UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number: 001-36473

Trinseo S.A.

(Exact name of registrant as specified in its charter)

Luxembourg	**N/A**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

1000 Chesterbrook Boulevard
Suite 300
Berwyn, PA 19312
(Address of Principal Executive Offices)

(610) 240-3200
(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐		
Non-accelerated filer	☐	Smaller reporting company	☐	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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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

Title of Each Class	Trading symbol	Name of Exchange on which registered
Ordinary Shares, par value $0.01 per share	**TSE**	**New York Stock Exchange**

As of July 27, 2020, there were 38,268,724 of the registrant's ordinary shares outstanding.

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Trinseo S.A.
Quarterly Report on Form 10-Q
For the quarterly period ended June 30, 2020

Unless otherwise indicated or required by context, as used in this Quarterly Report on Form 10-Q ("Quarterly Report"), the term "Trinseo" refers to Trinseo S.A. (NYSE: TSE), a public limited liability company (société anonyme) existing under the laws of Luxembourg, and not its subsidiaries. The terms "Company," "we," "us" and "our" refer to Trinseo and its consolidated subsidiaries, taken as a consolidated entity. All financial data provided in this Quarterly Report is the financial data of the Company, unless otherwise indicated. Prior to the formation of the Company, our business was wholly owned by The Dow Chemical Company (together with other affiliates, "Dow").

Definitions of capitalized terms not defined herein appear within our Annual Report on Form 10-K for the year ended December 31, 2019 ("Annual Report") filed with the Securities and Exchange Commission ("SEC") on February 28, 2020. The Company may distribute cash to shareholders under Luxembourg law via repayments of equity or an allocation of statutory profits. Until 2020, all distributions had been considered repayments of equity under Luxembourg law.

Cautionary Note on Forward-Looking Statements

This Quarterly Report contains forward-looking statements including, without limitation, statements concerning plans, objectives, goals, projections, 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," "anticipate," "intend," "forecast," "estimate," "see," "outlook," "will," "may," "might," "potential," "likely," "target," "plan," "contemplate," "seek," "attempt," "should," "could," "would" or expressions of similar meaning. Forward-looking statements reflect management's evaluation of information currently available and are based on our current expectations and assumptions regarding the impact from the COVID-19 pandemic, our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict.

Specific factors that may impact performance or other predictions of future actions have, in many but not all cases, been identified in connection with specific forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in our Annual Report filed with the SEC on February 28, 2020 under Part I, Item IA— "Risk Factors," within this Quarterly Report and in other filings and furnishings made by the Company with the SEC from time to time.

As a result of these or other factors, our actual results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Therefore, we caution you against relying on these forward-looking statements. The forward-looking statements included in this Quarterly Report are made only as of the date hereof. We undertake 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.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are available free of charge through the Investor Relations section of our website, www.trinseo.com, as soon as reasonably practicable after the reports are electronically filed or furnished with the SEC. We provide this website and information contained in or connected to it for informational purposes only. That information is not a part of this Quarterly Report.

PART I —FINANCIAL INFORMATION

Item 1. Financial Statements

TRINSEO S.A.

Condensed Consolidated Balance Sheets
(In millions, except per share data)
(Unaudited)

	June 30, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	$ 581.8	$ 456.2
Accounts receivable, net of allowance for doubtful accounts (June 30, 2020: $5.7; December 31, 2019: $5.3)	432.2	570.8
Inventories	313.3	438.2
Other current assets	12.2	25.9
Total current assets	1,339.5	1,491.1
Investments in unconsolidated affiliates	212.3	188.1
Property, plant and equipment, net of accumulated depreciation (June 30, 2020: $738.6; December 31, 2019: $665.7)	573.5	625.8
Other assets		
Goodwill	67.7	67.7
Other intangible assets, net	184.4	191.5
Right-of-use assets - operating	75.3	71.4
Deferred income tax assets	82.5	67.5
Deferred charges and other assets	54.0	55.7
Total other assets	463.9	453.8
Total assets	$ 2,589.2	$ 2,758.8
Liabilities and shareholders' equity		
Current liabilities		
Short-term borrowings and current portion of long-term debt	$ 11.7	$ 11.1
Accounts payable	213.6	343.0
Current lease liabilities - operating	15.2	14.1
Income taxes payable	59.0	5.0
Accrued expenses and other current liabilities	136.1	154.4
Total current liabilities	435.6	527.6
Noncurrent liabilities		
Long-term debt, net of unamortized deferred financing fees	1,261.3	1,162.6
Noncurrent lease liabilities - operating	63.2	58.0
Deferred income tax liabilities	47.9	41.5
Other noncurrent obligations	322.4	300.2
Total noncurrent liabilities	1,694.8	1,562.3
Commitments and contingencies (Note 11)		
Shareholders' equity		
Ordinary shares, $0.01 nominal value, 50,000.0 shares authorized (June 30, 2020: 48.8 shares issued and 38.3 shares outstanding; December 31, 2019: 48.8 shares issued and 39.0 shares outstanding)	0.5	0.5
Additional paid-in-capital	576.3	574.7
Treasury shares, at cost (June 30, 2020: 10.5 shares; December 31, 2019: 9.8 shares)	(547.3)	(524.9)
Retained earnings	585.4	781.0
Accumulated other comprehensive loss	(156.1)	(162.4)
Total shareholders' equity	458.8	668.9
Total liabilities and shareholders' equity	$ 2,589.2	$ 2,758.8

The accompanying notes are an integral part of these condensed consolidated financial statements.

TRINSEO S.A.

Condensed Consolidated Statements of Operations
(In millions, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	$ 569.7	$ 951.8	$ 1,423.2	$ 1,964.9
Cost of sales	576.8	865.6	1,360.6	1,781.2
Gross profit (loss)	(7.1)	86.2	62.6	183.7
Selling, general and administrative expenses	58.3	71.4	135.8	140.3
Equity in earnings of unconsolidated affiliates	14.4	40.3	24.2	72.5
Impairment charges	—	—	38.3	—
Operating income (loss)	(51.0)	55.1	(87.3)	115.9
Interest expense, net	11.7	9.9	22.0	20.1
Other expense, net	1.0	1.5	2.6	5.5
Income (loss) before income taxes	(63.7)	43.7	(111.9)	90.3
Provision for income taxes	64.7	15.7	52.8	26.5
Net income (loss)	$ (128.4)	$ 28.0	$ (164.7)	$ 63.8
Weighted average shares- basic	38.2	40.8	38.4	41.0
Net income (loss) per share- basic	$ (3.36)	$ 0.69	$ (4.29)	$ 1.56
Weighted average shares- diluted	38.2	41.1	38.4	41.5
Net income (loss) per share- diluted	$ (3.36)	$ 0.68	$ (4.29)	$ 1.54

The accompanying notes are an integral part of these condensed consolidated financial statements.

TRINSEO S.A.

Condensed Consolidated Statements of Comprehensive Income (Loss)
(In millions)
(Unaudited)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net income (loss)	$ (128.4)	$ 28.0	$ (164.7)	$ 63.8
Other comprehensive income (loss), net of tax:				
Cumulative translation adjustments	(1.1)	3.0	9.6	2.7
Net loss on cash flow hedges	(1.3)	(5.4)	(5.0)	(5.3)
Pension and other postretirement benefit plans:				
Net gain (loss) during period (net of tax of: $0.0, $0.0, $0.1, and $(0.2))	—	—	0.6	(2.0)
Amounts reclassified from accumulated other comprehensive income	0.5	0.3	1.1	1.3
Total other comprehensive income (loss), net of tax	(1.9)	(2.1)	6.3	(3.3)
Comprehensive income (loss)	$ (130.3)	$ 25.9	$ (158.4)	$ 60.5

The accompanying notes are an integral part of these condensed consolidated financial statements.

TRINSEO S.A.

Condensed Consolidated Statements of Shareholders' Equity
(In millions, except per share data)
(Unaudited)

	Shares		Shareholders' Equity					
	Ordinary Shares Outstanding	Treasury Shares	Ordinary Shares	Additional Paid-In Capital	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance at December 31, 2019	39.0	9.8	$ 0.5	$ 574.7	$ (524.9)	$ (162.4)	$ 781.0	$ 668.9
Net loss	—	—	—	—	—	—	(36.3)	(36.3)
Other comprehensive income	—	—	—	—	—	8.2	—	8.2
Share-based compensation activity	—	—	—	1.0	1.7	—	—	2.7
Purchase of treasury shares	(0.8)	0.8	—	—	(25.0)	—	—	(25.0)
Dividends on ordinary shares ($0.40 per share)	—	—	—	—	—	—	(15.5)	(15.5)
Balance at March 31, 2020	38.2	10.6	$ 0.5	$ 575.7	$ (548.2)	$ (154.2)	$ 729.2	$ 603.0
Net loss	—	—	—	—	—	—	(128.4)	(128.4)
Other comprehensive loss	—	—	—	—	—	(1.9)	—	(1.9)
Share-based compensation activity	0.1	(0.1)	—	0.6	0.9	—	—	1.5
Dividends on ordinary shares ($0.40 per share)	—	—	—	—	—	—	(15.4)	(15.4)
Balance at June 30, 2020	38.3	10.5	$ 0.5	$ 576.3	$ (547.3)	$ (156.1)	$ 585.4	$ 458.8

	Shares		Shareholders' Equity					
	Ordinary Shares Outstanding	Treasury Shares	Ordinary Shares	Additional Paid-In Capital	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance at December 31, 2018	41.6	7.2	$ 0.5	$ 575.4	$ (418.1)	$ (142.3)	$ 753.2	$ 768.7
Net income	—	—	—	—	—	—	35.8	35.8
Other comprehensive loss	—	—	—	—	—	(1.2)	—	(1.2)
Share-based compensation activity	0.1	(0.1)	—	(6.6)	7.0	—	—	0.4
Purchase of treasury shares	(0.7)	0.7	—	—	(34.0)	—	—	(34.0)
Dividends on ordinary shares ($0.40 per share)	—	—	—	—	—	—	(16.6)	(16.6)
Balance at March 31, 2019	41.0	7.8	$ 0.5	$ 568.8	$ (445.1)	$ (143.5)	$ 772.4	$ 753.1
Net income	—	—	—	—	—	—	28.0	28.0
Other comprehensive loss	—	—	—	—	—	(2.1)	—	(2.1)
Share-based compensation activity	0.1	(0.1)	—	2.4	1.7	—	—	4.1
Purchase of treasury shares	(0.5)	0.5	—	—	(21.7)	—	—	(21.7)
Dividends on ordinary shares ($0.40 per share)	—	—	—	—	—	—	(16.3)	(16.3)
Balance at June 30, 2019	40.6	8.2	$ 0.5	$ 571.2	$ (465.1)	$ (145.6)	$ 784.1	$ 745.1

The accompanying notes are an integral part of these condensed consolidated financial statements.

TRINSEO S.A.

Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Cash flows from operating activities		
Net income (loss)	$ (164.7)	$ 63.8
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	71.1	68.7
Amortization of deferred financing fees, issuance discount, and excluded component of hedging instruments	1.6	(0.2)
Deferred income tax	(12.0)	0.3
Share-based compensation expense	6.3	7.7
Earnings of unconsolidated affiliates, net of dividends	(24.2)	(20.0)
Unrealized net (gain) loss on foreign exchange forward contracts	(2.0)	5.5
Gain on sale of businesses and other assets	(0.4)	(0.2)
Impairment charges	38.3	—
Pension settlement loss	—	0.7
Changes in assets and liabilities		
Accounts receivable	129.9	24.1
Inventories	123.1	50.7
Accounts payable and other current liabilities	(137.0)	45.1
Income taxes payable	54.0	(11.2)
Other assets, net	(15.1)	1.0
Other liabilities, net	6.9	(2.0)
Cash provided by operating activities	75.8	234.0
Cash flows from investing activities		
Capital expenditures	(48.2)	(47.6)
Net cash received for asset and business acquisitions, net of cash acquired	0.1	—
Proceeds from the sale of businesses and other assets	11.9	0.7
Proceeds from the settlement of hedging instruments	51.6	—
Cash provided by (used in) investing activities	15.4	(46.9)
Cash flows from financing activities		
Short-term borrowings, net	(5.4)	(2.3)
Purchase of treasury shares	(25.0)	(59.1)
Dividends paid	(31.2)	(33.8)
Proceeds from exercise of option awards	—	0.8
Withholding taxes paid on restricted share units	(0.6)	(4.0)
Repayments of 2024 Term Loan B	(3.4)	(3.5)
Net proceeds from draw on 2022 Revolving Facility	100.0	—
Cash provided by (used in) financing activities	34.4	(101.9)
Effect of exchange rates on cash	(0.5)	(1.6)
Net change in cash, cash equivalents, and restricted cash	125.1	83.6
Cash, cash equivalents, and restricted cash—beginning of period	457.4	452.3
Cash, cash equivalents, and restricted cash—end of period	$ 582.5	$ 535.9
Less: Restricted cash, included in "Other current assets"	(0.7)	(1.0)
Cash and cash equivalents—end of period	$ 581.8	$ 534.9

The accompanying notes are an integral part of these condensed consolidated financial statements.

TRINSEO S.A.

Notes to Condensed Consolidated Financial Statements
(Dollars in millions, unless otherwise stated)
(Unaudited)

NOTE 1—BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements of Trinseo S.A. and its subsidiaries (the "Company") as of and for the periods ended June 30, 2020 and 2019 were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and reflect all adjustments, consisting only of normal recurring adjustments, which, in the opinion of management, are considered necessary for the fair statement of the results for the periods presented. Because they cover interim periods, the statements and related notes to the financial statements do not include all disclosures normally provided in annual financial statements, and therefore, these statements should be read in conjunction with the 2019 audited consolidated financial statements included within the Company's Annual Report on Form 10-K ("Annual Report") filed with the Securities and Exchange Commission ("SEC") on February 28, 2020. The effects of the COVID-19 pandemic have negatively impacted the Company's results of operations, cash flows and financial position in 2020. The Company expects these negative effects to continue, which future impacts could be material, and dependent on numerous factors that are highly uncertain, for which the ultimate impact cannot be predicted at this time, including the duration and scope of the COVID-19 pandemic. The Company's condensed consolidated financial statements presented herein reflect the latest estimates and assumptions made by management that affect the reported amounts and related disclosures as of and for the period ended June 30, 2020. However, actual results could differ from these estimates and assumptions.

The December 31, 2019 condensed consolidated balance sheet data presented herein was derived from the Company's December 31, 2019 audited consolidated financial statements, but does not include all disclosures required by GAAP for annual periods.

NOTE 2—RECENT ACCOUNTING GUIDANCE

In August 2018, the Financial Accounting Standards Board ("FASB") issued guidance which aligns the requirements for capitalizing implementation costs incurred in a cloud computing hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The Company adopted this standard prospectively, effective January 1, 2020. The adoption of this guidance did not have a material impact on the Company's condensed consolidated financial statements.

