stay or decline to hear an action on the U.S. Judgment if the U.S. Judgment is under appeal or there is another subsisting judgment in any jurisdiction relating to the same cause of action as the U.S. Judgment;

- under the Currency Act (Canada), an Ontario Court may only render judgment for a sum of money in Canadian currency, and in enforcing a foreign judgment for a sum of money in a foreign currency, an Ontario Court will render its decision in the Canadian currency equivalent of such foreign currency;

- an action in the Ontario Court on the U.S. Judgment may be affected by bankruptcy, insolvency or laws affecting the enforcement of creditors' rights generally; and

such enforcement would be subject to the following defenses:

- the U.S. Judgment was obtained by fraud or in a manner contrary to the principles of natural justice, provided that the U.S. Judgment would not be contrary to natural justice by reason only that service of process was effected on the agent for service of process appointed by the Issuer or the Guarantors;

- the U.S. Judgment is for a claim which under applicable Canadian law would be characterized as based on a foreign revenue, expropriatory, penal or other public law;

- the U.S. Judgment is contrary to Ontario public policy, as applicable, or to an order made by the Attorney General of Canada under the Foreign Extraterritorial Measures Act (Canada) or by the Competition Tribunal under the Competition Act (Canada) in respect of certain judgments referred to in these statutes; and

- the U.S. Judgment has been satisfied or is void or voidable under applicable foreign laws.

England and Wales

The following summary with respect to the enforceability of certain U.S. court judgments in England is based upon advice provided to us by U.S. and English legal advisors. The United States and England currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in England. In order to enforce any such U.S. judgment in England, proceedings must first be initiated before a court of competent jurisdiction in England. In such an action, an English court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to the following) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by an English court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to English conflicts of laws principles and rules of English private international law;

- the U.S. judgment having not been given contrary to an applicable jurisdiction or arbitration clause or other agreement for the settlement of disputes under which the dispute in question was to be settled otherwise than by proceedings in a U.S. court (to whose jurisdiction the judgment debtor did not submit);

- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money;

- the U.S. judgment not contravening English public policy or statute (including the Human Rights Act 1998);

- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine;

- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the Protection of Trading Interests Act 1980;

- the U.S. judgment not having been obtained by fraud or in breach of English principles of natural or substantial justice;

- there not having been a prior inconsistent decision of an English court, or another court whose judgment is entitled to recognition in England and Wales, in respect of the same matter; and

- the English enforcement proceedings being commenced within six years from the date of the U.S. judgment.

Subject to the foregoing, investors may be able to enforce in England judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be recognized or enforceable in England. In addition, it is questionable whether an English court would accept jurisdiction and impose civil liability if the original action was commenced in England, instead of the United States, and predicated solely upon U.S. federal securities laws.

Germany

The following discussion with respect to the enforceability of certain U.S. court judgments in Germany is based upon advice provided to us by our German legal advisors.

The United States and Germany currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Consequently, a final judgment for a payment rendered by any court in the United States would not automatically be enforceable in Germany.

Notwithstanding the preceding, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would generally be recognized and enforced in Germany in an action before a German court, and such German court generally will not investigate the merits of the original matter decided by a U.S. court. The recognition and enforcement of the U.S. judgment by a German court would be conditional upon a number of factors, including all of the following:

- the ability of the U.S. court to take jurisdiction of the case in accordance with the principles of jurisdictional competence under German law;

- the document introducing the proceedings having been duly made known to the defendant in a timely manner that allowed for adequate defense;

- the judgment not being contrary to (i) any prior judgment which became res judicata rendered by a German court or (ii) any prior judgment which became res judicata rendered by a foreign court which is recognized in Germany, and the procedure leading to the U.S. judgment is not in contradiction to any such prior judgment;

- the effects of its recognition not being in conflict with material principles of German law, including, without limitation, fundamental rights under the constitution of Germany (*Grundrechte*). In this context, it should be noted that any component of a U.S. federal or state court civil judgment awarding punitive damages or any other damages which do not serve a compensatory purpose, such as treble damages, will not be enforced in Germany, as they are regarded to be in conflict with material principles of German law;

- the reciprocity of enforcement of judgments being guaranteed; and

- the judgment having become res judicata in accordance with the law of the place where it was pronounced.

Enforcement and foreclosure based on U.S. judgments may be sought against German defendants after having received an enforcement decision from a competent German court in accordance with the above principles. Subject to the foregoing, investors may be able to enforce judgments in Germany in civil and commercial matters obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be enforceable. In addition, it is doubtful whether a German court would accept jurisdiction and impose civil liability in an original action predicated solely upon U.S. federal securities laws.

Korea

Any judgment for a monetary claim rendered against a Korean company by a foreign court would be recognized and enforced by the courts in Korea without reexamination of the merits, provided that:

(a) such judgment was finally and conclusively given by a court having valid jurisdiction in accordance with the international jurisdiction principles under Korean law and applicable treaties;

(b) in light of the substance of such judgment and the procedures of litigation, recognition of such judgment is not contrary to the public policy of Korea;

(c) such Korean company was duly served with a service of process (otherwise than by publication or similar means) in sufficient time to enable the Korean company to prepare its defense in conformity with applicable laws or responded to the action without being served with process; and

(d) judgments of the courts of Korea are accorded reciprocal treatment in the jurisdiction of such foreign court which had issued such judgment or the requirements for the recognition of such foreign judgment in the jurisdiction of the court which had issued such judgment are not considerably prejudicial and substantially different in material aspects from those in Korea.

Mexico

No treaty exists between the United States and Mexico for the reciprocal enforcement of judgments issued in the other country in civil and commercial matters. The recognition by Mexican courts of a judgment rendered in the United States is usually done under the principle of reciprocity, which means that Mexican courts would reexamine judgments rendered in the United States if such foreign country would reexamine Mexican judgments. Generally, Mexican courts would enforce final judgments rendered in the United States if certain requirements were met, including that (i) such judgment is obtained in compliance with legal requirements of the jurisdiction of the court rendering such judgment and in compliance with all legal requirements of the relevant document, and such judgment is considered final in the rendering state; (ii) such judgment is strictly for the payment of a certain sum of money and has been rendered in an *in personam* action, as opposed to an *in rem* action; (iii) process in the action has been served personally to the defendant, its attorney-in-fact or its duly appointed process agent, it being noted that service of process by mail is ineffective under Mexican due process rules; (iv) such judgment does not contravene Mexican law, the public policy of Mexico, international treaties or agreements binding upon Mexico; (v) such judgment is rendered under a system that provides procedures compatible with Mexican due process requirements; (vi) the action in respect of which such judgment is rendered is the subject matter of a lawsuit among the same parties, pending before a Mexican court; and (vii) such judgment does not conflict with another final judgment.

In order to enforce a security interest in Mexico, the creditor must initiate a lawsuit. When the collateral is located within the Mexican territory, filing the lawsuit before a Mexican court would be more effective than trying to enforce the judgment of a foreign court in Mexico. Nevertheless, judgments of non-Mexican courts are enforceable in Mexico.

Notwithstanding the foregoing, in the event that proceedings are brought in Mexico to enforce a Guarantor's obligations under the Notes, the obligations would not be discharged in a currency other than the Mexican peso. Pursuant to Mexican law, an obligation in a currency other than the Mexican peso, which is payable in Mexico, may be satisfied in the Mexican currency at the rate of exchange in effect on the date on which payment is made. Such rate of exchange is currently determined by the Mexican Central Bank (*Banco de México*) each business day in Mexico and published the following business banking day in the Official Gazette of Mexico (*Diario Oficial de la Federación*).

There are no limitations on the election of remedies in Mexico, and creditors can pursue multiple remedies at the same time until the total amount of the indebtedness is fully paid. Once the secured obligations have been paid in full to the creditors, a debtor is entitled to receive any outstanding amount incurred in the enforcement and foreclosure of all security interests.

Singapore

Judgments by courts in the United States of America are not directly enforceable in Singapore as if they were judgments of the Singapore courts. However, a final and conclusive judgment on the merits properly obtained against (as the case may be) us or a Guarantor in any competent court of the United States of America for a fixed sum of money payable by (as the case may be) us or a Guarantor in respect of any legal suit or proceeding and which could be enforced by execution against (as the case may be) us or a Guarantor in the jurisdiction of the relevant court and has not been stayed or satisfied in whole may be sued on in Singapore as a debt due from (as the case may be) us or a Guarantor if:

- the relevant court had jurisdiction over (as the case may be) us or a Guarantor in that (as the case may be) us or a Guarantor was, at the time such proceeding was instituted, resident in the jurisdiction in which such proceeding had been commenced or had submitted to the jurisdiction of the relevant court;

- that judgment was not obtained by fraud;
- the judgment does not amount to judgment on a matter previously determined by a Singapore court and does not conflict with a judgment on the same matter given by any other court that is enforceable in Singapore;
- the enforcement of that judgment will not be contrary to public policy of Singapore;
- that the judgment had not been obtained in contravention of the principles of natural justice; and
- that the judgment of the relevant court did not include the payment of taxes, a fine or penalty.

Switzerland

Judgments in civil or commercial matters of a non-Swiss court or authority will be recognized and enforced against an individual or a legal entity with legal domicile or seat in Switzerland pursuant to a bilateral or multilateral treaty or convention between the foreign country and Switzerland, *e.g.*, the Lugano Convention on Jurisdiction and Enforcement of Judgments of October 30, 2007. In case no applicable treaty or convention exists, the rules of the Swiss Federal Act on Private International Law ("**PILA**"; *Bundesgesetz vom 18. Dezember 1987 über das Internationale Privatrecht (IPRG)*) apply.

Except for arbitral awards, there is currently no treaty or convention in effect pertaining to the recognition and enforcement of judgments in civil and commercial matters between the United States of America and Switzerland. Thus, Art. 25-32 PILA applies for the recognition and enforcement of a U.S. federal or state court judgment in Switzerland. In cases where a U.S. money judgment shall be enforced, the Swiss Federal Act on Debt Enforcement and Bankruptcy and the Swiss Code of Civil Procedure (*Schweizerische Zivilprozessordnung vom 19. Dezember 2008 (ZPO)*) applies in addition to the PILA. Please see "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations—Switzerland*."

A United States judgment may be recognized and enforced upon request by the courts of Switzerland if certain requirements of the Swiss Federal Act on Private International Law are met, in particular, that (i) the Swiss court determines that the foreign court had jurisdiction, (ii) the judgment of such court has become final and non-appealable, (iii) the recognition of the foreign judgment is not manifestly contrary to the public policy or the law in Switzerland, (iv) the counterparty has been properly served with process according to the law of the state of his/her/its domicile or ordinary residence (if in Switzerland, through judicial aid granted by the Swiss authorities) or the counterparty has unconditionally joined the proceedings, (v) the proceedings leading to the judgment have respected the principles of a fair trial (as understood in Switzerland) and, in particular, that the counterparty has been granted the right to be heard and the possibility to properly defend his/her/its case and (vi) no action between the same parties and on the same subject matter has been commenced or decided first in a Swiss court and no judgment between the same parties and on the same subject matter has been first rendered by a foreign court, which judgment may be recognized in Switzerland.

Further, valid submission to the jurisdiction of a foreign court, in particular of a U.S. court or authority, is established (i) if a provision of the PILA so provides or, in the absence of such provision, the defendant had his legal domicile in the country in which the decision was rendered; or (ii) if parties who, in a pecuniary dispute, entered into an agreement valid under PILA, submitted their dispute to the jurisdiction of the court or authority which rendered the judgment; or (iii) if the defendant, in a pecuniary dispute, proceeded on the merits without objecting to jurisdiction; or (iv) if, in the event of a counterclaim, the court or authority which rendered the decision had jurisdiction over the principal claim and there is a factual connection between the principal claim and the counterclaim. It is uncertain whether this practice extends to default judgments as well.

Moreover, a Swiss court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. Enforcement and recognition of judgments of U.S. courts in Switzerland are governed by the provisions of the Swiss Civil Procedure Code. The judgment of a Swiss court or authority of first instance concerning recognition and enforcement of a foreign judgment, including a U.S. judgment, is generally subject to appeal (on the cantonal level as well as on the federal level).

Subject to the foregoing, holders of the Notes may be able to enforce in Switzerland judgments in civil and commercial matters obtained from U.S. federal or state courts; however, we cannot assure you that those judgments will be enforceable. Awards of punitive damages or other types of penalty in original actions outside Switzerland may also not be enforceable in Switzerland. It is doubtful whether a Swiss court would accept jurisdiction and impose civil liability if proceedings were commenced in Switzerland predicated solely upon U.S. federal or state securities law. In addition, in an action brought in a Swiss court on the basis of U.S. federal or state securities laws, the Swiss courts may not have the requisite power to grant the remedies sought. Swiss civil procedure differs substantially from U.S. civil procedure in a number of respects. Insofar as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings may prior to trial compel the production of documents by adverse or third-parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under Swiss law. No statement can be made as to the time and efficiency of the recognition and enforcement in Switzerland of a foreign judgment considering that recognition and enforcement proceedings tend to be time consuming in Switzerland.

Under Swiss law, any amount denominated in a foreign currency which has to be enforced through Swiss debt collection authorities (*schweizerische Zwangsvollstreckungsbehörden*) has to be converted into Swiss francs.

Swiss law documents may be executed in English. However, in case of enforcement the Swiss courts or any other official Swiss authority may require that the transaction documents and any judgment obtained in a foreign court be translated into one of the official languages of Switzerland.

The instruction and appointment of an agent and any power of attorney may be revoked at any time under Swiss law notwithstanding the appointment, instruction or power of attorney being said to be irrevocable and any mandate may, as a matter of statutory Swiss law, be terminated at any time by each party to the mandate.

Judicial documents may not be served directly from abroad, including from the United States of America, to a person in Switzerland (see Switzerland's reservations to the Hague Convention on Service Abroad of Judicial or Extra-Judicial Documents in Civil and Commercial Matter concluded on November 15, 1965). Instead, service needs to be effected by way of judicial assistance.

LISTING AND GENERAL INFORMATION

1. The Issuer was incorporated as a *Gesellschaft mit beschränkter Haftung* with an indefinite duration in Germany on December 18, 2015. It is presently registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under the number HRB91762. Its telephone number is +49 69 5095 501200. The address of the Issuer's registered office and of the directors of the Issuer is Mainzer Landstraße 50, 60325 Frankfurt am Main, Germany. The LEI number of the Issuer is 5299003M4PGUGL48LS74.

2. Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market thereof.

3. For the time that the Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF Market thereof, an exchange-regulated market, copies of the following documents will be available in electronic form at the registered office of the Paying Agent referred to below during normal business hours on any business day:

   - the organizational documents of the Issuer and each of the Guarantors;
   - the Consolidated Financial Statements included elsewhere in this offering memorandum;
   - the most recent audited historical consolidated financial statements and any interim financial statements published by the Parent;
   - the Indenture (which include the Guarantees and the forms of the Notes);
   - copies of the security documents; and
   - the Intercreditor Agreement.

4. Except as disclosed herein, there has been no material adverse change in the Issuer's or the Group's consolidated financial position or prospects since September 30, 2019.

5. Except as disclosed herein, neither we nor any of our subsidiaries is a party to any material governmental, legal or arbitration proceedings relating to claims or amounts and, so far as the Issuer is aware, no such governmental, legal or arbitration proceeding is pending or threatened.

6. The Trustee for the Notes is The Bank of New York Mellon, London Branch and its address is One Canada Square, London E14 5AL, England. The Trustee will be acting in its capacity as trustee for the holders of the Notes and will provide such services to the holders of the Notes as described in the Indenture.

7. The Issuer has appointed The Bank of New York Mellon SA/NV, Luxembourg Branch as its Luxembourg Listing Agent, Paying Agent, Registrar and Transfer Agent for the Notes. We reserve the right to vary such appointment and we will provide notice of such change of appointment to holders of the Notes and the Luxembourg Stock Exchange. The Paying Agent will act as intermediary between the holders of the Notes and us, and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market thereof, we will maintain paying and transfer agents.

8. There are no conflicts of interest between the duties of the Directors of the Parent and their private interests.

9. The issuance of the Notes was authorized on January 22, 2020.

10. The Global Notes sold pursuant to Regulation S and Rule 144A under the Securities Act have been accepted for clearance through the facilities of Clearstream Banking and Euroclear as follows:

Global Note	Common Code	ISIN
Regulation S Global Note	210856030	XS2108560306
144A Global Note	210856064	XS2108560645

11. Set forth below is certain information with respect to the Issuer and the Guarantors. For more information, see "*Description of the Notes—Brief Description of the Notes, the Guarantees and the Security—The Guarantees*."

INEOS Styrolution Belgium NV is a limited liability company organized under the laws of Belgium. It is registered with the RPR of Antwerp under Company Number 0806.439.291 and the address of its registered office is Haven 725, Scheldelaan 600, 2040 Antwerp, Belgium.

INEOS Styrolution Canada Ltd. is a corporation organized under the laws of Canada. It is registered under the Canada Business Corporation Act under Corporation Number 683170-2 and the address of its registered office is 872 Tashmoo Avenue, Sarnia ON N7T 8A3 Ontario, Canada.

INEOS Styrolution Financing Limited is a limited liability company incorporated under the laws of England and Wales with registered number 09922303 and whose registered office is at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, United Kingdom SO43 7FG.

INEOS Styrolution Holding Limited is a limited liability company incorporated under the laws of England and Wales with registered number 09922632 and whose registered office is at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, United Kingdom SO43 7FG.

INEOS Styrolution Holding GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany. It is presently registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under the number HRB 92003 and the address of its registered office is Mainzer Landstraße 50, 60325 Frankfurt, Germany.

INEOS Styrolution Investment GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany. It is presently registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under the number HRB 98997 and the address of its registered office is Mainzer Landstraße 50, 60325 Frankfurt, Germany.

INEOS Styrolution Europe GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany. It is presently registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under the number HRB 97351 and the address of its registered office is Mainzer Landstraße 50, 60325 Frankfurt, Germany.

INEOS Styrolution Ludwigshafen GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany. It is presently registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under the number HRB 93185 and the address of its registered office is Mainzer Landstraße 50, 60325 Frankfurt, Germany.

INEOS Styrolution Beteiligungs GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany. It is presently registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under the number HRB 91761 and the address of its registered office is Mainzer Landstraße 50, 60325 Frankfurt, Germany.

INEOS Styrolution Köln GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany. It is presently registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Cologne under the number HRB 61332 and the address of its registered office is Alte Straße 201, 50769 Cologne, Germany.

INEOS Styrolution Korea Ltd. is a limited company organized under the laws of Korea. It is registered under the number 610-81-94885 and the address of its registered office is Sanggae-ro 143 (Sanggae-dong), Nam-gu, Ulsan, Korea.

INEOS Styrolution Mexicana S.A. de C.V. is a variable capital stock corporation (*sociedad anonima de capital variable*) incorporated under the laws of Mexico. It is registered under the number SME1101034E1 and the address of its registered office is Avenida Insurgentes Sur No. 859, Piso 11, Oficina 1102, Colonia Nápoles, 03810, Mexico City, Mexico.

INEOS Styrolution APAC Pte. Ltd. is a private limited liability company organized under the laws of Singapore incorporated on September 12, 2008. It is incorporated in Singapore with Registration Number 200818085M and the address of its registered office is 111 Somerset Road, #14-16-21 111 Somerset, Singapore 238164.

INEOS Styrolution Switzerland SA. is a corporation (*société anonyme*) incorporated and existing under the laws of Switzerland. It is registered under the number CHE-409.178.505 and its registered office is Avenue des Uttins 3, CH-1180 Rolle, Switzerland.

INEOS Styrolution US Holding LLC is a limited liability company formed under the laws of Delaware. Its registered office is at 1209 Orange Street, Wilmington DE 19801, Delaware, United States.

INEOS Styrolution America LLC is a limited liability company formed under the laws of Delaware. Its registered office is at 1209 Orange Street, Wilmington DE 19801, Delaware, United States.

12. As of and for the nine months ended September 30, 2019, the Issuer, the Guarantors and the non-Guarantor subsidiaries of the Parent accounted for the respective shares of our EBITDA before special items and consolidated total assets set out below.

	EBITDA before special items		Consolidated total assets[1]	
	€ million	%	€ million	%
Issuer	(2.0)	(0.3)	798.5	18.7
Guarantors	529.7	91.2	2,824.0	66.0
Non-Guarantor subsidiaries	53.1	9.1	657.6	15.4
Total[2]	580.8	100.0	4,280.1	100.0

(1) Excludes the receivables sold to the securitization special purpose vehicles under the Securitization Program.

(2) EBITDA before special items by the Issuer, Guarantors and non-Guarantor subsidiaries of the Parent is a non-IFRS measure. See "*Summary Historical Financial and Other Information*" for a reconciliation of the Group's results from net income to total EBITDA before special items.

13. The proceeds of the Notes will be used outside Switzerland at all times while any Notes are outstanding unless (i) use in Switzerland is permitted under the Swiss taxation laws in force from time to time or (ii) it is confirmed in a tax ruling by the Swiss Federal Tax Administration that such use of proceeds is permitted without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

14. The Issuer has obtained all necessary consents, approvals, authorisations or other orders for the issue of the Notes and other documents to be entered into by the Issuer in connection with the Offering.

15. The Issuer accepts responsibility for the information contained in this offering memorandum. To the best of its knowledge, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum.

GLOSSARY OF SELECTED TERMS

Term	Definition
Acrylonitrile	Acrylonitrile is a petrochemical intermediate used in the production of SAN, ABS, ASA and alpha-methylstyrene acrylonitrile (AMSAN), as well as acrylic fiber, acrylonitrile butadiene rubber, acrylamide and adiponitrile (a nylon intermediate).
Acrylonitrile butadiene styrene (“**ABS**”)	ABS is a tough, scratch-resistant material with high impact resistance, which can be readily processed by most thermoplastic fabrication techniques, including injection molding (used to produce a variety of consumable and industrial goods) and extrusion (used to produce, among other things, sheet, pipe and electrical conduit). ABS properties include rigidity, toughness, impact strength, heat resistance, chemical resistance, surface hardness, luster and the ability to be processed. ABS is often colored before use and customers typically choose to buy natural (uncolored) ABS if they have suitable self-coloring facilities or pre-colored ABS if they do not.
Acrylonitrile styrene acrylate (“**ASA**”)	ASA is a styrene derivative produced by introducing a grafted acrylic ester elastomer (elastic polymer) during the copolymerization reaction between styrene and acrylonitrile. ASA has good toughness and rigidity, chemical resistance and thermal stability, outstanding resistance to weather, ageing and yellowing, and high gloss.
Benzene	Benzene is the main raw material for styrene (through its use in ethylbenzene) and is mainly produced from refinery processes or as a co-product of steam cracker operations.
Bitumen	Bitumen is a mixture of organic liquids that are highly viscous, black, sticky, entirely soluble in carbon disulfide, and composed primarily of highly condensed polycyclic aromatic hydrocarbons primarily used to produce paving materials, waterproofing products, including roofing felt, and for sealing flat roofs.
Butadiene	Butadiene is a flammable, colorless gas used extensively in the rubber industry for various polymerizations for plastics manufacturing. It is the key input to polybutadiene (PB), which is used in the production of HIPS and is one of the three key inputs to ABS.
Butyl acrylate	Butyl acrylate is a petrochemical intermediate used in the production of polymers and other acrylic resins.
Copolymer	A copolymer is a material created by polymerizing two or more starting compounds (monomers).
Cracker	See “Olefins cracker.”

Term	Definition
Ethylbenzene	Ethylbenzene is an intermediate made from benzene and ethylene and used to make styrene. Virtually all worldwide ethylbenzene production is consumed in the production of styrene.
Ethylbenzene dehydrogenation ("**EB**" and "**EBSM**")	EBSM is the more traditional method for producing styrene, where ethylene is alkylated with benzene to produce ethylbenzene, which is dehydrogenated to produce styrene. This basic method has been used commercially for about 50 years, during which time it has been adapted and refined to improve the quality of the end product and to minimize the amount of energy and other resources, such as electricity, fuel, steam and cooling water, used in its production. Both the EBSM and POSM processes are large scale and capital intensive. We use the EBSM method to produce our styrene because the alternative, the POSM process, is used only when the aim is to produce propylene oxide.
Ethylene	Ethylene is a flammable gas obtained in a process called cracking, in which hydrocarbons are briefly heated, causing chemical reactions that split the carbon-hydrogen or carbon-carbon bonds of the feedstock. Ethylene is a key building block of the petrochemical industry and is used to produce a large number of higher value added chemicals, including styrene.
Expandable polystyrene ("**EPS**")	EPS is polystyrene that, when heated, forms a lightweight foam used for packaging and insulation purposes. Styrene is the main feedstock to produce EPS.
General purpose polystyrene ("**GPPS**")	GPPS is a clear, hard, usually colorless thermoplastic resin. GPPS products are crystal-clear amorphous polystyrenes utilized in packaging, foamed containers, foam insulation, cutlery, medical lab-ware, clear cups and containers, CD jewel cases and cassette boxes.
High impact polystyrene ("**HIPS**")	HIPS is one of the most widely used thermoplastics, with great dimensional strength, balanced properties of impact strength and heat resistance, is easily machined, and is relatively low in cost. HIPS is essentially GPPS with around 5-10% rubber incorporated through a grafting process prior to polymerization.
Hydrocarbons	Hydrocarbons is a term used to describe all compounds that consist of hydrogen and carbon. These include crude oil, natural gas, olefins and their derivatives.
Methyl methacrylate-ABS ("**MABS**")	MABS is a copolymer of methyl methacrylate and ABS, producing a high-luster thermoplastic resin. MABS is a tough, transparent plastic, with high surface brilliancy and finish.

Term	Definition
Monomer	A monomer is a simple molecule capable of reacting to form a polymer.
Naphtha	Naphtha is a refinery product that is used as a gasoline component, but also serves as feedstock for petrochemical plants.
Olefins	Olefins, including ethylene and propylene, are the key building blocks of the petrochemical industry and produce a large range of derivative products as well as butadiene and benzene.
Olefins cracker	An olefins cracker breaks down naphtha or gas feedstocks into olefins, principally ethylene and propylene.
Polyamide (“**PA**”)	A polyamide is a polymer containing monomers of amides joined by peptide bonds, examples being nylons, aramids and polyaspartate. Polyamides are commonly used in textiles, automotives, carpet and sportswear due to their extreme durability and strength.
Polyamide/ABS (“**PA+ABS**”)	PA+ABS is a blend based on polyamide and ABS, combining excellent impact strength at high and low temperatures, high surface quality, easy processing, chemical resistance, heat resistance and a pleasant feel.
Polybutadiene (“**PB**”)	PB is a homopolymer (only one monomer) of 1,3 butadiene. PB is noted for its high resistance to abrasion, low heat buildup and resistance to cracking.
Polycarbonate (“**PC**”)	Polycarbonate is an engineering thermoplastic material which, due to its optical qualities, structural strength and weight, has a wide range of uses, including CDs and DVDs, optic fibers, optical lenses, structural parts in cars and trucks and housings for electrical household appliances and office equipment.
Polybutylene terephthalate (“**PBT**”)	PBT is a thermoplastic engineering polymer made by polycondensation of terephthalic acid and butanediol. PBT is used as an insulator in the electrical and electronics industries. It is a thermoplastic (semi-) crystalline polymer, and a type of polyester.
Polyethylene (“**PE**”)	Polyethylene is a thermoplastic produced by aggregating many ethylene and co-monomer molecules in a process called polymerization.
Polyethylene terephthalate (“**PET**”)	PET is a thermoplastic polymer resin used in synthetic fibers. PET is commonly known as Polyester.
Polylactic acid (“**PLA**”)	Poly(lactic acid) or polylactide is a thermoplastic aliphatic polyester derived from renewable resources, such as corn starch (in the United States), tapioca products (roots, chips or starch mostly in Asia) or sugarcanes (in the rest of the world).
Polymer	A polymer is a chemical compound usually made up of a large number of identical components linked together into long molecular chains.

Term	Definition
Polymethyl methacrylate (“**PMMA**”) .	PMMA is a transparent thermoplastic produced by polymerization of methylmethacrylate. PMMA is often used as a light or shatter-resistant alternative to glass.
Polypropylene (“**PP**”)	Polypropylene is the world’s second most widely used thermoplastic after polyethylene. It is produced by the polymerization of propylene. It is used mainly for molding, filaments, fibers and films. Polypropylene is the most significant thermoplastic material used in molded containers and automotive applications.
Polystyrene (“**PS**”)	Polystyrene is a thermoplastic resin produced by the polymerization of styrene. It exists in solid state at room temperature, but melts if heated and becomes solid again once cooled. It is converted through extrusion, thermoforming, stamping or injection molding into end products for a wide range of end applications. PS may either be general purpose (GPPS) or high-impact (HIPS).
Propylene	Propylene is a flammable gas which is largely derived either as a co-product of the refinery process used to make gasoline, or as a co-product of the steam cracking process used to make ethylene. Propylene has virtually no independent end use, but is an important input for a significant number of industrial products and is the main feedstock used to make polypropylene and acrylonitrile.
Propylene oxide (“**PO**” and “**POSM**”)	POSM is an alternative process to produce SM whereby propylene oxide is produced and styrene is generated as a co-product. Both the EBSM and POSM processes are large scale and capital intensive. We use the EBSM method to produce our styrene because the alternative, the POSM process, is used only when the aim is to produce propylene oxide.
Styrene	See “Styrene monomer.”
Styrene acrylonitrile (“**SAN**”)	SAN is a rigid and transparent polymer made from styrene, used principally in the production of ABS.
Styrene-butadiene block copolymers (“**SBCs**”)	SBCs is a class of block copolymers of styrene and butadiene which is produced either as an elastomer or as a “rigid product.” Rigid products have a high transparency and are often used to “toughen” GPPS. Elastomers have high performance abrasion resistance and are frequently used for injection-molded parts.
Styrene butadiene styrene (“**SBS**”) . .	SBS is a thermoplastic rubber made from styrene and butadiene. SBS is a hard rubber with applications in areas such as the soles of shoes or tire treads.

Term	Definition
Styrene methylmethacrylate ("**SMMA**")	SMMA is a clear, impact-resistant resin, which can be used in homeware, packaging, office, medical and electronic applications.
Styrene monomer ("**SM**")	Styrene is a liquid hydrocarbon produced from ethylene and benzene. Styrene is an intermediate used in the production of plastics, resins, rubbers and latexes, with key end applications in areas such as packaging, electronics & appliances, construction (primarily insulation) and automotive components.
Thermoplastic	A thermoplastic is a plastic which softens when heated and hardens again when cooled. Thermoplastics include polyethylene, polypropylene and polystyrene.
Turnaround	Temporary shutdown of a refinery or petrochemical production facility for required maintenance. Turnarounds can be scheduled (planned, routine maintenance, inspections and tests to comply with industry regulations) or unscheduled (in response to an unexpected outage or plant failure).

INDEX TO FINANCIAL STATEMENTS

INEOS Styrolution Holding Limited

Unaudited Condensed Consolidated Interim Financial Statements

Nine month period ended 30 September 2019

INEOS Styrolution Holding Limited

Unaudited Condensed Consolidated Statement of Income for the nine months ended 30 September 2019 and 2018

In millions of EUR	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2018
Revenue	3,798.3	4,093.1
Cost of sales	(3,079.3)	(3,273.9)
Gross profit	**719.0**	**819.2**
Selling and distribution expenses	(220.4)	(207.6)
General and administrative expenses	(89.3)	(87.5)
Research and development expenses	(9.8)	(9.9)
Other operating expense	(3.7)	(2.2)
Operating profit	**395.8**	**512.0**
Interest income	14.1	4.0
Interest expense	(27.8)	(28.8)
Exchange movements	7.5	5.6
Net finance costs	**(6.2)**	**(19.2)**
Income before income tax	**389.6**	**492.8**
Income tax expense	(86.0)	(108.4)
Net income	**303.6**	**384.4**
Attributable to:		
Non-controlling interests	—	1.5
Owners of the company	**303.6**	**382.9**

The notes on pages 7 to 15 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS Styrolution Holding Limited

Unaudited Condensed Consolidated Statement of Comprehensive Income for the nine months ended 30 September 2019 and 2018

In millions of EUR	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2018
Net income	**303.6**	**384.4**
Other comprehensive income / (loss):		
Items that will not be reclassified to profit and loss:		
Remeasurement of post-employment benefit obligations	(25.1)	—
Deferred taxes on remeasurements of post-employment benefit obligations	7.6	—
Items that might subsequently be reclassified to profit and loss:		
Exchange differences on translation of foreign operations	42.0	1.0
Other comprehensive income, net of tax	**24.5**	**1.0**
Total comprehensive income	**328.1**	**385.4**
Attributable to:		
Non-controlling interests	0.7	(0.4)
Owners of the company	**327.4**	**385.8**

The notes on pages 7 to 15 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS Styrolution Holding Limited

Unaudited Condensed Consolidated Statement of Financial Position

In millions of EUR	30 September 2019	31 December 2018
Assets		
Property, plant and equipment	1,240.1	942.7
Intangible assets and goodwill	1,400.8	1,415.2
Deferred tax assets	42.3	36.5
Other receivables and miscellaneous non-current assets	3.9	4.8
Non-current assets	**2,687.1**	**2,399.2**
Inventories	525.5	525.9
Trade receivables	576.9	556.3
Income tax receivables	16.4	25.0
Other receivables and miscellaneous current assets	559.7	66.4
Cash and cash equivalents	288.8	567.1
Current assets	**1,967.3**	**1,740.7**
Total assets	**4,654.4**	**4,139.9**
Equity		
Share capital	0.3	0.3
Share premium	2,389.7	2,389.7
Merger reserve	(1,281.2)	(1,281.2)
Other reserves	112.2	88.4
Retained earnings	1,330.7	1,027.1
Equity attributable to owners of the company	**2,551.7**	**2,224.3**
Non-controlling interest	18.1	17.5
Total equity	**2,569.8**	**2,241.8**
Liabilities		
Financial indebtedness	848.4	671.9
Employee benefits obligations	88.1	58.4
Deferred tax liabilities	317.7	324.0
Other liabilities and other long term provisions	44.7	45.1
Non-current liabilities	**1,298.9**	**1,099.4**
Trade payables	490.1	465.6
Financial indebtedness	38.6	39.3
Current tax liabilities	104.3	137.6
Other liabilities and short term provisions	152.7	156.2
Current liabilities	**785.7**	**798.7**
Total liabilities	**2,084.6**	**1,898.1**
Total equity and liabilities	**4,654.4**	**4,139.9**

These unaudited condensed consolidated interim financial statements were authorized for issue by the Managing Directors on 16 January 2020.

The notes on pages 7 to 15 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS Styrolution Holding Limited

Unaudited Condensed Consolidated Statement of Changes in Equity

In millions of EUR	Share capital	Share premium	Merger reserve	Other reserves: Pension reserve	Other reserves: Cumulative translation adjustment reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interest	Total Equity
1 January 2019	**0.3**	**2,389.7**	**(1,281.2)**	**(1.3)**	**89.7**	**1,027.1**	**2,224.3**	**17.5**	**2,241.8**
Net income	—	—	—	—	—	303.6	303.6	—	303.6
Other comprehensive income / (loss)	—	—	—	(17.5)	41.3		23.8	0.7	24.5
Total comprehensive income for the period	**—**	**—**	**—**	**(17.5)**	**41.3**	**303.6**	**327.4**	**0.7**	**328.1**
Transactions with owners in their capacity as owners:									
Dividends	—	—	—	—	—	—	—	(0.1)	(0.1)
30 September 2019	**0.3**	**2,389.7**	**(1,281.2)**	**(18.8)**	**131.0**	**1,330.7**	**2,551.7**	**18.1**	**2,569.8**
1 January 2018	**0.3**	**2,389.7**	**(1,281.2)**	**2.1**	**56.7**	**740.7**	**1,908.3**	**17.8**	**1,926.1**
Net income	—	—	—	—	—	382.9	382.9	1.5	384.4
Other comprehensive income / (loss)	—	—	—	—	2.9	—	2.9	(1.9)	1.0
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**2.9**	**382.9**	**385.8**	**(0.4)**	**385.4**
Transactions with owners in their capacity as owners:									
Dividends	—	—	—	—	—	(61.7)	(61.7)	(0.2)	(61.9)
30 September 2018	**0.3**	**2,389.7**	**(1,281.2)**	**2.1**	**59.6**	**1,061.9**	**2,232.4**	**17.2**	**2,249.6**

The notes on pages 7 to 15 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS Styrolution Holding Limited

Unaudited Condensed Consolidated Statement of Cash Flows

In millions of EUR	1 January - 30 Sep 2019	1 January - 30 Sep 2018
Cash flows from operating activities		
Net income	303.6	382.9
Adjustments for:		
Depreciation and impairment of property, plant and equipment	127.1	96.2
Amortisation and impairment of intangible assets	57.7	56.5
Net finance costs	6.2	19.2
Loss from sale of property, plant and equipment	0.2	0.1
Income tax expense	86.0	108.4
Non-controlling interest	—	1.5
Decrease/(increase) in trade and other receivables	37.5	(75.3)
Decrease/(increase) in inventories	39.9	(35.6)
Decrease in trade and other payables	(46.2)	(13.6)
Decrease in provisions and employee benefits	(0.9)	(1.8)
Tax paid	(127.7)	(81.7)
Net cash flows generated from operating activities	**483.4**	**456.8**
Cash flows from investing activities		
Proceeds from sale of long-term assets	1.4	0.4
Interest and other finance income received	3.4	2.9
Loans provided to related parties*	(471.6)	—
Business acquisition, net of cash acquired	(133.6)	—
Acquisition of intangible assets	(0.4)	(8.4)
Acquisition of property, plant and equipment	(155.1)	(101.3)
Net cash flows used in investing activities	**(755.9)**	**(106.4)**
Cash flows from financing activities		
Proceeds from external borrowings	205.3	13.1
Repayment of external borrowings	(172.4)	(171.1)
Interest paid	(24.6)	(20.2)
Debt issue costs	—	(0.8)
Capital element of lease payments	(15.4)	(0.7)
Dividends paid attributable to the owners of the company	—	(61.7)
Dividends paid attributable to non-controlling interest	(0.1)	(0.2)
Net cash flows used in financing activities	**(7.2)**	**(241.6)**
Net changes in cash and cash equivalents	**(279.7)**	**108.8**
Cash and cash equivalents at 1 January	567.1	295.9
Effect of exchange rate fluctuations on cash held	1.4	(1.2)
Cash and cash equivalents at 30 September	**288.8**	**403.5**

* In the first nine months of 2019, INEOS Styrolution Group granted a loan of EUR 463.3 million to INEOS Industries Holdings Limited resulting in a cash outflow from the Group in a corresponding amount during the period. Subsequent to 30 September 2019, the Group declared a dividend to INEOS Industries Holdings Limited in the amount of EUR 470.8 million. INEOS Industries Holdings Limited directed the Group to apply EUR 470.6 million of the interim dividend in immediate repayment and discharge of the full amount of principal and interest owed by INEOS Industries Holdings Limited to the Group. Overall, there was no material cash impact resulting from the settlement of the loan and the settlement of the dividend.

The notes on pages 7 to 15 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS Styrolution Holding Limited
Notes

1. Reporting entity

INEOS Styrolution Holding Limited ('the Company') is a private company, limited by shares, incorporated, registered and domiciled in England and Wales, 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.

2. Basis for preparation

(a) Statement of compliance

These unaudited condensed consolidated Interim Financial Statements of INEOS Styrolution Holding Limited for the period ended 30 September 2019 (herein referred to as 'Interim Financial Statements') have been prepared on a going concern basis and 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.

(b) Application of new standard—IFRS 16 Leases

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 by removing the distinction between operating and finance lease and requiring the recognition. 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 in IFRS 16 Leases remains similar to the previous standard IAS 17 Leases, with lessors continuing to classify leases as finance or operating leases. Previously, the Group recognised either finance leases (which transfer substantially all the risks and rewards of ownership, and give rise to asset and liability recognition by the lessee) or operating leases (which result in expense recognition by the lessee, with the asset remaining recognised by the lessor). For operating leases, expense were recognised on a straight-line basis over the term of the lease, and assets and liabilities were only recognised 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 net impact on retained earnings on 1 January 2019 was EUR nil. On transition to IFRS 16, the Group did not apply the practical expedient to grandfather the definition of a lease on transition. Therefore, the new definition of a lease under IFRS 16 has been applied to all of the contracts in place on transition.

The Group has recognised additional lease liabilities of EUR 132.2 million as at 1 January 2019. The impact on EBITDA before special items* for the first nine months period ended 30 September 2019 was an increase of EUR 20.2 million.

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* 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. Special items refer to certain costs and benefits outside the usual course of business, which are expected to be non-recurring.

2. Basis for preparation (Continued)

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:

In millions of EUR	
Operating lease commitments disclosed as at 31 December 2018	**148.5**
Discounting impact using the incremental borrowing rate on transition	(47.9)
Adjustments due to different treatment of extension and termination options	63.1
Exempted low-value contracts, short-term contracts and non-lease components	(12.9)
Scope change (contracts in scope of IAS 17 but not regarded as a lease under IFRS 16)	(18.6)
IFRS 16 lease liability as at 1 January 2019	**132.2**

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

IFRIC 23: Uncertainty over Income Tax Treatments

On 7 June 2017, the IASB issued IFRIC 23 Uncertainty over Income Tax Treatments. This Interpretation clarified application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. IFRIC 23 was adopted as from 1 January 2019 onwards without a material impact to the Interim Financial Statements.

(c) Basis of measurement

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

(d) Functional and presentation currency

These 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.

(e) Use of estimates and judgments

The preparation of the Interim 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 recognised in the period in which the estimates are revised and in any future periods affected.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

2. Basis for preparation (Continued)

(f) Segment information

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a basis considered reasonable. Unallocated items comprise mainly assets that are used across segments (primarily the Company's headquarters), head office expenses and tax assets and liabilities. The Company has defined the following operating segments:

- Polymers EMEA
- Polymers Americas
- Polymers Asia
- Styrene Monomer

Detailed information by segment for the nine months ended 30 September 2019 is presented in the following tables. Inter-segment sales of the Styrene Monomer business contain internal consumption of styrene monomer within INEOS Styrolution.

In millions of EUR	External sales		Inter-segment sales		EBITDA before Special Items	
	1 Jan - 30 Sept 2019	1 Jan - 30 Sept 2018	1 Jan - 30 Sept 2019	1 Jan - 30 Sept 2018	1 Jan - 30 Sept 2019	1 Jan - 30 Sept 2018
Polymers EMEA	1,178.9	1,355.4	80.7	109.1	144.5	172.9
Polymers Americas	871.2	974.5	29.4	29.5	154.3	176.7
Polymers Asia	1,094.5	971.3	32.9	55.8	89.2	84.2
Styrene Monomer	653.7	791.9	1,348.8	1,659.6	192.8	231.0
Corporate and eliminations	—	—	(1,491.8)	(1,854.0)	—	—
Total	**3,798.3**	**4,093.1**	**0.0**	**0.0**	**580.8**	**664.8**

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

In millions of EUR	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2018
EBITDA before special items	580.8	664.8
Special items (exceptional expenses)	—	—
Depreciation and amortisation	(184.8)	(152.7)
Loss on sale of tangible fixed assets	(0.2)	(0.1)
Operating profit	**395.8**	**512.0**
Net finance costs	(6.2)	(19.2)
Income before income tax	**389.6**	**492.8**

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

3. Acquisition of subsidiary (Continued)

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".

