
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 31, 2020**

Trinseo S.A.

(Exact name of registrant as specified in its charter)

Luxembourg
(State or other jurisdiction
of incorporation or organization)

001-36473
(Commission
File Number)

N/A
(I.R.S. Employer
Identification Number)

1000 Chesterbrook Boulevard, Suite 300,
Berwyn, Pennsylvania 19312
(Address of principal executive offices, including zip code)

(610) 240-3200
(Telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading symbol(s)</u>	<u>Name of Each Exchange on which registered</u>
Ordinary Shares, par value \$0.01 per share	TSE	New York Stock Exchange

ITEM 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On March 31, 2020, the Company submitted notice of withdrawal of \$100 million from its revolving credit facility, as a precautionary measure to secure additional cash and ensure greater financial flexibility in light of the current economic uncertainty resulting from the COVID-19 novel coronavirus outbreak. Following the withdrawal, the Company had approximately \$260 million (net of \$15.0 million outstanding letters of credit) in available capacity remaining under its revolving credit facility. The portion of the the Company’s Press Release, furnished as Exhibit 99.1 hereto, relating to the Company’s withdrawal from its revolving credit facility is incorporated herein by reference.

ITEM 7.01 Regulation FD.

On April 1, 2020, the Company issued a press release providing a business update on impacts of the COVID 19 outbreak and economic downturn on the Company and its operations (the “Press Release”). A copy of the Press Release is furnished as Exhibit 99.1 hereto and incorporated by reference herein.

The information contained in this Item 7.01, including the related information set forth in the Press Release, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of such section. The information in this Item 7.01, including the Press Release, shall not be incorporated by reference into any filings under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

ITEM 9.01 Exhibits.

(d) Exhibits

Exhibit Number	Description
99.1	Press release dated April 1, 2020.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TRINSEO S.A.

By: /s/ Angelo N. Chaclas
Name: Angelo N. Chaclas
Title: Senior Vice President, Chief Legal Officer,
Chief Compliance Officer & Corporate Secretary

Date: April 1, 2020

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Trinseo Provides Update Regarding COVID-19 Pandemic; Withdraws Full-Year 2020 Financial Guidance

BERWYN, Pa — April 1, 2020 — [Trinseo](#) (NYSE: TSE), a global materials company and manufacturer of plastics, latex binders, and synthetic rubber, today provided details on its strong financial position and actions it is taking in response to the COVID-19 pandemic.

Frank Bozich, President and Chief Executive Officer of Trinseo, commented, “As the coronavirus pandemic has spread from China and Asia, to Europe and the Americas, Trinseo has been actively responding through our crisis management plan and adjusting our business operations accordingly. We are taking decisive action to adapt to the current conditions and are implementing a wide array of safeguards to protect the health of our people. We continue to monitor the situation daily and will take further action as needed.”

Financial and Operational Update

With a strong start to the year in January and February, weaker business conditions started to emerge in mid-March, particularly in the automotive and tire markets. However, there has been relative strength in Polystyrene and Latex Binders into food packaging applications as well as Performance Plastics into medical applications.

From a production standpoint, Trinseo has been able to continue operations at all of its manufacturing locations other than its API Plastics site in Mussolente, Italy, which is complying with a government mandated closure of all non-essential commercial activities throughout the country. The procurement and supply chain teams continue to develop contingency plans in the event of a significant disruption or shutdown so that customer demand can continue to be met with timeliness and quality.

Due to the uncertain demand outlook caused by COVID-19, Trinseo is withdrawing its previously issued 2020 full-year financial guidance.

Cash and Liquidity Update

Trinseo continues to maintain a strong balance sheet and has significant sources of liquidity. The Company ended 2019 with \$1,195 million of debt and \$456 million of cash, resulting in a net leverage ratio of 2.1x, as defined below in the note, “Reconciliation of Non-GAAP Measures.” The Company has no significant debt maturing until September 2024 and maintains a \$375 million revolving credit facility as well as a \$150 million accounts receivable securitization program. Out of an abundance of caution, Trinseo gave notice to its revolving credit facility lenders of its intent to draw \$100 million on this facility. There were no amounts previously outstanding on the revolving credit facility and there is currently no outstanding balance on the accounts receivable securitization program.

Trinseo has no maintenance covenants on its debt agreements and only a springing covenant on its revolving credit facility, subject to a first lien net leverage ratio not to exceed 2.0x, which applies when 30% (\$112 million) or more is drawn from the facility at the end of a financial quarter. As of year-end 2019, the first lien net leverage ratio (as defined in our senior secured credit agreement) was 0.7x.