In December 2019, the FASB issued guidance that simplifies the accounting for income taxes. The amended guidance includes removal of certain exceptions to the general principles of Accounting Standards Codification 740, Income Taxes, and simplification in several other areas such as accounting for a franchise tax (or similar tax) that is partially based on income. This guidance is effective for public business entities for interim and annual reporting periods beginning after December 15, 2020, with early adoption permitted. The Company is currently assessing the timing and impacts of adopting this guidance on its consolidated financial statements.

In March 2020, the FASB issued optional guidance for a limited period of time to ease the potential burden in accounting for the effects of the transition away from London Interbank Offered Rate ("LIBOR") and other reference rates. The Company adopted this guidance upon issuance, noting that it did not have a material impact on the Company's condensed consolidated financial statements.

NOTE 3—NET SALES

Refer to the Annual Report for information on the Company's accounting policies and further background related to its net sales.

The following table provides disclosure of net sales to external customers by primary geographical market (based on the location where sales originated), by segment for the three and six months ended June 30, 2020 and 2019:

Three Months Ended	Latex Binders	Synthetic Rubber	Performance Plastics	Polystyrene	Feedstocks	Total
June 30, 2020						
United States	$ 50.9	$ —	$ 37.4	$ —	$ 1.3	$ 89.6
Europe	72.3	34.9	97.8	95.1	20.6	320.7
Asia-Pacific	40.4	1.5	48.1	60.7	1.7	152.4
Rest of World	1.3	—	5.7	—	—	7.0
Total	$ 164.9	$ 36.4	$ 189.0	$ 155.8	$ 23.6	$ 569.7
June 30, 2019						
United States	$ 67.2	$ —	$ 78.4	$ —	$ 2.4	$ 148.0
Europe	99.2	112.1	187.3	115.9	33.2	547.7
Asia-Pacific	60.8	—	59.7	91.2	19.3	231.0
Rest of World	3.0	—	22.1	—	—	25.1
Total	$ 230.2	$ 112.1	$ 347.5	$ 207.1	$ 54.9	$ 951.8

Six Months Ended	Latex Binders	Synthetic Rubber	Performance Plastics	Polystyrene	Feedstocks	Total
June 30, 2020						
United States	$ 113.1	$ —	$ 108.0	$ —	$ 3.9	$ 225.0
Europe	174.2	134.6	262.8	204.9	49.7	826.2
Asia-Pacific	92.8	3.4	97.9	133.7	14.8	342.6
Rest of World	3.9	—	25.5	—	—	29.4
Total	$ 384.0	$ 138.0	$ 494.2	$ 338.6	$ 68.4	$ 1,423.2
June 30, 2019						
United States	$ 130.5	$ —	$ 160.2	$ —	$ 5.1	$ 295.8
Europe	200.6	236.7	400.7	254.1	73.6	1,165.7
Asia-Pacific	117.3	—	111.2	181.5	43.0	453.0
Rest of World	5.7	—	44.7	—	—	50.4
Total	$ 454.1	$ 236.7	$ 716.8	$ 435.6	$ 121.7	$ 1,964.9

NOTE 4—INVESTMENTS IN UNCONSOLIDATED AFFILIATES

The Company's investments held in unconsolidated affiliates are accounted for by the equity method. The Company is currently supplemented by one joint venture, Americas Styrenics LLC ("Americas Styrenics," a styrene and polystyrene joint venture with Chevron Phillips Chemical Company LP). The results of Americas Styrenics are included within its own reporting segment.

Americas Styrenics is a privately held company; therefore, a quoted market price for its equity interests is not available. The summarized financial information of the Company's unconsolidated affiliate is shown below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Sales	$ 225.4	$ 418.4	$ 547.5	$ 787.6
Gross profit	$ 31.3	$ 85.9	$ 38.4	$ 140.1
Net income	$ 20.1	$ 72.8	$ 11.8	$ 115.7

Americas Styrenics

As of June 30, 2020 and December 31, 2019, the Company's investment in Americas Styrenics was $212.3 million and $188.1 million, respectively, which was $7.8 million and $(10.3) million greater (less) than the Company's 50% share of the underlying net assets of Americas Styrenics, respectively. This amount represents the difference between the book value of assets contributed to the joint venture at the time of formation (May 1, 2008) and the Company's 50% share of the total recorded value of the joint venture's assets and certain adjustments to conform with the Company's accounting policies. This difference is being amortized over the weighted average remaining useful life of the contributed assets of approximately 1.9 years as of June 30, 2020. The Company did not receive dividends from Americas Styrenics during the three and six months ended June 30, 2020 and received dividends of $40.0 million and $52.5 million from Americas Styrenics during the three and six months ended June 30, 2019, respectively.

NOTE 5—INVENTORIES

Inventories consisted of the following:

	June 30, 2020	December 31, 2019
Finished goods	$ 148.5	$ 210.8
Raw materials and semi-finished goods	127.0	190.1
Supplies	37.8	37.3
Total	$ 313.3	$ 438.2

NOTE 6—DEBT

Refer to the Annual Report for definitions of capitalized terms not included herein and further background on the Company's debt structure discussed below. The Company was in compliance with all debt related covenants as of June 30, 2020 and December 31, 2019.

As of June 30, 2020 and December 31, 2019, debt consisted of the following:

			June 30, 2020			December 31, 2019		
	Interest Rate as of June 30, 2020	Maturity Date	Carrying Amount	Unamortized Deferred Financing Fees[1]	Total Debt, Less Unamortized Deferred Financing Fees	Carrying Amount	Unamortized Deferred Financing Fees[1]	Total Debt, Less Unamortized Deferred Financing Fees
Senior Credit Facility								
2024 Term Loan B	2.178%	September 2024	$ 680.8	$ (12.3)	$ 668.5	$ 684.3	$ (13.7)	$ 670.6
2022 Revolving Facility[2]	Various	September 2022	100.0	—	100.0	—	—	—
2025 Senior Notes	5.375%	September 2025	500.0	(6.7)	493.3	500.0	(7.3)	492.7
Accounts Receivable Securitization Facility[3]	Various	September 2021	—	—	—	—	—	—
Other indebtedness	Various	Various	11.2	—	11.2	10.4	—	10.4
Total debt			$ 1,292.0	$ (19.0)	$ 1,273.0	$ 1,194.7	$ (21.0)	$ 1,173.7
Less: current portion[4]					(11.7)			(11.1)
Total long-term debt, net of unamortized deferred financing fees					$ 1,261.3			$ 1,162.6

(1) This caption does not include deferred financing fees related to the Company's revolving facilities, which are included within "Deferred charges and other assets" on the condensed consolidated balance sheets.

(2) As of June 30, 2020, under the 2022 Revolving Facility, the Company had a capacity of $375.0 million, with $100.0 million of outstanding borrowings, resulting in incremental funds available for borrowing of $261.0 million (net amount available due to $14.0 million outstanding letters of credit). Additionally, the Company is required to pay a quarterly commitment fee in respect of any unused commitments under this facility equal to 0.375% per annum. On July 24, 2020, the Company repaid the $100.0 million of outstanding borrowings on the 2022 Revolving Facility.

(3) As of June 30, 2020, this facility had a borrowing capacity of $150.0 million, and the Company had approximately $110.3 million of accounts receivable available to support this facility, based on the pool of eligible accounts receivable. In regard to outstanding borrowings, fixed interest charges are 1.95% plus variable commercial paper rates, while for available, but undrawn commitments, fixed interest charges are 1.00%.

(4) As of June 30, 2020 and December 31, 2019, the current portion of long-term debt primarily related to $7.0 million of the scheduled future principal payments on the 2024 Term Loan B.

NOTE 7—GOODWILL

The following table shows changes in the carrying amount of goodwill, by segment, from December 31, 2019 to June 30, 2020:

	Latex Binders	Synthetic Rubber	Performance Plastics	Polystyrene	Feedstocks	Americas Styrenics	Total
Balance at December 31, 2019	$ 15.6	$ 11.0	$ 36.7	$ 4.4	$ —	$ —	$ 67.7
Foreign currency impact *	—	—	—	—	—	—	—
Balance at June 30, 2020	$ 15.6	$ 11.0	$ 36.7	$ 4.4	$ —	$ —	$ 67.7

* For the six months ended June 30, 2020, foreign currency impact on goodwill balances totaled less than $0.1 million.

NOTE 8—DERIVATIVE INSTRUMENTS

The Company's ongoing business operations expose it to various risks, including fluctuating foreign exchange rates and interest rate risk. To manage these risks, the Company periodically enters into derivative financial instruments, such as foreign exchange forward contracts and interest rate swap agreements. The Company does not hold or enter into financial instruments for trading or speculative purposes. All derivatives are recorded on the condensed consolidated balance sheets at fair value.

Foreign Exchange Forward Contracts

Certain subsidiaries have assets and liabilities denominated in currencies other than their respective functional currencies, which creates foreign exchange risk. The Company's principal strategy in managing its exposure to changes in foreign currency exchange rates is to naturally hedge the foreign currency-denominated liabilities on its balance sheet against corresponding assets of the same currency, such that any changes in liabilities due to fluctuations in exchange rates are offset by changes in their corresponding foreign currency assets. In order to further reduce this exposure, the Company also uses foreign exchange forward contracts to economically hedge the impact of the variability in exchange rates on assets and liabilities denominated in certain foreign currencies. These derivative contracts are not designated for hedge accounting treatment.

As of June 30, 2020, the Company had open foreign exchange forward contracts with a notional U.S. dollar equivalent absolute value of $390.9 million. The following table displays the notional amounts of the most significant net foreign exchange hedge positions outstanding as of June 30, 2020:

Buy / (Sell)	June 30, 2020
Euro	$ (252.2)
Chinese Yuan	$ (56.1)
Swiss Franc	$ 25.7
Korean Won	$ (14.5)
Mexican Peso	$ (12.4)

Open foreign exchange forward contracts as of June 30, 2020 had maturities occurring over a period of two months.

Foreign Exchange Cash Flow Hedges

The Company also enters into forward contracts with the objective of managing the currency risk associated with forecasted U.S. dollar-denominated raw materials purchases by one of its subsidiaries whose functional currency is the euro. By entering into these forward contracts, which are designated as cash flow hedges, the Company buys a designated amount of U.S. dollars and sells euros at the prevailing market rate to mitigate the risk associated with the fluctuations in the euro-to-U.S. dollar foreign currency exchange rates. The qualifying hedge contracts are marked-to-market at each reporting date and any unrealized gains or losses are included in Accumulated Other Comprehensive Income ("AOCI") to the extent effective, and reclassified to cost of sales in the period during which the transaction affects earnings or it becomes probable that the forecasted transaction will not occur.

Open foreign exchange cash flow hedges as of June 30, 2020 had maturities occurring over a period of six months, and had a net notional U.S. dollar equivalent of $42.0 million.

Interest Rate Swaps

On September 6, 2017, the Company issued the 2024 Term Loan B, which currently bears an interest rate of LIBOR plus 2.00%, subject to a 0.00% LIBOR floor. In order to reduce the variability in interest payments associated with the Company's variable rate debt, during 2017 the Company entered into certain interest rate swap agreements to convert a portion of these variable rate borrowings into a fixed rate obligation. These interest rate swap agreements are designated as cash flow hedges, and as such, the contracts are marked-to-market at each reporting date and any unrealized gains or losses are included in AOCI to the extent effective, and reclassified to interest expense in the period during which the transaction affects earnings or it becomes probable that the forecasted transaction will not occur.

As of June 30, 2020, the Company had open interest rate swap agreements with a net notional U.S. dollar equivalent of $200.0 million which had an effective date of September 29, 2017 and mature in September 2022. Under the terms of the swap agreements, the Company is required to pay the counterparties a stream of fixed interest payments at a rate of 1.81%, and in turn, receives variable interest payments based on 1-month LIBOR (0.18% as of June 30, 2020) from the counterparties.

Net Investment Hedge

On September 1, 2017, the Company entered into certain fixed-for-fixed cross currency swaps ("CCS"), swapping USD principal and interest payments on its 2025 Senior Notes for euro-denominated payments. Under the terms of this CCS (the "2017 CCS"), the Company notionally exchanged $500.0 million at an interest rate of 5.375% for €420.0 million at a weighted average interest rate of 3.45% for approximately five years. On September 1, 2017, the Company designated the full notional amount of the 2017 CCS (€420.0 million) as a hedge of its net investment in certain European subsidiaries under the forward method, with all changes in the fair value of the 2017 CCS recorded as a component of AOCI, as the 2017 CCS were deemed to be highly effective hedges. A cumulative foreign currency translation loss of $38.0 million was recorded within AOCI related to the 2017 CCS through March 31, 2018.

Effective April 1, 2018, the Company elected as an accounting policy to re-designate the 2017 CCS as a net investment hedge (and any future similar hedges) under the spot method. As such, changes in the fair value of the 2017 CCS included in the assessment of effectiveness (changes due to spot foreign exchange rates) were recorded as cumulative foreign currency translation within OCI, and will remain in AOCI until either the sale or substantially complete liquidation of the subsidiary. As of June 30, 2020, no gains or losses have been reclassified from AOCI into income related to the sale or substantially complete liquidation of the relevant subsidiaries. As an additional accounting policy election applied to similar hedges under this new standard, the initial value of any component excluded from the assessment of effectiveness is recognized in income using a systematic and rational method over the life of the hedging instrument. Any difference between the change in the fair value of the excluded component and amounts recognized in income under that systematic and rational method is recognized in AOCI. Prior to April 1, 2018, no components were excluded from the assessment of effectiveness for any of the Company's existing net investment hedges.

As of April 1, 2018, the initial excluded component value related to the 2017 CCS was $23.6 million, which the Company elected to amortize as a reduction of "Interest expense, net" in the condensed consolidated statements of operations using the straight-line method over the remaining term of the 2017 CCS. Additionally, the accrual of periodic

USD and euro-denominated interest receipts and payments under the terms of the 2017 CCS were recognized within "Interest expense, net" in the condensed consolidated statements of operations.

On February 26, 2020, the Company settled its 2017 CCS and replaced it with a new CCS arrangement (the "2020 CCS") that carried substantially the same terms as the 2017 CCS. Upon settlement of the 2017 CCS, the Company realized net cash proceeds of $51.6 million. The remaining $13.8 million unamortized balance of the initial excluded component related to the 2017 CCS at the time of settlement is no longer being amortized following the settlement and will remain in AOCI until either the sale or substantially complete liquidation of the relevant subsidiaries. Under the 2020 CCS, the Company notionally exchanged $500.0 million at an interest rate of 5.375% for €459.3 million at a weighted average interest rate of 3.672% for approximately 2.7 years, with a final maturity of November 3, 2022. The cash flows under the 2020 CCS are aligned with the Company's principal and interest obligations on its 5.375% 2025 Senior Notes.