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

In millions of EUR	Fair values
Assets	
Intangible assets	13.4
Property, plant and equipment	98.7
Inventories	27.7
Cash and cash equivalents	52.6
Liabilities	
Employee benefits	—
Deferred tax liabilities	(10.0)
Other net assets and liabilities (including trade receivables and trade payables)	(3.4)
Net assets of businesses acquired	**179.0**
Consideration paid	186.2
Thereof Goodwill	**7.2**

In the course of 2019, the fair values assigned to the book values of the identifiable assets and liabilities were reviewed and the allocation of the purchase price was finalised without changes to the allocation as of 30 September 2019.

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 eight-month period since 1 February 2019, the acquired business contributed a revenue of EUR 281.9 million and an EBITDA of EUR 27.7 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 336.9 million and the EBITDA including fair value considerations would have been EUR 31.5 million.

4. Revenue

The development of the product groups on a global level for the nine months period ended 30 September 2019 and 2018 was as follows:

In millions of EUR	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2018
Polystyrene	1,557.3	1,447.5
ABS Standard	576.8	721.0
Specialties	1,010.5	1,132.7
Styrene Monomer	653.7	791.9
Total	**3,798.3**	**4,093.1**

The development of the revenue by region for the nine months period ended 30 September 2019 and 2018 was as follows:

In millions of EUR	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2018
EMEA	1,208.8	1,421.6
Americas	1,451.4	1,637.1
Asia	1,138.1	1,034.4
Total	**3,798.3**	**4,093.1**

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

INEOS Styrolution is a chemical company producing and selling chemical products. The timing of revenue recognition for the vast majority of the Group's sale transactions is at a point in time.

5. Property, plant and equipment

In the nine month period ended 30 September 2019, the Company acquired EUR 155.1 million (YTD 30 September 2018: EUR 101.3 million) of property, plant and equipment. Investments in property, plant and equipment in 2019 mainly include the new ASA Specialties plant in Houston, the conversion of a Polystyrene line to a mass ABS line in France and the Moxi compounding investment in India.

6. Financial Indebtedness

In millions of EUR	30 September 2019	31 December 2018
Institutional term loans*	7.4	7.3
Lease under IFRS 16 / IAS 17	20.9	0.9
Short term borrowings other	10.6	31.4
Current financial indebtedness	**38.8**	**39.6**
Institutional term loans*	617.5	615.2
Borrowings from asset securitisations	110.0	50.0
Lease under IFRS 16 / IAS 17	122.0	7.9
Non-current financial indebtedness	**849.5**	**673.1**
Total gross debt	**888.3**	**712.7**
Discount and capitalised financing costs	(1.3)	(1.5)
Financial indebtedness	**887.0**	**711.2**

* Term Loans are denominated in EUR and USD.

Net finance costs

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

In millions of EUR	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2018
Interest payable and other finance charges	(25.8)	(20.0)
Amortisation of issue costs	(0.2)	(6.0)
Interest on employee benefit liabilities	(1.6)	(2.2)
Net fair value gain / (loss) on derivatives	5.2	(0.4)
Other interest receivables	8.7	3.8
Net finance costs before exchange movements	**(13.7)**	**(24.8)**
Exchange movements	7.5	5.6
Total net finance costs	**(6.2)**	**(19.2)**

The net finance costs before exchange movements decreased in the nine months period ended 30 September 2019 to EUR (13.7) million compared to EUR (24.8) million in the nine months period ended 30 September 2018. The reasons for this decrease were mainly the lower amortisation of debt issue costs and the positive result in the derivative valuation, partially offset by the increase in lease interest.

In the nine months period ended 30 September 2019, the Company recorded net gains from foreign exchange valuation of mainly translation effects from intercompany loans, including financing between consolidated subsidiaries, of EUR 7.5 million (nine months period ended 30 September 2018: EUR 5.6 million).

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.

In millions of EUR	Transaction value 1 Jan - 30 Sep 2019	Balance outstanding 30 Sep 2019	Transaction value 1 Jan - 30 Sep 2018	Balance outstanding 30 Sep 2018
Sale of products				
INEOS entities	52.5		69.6	
Purchase of raw materials				
INEOS entities	261.0		257.3	
Services received				
INEOS entities	31.6		36.0	
Trade and other receivables				
INEOS entities		10.5		3.9
Direct shareholder		477.1		—
Trade and other payables				
INEOS entities		(65.0)		(55.0)

In the first nine months of 2019, INEOS Styrolution granted a loan of EUR 463.3 million to INEOS Industries Holdings Limited. This loan is presented in ‘Other receivables and miscellaneous current assets’ in the balance sheet as of 30 September 2019. Subsequent to 30 September 2019, the Group declared a dividend to INEOS Industries Holdings Limited in the amount of EUR 470.8 million. INEOS Industries Holdings Limited directed the Group to apply EUR 470.6 million of the interim dividend in immediate repayment and discharge of the full amount of principal and interest owed by INEOS Industries Holdings Limited to the Group.

8. Income tax expense

Income tax expense is recognised based on management’s best estimate of the income tax rate expected for the year 2019 applied to the income before taxes of the nine months period ended 30 September 2019. The Group’s year-to-date consolidated tax rate for 2019 is 22.1%, which is similar to the effective tax rate of 22.0% in the comparative period.

9. Financial Instruments

The carrying amount of all financial instruments is a reasonable approximation of the fair value.

The financial assets/liabilities categorised 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.

9. Financial Instruments (Continued)

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 September 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 0.9 million as of 30 September 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 0.6 million higher (i.e. the Fair Market Value of the open styrene monomer derivatives would have been EUR 1.5 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 0.6 million lower (the fair market value of the open styrene monomer derivatives would have been EUR 0.3 million).

9. Financial Instruments (Continued)

30 September 2019

In millions of EUR	Category in accordance with IFRS 9*	Level	Carrying amounts	Amounts recognised in the statement of financial position in accordance with IFRS 9		
				Amortised cost	Fair value recognised in equity	Fair value recognised in profit or loss
Assets						
Trade receivables	AMC		576.9	576.9	—	—
Cash and cash equivalents	AMC		288.8	288.8	—	—
Other assets			579.9	579.9	—	—
of which long-term	AMC		3.8	3.8	—	—
of which short-term	AMC		576.1	576.1	—	—
of which: Derivatives	*FVTPL*	*2*	—	—	—	*(0.1)*
of which: Derivatives	*FVTPL*	*3*	—	—	—	—
Liabilities						
Trade payables	AMC		490.1	490.1	—	—
Financial indebtedness	AMC		887.0	887.0	—	—
Other short-term liabilities	AMC		152.7	152.7	—	—
of which: Derivatives	*FVTPL*	*2*	—	—	—	—
of which: Derivatives	*FVTPL*	*3*	*0.9*	—	—	*5.3*

* ***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 categorised as Level 2 FVTPL and none were categorised as Level 3. There were no financial liabilities categorised 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 amortised 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.

9. Financial Instruments (Continued)

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

On 13 December 2019, the Company's shareholder approved an interim cash dividend of EUR 470.8 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited. INEOS Industries Holdings Limited directed the Group to apply EUR 470.6 million of the interim dividend in immediate repayment and discharge of the full amount of principal and interest owed by INEOS Industries Holdings Limited to the Group.

On 17 December 2019, the Company's shareholder approved an interim dividend of EUR 111.4 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

No further subsequent events are to be reported for the period between the reporting date of these interim financial statements and their authorization by the Board of Directors on 16 January 2020.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS STYROLUTION HOLDING LIMITED

Report on the audit of the group financial statements

Opinion

In our opinion, INEOS Styrolution Holding Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 December 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated statement of financial position as at 31 December 2018; the Consolidated statement of income and Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the company financial statements of INEOS Styrolution Holding Limited for the year ended 31 December 2018.

/s/ Ian Marsden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
22 February 2019

INEOS Styrolution Holding Limited

Consolidated statement of income

In millions of EUR	Note	1 January to 31 December 2018	1 January to 31 December 2017
Revenue	3	5,366.7	5,342.4
Cost of sales	3	(4,349.5)	(4,284.5)
Gross profit		**1,017.2**	**1,057.9**
Selling and distribution expenses	3	(280.7)	(280.6)
General and administrative expenses	3	(118.6)	(113.6)
Research and development expenses	3	(13.8)	(12.4)
Other operating expense, net	3	(0.5)	(44.9)
Profit from operating activities		**603.6**	**606.4**
Interest income	6	6.5	5.3
Interest expense	6	(46.0)	(54.2)
Exchange movements	6	12.5	(49.6)
Net finance costs		**(27.0)**	**(98.5)**
Income before income tax		**576.6**	**507.9**
Income tax expense	7	(124.1)	(14.8)
Net income		**452.5**	**493.1**
Attributable to:			
Non-controlling interests		0.8	2.4
Owners of the company		**451.7**	**490.7**

The notes on pages 22 to 78 are an integral part of these consolidated financial statements.

The Group has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account.

INEOS Styrolution Holding Limited

Consolidated statement of comprehensive income

In millions of EUR	Note	1 January to 31 December 2018	1 January to 31 December 2017
Net income		**452.5**	**493.1**
Other comprehensive income / (loss):			
Item that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	16	(5.7)	6.7
Deferred taxes on remeasurements of post-employment benefit obligations		2.3	(1.8)
Items that might be subsequently reclassified to profit and loss			
Exchange differences on translation of foreign operations		32.1	(93.2)
Other comprehensive income / (loss), net of tax		**28.7**	**(88.3)**
Total comprehensive income		**481.2**	**404.8**
Attributable to:			
Non-controlling interests		(0.1)	1.5
Owners of the company		**481.3**	**403.3**

The notes on pages 22 to 78 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of financial position

In millions of EUR	Note	31 December 2018	31 December 2017
Assets			
Property, plant and equipment	8	942.7	888.5
Intangible assets and goodwill	9	1,415.2	1,463.9
Deferred tax assets	12	36.5	54.3
Other receivables and miscellaneous non-current assets	11	4.8	4.9
Non-current assets		**2,399.2**	**2,411.6**
Inventories	13	525.9	546.9
Trade receivables	11	556.3	607.2
Income tax receivables	11	25.0	49.6
Other receivables and miscellaneous current assets	11	66.4	67.3
Cash and cash equivalents	14	567.1	295.9
Current assets		**1,740.7**	**1,566.9**
Total assets		**4,139.9**	**3,978.5**

The notes on pages 22 to 78 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of financial position (Continued)

In millions of EUR	Note	31 December 2018	31 December 2017
Equity			
Share capital	18	0.3	0.3
Share premium		2,389.7	2,389.7
Merger reserve		(1,281.2)	(1,281.2)
Other reserves		88.4	58.8
Retained earnings		1,027.1	741.4
Equity attributable to owners of the Company		**2,224.3**	**1,909.0**
Non-controlling interest		17.5	17.8
Total equity		**2,241.8**	**1,926.8**
Liabilities			
Financial indebtedness	14	671.9	813.9
Employee benefits obligations	16	58.4	51.0
Deferred tax liabilities	12	324.0	361.7
Other liabilities and other long-term provisions	17	45.1	56.9
Non-current liabilities		**1,099.4**	**1,283.5**
Trade payables	15	465.6	467.3
Financial indebtedness	14	39.3	26.1
Current tax liabilities	7	137.6	99.9
Other liabilities and short-term provisions	17	156.2	174.9
Current liabilities		798.7	768.2
Total liabilities		**1,898.1**	**2,051.7**
Total equity and liabilities		**4,139.9**	**3,978.5**

The notes on pages 22 to 78 are an integral part of these consolidated financial statements.

The financial statements on pages 16 to 78 were approved by the Board of Directors on 22 February 2019 and signed on its behalf by:

/s/
Kevin McQuade
Director
22 February 2019
Registered number 09922632

INEOS Styrolution Holding Limited

Consolidated statement of changes in equity

In millions of EUR	Share Capital	Share premium	Merger reserve	Other Reserves: Pension Reserve	Other Reserves: Cumulative translation adjustment reserve	Retained Earnings	Equity attributable to owners of the company	Non-controlling interest	Total Equity
1 January 2018 as originally presented	**0.3**	**2,389.7**	**(1,281.2)**	**2.1**	**56.7**	**741.4**	**1,909.0**	**17.8**	**1,926.8**
Change in accounting policy (note 1)	—	—	—	—	—	(0.5)	(0.5)	—	(0.5)
Equity 1 January 2018	**0.3**	**2,389.7**	**(1,281.2)**	**2.1**	**56.7**	**740.9**	**1,908.5**	**17.8**	**1,926.3**
Net income	—	—	—	—	—	451.7	451.7	0.8	452.5
Other comprehensive (loss)/income	—	—	—	(3.4)	33.0	—	29.6	(0.9)	28.7
Total comprehensive income for the year	**—**	**—**	**—**	**(3.4)**	**33.0**	**451.7**	**481.3**	**(0.1)**	**481.2**
Transactions with owners in their capacity as owners: Dividends (note 19)	—	—	—	—	—	(165.5)	(165.5)	(0.2)	(165.7)
31 December 2018	**0.3**	**2,389.7**	**(1,281.2)**	**(1.3)**	**89.7**	**1,027.1**	**2,224.3**	**17.5**	**2,241.8**
1 January 2017	**0.3**	**2,389.7**	**(1,281.2)**	**(2.8)**	**149.0**	**305.7**	**1,560.7**	**16.5**	**1,577.2**
Net income	—	—	—	—	—	490.7	490.7	2.4	493.1
Other comprehensive (loss)/income	—	—	—	4.9	(92.3)	—	(87.4)	(0.9)	(88.3)
Total comprehensive income for the year	**—**	**—**	**—**	**4.9**	**(92.3)**	**490.7**	**403.3**	**1.5**	**404.8**
Transactions with owners in their capacity as owners: Dividends (note 19)	—	—	—	—	—	(55.0)	(55.0)	(0.2)	(55.2)
31 December 2017	**0.3**	**2,389.7**	**(1,281.2)**	**2.1**	**56.7**	**741.4**	**1,909.0**	**17.8**	**1,926.8**

The notes on pages 22 to 78 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of cash flows

In millions of EUR	Note	1 January to 31 December 2018	1 January to 31 December 2017
Cash flows from operating activities			
Profit for the year		451.7	490.7
Adjustments for:			
Depreciation and impairment of property, plant and equipment	8	133.4	141.7
Amortisation and impairment of intangible assets	9	75.6	85.2
Net finance costs		27.0	98.5
Loss from sale of property, plant and equipment		0.2	0.6
Tax charge		124.1	14.8
Minority interest		0.8	2.4
Decrease/(increase) in trade and other receivables		61.2	(111.5)
Decrease/(increase) in inventories		30.4	(90.5)
(Decrease)/increase in trade and other payables		(32.1)	77.9
(Decrease)/increase in provisions and employee benefits		(10.8)	24.7
Tax paid		(83.1)	(145.3)
Net cash flows generated from operating activities		**778.4**	**589.2**
Cash flows from investing activities			
Proceeds from sale of long-term assets		0.4	0.3
Interest and other finance income received		4.3	2.4
Business acquisition, net of cash acquired	2	—	(98.9)
Acquisition of intangible assets	9	(8.9)	(1.3)
Acquisition of property, plant and equipment	8	(167.1)	(145.9)
Net cash flows used in investing activities		**(171.3)**	**(243.4)**
Cash flows from financing activities			
Proceeds from external borrowings	26	29.6	145.1
Repayment of external borrowings	26	(172.9)	(154.6)
Repayment of related party borrowings	26	—	(249.4)
Interest paid		(26.6)	(42.6)
Debt issue costs		(0.9)	(3.2)
Capital element of finance lease payments	26	(0.8)	(1.0)
Dividends paid attributable to the owners of the company	19	(165.5)	(55.0)
Dividends paid attributable to minority interest		(0.2)	(0.2)
Net cash flows used in financing activities		**(337.3)**	**(360.9)**
Net increase/(decrease) in cash and cash equivalents		**269.8**	**(15.1)**
Cash and cash equivalents at 1 January	14	295.9	316.9
Effect of exchange rate fluctuations on cash held		1.4	(5.9)
Cash and cash equivalents at 31 December	**14**	**567.1**	**295.9**

The notes on pages 22 to 78 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated notes

1. Accounting Policies

Overview

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 Holdings 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.

On 9 June 2016, INEOS Styrolution Financing Limited became parent of INEOS Styrolution Investment GmbH and INEOS Styrolution Switzerland SA. That created a newly formed consolidation group consisting of INEOS Styrolution Holding GmbH and all its subsidiaries as well as the above mentioned entities INEOS Styrolution Switzerland SA, INEOS Styrolution Investment GmbH, INEOS Styrolution Financing Limited and INEOS Styrolution Holding Limited.

The Group is the leading global producer, marketer and merchant seller of styrene monomer and styrenic polymers.

Basis of accounting

The financial statements of INEOS Styrolution Holding Limited and its subsidiaries are included into the consolidated financial statements in compliance with the uniformly applicable group accounting and valuation methods.

The Group financial statements have been prepared on a going concern basis and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union ("Adopted IFRSs") effective as of 31 December 2018 and with the Companies Act 2006 as applicable to companies using Adopted IFRSs.

The consolidated financial statements were authorized for issue by the Board of Directors on 22 February 2019.

The notes below provide a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. The accounting policies set out below have been applied consistently to the period presented in these consolidated financial statements and have been applied consistently by the Group entities.

Changes in presentation policies

In the course of aligning INEOS wide group accounting methods, the Group aligned the revenue recognition treatment for all applicable International Commercial Terms. For 2018, the effect on net income amounted to EUR 2.3 million. This change resulted in the financial statements providing more reliable and relevant information about the effects of transactions on the entity's financial performance in comparison with other INEOS entities.

Beside the changes in accounting policies for IFRS 15 and IFRS 9, there were no further changes in presentation policies in the reporting year 2018 in comparison to the previous reporting year 2017.

1. Accounting Policies (Continued)

Measurement convention

The financial statements are prepared on the historical cost basis except that the derivative financial instrument and financial instruments classified as fair value through profit and loss are stated at their fair value.

Functional and presentation currency

These consolidated financial statements are presented in EUR. The functional currency of the Company and its subsidiaries is determined in line with IAS 21. The Group primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in EUR and USD. All financial information presented in EUR has been rounded to the nearest tenth of a million, except when otherwise indicated. The exchange rate as at 31 December 2018 was $1:EUR0.8746, £1:EUR1.1094 and KRW1:EUR0.0008 (2017: $1:EUR0.8377, £1:EUR1.1257 and KRW1:EUR0.0008).

Changes in accounting policies

The Group has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control- at a point in time or over time- requires judgement.

The Group has adopted IFRS 15 using the retrospective method with the effect of initially applying the standard recognised at the date of the earliest comparative period (i.e. 1 January 2017). The Group has elected for the following practical expedients available under the retrospective transition method:

1. The Group does not restate completed contracts that begin and end within the same annual reporting period or restate contracts that are completed contracts at the beginning of the earliest comparative period presented.
2. The Group uses the transaction price at the date on which the contract was completed, rather than estimating the variable consideration amounts in each comparative reporting period.
3. The Group does not separately evaluate the effects of contract modifications before the beginning of the earliest reporting period presented using the contract modifications requirements in the new standard. Instead, the Group has reflected the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented in:
    - identifying the satisfied and unsatisfied performance obligations;

1. Accounting Policies (Continued)

- determining the transaction price; and
- allocating the transaction price to the satisfied and unsatisfied performance obligations.

4. The Group does not disclose for reporting periods presented before the date of initial application (i.e. 1 January 2018):

   - the amount of the transaction price allocated to the remaining performance obligations; nor
   - an explanation of when the entity expects to recognise that amount as revenue.

The details and quantitative impact of the changes in accounting policies are disclosed below.

A. Shipping and handling activities recognised as separate performance obligation

The Group previously did not assess shipping and handling activities as separate performance obligations and recognised revenue on transfer of goods to the customer. Under IFRS 15, when shipping and handling activities are performed after the customer obtains control of the goods, they are treated as a separate performance obligation, and therefore a portion of the transaction price is allocated to shipping and handling and revenue is recognised as the shipping and handling performance obligation is satisfied.

B. Volume discounts and early payment discounts

The group previously recognised revenue for contracts with volume discounts and early payment discounts when a reasonable estimate of the discount could be made, and provided that all other criteria for revenue recognition were met. Under IFRS 15, revenue will only be recognised for these contracts to the extent that it is highly probably that a significant reversal to cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

C. Impact on the financial statements

The Group concluded that there is no material impact on the timing and amount of revenue recognised.

IFRS 9 *Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Group adopted consequential amendments to IAS 1 Presentation of Financial Statements, which requires impairment of financial assets to be presented in a separate line item in the income statement and OCI.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

1. Accounting Policies (Continued)

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of retained earnings.

In millions of EUR	Impact of adopting IFRS on opening balance
Retained earnings	
Recognition of expected credit losses under IFRS 9	(0.7)
Related deferred tax	0.2
Impact at 1 January 2018	**(0.5)**

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018. There were no reclassifications between the classification categories for financial assets and liabilities under IAS 39 and the new classifications categories under IFRS 9 on transition to IFRS 9 on 1 January 2018.

In millions of EUR	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	557.0	556.3
Cash and cash equivalents	Loans and receivables	Amortised cost	567.1	567.1
Other assets	Loans and receivables	Amortised cost	96.1	96.1
of which: Derivatives	*Financial assets held for trading*	FVTPL	0.1	0.1
Total Financial assets			**1,110.2**	**1,219.5**
Financial liabilities				
Financial indebtedness	Amortised cost	Amortised cost	621.0	621.0
Trade payables	Amortised cost	Amortised cost	465.6	465.6
Other short-term liabilities	Amortised cost	Amortised cost	156.2	156.2
of which: Derivatives	*Financial liabilities held for trading*	FVTPL	6.2	6.2
Total Financial liabilities			**1,333.0**	**1,333.0**

1. Accounting Policies (Continued)

ii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional allowance for impairment of EUR 0.7 million.

iii. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.
- The new hedge accounting requirements have been applied prospectively.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
    - The determination of the business model within which a financial asset is held.
    - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
    - The designation of certain investments in equity instruments not held for trading as FVOCI.

1. Accounting Policies (Continued)

New amendments for 2018

The Group has applied the following amendments to accounting standards for the first time in 2018 with effect from 1 January 2018:

- **IFRIC 22 Foreign Currency Transactions and Advance Consideration mandatory for year commencing on or after 1 January 2018)**

  IFRIC 22 clarifies the transaction date used to determine the exchange rate for foreign currency transactions involving an advance payment or receipt.

Other amendments to be applied by companies in 2018 that are not applicable for the Group are the amendments to IFRS 2—Classification and Measurement of Share-based Payment Transactions; amendments to IFRS 4—Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts; and the amendments to IAS 40—Transfers of Investment Property.

Basis of consolidation

Subsidiaries

Subsidiaries are all entities controlled by the Group (including structured entities).

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary usually comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary. The consideration transferred does not include amounts related to the settlement of pre-existing business relationships. Such amounts generally are recognised in profit or loss. Acquisition costs are expensed as incurred.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; less
- the recognised amount (fair value) of the identifiable assets acquired less the liabilities assumed.

1. Accounting Policies (Continued)

Acquisitions and disposals of non-controlling interest

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from disposal transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Transactions eliminated on consolidation

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Special purpose entity ('SPE')

A SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. The Group has established two SPEs, INEOS Styrolution Receivable Finance Designated Activity Company and Deutsche Bank Mexico F/1787 Styrolution, for an asset securitization program. The Group does not have any direct or indirect shareholdings in these SPEs.

INEOS Styrolution Receivables Finance DAC is a special-purpose entity formed by the Group to purchase receivables from Group entities for purposes of a securitization of such financial assets and is, in substance, controlled by the Group.

Deutsche Bank Mexico F/1787 Styrolution is a Mexican Trust established by INEOS Styrolution Receivables Finance DAC to purchase receivables from INEOS Styrolution Mexicana S.A. de C.V. for the purposes of securitization of such assets. INEOS Styrolution Receivables Finance DAC is the first beneficiary of this Trust. It is therefore also, in substance, controlled by the Group.

Foreign exchange

Foreign currency translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill, are translated to EUR at rates at the reporting date. The income and expenses of foreign operations are translated to EUR at monthly average exchange rates.

Foreign currency differences are recognised in other comprehensive income, and presented in other reserves in equity.

1. Accounting Policies (Continued)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in other reserves in equity.

Classification of financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit and loss' category are presented in the income statement within net finance costs in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

The Group's non-derivative financial assets generally fall into the amortised cost category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see note impairment). Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

1. Accounting Policies (Continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits with maturities of three months or less from the acquisition date and money market funds that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Pledged balances on accounts used for payment transactions related to the securitization of receivables are classified as cash. The amount of these balances is disclosed in the notes.

Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the amortised cost category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Share capital (ordinary shares)

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value. The gain or loss on subsequent remeasurement to fair value is recognised immediately in the consolidated income statement as finance income of expense.

Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and bringing the asset to the location and condition necessary for it to be put into operation. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are recognised as cost of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

1. Accounting Policies (Continued)

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and assets under construction are not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for significant items of property, plant and equipment are as follows:

- buildings . . . . 10 - 40 years
- plant and equipment (part of: technical installations) . . . . 3 - 40 years
- fixtures and fittings (part of: technical installations) . . . . 3 - 20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted as separate items.

Business combinations, goodwill and intangible assets

Business combinations

Business combinations are defined according to IFRS 3 as a transaction or another event in which the acquirer achieves control over one or several business of the acquiree. The acquisition method of accounting is used by the Group to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

Goodwill

Goodwill that arises on the acquisition of businesses is presented with intangible assets. Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

1. Accounting Policies (Continued)

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Except for goodwill, intangible assets are amortised according the straight-line method, which reflects the pattern of economic benefits in profit or loss. They are amortised over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

- patents and trademarks . . . . 19 - 20 years
- technologies . . . . 15 - 19 years
- customers relationships . . . . 5 - 21 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Impairment

(i) Non-derivative financial assets

A financial asset not classified at fair value through profit and loss is assessed at each reporting date to determine whether there is evidence that it is impaired. For the Group, trade receivables are the only significant type of financial assets that are subject to the expected credit loss model of IFRS 9. For these financial assets, the Group applies a simplified approach to measuring expected credit losses following the requirements of IFRS 9, so called lifetime expected credit loss model. That means that, besides considering objective evidence (e.g. default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security), the Group takes into account a forecast of future economic conditions in the calculation of

1. Accounting Policies (Continued)

the expected loss, which requires a greater extent of judgement. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount is the higher of value in use and fair value less costs to sell. Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance expense in the Group's statement of comprehensive income.

A leased asset under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

Inventories

Inventories are measured at the lower of cost and net realisable value (market value). The cost of inventories is based on the moving average price principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Finished products and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value of raw materials, notably styrene and other feedstock expected to be sold by INEOS Styrolution, is based on observable market prices, adjusted for freight and handling costs. The net realisable value of styrene and other feedstock that is expected to be used for the production

1. Accounting Policies (Continued)

of polymers by INEOS Styrolution, finished goods and other inventories is the estimated selling price of the finished product in the ordinary course of business, less estimated costs of completion and selling.

Cost of sales includes direct costs of raw material, distribution and handling costs.

Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The contributions are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that will be due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Defined benefit plans

The Group operates defined benefit pension plans in the countries it has its productions facilities or distribution activities. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is based on the yield at the reporting date on AA credit-rated bonds that have maturity dates in line with the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements of the net defined benefit liability from actuarial gains and losses and returns on plan assets greater than the discount rate are recognised immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense is included in finance cost; all other components of employee benefit costs related to defined benefit plans are recognised as personnel expenses in the income statement.

The calculation is performed annually on the basis of an actuarial report using the projected unit credit method. When the calculation results in a defined benefit asset to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. The change in the present value of the future benefits resulting from a plan change or a curtailment is recognised as past service cost in comprehensive income in the year in which they occur.

The Group recognises gains and losses from a settlement of a defined benefit plan in profit or loss when the settlement occurs. The gain or loss on settlement is the difference between the present

1. Accounting Policies (Continued)

value of the defined benefit obligation to be settled and the settlement price including payments made directly by the company in connection with the settlement.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short or medium-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in finance cost.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Revenue from contracts with customers

Revenue from contracts with customers is recognised as the amount reflecting the consideration that the entity expects in return for the transfer of goods and services agreed with customers. This amount is measured as the transaction price allocated to a performance obligation excluding variable considerations, such as discounts, incentives or similar items.

To be able to recognise all the previous elements, the five step model for revenue recognition, introduced by IFRS 15, is followed. This model allows the Group to identify the contract with a customer; to determine the performance obligations in the contract; to establish the transaction price, which is later allocated to the performance obligations in the contract; and to recognise revenue when, or as, the entity satisfies a performance obligation, that is, that the control of the asset is transferred to the customer.

The Group has a short number of contracts that include distinct performance obligations. This results, in a limited number of cases, that revenue for certain performance obligations (being primarily separate shipping obligations) is recognised later in time. Additionally, certain customer contracts offer various forms of volume or early payment discount. These variable considerations might have as consequence timing differences, but since the majority of contracts have a term of less than one year, the differences are solved within the period. Revenue is recognised to the extent that it is highly likely that a significant reversal in the amount of cumulative revenue recognised will not occur.

The timing of the satisfaction of a performance obligation varies depending on the individual terms of the sales agreement. For sales of styrene, usually transfer of control occurs when the product is received at the customer's warehouse; however, for some international shipments transfer of control

1. Accounting Policies (Continued)

occurs on loading the goods onto the relevant carrier at the port. Generally for such products the customer has no right of return.

Certain time and location swaps of commodities are not included as external sales and cost of sales.

Expenses

Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net finance costs

Interest income and interest expenses are accounted for applying the effective interest method. Interest income includes interest income on funds invested and fair value gains on financial assets at fair value through profit or loss. Interest expenses include interest expense on borrowings, the interest component of employee benefit costs, net of returns on plan assets, the unwinding of the discount on provisions and fair value losses on financial assets at fair value through profit or loss. The difference between the carrying amount of a financial liability extinguished and the consideration paid is included in interest expense.

Gains and losses from the measurement of monetary assets or liabilities denominated in foreign currencies are included in "Other finance gain/(loss)".

Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

1. Accounting Policies (Continued)

- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax periods based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if it is possible that there is a legally enforceable right to offset current tax liabilities and assets because they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The impact of their adoption is being assessed and is not expected to have a material impact on the Group's financial statements in the period of initial application unless otherwise indicated.

IFRS 16 Leases

The Group is required to adopt IFRS 16 Leases from 1 January 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may change because:

- The new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.
- The Group's borrowing rate is subject to change until the Group presents its first financial statements that include the date of initial application.

1. Accounting Policies (Continued)

- The Group's latest assessment of whether it will exercise any lease renewal options is subject to change until the Group presents its first financial statements that include the date of initial application.

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.

IFRS 16 replaces existing leasing guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

i. Leases in which the Group is a lessee

The Group will recognise new assets and liabilities for its operating leases, which include vessels, storage and transportation infrastructure. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

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.

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

No significant impact is expected for the Group's finance leases.

Based on the information currently available, the Group estimates that it will recognise additional lease liabilities of approximately EUR 137 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 Group does not expect the adoption of IFRS 16 to impact its ability to comply with the revised leverage threshold loan covenant and other KPIs.

ii. Leases in which the Group is a lessor

The Group will reassess the classification of sub-leases in which the Group is a lessor. No significant impact is expected for leases in which the Group is a lessor.

iii. Transition

The Group plans to apply 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 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

1. Accounting Policies (Continued)

The Group has a number of arrangements that are not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4. On transition to IFRS 16, the Group does not plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that the new definition of a lease under IFRS 16 will be applied to all of the contracts in place on transition.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

Other forthcoming standards and amendments

The following new or amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- IFRIC 23 Uncertainty over Income Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRs Standards 2015-17 Cycle- various standards
- Amendments to References to Conceptual Framework in IFRS Standards
- IFRS 17 Insurance Contracts
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation method as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

1. Accounting Policies (Continued)

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Intangible assets and goodwill

The fair value of patents, trademarks and technologies acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent, trademark or technology being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that contribute to achieve to related cash flows.

The fair value of the cash generating units for goodwill has been determined based on estimated discounted cash flows.

(ii) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach or cost approaches using quoted market prices for similar items when available or depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence of buildings used for production, machinery and equipment acquired in a business combination. The fair value of land and office and laboratory buildings or warehouses acquired in a business combination is based on discounted cash flows or rental income estimates.

(iii) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

(iv) Forward exchange contracts

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

(v) Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the unfavourable contracts assumed in a business combination, the fair

1. Accounting Policies (Continued)

value is based on estimates of future cash flows that exceed a contractual arrangement at market terms and the effect of discounting such excess cash outflows.

2. Acquisition of subsidiary

Updates to acquisitions in 2017

As of 28 February 2017, INEOS Styrolution acquired the K-Resin® styrene-butadiene copolymers (SBC) business from Chevron Phillips Chemical Company LLC (Chevron Phillips Chemical) and Daelim Industrial Co. Ltd. The transaction includes the purchase of 100% of the equity interests in KR Copolymer Co. Ltd. (KRCC), K-Resin SBC intellectual property, inventories and other assets related to the SBC business. This acquisition is in line with the Company's 'Triple Shift' growth strategy.

The purchase price was agreed at USD 127 million. The purchase agreement provided for corrections for net working capital contributions and this reduced the actual cash payment to USD 121.2 million (EUR 114.2 million). The Group incurred acquisition-related costs of EUR 1.6 million 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:

In millions of EUR	Fair values
Assets	
Intangible assets	65.5
Property, plant and equipment	14.7
Inventories	41.1
Cash and cash equivalents	14.3
Liabilities	
Employee benefits	(13.8)
Deferred tax liabilities	(19.4)
Other net assets and liabilities	(3.6)
Net assets of businesses acquired	**98.8**
Consideration paid	114.2
Thereof Goodwill	**15.4**

In 2018 the fair values assigned to the book values of the identifiable assets and liabilities were reviewed and the allocation of the purchase price was finalised without changes to the allocation as of 31 December 2017.

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 mainly allocated to the Asia polymers segment and is not expected to be deductible for income tax purposes.

2. Acquisition of subsidiary (Continued)

The fair value of acquired trade receivables is EUR 5.5 million. The trade receivables comprise gross contractual amounts due of EUR 5.6 million, of which EUR 0.1 million was expected to be uncollectable at the date of acquisition.

For the ten month period since 1 March 2017, the acquired business contributed a revenue of EUR 77.6 million and an EBITDA of EUR 7.2 million. EBITDA is reduced because of inventory fair value considerations in the opening balance. If the acquisition had occurred on 1 January 2017, management estimates that consolidated revenue would have been EUR 95.9 million and the EBITDA including fair value considerations would have been EUR 10.2 million.

3. Profit from operating activities

Revenue from contracts with customers

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
Sales of goods to third parties	5,276.4	5,247.7
Sales of goods to related parties	90.3	94.7
Total	**5,366.7**	**5,342.4**

Sales of goods to related parties contain sales to INEOS.

The split of revenue by region were as follows:

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
EMEA	1,854.9	1,856.1
Americas	2,206.2	2,215.4
Asia	1,305.6	1,270.9
Total	**5,366.7**	**5,342.4**

The split of revenue by product group were as follows:

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
Global Styrene Monomer	1,046.9	1,046.5
Polystyrene	1,926.7	1,985.8
ABS Standard	922.3	888.5
Specialties	1,470.8	1,421.6
Total	**5,366.7**	**5,342.4**

The timing of revenue recognition for the vast majority of the Group's sale transactions is at a point in time. Revenues for goods or services transferred over time are immaterial.

3. Profit from operating activities (Continued)

No contract assets and liabilities have been recognised in the Balance Sheet of the Group. Its impact, if any, was deemed immaterial. The performed analysis has concluded that the right of payment of the goods and services sold by the Group is unconditional, except for the passage of time. Therefore, all rights of payment have been booked as trade receivable.

No assets related to costs to obtain or fulfil a contract have been recognised. Its impact, if any, was deemed immaterial.

Expenses by nature

In millions of EUR	Note	1 January to 31 December 2018	1 January to 31 December 2017
Cost of production		(4,093.0)	(4,025.8)
Personnel expenses	4	(283.1)	(282.0)
Other personnel related expenses		(40.9)	(37.7)
Contract services		(9.7)	(24.1)
Depreciation and amortisation		(209.0)	(226.9)
Consulting and professional fees		(2.1)	(4.0)
Insurance, supplies and maintenance expenses		(76.6)	(56.8)
Operating lease payments		(28.8)	(27.1)
Other expenses		(19.9)	(51.6)
Total		**(4,763.1)**	**(4,736.0)**

Cost of production comprises raw material costs, utilities, freight and selling expenses. Within the other expenses, there are other income items of EUR 13.8 million (2017: EUR 11.5 million) for site services.

Other expenses in 2017 contain the expenses related to a liability recognised to the previous shareholder BASF under prior legal agreements.

Auditors' fee

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
Annual audit	1.7	1.6
Audit related services	0.1	0.1
Tax consultation services	1.0	1.0
Other services	0.1	—
Total	**2.9**	**2.7**

The total in 2018 includes fees paid to PricewaterhouseCoopers LLP worldwide for the audit of the consolidated financial statements and the audits of the financial statements of the Company and several of its worldwide subsidiaries.

4. Staff numbers and costs

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
Wages and salaries	(237.8)	(237.5)
Compulsory social security contribution	(20.7)	(19.3)
Other pension costs—defined contribution plans	(17.4)	(16.9)
Other pension costs—defined benefit plans	(7.2)	(8.3)
Total	**(283.1)**	**(282.0)**

The average monthly number of employees during 2018 was 3,301 (2017: 3,230) in full-time equivalents (FTE), of which 133 (2017: 133) were in management positions, 967 were administrative employees (2017: 916), and 2,201 (2017: 2,181) factory workers.

The Group employed 3,373 (2017: 3,315) employees at 31 December 2018, in full-time equivalents. The employees worked in the following regions:

	31 December 2018	31 December 2017
EMEA	1,432	1,407
Asia	1,062	1,049
Americas	879	859
Total	**3,373**	**3,315**

5. Directors' remuneration

The directors did receive emoluments of their services to the company during the year. There were no changes in 2018.

The total compensation the key management personnel (see note 23) received for the full year periods as Management Board of the Group were as follows:

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
Short-term employee benefits	(4.7)	(4.4)
Post-employment benefits	(0.2)	(0.2)
—thereof defined-benefit	*(0.1)*	*(0.1)*
—thereof defined-contribution	*(0.1)*	*(0.1)*
Termination Benefits	—	—
Other long-term benefits	(2.7)	(1.7)
Total	**(7.6)**	**(6.3)**

5. Directors' remuneration (Continued)

The total compensation the Board of Directors received for the full year periods they were directors of the company (see Directors report, section Directors) as Board of Directors of INEOS Styrolution Holding Limited were as follows:

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
Short-term employee benefits	(2.3)	(2.0)
Post-employment benefits	(0.1)	(0.1)
—thereof defined-benefit	—	—
—thereof defined-contribution	*(0.1)*	*(0.1)*
Termination Benefits	—	—
Other long-term benefits	(1.2)	(0.7)
Total	**(3.6)**	**(2.8)**

The compensation the highest paid director received for the full year period 2018 and 2017 as Board of Directors of INEOS Styrolution Holding Limited were as follows:

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
Short-term employee benefits	(1.7)	(1.4)
Post-employment benefits	(0.1)	(0.1)
—thereof defined-benefit	—	—
—thereof defined-contribution	*(0.1)*	*(0.1)*
Termination Benefits	—	—
Other long-term benefits	(0.9)	(0.5)
Total	**(2.7)**	**(2.0)**

6. Finance income and costs

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
Interest payable and other finance charges	(27.6)	(46.2)
Amortisation of issue costs	(8.7)	(5.4)
Interest on employee benefit liabilities	(1.2)	(1.2)
Net fair value loss on derivatives	(6.7)	(0.3)
Other interest receivables	4.7	4.2
Net finance costs before exchange movements	**(39.5)**	**(48.9)**
Exchange movements	12.5	(49.6)
Total net finance costs	**(27.0)**	**(98.5)**

6. Finance income and costs

In March 2018, the Company agreed to reduce the drawn amount under the asset securitization program from EUR 100 million to EUR 50 million. On 18 May 2018, INEOS Styrolution agreed to repay USD 120 million of the outstanding USD tranche of the institutional term loans as of 30 May 2018. Due to the reduction of gross debt and the improved nominal interest rates for the outstanding term loans realised during 2017, the net interest cost decreased for the year 2018 compared to 2017 (see note 14). This decrease was partly offset by the amortisation of EUR 8.7 million of capitalised financing costs and net fair value losses of EUR 6.7 million on derivatives.

In 2018, the Company recorded net gains from foreign exchange valuation of mainly translation effects from intercompany loans, including financing between consolidated subsidiaries, of EUR 12.5 million (2017: EUR 49.6 million loss).

7. Income tax expense

The components of income tax (expense) / benefit were as follows:

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
United Kingdom:		
Current taxes	—	—
Deferred taxes	—	—
Total UK taxes	—	—
Foreign:		
Current taxes	(145.8)	(164.5)
Deferred taxes	21.7	149.7
Total Foreign taxes	**(124.1)**	**(14.8)**
Income tax expense	**(124.1)**	**(14.8)**

The Group's operations are subject to income taxes in various jurisdictions. Excluding certain tax incentives, the statutory income tax rates vary from 9.77 percent to 34.94 percent; the applicable weighted average tax rate of the group was 19.0 percent for the year ended 31 December 2018 (2017: 20.2 percent).

7. Income tax expense (Continued)

A reconciliation of the applicable weighted average tax rate as a percentage of profit before taxes and the effective income tax rate is as follows:

In millions of EUR	1 January to 31 December 2018	%	1 January to 31 December 2017	%
Income before taxes	576.6		507.9	
Expected tax expense	(109.7)	(19.0)	(102.6)	(20.2)
Effect from tax rate change	—	—	67.1	13.2
Tax exempt income	0.8	0.1	6.3	1.2
Non-deductible expenses	(3.6)	(0.6)	(8.6)	(1.7)
Adjustments prior year tax charge	(5.5)	(1.0)	1.8	0.4
Effects from valuation allowances	—	—	0.6	0.1
Applicable tax credits	1.5	0.3	1.6	0.3
Other	(7.6)	(1.3)	19.0	3.7
Income tax expense / effective tax rate	**(124.1)**	**(21.5)**	**(14.8)**	**(2.9)**

The effect from valuation allowances is based on the non-recognition of deferred tax assets on tax losses. The effective income tax rate increased from 2.9 percent as of 31 December 2017 to 21.5 percent as of 31 December 2018. The effective tax rate in 2017 was considerably lower mainly due to a positive net effect caused by the US and Belgium tax reform. Both reforms led to a reduction in the deferred tax positions. Additionally, last year there was a recognition of a tax asset at INEOS Styrolution Investment GmbH resulting from the transfer of assets to INEOS Styrolution from the previous shareholder BASF in 2014 where recognition criteria have been met in 2017.

