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CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Christopher W. Jensen
Chief Financial Officer

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Frank J. Mitsch
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Robert Andrew Koort
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Jeffrey J. Zekauskas
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Hassan I. Ahmed
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Aleksey Yefremov
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Arun Viswanathan
RBC Capital Markets LLC

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to the Celanese First Quarter 2016 Earnings Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today’s presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note this event is being recorded.

I would now like to turn the conference over to Chuck Kyrish. Please go ahead.

Chuck Kyrish
Head-Investor Relations

Thank you, Carrie. Welcome to the Celanese Corporation's first quarter 2016 earnings conference call. My name is Chuck Kyrish, Vice President of Investor Relations. With me today are Mark Rohr, Chairman and Chief Executive Officer; and Chris Jensen, Senior Vice President and Chief Financial Officer.

The Celanese Corporation first quarter 2016 earnings release was distributed via Business Wire yesterday after market close. The slides for the call and our prepared comments for the quarter were also posted on our website, www.celanese.com, in the Investor Relations section.

As a reminder, some of the matters discussed today and included in our presentation may include forward-looking statements concerning, for example, Celanese Corporation's future objectives and results. Please note the cautionary language contained in the posted slides.

Also, some of the matters discussed and presented include references to non-GAAP financial measures. Explanation of these measures and reconciliations to the comparable GAAP measures are included on our website in the Investor Relations section under Financial Information. The earnings release, non-GAAP reconciliations, presentation and prepared comments have been submitted to the SEC in a current report on Form 8-K.

This morning we’ll begin with introductory comments from Mark Rohr, and then we will field your questions.

I’d now like to turn the call over to Mark.

Mark C. Rohr
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Thanks, Chuck, and good morning, everyone. Our prepared remarks were released with earnings, so I’ll keep my comments brief and then open the line for your questions.

Today, I’m very pleased to report a first quarter adjusted earnings of $1.83 per share, representing growth of 6% versus the prior year and setting a new performance record for Celanese. Adjusted EBIT for the quarter was our highest ever at $358 million, growth of 2% year-over-year and driven by a record performance in Materials Solutions and resilient performance across the Acetyl Chain while facing a very difficult Chinese market.

Our adjusted EBIT margin was a record at 25.5%, expanding 140 basis points year-over-year and a reflection of our broad-based productivity efforts and underlying business performance. This quarter our businesses continued their pace of consistent cash generation, achieving $217 million of free cash flow. We deleveraged our balance sheet by $405 million in the quarter and still ended with $716 million of cash on hand.
Looking ahead, I’d like to share our current thoughts on the quarterly trajectory of our earnings for the remainder of the year. In the second quarter, we see headwinds of roughly $0.30 to $0.35 and that's versus the first quarter. This is primarily due to our heavy turnaround period, which will include the first turnaround of our Engineered Materials plant in Frankfurt as well as several VAM facilities around the world.

We also have an updated expectation for affiliate earnings headwinds on an annual basis. Due to further deterioration in netbacks on MTBE, we now expect IBN Sina affiliate earnings to be lower by $50 million in 2016. This is $20 million worse than we expected in January or roughly $0.10 per share over the rest of the year.

When we roll it up for the year, considering the economic backdrop and the strategies we have in place, we have modest [ph] sight (3:59) to growth in adjusted earnings per share of about 8% to 10%. But as I said earlier, to achieve the high end of that range, we’ll need some level of economic recovery in the second half to help us overcome a good bit of our fourth-quarter seasonality.

With that, I am going to turn it over to Chuck for Q&A.

Chuck Kyrish  
Head-Investor Relations

Thanks, Mark. As a reminder, we’d like everybody to limit your questions to one question and one follow-up. Carrie, let’s please go ahead and get started.

QUESTION AND ANSWER SECTION

Operator: Thank you, sir. We will now begin the question-and-answer session. [Operator Instructions] Our first question comes from Laurence Alexander of Jefferies. Please go ahead.

Laurence Alexander  
Jefferies LLC

Good morning.

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Morning, Laurence.

Laurence Alexander  
Jefferies LLC

I guess two quick ones. Can you give a little bit more detail on how your thinking has evolved on consumer fibers? And also can you give some detail on how much shares you bought in the quarter and what you see as the cadence for the year?