The Company expects to end the first quarter with approximately \$425 million of cash, which excludes the previously mentioned \$100 million revolver drawdown which will be received early in the second quarter. In addition, it expects to

have a release of working capital in the second quarter of over \$100 million due to declining feedstock prices and inventory management.

Mr. Bozich stated, “In this environment, we are taking aggressive actions to improve cash flow by reducing working capital, capital expenditures, and discretionary spending. We’re reducing our anticipated capital expenditures for 2020 from \$100 million to between \$80 and \$85 million.”

Evaluation of Germany Styrene and Polybutadiene Rubber Assets

In March, the Company initiated a consultation process with the Economic Council and Works Councils of Trinseo Deutschland regarding the disposition of its styrene monomer assets in Boehlen, Germany and its polybutadiene rubber (nickel and neodymium-PBR) assets in Schkopau, Germany. The combined Adjusted EBITDA of these operations in 2019 was approximately negative \$18 million. These steps followed a thorough analysis and pursuit of numerous alternative options for improving the financial performance and competitiveness of these facilities.

The Boehlen, Germany styrene facility has capacity of approximately 300 kilotons. Average production over the past three years was approximately 200 kilotons, below capacity due to several factors, including upstream supply issues. In 2019, production was approximately 150 kilotons reflecting the previously disclosed unplanned outages. The Schkopau, Germany polybutadiene rubber line has capacity of approximately 30 kilotons. Trinseo continues to be committed to its other operations at the Schkopau site, including polystyrene, SSBR, and ESBR.

About Trinseo

Trinseo (NYSE:TSE) is a global materials solutions provider and manufacturer of plastics, latex binders, and synthetic rubber. We are focused on delivering innovative and sustainable solutions to help our customers create products that touch lives every day — products that are intrinsic to how we live our lives — across a wide range of end-markets, including automotive, consumer electronics, appliances, medical devices, lighting, electrical, carpet, paper and board, building and construction, and tires. Trinseo had approximately \$3.8 billion in net sales in 2019, with 17 manufacturing sites around the world, and approximately 2,700 employees. For more information visit www.trinseo.com.

Cautionary Note on Forward-Looking Statements

This press release may contain “forward-looking statements” including, without limitation, statements concerning plans, objectives, goals, projections, expectations, strategies, future events or performance, and underlying assumptions and other statements, which are not statements of historical facts. Forward-looking statements may be identified by the use of words like “expect,” “estimate,” “will,” “may,” or expressions of similar meaning. Forward-looking statements reflect management’s evaluation of information currently available and are based on the Company’s current expectations and assumptions regarding the impact from the COVID-19 pandemic, the Company’s business, the economy and other future conditions. Specific factors that could cause future results to differ from those expressed by the forward-looking statements include, but are not limited to, risks related to the ongoing impact of the COVID-19 pandemic and those discussed in the Company’s Annual Report for the year ended December 31, 2019 filed with the Securities and Exchange Commission (“SEC”), in subsequent Quarterly Reports on Form 10-Q and in other filings and furnishings made by the Company with the SEC from time to time. Other unknown or unpredictable factors could also have material adverse effects on the Company’s performance. As a result of these or other factors, the Company’s actual results may differ materially from those contemplated by the forward-looking statements. The forward-looking statements included in this press release are made only as of the date hereof and are not a guarantee of future performance. The Company undertakes no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Reconciliation of Non-GAAP Measures

In addition to using standard measures of performance and liquidity that are recognized in accordance with accounting principles generally accepted in the United States of America (“GAAP”), the Company uses additional measures of income excluding certain GAAP items (“non-GAAP measures”), such as Adjusted EBITDA, and measures of liquidity excluding certain GAAP items, such as Net Leverage Ratio. The Company believes these measures are useful for investors and management in evaluating business trends and performance each period. These measures are also used to manage Trinseo’s business and assess current period profitability, as well as to provide an appropriate basis to evaluate the effectiveness of

our pricing strategies. Such measures are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance or liquidity, as applicable.

Calculation of Net Leverage Ratio

(\$millions, unless noted)	2019
Short-term borrowing and current portion of long-term debt	\$ 11
Long-term debt	1,184
Total debt	1,195
Less: Cash and cash equivalents	456
Total debt, less cash and cash equivalents	\$ 739
Adjusted EBITDA*	\$ 352
Net Leverage Ratio	2.1x

*For the definition of Adjusted EBITDA and the reconciliation of Trinseo's Net Income under GAAP to Adjusted EBITDA, refer to Trinseo's most recent quarterly earnings release, furnished as Exhibit 99.1 to the Company's Current Report on Form 8-K dated February 6, 2020.