Summary of Derivative Instruments

The following table presents the effect of the Company's derivative instruments, including those not designated for hedge accounting treatment, on the condensed consolidated statements of operations for the three and six months ended June 30, 2020 and 2019:

	Location and Amount of Gain (Loss) Recognized in Statements of Operations					
	Three Months Ended June 30, 2020			Three Months Ended June 30, 2019		
	Cost of sales	Interest expense, net	Other expense, net	Cost of sales	Interest expense, net	Other expense, net
Total amount of income and expense line items presented in the statements of operations in which the effects of derivative instruments are recorded	$ 576.8	$ 11.7	$ 1.0	$ 865.6	$ 9.9	$ 1.5
The effects of cash flow hedge instruments:						
Foreign exchange cash flow hedges						
Amount of gain reclassified from AOCI into income	$ 0.5	$ —	$ —	$ 1.6	$ —	$ —
Interest rate swaps						
Amount of gain (loss) reclassified from AOCI into income	$ —	$ (0.7)	$ —	$ —	$ 0.3	$ —
The effects of net investment hedge instruments:						
Cross currency swaps (CCS)						
Amount of gain excluded from effectiveness testing	$ —	$ 2.0	$ —	$ —	$ 3.9	$ —
The effects of derivatives not designated as hedge instruments:						
Foreign exchange forward contracts						
Amount of loss recognized in income	$ —	$ —	$ (8.1)	$ —	$ —	$ (2.4)

	Location and Amount of Gain (Loss) Recognized in Statements of Operations					
	Six Months Ended June 30, 2020			Six Months Ended June 30, 2019		
	Cost of sales	Interest expense, net	Other expense, net	Cost of sales	Interest expense, net	Other expense, net
Total amount of income and expense line items presented in the statements of operations in which the effects of derivative instruments are recorded	$ 1,360.6	$ 22.0	$ 2.6	$ 1,781.2	$ 20.1	$ 5.5
Effects of cash flow hedge instruments:						
Foreign exchange cash flow hedges						
Amount of gain reclassified from AOCI into income	$ 0.6	$ —	$ —	$ 2.2	$ —	$ —
Interest rate swaps						
Amount of gain (loss) reclassified from AOCI into income	$ —	$ (0.7)	$ —	$ —	$ 0.7	$ —
Effects of net investment hedge instruments:						
Cross currency swaps (CCS)						
Amount of gain excluded from effectiveness testing [(1)]	$ —	$ 5.4	$ —	$ —	$ 7.9	$ —
Effects of derivatives not designated as hedge instruments:						
Foreign exchange forward contracts						
Amount of gain recognized in income	$ —	$ —	$ 5.7	$ —	$ —	$ 0.3

(1) Amount for the six months ended June 30, 2020 includes the effect on AOCI from the 2017 CCS through its settlement on February 26, 2020 and the effect on AOCI from the 2020 CCS from when it was entered into on February 26, 2020 through June 30, 2020.

The following table presents the effect of cash flow and net investment hedge accounting on AOCI for the three and six months ended June 30, 2020 and 2019:

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	Gain (Loss) Recognized in AOCI on Balance Sheet			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Designated as Cash Flow Hedges				
Foreign exchange cash flow hedges	$ (1.2)	$ (1.8)	$ 0.9	$ 0.5
Interest rate swaps	(0.1)	(3.6)	(5.9)	(5.8)
Total	$ (1.3)	$ (5.4)	$ (5.0)	$ (5.3)
Designated as Net Investment Hedges				
Cross currency swaps (CCS) [(1)]	$ (10.3)	$ (3.6)	$ 12.6	$ 7.9
Total	$ (10.3)	$ (3.6)	$ 12.6	$ 7.9

(1) Amount for the six months ended June 30, 2020 includes the effect on AOCI from the 2017 CCS through its settlement on February 26, 2020 and the effect on AOCI from the 2020 CCS from when it was entered into on February 26, 2020 through June 30, 2020.

The Company recorded losses of $8.1 million and gains of $5.7 million during the three and six months ended June 30, 2020, respectively, and recorded losses of $2.4 million and gains of $0.3 million during the three and six months ended June 30, 2019, respectively, from settlements and changes in the fair value of outstanding forward contracts (not designated as hedges). The losses and gains from these forward contracts offset net foreign exchange transaction gains of $8.7 million and losses of $5.3 million during the three and six months ended June 30, 2020, respectively, and gains of $2.6 million and losses of $0.5 million during the three and six months ended June 30, 2019, respectively, which resulted from the re-measurement of the Company's foreign currency denominated assets and liabilities. The cash settlements of these foreign exchange forward contracts are included within operating activities in the condensed consolidated statements of cash flows.

The Company expects to reclassify in the next twelve months an approximate $2.9 million net loss from AOCI into earnings related to the Company's outstanding foreign exchange cash flow hedges and interest rate swaps as of June 30, 2020 based on current foreign exchange rates.

The following tables summarize the gross and net unrealized gains and losses, as well as the balance sheet classification, of outstanding derivatives recorded in the condensed consolidated balance sheets:

	June 30, 2020				
Balance Sheet Classification	**Foreign Exchange Forward Contracts**	**Foreign Exchange Cash Flow Hedges**	**Interest Rate Swaps**	**Cross Currency Swaps**	**Total**
Asset Derivatives:					
Accounts receivable, net of allowance	$ 0.8	$ 0.4	$ —	$ 6.6	$ 7.8
Gross derivative asset position	0.8	0.4	—	6.6	7.8
Less: Counterparty netting	(0.6)	—	—	—	(0.6)
Net derivative asset position	$ 0.2	$ 0.4	$ —	$ 6.6	$ 7.2
Liability Derivatives:					
Accounts payable	$ (3.3)	$ —	$ (3.3)	$ —	$ (6.6)
Other noncurrent obligations	—	—	(4.0)	(13.5)	(17.5)
Gross derivative liability position	(3.3)	—	(7.3)	(13.5)	(24.1)
Less: Counterparty netting	0.6	—	—	—	0.6
Net derivative liability position	$ (2.7)	$ —	$ (7.3)	$ (13.5)	$ (23.5)
Total net derivative position	**$ (2.5)**	**$ 0.4**	**$ (7.3)**	**$ (6.9)**	**$ (16.3)**

	December 31, 2019				
Balance Sheet Classification	**Foreign Exchange Forward Contracts**	**Foreign Exchange Cash Flow Hedges**	**Interest Rate Swaps**	**Cross Currency Swaps**	**Total**
Asset Derivatives:					
Accounts receivable, net of allowance	$ 1.1	$ —	$ —	$ 8.6	$ 9.7
Deferred charges and other assets	—	—	—	19.2	19.2
Gross derivative asset position	1.1	—	—	27.8	28.9
Less: Counterparty netting	(0.4)	—	—	—	(0.4)
Net derivative asset position	$ 0.7	$ —	$ —	$ 27.8	$ 28.5
Liability Derivatives:					
Accounts payable	$ (5.7)	$ (0.5)	$ (0.4)	$ —	$ (6.6)
Other noncurrent obligations	—	—	(1.0)	—	(1.0)
Gross derivative liability position	(5.7)	(0.5)	(1.4)	—	(7.6)
Less: Counterparty netting	0.5	—	—	—	0.5
Net derivative liability position	$ (5.2)	$ (0.5)	$ (1.4)	$ —	$ (7.1)
Total net derivative position	**$ (4.5)**	**$ (0.5)**	**$ (1.4)**	**$ 27.8**	**$ 21.4**

Forward contracts, interest rate swaps, and cross currency swaps are entered into with a limited number of counterparties, each of which allows for net settlement of all contracts through a single payment in a single currency in the event of a default on or termination of any one contract. As such, in accordance with the Company's accounting policy, these derivative instruments are recorded on a net basis by counterparty within the condensed consolidated balance sheets.

Refer to Notes 9 and 17 of the condensed consolidated financial statements for further information regarding the fair value of the Company's derivative instruments and the related changes in AOCI.

NOTE 9—FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities measured at fair value are classified using the following hierarchy, which is based upon the transparency of inputs to the valuation as of the measurement date.

Level 1—Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3—Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The following table summarizes the basis used to measure certain assets and liabilities at fair value on a recurring basis in the condensed consolidated balance sheets as of June 30, 2020 and December 31, 2019:

	June 30, 2020			
Assets (Liabilities) at Fair Value	**Quoted Prices in Active Markets for Identical Items (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Foreign exchange forward contracts—Assets	$ —	$ 0.2	$ —	$ 0.2
Foreign exchange forward contracts—(Liabilities)	—	(2.7)	—	(2.7)
Foreign exchange cash flow hedges —Assets	—	0.4	—	0.4
Interest rate swaps—(Liabilities)	—	(7.3)	—	(7.3)
Cross currency swaps—Assets	—	6.6	—	6.6
Cross currency swaps—(Liabilities)	—	(13.5)	—	(13.5)
Total fair value	$ —	$ (16.3)	$ —	$ (16.3)

	December 31, 2019			
Assets (Liabilities) at Fair Value	**Quoted Prices in Active Markets for Identical Items (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Foreign exchange forward contracts—Assets	$ —	$ 0.7	$ —	$ 0.7
Foreign exchange forward contracts—(Liabilities)	—	(5.2)	—	(5.2)
Foreign exchange cash flow hedges —(Liabilities)	—	(0.5)	—	(0.5)
Interest rate swaps—(Liabilities)	—	(1.4)	—	(1.4)
Cross currency swaps—Assets	—	27.8	—	27.8
Total fair value	$ —	$ 21.4	$ —	$ 21.4

The Company uses an income approach to value its derivative instruments, utilizing discounted cash flow techniques, considering the terms of the contract and observable market information available as of the reporting date, such as interest rate yield curves and currency spot and forward rates. Significant inputs to the valuation for these derivative instruments are obtained from broker quotations or from listed or over-the-counter market data, and are classified as Level 2 in the fair value hierarchy.

Nonrecurring Fair Value Measurements

The Company's financial assets measured at fair value on a nonrecurring basis as of June 30, 2020 were as follows:

	June 30, 2020			
	Quoted Prices in Active Markets for Identical Items (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets:				
Boehlen styrene monomer property, plant and equipment	$ —	$ —	$ 3.3	$ 3.3
Schkopau PBR property, plant and equipment	—	—	1.5	1.5
Total fair value	$ —	$ —	$ 4.8	$ 4.8

In 2020, the Company continued its strategy to focus efforts and increase investments in certain product offerings serving the following applications, which are less cyclical and offer significantly higher growth and margin potential: coatings, adhesives, sealants, and elastomers applications ("CASE") within the Latex Binders segment; engineered materials applications within the Performance Plastics segment; and solution styrene butadiene rubber ("SSBR") within the Synthetic Rubber segment.

As a result of continuing this strategy and other management considerations, in March of 2020, 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 ("PBR," specifically nickel and neodymium-PBR) assets in Schkopau, Germany.

Based on the Company's evaluation of these asset groups, it determined that the long-lived assets at both locations should be assessed for impairment during the six months ended June 30, 2020. These assessments indicated that the carrying values of the asset groups at each location were not recoverable when compared to the expected undiscounted future cash flows from the operation and potential disposition of these assets. Based upon the Company's assessment, it concluded that the fair value of the Boehlen styrene monomer and Schkopau PBR asset groups totaled $3.3 million and $1.5 million, respectively, as of June 30, 2020, including the impacts of depreciation and foreign currency during the three months ended June 30, 2020. Therefore, the Company recorded impairment charges on the Boehlen styrene monomer assets and the Schkopau PBR assets of $10.3 million and $28.0 million, respectively, during the six months ended June 30, 2020, which are included within "Impairment charges" on the condensed consolidated statements of operations. The fair value of the depreciable assets at each location was determined through an analysis of the underlying fixed asset records in conjunction with the use of industry experience and available market data.

There were no other financial assets and no financial liabilities measured at fair value on a nonrecurring basis as of June 30, 2020 and there were no financial assets or liabilities measured at fair value on a nonrecurring basis as of December 31, 2019.

Fair Value of Debt Instruments

The following table presents the estimated fair value of the Company's outstanding debt not carried at fair value as of June 30, 2020 and December 31, 2019:

	As of June 30, 2020	As of December 31, 2019
2025 Senior Notes	$ 476.1	$ 503.7
2024 Term Loan B	650.2	686.4
Total fair value	$ 1,126.3	$ 1,190.1

The fair value of the Company's debt facilities above (each Level 2 securities) is determined using over-the-counter market quotes and benchmark yields received from independent vendors.

There were no other significant financial instruments outstanding as of June 30, 2020 and December 31, 2019.

NOTE 10—PROVISION FOR INCOME TAXES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Effective income tax rate	(101.5)%	36.0 %	(47.2)%	29.3 %

Provision for income taxes for the three and six months ended June 30, 2020 totaled $64.7 million and $52.8 million, respectively, resulting in an effective tax rate of (101.5)% and (47.2)%, respectively. Provision for income taxes for the three and six months ended June 30, 2019 totaled $15.7 million and $26.5 million, respectively, resulting in an effective tax rate of 36.0% and 29.3%, respectively.

The effective income tax rate for the three and six months ended June 30, 2020 was primarily driven by the Company's forecasted jurisdictional mix of earnings, where the tax benefit of losses expected to be generated in lower rate jurisdictions are being more than offset by tax expense on income expected to be generated in higher tax jurisdictions, resulting in a negative tax rate based on the overall forecasted loss for the year. Also impacting the rate for the six months ended June 30, 2020 was a tax benefit related to the impairment charges recorded during the period related to the Company's assets in Boehlen and Schkopau, Germany. Refer to Note 9 in the condensed consolidated financial statements for further information.

NOTE 11—COMMITMENTS AND CONTINGENCIES

Environmental Matters

Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on current law, existing technologies and other information. Pursuant to the terms of the agreement associated with the Company's formation, the pre-closing environmental liabilities were retained by Dow, and Dow agreed, subject to temporal, monetary, and other limitations to indemnify the Company from and against environmental liabilities incurred or relating to the predecessor periods. No environmental claims have been asserted or threatened against the Company, and the Company is not a potentially responsible party at any Superfund Sites. As of June 30, 2020 and December 31, 2019, the Company had no accrued obligations for environmental remediation or restoration costs.

Inherent uncertainties exist in the Company's potential environmental liabilities primarily due to unknown conditions, whether future claims may fall outside the scope of the indemnity, changing governmental regulations and legal standards regarding liability, and evolving technologies for handling site remediation and restoration. In connection with the Company's existing indemnification, the possibility is considered remote that environmental remediation costs will have a material adverse impact on the condensed consolidated financial statements over the next 12 months.