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Yeah. Well, I’ll do the first and I’ll have Chris do the second, Laurence, if that’s okay. Yeah, what we’ve been communicating for a while on our fibers business has been really the story of destocking the world and primarily
that in China. And I think all of the guys that follow us and you know this, Laurence, have a view that we've gone as an industry from being able to sell into China roughly 120,000 tons to 130,000 tons, down to a level that's roughly 25% of that today. So the vast majority of that shrinkage in terms of sales into China has in fact occurred. You saw some of that in our volumes this quarter. We took the first big hit on that reduction, a material hit, in the first quarter of last year, so you see some of that year-over-year change as we go forward.

So our view is that that business is kind of as advertised. We think the destocking outside of Europe has largely run its course and there's even some signs of some small subtle volume increases outside of China. When you get into China, we think it's pretty stable as we go through the rest of this year at the current level we're at, and then we expect that over time of course that last remaining bit will work out the system as well. Net-net, for the year, we've said all along that we're going to work hard to try to keep our earnings flat. We still are working to do that and I don't have anything else to report on that front.

So, Chris, you want to update us on shares?

Christopher W. Jensen
Chief Financial Officer

Sure. This was really good cash generation quarter for us, and we're in a great position now to go execute on that commitment to repurchase shares. As Mark mentioned, we have over $700 million and more than half of that is now in the U.S., and that's a key to then going out to execute on the repurchases. You'll also notice that following that revolver draw last year to do repurchases that we paid that off in the first quarter, so that was our focus in terms of cash flows this quarter. So we will get after it and expect to probably do half of that $1 billion through the remainder of the year.

Laurence Alexander
Jefferies LLC

Thank you.

Mark C. Rohr
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Thank you, Laurence.

Chuck Kyrish
Head-Investor Relations

Carrie, let's please go to the next question.


Vincent Stephen Andrews
Morgan Stanley & Co. LLC

Thanks, and good morning, everyone. Just a follow-up or two on the tow business. It seemed to me that the volume was probably better than you were expecting in the quarter, so I just want to see whether that's true or not or may be you're going to say that it was better in the quarter, but it's going to be different over the balance of the year, so the full year expectation is the same.

But on the 9% negative pricing, I presume we should assume that for the balance of the year, just given the contract nature of the business. And do you have any thoughts on pricing? It's obviously early to head into next
year, but do you think you're seeing sort of the tow volume has flattened out. So, should that mean or should that imply that pricing is going to flatten out as well?

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Yeah. Thanks, Vincent. So, if you look at that from a point of view, I think we expected the rebound in volume just because first quarter last year we really took it on a chin as everything was shut down that we had going into China. So, first quarter of last year was an aberration in terms of its depth. We had a little bit of extra volume in this first quarter that probably will not repeat in the second quarter and third quarter that just came to us as demands picked up outside of China. So, I think you should have a view that that swing from the low of the first quarter to this quarter was kind of both of those a little bit aberration that's going to settle out for an average volume that's a little bit lower where we currently are as we go through the rest of this year. I think on price, you are absolutely right. These prices are set really as we end the year. So the run rate on pricing, that delta year-over-year is going to ride with us through the rest of the year. And net-net, when we roll that up, including our productivity efforts and things we're doing to try to offset some of that, we're shooting hard to be flat year-over-year.

If I look at pricing going forward, I think China needs to sort itself out, is what I would say to that Vincent. China needs to have some stability to it, and not continue to slide for us to start having the view that we could work pricing back up.

Vincent Stephen Andrews  
Morgan Stanley & Co. LLC

Okay.

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

So, I don't know if it's going be able to go up next year or maybe the year after that.

Vincent Stephen Andrews  
Morgan Stanley & Co. LLC

Thank you.

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Thank you.

Chuck Kyrish  
Head-Investor Relations

Okay. Carrie, let's go to the next question, please.

Operator: All right. Our next question comes from David Begleiter of Deutsche Bank. Please go ahead.

David I. Begleiter  
Deutsche Bank Securities, Inc.
Thank you. Good morning. Mark, back November, you discussed the M&A focus for the company, any progress on the M&A activity, especially in AEM?

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER  

Yeah. I wish I could share everything with you David, but I can't. Yeah, there is lot of progress, and we're working several deals to fit in that bolt-on category hard, and I hope that in the quarters ahead we will be able to announce those deals.