8. Property, plant and equipment

In millions of EUR	Land	Buildings	Technical installations	Under construction	Total
Cost					
1 January 2017	**75.5**	**123.6**	**1,156.9**	**114.9**	**1,470.9**
Additions	—	0.2	9.8	136.1	146.1
Business acquisitions	3.0	2.9	8.8	—	14.7
Transfers	—	1.2	88.8	(88.2)	1.8
Retirements/Disposals	(0.1)	(0.2)	(22.2)	—	(22.5)
Effect of movements in exchange rates	(5.2)	(3.9)	(61.9)	(13.4)	(84.4)
31 December 2017	**73.2**	**123.8**	**1,180.2**	**149.4**	**1,526.6**
Additions	—	1.4	66.4	99.3	167.1
Transfers	—	4.2	89.6	(93.8)	—
Retirements/Disposals	—	(0.1)	(11.4)	—	(11.5)
Effect of movements in exchange rates	1.4	0.8	20.2	5.7	28.1
31 December 2018	**74.6**	**130.1**	**1,345.0**	**160.6**	**1,710.3**
Accumulated depreciation and impairment losses					
1 January 2017	**0.2**	**39.1**	**498.0**	**0.3**	**537.6**
Depreciation for the year	0.1	8.4	133.2	—	141.7
Transfers	—	—	1.8	—	1.8
Retirements/Disposals	—	(0.2)	(21.5)	—	(21.7)
Effect of movements in exchange rates	(0.1)	(0.9)	(20.3)	—	(21.3)
31 December 2017	**0.2**	**46.4**	**591.2**	**0.3**	**638.1**
Depreciation for the year	—	8.1	125.3	—	133.4
Transfers	—	0.1	(0.1)	—	—
Retirements/Disposals	—	(0.1)	(11.2)	—	(11.3)
Effect of movements in exchange rates	—	0.3	7.1	—	7.4
31 December 2018	**0.2**	**54.8**	**712.3**	**0.3**	**767.6**
Carrying amounts					
At 31 December 2017	73.0	77.4	589.0	149.1	888.5
At 31 December 2018	**74.4**	**75.3**	**632.7**	**160.3**	**942.7**

In 2013 the Group recognised a building under a finance lease contract at EUR 8.3 million at inception. The net carrying amount of the building at balance sheet date amounts to EUR 6.9 million (2017: EUR 7.1 million).

9. Intangible assets and goodwill

In millions of EUR	Goodwill	Customer relationships	Patents, Trademarks	Technologies	Under Construction	Other	Total
Cost							
1 January 2017	**725.3**	**744.9**	**25.0**	**190.3**	**2.2**	**56.0**	**1,743.7**
Additions	—	—	—	—	1.3	—	1.3
Business acquisitions	15.4	55.8	1.5	7.9	—	0.3	80.9
Transfers	—	—	—	0.7	(1.4)	0.7	—
Retirements/Disposals	—	—	—	(3.1)	—	(0.2)	(3.3)
Effect of movements in exchange rates	(45.1)	(33.5)	(0.8)	(10.5)	(0.2)	4.2	(85.9)
31 December 2017	**695.6**	**767.2**	**25.7**	**185.3**	**1.9**	**61.0**	**1,736.7**
Additions	—	—	—	7.2	1.2	0.5	8.9
Transfers	—	—	—	—	—	—	—
Retirements/Disposals	—	—	—	(0.3)	—	—	(0.3)
Effect of movements in exchange rates	11.8	6.3	0.3	2.8	(0.2)	1.0	22.0
31 December 2018	**707.4**	**773.5**	**26.0**	**195.0**	**2.9**	**62.5**	**1,767.3**
Accumulated amortisation and impairment losses							
1 January 2017	**—**	**127.6**	**2.8**	**25.3**	**—**	**38.8**	**194.5**
Amortisation for the year	—	62.0	1.3	10.3	—	11.6	85.2
Transfers	—	—	—	—	—	—	—
Retirements/Disposals	—	—	—	—	—	(0.2)	(0.2)
Effect of movements in exchange rates	—	(5.8)	(0.1)	(0.8)	—	—	(6.7)
31 December 2017	**—**	**183.8**	**4.0**	**34.8**	**—**	**50.2**	**272.8**
Amortisation for the year	—	61.5	1.3	9.6	—	3.2	75.6
Transfers	—	—	—	—	—	—	—
Retirements/Disposals	—	—	—	—	—	—	—
Effect of movements in exchange rates	—	3.2	—	0.5	—	—	3.7
31 December 2018	**—**	**248.5**	**5.3**	**44.9**	**—**	**53.4**	**352.1**
Carrying amounts							
At 31 December 2017	695.6	583.4	21.7	150.5	1.9	10.8	1,463.9
At 31 December 2018	**707.4**	**525.0**	**20.7**	**150.1**	**2.9**	**9.1**	**1,415.2**

The amortisation of the intangible assets is included within cost of sales. The maximum remaining useful life of customer relationships, Patents, Trademarks and Technologies is 19 years. Intangible assets under construction presented at 31 December 2018 are related to software licenses.

The carrying amounts of the customer relationships, technologies (production technologies) and patents / trademarks relate to the identified intangible assets resulting from the purchase price allocation in 2014 when INEOS acquired BASF's 50% shares in the Group. Their initial cost is the fair value at the date of acquisition. In addition, in 2017 the Group acquired intangible assets with the K-Resin acquisition. The carrying amounts of these assets resulting from the purchase price allocation in 2017 are presented in the line acquisitions.

Impairments-if any-can be a result of either the evidence that the assumptions for determining the estimated useful lives are incorrect or the annual impairment test of the cash-generating unit to which the acquisition-related intangible assets are related.

9. Intangible assets and goodwill (Continued)

Goodwill impairment testing

Management identifies the operating segments as cash generating units for purposes of monitoring goodwill for impairment. The carrying amount of goodwill has been allocated to the following cash generating units:

In millions of EUR	31 December 2018	31 December 2017
Polymers EMEA	252.2	252.2
Polymers Asia	95.4	96.5
Polymers Americas	182.9	175.2
Styrene Monomer	176.9	171.7
Total	**707.4**	**695.6**

The Group determined the recoverable amount based on value in use. The recoverable amount is calculated on a long-term business plan for the cash generating units with a detailed planning period of three years and a consistent terminal growth rate of 0.5 percent for each unit for the period thereafter. Key assumption on which the management based its cash flow projection is an increase of the EBITDA over the detailed three year planning period which is seen as the most important performance indicator and the basis for cash flow estimates used to determine the value in use. The assumption is based on detailed project plans to increase revenues and profitability.

The main assumptions for the preparation of the three-year-business plan are the economic growth developments in the main customer regions and industries of the Company. These assumptions are based on external market data as well as internal assessments. The expected demand that is derived from the growth assumptions is compared with the supply balance of its product groups. INEOS Styrolution expects its Specialties and ABS Standards products groups to continue to grow, especially in its key focus industries. The Group has also announced to invest in these product groups and is increasing capacity to meet the growing demand. Polystyrene demand is expected to slightly decline in line with demand especially from the packaging industry. Styrene Monomer capacities are fully utilised and total volumes will remain stable. Gross margin levels are expected to sustain at upper to mid-cycle levels. For the main foreign currencies a fixed exchange rate is expected. This means that profitability and cash flows are not materially affected by exchange rate changes.

None of the goodwill is expected to be deductible for income tax purposes. The following discount rates were applied per cash generating unit to determine the cash flow projection before taxes:

	Polymers EMEA	Polymers America	Polymers Asia	Styrene Monomer
Pre-tax discount rate	10.85%	12.55%	13.14%	11.77%

The estimated recoverable amount exceeded the carrying amount for all cash generating units.

In millions of EUR	Polymers EMEA	Polymers America	Polymers Asia	Styrene Monomer
Excess recoverable amount over carrying amount	858	787	81	644

10. Investments

The group consists of INEOS Styrolution Holding Limited and the following consolidated subsidiaries:

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
INEOS Styrolution Financing Limited[2]	United Kingdom, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	100%	100%
INEOS Styrolution Investment GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Holding GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution America LLC	USA, 1209 Orange Street, Wilmington DE 19801, Delaware	100%	100%
INEOS Styrolution Belgium NV	Belgium, Haven 725, Scheldelaan 600, 2040 Antwerp	100%	100%
INEOS Styrolution Belgium Services bvba	Belgium, 2070 Zwijndrecht, Nieuwe Weg 1, 1053 Haven, Mechelen	100%	100%
INEOS Styrolution Beteiligungs GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Canada Ltd.	Canada, 872 Tashmoo Avenue, Sarnia ON N7T 8A3 Ontario	100%	100%
INEOS Styrolution do Brasil Polimeros Ltda.	Brazil, Rua Quintana 887 3° andar, conjuntos 33 e 34, Ciudade Moncoes, São Paulo 04569-011	100%	100%
INEOS Styrolution HongKong Company Limited	China, Room 905, 9/F, OfficePlus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong	100%	100%
INEOS Styrolution Europe GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution France SAS	France, rue Albert Duplat, F-62410 Wingles	100%	100%
INEOS Styrolution France Services SAS	France, 95 rue la Boétie, F-75008 Paris	100%	100%
INEOS Styrolution Group GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Iberia S.L.	Spain, Ronda General Mitre 28-30, 08017 Barcelona	100%	100%
INEOS Styrolution India Limited	India, 5th Floor, OHM House—II, OHM Business Park, Ellora Park (East), Subhanpura, 390023 Vadodara Gujarat	75%	75%

10. Investments (Continued)

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
INEOS Styrolution Switzerland SA	Switzerland, Avenue des Uttins 3, CH-1180 Rolle	100%	100%
INEOS Styrolution Italia S.r.L.	Italy, Via Caldera 21, 20153 Milano Cesano Maderno	100%	100%
INEOS Styrolution Kimyasal Ürünler Ticaret Limited Sirketi	Turkey, Eski Büyükdere Cad. No. 9/78, Iz Plaza Giz, Zemin Kat Oda no. 9-K, 34398 Maslak Şişli Istanbul	100%	100%
INEOS Styrolution Köln GmbH(1)	Germany, Alte Strasse 201, 50769 Cologne	100%	100%
INEOS Styrolution Korea Ltd.	South Korea, Sanggae-ro 143 (Sanggae-dong), Nam-gu, Ulsan	100%	100%
KR Copolymer Co. Ltd.	South Korea, 434, Sandanjungang-ro, Yeosu-si, Jeollanam-do, 59643 Republic of Korea	100%	100%
INEOS Styrolution Ludwigshafen GmbH(1)	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Mexicana, S.A. de C.V.	Mexico, Avenida Insurgentes Sur No. 859, Piso 11, Oficina 1102, Colonia Nápoles, 03810, Mexico City	100%	100%
INEOS Styrolution Netherlands B.V.	The Netherlands, Strawinskylaan 411, NL-1077 XX Amsterdam	100%	100%
INEOS Styrolution OOO	Russian Federation, Bldg. 3, 18 Pyatnitskaya St., 115035 Moscow	100%	100%
INEOS Styrolution Poland Sp. z o.o.	Poland, ul. Wołoska 9, 02-583 Warszawa	100%	100%
INEOS Styrolution Polymers (Shanghai) Co. Ltd.	China, Central Towers, Suite 2501&2503, 567 Langao Road, 200333 Shanghai	100%	100%
INEOS Styrolution Polymers (Shanghai) Co. Ltd.—Guangzhou Branch	China, Room 06, 34th Floor, No. 208, Teem Plaza, Tianhe Road, Tianhe District, 510620 Guangzhou	100%	100%
INEOS Styrolution (Shanghai) Management Co. Ltd.	China, Suite 2502, 567 Langao Road, 200333 Shanghai	100%	100%
INEOS Styrolution Schwarzheide GmbH(1)	Germany, Schipkauer Strasse 1, 01987 Schwarzheide	100%	100%

10. Investments (Continued)

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
INEOS Styrolution Servicios, S.A. de C.V.	Mexico, Avenida Insurgentes Sur No. 859, Piso 11, Colonia Nápoles, 03810, Mexico City	100%	100%
INEOS Styrolution APAC Pte Ltd.	Singapore, 111 Somerset Road, #14-16 to 21 TripleOne Somerset, Singapore 238164	100%	100%
INEOS Styrolution UK Limited	United Kingdom, c/o DWF LLP, 1 Scott Place 2 Hardman Street, Manchester M3 3AA	100%	100%
INEOS Styrolution US Holding LLC	USA, 1209 Orange Street, Wilmington DE 19801, Delaware	100%	100%
INEOS Styrolution Verwaltungsgesellschaft GmbH(1)	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution (Thailand) Co., Ltd.	Thailand, No. 4/2, I-8 Road, T. Map Ta Phut, A Muang, 2115 Rayong	100%	100%
INEOS Styrolution Vietnam Co., Ltd.	Vietnam, 11th Floor, Lotte Center Hanoi, 54 Lieu Giai Street Hanoi	100%	100%
INEOS Styrolution APAC Pte Ltd.—Japan Branch	Japan, 1-25-1 Nishi-Shinjuku, Shinjuku-ku (35F, Shinjyuku Center Building), Tokyo 1630635	100%	100%
Deutsche Bank Mexico F/1787 Styrolution	Mexico, Torre Virreyes, Pedregal 24, Piso 20, Colonia Molino del Rey, 11040, Mexico City	0%	0%
INEOS Styrolution Receivables Finance Designated Activity Company	Ireland, 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1	0%	0%

(1) Pursuant to HGB, section 264 (3), these subsidiaries are exempt from applying certain legal requirements to their statutory stand-alone financial statements for the year ended 31 December 2018.

(2) Company held directly by INEOS Styrolution Holding Limited. All other companies are held indirectly.

The non-controlling interest is in INEOS Styrolution India Limited and represents publicly traded shares. INEOS Styrolution India Limited generated revenues of EUR 263.8 million (2017: EUR 242.7 million) and a net income of EUR 3.3 million (2017: EUR 9.7 million) and holds non-current assets of EUR 32.8 million at 31 December 2018 (2017: EUR 27.8 million), current assets of EUR 114.9 million at 31 December 2018 (2017: EUR 101.8 million), non-current liabilities of EUR 14.5 million at 31 December 2018 (2017: EUR 4.6 million) and current liabilities of EUR 63.0 million at 31 December 2018 (2017: EUR 53.9 million). In India, there are restrictions on INEOS Styrolution India Limited to access or use assets due to the non-controlling interest.

10. Investments (Continued)

There are no further restrictions to the entities within the Group, unless cash movements are restricted by local law. For all subsidiaries listed, the financial year corresponds to the calendar year. Only the financial year of INEOS Styrolution India Limited ends on 31 March of a year, due to local legal requirements.

11. Trade and other receivables

In millions of EUR	31 December 2018	31 December 2017
Trade receivables due from third parties	545.1	593.2
Trade receivables due from related parties	11.2	14.0
Trade receivables	**556.3**	**607.2**
Income tax receivables	25.0	49.6
Income tax receivables	**25.0**	**49.6**
VAT receivables	46.4	47.6
Prepaid expenses	7.8	7.4
Other current receivables	12.2	12.3
Other receivables and miscellaneous current assets	**66.4**	**67.3**
Total current trade and other receivables	**647.7**	**724.1**
Other non-current receivables	4.8	4.9
Other receivables and miscellaneous non-current assets	**4.8**	**4.9**

Trade receivables ageing

In millions of EUR	Trade Receivables 31 December 2018	Impairments thereof 31 December 2018	Expected credit loss rate	Trade Receivables 31 December 2017	Impairments thereof 31 December 2017	Expected credit loss rate
Not past due	512.3	(0.3)	0.1%	563.9	—	—
Past due 0-30 days	43.9	(1.7)	3.9%	41.9	—	—
Past due 31-90 days	1.6	(1.1)	68.8%	3.5	(2.1)	60.0%
Past due more than 90 days	4.9	(3.3)	67.3%	3.5	(3.5)	100.0%
Total	**562.7**	**(6.4)**	**1.1%**	**612.8**	**(5.6)**	**0.9%**

External receivables originated from INEOS Styrolution Europe GmbH, INEOS Styrolution Switzerland SA, INEOS Styrolution America LLC, INEOS Styrolution Canada Ltd. and INEOS Styrolution Mexicana S.A. de C.V. are pledged as security for an external loan as part of the EUR 450 million asset securitization program of INEOS Styrolution Group GmbH.

The Group's exposure to credit and currency risk, and impairment losses related to trade and other receivables is disclosed in note 20.

12. Deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following balance sheet captions:

Deferred tax assets

In millions of EUR	1 January 2018	Recognised in income	Business acquisitions	Other changes and exchange rate changes	31 December 2018
Tax loss carry forward	11.2	(3.9)	—	(1.5)	5.8
Tangible fixed assets	25.8	(2.3)	—	—	23.5
Intangible fixed assets	5.2	(1.5)	—	0.9	4.6
Inventories	8.2	0.4	—	—	8.6
Receivables	1.5	0.6	—	0.1	2.2
Other current assets	0.4	0.1	—	0.1	0.6
Pension provisions	17.6	0.8	—	2.6	21.0
Other provisions	8.5	(1.0)	—	0.8	8.3
Other liabilities	3.5	0.6	—	(0.1)	4.0
Other	0.1	—	—	0.4	0.5
Deferred tax assets	**82.0**	**(6.2)**	**—**	**3.3**	**79.1**
Valuation allowances tax loss carry forward	(3.1)	—	—	0.6	(2.5)
Valuation allowances other temporary differences	—	—	—	—	—
Deferred tax assets	**78.9**	**(6.2)**	**—**	**3.9**	**76.6**

In millions of EUR	1 January 2017	Recognised in income	Business acquisitions	Other changes and exchange rate changes	31 December 2017
Tax loss carry forward	17.8	(7.3)	—	0.7	11.2
Tangible fixed assets	—	25.8	—	—	25.8
Intangible fixed assets	7.7	(1.4)	—	(1.1)	5.2
Inventories	9.1	(0.1)	—	(0.8)	8.2
Receivables	1.8	(0.2)	—	(0.1)	1.5
Other current assets	1.7	(1.1)	—	(0.2)	0.4
Pension provisions	16.6	2.9	2.9	(4.8)	17.6
Other provisions	8.9	0.9	—	(1.3)	8.5
Other liabilities	5.1	(1.3)	0.4	(0.7)	3.5
Other	0.1	—	—	—	0.1
Deferred tax assets	**68.8**	**18.2**	**3.3**	**(8.3)**	**82.0**
Valuation allowances tax loss carry forward	(3.2)	0.6	—	(0.5)	(3.1)
Valuation allowances other temporary differences	—	—	—	—	—
Deferred tax assets	**65.6**	**18.8**	**3.3**	**(8.8)**	**78.9**

12. Deferred tax assets and liabilities (continued)

Deferred tax liabilities

In millions of EUR	1 January 2018	Recognised in income	Business acquisition	Other changes and exchange rate changes	31 December 2018
Tangible fixed assets	122.2	(7.0)	—	(1.1)	114.1
Intangible fixed assets	205.3	(21.0)	—	10.9	195.2
Inventories	2.4	0.2	—	0.1	2.7
Investments	27.7	—	—	13.4	41.1
Receivables	0.1	—	—	0.7	0.8
Other current assets	2.3	0.9	—	0.2	3.4
Other provisions	3.0	1.1	—	(0.4)	3.7
Other liabilities	5.5	(2.9)	—	0.5	3.1
Other	17.8	0.8	—	(18.6)	—
Deferred tax liabilities	**386.3**	**(27.9)**	**—**	**5.7**	**364.1**

In millions of EUR	1 January 2017	Recognised in income	Business acquisition	Other changes and exchange rate changes	31 December 2017
Tangible fixed assets	183.0	(52.7)	1.7	(9.8)	122.2
Intangible fixed assets	243.2	(29.1)	13.9	(22.7)	205.3
Inventories	2.3	(3.1)	3.8	(0.6)	2.4
Investments	40.6	(13.0)	—	0.1	27.7
Receivables	0.3	—	—	(0.2)	0.1
Other current assets	1.8	0.2	—	0.3	2.3
Other provisions	2.5	0.9	—	(0.4)	3.0
Other liabilities	33.0	(26.4)	—	(1.1)	5.5
Other	26.6	(7.7)	—	(1.1)	17.8
Deferred tax liabilities	**533.3**	**(130.9)**	**19.4**	**(35.5)**	**386.3**

Deferred tax assets and deferred tax liabilities are offset against each other to the following extent:

In millions of EUR	31 December 2018	31 December 2017
Deferred tax assets	76.6	78.9
Deferred tax liabilities	(364.1)	(386.3)
Offsetting of assets and liabilities	40.1	24.6
Deferred tax assets	**36.5**	**54.3**
Deferred tax liabilities	**324.0**	**361.7**

In 2018, there were no significant changes to deferred tax assets and liabilities. In 2017, the increase of deferred tax assets for tangible fixed assets resulted from the transfer of assets to INEOS Styrolution from the previous shareholder BASF in 2014 where recognition criteria have been met in

12. Deferred tax assets and liabilities (continued)

2017. Deferred tax liabilities were reduced due to the US and the Belgium tax reforms and thereby lower corporate tax rates. The full deferred tax impact is recognised in income in 2017.

In assessing the Group's ability to realise deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realised. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax strategies in making this assessment.

In order to fully realise the deferred tax asset, the Group will need to generate future taxable income in the countries where the net operating losses were incurred (particularly in Canada). Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is probable that the Group will realise aforementioned benefits.

At 31 December 2018, the tax losses carried forward expire as follows:

In millions of EUR	2019	2020	2021	2022-2026	later	unlimited	Non-recognised
Losses carried forward	—	—	—	1.7	10.2	28.9	(27.9)

13. Inventories

In millions of EUR	31 December 2018	31 December 2017
Raw materials	144.7	129.2
Finished goods	358.1	399.5
Catalysts, maintenance and other spares	23.1	18.2
Total	**525.9**	**546.9**

The net write-down of inventories to net realisable value recognised in profit and loss amounted to EUR 8.9 million (2017: EUR 1.5 million) after the reversal of previous write downs of EUR 4.0 million (2017: EUR 2.8 million).

14. Financial indebtedness

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk see note 20.

In millions of EUR	31 December 2018	31 December 2017
Non-current financial indebtedness		
Institutional term loans	614.0	704.9
Borrowings from asset securitization program	50.0	100.0
Finance Lease and other	7.9	9.0
Total	**671.9**	**813.9**

14. Financial indebtedness (continued)

In March, 2018 the Company agreed to reduce the drawn amounts under the asset securitization program from EUR 100 million to EUR 50 million.

On 18 May 2018, INEOS Styrolution agreed to prepay USD 120 million of the outstanding USD tranche of the institutional term loans as of 30 May 2018, resulting in a further gross debt reduction.

Under the terms of asset securitization programs, certain subsidiaries of the Group sell eligible customer receivables to a consolidated special purpose entity with INEOS Styrolution Group GmbH acting as master servicer. The Group's borrowing capacity under the asset securitization program is subject to the volume of receivables sold to the special purpose entity as well as the performance of the customer receivable portfolio, which is pledged as collateral for the financing by a committed lender or institutional buyers (conduit investors).

The term loans as well as the asset securitization program are subject to specific terms and failure by the Company to perform in accordance with these terms may result in a termination of these facilities. An event of default in either of the two facilities would also result in a cross default. During the reporting period the Company has fulfilled all obligations in its financing arrangements.

In millions of EUR	31 December 2018	31 December 2017
Current financial indebtedness		
Institutional term loans	7.0	7.2
Short-term borrowings other	32.3	18.9
Total	**39.3**	**26.1**

In order to manage local financing requirements, INEOS Styrolution has established a number of working capital facilities with local banks to meet the requirements of its entities whereby legislation limits or prohibits funding through liquidity available at Group level. These short-term credit facilities are arranged in India, Korea, Singapore and Thailand. The undrawn amount of those facilities as at 31 December 2018 was approximately EUR 81.7 million (2017: EUR 95.6 million) equivalent.

14. Financial indebtedness (continued)

Terms and debt payment schedule

Terms of the significant outstanding financial indebtedness were as follows:

31 December 2018 In millions of EUR	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount(1)
Institutional term loan	EUR	EURIBOR (0.5% floor) + 200 bps	March 2024	442.7	441.8
Institutional term loan	USD	USD LIBOR + 200 bps	March 2024	179.8	179.2
Assets securitization . .	EUR	0.83%	July 2021	50.0	50.0
Total				**672.5**	**671.0**

(1) The carrying amount of the term loans is reduced by EUR 1.5 million financing costs.

31 December 2017 In millions of EUR	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount(1)
Institutional term loan	EUR	EURIBOR (0.5% floor) + 200 bps	March 2024	447.2	441.6
Institutional term loan	USD	USD LIBOR + 200 bps	March 2024	275.4	270.5
Assets securitization . .	EUR	1.17%	March 2019	100.0	100.0
Total				**822.6**	**812.1**

(1) The carrying amount of the term loans is reduced by EUR 10.5 million financing costs.

In July 2018, the Company extended the asset securitization program for a period of three years. This spreads the debt maturity profile into 2021, and the introduction of a second banking partner mitigates a potential risk of single sourcing. The facility matures in July 2021.

As a result of the Company's strong cash generation, the Company was able to reduce its gross debt in 2018.

Finance Lease Liabilities

In millions of EUR	31 December 2018	31 December 2017
Gross finance lease liabilities—minimum lease payments:		
No later than 1 year	1.3	1.3
Later than 1 year and not later than 5 years	2.4	3.4
Later than 5 years	10.4	10.9
Future finance charges on finance lease liabilities	(5.3)	(5.8)
Present value of finance lease liabilities	**8.8**	**9.8**

In millions of EUR	31 December 2018	31 December 2017
Present value of finance lease liabilities:		
No later than 1 year	0.9	0.9
Later than 1 year and not later than 5 years	1.2	2.0
Later than 5 years	6.7	6.9
Present value of finance lease liabilities	**8.8**	**9.8**

14. Financial indebtedness (continued)

From the present value of finance lease liabilities of EUR 8.8 million (2017: EUR 9.8 million), EUR 0.9 million (2017: EUR 0.9 million) are current liabilities. EUR 7.9 million (2017: EUR 8.9 million) refer to non-current finance lease liabilities.

Cash and cash equivalents

In millions of EUR	31 December 2018	31 December 2017
Bank balances	319.4	254.0
Short-term investments	247.7	41.9
Total	**567.1**	**295.9**

Bank balances include an amount of EUR 94.3 million (2017: EUR 68.1 million) representing funds in collection accounts that facilitate the asset securitization program which are pledged to the lenders. These funds are available to the Company at the respective year end in the short term but not immediately. There is no restricted cash as of 31 December 2018 (31 December 2017: nil).

15. Trade payables

In millions of EUR	31 December 2018	31 December 2017
Trade payables due to third parties	410.8	401.7
Trade payables due to related parties	54.8	65.6
Total	**465.6**	**467.3**

An amount of EUR 127.2 million (2017: EUR 132.7 million) of the trade payables are related to accruals for goods or services not yet invoiced. The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 20.

16. Employee benefits obligations

As part of the employment compensation package, the Group provides different retirement benefit arrangements or similar benefits covering (substantially) all employees depending on the legal, economic and fiscal environment in each country. The pension obligations comprise both defined benefit and defined contribution plans.

Net defined benefit and contribution obligations

The Group's defined benefit plans mainly exist in Canada, the United States of America, Germany and South Korea and are at 31 December 2018 all fully or partially funded via pension funds. In order to limit the risks of changing capital market conditions and demographic developments, the major defined benefit plans have either been closed to new entrants or curtailed to preclude participants from vesting in additional benefits. The Group offers only defined contribution schemes to newly hired employees. In addition to their pension plans, the North American Group entities operate unfunded post-employment medical care plans.

16. Employee benefits obligations (continued)

Description of the defined benefit plans

- **Germany**

For German Group companies all defined benefit plans were closed in 2013 for new employees and replaced by a defined contribution plan, funded by Allianz Unterstützungskasse—*Allianz Pensions Management e.V.* and Allianz direct insurances—*Allianz Lebensversicherungs AG.* BASF and INEOS / BP heritage plans grant a basic level of benefits. For BASF plans accruals until end of 2014 are provided by BASF Pensionskasse VVaG. After the termination of membership, accruals after 2014 are financed under a contractual trust arrangement. Occupational pension promises that exceed the basic level of benefits as also INEOS / BP basic level of benefits are financed via pension provisions with a contractual trust arrangement. The benefits are based on cash balance plans. Furthermore, employees are given the option of participating in various deferred compensation schemes.

- **South Korea**

Since March 2017 the company is consolidating post-employment benefit liabilities of the new acquired KRCC Business. In accordance with the Korean Employee Retirement benefit Security Act (ERBSA) and the KRCC's employee benefits policy, employees, who are terminating their employment with at least one year of service are entitled to severance and retirement benefits based on the rates of pay in effect at the time of termination, years of service and certain other factors.

- **Canada**

The Canadian Group company closed all defined benefit (final salary) plans for new employees. One of the two company's defined benefit plans has been frozen, with no further increases in benefits based on future years of service or salary increase. On 29 September 2016 Canadian regulators approved the merger of the two plans, effective date as at 31 December 2014.

- **United States of America**

Employees of the U.S. Group company receive benefits from defined contribution plans. The existing defined benefit plans were closed to further increases in benefits based on future years of service, and benefits earned in the past have been frozen. There is no entitlement to pension adjustments to compensate for cost-of-living increases. For future years of service, employees are granted benefits based on defined contribution plans.

16. Employee benefits obligations (continued)

The changes in the defined benefit obligation comprise:

In millions of EUR	2018	2017
Defined benefit obligation at 1 January	**197.0**	**186.6**
Service costs	7.2	8.3
Interest cost	5.0	5.1
Business acquisition*	—	13.8
Employee contributions	0.2	0.2
Benefits paid by the plan	(5.1)	(7.7)
Benefits directly paid by employer	(1.7)	(0.8)
Actuarial losses / (gains)—experience adjustments	2.5	(2.2)
Actuarial losses / (gains)—demographic assumptions	0.6	(0.1)
Actuarial (gains) / losses—financial assumptions	(3.4)	0.9
Past service costs	—	—
Settlements	—	—
Other	0.7	—
Effect of movement in exchange rates	(0.1)	(7.1)
Defined benefit obligation at 31 December	**202.9**	**197.0**

* Acquisition of KR Copolymer Co. Ltd.

Thereof		
Germany	97.1	90.4
Canada	39.7	42.2
USA	21.5	23.0
South Korea	22.9	20.7
Other countries	21.7	20.7

The changes in the fair value of plan assets comprise:

In millions of EUR	2018	2017
Fair value of plan assets at 1 January	**146.0**	**142.7**
Interest on plan assets	3.8	3.9
Return on plan assets (less) / greater than discount rate	(6.0)	5.3
Employer contributions	7.5	8.5
Plan participants' contributions	0.2	0.2
Disbursements	(6.9)	(9.4)
Settlements	—	—
Other	0.6	—
Effect of movement in exchange rates	(0.7)	(5.2)
Fair value of plan assets at 31 December	**144.5**	**146.0**

16. Employee benefits obligations (continued)

The funded status of the defined benefit schemes is as follows:

In millions of EUR	31 December 2018	31 December 2017
Defined Benefit Obligation	(202.9)	(197.0)
thereof funded	*(172.0)*	*(167.5)*
thereof unfunded	*(30.9)*	*(29.5)*
Fair value of plan assets	144.5	146.0
Net Defined Benefit Obligation	**(58.4)**	**(51.0)**
Thereof		
Germany	(26.2)	(22.3)
Canada	(0.2)	0.8
USA	(7.2)	(7.7)
South Korea	(15.6)	(14.2)
Other countries	(9.2)	(7.6)

The following pension expenses resulting from defined benefit plans have been recognised in the statement of income:

In millions of EUR	2018	2017
Service costs	7.2	8.3
thereof current service costs	*7.2*	*8.3*
thereof settlement (gains)/losses	—	—
Net interest costs	1.2	1.2
Total	**8.4**	**9.5**
Thereof		
Germany	4.3	5.3
Canada	0.5	0.5
USA	0.5	0.6
South Korea	1.6	1.4
Other countries	1.5	1.7

16. Employee benefits obligations (continued)

The change in the net defined benefit liability is due to the following components:

In millions of EUR	2018	2017
Net defined benefit liability at 1 January	**(51.0)**	**(43.9)**
Cost recognised in profit and loss	(8.4)	(9.5)
Remeasurement (loss) / gain recognised in other comprehensive income	(5.7)	6.7
Business acquisition	—	(13.8)
Employer contributions to plan assets	5.7	6.8
Benefits directly paid by employer	1.7	0.8
Other	(0.1)	—
Effect of movements in exchange rates	(0.6)	1.9
Net defined benefit liability at 31 December	**(58.4)**	**(51.0)**

In order to mitigate the interest rate risk, target plan asset allocations have been defined for several funded plans in North America by using asset liability studies and are reviewed regularly. Accordingly, the asset portfolios and their durations are aligned with the duration of the pension liabilities, taking into consideration investment risks and adherence to statutory regulations. In Germany, the Company funded its defined benefit obligations through a contractual trust agreement (CTA) in an amount of EUR 59.3 million (2017: EUR 56.2 million). A portion of the past service of the defined contribution and defined benefit arrangements are funded via the BASF Pensionskasse VvAG. The company terminated the membership in BASF Pensionskasse VvAG End of 2014.

The weighted duration of all pension liabilities totalled 16.7 years as at 31 December 2018 (2017: 17.2 years). The actual return on plan assets was a loss of EUR 2.2 million (2017 gain: EUR 9.1 million).

The company expects to contribute EUR 6.8 million (2017: EUR 6.4 million) to the plan assets in the following year.

Plan asset allocation

In % (weighted averages)

A. Securities with quoted market price in an active market

	31 December 2018	31 December 2017
Equities	20.2%	22.2%
Bonds:		
Government-fixed rate	50.8%	42.3%
Government-variable rate		—
Corporate	13.9%	20.3%
Real Estate	0.1%	0.1%
Cash and cash-equivalents	0.5%	0.9%
Other quoted securities	5.0%	4.8%
	90.5%	**90.5%**

16. Employee benefits obligations (Continued)

B. Other securities

Insurance contracts	1.4%	1.3%
Other	8.1%	8.2%
	9.5%	**9.5%**
Total	**100.0%**	**100.0%**

Other plan assets comprise assets held by insurance carriers primarily for the German plan. The plan assets neither comprise equity instruments in INEOS Styrolution nor Company-occupied real estate or other assets used by the company.

The Group determined the following economic and actuarial assumptions used for the calculation of the defined benefit obligation and expenses.

Assumptions used to determine employee benefit obligation and expense

Expressed as weighted averages	2018				2017			
	Germany	Canada	USA	Other countries	Germany	Canada	USA	Other countries
Discount rate	**2.00%**	**3.50%**	**4.25%**	**2.55%**	2.00%	3.25%	3.50%	2.68%
Future salary increases	**2.75%**	**3.00%**	**3.50%**	**3.66%**	2.75%	3.00%	3.50%	4.61%
Medical cost trend rate	**N/A**	**4.50%**	**5.00%**	**N/A**	N/A	4.50%	5.00%	N/A
Inflation	**1.75%**	**2.00%**	**2.50%**	**1.99%**	1.75%	2.00%	2.50%	2.06%
Mortality	**Heubeck 2018G**	**CPM 2014***	**RP-2014 mortality tables****		Heubeck 2005G	CPM 2014*	RP-2014 mortality tables**	

* Private Sector Mortality Table projected generationally using Scale B2D with no size adjustments

** Projected generationally with Scale MP-2018 from 2006 / RP-2014 head-count weighted mortality tables (white and blue collar) projected generationally with Scale MP-2018 from 2006

Inflation relates to indexed pension increases in Germany.

The following tables show the impact on the Group's pension liabilities in the case of a change of the material economic and actuarial assumptions:

In millions of EUR	Sensitivity of the defined benefit obligation by a change of the following parameters:	
	31 December 2018	31 December 2017
Discount rate	***Decrease by 100bps*** 36.9	***Decrease by 100bps*** 36.7
Medical cost trend rate	***Increase by 100bps*** 0.3	***Increase by 100bps*** 0.3
Price inflation	***Increase by 50bps*** 9.6	***Increase by 50bps*** 9.3
Life expectancy	***Increase by 1 year*** 4.6	***Increase by 1 year*** 4.4

Sensitivity results show the change of the defined benefit obligation if the respective assumption is increased or decreased as disclosed above while all other assumptions remain unchanged.

16. Employee benefits obligations (Continued)

Therefore, it does not take into account any interdependence that might exist between the assumptions. The effect was determined using the same valuation methodologies and approaches as used for the calculation of the benefit liability. In consequence, the validity of the sensitivity disclosed above is subject to limitations.

In % of the defined benefit obligation (weighted averages)	Distribution of the defined benefit obligation: 2018	2017
Active employees	65.3%	67.2%
Former vested employees	13.1%	14.0%
Retirees	21.6%	18.8%
Total	**100.0%**	**100.0%**

Defined contribution benefits

The cost of defined contribution plans amounted to EUR 8.7 million (2017: EUR 8.2 million). These benefits are exclusively paid by third parties. INEOS Styrolution is only obliged to pay the contributions.

In addition, employer contributions to the statutory pension insurance systems in the various countries amounted to EUR 8.7 million (2017: EUR 8.7 million).

17. Other liabilities and provisions

In millions of EUR	Onerous contracts	Other items	Total
Obligations at 1 January 2018	**16.5**	**39.2**	**55.7**
Provisions made during the year	—	1.8	1.8
Reclassifications	—	(8.5)	(8.5)
Provisions used during the year	(8.6)	(0.1)	(8.7)
Provisions released during the year	(3.2)	(1.6)	(4.8)
Total 31 December 2018	**4.7**	**30.8**	**35.5**

In millions of EUR	Onerous contracts	Other items	Total
Obligations at 1 January 2017	**22.3**	**11.1**	**33.4**
Provisions made during the year	0.9	28.3	29.2
Provisions used during the year	(6.7)	—	(6.7)
Provisions released during the year	—	(0.2)	(0.2)
Total 31 December 2017	**16.5**	**39.2**	**55.7**

17. Other liabilities and provisions (Continued)

In millions of EUR	31 December 2018	31 December 2017
Current provisions	7.0	17.8
Other current liabilities	103.1	93.1
Accruals and deferred income	46.1	64.0
Total other liabilities and short-term provisions	**156.2**	**174.9**
Non-current provisions	28.5	37.9
Other non-current liabilities	16.6	19.0
Total other liabilities and other long-term provisions	**45.1**	**56.9**
Total	**201.3**	**231.8**

The total amount resulting from exchange differences from the translation of foreign entities financial statements for the current and non-current provisions is zero in 2018 (2017: EUR 0.1 million).

Provisions include an amount of EUR 4.7 million (2017: EUR 16.5 million) for unfavourable supply contracts and contract termination costs with related parties recognised in the business combination. The remaining provision is expected to be fully utilised latest by 2022.

The other provisions is mainly related to a provision recognised for a liability to the previous shareholder BASF under prior legal agreements. Beside this, the other provisions contain provisions for guarantee and environmental costs. Management estimates the incentive accruals based on a steady headcount. Liabilities for uncertain tax positions, which were shown under provisions in the previous year, have been reclassified to current tax liabilities in 2018.

18. Share capital

Fully paid

In millions of EUR	31 December 2018	31 December 2017
200,100 ordinary shares of EUR 1.38 each	0.3	0.3
Total	**0.3**	**0.3**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Please refer to note 5 on page 87 of the company financial statement.

19. Dividends

On 26 March 2018, the Company's shareholder approved an interim dividend out of the net profit for the year 2018 of EUR 3.9 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 2 April 2018, the Company's shareholder approved an interim dividend out of the expected net profit for the year 2018 of EUR 50.0 million from INEOS Styrolution Holding Ltd. to the shareholder INEOS Industries Holdings Limited.

19. Dividends (Continued)

On 14 June 2018, the Company's shareholder approved an interim dividend out of the net profit for the year 2018 of EUR 3.9 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 21 September 2018, the Company's shareholder approved an interim dividend out of the net profit for the year 2018 of EUR 3.9 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 15 October 2018, the Company's shareholder approved an interim dividend out of the net profit for the year 2018 of EUR 103.9 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

The directors of the Company have proposed and paid a dividend of EUR 165.5 million (EUR 827 per share) during the year (dividend in 2017: EUR 55.0 million). The Company does not propose a further dividend for 2018.

20. Financial instruments

IFRS 7

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk
- currency risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. They are responsible for developing and monitoring the Group's risk management policies. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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.

20. Financial instruments (Continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

In millions of EUR	Note	Carrying amount 31 December 2018	Carrying amount 31 December 2017
Trade and other receivables	11	652.5	729.0
Thereof derivative		*0.1*	*0.6*
Cash and cash equivalents	14	567.1	295.9
Total		**1,219.6**	**1,024.9**

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Geographically there is no concentration of credit risk.

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.

As of 2018, IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. The impact of the application of the expected loss credit model as of 1 January 2018 is an increase of the loss allowance of EUR 0.7 million. The Group took advantage of the exemption allowing it not to restate comparative information for the prior year with respect to classification and measurement changes. The differences in measurement resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018.

The impact was calculated considering past experience and management's estimate of future developments. Management expects no considerable change in the future market situation. Consequently, the future credit losses in the ECL model are in the same range as the credit losses experienced in the past years. This is regarded as the future expectation of the inherent credit risk of the not impaired trade and other receivables outstanding. The Group will review the assumptions of the ECL model on a yearly basis.

20. Financial instruments (Continued)

Impairment losses

In millions of EUR	Carrying amount 31 December 2018	Carrying amount 31 December 2017
Neither past due nor impaired	0.3	—
Past due 1-30 days	1.7	—
Past due 31-90 days	1.1	2.1
Past due more than 90 days	1.7	3.5
More than 180 days	1.6	—
Total	**6.4**	**5.6**

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

In millions of EUR	Individual impairments
31 December 2016	**4.7**
Impairment losses released	—
Impairment losses used	(0.1)
Impairment loss recognised	0.6
Other movements	0.4
31 December 2017	**5.6**
Amount restated in opening retained earnings	0.7
1 January 2018 *(including IFRS 9 effect)*	**6.3**
Impairment losses released	—
Impairment losses used	(0.3)
Impairment loss recognised	0.4
31 December 2018	**6.4**

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 567.1 million at 31 December 2018 while it held cash and cash equivalents of EUR 295.9 million at 31 December 2017, which represents its maximum exposure from cash and cash equivalents to the credit risk of banks which hold the funds on these assets.

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.

20. Financial instruments (Continued)

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.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2018 In millions of EUR	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Institutional term loans (secured)	621.0	726.6	27.5	27.6	80.9	590.6
Asset securitization (secured)	50.0	50.0	50.0	—	—	—
Other borrowings	40.2	45.4	32.6	1.0	1.4	10.4
Trade payables	465.6	465.6	465.6	—	—	—
	1,176.8	**1,287.6**	**575.7**	**28.6**	**82.3**	**601.0**

31 December 2017 In millions of EUR	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Institutional term loans (secured)	712.1	854.5	28.9	28.7	84.8	712.1
Asset securitization (secured)	100.0	100.0	100.0	—	—	—
Other short-term borrowing	27.9	27.9	18.9	0.9	1.2	6.9
Trade payables	467.3	467.3	467.3	—	—	—
	1,307.3	**1,449.7**	**615.1**	**29.6**	**86.0**	**719.0**

Comparison of carrying amount and fair value and fair-value-hierarchies

As of 1 January 2018, the categories of financial assets and liabilities have been adjusted. The derivatives were mandatorily assigned in the category Fair Value through Profit and Loss. There are no assets or liabilities deliberately assigned into this category.