Purchase Commitments

In the normal course of business, the Company has certain raw material purchase contracts where it is required to purchase certain minimum volumes at current market prices. These commitments range from one to five years. In certain raw material purchase contracts, the Company has the right to purchase less than the required minimums and pay a liquidated damages fee, or, in case of a permanent plant shutdown, to terminate the contracts. In such cases, these obligations would be less than the annual commitment as disclosed in the Notes to Consolidated Financial Statements included in the Annual Report.

Litigation Matters

From time to time, the Company may be subject to various legal claims and proceedings incidental to the normal conduct of business, relating to such matters as employees, product liability, antitrust/competition, past waste disposal practices and release of chemicals into the environment. While it is impossible at this time to determine with certainty the ultimate outcome of these routine claims, the Company does not believe that the ultimate resolution of these claims will have a material adverse effect on the Company's results of operations, financial condition or cash flow. Legal costs, including those legal costs expected to be incurred in connection with a loss contingency, are expensed as incurred.

European Commission Request for Information

On June 6, 2018, Trinseo Europe GmbH, a subsidiary of the Company, received a Request for Information in the form of a letter from the European Commission Directorate General for Competition (the "European Commission") related to styrene monomer commercial activity in the European Economic Area. The Company subsequently commenced an internal investigation into these commercial activities and discovered instances of inappropriate activity.

On October 28, 2019, a supplemental request for information was received from the European Commission. This request was limited to historical employment, entity, and organizational structures, along with certain financial, styrene purchasing, and styrene market information, as well as certain spot styrene purchase contracts. The Company has provided this information and continues to fully cooperate with the European Commission.

The proceedings with the European Commission continue and its outcome remains open. Based on its findings, the European Commission may decide to: (i) require further information; (ii) conduct unannounced raids of the Company's premises; (iii) adopt a decision imposing fines, and/or request certain behavioral or structural commitments from the Company; or (iv) in view of defense arguments by the Company close the proceedings. As a result of the above factors, the Company is unable to predict the ultimate outcome of this matter or estimate the range of reasonably possible losses that could be incurred. However, any potential losses incurred could be material to the Company's results of operations, balance sheet, and cash flows for the period in which they are resolved or become probable and reasonably estimable.

NOTE 12—PENSION PLANS AND OTHER POSTRETIREMENT BENEFITS

The components of net periodic benefit costs for all significant plans were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Defined Benefit Pension Plans				
Service cost	$ 4.2	$ 3.1	$ 8.6	$ 6.3
Interest cost	0.8	1.2	1.6	2.5
Expected return on plan assets	(0.3)	(0.5)	(0.6)	(1.0)
Amortization of prior service credit	(0.3)	(0.3)	(0.6)	(0.5)
Amortization of net loss	1.2	0.8	2.3	1.5
Net settlement loss	—	—	—	0.7
Net periodic benefit cost	$ 5.6	$ 4.3	$ 11.3	$ 9.5

The Company had less than $0.1 million of net periodic benefit costs for its other postretirement plans for the three and six months ended June 30, 2020 and 2019.

Service cost related to the Company's defined benefit pension plans and other postretirement plans is included within "Cost of sales" and "Selling, general and administrative expenses" whereas all other components of net periodic benefit cost are included within "Other expense, net" in the condensed consolidated statements of operations. As of June 30, 2020 and December 31, 2019, the Company's benefit obligations included primarily in "Other noncurrent obligations" in the condensed consolidated balance sheets were $276.0 million and $270.6 million, respectively.

The Company made cash contributions and benefit payments to unfunded plans of approximately $1.6 million and $3.4 million during the three and six months ended June 30, 2020, respectively. The Company expects to make additional cash contributions, including benefit payments to unfunded plans, of approximately $4.5 million to its defined benefit plans for the remainder of 2020.

NOTE 13—SHARE-BASED COMPENSATION

Refer to the Annual Report for definitions of capitalized terms not included herein and further background on the Company's share-based compensation programs included in the tables below.

The following table summarizes the Company's share-based compensation expense for the three and six months ended June 30, 2020 and 2019, as well as unrecognized compensation cost as of June 30, 2020:

	Three Months Ended June 30,		Six Months Ended June 30,		As of June 30, 2020	
	2020	2019	2020	2019	Unrecognized Compensation Cost	Weighted Average Years
RSUs	$ 1.8	$ 1.9	$ 3.5	$ 4.0	$ 12.3	2.0
Options	0.8	0.8	1.8	2.0	2.7	1.4
PSUs	0.5	0.8	1.0	1.7	3.7	2.1
Total share-based compensation expense	$ 3.1	$ 3.5	$ 6.3	$ 7.7		

The following table summarizes awards granted and the respective weighted average grant date fair value for the six months ended June 30, 2020:

	Six Months Ended June 30, 2020	
	Awards Granted	Weighted Average Grant Date Fair Value per Award
RSUs	355,818	$ 24.13
Options	530,241	6.51
PSUs	102,545	24.54

Option Awards

The following are the weighted average assumptions used within the Black-Scholes pricing model for the Company's option awards granted during the six months ended June 30, 2020:

	Six Months Ended June 30, 2020
Expected term (in years)	5.50
Expected volatility	39.93 %
Risk-free interest rate	1.19 %
Dividend yield	3.25 %

The expected volatility assumption is predominantly determined based on the historical volatility of the Company's publicly traded ordinary shares. The expected term of option awards represents the period of time that option awards granted are expected to be outstanding. For the option awards granted during the six months ended June 30, 2020, the simplified method was used to calculate the expected term, given the Company's limited historical exercise data. The risk-free interest rate for the periods within the expected term of option awards is based on the U.S. Treasury yield curve in effect at the time of grant. The dividend yield is estimated based on historical and expected dividend activity.

Performance Share Units (PSUs)

The following are the weighted average assumptions used within the Monte Carlo valuation model for PSUs granted during the six months ended June 30, 2020:

	Six Months Ended June 30, 2020
Expected term (in years)	3.00
Expected volatility	40.50 %
Risk-free interest rate	1.16 %
Share price	$ 24.30

Determining the fair value of PSUs requires considerable judgment, including estimating the expected volatility of the price of the Company's ordinary shares, the correlation between the Company's share price and that of its peer companies, and the expected rate of interest. The expected volatility for each grant is determined based on the historical volatility of the Company's ordinary shares. The expected term of PSUs represents the length of the performance period. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for a duration equivalent to the performance period. The share price is the closing price of the Company's ordinary shares on the grant date.

NOTE 14—ACQUISITIONS AND DIVESTITURES

Acquisition of Latex Binders Assets in Germany

On October 1, 2019, the Company completed the acquisition from Dow of its latex binder production facilities and related infrastructure in Rheinmünster, Germany. The transaction included full ownership and operational control of latex production facilities, site infrastructure, and service contracts, as well as certain employees transferring from Dow to Trinseo. This acquisition provided Trinseo with manufacturing assets supporting its strategy to grow its Latex Binders business in applications serving the coatings, adhesives, specialty paper, and sealants markets. The transaction was accounted for as a business combination and did not require any upfront cash outlay from Trinseo. The Company assumed net liabilities of $2.0 million as well as employees transferred in connection with the acquisition during the year ended December 31, 2019. In exchange for the net liabilities assumed, Trinseo received net cash of $6.7 million during the year ended December 31, 2019, and an additional $0.2 million during the six months ended June 30, 2020.

The Company allocated the purchase price of the acquisition to identifiable assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. During the second quarter of 2020, there were no changes to the purchase price allocation for the acquisition. However, further adjustments may be necessary as a result of the Company's ongoing assessment of additional information related to the fair value of assets acquired and liabilities assumed during the measurement period. Refer to the Annual Report for further information.

NOTE 15—SEGMENTS

The Company operates under six segments: Latex Binders, Synthetic Rubber, Performance Plastics, Polystyrene, Feedstocks, and Americas Styrenics. The Latex Binders segment produces styrene-butadiene latex ("SB latex") and other latex polymers and binders, primarily for coated paper and packaging board, carpet and artificial turf backings, as well as a broad range of performance latex binders products, including SB latex, SA latex, and vinylidene chloride latex for CASE applications. The Synthetic Rubber segment produces synthetic rubber products, including SSBR, used predominantly in high-performance tires, impact modifiers and technical rubber products, such as conveyer belts, hoses, seals and gaskets. The Performance Plastics segment includes a variety of highly engineered compounds and blends, the Company's acrylonitrile-butadiene-styrene ("ABS"), styrene-acrylonitrile ("SAN"), and polycarbonate ("PC") businesses, and engineered materials applications, which includes consumer electronics, medical, and thermoplastic elastomers (“TPEs”) applications. The Polystyrene segment includes a variety of general purpose polystyrenes (“GPPS”) and polystyrene that has been modified with polybutadiene rubber to increase its impact resistant properties (“HIPS”). The Feedstocks segment includes the Company’s production and procurement of styrene monomer outside of North America, which is used as a key raw material in many of the Company’s products, including polystyrene, SB latex, ABS resins, and SSBR. Lastly, the Americas Styrenics segment consists solely of the operations of the Company’s 50%-owned joint venture, Americas Styrenics, a producer of both styrene monomer and polystyrene in North America.

The following table provides disclosure of the Company’s segment Adjusted EBITDA, which is used to measure segment operating performance and is defined below, for the three and six months ended June 30, 2020 and 2019. Asset and intersegment sales information by reporting segment is not regularly reviewed or included with the Company’s reporting to the chief operating decision maker. Therefore, this information has not been disclosed below. Refer to Note 3 for the Company’s net sales to external customers by segment for the three and six months ended June 30, 2020 and 2019.

Three Months Ended (1)	Latex Binders	Synthetic Rubber	Performance Plastics	Polystyrene	Feedstocks	Americas Styrenics
June 30, 2020	$ 17.0	$ (27.7)	$ (5.6)	$ 14.8	$ (3.5)	$ 14.4
June 30, 2019	$ 20.6	$ 12.9	$ 34.2	$ 16.2	$ (0.6)	$ 40.3

Six Months Ended (1)	Latex Binders	Synthetic Rubber	Performance Plastics	Polystyrene	Feedstocks	Americas Styrenics
June 30, 2020	$ 38.6	$ (12.5)	$ 31.2	$ 26.6	$ (19.8)	$ 24.2
June 30, 2019	$ 38.1	$ 21.7	$ 69.9	$ 32.9	$ 16.6	$ 72.5

(1) The Company’s primary measure of segment operating performance is Adjusted EBITDA, which is defined as income from continuing operations before interest expense, net; provision for income taxes; depreciation and amortization expense; loss on extinguishment of long-term debt; asset impairment charges; gains or losses on the dispositions of businesses and assets; restructuring charges; acquisition related costs and benefits and other items. Segment Adjusted EBITDA is a key metric that is used by management to evaluate business performance in comparison to budgets, forecasts, and prior year financial results, providing a measure that management believes reflects core operating performance by removing the impact of transactions and events that would not be considered a part of core operations. Other companies in the industry may define segment Adjusted EBITDA differently than the Company, and as a result, it may be difficult to use segment Adjusted EBITDA, or similarly named financial measures, that other companies may use to compare the performance of those companies to the Company’s segment performance.

The reconciliation of income before income taxes to segment Adjusted EBITDA is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Income (loss) before income taxes	$ (63.7)	$ 43.7	$ (111.9)	$ 90.3
Interest expense, net	11.7	9.9	22.0	20.1
Depreciation and amortization	34.8	34.7	71.1	68.7
Corporate Unallocated(2)	17.7	20.8	39.6	46.9
Adjusted EBITDA Addbacks(3)	8.9	14.5	67.5	25.7
Segment Adjusted EBITDA	$ 9.4	$ 123.6	$ 88.3	$ 251.7

(2) Corporate unallocated includes corporate overhead costs and certain other income and expenses.
(3) Adjusted EBITDA addbacks for the three and six months ended June 30, 2020 and 2019 are as follows:

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net gain on disposition of businesses and assets	$ —	$ —	$ (0.4)	$ (0.2)
Restructuring and other charges (Note 16)	6.3	(0.3)	8.1	0.1
Acquisition transaction and integration net costs	(0.4)	0.7	(0.3)	0.7
Asset impairment charges or write-offs (Note 9)	—	—	38.3	—
Other items[(a)]	3.0	14.1	21.8	25.1
Total Adjusted EBITDA Addbacks	$ 8.9	$ 14.5	$ 67.5	$ 25.7

(a) Other items for the three and six months ended June 30, 2020 and 2019 primarily relate to advisory and professional fees incurred in conjunction with the Company's initiative to transition business services from Dow, including certain administrative services such as accounts payable, logistics, finance, and IT services. Also included within other items for the three and six months ended June 30, 2020 and 2019 are fees incurred in conjunction with certain of the Company's strategic initiatives.

NOTE 16—RESTRUCTURING

Refer to the Annual Report for further details regarding the Company's previously announced restructuring activities included in the tables below. Restructuring charges are included within "Selling, general and administrative expenses" in the condensed consolidated statements of operations.

The following table provides detail of the Company's restructuring charges for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Cumulative Life-to-date Charges	Segment
Corporate Restructuring Program						
Accelerated depreciation	$ 1.2	$ —	$ 2.5	$ —	$ 2.9	
Employee termination benefits	4.1	—	4.4	—	21.4	
Contract terminations	1.2	—	2.4	—	2.8	
Corporate Program Subtotal	$ 6.5	$ —	$ 9.3	$ —	$ 27.1	N/A[(1)]
Terneuzen Compounding Restructuring						
Asset impairment/accelerated depreciation	$ —	$ —	$ —	$ —	$ 3.1	
Employee termination benefits	—	(0.4)	—	(0.4)	0.7	
Contract terminations	—	—	—	—	0.3	
Decommissioning and other	0.1	—	0.2	0.2	2.2	
Terneuzen Subtotal	$ 0.1	$ (0.4)	$ 0.2	$ (0.2)	$ 6.3	Performance Plastics[(2)]
Livorno Plant Restructuring						
Asset impairment/accelerated depreciation	$ —	$ —	$ —	$ —	$ 14.7	
Employee termination benefits	—	—	—	—	5.4	
Contract terminations	—	—	—	—	0.3	
Decommissioning and other	—	0.1	0.2	0.3	4.4	
Livorno Subtotal	$ —	$ 0.1	$ 0.2	$ 0.3	$ 24.8	Latex Binders[(3)]
Other Restructurings	0.9	—	0.9	—		Various
Total Restructuring Charges	$ 7.5	$ (0.3)	$ 10.6	$ 0.1		

(1) In November 2019, the Company announced a corporate restructuring program associated with the Company's shift to a global functional structure and business excellence initiatives to drive greater focus on business process optimization and efficiency, which continued through the six months ended June 30, 2020. In connection with this restructuring plan, the Company incurred employee termination benefit charges of $4.1

million, inclusive of a share-based compensation benefit of $1.4 million, contract termination charges of $1.2 million, and accelerated depreciation charges of $1.2 million during the three months ended June 30, 2020. Employee termination benefit charges of $4.4 million, contract termination charges of $2.4 million, and accelerated depreciation charges of $2.5 million were incurred during the six months ended June 30, 2020. The Company expects to incur incremental employee termination benefit charges of less than $1.0 million, inclusive of pension charges, through the end of 2020, and the majority of these total benefits are expected to be paid by the end of 2020. As this was identified as a corporate-related activity, the charges related to this restructuring program were not allocated to a specific segment, but rather included within corporate unallocated.