Christopher W. Jensen  
Chief Financial Officer  

David, it's Chris. As I mentioned David, we paid off the revolver. We want that ready to go.

David I. Begleiter  
Deutsche Bank Securities, Inc.  

Very clear. And lastly, Mark just on Acetyls in China, you mentioned again a very difficult market there. What changes that situation in the near or medium-term?

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER  

Well, it is a real pig's breakfast over there, David. It's just tremendous overcapacity and a deflationary environment that's pushed down acid margins to pretty pathetic levels. What we are seeing though is, we're seeing people start to roll-over. What I mean by that is, state owned enterprises in this arena are having massive layoffs. No, it's not a sustainable level. So my kind of view is, is that even with the overcapacity this year, we're going to see that start to drift up a bit as we get into this year. It is going to take industry rationalization for that to change. It's going to take the new MTO plants to come online for that to change. I think both of those things are needed. With ethylene prices being what they are in China, it's a pretty good opportunity for MTOs. So we're little bit hopeful that that's going to move in and start driving methanol. But I wouldn't expect there to be an overnight change in the Chinese market.

David I. Begleiter  
Deutsche Bank Securities, Inc.  

Understood. Thank you very much.

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER  

Thanks a lot, David.

Chuck Kyrish  
Head-Investor Relations  

Great. Thanks. Carrie, let's go to next question please.

Operator: Our next question comes from Frank Mitsch of Wells Fargo Securities. Please go ahead.
Frank J. Mitsch  
*Wells Fargo Securities LLC*  

**Q**  
Good morning, gentlemen. This is normally the part where I talk about what a phenomenal quarter you had, but last year you guys up-sided by $0.41 and this year only $0.34. Why the slippage?

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**A**

Mark C. Rohr  
*CHAIRMAN AND CHIEF EXECUTIVE OFFICER*

I know, Frank, we're struggling, we're struggling.

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**Q**

Frank J. Mitsch  
*Wells Fargo Securities LLC*

Really, good job. Hey, look, I want to quickly follow-up on the M&A question. Obviously, in November you did talk specifically about nylon, and I believe in your prepared remarks you also referenced doing some things in nylon technology, but it seemed that you were doing that on your own. Can you elaborate on what's going on and your interest in nylon and what's going on there?

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**A**

Mark C. Rohr  
*CHAIRMAN AND CHIEF EXECUTIVE OFFICER*

Yeah. We're very interested obviously in autos and nylon is a big play in autos. And the way this industry works, Frank, is when customers have challenges, they invite in people that have portfolios or history in those markets. So we've been working hard to get at the table when nylon topics are discussed and that's been the advice of some of our friends in the industry. So our focus has been there. We recently introduced some of our own technology and compounding is pretty novel and unique and so we are now selling, in very small quantities we are now selling nylon. A big portion of our M&A focus is in that regard to bring in nylon, so that's the reason. We think most of the growth in the industry from a thermoplastic point of view will be in nylon.

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**Q**

Frank J. Mitsch  
*Wells Fargo Securities LLC*

All right, terrific. And then just quickly, you also mentioned in the prepared remarks some benefit from a VAM contract reset, how lucrative was that for you in the quarter and/or expected for the year?

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**A**

Mark C. Rohr  
*CHAIRMAN AND CHIEF EXECUTIVE OFFICER*

Well, it was just one-time – we're trying to signal the one-time impact. I don't want to give you the exact number there, but you need to think in terms of less than single-digit earnings per share impact in the next quarter.

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**Q**

Frank J. Mitsch  
*Wells Fargo Securities LLC*

Terrific. All right. Thank you so much.

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**A**

Mark C. Rohr  
*CHAIRMAN AND CHIEF EXECUTIVE OFFICER*

Yes, sir.
Great. Thank you. Carrie, let's go to the next question please.

Operator: All right. Our next question will come from P.J. Juvekar of Citi. Please go ahead.

P.J. Juvekar
Citigroup Global Markets, Inc. (Broker)
Yes. Hi. Good morning.

Mark C. Rohr
CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Good morning, P.J.

P.J. Juvekar
Citigroup Global Markets, Inc. (Broker)
Mark, you had a big sequential jump in Acetyl's profitability, the intermediates business. Can you explain how much of that came from going to spot pricing, and what you had talked about shifting some contracts versus how much benefit did you get from raw materials?