20. Financial instruments (Continued)

31 December 2018

In millions of EUR	Category in accordance with IFRS 9 / (IAS 39)*	Level	Carrying amounts	Amounts recognised in the statement of financial position in accordance with IFRS 9: Amortised cost	Fair value recognised in equity	Fair value recognised in profit or loss
Assets						
Trade receivables	AMC / (LaR)		556.3	556.3	—	—
Cash and cash equivalents	AMC / (LaR)		567.1	567.1	—	—
Other assets			96.1	96.1	—	—
of which long-term	AMC / (LaR)		4.8	4.8	—	—
of which short-term	AMC / (LaR)		91.4	91.4	—	—
of which: Derivatives	*FVTPL / (FAHfT)*	*2*	*0.1*	—	—	*0.1*
of which: Derivatives	*FVTPL / (FAHfT)*	*3*	—	—	—	*(0.6)*
Liabilities						
Trade payables	AMC / (FLAC)		465.6	465.6	—	—
Financial indebtedness	AMC / (FLAC)		711.2	711.2	—	—
Other short-term liabilities	AMC / (FLAC)		156.2	156.2	—	—
of which: Derivatives	*FVTPL / (FLHfT)*	*2*	—	—	—	—
of which: Derivatives	*FVTPL / (FLHfT)*	*3*	*6.2*	—	—	*(6.2)*

* ***Categories: IFRS 9*** *AMC = Amortised cost, FVTPL = Fair Value through Profit and Loss*
IAS 39 *LaR = Loans and Receivables, FLAC = Financial Liabilities measured at Amortised Cost*
FAHfT = Financial Assets Held for Trading FLHfT = Financial Liabilities Held for Trading

20. Financial instruments (Continued)

31 December 2017

In millions of EUR	Category in accordance with IAS 39	Level	Carrying amounts	Amounts recognised in the statement of financial position in accordance with IAS 39 — Amortised cost	Fair value recognised in equity	Fair value recognised in profit or loss
Assets						
Trade receivables	LaR		607.2	607.2	—	—
Cash and cash equivalents	LaR		295.9	295.9	—	—
Other assets			121.8	121.8	—	—
of which long-term	LaR		4.9	4.9	—	—
of which short-term	LaR		116.9	116.9	—	—
of which: Derivatives	*FAHfT*	*2*	—	—	—	—
of which: Derivatives	*FAHfT*	*3*	*0.6*	—	—	*0.6*
Liabilities						
Trade payables	FLAC		467.3	467.3	—	—
Financial indebtedness	FLAC		840.0	840.0	—	—
Other short-term liabilities	FLAC		174.9	174.9	—	—
of which: Derivatives	*FLHfT*	*2*	*0.1*	—	—	*0.1*
of which: Derivatives	*FLHfT*	*3*	—	—	—	—

* ***Categories: IAS 39*** *LaR = Loans and Receivables, FLAC = Financial Liabilities measured at Amortised Cost FAHfT = Financial Assets Held for Trading FLHfT = Financial Liabilities Held for Trading*

The fair value of all other classes of financial instruments approximates their carrying amount.

The fair value measurements of pension plan assets, and projected benefit obligations under these defined benefit plans are described in note 16.

The financial assets/liabilities categorised 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, 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 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 EUR 0.1 million. The carrying amount of the financial liabilities is zero as at 31 December 2018. If the price expectations had been 5% lower at the reporting date, with otherwise unchanged parameters the fair value of the financial assets would have been EUR 0.0 million lower. If the price expectations had been 5% higher at the reporting date, with otherwise unchanged parameters, the fair value of the financial liability would have been EUR 0.0 million higher. Global netting agreements do not exist for any of the

20. Financial instruments (Continued)

reported foreign currency derivatives. All derivatives classified into Level 2 are short-term. In 2018, EUR 1.5 million of currency derivatives were disposed.

The financial assets/liabilities classified as fair value through profit and loss 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 6.2 million as of December 31, 2018. If the price expectations had been 10 percent lower at the reporting date, with otherwise unchanged parameters the fair value of the financial asset would have been EUR 3.8 million higher (the fair market value of the open styrene monomer derivatives would have been EUR (10.0) million) If the price expectations had been 10% higher at the reporting date, with otherwise unchanged parameters, the fair value of the financial asset would have been EUR 3.8 million lower (the fair market value of the open styrene monomer derivatives would have been EUR (2.4) million). All derivatives classified into Level 3 are short-term.

Gains and losses from Level 3 financial derivatives are recognised in the finance income and expense in the lines interest receivable or interest payable (see note 6).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, raw materials (feedstock) and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Risks resulting from the availability and possible market price movements of raw materials are covered by different measures to control volatility as well as the commitment of Styrene Monomer derivatives.

20. Financial instruments (Continued)

31 December 2018

In millions of EUR	Category in accordance with with IFRS 9 / (IAS 39)*	Level	Carrying amounts	Profit/Loss	Other Comprehensive Income
Assets					
Trade receivables	AMC / (LaR)		556.3	(0.4)	4.7
Cash and cash equivalents	AMC / (LaR)		567.1	2.1	1.4
Other assets			96.1	—	(0.1)
of which long-term	AMC / (LaR)		4.7	—	—
of which short-term	AMC / (LaR)		91.4	—	(0.1)
of which: Derivatives	*FVTPL / (FAHfT)*	*2*	*0.1*	*0.1*	—
of which: Derivatives	*FVTPL / (FAHfT)*	*3*	—	*(0.6)*	—
Liabilities					
Trade payables	AMC / (FLAC)		465.6	—	(7.4)
Financial indebtedness	AMC / (FLAC)		711.2	(35.6)	(6.4)
Other short-term liabilities	AMC / (FLAC)		156.2	—	(0.7)
of which: Derivatives	*FVTPL / (FLHfT)*	*2*	—	—	—
of which: Derivatives	*FVTPL / (FLHfT)*	*3*	*6.2*	*(6.2)*	—

* ***Categories IFRS 9:*** *AMC = Amortised cost, FVTPL = Fair Value through Profit and Loss*
IAS 39 *LaR = Loans and Receivables, FLAC = Financial Liabilities measured at Amortised Cost*
FAHfT = Financial Assets Held for Trading FLHfT = Financial Liabilities Held for Trading

20. Financial instruments (Continued)

31 December 2017

In millions of EUR	Category in accordance with with IAS 39	Level	Carrying amounts	Profit/Loss	Other Comprehensive Income
Assets					
Trade receivables	LaR		607.2	(0.6)	(16.8)
Cash and cash equivalents	LaR		295.9	1.7	(7.9)
Other assets			121.8	—	(9.2)
of which long-term	LaR		4.9	—	(0.1)
of which short-term	LaR		116.9	—	(9.1)
of which: Derivatives	*FAHfT*	*2*	—	—	—
of which: Derivatives	*FAHfT*	*3*	*0.6*	*0.6*	—
Liabilities					
Trade payables	FLAC		467.3	—	25.4
Financial indebtedness	FLAC		840.0	(43.1)	47.9
Other short-term liabilities	FLAC		174.9	—	8.8
of which: Derivatives	*FLHfT*	*2*	*0.1*	*(0.1)*	—
of which: Derivatives	*FLHfT*	*3*	—	—	—

* ***Categories: IAS 39*** *LaR = Loans and Receivables, FLAC = Financial Liabilities measured at Amortised Cost FAHfT = Financial Assets Held for Trading FLHfT = Financial Liabilities Held for Trading*

During 2018, allowances for doubtful debt of EUR 0.4 million (2017: EUR 0.6 million) on trade receivables were reflected in the income statement.

For the long-term financing, interest expenses of EUR 35.6 million (2017: EUR 43.1 million) were reflected in the income statement.

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 trade receivables were denominated in the following currencies:

In millions of EUR	31 December 2018	31 December 2017
USD	324.3	317.8
EUR	181.1	229.0
INR	27.9	29.0
KRW	15.1	22.9
Others	7.9	8.5
Total	**556.3**	**607.2**

20. Financial instruments (Continued)

Sensitivity analysis

A strengthening/weakening of the EUR, as indicated below, against the USD, KRW and INR as at 31 December 2018 would have increased/decreased net income by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

Net income:

Gain / (loss) in millions of EUR	31 December 2018 Impact of strengthening	31 December 2018 Impact of weakening	31 December 2017 Impact of strengthening	31 December 2017 Impact of weakening
USD (5% movement)	(8.9)	9.9	(10.3)	11.4
INR (5% movement)	(0.2)	0.2	(0.5)	0.5
KRW (5% movement)	(1.8)	1.9	(2.1)	2.3

OCI, net of tax:

Gain / (loss) in millions of EUR	31 December 2018 Impact of strengthening	31 December 2018 Impact of weakening	31 December 2017 Impact of strengthening	31 December 2017 Impact of weakening
USD (5% movement)	(64.1)	70.9	(52.9)	58.5
INR (5% movement)	(3.3)	3.7	(3.4)	3.7
KRW (5% movement)	(11.0)	12.1	(10.7)	11.8

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

In millions of EUR	31 December 2018	31 December 2017
Fixed rate instruments		
Financial lease liabilities	8.8	9.0
Variable rate instruments		
Institutional term loans	621.0	712.1
Asset securitization	50.0	100.0
Other financial liabilities	31.4	18.9

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group generally does not enter into derivatives (interest rate swaps) to hedge against changes in the fair value of fixed rate financial assets or liabilities. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

20. Financial instruments (Continued)

Cash flow sensitivity analysis for variable rate instruments

Management considers the institutional term loans a variable rate instrument, as the interest rate contains a variable parameter. Further, the interest for the asset securitization program is set on a monthly base and therefore considered as a variable rate instrument. The program is committed by the banks until 2021.

A change of 0.5 percentage point in interest rates at the reporting date would have increased/ decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss 2018		Profit or loss 2017	
In millions of EUR	**0.5% increase**	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Long-term debt—Variable rate instruments	1.2	(0.9)	1.9	(1.4)
Short-term debt—Variable rate instruments	0.2	(0.2)	0.1	(0.1)
Cash flow sensitivity, net	**1.4**	**(1.1)**	**2.0**	**(1.5)**

Capital management

The core of the financial strategy is to safeguard INEOS Styrolution's strong financial profile, credit rating and thereby its financial stability. The financial strategy aims to support and promote the strategic and operating performance of the Company and to ensure access to capital and to favourable financing conditions at all times.

The Group does not have any financial covenants that require maintenance of capital ratios. For its own capital management the Group reviews the ratio of working capital in relation to revenues. The working capital definition of the Group includes inventory, accounts receivable and accounts payable.

In millions of EUR	**2018**	**2017**
Inventory	525.9	546.9
Accounts receivable—trade	556.3	607.2
Less: Short-term payables—trade	(465.6)	(467.3)
Working capital at 31 December	**616.6**	**686.8**
Revenues	5,366.7	5,342.4
Revenues	**5,366.7**	**5,342.4**
Working capital to revenues ratio at 31 December	**11.5%**	**12.9%**

Working capital decreased in 2018 compared to 2017 due to a decrease in raw material pricing. As the revenue increased, the working capital to revenues ratio was lower in 2018 compared to 2017.

21. Operating leases

Non-cancellable operating lease rentals are payable as follows:

In millions of EUR	31 December 2018	31 December 2017
Less than one year	28.5	26.0
Between one and five years	83.4	69.3
More than five years	36.6	28.3
Total	**148.5**	**123.6**

The Group leases a number of warehouse, factory facilities and vehicles under operating leases. Some leases provide for additional rent payments that are based on changes in a local price index or contain renewal options.

During the year an amount of EUR 28.8 million (2017: EUR 27.1 million) was recognised as an expense in profit or loss in respect of operating leases.

22. Capital commitments

At 31 December 2018 the Company was committed to capital spending projects of EUR 169.7 million (2017: EUR 71.4 million), of which EUR 2.1 million (2017: EUR 1.0 million) relates to intangible fixed assets and EUR 167.6 million (2017: EUR 70.4 million) relates to tangible fixed assets.

The Group had the following long-term purchase commitments for raw materials, primarily feedstock, for the next 5 years, and other purchase commitments. All amounts were estimated based on current price information, while volumes are defined.

31 December 2018 In millions of EUR	Following year	2nd year	3rd year	4th year	5th year	Total
Styrene Monomer	864.9	148.5	40.3	40.3	40.3	1,134.3
Ethylene	412.6	402.0	387.4	373.2	76.7	1,651.9
Benzene	1,291.6	390.3	317.2	250.3	195.2	2,444.6
Other purchase commitments	712.9	243.0	11.3	11.2	11.0	989.4
Total	**3,282.0**	**1,183.8**	**756.2**	**675.0**	**323.2**	**6,220.2**

23. 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.

23. Related parties (Continued)

Board of directors

Kevin McQuade
Markus Fieseler
Graeme Leask
Jonathan Ginns
Andrew Currie

Key management personnel

The key management positions of the Group are the management board members. The management board consists of Kevin McQuade, Markus Fieseler, Steve Harrington, Rob Buntinx, Alexander Glueck and Pierre Minguet.

Transactions with key management personnel

Key management personnel compensation (including directors)

The key management personnel consists of the Company's directors. Details of Directors' remuneration are given in note 5.

Other related party transactions

In millions of EUR	Transaction value 1 January-31 December 2018	Balance outstanding 31 December 2018	Transaction value 1 January-31 December 2017	Balance outstanding 31 December 2017
Sale of products				
INEOS	90.3		94.7	
Purchase of raw materials				
INEOS	362.3		432.7	
Services received				
INEOS	46.7		49.7	
Trade and other receivables				
INEOS		11.2		14.0
Trade and other payables				
INEOS		(54.8)		(65.6)

In general, all outstanding balances with INEOS are priced based on contractual arrangements and are to be settled in cash within two months of the reporting date. None of the balances are secured.

The transactions were made on terms equivalent to those that prevail in arm‘s length transactions. The amount of services received includes key management services, such as guidance on corporate strategy, financing, SHE, Tax strategy, operational optimization and sharing of best practices, of EUR 10.8 million (2017: EUR 10.6 million). There were no provisions for doubtful debt related to INEOS as of 31 December 2018.

Dividends paid to INEOS are disclosed in note 19.

24. Contingencies

The group companies are and may from time to time be involved in proceedings or litigation arising in the ordinary course of business. Management does not believe that the ultimate resolution of these matters will materially affect the Group's financial condition or results of operations.

The Group entered into land rental agreements, some of which contain clauses that require the tenant to return the property in a specified condition. This might oblige the Group to dismantle and remove its assets and restore and clean the site on which a plant is located. Provisions are recognised when a closure decision has been made. Provisions are not recognised for future obligations, as no reliable estimates can be made for the costs and for the end date of the lease term given that are no plans to return the leased property within the foreseeable future. Due to the inherent uncertainty about costs and timing of any outflow no financial effect are included in the financial statements of the Group.

25. Ultimate parent undertaking and controlling party

The immediate parent undertaking is INEOS Industries Holdings Limited.

The ultimate parent undertaking at 31 December 2018 was INEOS Limited, a company registered in the Isle of Man.

The directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

The largest group in which the results of the Company are consolidated is that headed by INEOS Industries Limited.

26. Cash flow disclosures

Cash used in investing activities

In 2017, INEOS Styrolution paid EUR 113.2 million for the acquisition of the K-Resin business, which was slightly lower than the consideration paid on acquisition date of EUR 114.2 million due to foreign exchange effects and timing of the payments. The acquired business did have a cash balance of EUR 14.3 million and that led to a net cash outflow from investing activities of EUR 98.9 million.

26. Cash flow disclosures (Continued)

Changes in liabilities arising from financing activities

An analysis of changes in the Group's liabilities arising from financing activities is as follows:

In millions of EUR	External borrowings	Related party borrowings	Finance lease	Total
Financial indebtedness at 1 January 2017	**884.6**	**245.7**	**7.9**	**1,138.2**
Cash inflows during the year	145.1	—	—	145.1
Cash outflows during the year	(157.8)	(249.4)	(1.0)	(408.2)
Effects from changes in foreign exchange rates and other non-cash changes	(41.7)	3.7	2.9	(35.1)
Financial indebtedness at 31 December 2017	**830.2**	**—**	**9.8**	**840.0**
Cash inflows during the year	29.6	—	—	29.6
Cash outflows during the year	(173.8)	—	(0.8)	(174.6)
Effects from changes in foreign exchange rates and other non-cash changes	16.4	—	(0.2)	16.2
Financial indebtedness at 31 December 2018	**702.4**	**—**	**8.8**	**711.2**

27. Subsequent events

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 in the course of 2019.

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 preliminary purchase price excluding preliminary cash acquired was agreed at approximately USD 152 million. The purchase agreement provides for corrections for actual net working capital contributions compared to target.

No further 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 22 February 2019.

28. Accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs 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.

28. Accounting estimates and judgements (Continued)

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant judgements in applying the entity's accounting policies. Information about critical estimate in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following elements:

- Impairment tests for goodwill and other non-financial assets: Goodwill impairment testing is performed annually or if there is an indication of impairment. Goodwill impairments tests are based on cash generating units and compare the recoverable amount of the unit with the respective carrying amount. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs of disposal and its value in use. The value in use is determined using a discounted cash flow method, considering earnings forecasts of the unit. The management of the Group identified the operating segments as cash generating units (CGU) for purposes of testing goodwill for impairment. Each unit or group of units to which goodwill is allocated to shall represent the lowest level within the entity at which the goodwill is monitored for internal management purpose. The goodwill is internally monitored at the level of business units. Intangible assets other than goodwill assets and property, plant and equipment are generally valued at cost less amortisation. Impairment losses on intangible assets and property, plant and equipment are recognised when the recoverable amount of the cash generating unit which includes the asset is lower than the respective carrying amount. In accordance with the definition of a cash generating unit under IAS 36, the individual production plants generally do not represent separate cash generating units, but are part of larger asset groups that form the cash generating units. Since the assessment whether goodwill or a non-financial asset are impaired is based on long-term business plans for the cash generating units and the determination of an appropriate discount rate, management used significant estimates and judgments in making these assessments.
- Net realisable value of inventories: The recoverability of styrene monomer and other feedstock is based on management estimates of the expected future use of those inventories. The net realisable value of inventories expected to be sold on the market are measured at market price and can lead to a write down. The net realisable value of styrene monomer expected to be used in our polymer production is determined based on the net realisable value of the polymer product which did not result in write downs of similar magnitude due to the higher gross profit margins of polymer products.
- Provisions: The Company recognises a provision when it has a present obligation and it is more likely than not that it will make payments; the provision will be based on the most reliable estimate. The determination of the probability of a loss and the amount of the most reliable estimate require significant judgment. The provision for contract losses on a supply agreement with a related party was adjusted in 2018 to consider changes in the cost to close, demolish and decommission a site in Marl. The change in the estimate for provisions in 2018 resulted in a provision release of EUR 3.2 million for lower expected costs.
- Management is required to estimate the tax payable in each of the jurisdictions in which the Group operates. This involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and

28. Accounting estimates and judgements (Continued)

accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the consolidated balance sheet of the Group. Management has performed an assessment as to the extent to which future taxable profits will allow the deferred asset to be recovered. The calculation of the Group's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

- The Group has, from time to time, contingent tax liabilities arising from trading and corporate transactions in the countries in which it operates. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.
- The breadth of the Group's structure with operations in many geographic locations makes the use of estimates and assumptions more challenging. The resolution of issues is not always within the control of the Group and can be reliant upon the efficiency of the legal processes in the relevant jurisdictions in which the Group operates, and as a result, issues can, and often do take many years to resolve.
- Details of amounts recognised with regard to taxation are disclosed in notes 7 and 12.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS STYROLUTION HOLDING LIMITED

Report on the audit of the group financial statements

Opinion

In our opinion, INEOS Styrolution Holding Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and consolidated financial statements (the "Annual Report"), which comprise: the consolidated statement of financial position as at 31 December 2017; the consolidated statement of income and the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the company financial statements of INEOS Styrolution Holding Limited for the year ended 31 December 2017.

/s/

Ian C. Marsden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
22 February 2018

INEOS Styrolution Holding Limited

Consolidated statement of income

In millions of EUR	Note	1 January to 31 December 2017	1 January to 31 December 2016
Revenue	3	5,342.4	4,469.7
Cost of sales	3	(4,284.5)	(3,506.6)
Gross profit		**1,057.9**	**963.1**
Selling and distribution expenses*	3	(280.6)	(260.1)
General and administrative expenses	3	(113.6)	(100.7)
Research and development expenses	3	(12.4)	(12.7)
Other operating (expense) / income, net	3	(44.9)	(13.8)
Profit from operating activities		**606.4**	**575.8**
Interest income	6	5.3	5.9
Interest expense	6	(54.2)	(120.3)
Other finance (loss) / gain, net	6	(49.6)	25.5
Net finance costs		**(98.5)**	**(88.9)**
Income before income tax		**507.9**	**486.9**
Income tax expense	7	(14.8)	(109.8)
Net income		**493.1**	**377.1**
Attributable to:			
Non-controlling interests		2.4	2.5
Owners of the company		**490.7**	**374.6**

* See note 1 for description of a change in presentation between selling and distribution expenses and cost of sales.

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

The Group has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account.

INEOS Styrolution Holding Limited

Consolidated statement of comprehensive income

In millions of EUR	Note	1 January to 31 December 2017	1 January to 31 December 2016
Net income		**493.1**	**377.1**
Other comprehensive (loss) income:			
Exchange differences on translation of foreign operations		(93.2)	11.4
Items that might be subsequently reclassified to profit and loss		**(93.2)**	**11.4**
Remeasurement of post-employment benefit obligations	16	6.7	(4.0)
Deferred taxes on remeasurements of post-employment benefit obligations		(1.8)	1.3
Item that will not be reclassified to profit or loss		**4.9**	**(2.7)**
Other comprehensive (loss) income, net of tax		**(88.3)**	**8.7**
Total comprehensive income		**404.8**	**385.8**
Attributable to:			
Non-controlling interests		1.5	0.7
Owners of the company		**403.3**	**385.1**

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of financial position

In millions of EUR	Note	31 December 2017	31 December 2016
Assets			
Property, plant and equipment	8	888.5	933.3
Intangible assets and goodwill	9	1,463.9	1,549.2
Deferred tax assets	17	54.3	33.6
Other receivables and miscellaneous non-current assets	12	4.9	3.9
Non-current assets		**2,411.6**	**2,520.0**
Inventories	11	546.9	452.5
Trade receivables	12	607.2	518.1
Income tax receivables	12	49.6	41.2
Other receivables and miscellaneous current assets	12	67.3	68.5
Cash and cash equivalents	15	295.9	316.9
Current assets		**1,566.9**	**1,397.2**
Total assets		**3,978.5**	**3,917.2**

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of financial position (Continued)

In millions of EUR	Note	31 December 2017	31 December 2016
Equity			
Share capital	13	0.3	0.3
Share premium		2,389.7	2,389.7
Merger reserve		(1,281.2)	(1,281.2)
Other reserves		58.8	146.2
Retained earnings		741.4	305.7
Equity attributable to owners of the Company		**1,909.0**	**1,560.7**
Non-controlling interest		17.8	16.5
Total equity		**1,926.8**	**1,577.2**
Liabilities			
Financial indebtedness	15	813.9	1,106.7
Employee benefits obligations	16	51.0	43.9
Deferred tax liabilities	17	361.7	501.4
Other liabilities and other long-term provisions	18	56.9	39.0
Non-current liabilities		**1,283.5**	**1,691.0**
Trade payables	19	467.3	383.9
Financial indebtedness	15	26.1	31.5
Current tax liabilities	7	99.9	63.6
Other liabilities and short-term provisions	18	174.9	170.0
Current liabilities		**768.2**	**649.0**
Total liabilities		**2,051.7**	**2,340.0**
Total equity and liabilities		**3,978.5**	**3,917.2**

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

The financial statements on pages 15 to 74 were approved by the Board of Directors on 22 February 2018 and signed on its behalf by

/s/

Kevin McQuade
Director
22 February 2018
Registered number 09922632

INEOS Styrolution Holding Limited

Consolidated statement of changes in equity

In millions of EUR	Share Capital	Share premium	Merger reserve	Retained Earnings / (Accumulated deficit)	Other Reserves: Pension Reserve	Other Reserves: CTA Reserve	Equity attributable to owners of the company	Non-controlling interest	Total Equity
1 January 2017	**0.3**	**2,389.7**	**(1,281.2)**	**305.7**	**(2.8)**	**149.0**	**1,560.7**	**16.5**	**1,577.2**
Net income	—	—	—	490.7	—	—	490.7	2.4	493.1
Other comprehensive (loss) income	—	—	—	—	4.9	(92.3)	(87.4)	(0.9)	(88.3)
Total Comprehensive Income for the period	**—**	**—**	**—**	**490.7**	**4.9**	**(92.3)**	**403.3**	**1.5**	**404.8**
Transactions with owners in their capacity as owners:									
Dividends	—	—	—	(55.0)	—	—	(55.0)	(0.2)	(55.2)
31 December 2017	**0.3**	**2,389.7**	**(1,281.2)**	**741.4**	**2.1**	**56.7**	**1,909.0**	**17.8**	**1,926.8**
1 January 2016	**0.3**	**—**	**1,108.5**	**186.1**	**(0.1)**	**135.8**	**1,430.6**	**16.0**	**1,446.6**
Net income	—	—	—	374.6	—	—	374.6	2.5	377.1
Other comprehensive (loss) income	—	—	—	—	(2.7)	13.2	10.5	(1.8)	8.7
Total Comprehensive Income	**—**	**—**	**—**	**374.6**	**(2.7)**	**13.2**	**385.1**	**0.7**	**385.8**
Group reorganization	—	2,389.7	(2,389.7)	—	—	—	—	—	—
Transactions with owners in their capacity as owners:									
Dividends	—	—	—	(255.0)	—	—	(255.0)	(0.2)	(255.2)
31 December 2016	**0.3**	**2,389.7**	**(1,281.2)**	**305.7**	**(2.8)**	**149.0**	**1,560.7**	**16.5**	**1,577.2**

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of cash flows*

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Cash flows from operating activities		
Profit for the year	490.7	374.6
Adjustments for:		
Depreciation and impairment of property, plant and equipment (note 8)	141.7	137.9
Amortisation and impairment of intangible assets (note 9)	85.2	81.8
Net finance costs	98.5	88.9
Loss from sale of property, plant and equipment	0.6	—
Tax charge	14.8	109.8
Minority interest	2.4	2.5
Increase in trade and other receivables	(111.5)	(35.4)
Increase in inventories	(90.5)	(28.4)
Increase in trade and other payables	77.9	57.4
Increase / (decrease) in provisions and employee benefits	24.7	(15.5)
Tax paid	(145.3)	(144.4)
Net cash flows generated from operating activities	**589.2**	**629.2**
Cash flows from investing activities		
Proceeds from long-term assets	0.3	—
Interest and other finance income received	2.4	7.4
Business acquisition, net of cash acquired (note 2)	(98.9)	—
Acquisition of intangible assets (note 9)	(1.3)	(4.2)
Acquisition of property, plant and equipment (note 8)	(145.9)	(123.1)
Net cash flows used in investing activities	**(243.4)**	**(119.9)**
Cash flows from financing activities (note 22)		
Proceeds from external borrowings (note 15)	145.1	1,067.1
Repayment of external borrowings (note 15)	(154.6)	(1,383.0)
Repayment of related party borrowings (note 15)	(249.4)	—
Interest paid	(42.6)	(107.2)
Debt issue costs	(3.2)	(3.6)
Capital element of finance lease payments	(1.0)	(0.4)
Dividends paid attributable to the owners of the company (note 14)	(55.0)	(255.0)
Dividends paid attributable to minority interest	(0.2)	(0.2)
Net cash flows used in financing activities	**(360.9)**	**(682.3)**
Net changes in cash and cash equivalents	**(15.1)**	**(173.0)**
Cash and cash equivalents at 1 January (note 15)	316.9	486.7
Effect of exchange rate fluctuations on cash held	(5.9)	3.2
Cash and cash equivalents at 31 December (note 15)	**295.9**	**316.9**

* The presentation of interest received and paid has been changed. This change in presentation policy is described in note 1.

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated notes

1. Accounting Policies

Overview

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 Holdings 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.

On 9 June 2016, INEOS Styrolution Financing Limited became parent of INEOS Styrolution Investment GmbH and INEOS Styrolution Switzerland SA. That created a newly formed consolidation group consisting of INEOS Styrolution Holding GmbH and all its subsidiaries as well as the above mentioned entities INEOS Styrolution Switzerland SA, INEOS Styrolution Investment GmbH, INEOS Styrolution Financing Limited and INEOS Styrolution Holding Limited.

The Group is the leading global producer, marketer and merchant seller of styrene monomer and styrenic polymers.

Basis of accounting

The financial statements of INEOS Styrolution Holding Limited and its subsidiaries are included into the consolidated financial statements in compliance with the uniformly applicable group accounting and valuation methods.

The Group financial statements have been prepared on a going concern basis and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union ("Adopted IFRSs") effective as of 31 December 2017 and with the Companies Act 2006 as applicable to companies using Adopted IFRSs.

The consolidated financial statements were authorized for issue by the Board of Directors on 22 February 2018.

The notes below provide a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. The accounting policies set out below have been applied consistently to the period presented in these consolidated financial statements and have been applied consistently by the Group entities.

Changes in presentation policies

In the course of aligning INEOS wide group accounting methods, there were two main changes in presentation policies. These changes will result in the financial statements providing more reliable and relevant information about the effects of transactions on the entity's financial performance in comparison with other INEOS entities.

The accounting of expenses that are incurred for logistic and supply chain costs during the production activity was changed to showing it under Cost of Sales instead of Selling and Distribution expenses. This change was applied retrospectively as if it had always been applied. The reclassification effect for FY 2016 is EUR 42.6 million and for FY 2017 EUR 41.0 million.

1. Accounting Policies (Continued)

The presentation of interest and other finance income received and paid was changed in the statement of cash flows. Instead of showing these items in cash flows generated from operating activities, interest and other finance income received is shown in cash flows used in investing activities and interest paid is shown in cash flows used in financing activities. Due to this change, the operating cash flow increased by EUR 40.2 million in FY 2017 and EUR 99.8 million in FY 2016. The investing cash flow increased by EUR 2.4 million (2016: EUR 7.4 million) and the financing cash flow decreased by EUR 42.6 million (2016: EUR 107.2 million) respectively.

Basis of measurement

The financial statements are prepared on the historical cost basis except that the derivative financial instrument and financial instruments classified as fair value through profit and loss are stated at their fair value. Additionally, non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Functional and presentation currency

These consolidated financial statements are presented in EUR, which is the Company's functional currency. The Group primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in EUR and USD. All financial information presented in EUR has been rounded to the nearest tenth of a million, except when otherwise indicated. The exchange rate as at 31 December 2017 was $1:EUR 0.8377, £1:EUR 1.1257 and KRW1:EUR 0.0008 (2016: $1:EUR 0.9533, £1:EUR 1.1656 and KRW1:EUR 0.0008).

Changes in accounting policies

There were no new standards applied during the year ended 31 December 2017 by the Group. The Group has applied the following amendments to accounting standards for the first time in 2017 with effect from 1 January 2017 (with material prior period comparative information restated, to the extent required and as explained below):

Amendments to IAS 7: Disclosure Initiative (mandatory for year commencing on or after 1 January 2017)

The amendment introduces a requirement to reconcile cash flows arising from financing activities to the corresponding liabilities in the opening and closing statements of financial position. This disclosure is included in the reconciliation of net cash flow to movement in net debt in note 22.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (mandatory for year commencing on or after 1 January 2017)

The amendment clarifies how to account for deferred tax assets related to debt instruments measured at fair value.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities controlled by the Group (including structured entities).

1. Accounting Policies (Continued)

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consideration transferred for the acquisition of a subsidiary usually comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary. The consideration transferred does not include amounts related to the settlement of pre-existing business relationships. Such amounts generally are recognised in profit or loss.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; less
- the recognised amount (fair value) of the identifiable assets acquired less the liabilities assumed.

Acquisitions and disposals of non-controlling interest

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from disposal transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Transactions eliminated on consolidation

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

(ii) Special purpose entity ('SPE')

A SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. The Group has established two SPEs, INEOS Styrolution Receivable Finance Designated Activity Company and Deutsche Bank Mexico F/1787 Styrolution, for an asset securitization program. The Group does not have any direct or indirect shareholdings in these SPEs.

INEOS Styrolution Receivables Finance DAC is a special-purpose entity formed by the Group to purchase receivables from Group entities for purposes of a securitization of such financial assets and is, in substance, controlled by the Group.

1. Accounting Policies (Continued)

Deutsche Bank Mexico F/1787 Styrolution is a Mexican Trust established by INEOS Styrolution Receivables Finance DAC to purchase receivables from INEOS Styrolution Mexicana S.A. de C.V. for the purposes of securitization of such assets. INEOS Styrolution Receivables Finance DAC is the first beneficiary of this Trust. It is therefore also, in substance, controlled by the Group.

Foreign currency

(i) Foreign currency translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill, are translated to EUR at rates at the reporting date. The income and expenses of foreign operations are translated to EUR at monthly average exchange rates.

Foreign currency differences are recognised in other comprehensive income, and presented in other reserves in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in other reserves in equity.

Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other finance gain/(loss), net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

1. Accounting Policies (Continued)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

The Group's non-derivative financial assets generally fall into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see note impairment). Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits with maturities of three months or less from the acquisition date and money market funds that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Pledged balances on accounts used for payment transactions related to the securitization of receivables are classified as cash. The amount of these balances is disclosed in the notes.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

1. Accounting Policies (Continued)

(iii) Share capital (ordinary shares)

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and bringing the asset to the location and condition necessary for it to be put into operation. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are recognised as cost of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and assets under construction are not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for significant items of property, plant and equipment are as follows:

- buildings . . . . 10 - 40 years
- plant and equipment (part of: technical installations) . . . . 3 - 40 years
- fixtures and fittings (part of: technical installations) . . . . 3 - 20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted as separate items.

1. Accounting Policies (Continued)

Business combinations, goodwill and intangible assets

Business combinations

Business combinations are defined according to IFRS 3 as a transaction or another event in which the acquirer achieves control over one or several business of the acquiree. The acquisition method of accounting is used by the Group to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

Goodwill

Goodwill that arises on the acquisition of businesses is presented with intangible assets. Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Except for goodwill, intangible assets are amortised according the straight-line method, which reflects the pattern of economic benefits in profit or loss. They are amortised over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

- patents and trademarks . . . . 19 - 20 years
- technologies . . . . 15 - 19 years
- customers relationships . . . . 5 - 21 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour,

1. Accounting Policies (Continued)

overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Impairment

(i) Non-derivative financial assets

A financial asset not classified fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount is the higher of value in use and fair value less costs to sell. Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance expense in the Group's statement of comprehensive income.

A leased asset under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

1. Accounting Policies (Continued)

Other leases are operating leases and are not recognised in the Group's statement of financial position.

Inventories

Inventories are measured at the lower of cost and net realizable value (market value). The cost of inventories is based on the moving average price principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Finished products and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value of raw materials, notably styrene and other feedstock expected to be sold by INEOS Styrolution, is based on observable market prices, adjusted for freight and handling costs. The net realizable value of styrene and other feedstock that is expected to be used for the production of polymers by INEOS Styrolution, finished goods and other inventories is the estimated selling price of the finished product in the ordinary course of business, less estimated costs of completion and selling.

Cost of sales includes direct costs of raw material, distribution and handling costs.

Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The contributions are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that will be due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Defined benefit plans

The Group operates defined benefit pension plans in the countries it has its productions facilities or distribution activities. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is based on the yield at the reporting date on AA credit-rated bonds that have maturity dates in line with the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements of the net defined benefit liability from actuarial gains and losses and returns on plan assets greater than the discount rate are recognised immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net

1. Accounting Policies (Continued)

interest expense is included in finance cost; all other components of employee benefit costs related to defined benefit plans are recognised as personnel expenses in the income statement.

The calculation is performed annually on the basis of an actuarial report using the projected unit credit method. When the calculation results in a defined benefit asset to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities. The change in the present value of the future benefits resulting from a plan change or a curtailment is recognised as past service cost in comprehensive income in the year in which they occur.

The Group recognises gains and losses from a settlement of a defined benefit plan in profit or loss when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation to be settled and the settlement price including payments made directly by the company in connection with the settlement.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in finance cost.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For sales of styrene, usually transfer occurs when the product is received at the customer's warehouse; however, for some international shipments transfer occurs on loading the goods onto the relevant carrier at the port. Generally for such products the customer has no right of return.

1. Accounting Policies (Continued)

Certain time and location swaps of commodities are not included as external sales and cost of sales.

Expenses

Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net Finance costs

Interest income and interest expenses are accounted for applying the effective interest method. Interest income includes interest income on funds invested and fair value gains on financial assets at fair value through profit or loss. Interest expenses include interest expense on borrowings, the interest component of employee benefit costs, net of returns on plan assets, the unwinding of the discount on provisions and fair value losses on financial assets at fair value through profit or loss. The difference between the carrying amount of a financial liability extinguished and the consideration paid is included in interest expense.

Gains and losses from the measurement of monetary assets or liabilities denominated in foreign currencies are included in "Other finance gain / (loss)".

Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

1. Accounting Policies (Continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax periods based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if it is possible that there is a legally enforceable right to offset current tax liabilities and assets because they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Accounting standards not applied

A number of new accounting standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The impact of their adoption is being assessed and is not expected to have a material effect on the financial statements unless otherwise indicated:

IFRS 15 Revenue from Contracts with Customers (mandatory for year commencing on or after 1 January 2018 with early adoption permitted)

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised and replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 introduces a five-step model to determine when to recognise revenue and at what amount, based on transfer of control over goods or services to the customer. New qualitative and quantitative disclosures will also be required.

i. Contracts for goods and services

Currently, revenue arising from the sale of goods is recognised when the goods are either dispatched or delivered depending on the relevant delivery terms, the point at which risks and rewards have been transferred to the buyer, when the prices are determinable, and when collectability is considered probable.

The Group has analysed its material contracts for goods and services, and identified that a number of contracts include distinct performance obligations. The Group's assessment indicates that

1. Accounting Policies (Continued)

this will result, in a limited number of cases, revenue for certain performance obligations (being primarily separate shipping obligations) being recognised later than under current policies. However the Group has assessed that the application of IFRS 15 would not have a material impact on revenues recognised.

Certain customer contracts offer various forms of volume or early payment discount. Revenue is currently recognised when a reasonable estimate of the discount can be made, and provided that all other criteria for revenue recognition are met. Under IFRS 15, revenue will be only be recognised for these contracts to the extent that it is highly likely that a significant reversal in the amount of cumulative revenue recognised will not occur. The Group has assessed that this change will not result in any material impact on the timing of revenue recognition.

ii. Transition

Changes in accounting policies resulting from the adoption of IFRS 15 will be applied retrospectively with the effect of initially applying the standard recognised at the date of the earliest comparative period (i.e. 1 January 2017). The Group plans to take advantage of the practical expedients offered on transition to IFRS 15 as presented below.

- The Group will take advantage of the exemption to not restate completed contracts that begin and end within the same annual reporting period or to restate contracts that are completed contracts at the beginning of the earliest comparative period presented.
- The Group will use the transaction price at the date on which the contract was completed, rather than estimating the variable consideration amounts in each comparative reporting period.
- The Group will take advantage of the exemption to not separately evaluate the effects of contract modifications before the beginning of the earliest reporting period presented using the contract modifications requirements in the new standard. Instead, the Group will reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented in:
  - identifying the satisfied and unsatisfied performance obligations;
  - determining the transaction price; and
  - allocating the transaction price to the satisfied and unsatisfied performance obligations.
- The Group will take advantage of the exemption to not disclose for reporting periods presented before the date of initial application (i.e. 1 January 2018):
  - the amount of the transaction price allocated to the remaining performance obligations; nor
  - an explanation of when the entity expects to recognise that amount as revenue.

IFRS 9 Financial Instruments (mandatory for year commencing on or after 1 January 2018 with early adoption permitted)

1. Accounting Policies (Continued)

IFRS 9 Financial Instruments sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

i. Classification—Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Based on its assessment, the Group does not believe that the new classification requirements will have a material impact on its accounting for financial assets or liabilities.

ii. Impairment—Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not.

All financial assets are in the scope of the impairment model except for financial instruments measured at FVTPL or FVOCI.

As a practical expedient the Lifetime ECL measurement applies for trade receivables and contract assets without a significant financing component.

1. Accounting Policies (Continued)

The application of IFRS 9's impairment requirements at 1 January 2018 requires a change of impairment methodology; however the Group has estimated that application of the lifetime ECL measurement will not result in any material change to the impairment losses.

iii. Classification—Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group has no financial liabilities designated as FVTPL.

The Group's assessment did not indicate any material impact regarding the classification of financial liabilities at 1 January 2018.

iv. Hedge accounting

When initially applying IFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. The Group has chosen to apply the new requirements of IFRS 9.

The Group's preliminary assessment indicates that the types of hedge accounting relationships that the Group currently designates should be capable of meeting the requirements of IFRS 9 if the Group completes certain planned changes to its internal documentation and monitoring processes.

As the Group is not applying hedge accounting as at 31 December 2017, the application of IFRS 9's hedge accounting requirements at 1 January 2018 will not have a material impact.

v. Disclosures

IFRS 9 will require extensive new disclosures, in particular regarding credit risk and ECLs. The Group's assessment included an analysis to identify data gaps against current processes and the Group is in the process of implementing the system and controls changes that it believes will be necessary to capture the required data.

vi. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial

1. Accounting Policies (Continued)

liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 January 2018.

- The new hedge accounting requirements should generally be applied prospectively.
- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

IFRS 16 Leases (mandatory for year commencing on or after 1 January 2019 with early adoption permitted only for companies that also apply IFRS 15 Revenue from Contracts with Customers)

IFRS 16 replaces existing leasing guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

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.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of vessels, storage and transportation infrastructure. As at 31 December 2017, the Group's future minimum lease payments under non-cancellable operating leases amounted to EUR 123.6 million, on an undiscounted basis (see note 21).

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

No significant impact is expected for the Group's finance leases.

1. Accounting Policies (Continued)

i. Transition approach

The Group has a number of arrangements that are not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4. On transition to IFRS 16, the Group can choose whether to:

- apply the IFRS 16 definition of a lease to all its contracts; or
- apply a practical expedient and not reassess whether a contract is, or contains, a lease.

The Group does not plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that the new definition of a lease under IFRS 16 will be applied to all of the contracts in place on transition.

As a lessee, the Group can either apply the standard using a:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

The Group is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

Other standards

The following new or amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle—Amendments to IFRS 1 and IAS 28.
- Annual Improvements to IFRSs 2015-2017 Cycle—Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23.
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2).
- Transfers of Investment Property (Amendments to IAS 40).
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

1. Accounting Policies (Continued)

- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.
- IFRIC 23 Uncertainty over Income Tax Treatments.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation method as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Intangible assets and goodwill

The fair value of patents, trademarks and technologies acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent, trademark or technology being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that contribute to achieve to related cash flows.