(2) In 2017, the Company announced plans to upgrade its production capability for compounded resins with the construction of a new state-of-the art compounding facility to replace its existing compounding facility in Terneuzen, The Netherlands. As of June 30, 2020, the new facility is complete, along with all substantive transition and quality assurance activities. Production at the prior facility ceased and decommissioning activities began in 2019, and are expected to continue through the first half of 2021. The Company estimates it will incur incremental decommissioning and other charges of less than $1.0 million through 2021, the majority of which are expected to be paid during the remainder of 2020.

(3) In 2016, the Company ceased manufacturing activities at its latex binders manufacturing facility in Livorno, Italy and began decommissioning activities. In 2018, the Company entered into an agreement to sell the land where the former facility is located. This land sale closed in January 2020, for a total purchase price of $12.5 million. A prepayment of $1.3 million of this purchase price was received in 2018, and was recorded within “Accrued expenses and other current liabilities” on the condensed consolidated balance sheets as of December 31, 2019. The remaining purchase price was received in January 2020 when the transaction closed. The Company recorded a net gain on sale of $0.6 million during the six months ended June 30, 2020, which was recorded within “Selling, general and administrative expenses” in the condensed consolidated statements of operations.

The following table provides a roll forward of the liability balances associated with the Company’s restructuring activities as of June 30, 2020. Employee termination benefit and contract termination charges are primarily recorded within “Accrued expenses and other current liabilities” in the condensed consolidated balance sheets. The liability balances as of June 30, 2020 primarily represent activity related to the corporate restructuring program. No other individual restructuring activity had a material liability balance as of June 30, 2020.

	Balance at December 31, 2019	**Expenses**	**Deductions[(1)]**	**Balance at June 30, 2020**
Employee termination benefits	$ 17.2	$ 6.7	$ (7.0)	$ 16.9
Contract terminations	0.7	—	(0.5)	0.2
Decommissioning and other	—	0.4	(0.4)	—
Total	$ 17.9	$ 7.1	$ (7.9)	$ 17.1

(1) Primarily includes payments made against the existing accrual, as well as immaterial impacts of foreign currency remeasurement.

NOTE 17—ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of AOCI, net of income taxes, consisted of:

Three Months Ended June 30, 2020 and 2019	Cumulative Translation Adjustments	Pension & Other Postretirement Benefit Plans, Net	Cash Flow Hedges, Net	Total
Balance as of March 31, 2020	$ (96.0)	$ (55.1)	$ (3.1)	$ (154.2)
Other comprehensive loss	(1.1)	—	(1.5)	(2.6)
Amounts reclassified from AOCI to net income(1)	—	0.5	0.2	0.7
Balance as of June 30, 2020	$ (97.1)	$ (54.6)	$ (4.4)	$ (156.1)
Balance as of March 31, 2019	$ (112.1)	$ (40.4)	$ 9.0	$ (143.5)
Other comprehensive income (loss)	3.0	—	(3.5)	(0.5)
Amounts reclassified from AOCI to net income (loss)(1)	—	0.3	(1.9)	(1.6)
Balance as of June 30, 2019	$ (109.1)	$ (40.1)	$ 3.6	$ (145.6)

Six Months Ended June 30, 2020 and 2019	Cumulative Translation Adjustments	Pension & Other Postretirement Benefit Plans, Net	Cash Flow Hedges, Net	Total
Balance as of December 31, 2019	$ (106.7)	$ (56.3)	$ 0.6	$ (162.4)
Other comprehensive income (loss)	9.6	0.6	(5.1)	5.1
Amounts reclassified from AOCI to net income(1)	—	1.1	0.1	1.2
Balance as of June 30, 2020	$ (97.1)	$ (54.6)	$ (4.4)	$ (156.1)
Balance as of December 31, 2018	$ (111.8)	$ (39.4)	$ 8.9	$ (142.3)
Other comprehensive income (loss)	2.7	(2.0)	(2.4)	(1.7)
Amounts reclassified from AOCI to net income (loss)(1)	—	1.3	(2.9)	(1.6)
Balance as of June 30, 2019	$ (109.1)	$ (40.1)	$ 3.6	$ (145.6)

(1) The following is a summary of amounts reclassified from AOCI to net income for the three and six months ended June 30, 2020 and 2019:

AOCI Components	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Statements of Operations Classification
Cash flow hedging items					
Foreign exchange cash flow hedges	$ (0.5)	$ (1.6)	$ (0.6)	$ (2.2)	Cost of sales
Interest rate swaps	0.7	(0.3)	0.7	(0.7)	Interest expense, net
Total before tax	0.2	(1.9)	0.1	(2.9)	
Tax effect	—	—	—	—	Provision for income taxes
Total, net of tax	$ 0.2	$ (1.9)	$ 0.1	$ (2.9)	
Amortization of pension and other postretirement benefit plan items					
Prior service credit	$ (0.3)	$ (0.3)	$ (0.6)	$ (0.6)	(a)
Net actuarial loss	1.1	0.8	2.3	1.6	(a)
Net settlement loss	—	—	—	0.7	(a)
Total before tax	0.8	0.5	1.7	1.7	
Tax effect	(0.3)	(0.2)	(0.6)	(0.4)	Provision for income taxes
Total, net of tax	$ 0.5	$ 0.3	$ 1.1	$ 1.3	

(a) These AOCI components are included in the computation of net periodic benefit costs (see Note 12).

NOTE 18—EARNINGS PER SHARE

Basic earnings per ordinary share (“basic EPS”) is computed by dividing net income available to ordinary shareholders by the weighted average number of the Company’s ordinary shares outstanding for the applicable period. Diluted earnings per ordinary share (“diluted EPS”) is calculated using net income available to ordinary shareholders divided by diluted weighted average ordinary shares outstanding during each period, which includes unvested RSUs, option awards, and PSUs. Diluted EPS considers the impact of potentially dilutive securities except in periods in which there is a loss because the inclusion of the potential ordinary shares would have an anti-dilutive effect.

The following table presents basic EPS and diluted EPS for the three and six months ended June 30, 2020 and 2019:

(in millions, except per share data)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Earnings:				
Net income (loss)	$ (128.4)	$ 28.0	$ (164.7)	$ 63.8
Shares:				
Weighted average ordinary shares outstanding	38.2	40.8	38.4	41.0
Dilutive effect of RSUs, option awards, and PSUs[1]	—	0.3	—	0.5
Diluted weighted average ordinary shares outstanding	38.2	41.1	38.4	41.5
Income (loss) per share:				
Income (loss) per share—basic	$ (3.36)	$ 0.69	$ (4.29)	$ 1.56
Income (loss) per share—diluted	$ (3.36)	$ 0.68	$ (4.29)	$ 1.54

(1) Refer to Note 13 for discussion of RSUs, option awards, and PSUs granted to certain Company directors and employees. As the Company recorded a net loss for the three and six months ended June 30, 2020, potential shares related to equity-based awards have been excluded from the calculation of diluted EPS, as doing so would be anti-dilutive. The number of anti-dilutive shares that have been excluded from the computation of diluted earnings per share were 0.7 million and 0.8 million for the three and six months ended June 30, 2019, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

2020 Year-to-Date Highlights

During the three and six months ended June 30, 2020, Trinseo recognized net loss of $128.4 million and $164.7 million, respectively, and Adjusted EBITDA of $(8.3) million and $48.7 million, respectively. These results were significantly impacted by the negative effects of the COVID-19 pandemic as well as unfavorable net raw material timing, discussed in detail below. Refer to "Non-GAAP Performance Measures" below for further discussion of our use of non-GAAP measures in evaluating our performance and a reconciliation of these measures. Other highlights for the year are described below.

COVID-19 Pandemic

The Company noted adverse market and industry conditions beginning to emerge in mid-March 2020 stemming from the COVID-19 pandemic. This pandemic has created an environment with historically-low demand, mainly in our Performance Plastics and Synthetic Rubber segments, resulting from reduced sales to automotive and tire applications. Management estimates that the COVID-19 pre-tax impact on profitability was approximately $60.0 million to $65.0 million during the three months ended June 30, 2020, and approximately $65.0 million to $70.0 million year-to-date. These impacts are partially offset by management actions taken to reduce and control operating costs, and lower utility costs.

Through the second quarter, the Company has continued operations at the majority of our manufacturing locations and has not experienced any material disruptions in our supply chain, which has allowed us to continue meeting customer demand. Our procurement and supply chain teams continue to update contingency plans in the event of a significant disruption or shutdown so that future customer demand can continue to be met with timeliness and quality. The Company has been actively responding to this situation to adjust our business operations, and will continue to monitor developments and take action as needed. Refer to the "Outlook" section below for further information on the ongoing and potential impacts of COVID-19 to the Company's operations and results in future periods.

With regard to capital resources and liquidity, the Company has continued to implement liquidity-focused actions in response to COVID-19, including reduced capital spending, operating expenses, and working capital. As a result of these actions, the Company achieved strong cash generation and quarter-end liquidity. The Company continues to maintain a strong balance sheet, has substantial sources of liquidity available, no maintenance covenants on our debt agreements, and no significant debt maturing until September 2024. Refer to the "Capital Resources and Liquidity" section below for further information.

Impairment of Boehlen styrene monomer and Schkopau PBR Assets

In 2020, the Company continued our strategy, as described in the Company's Annual Report for 2019, to focus efforts and increase investments in certain product offerings serving the following applications, which are less cyclical and offer significantly higher growth and margin potential: coatings, adhesives, sealants, and elastomers ("CASE") applications within the Latex Binders segment; engineered materials ("Engineered Materials") applications within the Performance Plastics segment, which includes consumer electronics, medical, and thermoplastic elastomers ("TPEs") applications; and solution styrene butadiene rubber ("SSBR") within the Synthetic Rubber segment. As a result of continuing this strategy and other management considerations, in March 2020, the Company initiated a consultation process with the Economic Council and Works Councils of Trinseo Deutschland regarding the disposition of our styrene monomer assets in Boehlen, Germany and our polybutadiene rubber ("PBR," specifically nickel and neodymium-PBR) assets in Schkopau, Germany. Based on the Company's evaluation of these assets, we determined that their full carrying value was not recoverable and, as a result, we recorded an impairment charge on the assets of approximately $38.3 million in March 2020. This impairment charge is recorded within "Impairment charges" on the condensed consolidated statements of operations for the six months ended June 30, 2020. In May 2020, the Company made the determination to mothball our PBR production assets in Schkopau, Germany. The impacts of this decision and the resulting measures taken by the Company are not material to our financial statements.

Results of Operations
Results of Operations for the Three and Six Months Ended June 30, 2020 and 2019

(in millions)	Three Months Ended June 30, 2020	%	Three Months Ended June 30, 2019	%	Six Months Ended June 30, 2020	%	Six Months Ended June 30, 2019	%
Net sales	$ 569.7	100 %	$ 951.8	100 %	$ 1,423.2	100 %	$ 1,964.9	100 %
Cost of sales	576.8	101 %	865.6	91 %	1,360.6	96 %	1,781.2	91 %
Gross profit (loss)	(7.1)	(1)%	86.2	9 %	62.6	4 %	183.7	9 %
Selling, general and administrative expenses	58.3	10 %	71.4	8 %	135.8	10 %	140.3	7 %
Equity in earnings of unconsolidated affiliates	14.4	3 %	40.3	4 %	24.2	2 %	72.5	4 %
Impairment charges	—	— %	—	—	38.3	3 %	—	— %
Operating income (loss)	(51.0)	(9)%	55.1	6 %	(87.3)	(6)%	115.9	6 %
Interest expense, net	11.7	2 %	9.9	1 %	22.0	2 %	20.1	1 %
Other expense, net	1.0	— %	1.5	— %	2.6	— %	5.5	— %
Income (loss) before income taxes	(63.7)	(11)%	43.7	5 %	(111.9)	(8)%	90.3	5 %
Provision for income taxes	64.7	11 %	15.7	2 %	52.8	4 %	26.5	1 %
Net income (loss)	$ (128.4)	(23)%	$ 28.0	3 %	$ (164.7)	(12)%	$ 63.8	3 %

Three Months Ended – June 30, 2020 vs. June 30, 2019

Net Sales

Of the 40% decrease in net sales, 18% was due to lower sales volume. These lower sales volumes were primarily within the Performance Plastics and Synthetic Rubber segments, resulting from reduced sales to automotive and tire applications as a result of COVID-19. There were also lower sales volumes in the Latex Binders segment, especially within graphical paper and textile applications, and the Feedstocks segment, partially offset by higher sales volume within the Polystyrene segment, including higher demand to essential applications such as packaging and appliances. An additional 21% decrease was attributable to lower selling prices mainly due to the pass through of lower raw material costs.

Cost of Sales

Of the 33% decrease in cost of sales, 19% was due to lower raw material costs, and 14% was due to the aforementioned lower sales volume within the Synthetic Rubber, Performance Plastics, Feedstocks, and Latex Binders segments, partially offset by higher sales volume within the Polystyrene segment.

Gross Profit (Loss)

The decrease in gross profit of 108% was primarily attributable to COVID-19 related volume impacts as well as significant unfavorable net raw material timing impact in comparison to the prior year. In addition, as production schedules were adjusted and inventory reduction measures were taken, there was an impact of approximately $10.0 million related to lower production cost absorption in comparison to the prior year. See the segment discussion below for further information.

Selling, General and Administrative Expenses (SG&A)

The $13.1 million, or 18%, decrease in SG&A was due to several factors. Lower advisory and professional fees, mainly related to the Company's transition of business and technical services from Dow, which was largely completed in the first quarter of 2020, resulted in a $10.6 million decrease. Also contributing to the decrease were various management actions taken to control operating costs in response to COVID-19. This includes a decrease of $3.1 million in costs incurred for travel-related expenses, as well as an overall reduction in personnel costs, partially offset by an increase in restructuring costs associated with the corporate restructuring program.

Equity in Earnings of Unconsolidated Affiliates

The decrease in equity earnings of $25.9 million was due to lower equity earnings from Americas Styrenics, mainly attributable to lower styrene margins in North America as well as volume-related impacts due to COVID-19.