Mark C. Rohr
CHAIRMAN AND CHIEF EXECUTIVE OFFICER
There is a lot of gives and takes in that. What we saw in the fourth quarter at a real high level is, we saw sort of the worst of the worst of the Chinese market, so there is an underlying thematic there that I just need to reflect on. You also had within that chain, the seasonality impacts of the emulsion product lines, so that also weighs it down. So, now the first quarter, we've had some basic improvement in China, not a lot, P.J., but enough to where it's noticeable to us. And then we've also seen emulsion start to do better as we get into seasonality time, especially in Europe. So you got those big two swaps there.

When you look at raw materials, I'm almost feel better talking about that on an annual basis, but the big movers for us in raw materials have been ethylene, and if you look at first the fourth quarter around the world, there was probably a $5 million or $6 million favorable impact for us on ethylene, so pretty modest, but nonetheless, some of that was realized, some of it wasn't realized on that [indiscernible] (15:55), but that's the kind of impact we've seen in raws. Methanol has been more favorable, but most of that favorability has been in Asia, P.J., where it's been very hard to capture any of that. So we see most of our favorability occurring in ethylene and I'd say a little bit in nat gas, which is a few million dollars around the world.

Christopher W. Jensen
Chief Financial Officer
P.J., it's Chris, I'll add a couple of things there. So, you get into some timing around U.S. methanol if you think through the way that played out last year. So I think your question was kind of sequential from the fourth quarter. So, we were still using some methanol in the U.S. in the fourth quarter that was procured in the third quarter, so that's more expensive than our ongoing produce cost of methanol in the first quarter.

Remember also that we have a new contract in Singapore for carbon monoxide, so you are seeing that benefit...
Mark C. Rohr
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Yeah, that's right.

Christopher W. Jensen
Chief Financial Officer

... come on now as well. We impaired that ethanol plant as discussed before, so you get a little bit of benefit that you see in the first quarter from depreciation going down. You'll recall various footprint activities in emulsions that you now see paying off in terms of lower fixed costs. And then the businesses just continue to do a great job on productivity, and we continue to see progress and visibility to another kind of $100 million number in productivity this year. Back to your specific question: there just is a whole lot of those small things that really added up to quite a big sequential jump in the Acetyls core.

P.J. Juvekar
Citigroup Global Markets, Inc. (Broker)

Thank you. That's helpful. And Mark, correct me if I'm wrong, but you seem more positive in China compared to one or two quarters ago. So am I reading that right?

Mark C. Rohr
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Well, yeah, probably so, P.J. I think if you ask me to quantify that, but it's hard to do that, but just on a qualitative basis, when we're out and about, no one can tolerate this situation. And so, you're seeing people start to reach out, look for ways to get out of this current overcapacity situation. So my view is that as we go through the year that some of this stuff is going to get resolved. It's unsustainable where it is, P.J., and I guess that's what my optimism really is.

P.J. Juvekar
Citigroup Global Markets, Inc. (Broker)

Thank you.

Mark C. Rohr
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Thank you.

Chuck Kyrish
Head-Investor Relations

Great. Carrie, let's go to the next question, please.


Robert Andrew Koort
Goldman Sachs & Co.

Thanks very much. Mark, I'm curious of how you see the AEM business in terms of consistency going forward. You had a very nice volume number this quarter. Is that something that's sustainable, and what do you think the secular growth rate of that division is from a volume standpoint?
Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Well, I think we had really good success this quarter. We are expecting, and to be honest, we need to grow at that rate on an annualized basis, certainly through this year, Bob. And so, we're working hard to try to achieve that. We've seen some moderation in things like [ph] auto builds (19:25) and stuff that of course we have to make sure we overcome as we go forward. So that's how I would look at that.

We reported that we had over 300 new projects for the quarter which puts us at a 1,200 kind of project run rate. You recall that last year we ended with little bit over 1,000 and we're trying to march that up to 2,000 within a couple more years. We think we got a machine to do that. So we believe that machine is working pretty well and we're seeing good bit of the volume being realized from these kind of activities.

Robert Andrew Koort  
Goldman Sachs & Co.

And Chris, I'm just curious on the Acetyl Chain, is the impact of the ethanol write-down in the CO contract termination, is that material on a quarterly basis until you lap those or no?