The fair value of the cash generating units for goodwill has been determined based on estimated discounted cash flows.

(b) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant,

1. Accounting Policies (Continued)

equipment, fixtures and fittings is based on the market approach or cost approaches using quoted market prices for similar items when available or depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence of buildings used for production, machinery and equipment acquired in a business combination. The fair value of land and office and laboratory buildings or warehouses acquired in a business combination is based on discounted cash flows or rental income estimates.

(c) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

(d) Forward exchange contracts

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

(e) Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the unfavourable contracts assumed in a business combination, the fair value is based on estimates of future cash flows that exceed a contractual arrangement at market terms and the effect of discounting such excess cash outflows.

2. Acquisition of subsidiary

As of 28 February 2017, INEOS Styrolution acquired the K-Resin® styrene-butadiene copolymers (SBC) business from Chevron Phillips Chemical Company LLC (Chevron Phillips Chemical) and Daelim Industrial Co. Ltd. The transaction includes the purchase of 100% of the equity interests in KR Copolymer Co. Ltd. (KRCC), K-Resin SBC intellectual property, inventories and other assets related to the SBC business. This acquisition is in line with the Company's 'Triple Shift' growth strategy.

The purchase price was agreed at USD 127 million. The purchase agreement provided for corrections for net working capital contributions and this reduced the actual cash payment to USD 121.2 million (EUR 114.2 million). The Group incurred acquisition-related costs of EUR 1.6 million on legal fees and due diligence costs. These costs have been included in "administrative expenses" when incurred.

2. Acquisition of subsidiary (Continued)

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

In millions of EUR	Fair values
Assets	
Intangible assets	65.5
Property, plant and equipment	14.7
Inventories	41.1
Cash and cash equivalents	14.3
Liabilities	
Employee benefits	(13.8)
Deferred tax liabilities	(19.4)
Other net assets and liabilities	(3.6)
Net assets of businesses acquired	**98.8**
Consideration paid	114.2
Thereof Goodwill	**15.4**

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 is 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 mainly 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 5.5 million. The trade receivables comprise gross contractual amounts due of EUR 5.6 million, of which EUR 0.1 million was expected to be uncollectable at the date of acquisition.

For the ten month period since 1 March 2017, the acquired business contributed a revenue of EUR 77.6 million and an EBITDA of EUR 7.2 million. EBITDA is reduced because of inventory fair value considerations in the opening balance. If the acquisition had occurred on 1 January 2017, management estimates that consolidated revenue would have been EUR 95.9 million and the EBITDA including fair value considerations would have been EUR 10.2 million.

3. Profit from operating activities

Revenue

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Sales of goods to third parties	5,247.7	4,402.2
Sales of goods to related parties	94.7	67.5
Total	**5,342.4**	**4,469.7**

Sales of goods to related parties contain sales to INEOS.

The split of revenue by region is as following:

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
EMEA	1,856.1	1,590.1
Americas	2,215.4	1,889.7
Asia	1,270.9	989.9
Total	**5,342.4**	**4,469.7**

The split of revenue by product group is as following:

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Global Styrene Monomer	1,046.5	795.6
Polystyrene	1,985.8	1,799.1
ABS Standard	888.5	706.0
Specialties	1,421.6	1,169.0
Total	**5,342.4**	**4,469.7**

3. Profit from operating activities (Continued)

Expenses by nature

In millions of EUR	Note	1 January to 31 December 2017	1 January to 31 December 2016
Cost of production		(4,025.8)	(3,251.1)
Personnel expenses	4	(282.0)	(259.5)
Other personnel related expenses		(37.7)	(41.1)
Contract services		(24.1)	(17.6)
Depreciation and amortisation		(226.9)	(219.7)
Consulting and professional fees		(4.0)	(2.8)
Insurance, supplies and maintenance expenses		(56.8)	(70.2)
Operating lease payments		(27.1)	(19.1)
Other expenses		(51.6)	(12.8)
Total		**(4,736.0)**	**(3,893.9)**

Cost of production comprises raw material costs, utilities, freight and selling expenses. Within the other expenses, there are other income items of EUR 11.5 million (2016: EUR 9.7 million) for site services.

Other expenses contain the expenses related to a liability recognised to the previous shareholder BASF under prior legal agreements.

Auditors' fee

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Annual audit	1.6	1.5
Audit related services	0.1	0.1
Tax consultation services	1.0	0.6
Other services	—	—
Total	**2.7**	**2.2**

The total in 2017 includes fees paid to PricewaterhouseCoopers LLP worldwide for the audit of the consolidated financial statements and the audits of the financial statements of the Company and several of its worldwide subsidiaries.

4. Staff numbers and costs

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Wages and salaries	(237.5)	(219.5)
Compulsory social security contribution	(28.0)	(25.8)
Other pension costs	(16.5)	(14.2)
Total	**(282.0)**	**(259.5)**

The average monthly number of employees during 2017 was 3,230 (2016: 3,103) in full-time equivalents (FTE), of which 133 (2016: 135) were in management positions, 916 were administrative employees (2016: 878), and 2,181 (2016: 2,090) factory workers.

The Group employed 3,315 (2016: 3,143) employees at 31 December 2017, in full-time equivalents. The employees worked in the following regions:

	31 December 2017	31 December 2016
EMEA	1,407	1,355
Asia	1,049	976
Americas	859	812
Total	**3,315**	**3,143**

5. Directors' remuneration

The directors did receive emoluments of their services to the company during the year. The legal restructuring of the Group led to changes in the directors of INEOS Styrolution Holding Limited in 2016. There were no changes in 2017.

The total compensation the key management personnel (see note 25) received for the full year periods as Management Board of the Group were as follows:

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Short-term employee benefits	(4.4)	(3.8)
Post-employment benefits	(0.2)	(0.3)
— *thereof defined-benefit*	*(0.1)*	*(0.1)*
— *thereof defined-contribution*	*(0.1)*	*(0.2)*
Termination Benefits	—	—
Other long-term benefits	(1.7)	(1.8)
Total	**(6.3)**	**(5.9)**

5. Directors' remuneration (Continued)

The total compensation the Board of Directors received for the full year periods they were directors of the company (see Directors report, section Directors) as Board of Directors of INEOS Styrolution Holding Limited were as follows:

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Short-term employee benefits	(2.0)	(1.3)
Post-employment benefits	(0.1)	(0.1)
—*thereof defined-benefit*	—	*(0.1)*
—*thereof defined-contribution*	*(0.1)*	—
Termination Benefits	—	—
Other long-term benefits	(0.7)	(0.8)
Total	(2.8)	(2.2)

The compensation the highest paid director received for the full year period 2017 and 2016 as Board of Directors of INEOS Styrolution Holding Limited were as follows:

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Short-term employee benefits	(1.4)	(0.5)
Post-employment benefits	(0.1)	(0.1)
—*thereof defined-benefit*	—	*(0.1)*
—*thereof defined-contribution*	*(0.1)*	—
Termination Benefits	—	—
Other long-term benefits	(0.5)	(0.3)
Total	**(2.0)**	**(0.9)**

6. Finance income and costs

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Finance income		
Interest receivable	5.3	5.1
Interest receivable on related party balances	—	0.8
Exchange movements	—	25.5
Total finance income	**5.3**	**31.4**
Finance costs		
Interest payable	(45.3)	(101.9)
Interest payable on related party balances	(7.7)	(17.4)
Interest on employee benefit liabilities	(1.2)	(1.0)
Exchange movements	(49.6)	—
Total finance costs	**(103.8)**	**(120.3)**
Net finance costs	**(98.5)**	**(88.9)**

6. Finance income and costs (Continued)

INEOS Styrolution redeemed the outstanding EUR tranche of the institutional term loan held by INEOS in October 2017. In addition, the Group completed two repricing transactions for the outstanding institutional term loans during 2017. Due to the reduction of gross debt and improved nominal interest rates for the outstanding term loans, the net interest cost decreased for the year 2017 compared to 2016 (see note 15). This decrease was partly offset by the write down of EUR 1.0 million of capitalized financing costs that related to the 2016 financing shown in interest payable.

7. Income tax expense

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
The components of income tax benefit (expense) are as follows:		
United Kingdom:		
Current taxes	—	—
Deferred taxes	—	—
Total UK taxes	—	—
Foreign:		
Current taxes	(164.5)	(130.7)
Deferred taxes	149.7	20.9
Total Foreign taxes	**(14.8)**	**(109.8)**
Income tax expense	**(14.8)**	**(109.8)**

The Group's operations are subject to income taxes in various jurisdictions. Excluding certain tax incentives, the statutory income tax rates vary from 9.8 percent to 35 percent; the applicable weighted average tax rate of the group was 20.2 percent for the period ended 31 December 2017 (2016: 22.8 percent).

With the US tax reform enacted at 22 December 2017, the US corporate tax rate is reduced from 35% to 21% effective as of 1 January 2018. Any deferred tax in the US entities expected to reverse after 1 January 2018 has been remeasured using the new corporate tax rate of 21%.

With the Belgium tax reform also enacted in December 2017, the corporate tax rate is reduced from 34% to 29.6% effective as of 1 January 2018 and further down to 25% as of 1 January 2020. Any deferred tax in the Belgium entities expected to reverse after 1 January 2018 has been remeasured using the new corporate tax rates.

7. Income tax expense (Continued)

A reconciliation of the applicable weighted average tax rate as a percentage of profit before taxes and the effective income tax rate is as follows:

In millions of EUR	1 January to 31 December 2017	%	1 January to 31 December 2016	%
Income before taxes	507.9		486.9	
Expected tax expense	(102.6)	(20.2)	(111.0)	(22.8)
Effect from tax rate change	67.1	13.2	2.9	0.6
Tax exempt income	6.3	1.2	7.6	1.6
Non-deductible expenses	(8.6)	(1.7)	(14.8)	(3.0)
Adjustments prior year tax charge	1.8	0.4	4.7	1.0
Effects from valuation allowances	0.6	0.1	1.1	0.2
Applicable tax credits	1.6	0.3	3.5	0.7
Other	19.0	3.7	(3.8)	(0.8)
Income tax expense / effective tax rate	**(14.8)**	**(2.9)**	**(109.8)**	**(22.6)**

The effect from valuation allowances is based on the non-recognition of deferred tax assets on tax losses. The effective income tax rate decreased from 22.6 percent as of 31 December 2016 to 2.9 percent as of 31 December 2017, mainly due to three reasons. A positive net effect is caused by the US and the Belgium tax reforms. Both reforms led to a reduction in the deferred tax positions. The other effect relates mainly to the recognition of a tax asset at INEOS Styrolution Investment GmbH resulting from the transfer of assets to INEOS Styrolution from the previous shareholder BASF in 2014 where recognition criteria have been met in 2017.

8. Property, plant and equipment

In millions of EUR	Land	Buildings	Technical installations	Under construction	Total
Cost					
1 January 2016	**73.9**	**121.8**	**1,066.5**	**74.6**	**1,336.8**
Additions	—	0.4	30.4	92.6	123.4
Transfers	0.1	2.9	53.9	(56.9)	—
Retirements/Disposals	(0.4)	(3.0)	(13.0)	—	(16.4)
Effect of movements in exchange rates	1.9	1.5	19.1	4.6	27.1
31 December 2016	**75.5**	**123.6**	**1,156.9**	**114.9**	**1,470.9**
Additions	—	0.2	9.8	136.1	146.1
Business acquisitions	3.0	2.9	8.8	—	14.7
Transfers	—	1.2	88.8	(88.2)	1.8
Retirements/Disposals	(0.1)	(0.2)	(22.2)	—	(22.5)
Effect of movements in exchange rates	(5.2)	(3.9)	(61.9)	(13.4)	(84.4)
31 December 2017	**73.2**	**123.8**	**1,180.2**	**149.4**	**1,526.6**
Accumulated depreciation and impairment losses					
1 January 2016	**0.7**	**33.4**	**374.3**	**0.3**	**408.7**
Depreciation for the period	0.1	8.4	129.4	—	137.9
Transfers	—	—	—	—	—
Retirements/Disposals	(0.4)	(3.0)	(12.4)	—	(15.8)
Effect of movements in exchange rates	(0.2)	0.3	6.7	—	6.8
31 December 2016	**0.2**	**39.1**	**498.0**	**0.3**	**537.6**
Depreciation for the period	0.1	8.4	133.2	—	141.7
Transfers	—	—	1.8	—	1.8
Retirements/Disposals	—	(0.2)	(21.5)	—	(21.7)
Effect of movements in exchange rates	(0.1)	(0.9)	(20.3)	—	(21.3)
31 December 2017	**0.2**	**46.4**	**591.2**	**0.3**	**638.1**
Carrying amounts					
At 31 December 2016	75.3	84.5	658.9	114.6	933.3
At 31 December 2017	**73.0**	**77.4**	**589.0**	**149.1**	**888.5**

In 2013 the Group recognised a building under a finance lease contract at EUR 8.3 million at inception. The net carrying amount of the building at balance sheet date amounts to EUR 7.1 million.

9. Intangible assets and goodwill

In millions of EUR	Goodwill	Customer relationships	Patents, Trademarks	Technologies	Under Construction	Other	Total
Cost							
1 January 2016	**710.9**	**735.2**	**24.7**	**187.0**	**1.6**	**55.0**	**1,714.4**
Additions	—	—	—	1.8	1.4	0.7	3.9
Transfers	—	—	—	—	(0.8)	0.8	—
Retirements/Disposals	—	—	—	(0.6)	—	(0.8)	(1.4)
Effect of movements in exchange rates	14.4	9.7	0.3	2.1	—	0.3	26.8
31 December 2016	**725.3**	**744.9**	**25.0**	**190.3**	**2.2**	**56.0**	**1,743.7**
Additions	—	—	—	—	1.3	—	1.3
Business acquisitions	15.4	55.8	1.5	7.9	—	0.3	80.9
Transfers	—	—	—	0.7	(1.4)	0.7	—
Retirements/Disposals	—	—	—	(3.1)	—	(0.2)	(3.3)
Effect of movements in exchange rates	(45.1)	(33.5)	(0.8)	(10.5)	(0.2)	4.2	(85.9)
31 December 2017	**695.6**	**767.2**	**25.7**	**185.3**	**1.9**	**61.0**	**1,736.7**
Accumulated amortisation and impairment losses							
1 January 2016	**—**	**65.4**	**1.6**	**15.5**	**—**	**28.6**	**111.1**
Amortization for the period	—	60.1	1.3	9.4	—	11.0	81.8
Transfers	—	—	—	—	—	—	—
Retirements/Disposals	—	—	—	—	—	(0.8)	(0.8)
Effect of movements in exchange rates	—	2.1	(0.1)	0.4	—	—	2.4
31 December 2016	**—**	**127.6**	**2.8**	**25.3**	**—**	**38.8**	**194.5**
Amortisation for the period	—	62.0	1.3	10.3	—	11.6	85.2
Transfers	—	—	—	—	—	—	—
Retirements/Disposals	—	—	—	—	—	(0.2)	(0.2)
Effect of movements in exchange rates	—	(5.8)	(0.1)	(0.8)	—	—	(6.7)
31 December 2017	**—**	**183.8**	**4.0**	**34.8**	**—**	**50.2**	**272.8**
Carrying amounts							
At 31 December 2016	725.3	617.3	22.2	165.0	2.2	17.2	1,549.2
At 31 December 2017	**695.6**	**583.4**	**21.7**	**150.5**	**1.9**	**10.8**	**1,463.9**

The amortisation of the intangible assets is included within cost of sales. The maximum remaining useful life of customer relationships, Patents, Trademarks and Technologies is 20 years. Intangible assets under construction presented at 31 December 2017 related to software licenses.

9. Intangible assets and goodwill (Continued)

The carrying amounts of the customer relationships, technologies (production technologies) and patents / trademarks relate to the identified intangible assets resulting from the purchase price allocation in 2014 when INEOS acquired BASF's 50% shares in the Group. Their initial cost is the fair value at the date of acquisition. In addition, in 2017 the Group acquired intangible assets with the K-Resin acquisition. The carrying amounts of these assets resulting from the purchase price allocation in 2017 and are presented in the line acquisitions.

Impairments—if any—can be a result of either the evidence that the assumptions for determining the estimated useful lives are incorrect or the annual impairment test of the cash-generating unit to which the acquisition-related intangible assets are related.

Goodwill impairment testing

Management identifies the operating segments as cash generating units for purposes of monitoring goodwill for impairment. The carrying amount of goodwill has been allocated to the following cash generating units:

In millions of EUR	31 December 2017	31 December 2016
Polymers EMEA	252.2	252.0
Polymers Asia	96.5	86.4
Polymers Americas	175.2	198.8
Styrene Monomer	171.7	188.1
Total	**695.6**	**725.3**

The Group determined the recoverable amount based on value in use. The recoverable amount is calculated on a long-term business plan for the cash generating units with a detailed planning period of three years and a consistent terminal growth rate of 0.5 percent for each unit for the period thereafter. Key assumption on which the management based its cash flow projection is an increase of the EBITDA over the detailed three year planning period which is seen as the most important performance indicator and the basis for cash flow estimates used to determine the value in use. The assumption is based on detailed project plans to increase revenues and profitability.

The main assumptions for the preparation of the three-year-business plan are economic development in its main customer regions and industries and the resulting demand and supply balance for its product groups. These assumptions are based on external market data as well as internal assessments. INEOS Styrolution expects its Specialties and ABS Standards products groups to continue to grow, especially in its key focus industries. The Group has also announced to invest in these products and increase capacity to meet the growing demand. Polystyrene demand is expected to slightly decrease in line with demand for packaging. Styrene Monomer will grow moderately. Gross margin levels are expected to reduce to mid-cycle level, because of increasing feedstock costs. For the main foreign currencies a stable exchange rate on the current level is expected so that profitability and cash flows are not materially affected by exchange rate changes.

9. Intangible assets and goodwill (Continued)

None of the goodwill is expected to be deductible for income tax purposes. The following discount rates were applied per cash generating unit to determine the cash flow projection before taxes:

	Polymers EMEA	Polymers America	Polymers Asia	Styrene Monomer
Pre-tax discount rate	9.92%	11.14%	11.86%	10.81%

The estimated recoverable amount exceeded the carrying amount for all cash generating units.

In millions of EUR	Polymers EMEA	Polymers America	Polymers Asia	Styrene Monomer
Excess recoverable amount over carrying amount	899	1,144	275	886

10. Investments

The group consists of INEOS Styrolution Holding Limited and the following consolidated subsidiaries:

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
INEOS Styrolution Financing Limited(2)	United Kingdom, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	100%	100%
INEOS Styrolution Investment GmbH(1)	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Holding GmbH(1)	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution America LLC	USA, 1209 Orange Street, Wilmington DE 19801, Delaware	100%	100%
INEOS Styrolution Belgium NV	Belgium, Haven 725, Scheldelaan 600, 2040 Antwerp	100%	100%
INEOS Styrolution Belgium Services bvba	Belgium, 2070 Zwijndrecht, Nieuwe Weg 1, 1053 Haven, Mechelen	100%	100%
INEOS Styrolution Beteiligungs GmbH(1)	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Canada Ltd.	Canada, 872 Tashmoo Avenue, Sarnia ON N7T 8A3 Ontario	100%	100%
INEOS Styrolution do Brasil Polimeros Ltda.	Brazil, Rua Arandu, 57, anterior 1544, conjuntos 111 and 112, Brooklin Paulista, São Paulo 04562-910	100%	100%

10. Investments (Continued)

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
INEOS Styrolution HongKong Company Limited	China, Room 905, 9/F, OfficePlus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong	100%	100%
INEOS Styrolution Europe GmbH(1)	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution France SAS	France, rue Albert Duplat, F-62410 Wingles	100%	100%
INEOS Styrolution France Services SAS	France, 95 rue la Boétie, F-75008 Paris	100%	100%
INEOS Styrolution Group GmbH(1)	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Iberia S.L.	Spain, Ronda General Mitre 28-30, 08017 Barcelona	100%	100%
INEOS Styrolution India Limited	India, 6th Floor, ABS Towers, Old Padra Road, 390007 Vadodara	75%	75%
INEOS Styrolution Switzerland SA	Switzerland, Avenue des Uttins 3, CH-1180 Rolle	100%	100%
INEOS Styrolution Italia S.r.L.	Italy, Via Caldera 21, 20153 Milano Cesano Maderno	100%	100%
INEOS Styrolution Kimyasal Ürünler Ticaret Limited Sirketi	Turkey, Eski Büyükdere Cad. No. 9/78, Iz Plaza Giz, Zemin Kat Oda no. 9-K, 34398 Maslak Şişli Istanbul	100%	100%
INEOS Styrolution Köln GmbH(1)	Germany, Alte Strasse 201, 50769 Cologne	100%	100%
INEOS Styrolution Korea Ltd.	South Korea, Sanggae-ro 143 (Sanggae-dong), Nam-gu, Ulsan	100%	100%
KR Copolymer Co. Ltd. *(acquired on 1 March 2017)*	South Korea, 14th Fl., Ace Tower, 1-170, SunHwa-Dong, Chung-Ku, Seoul	100%	100%
INEOS Styrolution Ludwigshafen GmbH(1)	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%

10. Investments (Continued)

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
INEOS Styrolution Mexicana, S.A. de C.V.	Mexico, Avenida Insurgentes Sur No. 859, Piso 11, Colonia Nápoles, 03810, Mexico City	100%	100%
INEOS Styrolution Netherlands B.V.	The Netherlands, Strawinskylaan 411, NL-1077 XX Amsterdam	100%	100%
INEOS Styrolution OOO	Russian Federation, Bldg. 3, 18 Pyatnitskaya St., 115035 Moscow	100%	100%
INEOS Styrolution Poland Sp. z o.o.	Poland, ul. Wołoska 9, 02-583 Warszawa Legionowo	100%	100%
INEOS Styrolution Polymers (Shanghai) Co. Ltd.	China, Suite 2304, Central Towers, 567 Langao Road, Putuo District, Shanghai 200333	100%	100%
INEOS Styrolution Polymers (Shanghai) Co. Ltd.—Guangzhou Branch	China, Suite 3406, Teem Tower, No. 208, Tianhe Road, Tianhe District, Guangzhou 510620 Shanghai	100%	100%
INEOS Styrolution Schwarzheide GmbH[(1)]	Germany, Schipkauer Strasse 1, 01987 Schwarzheide	100%	100%
INEOS Styrolution Servicios, S.A. de C.V.	Mexico, Avenida Insurgentes Sur No. 859, Piso 11, Colonia Nápoles, 03810, Mexico City	100%	100%
INEOS Styrolution APAC Pte Ltd.	Singapore, 111 Somerset Road, #08 238164 Singapore	100%	100%
INEOS Styrolution UK Limited	United Kingdom, c/o DWF LLP, 1 Scott Place 2 Hardman Street, Manchester M3 3AA	100%	100%
INEOS Styrolution US Holding LLC	USA, 1209 Orange Street, Wilmington DE 19801, Delaware	100%	100%
INEOS Styrolution Verwaltungsgesellschaft GmbH[(1)]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%

10. Investments (Continued)

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
INEOS Styrolution (Thailand) Co., Ltd.	Thailand, No. 4/2, I-8 Road, T. Map Ta Phut, A Muang, 2115 Rayong	100%	100%
INEOS Styrolution Vietnam Co., Ltd.	Vietnam, 11th Floor, Lotte Center Hanoi, 54 Lieu Giai Street Hanoi	100%	100%
INEOS Styrolution APAC Pte Ltd.—Japan Branch	Japan, Nishishinjuku 1-25-1, Shinjuku-ku, Tokyo-to	100%	100%
Deutsche Bank Mexico F/1787 Styrolution	Mexico, Torre Virreyes, Pedregal 24, Piso 20, Colonia Molino del Rey, 11040, Mexico City	0%	0%
INEOS Styrolution Receivables Finance Designated Activity Company	Ireland, 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1	0%	0%

(1) Pursuant to HGB, section 264 (3), these subsidiaries are exempt from applying certain legal requirements to their statutory stand-alone financial statements for the year ended 31 December 2017.

(2) Company held directly by INEOS Styrolution Holding Limited. All other companies are held indirectly.

On 1 March 2017, INEOS Styrolution acquired 100% of the equity interests in KR Copolymer Co. Ltd. (KRCC). On 27 July 2017, INEOS Styrolution do Brasil ABS S.A. was liquidated. On 23 November 2017, INEOS Styrolution Brazil Holding B.V. was liquidated.

The non-controlling interest is in INEOS Styrolution India Limited and represents publicly traded shares. INEOS Styrolution India Limited generated revenues of EUR 242.7 million (2016: EUR 204.3 million) and a net income of EUR 9.7 million (2016: EUR 10.1 million) and holds non-current assets of EUR 27.8 million at 31 December 2017 (2016: EUR 29.1 million), current assets of EUR 101.8 million at 31 December 2017 (2016: EUR 97.1 million), non-current liabilities of EUR 4.6 million at 31 December 2017 (2016: EUR 4.2 million) and current liabilities of EUR 53.9 million at 31 December 2017 (2016: EUR 56.0 million). In India, there are restrictions on INEOS Styrolution India Limited to access or use assets due to the non-controlling interest.

There are no further restrictions to the entities within the Group, unless cash movements are restricted by local law. For all subsidiaries listed, the financial year corresponds to the calendar year. Only the financial year of INEOS Styrolution India Limited ends on 31 March of a year, due to local legal requirements.

11. Inventories

In millions of EUR	31 December 2017	31 December 2016
Raw materials	129.2	109.4
Finished goods	399.5	331.2
Catalysts, maintenance and other spares	18.2	11.9
Total	**546.9**	**452.5**

The net write down of inventories to net realizable value recognised in profit and loss amounted to EUR 1.5 million (2016: EUR 1.5 million) after the reversal of previous write downs of EUR 2.8 million (2016: nil).

12. Trade and other receivables

In millions of EUR	31 December 2017	31 December 2016
Trade receivables due from third parties	593.2	512.5
Trade receivables due from related parties	14.0	5.6
Trade receivables	**607.2**	**518.1**
Income tax receivables	**49.6**	**41.2**
Other receivables from related parties	—	0.1
VAT receivables	47.6	45.1
Receivables from shareholder	—	0.4
Prepaid expenses	7.4	4.5
Other current receivables	12.3	18.4
Other receivables and miscellaneous current assets	**67.3**	**68.5**
Total current trade and other receivables	**724.1**	**627.8**
Other non-current receivables	4.9	3.9
Other receivables and miscellaneous non-current assets	**4.9**	**3.9**

Trade Receivables Ageing

In millions of EUR	Trade Receivables 31 December 2017	Impairments thereof 31 December 2017	Trade Receivables 31 December 2016	Impairments thereof 31 December 2016
Trade receivables not overdue	563.9	—	470.5	—
Trade receivables 0-30 days overdue	41.9	—	40.3	—
Trade receivables 31-90 days overdue	3.5	(2.1)	3.6	(1.6)
Trade receivables more than 90 days overdue	3.5	(3.5)	8.4	(3.1)
Total	**612.8**	**(5.6)**	**522.8**	**(4.7)**

12. Trade and other receivables (Continued)

External receivables of INEOS Styrolution Europe GmbH, INEOS Styrolution Switzerland SA, INEOS Styrolution America LLC, INEOS Styrolution Canada Ltd. and INEOS Styrolution Mexicana S.A. de C.V. are pledged as security for an external loan as part of the EUR 500 million asset securitization program of INEOS Styrolution Group GmbH.

The Group's exposure to credit and currency risk, and impairment losses related to trade and other receivables is disclosed in note 20.

13. Share capital

Fully paid

In millions of EUR	31 December 2017	31 December 2016
200,100 ordinary shares of EUR 1.38 each	0.3	0.3
Total	**0.3**	**0.3**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Please refer to note 5 on page 84 of the company financial statement.

14. Dividends

On 29 March 2017, the Company's shareholder approved an interim dividend out of the net profit for the year 2016 of EUR 3.75 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 9 June 2017, the Company's shareholder approved an interim dividend out of the net profit for the year 2016 of EUR 3.75 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 13 September 2017, the Company's shareholder approved an interim dividend out of the expected net profit for the year 2017 of EUR 3.75 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 12 October 2017, the Company's shareholder approved an interim dividend out of the expected net profit for the year 2017 of EUR 43.75 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

The directors of the Company have proposed and paid a dividend of EUR 55.0 million (EUR 275 per share) during the year (2016: EUR 255.0 million). The Company does not propose a further dividend for 2017.

15. Financial indebtedness

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk see note 20.

In millions of EUR	31 December 2017	31 December 2016
Non-current financial indebtedness		
Institutional term loans	704.9	999.0
Borrowings from asset securitizations	100.0	100.0
Finance Lease and other	9.0	7.7
Total	**813.9**	**1,106.7**

On 30 March 2017, INEOS Styrolution refinanced its outstanding institutional term loans in EUR and USD. The Company extended the maturity of the term loans until March 2024 with improved conditions of E+250 bps (0.75% floor) and L+275 bps.

INEOS Styrolution redeemed the outstanding EUR tranche in the amount of EUR 248 million with INEOS Holdings Limited on 30 October 2017.

On 22 November 2017, INEOS Styrolution successfully closed an amendment transaction for its two institutional term loan tranches. The volumes are EUR 447 million and USD 329 million with institutional investors. The borrowings consist of EUR and USD tranches, each maturing in March 2024 and priced at EURIBOR/USD LIBOR +200 basis points with the EURIBOR floor of 0.5%. INEOS Styrolution Group GmbH and INEOS Styrolution US Holding LLC remain the borrowers.

Under the terms of asset securitization programs, certain subsidiaries of the Group sell eligible customer receivables to a consolidated special purpose entity with INEOS Styrolution Group GmbH acting as master servicer. The availability of the asset securitization program to the Group is subject to the volume of receivables that are sold to the special purpose entity as well as the performance of the customer receivable portfolio, which is pledged as collateral for the financing by a committed lender or institutional buyers (conduit investors). The facility matures in March 2019.

The term loans as well as the asset securitization program are subject to specific terms and failure by the Company to perform in accordance with these terms may result in a termination of these facilities. An event of default in either of the two facilities would also result in a cross default. During the reporting period the Company has fulfilled all obligations in its financing arrangements.

In millions of EUR	31 December 2017	31 December 2016
Current financial indebtedness		
Institutional term loans	7.2	7.8
Short-term borrowings other	18.9	23.7
Total	**26.1**	**31.5**

In order to manage local financing requirements, INEOS Styrolution has established a number of working capital facilities with local banks to meet the requirements of its entities whereby legislation limits or prohibits funding through liquidity available at Group level. These short-term credit facilities

15. Financial indebtedness (Continued)

are arranged in India, Korea, Singapore and Thailand. The undrawn amount of those facilities as at 31 December 2017 was about EUR 95.6 million (2016: EUR 101.1 million) equivalent.

Terms and debt payment schedule

Terms of the significant outstanding financial indebtedness were as follows:

31 December 2017 In millions of EUR	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount[1]
Institutional term loan	EUR	EURIBOR (0.5% floor) + 200 bps	March 2024	447.2	441.6
Institutional term loan	USD	USD LIBOR + 200 bps	March 2024	275.4	270.5
Assets securitization	EUR	1.17%	March 31, 2019	100.0	100.0
Total				**822.6**	**812.1**

(1) The carrying amount of the term loans is reduced by EUR 10.5 million financing costs.

31 December 2016 In millions of EUR	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount[1]
Institutional term loan	EUR	EURIBOR (1% floor) + 375 bps	September 2021	623.4	608.7
Institutional term loan	USD	USD LIBOR (1% floor) + 375 bps	September 2021	399.4	390.3
Assets securitization	EUR	1.17%	March 31, 2019	100.0	100.0
Total				**1,122.8**	**1,099.0**

(1) The carrying amount of the term loans is reduced by EUR 12.4 million financing costs.

As a result of the Company's strong cash generation, the Company was able to reduce its gross debt in 2017.

Finance Lease Liabilities

In millions of EUR	31 December 2017	31 December 2016
Gross finance lease liabilities—minimum lease payments:		
No later than 1 year	1.3	0.5
Later than 1 year and not later than 5 years	3.4	1.9
Later than 5 years	10.9	11.3
Future finance charges on finance lease liabilities	(5.8)	(5.8)
Present value of finance lease liabilities	**9.8**	**7.9**

15. Financial indebtedness (Continued)

Present Value of Finance Lease Liabilities

In millions of EUR	31 December 2017	31 December 2016
No later than 1 year	0.9	0.2
Later than 1 year and not later than 5 years	2.0	0.6
Later than 5 years	6.9	7.1
Present value of finance lease liabilities	**9.8**	**7.9**

From the present value of finance lease liabilities of EUR 9.8 million (2016: EUR 7.9 million), EUR 0.9 million (2016: EUR 0.2 million) are current liabilities. EUR 8.9 million (2016: EUR 7.7 million) refer to non-current finance lease liabilities.

Cash and cash equivalents

In millions of EUR	31 December 2017	31 December 2016
Bank balances	254.0	242.5
Short-term investments	41.9	74.4
Total	**295.9**	**316.9**

Bank balances include an amount of EUR 68.1 million (2016: EUR 51.3 million) representing funds in collection accounts that facilitate the asset securitization program which are pledged to the lenders. These funds are available to the Company at the respective period end in the short term but not immediately. There is no restricted cash as of 31 December 2017 (31 December 2016: nil).

16. Employee benefits obligations

As part of the employment compensation package, the Group provides different retirement benefit arrangements or similar benefits covering (substantially) all employees depending on the legal, economic and fiscal environment in each country. The pension obligations comprise both defined benefit and defined contribution plans.

Net defined benefit and contribution obligations

The Group's defined benefit plans mainly exist in Canada, the United States of America and Germany and are at 31 December 2017 all fully or partially funded via pension funds. In order to limit the risks of changing capital market conditions and demographic developments, the major defined benefit plans have either been closed to new entrants or curtailed to preclude participants from vesting in additional benefits. The Group offers only defined contribution schemes to newly hired employees. In addition to their pension plans, the North American Group entities operate unfunded post-employment medical care plans.

16. Employee benefits obligations (Continued)

Description of the defined benefit plans

- **Germany**

For German Group companies all defined benefit plans were closed in 2013 for new employees and replaced by a defined contribution plan, funded by Allianz Unterstützungskasse—*Allianz Pensions Management e.V.* and Allianz direct insurances—*Allianz Lebensversicherungs AG.* BASF and INEOS / BP heritage plans grant a basic level of benefits. For BASF plans accruals until end of 2014 are provided by BASF Pensionskasse VVaG. After the termination of membership, future accruals after 2014 are financed under a contractual trust arrangement. Occupational pension promises that exceed the basic level of benefits as also INEOS / BP basic level of benefits are financed via pension provisions with a contractual trust arrangement. The benefits are based on cash balance plans. Furthermore, employees are given the option of participating in various deferred compensation schemes.

- **Canada**

The Canadian Group company closed all defined benefit (final salary) plans for new employees. One of the two company's defined benefit plans has been frozen, with no further increases in benefits based on future years of service or salary increase. On 29 September 2016 Canadian regulators approved the merger of the two plans, effective date as at 31 December 2014.

- **United States of America**

Employees of the U.S. Group company receive benefits from defined contribution plans. The existing defined benefit plans were closed to further increases in benefits based on future years of service, and benefits earned in the past have been frozen. There is no entitlement to pension adjustments to compensate for cost-of-living increases. For future years of service, employees are granted benefits based on defined contribution plans.

- **South Korea**

Since March 2017 the company is consolidating post-employment benefit liabilities of the new acquired KRCC Business. In accordance with the Korean Employee Retirement benefit Security Act (ERBSA) and the KRCC's employee benefits policy, employees, who are terminating their employment with at least one year of service are entitled to severance and retirement benefits based on the rates of pay in effect at the time of termination, years of service and certain other factors.

16. Employee benefits obligations (Continued)

The changes in the defined benefit obligation comprise:

In millions of EUR	31 December 2017	31 December 2016
Defined benefit obligation at the beginning of the period	**186.6**	**170.8**
Service costs	8.3	6.8
Interest cost	5.1	5.0
Business acquisition*	13.8	—
Employee contributions	0.2	0.2
Benefits paid by the plan	(7.7)	(3.5)
Benefits directly paid by employer	(0.8)	(1.7)
Actuarial (gains) / losses—experience adjustments	(2.2)	0.6
Actuarial (gains) / losses—demographic assumptions	(0.1)	(1.5)
Actuarial (gains) / losses—financial assumptions	0.9	8.0
Past service costs	—	(0.3)
Settlements	—	(2.2)
Other	—	0.5
Effect of movement in exchange rates	(7.1)	3.9
Defined benefit obligation at the end of the period	**197.0**	**186.6**

* Acquisition of KR Copolymer Co. Ltd.

Thereof		
Germany	90.4	85.9
Canada	42.2	46.8
USA	23.0	24.8
South Korea	20.7	6.8
Other Countries	20.7	22.3

The changes in the fair value of plan assets comprise:

In millions of EUR	31 December 2017	31 December 2016
Fair value of plan assets at the beginning of the period	**142.7**	**130.3**
Interest on plan assets	3.9	4.0
Return on plan assets greater / (less) than discount rate	5.3	3.1
Employer contributions	8.5	8.6
Plan participants' contributions	0.2	0.2
Disbursements	(9.4)	(5.2)
Settlements	—	(2.2)
Other	—	0.2
Effect of movement in exchange rates	(5.2)	3.7
Fair value of plan assets at the end of the period	**146.0**	**142.7**

16. Employee benefits obligations (Continued)

The funded status of the defined benefit schemes is as follows:

Funded status of the defined benefit plans In millions of EUR	31 December 2017	31 December 2016
Defined Benefit Obligation	(197.0)	(186.6)
—thereof funded	(167.5)	(170.3)
—thereof unfunded	(29.5)	(16.3)
Fair Value of plan assets	146.0	142.7
Net defined benefit obligation	**(51.0)**	**(43.9)**

Thereof		
Germany	(22.3)	(26.1)
Canada	0.8	1.7
USA	(7.7)	(7.7)
South Korea	(14.2)	(0.8)
Other Countries	(7.6)	(7.6)

The following pension expenses resulting from defined benefit plans have been recognised in the statement of income:

In millions of EUR	2017	2016
Service costs	8.3	6.5
—thereof current service costs	8.3	6.8
—thereof settlement (gains)/losses	—	(0.3)
Net interest costs	1.2	1.0
Total	**9.5**	**7.5**

Thereof		
Germany	5.3	4.6
Canada	0.5	0.4
USA	0.6	0.6
South Korea	1.4	0.4
Other Countries	1.7	1.5

16. Employee benefits obligations (Continued)

The change in the net defined benefit liability is due to the following components:

In millions of EUR	31 December 2017	31 December 2016
Net defined benefit liability at the beginning of the period	**(43.9)**	**(40.5)**
Cost recognised in profit and loss	(9.5)	(7.5)
Remeasurement gain / (loss) recognised in other comprehensive income	6.7	(4.0)
Business acquisition	(13.8)	—
Employer contributions to plan assets	6.8	7.0
Benefits directly paid by employer	0.8	1.7
Other	—	(0.4)
Effect of movements in exchange rates	1.9	(0.2)
Net defined benefit liability at the end of the period	**(51.0)**	**(43.9)**

In order to mitigate the interest rate risk, target plan asset allocations have been defined for several funded plans in North America by using asset liability studies and are reviewed regularly. Accordingly, the asset portfolios and their durations are aligned with the duration of the pension liabilities, taking into consideration investment risks and adherence to statutory regulations. In Germany, the Company funded its defined benefit obligations through a contractual trust agreement (CTA) in an amount of EUR 56.2 million (2016: EUR 48.4 million). A portion of the past service of the defined contribution and defined benefit arrangements are funded via the BASF Pensionskasse VvAG. The company terminated the membership in BASF Pensionskasse VvAG End of 2014.

The weighted duration of all pension liabilities totalled 17.2 years as at 31 December 2017 (2016: 18.4 years). The actual return on plan assets was EUR 9.1 million (2016: EUR 7.1 million).

The company expects to contribute EUR 6.4 million (2016: EUR 6.2 million) to the plan assets in the following year.

Plan asset allocation

In % (weighted averages)

A. Securities with quoted market price in an active market

	31 December 2017	31 December 2016
Equities	22.2%	25.3%
Bonds:		
—Government—fixed rate	42.3%	43.5%
—Government—variable rate	—	—
—Corporate	20.3%	15.9%
Real Estate	0.1%	—
Cash and cash-equivalents	0.9%	1.2%
Other quoted securities	4.8%	4.2%
	90.5%	**90.1%**

16. Employee benefits obligations (Continued)

B. Other securities

Insurance contracts	1.3%	2.0%
Other	8.2%	7.9%
	9.5%	**9.9%**
Total	**100.0%**	**100.0%**

Other plan assets comprise assets held by insurance carriers primarily for the German plan. The plan assets neither comprise equity instruments in INEOS Styrolution nor Company-occupied real estate or other assets used by the company.

The Group determined the following economic and actuarial assumptions used for the calculation of the defined benefit obligation and expenses.

Assumptions used to determine employee benefit obligation and expense

Expressed as weighted averages

	2017				**2016**			
	Germany	**Canada**	**USA**	**Other Countries**	**Germany**	**Canada**	**USA**	**Other Countries**
Discount rate	2.00%	3.25%	3.50%	2.68%	2.00%	3.50%	4.00%	2.40%
Future salary increases	2.75%	3.00%	3.50%	4.61%	2.75%	3.00%	3.50%	3.96%
Medical cost trend rate	N/A	4.50%	5.00%	N/A	N/A	4.50%	5.00%	N/A
Inflation	1.75%	2.00%	2.50%	2.06%	1.75%	2.00%	2.50%	2.07%
Mortality	Heubeck 2005G	CPM 2014*	RP-2014 mortality tables**		Heubeck 2005G	CPM 2014*	RP-2014 mortality tables**	

* Private Sector Mortality Table projected generationally using Scale B2D with no size adjustments

** Projected generationally with Scale MP-2016 from 2006 / RP-2014 head-count weighted mortality tables (white and blue collar) projected generationally with Scale MP-2016 from 2006

Inflation relates to indexed pension increases in Germany.

16. Employee benefits obligations (Continued)

The following tables show the impact on the Group's pension liabilities in the case of a change of the material economic and actuarial assumptions:

Sensitivity of the defined benefit obligation by a change of the following parameters

In millions of EUR	31 December 2017	31 December 2016
	Decrease by 100bps	**Decrease by 100bps**
Discount rate	36.7	37.3
	Increase by 100bps	**Increase by 100bps**
Medical cost trend rate	0.3	0.6
	Increase by 50bps	**Increase by 50bps**
Price inflation	9.3	9.5
	Increase by 1 year	**Increase by 1 year**
Life expectancy	4.4	4.3

Sensitivity results show the change of the defined benefit obligation if the respective assumption is increased or decreased as disclosed above while all other assumptions remain unchanged. Therefore, it does not take into account any interdependence that might exist between the assumptions. The effect was determined using the same valuation methodologies and approaches as used for the calculation of the benefit liability. In consequence, the validity of the sensitivity disclosed above is subject to limitations.