Other Expense, Net

Other expense, net for the three months ended June 30, 2020 was $1.0 million, which included $1.4 million of expense related to the non-service cost components of net periodic benefit cost, partially offset by foreign exchange transaction gains of $0.6 million. Net foreign transaction gains included $8.7 million of gains primarily from the remeasurement of our euro denominated payables due to the relative changes in rates between the U.S. dollar and the euro during the period, offset by $8.1 million of losses from our foreign exchange forward contracts.

Other expense, net for the three months ended June 30, 2019 was $1.5 million, which included $1.2 million of expense related to the non-service cost components of net periodic benefit cost. This is partially offset by foreign exchange transaction gains of $0.2 million. Net foreign transaction gains included $2.6 million of foreign exchange transaction gains primarily from the remeasurement of our euro denominated payables due to the relative changes in rates between the U.S. dollar and the euro during the period, offset by $2.4 million of losses from our foreign exchange forward contracts.

Provision for Income Taxes

Provision for income taxes for the three months ended June 30, 2020 totaled $64.7 million, resulting in an effective tax rate of (101.5)%. Provision for income taxes for the three months ended June 30, 2019 totaled $15.7 million, resulting in an effective tax rate of 36.0%.

The increase in provision for income taxes was primarily driven by the Company's forecasted jurisdictional mix of earnings, where losses expected to be generated in lower rate jurisdictions are being more than offset by income expected to be generated in higher tax jurisdictions, resulting in a negative tax rate based on the overall forecasted loss for the year.

Six Months Ended – June 30, 2020 vs. June 30, 2019

Net Sales

Of the 28% decrease in net sales, 13% was due to lower sales volume within the Synthetic Rubber, Performance Plastics, and Feedstocks segments, due primarily to COVID-19. In particular, we noted significant decreases in sales volumes within our Performance Plastics and Synthetic Rubber segments, resulting from reduced sales to automotive and tire applications. An additional 13% decrease was attributable to lower selling prices mainly due to the pass through of lower raw material costs.

Cost of Sales

Of the 24% decrease in cost of sales, 12% was due to lower raw material costs, primarily from styrene and butadiene, and 10% was due to the aforementioned lower sales volume within the Synthetic Rubber, Performance Plastics, and Feedstocks segments.

Gross Profit (Loss)

The decrease in gross profit of 66% was primarily attributable to lower sales volumes due to COVID-19, and styrene margin compression in the Feedstocks segment, as well as an unfavorable net raw material timing impact in comparison to the prior year. See the segment discussion below for further information.

Selling, General and Administrative Expenses (SG&A)

The $4.5 million, or 3%, decrease in SG&A was due to several factors. Lower advisory and professional fees, mainly related to the Company's transition of business and technical services from Dow, which was largely completed in the first quarter of 2020, resulted in a $4.3 million decrease. Also contributing to the decrease were various management actions taken to control operating costs in response to COVID-19. This includes a $4.9 million decrease in travel-related expenses. We also noted a $2.1 million decrease due to currency impacts on our euro-based expenses, as the euro weakened in comparison to the U.S. dollar. Partially offsetting these decreases was an increase of $2.9 million related to increased depreciation and an increase in bad debt expense of $1.9 million. The remaining change in overall SG&A is primarily attributable to an increase in restructuring costs from our corporate restructuring program, partially offset by a reduction in personnel costs.

Equity in Earnings of Unconsolidated Affiliates

The decrease in equity earnings of $48.3 million was due to lower equity earnings from Americas Styrenics, mainly attributable to lower styrene margins, volume-related impacts from COVID-19, and the impact from the planned turnaround at its St. James, Louisiana styrene facility in the first quarter of 2020.

Impairment charges

During the six months ended June 30, 2020, the Company recorded combined impairment charges of $38.3 million on our Boehlen styrene monomer assets and Schkopau PBR assets. Refer to Note 9 for further information

Other Expense, Net

Other expense, net for the six months ended June 30, 2020 was $2.6 million, which included $2.8 million of expense related to the non-service cost components of net periodic benefit cost, as well as foreign exchange transaction gains of $0.4 million. Net foreign transaction gains included $5.3 million of foreign exchange transaction losses primarily from the remeasurement of our euro denominated payables due to the relative changes in rates between the U.S. dollar and the euro during the period, offset by $5.7 million of gains from our foreign exchange forward contracts.

Other expense, net for the six months ended June 30, 2019 was $5.5 million, which included $3.5 million of expense related to the non-service cost components of net periodic benefit cost, as well as foreign exchange transaction losses of $0.2 million. Net foreign transaction losses included $0.5 million of foreign exchange transaction losses primarily from the remeasurement of our euro denominated payables due to the relative changes in rates between the U.S. dollar and the euro during the period, partially offset by $0.3 million of gains from our foreign exchange forward contracts. Other expense, net also included $1.9 million of other miscellaneous expenses during the period.

Provision for Income Taxes

Provision for income taxes for the six months ended June 30, 2020 totaled $52.8 million, resulting in an effective tax rate of (47.2)%. Provision for income taxes for the six months ended June 30, 2019 totaled $26.5 million, resulting in an effective tax rate of 29.3%.

The increase in provision for income taxes was primarily driven by the Company's forecasted jurisdictional mix of earnings, where losses expeceted to be generated in lower rate jurisdictions are being more than offset by income expected to be generated in higher tax jurisdictions, resulting in a negative tax rate based on the overall forecasted loss for the year. The provision for income taxes was also impacted by the tax benefit related to the $38.3 million pre-tax impairment charges recorded during the period related to the Company's assets in Boehlen and Schkopau, Germany. Refer to Note 9 in the condensed consolidated financial statements for further information.

Outlook

As described above in "2020 Year-to-Date Highlights," the COVID-19 pandemic has created significant worldwide volatility, uncertainty and disruption, including impacts to our business and the end markets in which we operate. The Company's actions taken in response to this pandemic, as well as our outlook for operations, demand, and liquidity are described herein. Due to the significant uncertainty underlying the duration, magnitude, long-term economic impact of and expectations for recovery from the COVID-19 pandemic, there are inherent limitations underlying our future projections. Refer to the "Item 1A. Risk Factors" section below for further information regarding the risks related to the pandemic.

The Company has taken proactive steps to minimize the potential impact of the COVID-19 crisis to our stakeholders as well as the financial impacts to the Company. Our primary focus in this environment has been maintaining a safe and healthy workplace for our employees and other stakeholders, which led to the formation of a COVID-19 crisis response team and implementation of a pandemic response plan. These actions have allowed us to ensure worker safety, optimize production schedules at our plants, and keep our supply chain intact while also proactively developing and maintaining contingency plans and enabling the safe operation of our plants.

We have implemented actions to reduce cost and improve efficiency, including the continuation of our Business Excellence initiatives and the corporate restructuring program announced in the fourth quarter of 2019. In April 2020, the reorganization of our executive leadership team was also announced. We have also taken actions to maximize our already strong liquidity position, including the reduction of capital spending, operating expenses, and working capital.

Operationally, the Company has continued manufacturing at most of our locations and we have not experienced any material disruptions in our supply chain. We have seen resiliency in a number of our businesses, including sustained demand for polystyrene and latex binders for food packaging, polycarbonate for isolation sheeting, and engineered materials for medical applications. As noted previously, the Company experienced a historically-low demand environment in the second quarter of 2020, especially in our Performance Plastics, Synthetic Rubber, and Latex Binders segments, driven by automotive, tire, graphical paper, and textile applications, which reached a low point in April. However, we saw significant end market improvement as the quarter progressed, particularly in June, and we are hopeful that this momentum will continue through the third quarter. However, we caution that the rate of recovery remains unknown.

Additionally, we have seen styrene margin improvement in Europe given the impacts of lower fuel demand on raw material prices and reduced propylene oxide styrene monomer operating rates.

Amid this market volatility and uncertainty, the Company has continued to maintain a strong financial position with ample access to capital resources and liquidity to manage the anticipated impact of the COVID-19 pandemic on our business operations for the foreseeable future. In particular, we note that in April we announced the drawdown of $100.0 million on our 2022 Revolving Facility as a precautionary measure. As noted above, we have increased confidence there will be continued end market improvement in the coming months, as a result of which, we repaid the entire $100.0 million on our 2022 Revolving Facility on July 24, 2020.

Refer to the “Capital Resources and Liquidity” section below for more information.

Selected Segment Information

The following sections describe net sales, Adjusted EBITDA, and Adjusted EBITDA margin by segment for the three and six months ended June 30, 2020 and 2019. Inter-segment sales have been eliminated. Refer to Note 15 in the condensed consolidated financial statements for further information on our segments, as well as for a detailed definition of Adjusted EBITDA and a reconciliation of income before income taxes to segment Adjusted EBITDA.

Latex Binders Segment

Our Latex Binders segment produces styrene-butadiene latex (“SB latex”) and other latex polymers and binders primarily for coated paper and packaging board, carpet and artificial turf backings, as well as a broad range of performance latex binders products, including SB latex, SA latex, and vinylidene chloride latex for CASE applications.

	Three Months Ended June 30,			Six Months Ended June 30,		
($ in millions)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
Net sales	$ 164.9	$ 230.2	(28)%	$ 384.0	$ 454.1	(15)%
Adjusted EBITDA	$ 17.0	$ 20.6	(17)%	$ 38.6	$ 38.1	1 %
Adjusted EBITDA margin	10 %	9 %		10 %	8 %	

Three Months Ended – June 30, 2020 vs. June 30, 2019

Of the 28% decrease in net sales, 20% was due to lower pricing from the pass through of lower raw material costs and 7% due to lower sales volume, primarily from reductions in graphical paper and textile applications sales as demand was impacted by COVID-19.

The $3.6 million, or 17%, decrease in Adjusted EBITDA was primarily due to lower sales volume of, $5.3 million, or 26%. This was partially offset by higher margins due to lower raw material and utility costs, which resulted in a $1.1 million, or 5%, increase as well as a $1.1 million, or 5%, increase due to lower fixed costs.

Six Months Ended – June 30, 2020 vs. June 30, 2019

Of the 15% decrease in net sales, 14% was due to lower pricing from the pass through of lower raw material costs, primarily from styrene and butadiene. Lower sales volume to the graphical paper and textile markets were offset by sales from the recently acquired site in Rheinmünster, Germany.

The $0.5 million, or 1%, increase in Adjusted EBITDA was primarily due to higher margins attributable mainly to lower utility costs, which resulted in a $2.5 million, or 7%, increase. These impacts were offset by a $1.7 million, or 4%, decrease due to higher fixed costs as well as a $0.3 million, or 1%, decrease due to reduced sales volume.

Synthetic Rubber Segment

Our Synthetic Rubber segment produces styrene-butadiene and polybutadiene-based rubber products used predominantly in high-performance tires, impact modifiers and technical rubber products, such as conveyor belts, hoses, seals and gaskets. We have a broad synthetic rubber technology and product portfolio, focusing on specialty products, such as solution styrene-butadiene rubber (“SSBR”), while also producing core products, such as emulsion styrene-butadiene rubber (“ESBR”).

	Three Months Ended June 30,			Six Months Ended June 30,		
($ in millions)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
Net sales	$ 36.4	$ 112.1	(68)%	$ 138.0	$ 236.7	(42)%
Adjusted EBITDA	$ (27.7)	$ 12.9	(315)%	$ (12.5)	$ 21.7	(158)%
Adjusted EBITDA margin	(76)%	12 %		(9)%	9 %	

Three Months Ended – June 30, 2020 vs. June 30, 2019

Of the 68% decrease in net sales, 56% was due to decreased sales volumes from weaker demand in the global tire market due to COVID-19. An additional decrease of 11% was due to lower pricing from the pass through of lower raw material costs, mainly from styrene and butadiene.

The $40.6 million, or 315%, decrease in Adjusted EBITDA was primarily due to lower sales volume as described above, which resulted in a $27.2 million, or 211%, decrease. An additional $9.8 million, or 76%, decrease was due to lower margins, mainly from net timing impacts, and an additional $3.9 million, or 30%, decrease due to higher fixed costs from a lower level of fixed cost absorption due to a planned maintenance turnaround.

Six Months Ended – June 30, 2020 vs. June 30, 2019

Of the 42% decrease in net sales, 31% was due to decreased sales volume from weaker demand in the global tire market due to COVID-19. An additional decrease of 9% was due to lower pricing from the pass through of lower raw material costs, mainly from styrene and butadiene.

The $34.2 million, or 158%, decrease in Adjusted EBITDA was primarily due to lower sales volume as described above, which resulted in a $32.1 million, or 148%, decrease. An additional $7.0 million, or 32%, decrease was due to lower margins, mainly from net raw material timing impacts. These impacts were partially offset by an increase of $5.2 million, or 24%, due to lower fixed costs.

Performance Plastics Segment

Our Performance Plastics segment includes a variety of highly engineered compounds and blends, our acrylonitrile-butadiene-styrene (“ABS”), styrene-acrylonitrile (“SAN”), and polycarbonate (“PC”) businesses, and engineered materials applications, which includes consumer electronics, medical, and thermoplastic elastomers (“TPEs”) applications.

($ in millions)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	% Change	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	% Change
Net sales	$ 189.0	$ 347.5	(46)%	$ 494.2	$ 716.8	(31)%
Adjusted EBITDA	$ (5.6)	$ 34.2	(116)%	$ 31.2	$ 69.9	(55)%
Adjusted EBITDA margin	(3)%	10 %		6 %	10 %	

Three Months Ended – June 30, 2020 vs. June 30, 2019

Of the 46% decrease in net sales, 33% was due to lower sales volume, where COVID-19 caused significant headwinds in automotive applications as many customers in Europe and North America shut down production in the first half of the quarter. An additional 12% decrease was due to lower pricing from the pass through of lower raw material costs, primarily styrene.

The $39.8 million, or 116%, decrease in Adjusted EBITDA was primarily due to the lower sales volume noted above, primarily to automotive applications, which resulted in a $37.0 million, or 108%, decrease. This decrease was also due to lower margins from unfavorable net raw material timing, which resulted in an $8.0 million, or 23% decrease. These impacts were partially offset by a $5.4 million, or 16%, increase due to lower fixed costs.

Six Months Ended – June 30, 2020 vs. June 30, 2019

Of the 31% decrease in net sales, 22% was due to lower sales volume, attributable to weak market conditions driven by COVID-19. An additional 8% decrease was due to lower pricing from the pass through of lower raw material costs, primarily styrene.

The $38.7 million, or 55%, decrease in Adjusted EBITDA was primarily due to the aforementioned lower sales volume, which resulted in a $42.3 million, or 61%, decrease. This was partially offset by a $5.6 million, or 8%, increase due to lower fixed costs.

Polystyrene Segment

Our product offerings in our Polystyrene segment include a variety of general purpose polystyrenes (“GPPS”) and polystyrene that has been modified with polybutadiene rubber to increase its impact resistant properties (“HIPS”). These products provide customers with performance and aesthetics at a low cost across applications, including appliances, packaging, including food packaging and food service disposables, consumer electronics, and building and construction materials.