Christopher W. Jensen  
Chief Financial Officer

The ethanol depreciation is pretty small. The Singapore contract is a little bigger than that, but we're still in single digits per quarter sequentially.

Robert Andrew Koort  
Goldman Sachs & Co.

Got it. Thanks very much.

Christopher W. Jensen  
Chief Financial Officer

Thank you.

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Great. Thank you. Carrie, let's go to the next question please.

Operator: Our next question comes from Jeff Zekauskas of JPMorgan. Please go ahead.

Jeffrey J. Zekauskas  
JPMorgan Securities LLC

Hi. Good morning.

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Good morning, Jeff.
Jeffrey J. Zekauskas  
JPMorgan Securities LLC

I think your AEM margins on an EBIT basis were up about 700 basis points year-over-year on roughly flat revenues. How did you do that? And do you expect them to improve from here?

Christopher W. Jensen  
Chief Financial Officer

Which margin?

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

When you say margin, what line are you looking at? Do you mean...

Jeffrey J. Zekauskas  
JPMorgan Securities LLC

I'm sorry, your EBIT versus your revenues?

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Okay. So your question was which period versus which period?

Jeffrey J. Zekauskas  
JPMorgan Securities LLC

Forgive me. So in your first quarter, I think you earned around $89 million on $350 million in revenues, and last year I think you earned about $61 million on $343 million?

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

So are you pulling out the affiliates in that math, is that what you’re doing?

Jeffrey J. Zekauskas  
JPMorgan Securities LLC

Yes. I’m pulling out the affiliates.

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Okay. Okay. So Q1 to Q1 without affiliates, so you’ve got good volume growth like we talked about.
Year-over-year you've gotten some benefit from lower raw materials. You have continued productivity actions and you have some energy price benefits, so you add those things together that's what's contributing to that margin climb.

Jeffrey J. Zekauskas  
JPMorgan Securities LLC

Q

In general for the company, do you feel like your raw material spreads are widening out or contracting?

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

A

Well, I think, that's a great question, Jeff. Directionally over time they will contract. To be honest, I haven't dug into it really rigorously to see how much real contraction occurred across the 5,000 SKUs we have quarter-to-quarter.

Jeffrey J. Zekauskas  
JPMorgan Securities LLC

Q

Sure.

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

A

But directionally, as prices settle in, there will be some contraction.

Jeffrey J. Zekauskas  
JPMorgan Securities LLC

Q

Okay, great. Thank you so much.

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

A

Thanks a lot, Jeff.

Christopher W. Jensen  
Chief Financial Officer

A

Great. Carrie, let's go to the next question please.


Hassan I. Ahmed  
Alembic Global Advisors LLC

Q

Good morning, Mark.

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

A

Good morning, Hassan.
Hassan I. Ahmed  
Alembic Global Advisors LLC

The $0.30 to $0.35 EPS headwind relative to Q1 guidance that you gave. I know you talked about an element of that being turnaround and an element of that being sort of the captured opportunity in Q1 in Acetyls. Am I understanding it correctly that the acetyl's contribution to that $0.30 to $0.35 headwind was in the single-digits?

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The acetyl contribution – yes, the incremental volume, yes, that's right.

Hassan I. Ahmed  
Alembic Global Advisors LLC

Okay. Fair enough.

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The majority of that is the turnarounds and we've never taken an outage at the new POM facility and from a statutory point of view, we have to basically go into every vessel and do a bunch of testing from a German statutory point of view. So that is a huge outage and a huge cost to us there, and then we have a series of VAM outages. So the lion's share of that $0.30 was call it those two outages that occurred.

Hassan I. Ahmed  
Alembic Global Advisors LLC

Understood. Understood. Now, on the tow side of things, as I understand it, there were some new regulations as far as cigarette packs go in India commencing April 1, and my understanding is that cigarette manufacturers in India have halted production right now. How should we be thinking about that as it pertains to be at volumes or pricing or the like? I mean completely understand that you guys are far more China exposed, but I mean these things potentially could have ripple effects?

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Well, I think if you're asking about long-term consumptive effects, we don’t anticipate that there's any real difference in that ongoing decline curve that is expected. In a short-term basis, there was a little bit of volume you could probably attribute to production under the old labeling rules versus new labeling rules that occurred in the first part of the year, but it wasn't material.