Distribution of the defined benefit obligation In % of the defined benefit obligation (weighted averages)	2017	2016
Active employees	67.2%	78.6%
Former vested employees	14.0%	9.2%
Retirees	18.8%	12.2%
Total	**100.0%**	**100.0%**

Defined contribution benefits

The cost of defined contribution plans amounted to EUR 8.2 million (2016: EUR 7.7 million). These benefits are exclusively paid by third parties. INEOS Styrolution is only obliged to pay the contributions.

In addition, employer contributions to the statutory pension insurance systems in the various countries amounted to EUR 8.7 million (2016: EUR 7.7 million).

17. Deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following balance sheet captions:

Deferred tax assets

In millions of EUR	1 January 2017	Recognised in income	Business acquisitions	Other changes and exchange rate changes	31 December 2017
Tax loss carry forward	17.8	(7.3)	—	0.7	11.2
Tangible fixed assets	—	25.8	—	—	25.8
Intangible fixed assets	7.7	(1.4)	—	(1.1)	5.2
Inventories	9.1	(0.1)	—	(0.8)	8.2
Receivables	1.8	(0.2)	—	(0.1)	1.5
Other current assets	1.7	(1.1)	—	(0.2)	0.4
Pension provisions	16.6	2.9	2.9	(4.8)	17.6
Other provisions	8.9	0.9	—	(1.3)	8.5
Other liabilities	5.1	(1.3)	0.4	(0.7)	3.5
Other	0.1	—	—	—	0.1
Deferred tax assets	**68.8**	**18.2**	**3.3**	**(8.3)**	**82.0**
Valuation allowances tax loss carry forward	(3.2)	0.6	—	(0.5)	(3.1)
Deferred tax assets	**65.6**	**18.8**	**3.3**	**(8.8)**	**78.9**

In millions of EUR	1 January 2016	Recognised in income	Other changes and exchange rate changes	31 December 2016
Tax loss carry forward	23.9	(5.6)	(0.5)	17.8
Tangible fixed assets	0.2	—	(0.2)	—
Intangible fixed assets	9.2	(1.4)	(0.1)	7.7
Inventories	5.6	3.6	(0.1)	9.1
Receivables	2.0	(0.2)	—	1.8
Other current assets	1.3	0.4	—	1.7
Pension provisions	14.9	0.8	0.9	16.6
Other provisions	7.0	3.1	(1.2)	8.9
Other liabilities	5.0	(1.2)	1.3	5.1
Other	2.0	—	(1.9)	0.1
Deferred tax assets	**71.1**	**(0.5)**	**(1.8)**	**68.8**
Valuation allowances tax loss carry forward	(6.2)	0.9	2.1	(3.2)
Valuation allowances other temporary differences	(2.6)	0.2	2.4	—
Deferred tax assets	**62.3**	**0.6**	**2.7**	**65.5**

17. Deferred tax assets and liabilities (Continued)

Deferred tax liabilities

In millions of EUR	1 January 2017	Recognised in income	Business acquisition	Other changes and exchange rate changes	31 December 2017
Tangible fixed assets	183.0	(52.7)	1.7	(9.8)	122.2
Intangible fixed assets	243.2	(29.1)	13.9	(22.7)	205.3
Inventories	2.3	(3.1)	3.8	(0.6)	2.4
Investments	40.6	(13.0)	—	0.1	27.7
Receivables	0.3	—	—	(0.2)	0.1
Other current assets	1.8	0.2	—	0.3	2.3
Other provisions	2.5	0.9	—	(0.4)	3.0
Other liabilities	33.0	(26.4)	—	(1.1)	5.5
Other	26.6	(7.7)	—	(1.1)	17.8
Deferred tax liabilities	**533.3**	**(130.9)**	**19.4**	**(35.5)**	**386.3**

In millions of EUR	1 January 2016	Recognised in income	Other changes and exchange rate changes	31 December 2016
Tangible fixed assets	193.6	(15.8)	5.2	183.0
Intangible fixed assets	260.0	(22.3)	5.5	243.2
Inventories	3.0	(0.5)	(0.2)	2.3
Investments	40.6	—	—	40.6
Receivables	0.3	(0.1)	0.1	0.3
Other current assets	1.4	0.5	(0.1)	1.8
Other provisions	1.6	0.2	0.7	2.5
Other liabilities	12.1	21.0	(0.1)	33.0
Other	30.1	(3.3)	(0.2)	26.6
Deferred tax liabilities	**542.7**	**(20.3)**	**10.9**	**533.3**

Deferred tax assets and deferred tax liabilities are offset against each other to the following extent:

In millions of EUR	31 December 2017	31 December 2016
Deferred tax assets	78.9	65.5
Deferred tax liabilities	(386.3)	(533.3)
Offsetting of assets and liabilities	24.6	31.9
Deferred tax assets	**54.3**	**33.6**
Deferred tax liabilities	**361.7**	**501.4**

17. Deferred tax assets and liabilities (Continued)

The increase of deferred tax assets for tangible fixed assets resulted from the transfer of assets to INEOS Styrolution from the previous shareholder BASF in 2014 where recognition criteria have been met in 2017.

Deferred tax liabilities were reduced due to the US and the Belgium tax reforms and thereby lower corporate tax rates. The full deferred tax impact is recognised in income in 2017.

In assessing the Group's ability to realize deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax strategies in making this assessment.

In order to fully realize the deferred tax asset, the Group will need to generate future taxable income in the countries where the net operating losses were incurred (particularly in Canada). Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is probable that the Group will realize aforementioned benefits.

At 31 December 2017, the tax losses carried forward expire as follows:

In millions of EUR	2018	2019	2020	2021 - 2025	later	unlimited	Non-recognised
Losses carried forward	—	—	—	—	25.4	32.0	(30.2)

18. Other liabilities and provisions

In millions of EUR	Onerous Contracts	Other Items	Total
Obligations at 1 January 2017	**22.3**	**11.1**	**33.4**
Provisions made during the period	0.9	28.3	29.2
Provisions used during the period	(6.7)	—	(6.7)
Provisions released during the period	—	(0.2)	(0.2)
Total 31 December 2017	**16.5**	**39.2**	**55.7**

In millions of EUR	Onerous Contracts	Other Items	Total
Obligations at 1 January 2016	**37.2**	**10.9**	**48.1**
Provisions made during the period	2.6	3.4	6.0
Provisions used during the period	(17.5)	(0.4)	(17.9)
Provisions released during the period	—	(2.8)	(2.8)
Total 31 December 2016	**22.3**	**11.1**	**33.4**

18. Other liabilities and provisions (Continued)

In millions of EUR	31 December 2017	31 December 2016
Current provisions	17.8	16.2
Other current liabilities	93.1	84.9
Accruals and deferred income	64.0	68.9
Total other liabilities and short-term provisions	**174.9**	**170.0**
Non-current provisions	37.9	17.2
Other non-current liabilities	19.0	21.8
Total other liabilities and other long-term provisions	**56.9**	**39.0**
Total	**231.8**	**209.0**

The total amount resulting from exchange differences from the translation of foreign entities financial statements for the current and non-current provisions is EUR 0.1 million in 2017 (2016: nil).

Provisions include an amount of EUR 16.5 million (2016: EUR 22.3 million) for unfavourable supply contracts and contract termination costs with related parties recognised in the business combination. The remaining provision is expected to be fully utilised latest by 2035.

The increase in other provisions is mainly related to a provision recognised for a liability to the previous shareholder BASF under prior legal agreements. Beside this, the other provisions contain provision for uncertain tax positions, site closure provision and severance provisions. Management estimates the incentive accruals based on a steady headcount.

19. Trade payables

In millions of EUR	31 December 2017	31 December 2016
Trade payables due to third parties	401.7	328.5
Trade payables due to related parties	65.6	55.4
Total	**467.3**	**383.9**

An amount of EUR 132.7 million (2016: EUR 110.7 million) of the trade payables are related to accruals for goods or services not yet invoiced. The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 20.

20. Financial instruments

IFRS 7

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

20. Financial instruments (Continued)

- currency risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. They are responsible for developing and monitoring the Group's risk management policies. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

In millions of EUR	Note	Carrying amount 31 December 2017	Carrying amount 31 December 2016
Trade and other receivables	12	729.0	631.7
Thereof derivative		0.6	1.5
Cash and cash equivalents	15	295.9	316.9
Total		**1,024.9**	**948.6**

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Geographically there is no concentration of credit risk.

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.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

20. Financial instruments (Continued)

Impairment losses

In millions of EUR	Carrying amount 31 December 2017	Carrying amount 31 December 2016
Neither past due nor impaired	—	—
Past due 1 - 30 days	—	—
Past due 31 - 90 days	2.1	1.6
Past due more than 90 days	3.5	3.1
More than 180 days	—	—
Total	**5.6**	**4.7**

The movement in the allowance for impairment in respect of trade and other receivables during the period was as follows:

In millions of EUR	Individual impairments
31 December 2015	**5.3**
Impairment losses released	(0.3)
Impairment losses used	(0.5)
Impairment loss recognised	0.2
31 December 2016	**4.7**
Impairment losses released	—
Impairment losses used	(0.1)
Impairment loss recognised	0.6
Other movements	0.4
31 December 2017	**5.6**

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 295.9 million at 31 December 2017 while it held cash and cash equivalents of EUR 316.9 million at 31 December 2016, which represents its maximum exposure from cash and cash equivalents to the credit risk of banks which hold the funds on these assets.

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

20. Financial instruments (Continued)

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.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2017 In millions of EUR	Carrying amount	Contractual cash flow	2 months or less	2-12 months	1-2 years	2-5 years	>5 years
Institutional term loans	712.1	854.5	—	28.9	28.7	84.8	712.1
Asset securitizations (secured)	100.0	100.0	100.0	—	—	—	—
Other borrowings	27.9	27.9	18.1	0.8	0.9	1.2	6.9
Trade payables	467.3	467.3	467.3	—	—	—	—
	1,307.3	**1,449.7**	**585.4**	**29.7**	**29.6**	**86.0**	**719.0**

31 December 2016 In millions of EUR	Carrying amount	Contractual cash flow	2 months or less	2-12 months	1-2 years	2-5 years	>5 years
Institutional term loans	999.0	1,250.9	—	59.2	58.7	1,133.0	—
Asset securitizations (secured)	100.0	100.0	100.0	—	—	—	—
Other short-term borrowing	31.5	31.5	19.3	12.2	—	—	—
Trade payables	383.9	383.9	383.9	—	—	—	—
	1,514.4	**1,766.3**	**503.2**	**71.4**	**58.7**	**1,133.0**	**—**

Comparison of carrying amount and fair value and fair-value-hierarchies

				Amounts recognised in the statement of financial position in accordance with IAS 39		
31 December 2017 In millions of EUR	Category in accordance with IAS 39	Level	Carrying amounts	Amortised cost	Fair value recognised in equity	Fair value recognised in profit or loss
Assets						
Trade receivables	LaR		607.2	607.2	—	—
Cash and cash equivalents	LaR		295.9	295.9	—	—
Other assets			121.8	121.8	—	—
of which long-term	LaR		4.9	4.9	—	—
of which short-term	LaR		116.9	116.9	—	—
of which: Derivatives	*FAHfT*	*2*	—	—	—	—
of which: Derivatives	*FAHfT*	*3*	0.6	—	—	*0.6*
Liabilities						
Trade payables	FLAC		467.3	467.3	—	—
Financial indebtedness	FLAC		840.0	840.0	—	—
Other short-term liabilities	FLAC		174.9	174.9	—	—
of which: Derivatives	*FLHfT*	*2*	*0.1*	—	—	*0.1*
of which: Derivatives	*FLHfT*	*3*	—	—	—	—

20. Financial instruments (Continued)

31 December 2016 In millions of EUR	Category in accordance with IAS 39	Level	Carrying amounts	Amounts recognised in the statement of financial position in accordance with IAS 39 Amortised cost	 Fair value recognised in equity	 Fair value recognised in profit or loss
Assets						
Trade receivables	LaR		518.1	518.1	—	—
Cash and cash equivalents	LaR		316.9	316.9	—	—
Other assets			113.6	113.6	—	—
of which long-term	LaR		3.9	3.9	—	—
of which short-term	LaR		109.7	109.7	—	—
of which: Derivatives	*FAHfT*	*2*	—	—	—	—
of which: Derivatives	*FAHfT*	*3*	*1.5*	—	—	*1.5*
Liabilities						
Trade payables	FLAC		383.9	383.9	—	—
Financial indebtedness	FLAC		1,138.2	1,138.2	—	—
Other short-term liabilities	FLAC		170.0	170.0	—	—
of which: Derivatives	*FLHfT*	*2*	*0.3*	—	—	*0.3*
of which: Derivatives	*FLHfT*	*3*	—	—	—	—

The fair value of all other classes of financial instruments approximates their carrying amount.

The fair value measurements of pension plan assets, and projected benefit obligations under these defined benefit plans are described in note 16.

The financial assets/liabilities held for trading (FAHfT) presented in Level 2 and Level 3 constitute separate classes of derivative financial instruments. Level 2 contains foreign currency derivatives, 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 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 liabilities is EUR 0.1 million as at 31 December 2017. If the price expectations had been 5% lower at the reporting date, with otherwise unchanged parameters the fair value of the financial liabilities would have been EUR 0.1 million lower. If the price expectations had been 5% higher at the reporting date, with otherwise unchanged parameters, the fair value of the financial liability would have been EUR 0.1 million higher. Global netting agreements do not exist for any of the reported foreign currency derivatives. All derivatives classified into Level 2 are short-term. In 2017, EUR 0.3 million of currency derivatives were disposed of.

The financial assets/liabilities held for trading 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

20. Financial instruments (Continued)

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 asset is EUR 0.6 million as of December 31, 2017. If the price expectations had been 10 percent lower at the reporting date, with otherwise unchanged parameters the fair value of the financial asset would have been EUR 0.4 million lower (the fair market value of the open styrene monomer derivatives would have been EUR 0.2 million) If the price expectations had been 10% higher at the reporting date, with otherwise unchanged parameters, the fair value of the financial asset would have been EUR 0.4 million higher (the fair market value of the open styrene monomer derivatives would have been EUR 1.0 million). All derivatives classified into Level 3 are short-term. The decrease of other short-term assets by EUR 0.9 million was due to financial assets held for trading assigned to Level 3.

Gains and losses from Level 3 financial derivatives are recognised in the finance income and expense in the lines interest receivable or interest payable (see note 6).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, raw materials (feedstock) and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Risks resulting from the availability and possible market price movements of raw materials are covered by different measures to control volatility as well as the commitment of Styrene Monomer derivatives.

31 December 2017 In millions of EUR	Category in accordance with IAS 39	Level	Carrying amounts	Profit/Loss	Other Comprehensive Income
Assets					
Trade receivables	LaR		607.2	(0.6)	(16.8)
Cash and cash equivalents	LaR		295.9	1.7	(7.9)
Other assets			121.8	—	(9.2)
of which long-term	LaR		4.9	—	(0.1)
of which short-term	LaR		116.9	—	(9.1)
of which: Derivatives	*FAHfT*	*2*	—	—	—
of which: Derivatives	*FAHfT*	*3*	*0.6*	*0.6*	—
Liabilities					
Trade payables	FLAC		467.3	—	25.4
Financial indebtedness	FLAC		840.0	(43.1)	47.9
Other short-term liabilities	FLAC		174.9	—	8.8
of which: Derivatives	*FLHfT*	*2*	*0.1*	*(0.1)*	—
of which: Derivatives	*FLHfT*	*3*	—	—	—

20. Financial instruments (Continued)

31 December 2016 In millions of EUR	Category in accordance with IAS 39	Level	Carrying amounts	Profit/Loss	Other Comprehensive Income
Assets					
Trade receivables	LaR		518.1	0.1	6.0
Cash and cash equivalents	LaR		316.9	1.2	3.2
Other assets			113.6	—	2.1
of which long-term	LaR		3.9	—	—
of which short-term	LaR		109.7	—	—
of which: Derivatives	*FAHfT*	*2*	—	—	—
of which: Derivatives	*FAHfT*	*3*	*1.5*	*1.5*	—
Liabilities					
Trade payables	FLAC		383.9	—	(6.8)
Financial indebtedness	FLAC		1,138.2	(109.0)	(11.8)
Other short-term liabilities	FLAC		170.0	—	(0.9)
of which: Derivatives	*FLHfT*	*2*	*0.3*	*(0.3)*	—
of which: Derivatives	*FLHfT*	*3*	—	—	—

During 2017, allowances for doubtful debt of EUR 0.6 million on trade receivables were reflected in the income statement.

For the long-term financing, interest expenses of EUR 43.1 million (2016: EUR 109.0 million) were reflected in the income statement.

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 trade receivables were denominated in the following currencies:

In millions of EUR	31 December 2017	31 December 2016
USD	317.8	287.9
EUR	229.0	175.7
INR	29.0	30.1
KRW	22.9	18.8
others	8.5	5.6
Total	**607.2**	**518.1**

20. Financial instruments (Continued)

Sensitivity analysis

A strengthening/weakening of the EUR, as indicated below, against the USD, KRW and INR as at 31 December 2017 would have increased/decreased net income by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

Net income:

	31 December 2017		31 December 2016	
In millions of EUR	Impact of strengthening	Impact of weakening	Impact of strengthening	Impact of weakening
	EUR	EUR	EUR	EUR
USD (5% movement)	(10.3)	11.4	(7.0)	7.7
INR (5% movement)	(0.5)	0.5	(0.5)	0.5
KRW (5% movement)	(2.1)	2.3	(0.9)	1.0

OCI, net of tax

	31 December 2017		31 December 2016	
In millions of EUR	Impact of strengthening	Impact of weakening	Impact of strengthening	Impact of weakening
	EUR	EUR	EUR	EUR
USD (5% movement)	(52.9)	58.5	(46.4)	51.3
INR (5% movement)	(3.4)	3.7	(3.2)	3.5
KRW (5% movement)	(10.7)	11.8	(5.4)	6.0

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

In millions of EUR	31 December 2017	31 December 2016
Fixed rate instruments		
Financial lease liabilities	9.0	7.9
Variable rate instruments		
Institutional term loans	712.1	999.0
Asset securitization	100.0	100.0
Other financial liabilities	18.9	31.5

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group generally does not enter into derivatives (interest rate swaps) to

20. Financial instruments (Continued)

hedge against changes in the fair value of fixed rate financial assets or liabilities. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

Management considers the institutional term loans a variable rate instrument, as the interest rate contains a variable parameter. Further, the asset securitization scheme that is used for financing purposes is being considered as variable rate indebtedness as it represents a revolving scheme. The availability of the asset securitization scheme to the Company is subject to a number of aspects, which include the ability of the bank to provide liquidity into the program.

A change of 0.5 percentage point in interest rates at the reporting date would have increased/ decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss 2017		Profit or loss 2016	
In millions of EUR	**0.5% increase**	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Long-term debt—Variable rate instruments	1.9	(1.4)	(0.6)	0.6
Short-term debt—Variable rate instruments	0.1	(0.1)	—	—
Cash flow sensitivity, net	**2.0**	**(1.5)**	**(0.6)**	**0.6**

Capital management

The core of the financial strategy is to safeguard INEOS Styrolution's strong financial profile, credit rating and thereby its financial stability. The financial strategy aims to support and promote the strategic and operating performance of the Company and to ensure access to capital and to favourable financing conditions at all times.

The Group does not have any financial covenants that require maintenance of capital ratios. For its own capital management the group reviews the ratio of working capital in relation to sales. The working capital definition of the Group includes inventory, accounts receivable and accounts payable.

In millions of EUR	2017	2016
Inventory	546.9	452.5
Accounts receivable—trade	607.2	518.1
Less: Short-term payables—trade	(467.3)	(383.9)
Working capital at 31 December	**686.8**	**586.7**
Revenues	5,342.4	4,469.7
Revenues	**5,342.4**	**4,469.7**
Working capital to revenues ratio at 31 December	**12.9%**	**13.1%**

Working capital increased in 2017 compared to 2016 due to higher sales volumes, increase in raw material pricing and the acquisition of the K-resin business. As the revenue increased more than the working capital, the working capital to revenues ratio was lower in 2017 compared to 2016.

21. Operating leases

Non-cancellable operating lease rentals are payable as follows:

In millions of EUR	31 December 2017	31 December 2016
Less than one year	26.0	25.8
Between one and five years	69.3	72.1
More than five years	28.3	46.6
Total	**123.6**	**144.5**

The Group leases a number of warehouse and factory facilities under operating leases. The lease contracts typically have a 5-year period term, with an option to renew the lease after that date. Lease payments are increased every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in a local price index.

During the period an amount of EUR 27.1 million (2016: EUR 19.1 million) was recognised as an expense in profit or loss in respect of operating leases.

22. Cash flow disclosures

Cash used in investing activities

INEOS Styrolution paid EUR 113.2 million for the acquisition of the K-Resin business, which is slightly lower than the consideration paid on acquisition date of EUR 114.2 million due to foreign exchange effects and timing of the payments. The acquired business did have a cash balance of EUR 14.3 million and that led to a net cash outflow from investing activities of EUR 98.9 million.

Changes in liabilities arising from financing activities

An analysis of changes in the Group's liabilities arising from financing activities is as follows:

In millions of EUR	External borrowings	Related party borrowings	Finance lease	Total
Financial indebtedness at 1 January 2017	**884.6**	**245.7**	**7.9**	**1,138.2**
Cash inflows during the period	145.1	—	—	145.1
Cash outflows during the period	(157.8)	(249.4)	(1.0)	(408.2)
Effects from changes in foreign exchange rates and other non-cash changes	(41.7)	3.7	2.9	(35.1)
Financial indebtedness at 31 December 2017	**830.2**	**—**	**9.8**	**840.0**

23. Capital commitments

At 31 December 2017 the company was committed to capital spending projects of EUR 71.4 million (2016: EUR 76.9 million), of which EUR 1.0 million (2016: nil) relate to intangible fixed assets and EUR 70.4 million (2016: EUR 76.9 million) relate to tangible fixed assets.

In addition to that, the Group had obligations for repairs, maintenance or enhancement of property, plant and equipment of EUR 10.5 million.

23. Capital commitments (Continued)

The Group had the following long-term purchase commitments for raw materials, primarily feedstock, for the next 5 years, and other purchase commitments. All amounts were estimated based on current price information, while volumes are defined.

31 December 2017 In millions of EUR	Following year	2nd year	3rd year	4th year	5th year	Total
Styrene Monomer	732.2	91.9	—	—	—	824.1
Ethylene	474.1	476.1	270.8	207.7	61.5	1,490.2
Benzene	1,103.2	540.0	291.6	237.3	237.3	2,409.4
Other purchase commitments	628.5	301.9	255.2	—	—	1,185.6
Total	**2,938.0**	**1,409.9**	**817.6**	**445.0**	**298.8**	**5,909.3**

24. Contingencies

The group companies are and may from time to time be involved in proceedings or litigation arising in the ordinary course of business. Management does not believe that the ultimate resolution of these matters will materially affect the Group's financial condition or results of operations.

The Group entered into land rental agreements, some of which contain clauses that require the tenant to return the property in a specified condition. This might oblige the Group to dismantle and remove its assets and restore and clean the site on which a plant is located. Provisions are recognised when a closure decision has been made. Provisions are not recognised for future obligations, as no reliable estimates can be made for the costs and for the end date of the lease term given that are no plans to return the leased property within the foreseeable future. Due to the inherent uncertainty about costs and timing of any outflow no financial effect are included in the financial statements of the Group.

25. Related parties

Board of directors

Kevin McQuade
Markus Fieseler
Graeme Leask
Jonathan Ginns
Andrew Currie

Key management personnel

The key management positions of the Group are the management board members. The management board consists of Kevin McQuade, Markus Fieseler, Steve Harrington, Rob Buntinx, Alexander Glueck and Pierre Minguet.

25. Related parties (Continued)

Transactions with key management personnel

Key management personnel compensation (including directors)

The key management personnel consists of the Company's directors. Details of Directors' remuneration are given in note 5.

Other related party transactions

In millions of EUR	Transaction value 1 January-31 December 2017	Balance outstanding 31 December 2017	Transaction value 1 January-31 December 2016	Balance outstanding 31 December 2016
Sale of products				
INEOS	94.7		67.5	
Purchase of raw materials				
INEOS	432.7		363.6	
Services received				
INEOS	49.7		54.2	
Trade and other receivables				
INEOS		14.0		5.7
Shareholder		—		0.4
Trade and other payables				
INEOS		(65.6)		(55.4)

In general, all outstanding balances with INEOS are priced based on contractual arrangements and are to be settled in cash within two months of the reporting date. None of the balances are secured.

The transactions were made on terms equivalent to those that prevail in arm‘s length transactions. The amount of services received includes key management services, such as guidance on corporate strategy, financing, SHE, Tax strategy, operational optimization and sharing of best practices, of EUR 10.6 million (2016: EUR 10.1 million). There were no provisions for doubtful debt related to INEOS as of 31 December 2017.

INEOS Styrolution redeemed the outstanding EUR tranche in the amount of EUR 248 million with INEOS Holdings Limited on 30 October 2017.

Dividends paid to INEOS are disclosed in note 14.

26. Ultimate parent undertaking and controlling party

The immediate parent undertaking is INEOS Industries Holdings Limited.

The ultimate parent undertaking at 31 December 2017 was INEOS Limited, a company registered in the Isle of Man.

The directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

The largest group in which the results of the Company are consolidated is that headed by INEOS Industries Limited.

27. Subsequent events

No further 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 22 February 2018.

28. Accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs 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 recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following elements:

- Impairment tests for goodwill and other non-financial assets: Goodwill impairment testing is performed annually or if there is an indication of impairment. Goodwill impairments tests are based on cash generating units and compare the recoverable amount of the unit with the respective carrying amount. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs of disposal and its value in use. The value in use is determined using a discounted cash flow method, considering earnings forecasts of the unit. The management of the Group identified the operating segments as cash generating units (CGU) for purposes of testing goodwill for impairment. Each unit or group of units to which goodwill is allocated to shall represent the lowest level within the entity at which the goodwill is monitored for internal management purpose. The goodwill is internally monitored at the level of business units. Intangible assets other than goodwill assets and property, plant and equipment are generally valued at cost less amortisation. Impairment losses on intangible assets and property, plant and equipment are recognised when the recoverable amount of the cash generating unit which includes the asset is lower than the respective carrying amount. In accordance with the definition of a cash generating unit under IAS 36, the individual production plants generally do not represent separate cash generating units, but are part of larger asset groups that form the cash generating units. Since the assessment whether goodwill or a non-financial asset are impaired is based on long-term business plans for the cash generating units and the determination of an appropriate discount rate, management used significant estimates and judgments in making these assessments.
- Net realizable value of inventories: The recoverability of styrene monomer and other feedstock is based on management estimates of the expected future use of those inventories. The net realizable value of inventories expected to be sold on the market are measured at market price and can lead to a write down. The net realizable value of styrene monomer expected to be used in our polymer production is determined based on the net realizable value of the polymer product which did not result in write downs of similar magnitude due to the higher gross profit margins of polymer products.

28. Accounting estimates and judgements (Continued)

- Provisions: The Company recognises a provision when it has a present obligation and it is more likely than not that it will make payments; the provision will be based on the most reliable estimate. The determination of the probability of a loss and the amount of the most reliable estimate require significant judgment. The provision for contract losses on a supply agreement with a related party was adjusted in 2016 to consider changes in the cost to close, demolish and decommission a site in Marl. The change in the estimate for provisions in 2017 resulted in additional expenses of EUR 0.9 million for the expected costs.
- Management is required to estimate the tax payable in each of the jurisdictions in which the Group operates. This involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the consolidated balance sheet of the Group. Management has performed an assessment as to the extent to which future taxable profits will allow the deferred asset to be recovered. The calculation of the Group's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

  The Group has, from time to time, contingent tax liabilities arising from trading and corporate transactions in the countries in which it operates. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.

  The breadth of the Group's structure with operations in many geographic locations makes the use of estimates and assumptions more challenging. The resolution of issues is not always within the control of the Group and can be reliant upon the efficiency of the legal processes in the relevant jurisdictions in which the Group operates, and as a result, issues can, and often do take many years to resolve.

  Details of amounts recognised with regard to taxation are disclosed in notes 7 and 17.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS STYROLUTION HOLDING LIMITED

Report on the group financial statements

Our opinion

In our opinion, INEOS Styrolution Holding Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Directors' report and consolidated financial statements (the "Annual Report"), comprise:

- the consolidated statement of income as at 31 December 2016;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on pages 10 and 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the company financial statements of INEOS Styrolution Holding Limited for the 54 week period ended 31 December 2016.

/s/

Ian Marsden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
24 February 2017

INEOS Styrolution Holding Limited

Consolidated statement of income

In millions of EUR	Note	1 January to 31 December 2016	1 January to 31 December 2015*
Revenue	2	4,469.7	4,967.7
Cost of sales	2	(3,464.0)	(4,016.1)
Gross profit		**1,005.7**	**951.6**
Selling and distribution expenses	2	(302.7)	(306.8)
General and administrative expenses	2	(100.7)	(103.6)
Research and development expenses	2	(12.7)	(14.0)
Other operating income / (expense), net	2	(13.8)	(34.4)
Result from operating activities		**575.8**	**492.8**
Interest income	5	5.9	6.0
Interest expense	5	(120.3)	(113.0)
Other finance gain / (loss), net	5	25.5	(24.0)
Net finance costs		**(88.9)**	**(131.0)**
Income before income tax		**486.9**	**361.8**
Income tax benefit / (expense)	6	(109.8)	(98.1)
Net income		**377.1**	**263.7**
Attributable to:			
Non-controlling interests		2.5	1.3
Owners of the company		**374.6**	**262.4**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

The Group has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account.

INEOS Styrolution Holding Limited

Consolidated statement of comprehensive income

In millions of EUR	Note	1 January to 31 December 2016	1 January to 31 December 2015*
Net income		**377.1**	**263.7**
Other comprehensive income (loss):			
Exchange differences on translation of foreign operations		11.2	101.5
Items that might be subsequently reclassified to profit and loss		**11.2**	**101.5**
Remeasurement of post-employment benefit obligations	15	(4.0)	2.0
Deferred taxes on remeasurements of post-employment benefit obligations		1.3	(0.6)
Item that will not be reclassified to profit or loss		**(2.7)**	**1.4**
Other comprehensive income, net of tax		**8.5**	**102.9**
Total comprehensive income		**385.6**	**366.6**
Attributable to:			
Non-controlling interests		0.5	1.7
Owners of the company		**385.1**	**364.9**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of financial position

In millions of EUR	Note	31 December 2016	31 December 2015*	1 January 2015*
Assets				
Property, plant and equipment	7	933.3	928.1	914.9
Intangible assets and goodwill	8	1,549.2	1,603.3	1,614.5
Deferred tax assets	16	33.6	23.2	21.7
Other receivables and miscellaneous non-current assets		3.9	3.6	4.0
Non-current assets		**2,520.0**	**2,558.2**	**2,555.1**
Inventories	10	452.5	426.9	481.5
Trade receivables	11	518.1	476.3	521.9
Income tax receivables	11	41.2	32.8	73.1
Other receivables and miscellaneous current assets	11	68.5	88.1	94.7
Cash and cash equivalents	14	316.9	486.7	371.2
Current assets		**1,397.2**	**1,510.8**	**1,542.4**
Total assets		**3,917.2**	**4,069.0**	**4,097.5**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of financial position (Continued)

In millions of EUR	Note	31 December 2016	31 December 2015*	1 January 2015*
Equity				
Share capital	12	0.3	0.3	0.0
Share premium		2,389.7	0.0	0.0
Merger reserve		(1,281.2)	1,108.5	1,108.8
Other reserves		146.2	135.7	33.2
Retained Earnings		305.7	186.1	(76.3)
Equity attributable to owners of the Company		**1,560.7**	**1,430.6**	**1,065.7**
Non-controlling interest		16.5	16.0	14.3
Total equity		**1,577.2**	**1,446.6**	**1,080.0**
Liabilities				
Financial indebtedness	14	1,106.7	1,390.2	1,493.7
Employee benefits obligations	15	43.9	40.5	40.6
Deferred tax liabilities	16	501.4	503.6	465.8
Other liabilities and other long term provisions	17	39.0	39.2	53.4
Non-current liabilities		**1,691.0**	**1,973.5**	**2,053.5**
Trade payables	18	383.9	363.7	457.0
Financial indebtedness	14	31.5	48.8	225.4
Current tax liabilities	6	63.6	66.5	66.2
Other liabilities and short term provisions	17	170.0	169.9	215.4
Current liabilities		649.0	648.9	964.0
Total liabilities		**2,340.0**	**2,622.4**	**3,017.5**
Total equity and liabilities		**3,917.2**	**4,069.0**	**4,097.5**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

The financial statements on pages 15 to 74 were approved by the Board of Directors on 24 February 2017 and signed on its behalf by

/s/

Kevin McQuade
Director
24 February 2017
Registered number 09922632

INEOS Styrolution Holding Limited

Consolidated statement of changes in equity

In millions of EUR	Share Capital	Share premium	Merger reserve	Retained Earnings / (Accumulated deficit)	Other Reserves: Pension Reserve	Other Reserves: CTA Reserve	Equity attributable to owners of the company	Non-controlling interest	Total Equity
31 December 2015*	**0.3**	**0.0**	**1,108.5**	**186.1**	**(0.1)**	**135.8**	**1,430.6**	**16.0**	**1,446.6**
Net Income	—	—	—	374.6	—	—	374.6	2.5	377.1
Other Comprehensive Income	—	—	—	—	(2.7)	13.2	10.5	(2.0)	8.5
Total Comprehensive Income for the period	**—**	**—**	**—**	**374.6**	**(2.7)**	**13.2**	**385.1**	**0.5**	**385.6**
Group reorganization	—	2,389.7	(2,389.7)	—	—	—	0.0	—	0.0
Transactions with owners in their capacity as owners:									
Dividends	—	—	—	(255.0)	—	—	(255.0)	—	(255.0)
31 December 2016	**0.3**	**2,389.7**	**(1,281.2)**	**305.7**	**(2.8)**	**149.0**	**1,560.7**	**16.5**	**1,577.2**
31 December 2014*	**0.0**	**0.0**	**1,108.8**	**(76.3)**	**(1.5)**	**34.7**	**1,065.7**	**14.3**	**1,080.0**
Net Income	—	—	—	262.4	—	—	262.4	1.3	263.7
Other Comprehensive Income	—	—	—	—	1.4	101.1	102.5	0.4	102.9
Total Comprehensive Income	**—**	**—**	**—**	**262.4**	**1.4**	**101.1**	**364.9**	**1.7**	**366.6**
Incorporation of parent entity	0.3	—	(0.3)	—	—	—	0.0	—	0.0
31 December 2015*	**0.3**	**0.0**	**1,108.5**	**186.1**	**(0.1)**	**135.8**	**1,430.6**	**16.0**	**1,446.6**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of cash flows

In millions of EUR	1 January-31 Dec. 2016	1 January-31 Dec. 2015*
Cash flows from operating activities		
Income before income tax	486.9	361.8
Adjustment for:		
Depreciation of property, plant and equipment (note 7)	137.9	133.4
Amortization of intangible assets (note 8)	81.8	82.8
Change in Other receivables	0.5	16.3
Change in pension provisions, other liabilities and charges	28.6	(45.8)
Finance cost	88.9	160.5
Working capital adjustments:		
—Inventories	(28.4)	75.3
—Trade receivables	(35.9)	54.8
—Trade payables	13.3	(106.8)
Cash generated from operating activities	**773.6**	**732.2**
Current income tax paid	(144.4)	(44.0)
Interest received	7.4	3.4
Interest paid	(107.2)	(117.0)
Net cash flows from operating activities	**529.4**	**574.6**
Cash flows from investing activities		
Investments in property, plant and equipment and intangible fixed assets (note 7, 8)	(127.3)	(108.0)
Net cash flows used in investing activities	**(127.3)**	**(108.0)**
Cash flows from financing activities		
Repayments of asset securitization (note 14)	—	(151.0)
Receipts of receivables from related parties (note 14)	—	11.6
Proceeds from borrowings (note 14)	1,067.1	43.0
Repayment of other borrowings (note 14)	(1,387.2)	(259.9)
Dividend payments (note 13)	(255.0)	—
Net cash flows used in financing activities	**(575.1)**	**(356.3)**
Net changes in cash and cash equivalents	**(173.0)**	**110.3**
Cash and cash equivalents at prior year end (note 14)	486.7	371.2
Effect of exchange rate fluctuations on cash held	3.2	5.2
Total Cash and cash equivalents (note 14)	**316.9**	**486.7**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated notes

1. Accounting Policies

Overview

INEOS Styrolution Holding Limited ('the Company') is 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.

On 9 June 2016, INEOS Styrolution Financing Limited became parent of INEOS Styrolution Investment GmbH and INEOS Styrolution Switzerland SA. That created a newly formed consolidation group consisting of INEOS Styrolution Holding GmbH and all its subsidiaries as well as the above mentioned entities INEOS Styrolution Switzerland SA, INEOS Styrolution Investment GmbH, INEOS Styrolution Financing Limited and INEOS Styrolution Holding Limited.

INEOS Styrolution Holding GmbH and INEOS Styrolution Investment GmbH are domiciled in Frankfurt, Germany. INEOS Styrolution Holding GmbH was incorporated on 2 March 2011. Between 1 October 2011 and 17 November 2014 it was as a joint venture ultimately owned by two shareholders, INEOS Industries Holdings Limited ('INEOS'), a subsidiary of INEOS AG, and BASF SE ('BASF'). On 30 June 2014 it was announced that the former shareholders of the Company signed an agreement for INEOS to acquire BASF's 50% share in the Company. The transaction was completed on 17 November 2014 when INEOS Styrolution Investment GmbH became owner of the Company. Since then, Styrolution is run separately as a stand-alone business within INEOS.

Basis of accounting

The financial statements of INEOS Styrolution Holding Limited and its subsidiaries are included into the consolidated financial statements in compliance with the uniformly applicable group accounting and valuation methods.

The Group financial statements have been prepared on a going concern basis and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union ("Adopted IFRSs") effective as of 31 December 2016 and with the Companies Act 2006 as applicable to companies using Adopted IFRSs.

The consolidated financial statements were authorized for issue by the Board of Directors on 24 February 2017.

INEOS Styrolution Holding Limited prepared IFRS 1 first time adoption financials statements as at 31 December 2016 and for the business year then ended, following the recent permitted specified reorganization. As a result, an opening balance sheet as of 1 January 2015 is presented in accordance with IFRS 1.21. Since the acquisition of INEOS Styrolution Investment GmbH and INEOS Styrolution Switzerland SA involves entities under common control, INEOS Styrolution Holding Limited used predecessor accounting with retrospective presentation. Businesses in accordance with IFRS 3 that were acquired by INEOS Styrolution Holding Limited are included in the consolidated financial statements for all periods presented.

1. Accounting Policies (Continued)

- No assets or liabilities were restated to their fair values. Instead, INEOS Styrolution Holding Limited incorporated predecessor carrying values, i.e. the carrying values incorporated in the consolidated financial statements of INEOS Industries Limited (the Group's ultimate parent entity that consolidates the results of the Group). These amounts include the goodwill recorded at the consolidated level of INEOS Industries Limited.
- No new goodwill arose in predecessor accounting.
- For other than the PPA related assets and liabilities the carrying values of INEOS Styrolution Holding GmbH were incorporated in the consolidated financial statements of INEOS Styrolution Holding Limited.
- The investments acquired by INEOS Styrolution Holding Limited are included in its balance sheet at fair value of EUR 2,390.0 million, resulting in a share premium of EUR 2,389.7 million being recorded. The difference between the predecessor values of the Group and the fair value recognized as the investment has been debited to a merger reserve.

The notes below provide a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. The accounting policies set out below have been applied consistently to the period presented in these consolidated financial statements and have been applied consistently by the Group entities.

In the course of aligning INEOS wide group accounting methods to foster a transparent and therefore reliable and relevant view of the consolidated Financial Statements of INEOS Styrolution, there were two main changes as a result of the alignment.

The accounting of catalysts was changed from capitalization of the catalysts within Tangible Fixed Assets towards treating them as Inventory. The reclassification effect for FY 2015 would have been EUR 9.5 million. For 2016, the amount was EUR 12.9 million. The respective reclassification of expenses from Depreciation to Cost of Sales would have amounted to EUR 0.8 million for FY 2015 and for 2016 the effect is estimated to be around EUR 2.5 million.

Since 2016, INEOS Styrolution capitalizes spare parts with an acquisition value of EUR 10,000 or more as property, plant and equipment and expenses spare parts with a lower acquisition value at the time of purchase. In prior year spare parts were included in inventories. An amount of EUR 7.1 million was reclassified from inventories to property, plant and equipment of a year-end 2015 inventory balance of EUR 22.1 million.

Basis of measurement

The financial statements are prepared on the historical cost basis except that the derivative financial instrument and financial instruments classified as fair value through profit and loss are stated at their fair value and non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Functional and presentation currency

These consolidated financial statements are presented in EUR, which is the Company's functional currency. The Group primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in Euros and USD. All financial information presented in EUR

1. Accounting Policies (Continued)

has been rounded to the nearest tenth of a million, except when otherwise indicated. The exchange rate as at 31 December 2016 was $1:EUR 0.9533, £1:EUR 1.1656 and KRW1:EUR 0.0008 (2015: $1:EUR 0.9163, £1:EUR 1.3591 and KRW1:EUR 0.0008).

Changes in accounting policies

The Group has adopted the following new standards and amendments to standards in 2016:

Amendments to IAS 1: Disclosure Initiative

On 18 December 2014 the IASB issued amendments made to IAS 1. The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. They are effective for annual periods beginning on or after 1 January 2016. These changes have no material effect on the consolidated financial statements of the Group.

Amendments to IAS 19: Defined Benefit Plans: Employee Contributions

On 11 November 2013 the IASB issued amendments made to IAS 19. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are effective for financial years beginning on or after 1 July 2014 although EU endorsed for annual periods on or after 1 February 2015. The amendments to IAS 19 have no effect on the consolidated financial statements of the Group.

IFRS Annual Improvements: Cycle 2010-2012

Under its Annual Improvement Project, the IASB issued amendments to several standards on 12 December 2013. The affected standards are IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 24, IAS 38, IAS 39, IFRS 13 and consequential amendments to IFRS9 and IAS 37. The amendments address details of the recognition, measurement and disclosure of business transactions or serve to standardize terminology. The European Union endorsed the changes on January 9, 2015. In a deviation from the IASB's effective date (reporting periods beginning on or after July 1, 2014), IFRS-based financial statements of the European Union must apply the changes for reporting periods beginning on or after 1 February 2015. These changes have no material effect on the consolidated financial statements of the Group.

IFRS Annual Improvements: Cycle 2012-2014

Under its Annual Improvement Project, the IASB issued amendments to several standards on September 25, 2014. The affected standards are IAS 19, IAS 34, IFRS 5 and IFRS 7. The amendments address details of the recognition, measurement and disclosure of business transactions or serve to standardize terminology. The changes are effective for financial years beginning on or after 1 January 2016. These changes have no material effect on the consolidated financial statements of the Group.