($ in millions)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	% Change	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	% Change
Net sales	$ 155.8	$ 207.1	(25)%	$ 338.6	$ 435.6	(22)%
Adjusted EBITDA	$ 14.8	$ 16.2	(9)%	$ 26.6	$ 32.9	(19)%
Adjusted EBITDA margin	9 %	8 %		8 %	8 %	

Three Months Ended – June 30, 2020 vs. June 30, 2019

Of the 25% decrease in net sales, 39% was due to lower pricing from the pass through of lower styrene costs to our customers. This was partially offset by an increase of 15% due to increased sales volume, from sales to essential applications such as packaging and appliances as well as the impact of prior year destocking.

The $1.4 million, or 9%, decrease in Adjusted EBITDA was primarily due to lower margins as a result of unfavorable net raw material timing, which resulted in a decrease of $4.4 million, or 28%. Additionally, higher fixed costs from lower production cost absorption resulted in a $1.1 million, or 7%, decrease and currency impacts resulted in a $0.3 million, or 2%, decrease as the euro weakened in comparison to the U.S. dollar during the period. These impacts more than offset increased sales volume, which resulted in a $4.5 million, or 28% increase.

Six Months Ended – June 30, 2020 vs. June 30, 2019

Of the 22% decrease in net sales, 21% was due to lower pricing from the pass through of lower styrene costs to our customers.

The $6.3 million, or 19%, decrease in Adjusted EBITDA was primarily due to a $3.6 million, or 11% decrease in margins from unfavorable net raw material timing. Additionally, a decrease of $1.8 million, or 6%, was due to higher fixed costs as a result of lower production cost absorption.

Feedstocks Segment

The Feedstocks segment includes the Company's production and procurement of styrene monomer outside of North America, which is used as a key raw material for the production of polystyrene, expandable polystyrene, SAN resins, styrene-acrylate latex ("SA latex"), SB latex, ABS resins, unsaturated polyethylene resins, and styrene-butadiene rubber.

	Three Months Ended June 30,			Six Months Ended June 30,		
($ in millions)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
Net sales	$ 23.6	$ 54.9	(57)%	$ 68.4	$ 121.7	(44)%
Adjusted EBITDA	$ (3.5)	$ (0.6)	483 %	$ (19.8)	$ 16.6	(219)%
Adjusted EBITDA margin	(15)%	(1)%		(29)%	14 %	

Three Months Ended – June 30, 2020 vs. June 30, 2019

Of the 57% decrease in net sales, 42% was due to lower pricing from the pass through of lower styrene prices and 15% was due to lower styrene-related sales volume.

The decrease of $2.9 million in Adjusted EBITDA was primarily due to a decrease in margins of $5.0 million, mainly from unfavorable net raw material timing. This impact was partially offset by lower fixed costs which resulted in a $2.5 million increase.

Six Months Ended – June 30, 2020 vs. June 30, 2019

Of the 44% decrease in net sales, 23% was due to lower pricing from the pass through of lower styrene prices and 19% was due to lower styrene-related sales volume.

The decrease of $36.4 million in Adjusted EBITDA was primarily due to lower margins in Europe and Asia from weaker market conditions as well as unfavorable net raw material timing, which resulted in a $40.5 million decrease. This was partially offset by lower fixed costs which resulted in an increase of $3.2 million.

Americas Styrenics Segment

This segment consists solely of the equity earnings from of our 50%-owned joint venture, Americas Styrenics, a producer of both styrene monomer and polystyrene in North America. Styrene monomer is a basic building block of plastics and a key input to many of the Company's products, as well as a key raw material for the production of polystyrene. Major applications for the polystyrene products Americas Styrenics produces include appliances, food packaging, food service disposables, consumer electronics, and building and construction materials.

($ in millions)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	% Change	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	% Change
Adjusted EBITDA*	$ 14.4	$ 40.3	(64)%	$ 24.2	$ 72.5	(67)%

**The results of this segment are comprised entirely of earnings from Americas Styrenics, our equity method investment. As such, Adjusted EBITDA related to this segment is included within "Equity in earnings of unconsolidated affiliates" in the condensed consolidated statements of operations.*

Three Months Ended – June 30, 2020 vs. June 30, 2019

The decrease in Adjusted EBITDA was mainly due to lower styrene margins in North America as well as lower sales volume due to COVID-19.

Six Months Ended – June 30, 2020 vs. June 30, 2019

The decrease in Adjusted EBITDA was mainly due to lower styrene margins in North America, volume-related impacts from COVID-19, and the impact from the planned turnaround at its St. James, Louisiana styrene facility in the first quarter of 2020.

Non-GAAP Performance Measures

We present Adjusted EBITDA as a non-GAAP financial performance measure, which we define as income from continuing operations before interest expense, net; provision for income taxes; depreciation and amortization expense; loss on extinguishment of long-term debt; asset impairment charges; gains or losses on the dispositions of businesses and assets; restructuring charges; acquisition related costs and other items. In doing so, we are providing management, investors, and credit rating agencies with an indicator of our ongoing performance and business trends, removing the impact of transactions and events that we would not consider a part of our core operations.

There are limitations to using the financial performance measures such as Adjusted EBITDA. This performance measure is not intended to represent net income or other measures of financial performance. As such, it should not be used as an alternative to net income as an indicator of operating performance. Other companies in our industry may define Adjusted EBITDA differently than we do. As a result, it may be difficult to use this or similarly-named financial measures that other companies may use, to compare the performance of those companies to our performance. We compensate for these limitations by providing a reconciliation of this performance measure to our net income, which is determined in accordance with GAAP.

Adjusted EBITDA is calculated as follows for the three and six months ended June 30, 2020 and 2019:

(in millions)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net income (loss)	**$ (128.4)**	**$ 28.0**	**$ (164.7)**	**$ 63.8**
Interest expense, net	11.7	9.9	22.0	20.1
Provision for income taxes	64.7	15.7	52.8	26.5
Depreciation and amortization	34.8	34.7	71.1	68.7
EBITDA(a)	$ (17.2)	$ 88.3	$ (18.8)	$ 179.1
Net gain on disposition of businesses and assets	—	—	(0.4)	(0.2)
Restructuring and other charges(b)	6.3	(0.3)	8.1	0.1
Acquisition transaction and integration net costs	(0.4)	0.7	(0.3)	0.7
Asset impairment charges or write-offs(c)	—	—	38.3	—
Other items(d)	3.0	14.1	21.8	25.1
Adjusted EBITDA	$ (8.3)	$ 102.8	$ 48.7	$ 204.8

(a) EBITDA is a non-GAAP financial performance measure that we refer to in making operating decisions because we believe it provides our management as well as our investors and credit agencies with meaningful information regarding the Company's operational performance. We believe the use of EBITDA as a metric assists our board of directors, management and investors in comparing our operating performance on a consistent basis. Other companies in our industry may define EBITDA differently than we do. As a result, it may be difficult to use EBITDA, or similarly-named financial measures that other companies may use, to compare the performance of those companies to our performance. We compensate for these limitations by providing reconciliations of our EBITDA results to our net income, which is determined in accordance with GAAP.

(b) Restructuring and other charges for the three and six months ended June 30, 2020 primarily relate to employee termination benefit charges as well as contract termination charges incurred in connection with the Company's corporate restructuring program announced in the fourth quarter of 2019. The restructuring and other charges for the three and six months ended June 30, 2019 primarily relate to decommissioning and employee termination benefit charges incurred in connection with the upgrade and replacement of our compounding facility in Terneuzen, The Netherlands as well as our decision to cease manufacturing activities at our latex binders manufacturing facility in Livorno, Italy. Refer to Note 16 in the condensed consolidated financial statements for further information regarding restructuring activities.

(c) Asset impairment charges or write-offs for the six months ended June 30, 2020 relate to the impairment of the Company's styrene monomer assets in Boehlen, Germany and PBR assets in Schkopau, Germany. Refer to Note 9 in the condensed consolidated financial statements for further information.

(d) Other items for the three and six months ended June 30, 2020 and 2019 primarily relate to advisory and professional fees incurred in conjunction with our initiative to transition business services from Dow, including certain administrative services such as accounts payable, logistics, and IT services. Also included within other items for the three and six months ended June 30, 2020 and 2019 are fees incurred in conjunction with certain of the Company's strategic initiatives.

Liquidity and Capital Resources

Cash Flows

The table below summarizes our primary sources and uses of cash for the six months ended June 30, 2020 and 2019. We have derived the summarized cash flow information from our unaudited financial statements.

	Six Months Ended June 30,	
(in millions)	**2020**	**2019**
Net cash provided by (used in):		
Operating activities	$ 75.8	$ 234.0
Investing activities	15.4	(46.9)
Financing activities	34.4	(101.9)
Effect of exchange rates on cash	(0.5)	(1.6)
Net change in cash, cash equivalents, and restricted cash	$ 125.1	$ 83.6

Operating Activities

Net cash provided by operating activities during the six months ended June 30, 2020 totaled $75.8 million. Net cash provided by operating assets and liabilities for the six months ended June 30, 2020 totaled $161.8 million, which was driven by the Company's liquidity-focused actions during the period, including reduced capital spending, operating expenses, and working capital. As a result of these initiatives as well as the impact of lower raw material prices and sales volumes, inventories decreased $123.1 million and accounts receivable decreased $129.9 million. Also contributing to the cash provided by operating activities during the period was the increase in income taxes payable of $54.0 million, due to the Company's effective tax rate during the period. These impacts were partially offset by the decrease in accounts payable and other current liabilities, which was attributable to the aforementioned lower raw material prices and sales volumes as well as the timing of vendor payments.

Net cash provided by operating activities during the six months ended June 30, 2019 totaled $234.0 million, inclusive of $52.5 million in dividends from Americas Styrenics. Net cash provided by operating assets and liabilities for the six months ended June 30, 2019 totaled $107.7 million, noting decreases in inventories of $50.7 million and accounts receivable of $24.1 million, and an increase in accounts payable and other current liabilities of $45.1 million. This activity was partially offset by a decrease in income taxes payable of $11.2 million. The decrease in inventories was primarily due to decreased raw material prices. Accounts receivable at the end of the second quarter decreased relative to the end of 2018 primarily due to decreased raw material prices as well as lower volumes. The increase in accounts payable was due to timing of vendor payments, while the decrease in income taxes payable was primarily due to the overall reduction in earnings before income taxes.

Investing Activities

Net cash provided by investing activities during the six months ended June 30, 2020 totaled $15.4 million, primarily resulting from proceeds from the settlement of hedging instruments of $51.6 million (see Note 8) as well as proceeds from the sale of businesses and other assets (primarily our land in Livorno, Italy – see Note 16) of $11.9 million. These impacts were partially offset by capital expenditures of $48.2 million, which management has taken specific actions to control and reduce in response to COVID-19.

Net cash used in investing activities during the six months ended June 30, 2019 totaled $46.9 million, primarily resulting from capital expenditures of $47.6 million.

Financing Activities

Net cash provided by financing activities during the six months ended June 30, 2020 totaled $34.4 million. This activity was primarily due to proceeds of $100.0 million from the draw on the Company’s 2022 Revolving Facility. This was partially offset by $25.0 million of payments related to the repurchase of ordinary shares, $31.2 million of dividends paid, $5.4 million of net repayments of short-term borrowings, and $3.4 million of net principal payments related to our 2024 Term Loan B during the period.

Net cash used in financing activities during the six months ended June 30, 2019 totaled $101.9 million. This activity was primarily due to $59.1 million of payments related to the repurchase of ordinary shares, $33.8 million of dividends paid, $3.5 million of net principal payments related to our 2024 Term Loan B during the period, and $2.3 million of net repayments of short-term borrowings. Additionally, net cash used in financing activities included $4.0 million of withholding taxes paid related to the vesting of certain RSUs during the period, partially offset by $0.8 million of proceeds received from the exercise of option awards.

Free Cash Flow and Liquidity

We use Free Cash Flow and Liquidity as non-GAAP measures to evaluate and discuss the Company’s liquidity position and results. Free Cash Flow is defined as cash from operating activities, less capital expenditures. Liquidity is defined as total cash and cash equivalents plus unused borrowing capacity on the Company’s existing revolving debt and accounts receivable securitization facilities, as applicable. We believe that Free Cash Flow provides an indicator of the Company’s ongoing ability to generate cash through core operations, as it excludes the cash impacts of various financing transactions as well as cash flows from business combinations that are not considered organic in nature. We also believe that Free Cash Flow and Liquidity provide management and investors with useful analytical indicators of our ability to service our indebtedness, pay dividends (when declared), and meet our ongoing cash obligations.

Free Cash Flow and Liquidity are not intended to represent cash flows from operations as defined by GAAP, and therefore, should not be used as alternatives for that measure. Other companies in our industry may define Free Cash Flow and Liquidity differently than we do. As a result, it may be difficult to use these or similarly-named financial measures that other companies may use, to compare the liquidity and cash generation of those companies to our own. We compensate for these limitations by providing the following detail, which is determined in accordance with GAAP.

Free Cash Flow for the six months ended June 30, 2020 and 2019 is as follows:

	Six Months Ended June 30,	
(in millions)	2020	2019
Cash provided by operating activities	$ 75.8	$ 234.0
Capital expenditures	(48.2)	(47.6)
Free Cash Flow	$ 27.6	$ 186.4

Refer to the discussion above for significant impacts to cash provided by operating activities for the six months ended June 30, 2020 and 2019.

Liquidity as of June 30, 2020 and December 31, 2019 is as follows:

	As of	
(in millions)	June 30, 2020	December 31, 2019
Cash and cash equivalents	$ 581.8	$ 456.2
Available borrowings under the Accounts Receivable Securitization Facility	110.3	137.6
Available borrowings under the 2022 Revolving Facility	261.0	361.0
Liquidity	$ 953.1	$ 954.8

Refer to the discussion below for further information on the components of Liquidity.

Capital Resources and Liquidity

We require cash principally for day-to-day operations, to finance capital investments and other initiatives, to purchase materials, to service our outstanding indebtedness, and to fund the return of capital to shareholders via dividend payments and ordinary share repurchases, when deemed appropriate. Our sources of liquidity include cash on hand, cash flow from operations, and amounts available under the Senior Credit Facility and the Accounts Receivable Securitization Facility (discussed further below).

As of June 30, 2020 and December 31, 2019, we had $1,292.0 million and $1,194.7 million, respectively, in outstanding indebtedness and $903.9 million and $963.5 million, respectively, in working capital. In addition, as of June 30, 2020 and December 31, 2019, we had $82.0 million and $153.5 million, respectively, of foreign cash and cash equivalents on our balance sheet, outside of our country of domicile of Luxembourg, all of which is readily convertible into other foreign currencies, including the U.S. dollar. Our intention is not to permanently reinvest our foreign cash and cash equivalents. Accordingly, we record deferred income tax liabilities related to the unremitted earnings of our subsidiaries.