Hassan I. Ahmed  
Alembic Global Advisors LLC

Got it. Got it. And you don't expect it to be material through the course of Q2 as well?

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

No. I think it's going to run its course now. So if you're talking about from a point of view of impacting sales, no, we've seen no indication from the cigarette manufacturers that they expect sales to be impacted because of this.
Hassan I. Ahmed  
Alembic Global Advisors LLC

Got it. Perfect. Thanks so much, Mark.

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Thank you.

Christopher W. Jensen  
Chief Financial Officer

Carrie, let's go to the next question, please.

**Operator:** Our next question comes from Jim Sheehan of SunTrust Robinson Humphrey. Please go ahead.

James Sheehan  
SunTrust Robinson Humphrey, Inc.

Good morning. On the $100 million in productivity gain that you expect for the year, how much did you achieve in the first quarter?

Christopher W. Jensen  
Chief Financial Officer

More than a quarter of it.

James Sheehan  
SunTrust Robinson Humphrey, Inc.

Great. And could you also elaborate on other activities? Why was that lower than expected?

Christopher W. Jensen  
Chief Financial Officer

Well, we try not to spend money unless we have to. So that should be good news. Look, I'm going to go back to Mark's words and tell you that it's a pig's breakfast. There's just a lot of different things that sit in that other category. That number is probably low relative to what we would expect for the rest of the year. And if you go look last year, kind of the same thing happened, and then Q2, Q3, and Q4 were more $20 million range. So I think it's going to be at least that the rest of the year. There is just a long list of puts and takes there.

Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Yes.

Christopher W. Jensen  
Chief Financial Officer

There were some currency benefits in the first quarter.
On productivity, you should think -- in the past, we had some big productivity numbers and what’s nice about our machine is that we’ve evolved into dealing with much smaller numbers and doing it quite well. So we have literally hundreds of programs in place to drive and make sure we achieve that $100 million year-over-year and those things aren’t – not totally ratable. Some occur early, some occur later in the system.

Aleksey Yefremov
Nomura Securities International, Inc.

In AEM, did you build any inventory ahead of turnaround of plan forward, and if so did it impact your cost basis in Q1?
Okay. Thank you. And back to acetate tow, do you expect to take market share in tow this year? And a related question: do you think your price declines in filter tow this year are consistent with what your major competitors will show in their results as well?

Yes. No, so I don't think there is any material market shift going on [ph] and part of our efforts, I mean, some customers may sell more cigarettes than other customers, so you may get an end – how do I say that? The cigarette manufacturers may change market share, which could impact us if we're supplying somebody who is not doing quite as well in the marketplace. But in terms of our efforts, no, we don't see any real shift in market share. Consistent, yes, I think, yes, I think we're all in the same kind of boat. So my gut is they'll be in the same kind of range, yes.

Great. Thanks a lot.

Thank you.

Great. Carrie, let's move to the next question.

Thanks. Good morning.

Good morning.

I just wanted to ask a similar question, I guess. You guys had very impressive volume performance year-on-year. Some of that was due to the easy comps, but on the pricing side, I guess, do you expect these kinds of moves down on price as we go through the year, especially in the downturn businesses in AEM or Consumer Specialties?
Well, I think, yes, it's a great question. It's a function of really what raw materials are going to do and overall demand in the marketplace. We are hopeful that as we go through the year, demand will start to pick up in some of our business, which will support pricing initiatives a bit better than we've seen the last several months or several quarters. So, I think what I'd say is I expect our pricing to be relatively consistent with what it is now and trending up as we go through the year.

Arun Viswanathan  
RBC Capital Markets LLC

Okay. And then just on the uses of cash, you did pay down some debt in the quarter. Has that kind of run its course and what are your focuses and priorities, I guess, if you could bucket them on M&A versus buybacks?

Christopher W. Jensen  
Chief Financial Officer

On the buybacks, we plan to do $1 billion in 2016 and 2017. So, we'll probably try to do half of that this year. Acquisitions, it depends on the size of the acquisition. If they're small, we might pay cash for them; if they're larger, there will be leverage involved.

Arun Viswanathan  
RBC Capital Markets LLC

Great. Thanks.

Christopher W. Jensen  
Chief Financial Officer

Thank you.

Chuck Kyrish  
Head-Investor Relations

Thank you. Let's move on to the next question, Carrie.