Amendments to IFRS 11 Joint Arrangements

On 6 May 2014 the IASB issued amendments made to IFRS 11 to provide further guidance on the accounting for the acquisition of an interest in a joint operation that constitutes a business. The IASB decided that acquirers of such interests shall apply all of the principles on business combinations

1. Accounting Policies (Continued)

accounting in IFRS 3 Business combinations, and other IFRSs, that do not conflict with the guidance in IFRS 11 and disclose the information that is required in those IFRSs in relation to business combinations. The changes are effective for financial years beginning on or after 1 January 2016. These changes have no effect on the consolidated financial statements of the Group.

Amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible assets

For the clarification of acceptable methods of depreciation and amortization, the IASB issued amendments to IAS 16 and IAS 38 on 12 May 2014. These revisions provide further guidance on determining an acceptable method of depreciation and amortization. Revenue-based methods are not permissible for property, plant and equipment and are only permissible for intangible assets in exceptional cases (rebuttable presumption of inappropriateness). The changes are effective for reporting periods beginning on or after 1 January 2016. These changes have no material effect on the consolidated financial statements of the Group.

Other standards and IFRICs newly applicable for companies with 31 December 2016 year ends as IFRS 14 Regulatory deferral accounts, Amendments to IAS 16 Property plant and equipment and IAS 41 Agriculture, Amendments to IAS 27 Separate financial statements on the equity method and Amendment to IFRS 10 and IAS 28 on investment activities applying the consolidation exception were not applicable for the Group.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities controlled by the Group (including structured entities).

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consideration transferred for the acquisition of a subsidiary usually comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary. The consideration transferred does not include amounts related to the settlement of pre-existing business relationships. Such amounts generally are recognized in profit or loss.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; less

1. Accounting Policies (Continued)

- the recognized amount (fair value) of the identifiable assets acquired less the liabilities assumed.

Acquisitions and disposals of non-controlling interest

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from disposal transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Transactions eliminated on consolidation

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

(ii) Special purpose entity ('SPE')

A SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. The Group has established two SPEs, INEOS Styrolution Receivable Finance Designated Activity Company and Deutsche Bank Mexico F/1787 Styrolution, for a debt securitisation program. The Group does not have any direct or indirect shareholdings in these SPEs.

INEOS Styrolution Receivables Finance DAC is a special-purpose entity formed by the Group to purchase receivables from Group entities for purposes of a securitization of such financial assets and is, in substance, controlled by the Group.

Deutsche Bank Mexico F/1787 Styrolution is a Mexican Trust established by INEOS Styrolution Receivables Finance DAC to purchase receivables from INEOS Styrolution Mexicana S.A. de C.V. for the purposes of securitization of such assets. INEOS Styrolution Receivables Finance DAC is the first beneficiary of this Trust. It is therefore also, in substance, controlled by the Group.

Foreign currency

(i) Foreign currency translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

1. Accounting Policies (Continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill, are translated to EUR at rates at the reporting date. The income and expenses of foreign operations are translated to EUR at monthly average exchange rates.

Foreign currency differences are recognized in other comprehensive income, and presented in other reserves in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in other reserves in equity.

Financial instruments

(i) Non-derivative financial assets

The Group initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other finance gain/(loss), net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the group's right to receive payments is established.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

The Group's non-derivative financial assets generally fall into the loans and receivables category.

1. Accounting Policies (Continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses (see note impairment). Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits with maturities of three months or less from the acquisition date and money market funds that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Pledged balances on accounts used for payment transactions related to the securitization of receivables are classified as cash. The amount of these balances is disclosed in the notes.

(ii) Non-derivative financial liabilities

The Group initially recognizes debt securities issued on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and bringing the asset to the location and condition necessary for it to be put into operation. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are recognized as cost of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

1. Accounting Policies (Continued)

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and assets under construction are not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for significant items of property, plant and equipment are as follows:

- buildings . . . . 14 - 30 years
- plant and equipment (part of: technical installations) . . . . 3 - 21 years
- fixtures and fittings (part of: technical installations) . . . . 2 - 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted as separate items.

Business combinations, goodwill and intangible assets

Business combinations

Business combinations are defined according to IFRS 3 as a transaction or another event in which the acquirer achieves control over one or several business of the acquiree. The acquisition method of accounting is used by the Group to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

Goodwill

Goodwill that arises on the acquisition of businesses is presented with intangible assets. Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

1. Accounting Policies (Continued)

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

Except for goodwill, intangible assets are amortized according the pattern of economic benefits in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

- patents and trademarks . . . . 3 - 20 years
- technologies . . . . 9 - 19 years
- customers relationships . . . . 3 - 19 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognized in profit or loss as incurred.

Impairment

(i) Non-derivative financial assets

A financial asset not classified fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

1. Accounting Policies (Continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount is the higher of value in use and fair value less costs to sell. Goodwill is tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance expense in the Group's statement of comprehensive income.

A leased asset under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Other leases are operating leases and are not recognized in the Group's statement of financial position.

Inventories

Inventories are measured at the lower of cost and net realizable value (market value). The cost of inventories is based on the moving average price principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Finished products and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value of raw materials, notably styrene and other feedstock expected to be sold by Styrolution, is based on observable market prices, adjusted for freight and handling costs. The net realizable value of styrene and other feedstock that is expected to be used for the production of polymers by Styrolution, finished goods and other inventories is the estimated selling price of the finished product in the ordinary course of business, less estimated costs of completion and selling.

Cost of sales includes direct costs of raw material, distribution and handling costs.

1. Accounting Policies (Continued)

Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The contributions are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that will be due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Defined benefit plans

The Group operates defined benefit pension plans in the countries it has its productions facilities or distribution activities. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is based on the yield at the reporting date on AA credit-rated bonds that have maturity dates in line with the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements of the net defined benefit liability from actuarial gains and losses and returns on plan assets greater than the discount rate are recognized immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense is included in finance cost; all other components of employee benefit costs related to defined benefit plans are recognized as personnel expenses in the income statement.

The calculation is performed annually on the basis of an actuarial report using the projected unit credit method. When the calculation results in a defined benefit asset to the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities. The change in the present value of the future benefits resulting from a plan change or a curtailment is recognized as past service cost in comprehensive income in the year in which they occur.

The Group recognizes gains and losses from a settlement of a defined benefit plan in profit or loss when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation to be settled and the settlement price including payments made directly by the company in connection with the settlement.

1. Accounting Policies (Continued)

Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized in finance cost.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For sales of styrene, usually transfer occurs when the product is received at the customer's warehouse; however, for some international shipments transfer occurs on loading the goods onto the relevant carrier at the port. Generally for such products the customer has no right of return.

Certain time and location swaps of commodities are not included as external sales and cost of sales.

Expenses

Leases

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net Finance costs

Interest income and interest expenses are accounted for applying the effective interest method. Interest income includes interest income on funds invested and fair value gains on financial assets at

1. Accounting Policies (Continued)

fair value through profit or loss. Interest expenses include interest expense on borrowings, the interest component of employee benefit costs, net of returns on plan assets, the unwinding of the discount on provisions and fair value losses on financial assets at fair value through profit or loss. The difference between the carrying amount of a financial liability extinguished and the consideration paid is included in interest expense.

Gains and losses from the measurement of monetary assets or liabilities denominated in foreign currencies are included in "Other finance gain / (loss)".

Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax periods based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if it is possible that there is a legally enforceable right to offset current tax liabilities and assets because they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which

1. Accounting Policies (Continued)

they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

New standards and interpretations not yet adopted

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards and interpretations when they become effective.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 was issued on 24 July 2014 and presents revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment. The standard will therefore replace IAS 39 Financial instruments: recognition and measurement. This version of IFRS 9 completely replaces previous versions. The impact of the adoption of IFRS 9 on the classification and measurement of the Group's financial assets and financial liabilities is currently further analyzed. The new standard is expected to have impacts specifically for the recognition of fair value for options through OCI. The standard that has been endorsed on 22 November 2016 is effective for financial years beginning on or after 1 January 2018. In subsequent phases of the replacement of IAS 39 project, the IASB will address impairment of financial assets and hedge accounting.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. IFRS 15 has been endorsed on 22 September 2016 and is effective for annual reporting periods beginning on or after 1 January 2018. The Group will further analyze the impact of the new revenue recognition standard, but no material effect on consolidated financial statements of the Group is expected.

IFRS 16 Leases

The IASB published the new lease accounting standard IFRS 16 on 13 January 2016. IFRS 16 replaces IAS 17 Leases and the related interpretations IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases—incentives and SIC-27 Evaluating the substance of a transaction involving the legal form of a lease. The standard is effective for annual reporting periods beginning on or after 1 January 2019. An early application is permitted as long as the revenue standard IFRS 15 Revenue from Contracts with Customers is also applied. The new regulation requires a lessee to recognize for all leases a right of use asset and a lease liability. In profit or loss, all lease contracts are presented as a financing, meaning that the right of use asset is normally amortized using the straight-line method and the lease liability is unwind using the effective interest method. Lease payments include fixed payments, index-based variable payments, expected payment from residual value guarantees and if applicable payments from the exercise of a purchase option or contractual penalties for the early termination of the lease contract. Only short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements. In these cases the lessee has the accounting

1. Accounting Policies (Continued)

option that is similar to the current operating lease. The endorsement of the European Union is expected in the second half of 2017. The effect on the consolidated financial statements of the Group is currently being analyzed.

Amendments to IAS 12 Income taxes

The amendments to IAS 12 Income taxes—Recognition of Deferred Tax Assets for Unrealized Losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. An impairment of debt instruments to the lower market value as a consequence from a change in the market interest rate results in a deductible temporary difference. In general, all deductible temporary differences need to be assessed in combination if in future periods it is probable that taxable profit will be available against which the deductible temporary differences can be utilized and hence can be recognized. Only if tax law makes distinctions between different kinds of taxable profits a separate assessment shall be made. The changes shall be applied retrospectively and will be effective for reporting periods beginning on or after 1 January 2017. The endorsement of the European Union is expected in the second quarter of 2017. The impact of the adoption of the amendments of IAS 12 on the consolidated financial statements of the group is currently being analyzed.

Amendments to IAS 7 Statements of Cash Flows

On 29 January 2016, the IASB published the changes to IAS 7—Cash Flow—disclosure-initiative. The main additional requirement is a reconciliation of the development of those Finance interest expenses, of which the cash-movements are reflected in the financing Cash Flow. The changes will be effective for reporting periods beginning on or after January 1, 2017. In the year of adoption of the amendments, no comparative measures of the previous reporting period are to be included. The endorsement of the European Union is expected in the second quarter of 2017. The Group will analyze the impact on Cash Flow Statement and the notes to the consolidated financial statements.

Annual Improvements to IFRS Standards 2014-2016 Cycle

The Annual Improvements to IFRS Standards 2014-2016 Cycle that was published by the IASB on 8 December 2016 has amendments to the three Standards IFRS 12 Disclosure of Interests in Other Entities, IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 28 Investments in Associates and Joint Ventures. It is effective 1 January 2017 for IFRS 12 and 1 January 2018 for IFRS 1 and IAS 28. These changes are not expected to have a material effect on the consolidated financial statements of the Group.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. It was published by the IASB on 8 December 2016 and is effective 1 January 2018. These changes are not expected to have a material effect on the consolidated financial statements of the Group.

1. Accounting Policies (Continued)

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation method as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Intangible assets and goodwill

The fair value of patents, trademarks and technologies acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent, trademark or technology being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that contribute to achieve to related cash flows.

The fair value of the cash generating units for goodwill has been determined based on estimated discounted cash flows.

(b) Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach or cost approaches using quoted market prices for similar items when available or depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence of buildings used for production, machinery and equipment acquired in a

1. Accounting Policies (Continued)

business combination. The fair value of land and office and laboratory buildings or warehouses acquired in a business combination is based on discounted cash flows or rental income estimates.

(c) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

(d) Forward exchange contracts

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

(e) Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the unfavorable contracts assumed in a business combination, the fair value is based on estimates of future cash flows that exceed a contractual arrangement at market terms and the effect of discounting such excess cash outflows.

2. Result from operating activities

Revenue

In millions of EUR	1 January to 31 December 2016	1 January to 31 December 2015
Sales of goods to third parties	4,402.2	4,935.3
Sales of goods to related parties	67.5	32.4
Total	**4,469.7**	**4,967.7**

Sales of goods to related parties contain sales to INEOS.

The split of revenue by region is as following:

In millions of EUR	1 January to 31 December 2016	1 January to 31 December 2015
EMEA	1,590.1	1,741.8
Americas	1,889.7	1,976.8
Asia	989.9	1,249.1
Total	4,469.7	4,967.7

2. Result from operating activities (Continued)

The split of revenue by product group is as following:

In millions of EUR	1 January to 31 December 2016	1 January to 31 December 2015
Global Styrene Monomer	795.6	1,074.8
Polystyrene	1,799.1	1,908.2
ABS Standard	706.0	768.5
Specialties	1,169.0	1,216.2
Total	4,469.7	4,967.7

Expenses by nature

In millions of EUR	Note	1 January to 31 December 2016	1 January to 31 December 2015*
Cost of production		(3,251.1)	(3,765.6)
Personnel expenses	3	(259.5)	(269.1)
Other personnel related expenses		(41.1)	(41.6)
Contract services		(17.6)	(33.2)
Depreciation and amortization		(219.7)	(216.2)
Consulting and professional fees		(2.8)	(4.7)
Insurance, supplies and maintenance expenses		(70.2)	(87.9)
Operating lease payments		(19.1)	(16.4)
Other expenses		(12.8)	(40.1)
Total		**(3,893.9)**	**(4,474.8)**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

Cost of production comprises raw material costs, utilities, freight and selling expenses. Within the other expenses, there are other income items of EUR 9.7 million (2015: EUR 15.1 million) for site services.

Auditors' fee

In millions of EUR	1 January to 31 December 2016	1 January to 31 December 2015
Annual audit	1.5	1.4
Audit related services	0.1	0.1
Tax consultation services	0.6	0.4
Other services	0.0	0.0
Total	**2.2**	**1.9**

The total in 2016 includes fees paid to PricewaterhouseCoopers LLP worldwide for the audit of the consolidated financial statements and the audits of the financial statements of the Company and several of its worldwide subsidiaries.

3. Staff numbers and costs

In millions of EUR	1 January to 31 December 2016	1 January to 31 December 2015
Wages and salaries	(219.5)	(227.1)
Compulsory social security contribution	(25.8)	(26.7)
Expenses related to defined contribution pension plans	(7.7)	(8.3)
Expenses related to defined benefit pension plans	(6.5)	(7.0)
Total	**(259.5)**	**(269.1)**

The average monthly number of employees during 2016 was 3,103 (2015: 3,059) in full-time equivalents (FTE), of which 135 (2015: 139) were in management positions, 878 were administrative employees (2015: 846), and 2,090 (2015: 2,074) factory workers.

The Group employed 3,143 (2015: 3,063) employees at 31 December 2016, in full-time equivalents. The employees worked in the following regions.

	31 December 2016	31 December 2015
EMEA	1,355	1,310
Asia	976	972
Americas	812	781
Total	**3,143**	**3,063**

4. Directors' remuneration

The directors did receive emoluments of their services to the company during the year. The legal restructuring of the Group led to changes in the directors of INEOS Styrolution Holding Limited.

The total compensation the key management personnel (see note 23) received for the full year periods as Management Board of the Group were as follows:

In millions of EUR	1 January to 31 December 2016	1 January to 31 December 2015
Short-term employee benefits	(3.8)	(4.1)
Post-employment benefits	(0.3)	(0.7)
— *thereof defined-benefit*	*(0.1)*	*(0.3)*
— *thereof defined-contribution*	*(0.2)*	*(0.4)*
Termination Benefits	—	(0.4)
Other long-term benefits	(1.8)	(0.9)
Total	**(5.9)**	**(6.1)**

4. Directors' remuneration (Continued)

The total compensation the Board of Directors received for the full year periods they were directors of the company (see Directors report, section Directors) as Board of Directors of INEOS Styrolution Holding Limited were as follows:

In millions of EUR	1 January to 31 December 2016	1 January to 31 December 2015
Short-term employee benefits	(1.3)	—
Post-employment benefits	(0.1)	—
—thereof defined-benefit	—	—
—thereof defined-contribution	*(0.1)*	—
Termination Benefits	—	—
Other long-term benefits	(0.8)	—
Total	**(2.2)**	**—**

The compensation the highest paid director received for the full year period 2016 and since the incorporation of the entity in 2015 as Board of Directors of INEOS Styrolution Holding Limited were as follows:

In millions of EUR	1 January to 31 December 2016	1 January to 31 December 2015
Short-term employee benefits	0.5	—
Post-employment benefits	0.1	—
—thereof defined-benefit	*0.1*	—
—thereof defined-contribution	—	—
Termination Benefits	—	—
Other long-term benefits	0.3	—
Total	**0.9**	**—**

5. Finance income and costs

In millions of EUR	1 January to 31 December 2016	1 January to 31 December 2015*
Finance income		
Interest receivable	5.1	3.4
Interest receivable on related party balances	0.8	2.6
Exchange movements	25.5	—
Total finance income	**31.4**	**6.0**
Finance costs		
Interest payable	(101.9)	(92.9)
Interest payable on related party balances	(17.4)	(19.0)
Interest on employee benefit liabilities	(1.0)	(1.1)
Exchange movements	—	(24.0)
Total finance costs	**(120.3)**	**(137.0)**
Net finance costs	**(88.9)**	**(131.0)**

5. Finance income and costs (Continued)

As gross debt of the Group decreased in 2016 (see note 14), net interest cost decreased for the year 2016 compared to 2015. This decrease was off-set by the write down of EUR 22.4 million of capitalized financing costs that related to the 2014 financing shown in interest payables.

6. Income tax expense

In millions of EUR	1 January to 31 December 2016	1 January to 31 December 2015*
The components of income tax benefit (expense) are as follows:		
United Kingdom:		
Current taxes	0.0	0.0
Deferred taxes	0.0	0.0
Total UK taxes	**0.0**	**0.0**
Foreign:		
Current taxes	(130.7)	(86.4)
Deferred taxes	20.9	(11.7)
Total Foreign taxes	**(109.8)**	**(98.1)**
Income tax expense	**(109.8)**	**(98.1)**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

The Group's operations are subject to income taxes in various jurisdictions. Excluding certain tax incentives, the statutory income tax rates vary from 9 percent to 35 percent; the applicable weighted average tax rate of the group was 22.8 percent for the period ended 31 December 2016 (2015: 20.7 percent).

A reconciliation of the applicable weighted average tax rate as a percentage of profit before taxes and the effective income tax rate is as follows:

In millions of EUR	1 January to 31 December 2016	%	1 January to 31 December 2015*	%
Income before taxes	486.9		361.8	
Expected tax income / (expense)	(111.0)	(22.8)	(74.9)	(20.7)
Effect from tax rate change	2.9	0.6	0.0	0.0
Tax exempt income	7.6	1.6	0.9	0.2
Non-deductible expenses	(14.8)	(3.0)	(24.2)	(6.7)
Adjustments prior year tax charge	4.7	1.0	(7.1)	(2.0)
Effects from valuation allowances	1.1	0.2	3.5	1.0
Applicable tax credits	3.5	0.7	2.5	0.7
Other	(3.8)	(0.8)	1.2	0.3
Income tax expense / effective tax rate	**(109.8)**	**(22.6)**	**(98.1)**	**(27.1)**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

6. Income tax expense (Continued)

The effect from valuation allowances is based on the non-recognition of deferred tax assets on tax losses. The effective income tax rate decreased from 27.1 percent as of 31 December 2015 to 22.6 percent as of 31 December 2016, mainly due to less non-deductible expenses. While these expenses were mainly incurred in relation with dividend taxes for dividends received from foreign consolidated entities they had mainly been caused in INEOS Styrolution Group GmbH for foreign withholding taxes for (IT) licenses and interest paid during 2015.

7. Property, plant and equipment

In millions of EUR	Land	Buildings	Technical installations	Under construction	Total
Cost					
1 January 2015*	**69.1**	**112.0**	**972.5**	**103.6**	**1,257.2**
Additions	0.0	0.4	27.1	63.7	91.2
Transfers	0.2	5.5	94.0	(99.7)	0.0
Retirements/Disposals	0.0	(0.2)	(84.2)	0.0	(84.4)
Effect of movements in exchange rates	4.6	4.1	57.1	7.0	72.8
31 December 2015*	**73.9**	**121.8**	**1,066.5**	**74.6**	**1,336.8**
Additions	0.0	0.4	30.4	92.6	123.4
Transfers	0.1	2.9	53.9	(56.9)	0.0
Retirements/Disposals	(0.4)	(3.0)	(13.0)	0.0	(16.4)
Effect of movements in exchange rates	1.9	1.5	19.1	4.6	27.1
31 December 2016	**75.5**	**123.6**	**1,156.9**	**114.9**	**1,470.9**
Depreciation and impairment losses					
1 January 2015*	**0.6**	**24.5**	**316.9**	**0.3**	**342.3**
Depreciation for the period	0.1	8.5	124.8	0.0	133.4
Transfers	0.0	0.0	0.0	0.0	0.0
Retirements/Disposals	0.0	(0.2)	(83.1)	0.0	(83.3)
Effect of movements in exchange rates	0.0	0.6	15.7	0.0	16.3
31 December 2015*	**0.7**	**33.4**	**374.3**	**0.3**	**408.7**
Depreciation for the period	0.1	8.4	129.4	0.0	137.9
Transfers	0.0	0.0	0.0	0.0	0.0
Retirements/Disposals	(0.4)	(3.0)	(12.4)	0.0	(15.8)
Effect of movements in exchange rates	(0.2)	0.3	6.7	0.0	6.8
31 December 2016	**0.2**	**39.1**	**498.0**	**0.3**	**537.6**
Carrying amounts					
At 1 January 2015*	68.5	87.5	655.6	103.3	914.9
At 31 December 2015*	73.2	88.4	692.2	74.3	928.1
At 31 December 2016	**75.3**	**84.5**	**658.9**	**114.6**	**933.3**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

7. Property, plant and equipment (Continued)

In 2013 the Group recognized a building under a finance lease contract at EUR 8.3 million at inception. The net carrying amount of the building at balance sheet date amounts to EUR 7.4 million.

8. Intangible assets and goodwill

In millions of EUR	Goodwill	Customer relation-ships	Patents, Trademarks	Technologies	Under Construction	Other	Total
Cost							
1 January 2015*	**673.8**	**708.6**	**24.0**	**180.2**	**3.1**	**52.9**	**1,642.6**
Additions	0.0	0.0	0.0	1.8	0.4	0.5	2.7
Transfers	0.0	0.0	0.0	0.9	(1.9)	1.0	0.0
Retirements/Disposals	0.0	0.0	0.0	(0.8)	0.0	(0.5)	(1.3)
Effect of movements in exchange rates	37.1	26.6	0.7	4.9	0.0	1.1	70.4
31 December 2015*	**710.9**	**735.2**	**24.7**	**187.0**	**1.6**	**55.0**	**1,714.4**
Additions	0.0	0.0	0.0	1.8	1.4	0.7	3.9
Transfers	0.0	0.0	0.0	0.0	(0.8)	0.8	0.0
Retirements/Disposals	0.0	0.0	0.0	(0.6)	0.0	(0.8)	(1.4)
Effect of movements in exchange rates	14.4	9.7	0.3	2.1	0.0	0.3	26.8
31 December 2016	**725.3**	**744.9**	**25.0**	**190.3**	**2.2**	**56.0**	**1,743.7**
Amortization and impairment losses							
1 January 2015*	**0.0**	**4.8**	**0.1**	**5.2**	**0.0**	**18.0**	**28.1**
Amortization for the period	0.0	60.1	1.3	14.3	0.0	7.1	82.8
Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retirements/Disposals	0.0	0.0	0.0	0.0	0.0	(0.5)	(0.5)
Effect of movements in exchange rates	0.0	0.5	0.2	(4.0)	0.0	4.0	0.7
31 December 2015*	**0.0**	**65.4**	**1.6**	**15.5**	**0.0**	**28.6**	**111.1**
Amortization for the period	0.0	60.1	1.3	9.4	0.0	11.0	81.8
Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retirements/Disposals	0.0	0.0	0.0	0.0	0.0	(0.8)	(0.8)
Effect of movements in exchange rates	0.0	2.1	(0.1)	0.4	0.0	0.0	2.4
31 December 2016	**0.0**	**127.6**	**2.8**	**25.3**	**0.0**	**38.8**	**194.5**
Carrying amounts							
At 1 January 2015*	673.8	703.8	23.9	175.0	3.1	34.9	1,614.5
At 31 December 2015*	710.9	669.8	23.1	171.5	1.6	26.4	1,603.3
At 31 December 2016	**725.3**	**617.3**	**22.2**	**165.0**	**2.2**	**17.2**	**1,549.2**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

8. Intangible assets and goodwill (Continued)

The amortization of the intangible assets is included within cost of sales. The maximum remaining useful life of customer relationships, Patents, Trademarks and Technologies is 17 years.

Intangible assets under construction presented at 31 December 2016 related to software licenses and to a project for the conceptual design of a new plant. The carrying amounts of the customer relationships, technologies (production technologies) and patents / trademarks relate to the identified intangible assets resulting from the purchase price allocation in 2014 when INEOS acquired BASF's 50% shares in the Group. Their initial cost is the fair value at the date of acquisition.

Impairments-if any-can be a result of either the evidence that the assumptions for determining the estimated useful lives are incorrect or the annual impairment test of the cash-generating unit to which the acquisition-related intangible assets are related.

Goodwill impairment testing

Management identifies the operating segments as cash generating units for purposes of monitoring goodwill for impairment. The carrying amount of goodwill has been allocated to the following cash generating units:

In millions of EUR	31 December 2016	31 December 2015*	1 January 2015*
Polymers EMEA	252.0	252.0	252.0
Polymers Asia	86.4	85.0	80.9
Polymers Americas	198.8	191.1	171.4
Styrene Monomer	188.1	182.8	169.5
Total	**725.3**	**710.9**	**673.8**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

The Group determined the recoverable amount based on value in use. The recoverable amount is calculated on a long-term business plan for the cash generating units with a detailed planning period of three years and a consistent terminal growth rate of 0.5 percent for each unit for the period thereafter. Key assumption on which the management based its cash flow projection is an increase of the EBITDA over the detailed three year planning period which is seen as the most important performance indicator and the basis for cash flow estimates used to determine the value in use. The assumption is based on detailed project plans to increase revenues and profitability.

The main assumptions for the preparation of the three-year-business plan are economic development in its main customer regions and the resulting demand and supply balance for its product group. These assumptions are based on external market data as well as internal assessments. For Styrene Monomer and Polystyrene sales volumes are assessed to stay on comparable level to last year while volumes for Standard-ABS and specialties are expected to grow notably. Specific margin levels are expected to stay on the current level for Styrene Monomer and Standard-ABS, are expected to increase slightly for specialties and expected to decrease in PS. For the main foreign currencies a stable exchange rate on the current level is expected so that profitability and cash flows are not materially affected by exchange rate changes.

8. Intangible assets and goodwill (Continued)

None of the goodwill is expected to be deductible for income tax purposes. The following discount rates were applied per cash generating unit to determine the cash flow projection after taxes:

	Polymers EMEA	Polymers America	Polymers Asia	Styrene Monomer
Discount rate	7.11%	8.00%	9.63%	7.55%

The estimated recoverable amount exceeded the carrying amount for all cash generating units.

In millions of EUR	Polymers EMEA	Polymers America	Polymers Asia	Styrene Monomer
	EUR	EUR	EUR	EUR
Excess recoverable amount over carrying amount	1,374	1,386	189	1,033

The following table shows the rate to which the main assumptions for the impairment tests performed would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

2016	Polymers EMEA	Polymers America	Polymers Asia	Styrene Monomer
Discount rate	17.98%	27.01%	13.69%	26.20%
Terminal growth rate	n/a(1)	n/a(1)	n/a(1)	n/a(1)

(1) Even a terminal growth rate of 0% would not lead to any impairment.

9. Investments

The group consists of INEOS Styrolution Holding Limited and the following consolidated subsidiaries:

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
INEOS Styrolution Financing Limited(2)	United Kingdom, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	100%	100%
INEOS Styrolution Investment GmbH(1)	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Holding GmbH(1)	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution America LLC	USA, 1209 Orange Street, Wilmington DE 19801, Delaware	100%	100%
INEOS Styrolution Belgium NV	Belgium, Haven 725, Scheldelaan 600, 2040 Antwerp	100%	100%
INEOS Styrolution Belgium Services bvba	Belgium, 2070 Zwijndrecht, Nieuwe Weg 1, 1053 Haven, Mechelen	100%	100%

9. Investments (Continued)

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
INEOS Styrolution Beteiligungs GmbH[(1)]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Brazil Holding B.V.	The Netherlands, Strawinskylaan 411, NL-1077 XX Amsterdam	100%	100%
INEOS Styrolution Canada Ltd.	Canada, 872 Tashmoo Avenue, Sarnia ON N7T 8A3 Ontario	100%	100%
INEOS Styrolution do Brasil Polimeros Ltda. (prev.: Styrolution do Brasil Polimeros Ltda.)	Brazil, Rua Arandu, 57, anterior 1544, conjuntos 111 and 112, Brooklin Paulista, São Paulo 04562-910	100%	100%
INEOS Styrolution do Brasil ABS S.A. (prev.: Styrolution do Brasil ABS S.A.)	Brazil, Rua Arandu, 57, anterior 1544, conjuntos 111 and 112, Brooklin Paulista, São Paulo 04562-910	100%	100%
INEOS Styrolution HongKong Company Limited	China, Room 816, 8/F, Miramar Tower, 132 Nathan Road, Tsimshatsui Hong Kong	100%	100%
INEOS Styrolution Europe GmbH[(1)]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution France SAS	France, rue Albert Duplat, F-62410 Wingles	100%	100%
INEOS Styrolution France Services SAS	France, 95 rue la Boétie, F-75008 Paris	100%	100%
INEOS Styrolution Group GmbH[(1)]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Iberia S.L.	Spain, Ronda General Mitre 28-30, 08017 Barcelona	100%	100%
INEOS Styrolution India Limited (prev.: Styrolution ABS (India) Limited)	India, 6th Floor, ABS Towers, Old Padra Road, 390007 Vadodara	75%	75%

9. Investments (Continued)

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
Styrolution India Private Limited (merged with Styrolution ABS (India) Limited as of 31 March 2016)	India, Mumbai	75%	75%
INEOS Styrolution Switzerland SA	Switzerland, Avenue des Uttins 3, CH-1180 Rolle	100%	100%
INEOS Styrolution Italia S.r.L.	Italy, Via Caldera 21, 20153 Milano Cesano Maderno	100%	100%
INEOS Styrolution Kimyasal Ürünler Ticaret Limited Sirketi	Turkey, Büyükdere Cad. Meydan Sok., Spring Giz Plaza K. 13 N.11, Maslak Sariyer Istanbul	100%	100%
INEOS Styrolution Köln GmbH(1)	Germany, Alte Strasse 201, 50769 Cologne	100%	100%
INEOS Styrolution Korea Ltd.	South Korea, Sanggae-ro 143 (Sanggae-dong), Nam-gu, Ulsan	100%	100%
INEOS Styrolution Ludwigshafen GmbH(1)	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Mexicana, S.A. de C.V. (prev.: Styrolution Mexicana, S.A. de C.V.)	Mexico, Avenida Insurgentes Sur No. 863, Piso 6, Colonia Nápoles, 03810, Mexico City	100%	100%
INEOS Styrolution Netherlands B.V.	The Netherlands, Strawinskylaan 411, NL-1077 XX Amsterdam	100%	100%
INEOS Styrolution OOO	Russian Federation, Bldg. 3, 18 Pyatnitskaya St., 115035 Moscow	100%	100%
INEOS Styrolution Poland Sp. z o.o.	Poland, ul. Wołoska 9, 02-583 Warszawa Legionowo	100%	100%
INEOS Styrolution Polymers (Shanghai) Co. Ltd. (prev.: Styrolution Polymers (Shanghai) Co. Ltd.)	China, Suite 2304, Central Towers, 567 Langao Road, Putuo District, Shanghai 200333	100%	100%

9. Investments (Continued)

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
INEOS Styrolution Polymers (Shanghai) Co. Ltd.—Guangzhou Branch (prev.: Styrolution Polymers (Shanghai) Co. Ltd.—Guangzhou Branch)	China, Suite 3406, Teem Tower, No. 208, Tianhe Road, Tianhe District, Guangzhou 510620 Shanghai	100%	100%
INEOS Styrolution Schwarzheide GmbH[1]	Germany, Schipkauer Strasse 1, 01987 Schwarzheide	100%	100%
INEOS Styrolution Servicios, S.A. de C.V. (prev.: Styrolution Servicios, S.A. de C.V.)	Mexico, Avenida Insurgentes Sur No. 863, Piso 6, Colonia Nápoles, 03810, Mexico City	100%	100%
INEOS Styrolution APAC Pte Ltd.	Singapore, 111 Somerset Road, #08 238164 Singapore	100%	100%
Styrolution Sweden AB (merged with INEOS Styrolution Verwaltungsgesellschaft mbH as of 30 June 2016)	Sweden, Trelleborg	100%	100%
INEOS Styrolution UK Limited	United Kingdom, c/o DWF LLP, 1 Scott Place 2 Hardman Street, Manchester M3 3AA	100%	100%
INEOS Styrolution US Holding LLC	USA, 1209 Orange Street, Wilmington DE 19801, Delaware	100%	100%
INEOS Styrolution Verwaltungsgesellschaft mbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution (Thailand) Co., Ltd.	Thailand, No. 4/2, I-8 Road, T. Map Ta Phut, A Muang, 2115 Rayong	100%	100%
INEOS Styrolution Vietnam Co., Ltd.	Vietnam, 11th Floor, Lotte Center Hanoi, 54 Lieu Giai Street Hanoi	100%	100%
INEOS Styrolution APAC Pte Ltd.—Japan Branch	Japan, Nishishinjuku 1-25-1, Shinjuku-ku, Tokyo-to	100%	100%

9. Investments (Continued)

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
Deutsche Bank Mexico F/1787 Styrolution	Mexico, Mexico City	0%	0%
INEOS Styrolution Receivables Finance Designated Activity Company (prev.: Styrolution Receivables Finance Ltd.)	Ireland, Dublin	0%	0%

(1) Pursuant to HGB, section 264 (3), these subsidiaries are exempt from applying certain legal requirements to their statutory stand-alone financial statements for the year ended 31 December 2015.

(2) Company held directly by INEOS Styrolution Holding Ltd. All other companies are held indirectly.

Styrolution India Private Limited, Mumbai, has been merged into INEOS Styrolution India Limited (prev.: Styrolution ABS (India) Limited), Vadodara, as of 31 March 2016. Styrolution Sweden AB, Trelleborg, has been merged into INEOS Styrolution Verwaltungsgesellschaft mbH, Frankfurt, as of 30 June 2016.

The non-controlling interest is in INEOS Styrolution India Limited and represents publicly traded shares. INEOS Styrolution India Ltd. generated revenues of EUR 204.3 million (2015 incl. Styrolution India Private Ltd.: EUR 227.8 million) and a net income of EUR 10.1 million (2015 incl. Styrolution India Private Ltd.: EUR 7.0 million) and holds noncurrent assets of EUR 29.1 million at 31 December 2016 (2015 incl. Styrolution India Private Ltd.: EUR 42.6 million), current assets of EUR 97.1 million at 31 December 2016 (2015 incl. Styrolution India Private Ltd.: EUR 89.0 million), noncurrent liabilities of EUR 4.2 million at 31 December 2016 (2015 incl. Styrolution India Private Ltd.: EUR 4.2 million) and current liabilities of EUR 56.0 million at 31 December 2016 (2015 incl. Styrolution India Private Ltd.: EUR 58.5 million). In India, there are restrictions on INEOS Styrolution India Ltd. to access or use assets due to the non-controlling interest.

There are no further restrictions to the entities within the Group, unless cash movements are restricted by local law. For all subsidiaries listed, the financial year corresponds to the calendar year. Only the financial year of INEOS Styrolution India Limited ends on 31 March of a year, due to local legal requirements.

10. Inventories

In millions of EUR	31 December 2016	31 December 2015*	1 January 2015*
Raw materials	109.4	98.9	124.7
Finished goods	331.2	304.7	334.6
Maintenance, repairable and other spares	11.9	23.3	22.2
Total	**452.5**	**426.9**	**481.5**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

10. Inventories (Continued)

During 2016 inventories of EUR 1.5 million (2015: EUR 10.6 million) were written down to net realizable value. The NRV provision of 2015 (EUR 10.6 million) was completely used during 2016. Maintenance, repairable and other spares only includes catalysts in 2016 (see note 1).

11. Trade and other receivables

In millions of EUR	31 December 2016	31 December 2015*	1 January 2015*
Trade receivables due from related parties	5.6	6.9	13.3
Other trade receivables	512.5	469.4	508.6
Trade receivables	**518.1**	**476.3**	**521.9**
Income tax receivables	**41.2**	**32.8**	**73.1**
Other receivables from related parties	0.1	23.6	25.9
VAT receivables	45.1	43.2	52.7
Receivables from shareholder	0.4	—	—
Prepaid expenses	4.5	3.5	6.0
Other current receivables	18.4	17.8	10.1
Other receivables and miscellaneous current assets	**68.5**	**88.1**	**94.7**
Total current trade and other receivables	**627.8**	**597.2**	**689.7**
Other non-current receivables	3.9	3.6	4.0
Other receivables and miscellaneous non-current assets	**3.9**	**3.6**	**4.0**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

Trade Receivables Ageing

In millions of EUR	Trade Receivables	Impairments thereof	Trade Receivables	Impairments thereof
	31 December 2016	31 December 2016	31 December 2015	31 December 2015
Trade receivables not overdue	470.5	—	442.1	—
Trade receivables 0-30 days overdue	40.3	—	25.5	—
Trade receivables 31-90 days overdue	3.6	(1.6)	6.7	(2.5)
Trade receivables more than 90 days overdue	8.4	(3.1)	7.3	(2.8)
Total	**522.8**	**(4.7)**	**481.6**	**(5.3)**

Trade receivables amounting EUR 526.7 million as of 1 January 2015, of which EUR 4.8 million were impaired.

External receivables of INEOS Styrolution Europe GmbH, INEOS Styrolution Switzerland SA, INEOS Styrolution America LLC, INEOS Styrolution Canada Ltd. and INEOS Styrolution Mexicana S.A. de C.V. are pledged as security for an external loan as part of the EUR 500 million asset securitization program of INEOS Styrolution Group GmbH.

11. Trade and other receivables (Continued)

The Group's exposure to credit and currency risk, and impairment losses related to trade and other receivables is disclosed in note 19. A substantial part of the Asian Trade Receivables is credit insured.

12. Share capital

Fully paid

In millions of EUR	31 December 2016	31 December 2015*
200,100 ordinary shares of EUR 1.38 each	0.3	0.3
Total	**0.3**	**0.3**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The share capital of 100 shares was issued on 18 December 2015 when INEOS Styrolution Holding Limited was incorporated. Additional share capital of 200,000 shares was issued on 9 June 2016 (see Consolidated statements of changes in equity).

Please refer to note 5 on page 83 of the company financial statement.

13. Dividends

On 29 February 2016, the Company's shareholder approved an interim dividend of EUR 11.3 million out of net income for the year 2016 of INEOS Styrolution Investment GmbH (see note 1) to the shareholder.

On 10 May 2016, the Company's shareholder approved an interim dividend out of net income for the year 2016 of INEOS Styrolution Investment GmbH for the year 2016 of EUR 54.1 million. On 12 May 2016, the Company's shareholder approved an additional advance dividend of EUR 15.0 million out of the net income of 2016, from INEOS Styrolution Investment GmbH (see note 1) to the shareholder.

On 15 August 2016, the Company's shareholder approved an interim dividend out of net income for the year 2016 of INEOS Styrolution Holding Limited (see note 1) for the year 2016 of EUR 51.9 million to the shareholder.

On 14 October 2016, the Company's shareholder approved an interim dividend out of net income for the year 2016 of EUR 12.9 million from INEOS Styrolution Holding Limited (see note 1) to the shareholder INEOS Industries Holding Limited.

On 30 November 2016, the Company's shareholder approved an interim dividend out of net income for the year 2016 of EUR 109.8 million from INEOS Styrolution Holding Limited (see note 1) to the shareholder INEOS Industries Holding Limited.

The directors of the Company and its predecessors of INEOS Styrolution Investment GmbH have proposed and paid a dividend of EUR 255.0 million (1,274.36 EUR per share) during the year (2015: nil). The Company does not propose a further dividend for 2016.

14. Financial indebtedness

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk see note 19.

In millions of EUR	31 December 2016	31 December 2015*	1 January 2015*
Non-current financial indebtedness			
First lien term loan from institutional investors	999.0	1,082.4	1,035.2
Second lien PIK toggle loan from INEOS	0.0	200.0	200.0
Borrowings from asset securitizations	100.0	100.0	251.0
Finance Lease and other	7.7	7.8	7.5
Total	**1,106.7**	**1,390.2**	**1,493.7**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

On 30 September 2016, INEOS Styrolution confirmed the placement of three new First Lien Term Loan B tranches with volumes EUR 375 million and USD 420 million with institutional investors and EUR 250 million with an affiliate company. The borrowings consist of Euro and U.S. Dollar tranches, each with a maturity of five years and priced at EURIBOR/USD LIBOR +375 basis points with the EURIBOR/USD LIBOR floor of 1%, respectively. INEOS Styrolution Group GmbH and INEOS Styrolution US Holding LLC remain the borrowers. On that date the Company also redeemed the PIK toggle loan of EUR 200 million with a fixed interest rate of 9.5 percent when paid in cash (or, in case the Total Net Debt Leverage exceeds 3.25 * LTM[1] EBITDA, 10.25 percent when accumulated and paid-in-kind) to INEOS Holdings Limited.

Under the terms of asset securitization programs, certain subsidiaries of the Group sell eligible customer receivables to a consolidated special purpose entity with INEOS Styrolution Group GmbH acting as master servicer. The availability of the asset securitization program to the Group is subject to volume of receivables that are sold to the special purpose entity as well as the performance of the customer receivable portfolio, which is pledged as collateral for the financing by a committed lender or institutional buyers (conduit investors). In 2015, the Group has extended the maturity of its securitization facility until March 2019 with improved terms and conditions.

The term loans as well as the asset securitization program are subject to specific terms and failure by the Company to perform in accordance with these terms may result in a termination of these

[1] LTM = Last Twelve Months

14. Financial indebtedness (Continued)

facilities. An event of default in either of the two facilities would also result in a cross default. During the reporting period the Company has fulfilled all obligations in its financing arrangements.

In millions of EUR	31 December 2016	31 December 2015*	1 January 2015*
Current financial indebtedness			
Short term borrowings other	31.5	48.8	225.4
Total	**31.5**	**48.8**	**225.4**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

In order to manage local financing requirements, INEOS Styrolution has established a number of working capital facilities with local banks to meet the requirements of its entities whereby legislation limits or prohibits funding through liquidity available at Group level. These short-term credit facilities are arranged in India, Korea, Singapore and Thailand. In November 2016, the Brazilian subsidiary repaid the maturing working capital facility in full. The undrawn amount of those facilities as at 31 December 2016 was about EUR 101 million (2015: EUR 112 million) equivalent.