The following table outlines our outstanding indebtedness as of June 30, 2020 and December 31, 2019 and the associated interest expense, including amortization of deferred financing fees and debt discounts. Effective interest rates for the borrowings included in the table below exclude the impact of deferred financing fee amortization, certain other fees charged to interest expense (such as fees for unused commitment fees during the period), and the impacts of derivatives designated as hedging instruments. For definitions of capitalized terms not included herein, refer to our Annual Report.

($ in millions)	As of and for the Six Months Ended June 30, 2020 Balance	Effective Interest Rate	Interest Expense	As of and for the Year Ended December 31, 2019 Balance	Effective Interest Rate	Interest Expense
Senior Credit Facility						
2024 Term Loan B	$ 680.8	2.5 %	$ 12.8	$ 684.3	4.3 %	$ 31.5
2022 Revolving Facility	100.0	2.8 %	2.0	—	—	3.2
2025 Senior Notes	500.0	5.4 %	8.6	500.0	5.4 %	12.1
Accounts Receivable Securitization Facility	—	—	0.8	—	—	1.5
Other indebtedness *	11.2	3.8 %	—	10.4	2.1 %	0.1
Total	$ 1,292.0		$ 24.2	$ 1,194.7		$ 48.4

For the six months ended June 30, 2020, interest expense on "Other indebtedness" totaled less than $0.1 million.

Our Senior Credit Facility includes the 2022 Revolving Facility, which matures in September 2022 and has a borrowing capacity of $375.0 million. As of June 30, 2020, the Company had $100.0 million of outstanding borrowings and $261.0 million of funds available for borrowing (net of $14.0 million outstanding letters of credit) under the 2022 Revolving Facility. Further, as of June 30, 2020, the Company is required to pay a quarterly commitment fee in respect of any unused commitments under the 2022 Revolving Facility equal to 0.375% per annum. The 2022 Revolving Facility contains a springing covenant which applies when 30% ($112.5 million) or more is drawn from the facility, and would require the Company to meet a first lien net leverage ratio not to exceed 2.0x at the end of each financial quarter. As of June 30, 2020 the first lien net leverage ratio (as defined in our secured credit agreement) was 0.5x.

On July 24, the Company repaid the $100.0 million of outstanding borrowings on the 2022 Revolving Facility.

Also included in our Senior Credit Facility is our 2024 Term Loan B (with original principal of $700.0 million, maturing in September 2024), which requires scheduled quarterly payments in amounts equal to 0.25% of the original principal. The stated interest rate on our 2024 Term Loan B is LIBOR plus 2.00% (subject to a 0.00% LIBOR floor). The Company made net principal payments of $3.4 million on the 2024 Term Loan B during the six months ended June 30, 2020, with an additional $7.0 million of scheduled future payments classified as current debt on the Company's condensed consolidated balance sheet as of June 30, 2020.

Our 2025 Senior Notes, as issued under the Indenture, include $500.0 million aggregate principal amount of 5.375% senior notes that mature on September 1, 2025. Interest on the 2025 Senior Notes is payable semi-annually on May 3 and November 3 of each year, which commenced on May 3, 2018. These notes may be redeemed prior to their maturity at the option of the Company under certain circumstances at specific redemption prices. Refer to our Annual Report for further information.

We continue to maintain our Accounts Receivable Securitization Facility which has a borrowing capacity of $150.0 million and matures in September 2021. As of June 30, 2020, there were no amounts outstanding under this facility, and the Company had approximately $110.3 million of accounts receivable available to support this facility, based on the pool of eligible accounts receivable.

Our ability to raise additional financing and our borrowing costs may be impacted by short- and long-term debt ratings assigned by independent rating agencies, which are based, in significant part, on our performance as measured by certain credit metrics such as interest coverage and leverage ratios.

We and our subsidiaries, affiliates or significant shareholders may from time to time seek to retire or purchase our outstanding debt through cash purchases in the open market, privately negotiated transactions, exchange transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Trinseo Materials Operating S.C.A. and Trinseo Materials Finance, Inc. (the "Issuers" of our 2025 Senior Notes and "Borrowers" under our Senior Credit Facility) are dependent upon the cash generation and receipt of distributions and dividends or other payments from our subsidiaries and joint venture in order to satisfy their debt obligations. There are no known significant restrictions by third parties on the ability of subsidiaries of the Company to disburse or dividend funds to the Issuers and the Borrowers in order to satisfy these obligations. However, as the Company's subsidiaries are located in a variety of jurisdictions, the Company can give no assurances that our subsidiaries will not face transfer restrictions in the future due to regulatory or other reasons beyond our control.

The Senior Credit Facility and Indenture also limit the ability of the Borrowers and Issuers, respectively, to pay dividends or make other distributions to Trinseo S.A., which could then be used to make distributions to shareholders. During the six months ended June 30, 2020, the Company declared dividends of $0.80 per ordinary share, totaling $30.9 million, of which $16.1 million, inclusive of dividend equivalents, was accrued as of June 30, 2020 and the majority of which was paid in July 2020. These dividends are within the available capacity under the terms of the restrictive covenants contained in the Senior Credit Facility and Indenture. Further, additional capacity continues to be available under the terms of these covenants to support expected future dividends to shareholders, should the Company continue to declare them.

The Company's cash flow generation in recent years has been strong, with positive cash flows expected to continue for full year 2020, despite the challenges presented by extremely weak economic conditions due to COVID-19. During the six months ended June 30, 2020, under authority from our board of directors, the Company purchased approximately 0.8 million ordinary shares from our shareholders through open market transactions for an aggregate purchase price of $25.0 million. We believe that funds provided by operations, our existing cash, cash equivalent, and restricted cash balances, borrowings available under our 2022 Revolving Facility and our Accounts Receivable Securitization Facility will be adequate to meet planned operating and capital expenditures for at least the next 12 months under current operating conditions.

Further, we also believe that our financial resources will allow us to manage the anticipated impact of the COVID-19 pandemic on our business operations for the foreseeable future, which could include lower demand, reductions in revenue or delays in payments from customers and other third parties. Our ability to generate cash from operations to pay our indebtedness and meet other liquidity needs is subject to certain risks described herein and under Part I, Item 1A-"Risk Factors" of our Annual Report. As of June 30, 2020, we were in compliance with all the covenants and default provisions under our debt agreements. Refer to our Annual Report for further information on the details of the covenant requirements.

Contractual Obligations and Commercial Commitments

During the second quarter of 2020, the Company entered into a long-term contract to purchase butadiene directly from Dow's existing butadiene extraction facilities in Boehlen, Terneuzen and other locations. This contract has a five-year term with automatic two-year renewal provisions, and contains annual minimum purchase and maximum sale volume commitments. Other than entry into this contract, there have been no material revisions outside the ordinary course of business to our contractual obligations as described within "Management's Discussion and Analysis of Financial Condition and Results of Operations – Contractual Obligations and Commercial Commitments" within our Annual Report.

Critical Accounting Policies and Estimates

Our unaudited interim condensed consolidated financial statements are based on the selection and application of significant accounting policies. The preparation of unaudited interim condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses at the date of and during the reporting period. Actual results could differ from those estimates. However, we are not currently aware of any reasonably likely events or circumstances that would result in materially different results.

We describe our significant accounting policies in Note 2, Basis of Presentation and Summary of Significant Accounting Policies, in the Notes to Consolidated Financial Statements included in our Annual Report, while we discuss our critical accounting policies and estimates in "Management's Discussion and Analysis of Financial Condition and Results of Operations" within our Annual Report. There have been no material revisions to the significant accounting policies or critical accounting policies and estimates as filed in our Annual Report.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Recent Accounting Pronouncements

We describe the impact of recent accounting pronouncements in Note 2 of our condensed consolidated financial statements, included elsewhere within this Quarterly Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As discussed in "Quantitative and Qualitative Disclosures About Market Risk" within our Annual Report, we are exposed to changes in interest rates and foreign currency exchange rates as well as changes in the prices of certain commodities that we use in production. There have been no material changes in our exposure to market risks from the information provided within our Annual Report.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining internal controls designed to provide reasonable assurance that information required to be disclosed by us in our reports that we file or submit under the Exchange Act (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, with the participation of our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2020. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this Quarterly Report were effective to provide the reasonable level of assurance described above.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the quarter ended June 30, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

From time to time we may be subject to various legal claims and proceedings incidental to the normal conduct of business, relating to such matters as product liability, antitrust, competition, waste disposal practices, release of chemicals into the environment and other matters that may arise in the ordinary course of our business. We currently believe that there is no litigation pending that is likely to have a material adverse effect on our business. Regardless of the outcome, legal proceedings can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors

Our business faces various risks. Certain important factors may have a material adverse effect on our business prospects, financial condition and results of operations, and you should carefully consider them. Accordingly, in evaluating our business, we encourage you to consider the risk factors related to our ordinary shares as well those risk factors related to our business and industry which have been previously disclosed in Part 1, Item 1A of our Annual Report for the year ended December 31, 2019. We are including the following additional risk factor, which updates the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019. We encourage you to consider these risks, in their entirety, in addition to other information contained in or incorporated by reference into this Quarterly Report and our other public filings with the SEC. Other events that we do not currently anticipate or that we currently deem immaterial may also affect our business, prospects, financial condition and results of operations.

The extent to which the novel coronavirus ("COVID-19") pandemic will adversely impact our business, financial condition and results of operations is highly uncertain and cannot be predicted but could be material.

The COVID-19 pandemic has created significant worldwide volatility, uncertainty and disruption, and the situation remains dynamic and subject to rapid and possibly material change. In particular, the COVID-19 pandemic has resulted in a substantial curtailment of business activities, a significant number of business closures, suspensions or delays of production and commercial activity, government-mandated “shelter-in-place” and travel restrictions, and weakened economic conditions in the countries in which we operate.

The extent to which the COVID-19 pandemic will ultimately adversely impact our business, liquidity, financial condition and results of operations, which impact could be material, depends on numerous factors that are highly uncertain and cannot be predicted at this time. These factors include the duration and scope of the COVID-19 pandemic, travel restrictions and “shelter-in-place” directives; changes in customer demand; our relationship with, and the financial and operational capacities of, our customers and suppliers; impacts of raw material and feedstock prices affecting the cost competitiveness of our operations relative to similar operations in other regions; the health and safety of our employees and costs incurred to keep our employees safe while maintaining continued operations, including our ability to adjust our production schedules; potential future restructuring, impairment and other charges; and the impact on economic activity generally, including a global or national recession or depression, or other sustained adverse market conditions.

Uncertain or depressed economic conditions, increased unemployment or a decline in consumer confidence as a result of the COVID-19 outbreak, could have an adverse effect on demand for our products and our customers’ products or otherwise adversely alter customer demand patterns which may negatively impact our business, liquidity, financial condition and results of operations.

The COVID-19 pandemic may also disrupt our supply chain, transportation and logistics networks, including the ability of our third party suppliers’ or logistics and transportation service providers to meet their obligations to us, which may negatively affect our operations. Ports and other channels of entry may be closed or operate at only a portion of capacity, and means of transporting products within regions or countries in which we operate may be limited.

In addition, if the COVID-19 crisis persists we face additional risks related to our liquidity and financial results, including risks associated with our indebtedness, including available capacity, compliance with financial covenants; risks related to the adequacy of our cash flow and earnings and other conditions which may affect our liquidity; and risks related to our ongoing ability to pay our quarterly dividend at prior levels.

Our efforts to manage and mitigate these factors and risks through cost-savings and other measures may not be successful and are subject to the factors described above, many of which are uncertain or outside of our control. We believe that business disruption relating to the COVID-19 pandemic will continue to negatively impact the global economy and may materially affect our businesses as outlined above, all of which would adversely impact our business and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Recent sales of unregistered securities

None.

(b) Use of Proceeds from registered securities

None.

(c) Purchases of Equity Securities by the Issuer and Affiliated Purchasers

At our annual general meeting held on June 9, 2020, our shareholders authorized the Company to terminate the 2019 share repurchase authorization and replace it with a new authorization to repurchase up to 3.6 million ordinary shares over the next two years at a price per share of not less than $1.00 and not more than $1,000.00. There were no share repurchases during the three months ended June 30, 2020. There are 3.6 million ordinary shares available for repurchase under the 2020 share repurchase authorization as of June 30, 2020.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

See Exhibit Index.

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EXHIBIT INDEX

Exhibit No.	Description
3.1	Amended and Restated Articles of Association of Trinseo S.A., as amended (incorporated herein by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, filed August 3, 2018)
4.1	Form of Specimen Share Certificate of Trinseo S.A. (incorporated herein by reference to Exhibit 4.1 to Amendment No. 3 to the Registration Statement filed on Form S-1, File No. 333-194561, filed May 16, 2014)
4.2	Indenture among Trinseo Materials Operating S.C.A., Trinseo Materials Finance, Inc. and The Bank of New York Mellon, as Trustee, dated as of August 29, 2017 (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K, filed September 5, 2017)
10.1	Butadiene Sales Contract (Europe), between Dow Europe GmbH and Trinseo Europe GmbH, dated June 29, 2020 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed July 2, 2020)*
31.1†	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2†	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1†	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2†	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS†	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH†	XBRL Taxonomy Extension Schema Document
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF†	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB†	XBRL Taxonomy Extension Label Linkbase Document
101.PRE†	XBRL Taxonomy Extension Presentation Linkbase Document
104†	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

† Filed herewith.

* Compensatory plan or arrangement

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SIGNATURES

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, duly authorized.

Date: July 30, 2020

TRINSEO S.A.

By: /s/ Frank Bozich
Name: Frank Bozich
Title: President, Chief Executive Officer
(Principal Executive Officer)

By: /s/ David Stasse
Name: David Stasse
Title: Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Frank Bozich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trinseo S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2020

By: /s/ Frank Bozich
Name: Frank Bozich
Title: Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, David Stasse, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trinseo S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 30, 2020

By:	/s/ David Stasse
Name:	David Stasse
Title:	Chief Financial Officer

Exhibit 32.1

Certification of CEO Pursuant to 18 U.S.C. Section 1350,

As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Trinseo S.A. (the "Company") on Form 10-Q for the period ended June 30, 2020 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, the undersigned, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 30, 2020

By:	/s/ Frank Bozich
Name:	Frank Bozich
Title:	Chief Executive Officer

Exhibit 32.2

Certification of CFO Pursuant to 18 U.S.C. Section 1350,

As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Trinseo S.A. (the "Company") on Form 10-Q for the period ended June 30, 2020 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, the undersigned, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 30, 2020

By:	/s/ David Stasse
Name:	David Stasse
Title:	Chief Financial Officer