Operator: Our next question comes from John Roberts of UBS. Please go ahead. John, your line is open, if you would like to ask a question. Perhaps your line is on mute.

Chuck Kyrish  
Head-Investor Relations

Carrie, shall we move on and come back?

Operator: All right. Our next question and the last in our queue for today, comes from Nils Wallin of CLSA. Please go ahead.

Nils-Bertil Wallin  
CLSA Americas LLC

Good morning, and thanks for taking my question.

Christopher W. Jensen  
Chief Financial Officer
Sure.

Nils-Bertil Wallin
CLSA Americas LLC

I was curious about the varying levels of GDP forecast you have behind your expectation for the rest of the year in order to hit the 10% earnings growth. What type of economic growth do you see as needed in order to get the top end?

Christopher W. Jensen
Chief Financial Officer

I wish I was that good man. I...

Nils-Bertil Wallin
CLSA Americas LLC

Don't we all?

Christopher W. Jensen
Chief Financial Officer

We're trying to still GDP down into what our customer demand forecast is, so we are kind of looking at is customer demand as opposed to national and international demand. So, I don't know that we really have a strong view on GDP. What's clear is that GDP growth globally is kind of moderating and so our philosophy is, we've got to go out and earn this business, and the material side through substitution, which is a big part of our play. So, we try to grow our market share by – not in a similar way, but from taking someone else's product, a polypropylene product and selling our product in its place as an example.

So, a lot of the growth in AEM that we're working on is these new projects we have and new introductions. And we think that as we go through the year, that will continue to build for us. In Acetyls, we are expecting that the – and this isn't so much GDP driven as it is just misery index, we think the misery index in China in manufacturing is so high, it cannot last. And we do expect to see some improvement as we go through the year in that regard and I don't know that's really going to be reflected in any kind of big uptick in Chinese GDP.

Nils-Bertil Wallin
CLSA Americas LLC

Understood. And just a follow-up, your SG&A numbers were down pretty significantly year-over-year and sequentially. Is all of that productivity or were there others some – other unique, I don't want to call it non-recurring, but other unique events that allowed you to do so well in the SG&A line and how sustainable is that?

Mark C. Rohr
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Let me ask you which period specifically you're talking about? You mean Qt?

Nils-Bertil Wallin
CLSA Americas LLC

Post sequentially...
Christopher W. Jensen  
*Chief Financial Officer*

Well, sequentially...

Nils-Bertil Wallin  
*CLSA Americas LLC*

Q1 versus...

Christopher W. Jensen  
*Chief Financial Officer*

Yeah. If you're looking sequentially, that Q4 SG&A number has pension mark-to-market in it, so it's ...

Nils-Bertil Wallin  
*CLSA Americas LLC*

Excluding. Excluding that, of course.

Christopher W. Jensen  
*Chief Financial Officer*

I'd say you've done that math, okay. Well, I mean, what we're expecting in SG&A is the continuation of downward trend from our productivity initiatives. Yeah, you can't get currency impacts in there, you don't for the periods that you're talking about. But, yeah, part of the decline from 2014 to 2015 would've been currency related.

Nils-Bertil Wallin  
*CLSA Americas LLC*

Understood. So, you expect that level to pretty much sustain itself in Q1?

Christopher W. Jensen  
*Chief Financial Officer*

In absolute dollars, yes.

Mark C. Rohr  
*CHAIRMAN AND CHIEF EXECUTIVE OFFICER*

Yeah.

Christopher W. Jensen  
*Chief Financial Officer*

And we expect them to trend down, but if you look at it on a big year-over-year kind of comp basis, a lot of our SG&A related productivity came in in the middle part of last year and probably towards the end. So you're getting little bit bigger comp probably first quarter and second quarter this year versus last year than you will in the trailing quarters.

Nils-Bertil Wallin  
*CLSA Americas LLC*

Got it. Thanks very much.
Mark C. Rohr  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER  

Thank you.

Christopher W. Jensen  
Chief Financial Officer  

Hey great. Thanks Nils.

Chuck Kyrish  
Head-Investor Relations  

We appreciate everyone's time this morning. We'll be around for questions later today. Carrie, at this point, I'll turn the call back over to you.

Operator: Thank you, sir. The conference has now concluded. Thank you all for attending today's presentation. You may disconnect your lines at this time. Have a great day.