Terms and debt payment schedule

Terms of the significant outstanding financial indebtedness were as follows:

31 December 2016 In millions of EUR	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount(1)
First Lien Term Loan B	EUR	EURIBOR (1% floor) + 375 bps	September 2021	623.4	608.7
First Lien Term Loan B	USD	USD LIBOR (1% floor) + 375 bps	September 2021	399.4	390.3
Assets securitization	EUR	1.17%	March 31, 2019	100.0	100.0
Total				**1,122.8**	**1,099.0**

(1) The carrying amount of the term loans is reduced by EUR 12.4 million financing costs.

31 December 2015 In millions of EUR	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
First Lien Term Loan B	EUR	EURIBOR (1% floor) + 550 bps	November 2019	519.8	494.7
First Lien Term Loan B	USD	USD LIBOR (1% floor) + 550 bps	November 2019	601.0	595.0
Second Lien PIK Toggle Loan	EUR	9.500%	November 2020	200.0	200.0
Assets securitization	EUR	1.200%	March 31, 2019	100.0	100.0
Total				**1,420.8**	**1,389.7**

14. Financial indebtedness (Continued)

1 January 2015 In millions of EUR	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
First Lien Term Loan B	EUR	EURIBOR (1% floor) + 550 bps	November 2019	525.0	511.9
First Lien Term Loan B	USD	USD LIBOR (1% floor) + 550 bps	November 2019	544.6	532.6
Second Lien PIK Toggle Loan	EUR	9.500%	November 2020	200.0	200.0
Assets securitization	EUR	1.518%	May 2016	251.0	251.0
Total				**1,520.6**	**1,495.5**

As a result of the company's strong cash generation and the financing exercise in September 2016, the related gross debt decreased at year end 2016.

Finance Lease Liabilities

In millions of EUR	31 December 2016	31 December 2015	1 January 2015
Gross finance lease liabilities—minimum lease payments:			
No later than 1 year	0.5	0.5	0.5
Later than 1 year and not later than 5 years	1.9	1.8	1.9
Later than 5 years	11.3	11.8	12.2
Future finance charges on finance lease liabilities	(5.8)	(6.1)	(6.6)
Present value of finance lease liabilities	7.9	8.0	8.0

Present Value of Finance Lease Liabilities

In millions of EUR	31 December 2016	31 December 2015	1 January 2015
No later than 1 year	0.2	0.2	0.5
Later than 1 year and not later than 5 years	0.6	0.6	0.5
Later than 5 years	7.1	7.2	7.0
Present value of finance lease liabilities	7.9	8.0	8.0

From the present value of finance lease liabilities of EUR 7.9 million (2015: EUR 8.0 million), EUR 0.2 million (2015: EUR 0.2 million) are current liabilities. EUR 7.7 million (2015: EUR 7.8 million) refer to non-current finance lease liabilities.

Cash and cash equivalents

In millions of EUR	31 December 2016	31 December 2015	1 January 2015
Bank balances	242.5	204.5	158.3
Short term investments	74.4	282.2	212.9
Total	**316.9**	**486.7**	**371.2**

14. Financial indebtedness (Continued)

Bank balances include an amount of EUR 51 million (2015: EUR 61 million) representing funds in collection accounts that facilitate the asset securitization program which are pledged to the lenders. These funds are not immediately available to the Company at the respective period end. There is no restricted cash as of 31 December 2016 (31 December 2015: nil).

15. Employee benefits obligations

As part of the employment compensation package, the Group provides different retirement benefit arrangements or similar benefits covering (substantially) all employees depending on the legal, economic and fiscal environment in each country. The pension obligations comprise both defined benefit and defined contribution plans.

Net defined benefit and contribution obligations

The Group's defined benefit plans mainly exist in Canada, the United States of America and Germany and are at 31 December 2016 all fully or partially funded via pension funds. In order to limit the risks of changing capital market conditions and demographic developments, the major defined benefit plans have either been closed to new entrants or curtailed to preclude participants from vesting in additional benefits. The Group offers only defined contribution schemes to newly hired employees. In addition to their pension plans, the North American Group entities operate unfunded post-employment medical care plans.

Description of the defined benefit plans

Germany

For German Group companies all defined benefit plans were closed in 2013 for new employees and replaced by a defined contribution plan, funded by Allianz Unterstützungskasse—*Allianz Pensions Management e.V.* and Allianz direct insurances—*Allianz Lebensversicherungs AG.* BASF and INEOS / BP heritage plans grant a basic level of benefits. For BASF plans accruals until end of 2014 are provided by BASF Pensionskasse VVaG. After the termination of membership, future accruals after 2014 are financed under a contractual trust arrangement. Occupational pension promises that exceed the basic level of benefits as also INEOS / BP basic level of benefits are financed via pension provisions with a contractual trust arrangement. The benefits are based on cash balance plans. Furthermore, employees are given the option of participating in various deferred compensation schemes.

Canada

The Canadian Group company closed all defined benefit (final salary) plans for new employees. One of the two company's defined benefit plans has been frozen, with no further increases in benefits based on future years of service or salary increase. On 29 September 2016 Canadian regulators approved the merger of the two plans, effective date as at 31 December 2014.

United States of America

Employees of the U.S. Group company receive benefits from defined contribution plans. The existing defined benefit plans were closed to further increases in benefits based on future years of service, and benefits earned in the past have been frozen. There is no entitlement to pension

15. Employee benefits obligations (Continued)

adjustments to compensate for cost-of-living increases. For future years of service, employees are granted benefits based on defined contribution plans.

The changes in the defined benefit obligation comprise:

In millions of EUR	31 December 2016	31 December 2015
Defined benefit obligation at the beginning of the period	**170.8**	**165.0**
Service costs	6.8	7.3
Interest cost	5.0	4.9
Employee contributions	0.2	0.2
Benefits paid by the plan	(3.5)	(2.8)
Benefits directly paid by employer	(1.7)	(0.8)
Actuarial losses—experience adjustments	0.6	(2.0)
Actuarial (gains) / losses—demographic assumptions	(1.5)	0.7
Actuarial (gains) / losses—financial assumptions	8.0	(1.6)
Past service costs	(0.3)	0.0
Settlements*	(2.2)	(0.2)
Other	0.5	0.0
Effect of movement in exchange rates	3.9	0.1
Defined benefit obligation at the end of the period	**186.6**	**170.8**

* Settlements of EUR 2.2 million agreed with former employees in USA as a one-time payment to close further pension obligation

Thereof		
Germany	85.9	76.7
Canada	46.8	42.7
USA	24.8	25.7
Other Countries	29.1	25.7

The changes in the fair value of plan assets comprise:

In millions of EUR	31 December 2016	31 December 2015
Fair value of plan assets at the beginning of the period	**130.3**	**124.4**
Interest on plan assets	4.0	3.8
Return on plan assets greater / (less) than discount rate	3.1	(0.9)
Employer contributions	8.6	7.3
Plan participants' contributions	0.2	0.2
Disbursements	(5.2)	(3.6)
Settlements	(2.2)	0.0
Other	0.2	0.1
Effect of movement in exchange rates	3.7	(1.0)
Fair value of plan assets at the end of the period	**142.7**	**130.3**

15. Employee benefits obligations (Continued)

The funded status of the defined benefit schemes is as follows:

Funded status of the defined benefit plans

In millions of EUR	31 December 2016	31 December 2015	1 January 2015
Defined Benefit Obligation	(186.6)	(170.8)	(165.0)
—thereof funded	(170.3)	(157.0)	(151.0)
—thereof unfunded	(16.3)	(13.8)	(14.0)
Fair Value of plan assets	142.7	130.3	124.4
Net defined benefit obligation	**(43.9)**	**(40.5)**	**(40.6)**
Thereof			
Germany	(26.4)	(26.1)	(26.2)
Canada	0.7	1.7	0.4
USA	(7.9)	(7.7)	(7.4)
Other Countries	(10.3)	(8.4)	(7.4)

The following pension expenses resulting from defined benefit plans have been recognized in the statement of income:

In millions of EUR	2016	2015
Service costs	6.5	7.0
—thereof current service costs	6.8	7.3
—thereof settlement (gains)/losses	(0.3)	(0.3)
Net interest costs	1.0	1.0
Total	**7.5**	**8.0**
Thereof		
Germany	4.6	5.3
Canada	0.4	0.4
USA	0.6	0.5
Other Countries	1.9	1.8

15. Employee benefits obligations (Continued)

The change in the net defined benefit liability is due to the following components:

In millions of EUR	31 December 2016	31 December 2015
Net defined benefit liability at the beginning of the period	**(40.5)**	**(40.6)**
Cost recognized in profit and loss	(7.5)	(8.0)
Remeasurement gain / (loss) recognized in other comprehensive income	(4.0)	2.0
Employer contributions to plan assets	7.0	6.5
Benefits directly paid by employer	1.7	0.8
Other	(0.4)	(0.1)
Effect of movements in exchange rates	(0.2)	(1.1)
Net defined benefit liability at the end of the period	**(43.9)**	**(40.5)**

In order to mitigate the interest rate risk, target plan asset allocations have been defined for several funded plans in North America by using asset liability studies and are reviewed regularly. Accordingly, the asset portfolios and their durations are aligned with the duration of the pension liabilities, taking into consideration investment risks and adherence to statutory regulations. In Germany, the Company funded its defined benefit obligations through a contractual trust agreement (CTA) in an amount of EUR 48.4 million (2015: EUR 40.5 million). A portion of the past service of the defined contribution and defined benefit arrangements are funded via the BASF Pensionskasse VvAG. The company terminated the membership in BASF Pensionskasse VvAG End of 2014.

The weighted duration of all pension liabilities totaled 18.4 years as at 31 December 2016 (2015: 18.2 years). The actual return on plan assets was EUR 7.1 million (2015: EUR 3.0 million).

The company expects to contribute EUR 6.2 million (2015: EUR 6.0 million) to the plan assets in the following year.

Plan asset allocation

In % (weighted averages)

A. Securities with quoted market price in an active market

	31 December 2016	31 December 2015	1 January 2015
Equities	25.3%	24.3%	21.3%
Bonds:			
— Government—fixed rate	43.5%	51.3%	47.1%
— Government—variable rate	0.0%	0.0%	0.0%
— Corporate	15.9%	8.6%	15.1%
Cash and cash-equivalents	1.2%	0.6%	0.4%
Other quoted securities	4.2%	5.5%	4.2%
	90.1%	**90.3%**	**88.1%**

15. Employee benefits obligations (Continued)

B. Other securities

Insurance contracts	2.0%	0.8%	2.4%
Other	7.9%	8.9%	9.5%
	9.9%	**9.7%**	**11.9%**
Total	**100.0%**	**100.0%**	**100.0%**

Other plan assets comprise assets held by insurance carriers primarily for the German plan. The plan assets neither comprise equity instruments in INEOS Styrolution nor Company-occupied real estate or other assets used by the company.

The Group determined the following economic and actuarial assumptions used for the calculation of the defined benefit obligation and expenses.

Assumptions used to determine employee benefit obligation and expense

	2016				2015			
Expressed as weighted averages	**Germany**	**Canada**	**USA**	**Other Countries**	**Germany**	**Canada**	**USA**	**Other Countries**
Discount rate	2.00%	3.50%	4.00%	2.40%	2.25%	3.75%	4.25%	2.57%
Future salary increases	2.75%	3.00%	3.50%	3.96%	2.75%	3.00%	3.50%	3.77%
Medical cost trend rate	N/A	4.50%	5.00%	N/A	N/A	4.50%	5.00%	N/A
Inflation	1.75%	2.00%	2.50%	2.07%	1.75%	2.00%	2.50%	2.06%
Mortality	Heubeck 2005G	CPM 2014*	RP-2014 mortality tables**		Heubeck 2005G	CPM 2014*	RP-2014 mortality tables**	

* Private Sector Mortality Table projected generationally using Scale B2D with no size adjustments

** projected generationally with Scale MP-2015 from 2006 / RP-2014 head-count weighted mortality tables (white and blue collar) projected generationally with Scale MP-2015 from 2006

Inflation relates to indexed pension increases in Germany.

The following tables show the impact on the Group's pension liabilities in the case of a change of the material economic and actuarial assumptions:

Sensitivity of the defined benefit obligation by a change of the following parameters

In millions of EUR	31 December 2016	31 December 2015
Discount rate	**Decrease by 100bps** 37.3	**Decrease by 100bps** 33.7
Medical cost trend rate	**Increase by 100bps** 0.6	**Increase by 100bps** 0.5
Price inflation	**Increase by 50bps** 9.5	**Increase by 50bps** 9.0
Life expectancy	**Increase by 1 year** 4.3	**Increase by 1 year** 3.9

15. Employee benefits obligations (Continued)

Sensitivity results show the change of the defined benefit obligation if the respective assumption is increased or decreased as disclosed above while all other assumptions remain unchanged. Therefore, it does not take into account any interdependence that might exist between the assumptions. The effect was determined using the same valuation methodologies and approaches as used for the calculation of the benefit liability. In consequence the validity of the sensitivity disclosed above is subject to limitations.

Distribution of the defined benefit obligation

In % of the defined benefit obligation (weighted averages)	2016	2015
Active employees	78.6%	82.8%
Former vested employees	9.2%	9.3%
Retirees	12.2%	7.9%
Total	**100%**	**100%**

Defined contribution benefits

The cost of defined contribution plans amounted to EUR 7.7 million (2015: EUR 8.3 million). These benefits are exclusively paid by third parties; INEOS Styrolution is only obliged to pay the contributions.

In addition, employer contributions to the statutory pension insurance systems in the various countries amounted to EUR 7.7 million (2015: EUR 10.6 million).

16. Deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following balance sheet captions:

Deferred tax assets

In millions of EUR	1 January 2016*	Recognized in income	Other changes and exchange rate changes	31 December 2016
Tax loss carry forward	23.9	(5.6)	(0.5)	17.8
Tangible fixed assets	0.2	0.0	(0.2)	0.0
Intangible fixed assets	9.2	(1.4)	(0.1)	7.7
Inventories	5.6	3.6	(0.1)	9.1
Receivables	2.0	(0.2)	0.0	1.8
Other current assets	1.3	0.4	0.0	1.7
Pension provisions	14.9	0.8	0.9	16.6
Other provisions	7.0	3.1	(1.2)	8.9
Other liabilities	5.0	(1.2)	1.3	5.1
Other	2.0	0.0	(1.9)	0.1
Deferred tax assets	**71.1**	**(0.5)**	**(1.8)**	**68.8**
Valuation allowances tax loss carry forward	(6.2)	0.9	2.1	(3.2)
Valuation allowances other temporary differences	(2.6)	0.2	2.4	0.0
Deferred tax assets	**62.3**	**0.6**	**2.7**	**65.6**

In millions of EUR	1 January 2015*	Recognized in income	Other changes and exchange rate changes	31 December 2015*
Tax loss carry forward	25.3	(0.9)	(0.5)	23.9
Tangible fixed assets	0.2	0.0	0.0	0.2
Intangible fixed assets	12.1	(3.4)	0.5	9.2
Inventories	1.5	4.0	0.1	5.6
Receivables	0.2	1.7	0.1	2.0
Other current assets	0.2	1.1	0.0	1.3
Pension provisions	16.4	(1.6)	0.1	14.9
Other provisions	25.5	(19.0)	0.5	7.0
Other liabilities	11.4	(6.6)	0.2	5.0
Other	0.2	(0.3)	2.1	2.0
Deferred tax assets	**93.0**	**(25.0)**	**3.1**	**71.1**
Valuation allowances tax loss carry forward	(14.5)	5.9	2.4	(6.2)
Valuation allowances other temporary differences	(10.9)	9.0	(0.7)	(2.6)
Deferred tax assets	**67.6**	**(10.1)**	**4.8**	**62.3**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

16. Deferred tax assets and liabilities (Continued)

Deferred tax liabilities

In millions of EUR	1 January 2016*	Recognized in income	Other changes and exchange rate changes	31 December 2016
Tangible fixed assets	193.6	(15.8)	5.2	183.0
Intangible fixed assets	260.0	(22.3)	5.5	243.2
Inventories	3.0	(0.5)	(0.2)	2.3
Investments	40.6	0.0	0.0	40.6
Receivables	0.3	(0.1)	0.1	0.3
Other current assets	1.4	0.5	(0.1)	1.8
Other provisions	1.6	0.2	0.7	2.5
Other liabilities	12.1	21.0	(0.1)	33.0
Other	30.1	(3.3)	(0.2)	26.6
Deferred tax liabilities	**542.7**	**(20.3)**	**10.9**	**533.3**

In millions of EUR	1 January 2015*	Recognized in income	Other changes and exchange rate changes	31 December 2015*
Tangible fixed assets	177.1	4.8	11.7	193.6
Intangible fixed assets	270.8	(22.5)	11.7	260.0
Inventories	6.1	(3.6)	0.5	3.0
Investments	40.6	0.0	0.0	40.6
Receivables	3.0	(2.1)	(0.6)	0.3
Other current assets	3.8	(2.5)	0.1	1.4
Other provisions	3.0	(0.6)	(0.8)	1.6
Other liabilities	0.0	11.4	0.7	12.1
Other	7.3	16.7	6.1	30.1
Deferred tax liabilities	**511.7**	**1.6**	**29.4**	**542.7**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

Deferred tax assets and deferred tax liabilities are offset against each to the following extent:

In millions of EUR	31 December 2016	31 December 2015*	1 January 2015*
Deferred tax assets	65.5	62.3	67.6
Deferred tax liabilities	(533.3)	(542.7)	(511.7)
Offsetting of assets and liabilities	31.9	39.1	45.9
Deferred tax assets	**33.6**	**23.2**	**21.7**
Deferred tax liabilities	**501.4**	**503.6**	**465.8**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

16. Deferred tax assets and liabilities (Continued)

In assessing the Group's ability to realize deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax strategies in making this assessment.

In order to fully realize the deferred tax asset, the Group will need to generate future taxable income in the countries where the net operating losses were incurred (particularly in Canada). In 2015, a valuation allowance of EUR 8.3 million on deferred tax assets related to losses carried forward for INEOS Styrolution Canada Ltd., that had been accounted for in 2014, were reversed into the consolidated statement of income. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is probable that the Group will realize aforementioned benefits.

At 31 December 2016, the tax losses carried forward expire as follows:

In millions of EUR	2017	2018	2019	2020-2024	later	unlimited	Non-recognized
Losses carried forward	12.5	25.7	—	—	57.3	0.7	(38.2)

17. Other liabilities and provisions

In millions of EUR	Onerous Contracts	Legal Claims	Other Items	Total
Obligations at 1 January 2016*	**37.2**	**0.0**	**10.9**	**48.1**
Provisions made during the period	2.6	—	3.4	6.0
Provisions used during the period	(17.5)	—	(0.4)	(17.9)
Provisions released during the period	—	—	(2.8)	(2.8)
Total 31 December 2016	**22.3**	**0.0**	**11.1**	**33.4**

In millions of EUR	Onerous Contracts	Legal Claims	Other Items	Total
Obligations at 1 January 2015*	**62.9**	**21.7**	**37.5**	**122.1**
Provisions made during the period	7.3	2.6	2.8	12.7
Provisions used during the period	(33.0)	(19.9)	(29.4)	(82.3)
Provisions released during the period	0.0	(4.4)	—	(4.4)
Total 31 December 2015*	**37.2**	**0.0**	**10.9**	**48.1**

In millions of EUR	31 December 2016	31 December 2015*	1 January 2015*
Non-current provisions	17.2	20.3	41.8
Other non-current liabilities	21.8	18.9	11.6
Current Provisions	16.2	27.8	80.3
Other current Liabilities	153.8	142.1	135.1
Total	**209.0**	**209.1**	**268.8**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

17. Other liabilities and provisions (Continued)

The total amount resulting from exchange differences from the translation of foreign entities financial statements for the current and non-current provisions is EUR 0.0 million in 2016.

Provisions include an amount of EUR 22.3 million (2015: EUR 37.2 million) for unfavorable supply contracts and contract termination costs with related parties recognized in the business combination. The remaining provision is expected to be fully utilised latest by 2035; a discount rate of 0.7% is used.

Long-term provisions for uncertain tax positions amounted to EUR 0.7 million (2015: EUR 2.3 million).

The other provisions contain provision for uncertain tax positions, site closure provision and severance provisions. Management estimates the incentive accruals based on a steady headcount.

18. Trade payables

In millions of EUR	31 December 2016	31 December 2015*	1 January 2015*
Trade payables due to related parties	55.4	48.0	43.3
Other trade payables	328.5	315.7	413.7
Total	**383.9**	**363.7**	**457.0**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

An amount of EUR 110.7 million (2015: EUR 107.2 million) of the trade payables are related to accruals for goods or services not yet invoiced. The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 19.

19. Financial instruments

IFRS 7

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk.
- currency risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

19. Financial instruments (Continued)

Risk management framework

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. They are responsible for developing and monitoring the Group's risk management policies. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

In millions of EUR	Note	Carrying amount 31 December 2016	Carrying amount 31 December 2015*	Carrying amount 1 January 2015*
Trade and other receivables	11	631.7	600.8	693.7
Thereof derivative		1.5	0.0	0.1
Cash and cash equivalents	14	316.9	486.7	371.2
Total		**948.6**	**1,087.5**	**1,064.9**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Geographically there is no concentration of credit risk.

The Group has established a credit policy under which each new customer is analyzed 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.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

19. Financial instruments (Continued)

Impairment losses

In millions of EUR	Carrying amount 31 December 2016	Carrying amount 31 December 2015
Neither past due nor impaired	0.0	0.0
Past due 1-30 days	0.0	0.0
Past due 31-90 days	1.6	2.5
Past due more than 90 days	3.1	2.8
More than 180 days	0.0	0.0
Total	**4.7**	**5.3**

The movement in the allowance for impairment in respect of trade and other receivables during the period was as follows:

In millions of EUR	Individual impairments
31 December 2014	**4.8**
Impairment losses released	(0.1)
Impairment losses used	(0.6)
Impairment loss recognized	1.2
31 December 2015	**5.3**
Impairment losses released	(0.3)
Impairment losses used	(0.5)
Impairment loss recognized	0.2
31 December 2016	**4.7**

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 316.9 million at 31 December 2016 while it held cash and cash equivalents of EUR 486.7 million at 31 December 2015 which represents its maximum exposure to the credit risk by the banks which hold the funds on these assets.

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.

19. Financial instruments (Continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2016 In millions of EUR	Carrying amount	Contractual cash flow	2 months or less	2-12 months	1-2 years	2-5 years	>5 years
First Lien Term Loan B	999.0	1,250.9	0.0	59.2	58.7	1,133.0	0.0
Asset securitizations (secured)	100.0	100.0	100.0	—	—	—	—
Other short term borrowing	31.5	31.5	19.3	12.2	—		—
Trade payables	383.9	383.9	383.9	—	—	—	—
	1,514.4	**1,766.3**	**503.2**	**71.4**	**58.7**	**1,133.0**	**0.0**

31 December 2015* In millions of EUR	Carrying amount	Contractual cash flow	2 months or less	2-12 months	1-2 years	2-5 years	>5 years
First Lien Term Loan B	1,089.7	1,400.6	0.0	85.1	84.2	1,231.3	0.0
Second Lien PIK Toggle Loan	200.0	297.0	0.0	19.0	19.0	259.0	0.0
Asset securitizations (secured)	100.0	100.0	100.0	—	—	—	—
Other short term borrowing	48.9	48.9	37.1	11.8	—	—	—
Trade payables	363.7	363.7	363.7	—	—	—	—
	1,802.3	**2,210.2**	**500.8**	**115.9**	**103.2**	**1,490.3**	**0.0**

1 January 2015* In millions of EUR	Carrying amount	Contractual cash flow	2 months or less	2-12 months	1-2 years	2-5 years	>5 years
First Lien Term Loan B	1,044.5	1,414.6	18.2	73.2	80.4	1,242.8	0.0
Second Lien PIK Toggle Loan	200.0	314.1	0.0	17.1	19.0	57.0	221.0
Asset securitizations (secured)	251.0	251.0	251.0	—	—	—	—
Other short term borrowing	225.4	225.4	25.4	200.0	—	—	—
Trade payables	457.0	457.0	457.0	—	—	—	—
	2,177.9	**2,662.1**	**751.6**	**290.3**	**99.4**	**1,299.8**	**221.0**

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

19. Financial instruments (Continued)

Comparison of carrying amount and fair value and fair-value-hierarchies

31 December 2016 In millions of EUR	Category in accordance with IAS 39	Level	Carrying amounts	Amounts recognized in the statement of financial position in accordance with IAS 39 Amortized cost	Fair value recognized in equity	Fair value recognized in profit or loss
Assets						
Trade receivables	LaR		518.1	518.1	—	—
Cash and cash equivalents	LaR		316.9	316.9	—	—
Other assets			113.6	113.6	—	—
of which long-term	LaR		3.9	3.9	—	—
of which short-term	LaR		109.7	109.7	—	—
of which: Derivatives	*FAHfT*	*2*	0.0	—	—	*0.0*
of which: Derivatives	*FAHfT*	*3*	1.5	—	—	*1.5*
Liabilities						
Trade payables	FLAC		383.9	383.9	—	—
Financial indebtedness	FLAC		1,138.2	1,138.2	—	—
Other short-term liabilities	FLAC		170.0	170.0	—	—
of which: Derivatives	*FLHfT*	*2*	0.3	—	—	*0.3*
of which: Derivatives	*FLHfT*	*3*	0.0	—	—	*0.0*

31 December 2015* In millions of EUR	Category in accordance with IAS 39	Level	Carrying amounts	Amounts recognized in the statement of financial position in accordance with IAS 39 Amortized cost	Fair value recognized in equity	Fair value recognized in profit or loss
Assets						
Trade receivables	LaR		476.3	476.3	—	—
Cash and cash equivalents	LaR		486.7	486.7	—	—
Other assets			124.5	124.5	—	—
of which long-term	LaR		3.6	3.6	—	—
of which short-term	LaR		120.9	120.9	—	—
of which: Derivatives	*FAHfT*	*2*	*0.0*	*0.0*	—	*0.0*
of which: Derivatives	*FAHfT*	*3*	*0.0*	*0.0*	—	*0.0*
Liabilities						
Trade payables	FLAC		363.7	363.7	—	—
Financial indebtedness	FLAC		1,439.0	1,439.0	—	—
Other short-term liabilities	FLAC		169.9	169.9	—	—
of which: Derivatives	*FLHfT*	*2*	*0.3*	*0.0*	—	*0.3*
of which: Derivatives	*FLHfT*	*3*	*0.8*	*0.0*	—	*0.8*

19. Financial instruments (Continued)

1 January 2015* In millions of EUR	Category in accordance with IAS 39	Level	Carrying amounts	Amounts recognized in the statement of financial position in accordance with IAS 39		
				Amortized cost	Fair value recognized in equity	Fair value recognized in profit or loss
Assets						
Trade receivables	LaR		521.9	521.9	—	—
Cash	LaR		158.3	158.3	—	—
Cash equivalents	LaR		212.9	212.9	—	—
Other assets						
Of which: Derivatives	FAHfT	Level 2	0.1	—	—	0.1
Liabilities						
Trade payables	FLAC		457.0	457.0	—	—
Short-term financial indebtedness	FLAC		225.4	225.4	—	—
Long-term financial indebtedness	FLAC	Level 2	1,493.7	1,493.7	—	—
Other liabilities						
Of which: Derivatives	FLHfT	Level 2	0.1	—	—	0.1

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

The fair value of all other classes of financial instruments approximates their carrying amount.

The fair value measurements of pension plan assets, and projected benefit obligations under these defined benefit plans are described in note 15.

The financial assets/liabilities held for trading (FAHfT) presented in Level 2 and Level 3 constitute separate classes of derivative financial instruments. Level 2 contains foreign currency derivatives, 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 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 liabilities is EUR (0.3 million) as at 31 December 2016. If the price expectations had been 5% lower at the reporting date, with otherwise unchanged parameters the fair value of the financial liabilities would have been EUR 1.8 million lower. If the price expectations had been 5% higher at the reporting date, with otherwise unchanged parameters, the fair value of the financial asset would have been EUR 1.5 million higher. Global netting agreements do not exist for any of the reported foreign currency derivatives. All derivatives classified into Level 2 are short-term. In 2016, EUR 0.3 million of currency derivatives were disposed of.

19. Financial instruments (Continued)

The financial assets/liabilities held for trading 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 asset is EUR 1.5 million as of December 31, 2016. If the price expectations had been 10 percent lower at the reporting date, with otherwise unchanged parameters the fair value of the financial asset would have been EUR 0.9 million lower (i.e. the Fair Market Value of the open styrene monomer derivatives would have been EUR 0.7 million) If the price expectations had been 10% higher at the reporting date, with otherwise unchanged parameters, the fair value of the financial asset would have been EUR 0.9 million higher (the fair market value of the open styrene monomer derivatives would have been EUR 2.4 million). All derivatives classified into Level 3 are short term. The increase of other short-term assets by EUR 1.5 million was due to additions in 2016.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, raw materials (feedstock) and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Risks resulting from the availability and possible market price movements of raw materials are covered by different measures to control volatility as well as the commitment of Styrene Monomer derivatives.

19. Financial instruments (Continued)

31 December 2016

In millions of EUR	Category in accordance with IAS 39	Level	Carrying amounts	Profit/Loss	Other Comprehensive Income
Assets					
Trade receivables	LaR		518.1	0.1	6.0
Cash and cash equivalents	LaR		316.9	1.2	3.2
Other assets			113.6	0.0	2.1
of which long-term	LaR		3.9	0.0	
of which short-term	LaR		109.7	0.0	
of which: Derivatives	*FAHfT*	*2*	*0.0*	*0.0*	
of which: Derivatives	*FAHfT*	*3*	*1.5*	*1.5*	
Liabilities					
Trade payables	FLAC		383.9	0.0	(6.8)
Financial indebtedness	FLAC		1,138.2	(109.0)	(11.8)
Other short term liabilities	FLAC		170.0		(0.9)
of which: Derivatives	*FLHfT*	*2*	*0.3*	*(0.3)*	
of which: Derivatives	*FLHfT*	*3*	*0.0*	*0.0*	

31 December 2015*

In millions of EUR	Category in accordance with IAS 39	Level	Carrying amounts	Profit/Loss	Other Comprehensive Income
Assets					
Trade receivables	LaR		476.3	(1.2)	9.3
Cash and cash equivalents	LaR		486.7	0.8	5.2
Other assets			124.6	0.0	64.4
of which long-term	LaR		3.6	0.0	
of which short-term	LaR		120.9	0.0	
of which: Derivatives	*FAHfT*	*2*	*0.0*	*0.0*	
of which: Derivatives	*FAHfT*	*3*	*0.0*	*0.0*	
Liabilities					
Trade payables	FLAC		363.7	0.0	(16.5)
Financial indebtedness	FLAC		1,439.0	(97.8)	(65.2)
Other short term liabilities	FLAC		169.9	1.7	(2.9)
of which: Derivatives	*FLHfT*	*2*	*0.3*	*(0.3)*	
of which: Derivatives	*FLHfT*	*3*	*0.8*	*(0.8)*	

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

19. Financial instruments (Continued)

During 2016, allowances for doubtful debt of EUR 0.2 million on trade receivables, net of releases (EUR 0.3 million) were reflected in the income statement.

For the long-term financing, interest expenses of EUR 109.0 million (2015: EUR 97.8 million) were reflected in the income statement.

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 trade receivables were denominated in the following currencies:

In millions of EUR	31 December 2016	31 December 2015	1 January 2015
USD	287.9	256.5	264.7
EUR	175.7	168.0	196.9
INR	30.1	29.0	34.6
KRW	18.8	14.2	16.2
others	5.6	8.6	9.5
Total	**518.1**	**476.3**	**521.9**

Sensitivity analysis

A strengthening/weakening of the EUR, as indicated below, against the USD, KRW and INR as at 31 December 2016 would have increased/decreased net income by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

Net income:

	31 December 2016		31 December 2015	
In millions of EUR	Impact of strengthening EUR	Impact of weakening EUR	Impact of strengthening EUR	Impact of weakening EUR
USD (5% movement)	(7.0)	7.7	(5.9)	6.5
INR (5% movement)	(0.5)	0.5	(0.3)	0.4
KRW (5% movement)	(0.9)	1.0	(1.4)	1.5

19. Financial instruments (Continued)

OCI, net of tax

In millions of EUR	31 December 2016		31 December 2015	
	Impact of strengthening EUR	Impact of weakening EUR	Impact of strengthening EUR	Impact of weakening EUR
USD (5% movement)	(46.4)	51.3	(34.3)	37.9
INR (5% movement)	(3.2)	3.5	(3.3)	3.6
KRW (5% movement)	(5.4)	6.0	(4.1)	4.5

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

In millions of EUR	31 December 2016	31 December 2015*	1 January 2015*
Fixed rate instruments			
Second Lien PIK Toggle Loan	0.0	200.0	200.0
Financial lease liabilities	7.9	8.0	8.0
Variable rate instruments			
First Lien Term Loan B	999.0	1,089.7	1,044.5
Asset securitization	100.0	100.0	251.0
Cash equivalents—Money market funds	0.0	0.0	212.9
Financial liabilities	31.5	48.8	225.4

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group generally does not enter into derivatives (interest rate swaps) to hedge against changes in the fair value of fixed rate financial assets or liabilities. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

Management considers the First Lien Term loan B a variable rate instrument, as the interest rate contains a variable parameter. Also, the asset securitization scheme that is used for financing purposes is being considered as variable rate indebtedness as it represents a revolving scheme. Further, the money market funds represent variable rate financial assets. As of 31 December 2016, the Group holds no money market funds. The availability of the asset securitization scheme to the Company is subject to a number of aspects which include the ability of the bank to provide liquidity into the program. The Company selected the bank according to their credit worthiness.

19. Financial instruments (Continued)

A change of 0.5 percentage point in interest rates at the reporting date would have increased/decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss 2016		Profit or loss 2015	
In millions of EUR	**0.5% increase**	**0.5% decrease**	**1% increase**	**1% decrease**
Cash equivalents—Money market funds	—	—	—	—
Long-term debt—Variable rate instruments*	(0.6)	0.6	(1.3)	0.1
Short-term debt—Variable rate instruments	—	—	—	—
Cash flow sensitivity, net	**(0.6)**	**0.6**	**(1.3)**	**0.1**

* The current interest rate is already at its floor. A decrease of the variable interest would not have any impact on the cash flow.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group does not have external capital requirements at the moment. For its own capital management the group reviews the ratio of working capital in relation to sales. The working capital definition of the Group includes inventory, accounts receivable and accounts payable.

In millions of EUR	2016	2015
Inventory	452.5	426.9
Accounts receivable—trade	518.1	476.3
Less: Short term payables—trade	(383.9)	(363.7)
Working capital at 31 December	**586.7**	**539.5**
Revenues	4,469.7	4,967.7
Revenues	**4,469.7**	**4,967.7**
Working capital to revenues ratio at 31 December	**13.1%**	**10.9%**

Working capital increased in 2016 compared to 2015 due to the termination of a long term onerous feedstock contract in Asia with favourable payment terms.

20. Operating leases

Non-cancellable operating lease rentals are payable as follows:

In millions of EUR	31 December 2016	31 December 2015
Less than one year	25.8	26.1
Between one and five years	72.1	76.5
More than five years	46.6	28.4
Total	**144.5**	**131.0**

20. Operating leases (Continued)

The Group leases a number of warehouse and factory facilities under operating leases. The leases typically run for a period of 5 years, with an option to renew the lease after that date. Lease payments are increased every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in a local price index.

During the period an amount of EUR 19.1 million (2015: EUR 16.4 million) was recognized as an expense in profit or loss in respect of operating leases.

21. Capital commitments

At 31 December 2016 the company was committed to capital spending projects of EUR 76.9 million (2015: EUR 74.4 million), all of which relate to tangible fixed assets.

In addition to that, the Group had obligations for repairs, maintenance or enhancement of property, plant and equipment of EUR 10.5 million.

The Group had the following long-term purchase commitments for raw materials, primarily feedstock, for the next 5 years, and other purchase commitments. All amounts were estimated based on current price information, while volumes are defined.

31 December 2016

In millions of EUR	Following year	2nd year	3rd year	4th year	5th year	Total
Styrene Monomer	625.6	209.3	—	—	—	834.9
Ethylene	477.7	494.1	502.6	264.2	264.2	2,002.8
Benzene	1,033.4	589.5	350.5	200.4	217.9	2,391.7
Other purchase commitments	675.4	50.8	—	—	—	726.2
Total	**2,812.1**	**1,343.7**	**853.1**	**464.6**	**482.1**	**5,955.6**

22. Contingencies

The group companies are and may from time to time be involved in proceedings or litigation arising in the ordinary course of business. Management does not believe that the ultimate resolution of these matters will materially affect the Group's financial condition or results of operations.

The Group entered into land rental agreements, some of which contain clauses that require the tenant to return the property in a specified condition. This might oblige the Group to dismantle and remove its assets and restore and clean the site on which a plant is located. Provisions are recognized when a closure decision has been made. Provisions are not recognized for future obligations, as no reliable estimates can be made for the costs and for the end date of the lease term given that are no plans to return the leased property within the foreseeable future. Due to the inherent uncertainty about costs and timing of any outflow no financial effect are included in the financial statements of the Group.

23. Related parties

Board of directors

Kevin McQuade (since 24 May 2016)

Markus Fieseler (since 30 September 2016)

Graeme Leask

Jonathan Ginns

Andrew Currie (since 27 June 2016)

Key management personnel

The key management positions of the Group are the management board members. The management board consists of Kevin McQuade, Markus Fieseler, Steve Harrington, Rob Buntinx, Alexander Glueck and Pierre Minguet.

Transactions with key management personnel

Key management personnel compensation (including directors)

The key management personnel consists of the Company's directors. Details of Directors' remuneration are given in Note 4.

Other related party transactions

In millions of EUR	Transaction value 1 January-31 December 2016	Balance outstanding 31 December 2016	Transaction value 1 January-31 December 2015*	Balance outstanding 31 December 2015*	Balance outstanding 1 January 2015*
Sale of products					
INEOS	67.5		32.4		
Purchase of raw materials					
INEOS	363.6		417.4		
Services received					
INEOS	54.2		58.5		
Trade and other receivables					
INEOS		5.7		30.5	39.2
Shareholder		0.4			
Trade and other payables					
INEOS		(55.4)		(47.0)	(43.3)

* IFRS 1: First time adoption statements following the reorganization of the reporting group. See note 1.

In general all outstanding balances with INEOS are priced based on contractual arrangements and are to be settled in cash within two months of the reporting date. None of the balances are secured.

23. Related parties (Continued)

The transactions were made on terms equivalent to those that prevail in arm's length transactions. The amount of services received includes key management services, such as guidance on corporate strategy, financing, SHE, Tax strategy, operational optimization and sharing of best practices, of EUR 10 million (2015: EUR 10 million). There were no provisions for doubtful debt related to INEOS as of 31 December 2016.

INEOS Holding Limited holds a tranche in the amount of EUR 250 million in the new First Lien Term Loans. On 30 September 2016 the Company repaid the PIK Toggle Loan from INEOS Holdings Limited for a total amount of EUR 200 million. The Group only paid interest on the intercompany loans as disclosed in note 5.

Dividends paid to INEOS are disclosed in note 13.

24. Ultimate parent undertaking and controlling party

The immediate parent undertaking is INEOS Industries Holdings Limited.

The ultimate parent undertaking at 31 December 2016 was INEOS Limited, a company registered in the Isle of Man.

The directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

The largest group in which the results of the Company are consolidated is that headed by INEOS Industries Limited.

25. Subsequent events

INEOS Styrolution announced on 31 October 2016 that it signed an acquisition agreement for the global K-Resin® styrene-butadiene copolymers (SBC) business of Chevron Phillips Chemical Company LLC (Chevron Phillips Chemical) and Daelim Industrial Co. Ltd., the current joint venture owners. The transaction includes the purchase of the equity interests of KR Copolymer Co. Ltd. (KRCC), K-Resin® SBC intellectual property and other assets related to the SBC business. This acquisition, once completed, will allow INEOS Styrolution to supply its customers from production sites in the Americas, EMEA and Asia Pacific.

No further 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 24 February 2017.

26. Accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs 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.

26. Accounting estimates and judgements (Continued)

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following elements:

- Impairment tests for goodwill and other non-financial assets: Goodwill impairment testing is performed annually or if there is an indication of impairment. Goodwill impairments tests are based on cash generating units and compare the recoverable amount of the unit with the respective carrying amount. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs of disposal and its value in use. The value in use is determined using a discounted cash flow method, considering earnings forecasts of the unit. The management of the Group identified the operating segments as cash generating units (CGU) for purposes of testing goodwill for impairment. Each unit or group of units to which goodwill is allocated to shall represent the lowest level within the entity at which the goodwill is monitored for internal management purpose. The goodwill is internally monitored at the level of business units. Intangible assets other than goodwill assets and property, plant and equipment are generally valued at cost less amortization. Impairment losses on intangible assets and property, plant and equipment are recognized when the recoverable amount of the cash generating unit which includes the asset is lower than the respective carrying amount. In accordance with the definition of a cash generating unit under IAS 36, the individual production plants generally do not represent separate cash generating units, but are part of larger asset groups that form the cash generating units. Since the assessment whether goodwill or a non-financial asset are impaired is based on long-term business plans for the cash generating units and the determination of an appropriate discount rate, management used significant estimates and judgments in making these assessments.
- Net realizable value of inventories: The recoverability of styrene monomer and other feedstock is based on management estimates of the expected future use of those inventories. The net realizable value of inventories expected to be sold on the market are measured at market price and can lead to a write down. The net realizable value of styrene monomer expected to be used in our polymer production is determined based on the net realizable value of the polymer product which did not result in write downs of similar magnitude due to the higher gross profit margins of polymer products.
- Provisions: The Company recognizes a provision when it has a present obligation and it is more likely than not that it will make payments; the provision will be based on the most reliable estimate. The determination of the probability of a loss and the amount of the most reliable estimate require significant judgment. The provision for contract losses on a supply agreement with a related party was adjusted in 2016 to consider changes in the cost to close, demolish and decommission a site in Marl. The change in the estimate for provisions in 2016 resulted in additional expenses of EUR 2.4 million for the expected costs.
- Management is required to estimate the tax payable in each of the jurisdictions in which the Group operates. This involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the consolidated balance sheet of the Group. Management has performed an

26. Accounting estimates and judgements (Continued)

assessment as to the extent to which future taxable profits will allow the deferred asset to be recovered. The calculation of the Group's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

The Group has, from time to time, contingent tax liabilities arising from trading and corporate transactions in the countries in which it operates. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.

The breadth of the Group's structure with operations in many geographic locations makes the use of estimates and assumptions more challenging. The resolution of issues is not always within the control of the Group and can be reliant upon the efficiency of the legal processes in the relevant jurisdictions in which the Group operates, and as a result, issues can, and often do take many years to resolve.

Details of amounts recognized with regard to taxation are disclosed in Notes 6 and 16.

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€600,000,000 $2^{1}/_{4}$% Senior Secured Notes due 2027

OFFERING MEMORANDUM

Global Coordinators

Credit Suisse	**BNP PARIBAS**	**HSBC**

Joint Bookrunners

Commerzbank	**Helaba**	**ING**	**Lloyds Bank Corporate Markets Wertpapierhandelsbank**	**NatWest Markets**

February 19, 2020