

# CELANESE CORP

## **FORM 8-K** (Current report filing)

Filed 08/09/05 for the Period Ending 08/09/05

Address	222 W. LAS COLINAS BLVD., SUITE 900N IRVING, TX, 75039-5421
Telephone	972-443-4000
CIK	0001306830
Symbol	CE
SIC Code	2820 - Plastic Material, Synthetic Resin/Rubber, Cellulos (No Glass)
Industry	Commodity Chemicals
Sector	Basic Materials
Fiscal Year	12/31

# CELANESE CORP

## FORM 8-K (Unscheduled Material Events)

Filed 8/9/2005 For Period Ending 8/9/2005

Address	1601 W. LBJ FREEWAY DALLAS, Texas 75234
Telephone	972-443-4000
CIK	0001306830
Fiscal Year	12/31

Powered By **EDGAR**  
Online

<http://www.edgar-online.com/>

© Copyright 2005. All Rights Reserved.

Distribution and use of this document restricted under EDGAR Online's Terms of Use.

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) : August 9, 2005

**CELANESE CORPORATION**

(Exact Name of Registrant as specified in its charter)

**DELAWARE**

(State or other jurisdiction  
of incorporation)

**001-32410**

(Commission  
File Number)

**98-0420726**

(IRS Employer  
Identification No.)

**1601 West LBJ Freeway, Dallas, Texas 75234-6034**

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (972) 901-4500

**Not Applicable**

(Former name or former address, if changed since last report):

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

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

---

Item 2.02 Results of Operations and Financial Condition

On August 9, 2005, Celanese Corporation (the "Company") issued a press release reporting the financial results for its second quarter 2005. A copy of the press release is attached to this Current Report on Form 8-K ("Current Report") as Exhibit 99.1 and is incorporated herein solely for purposes of this Item 2.02 disclosure.

Item 7.01 Regulation FD Disclosure

On August 9, 2005, David N. Weidman, President and Chief Executive Officer of the Company, and Corliss Nelson, Executive Vice President and Chief Financial Officer of the Company, made a presentation to investors and analysts via webcast and teleconference hosted by the Company. A copy of the slide presentation posted during the webcast and teleconference is attached to this Current Report as Exhibit 99.2 and is incorporated

herein solely for purposes of this Item 7.01 disclosure. Additionally, the Company has posted the slide presentation on its website at [www.celanese.com](http://www.celanese.com) under the Investor/Investor Webcast section.

The information in this Current Report, including the exhibits attached hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section. The information in this Current Report, including the exhibits, shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended or the Exchange Act, regardless of any incorporation by reference language in any such filing. This Current Report will not be deemed an admission as to the materiality of any information in this Current Report that is required to be disclosed solely by Regulation FD.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated August 9, 2005
99.2	Slide Presentation dated August 9, 2005

---

**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 hereunto duly authorized.

**CELANESE CORPORATION**

By: /s/ Corliss J. Nelson  
Name: Corliss J. Nelson  
Title: Executive Vice President and  
Chief Financial Officer

Date: August 9, 2005

---

**Exhibit Index**

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated August 9, 2005
99.2	Slide Presentation dated August 9, 2005

---

**Celanese Corporation Reports Strong Second Quarter Results:  
Basic EPS, Diluted Adjusted EPS and Adjusted EBITDA Exceed Previous Guidance;  
Company Raises Guidance for Full Year**

Second Quarter Highlights:

•

Sales increase 23% from prior year on higher pricing and Vinamul emulsions acquisition

- Operating profit rises significantly on margin expansion in Chemical Products
- Basic EPS is \$0.41; diluted adjusted EPS is \$0.53
- Adjusted EBITDA increases 51% to \$283 million
- Third quarter diluted adjusted EPS guidance set at \$0.45 to \$0.50
- Full year 2005 diluted adjusted EPS guidance raised to \$1.90 to \$2.00

*in \$ millions, except per share data*

	<u>Q2 2005</u>	<u>Q2 2004</u>
Net sales	<b>1,517</b>	1,229
Operating profit	<b>152</b>	25
Net earnings (loss)	<b>67</b>	(125)
Basic EPS	<b>0.41</b>	n.m.
Diluted Adjusted EPS	<b>0.53</b>	n.m.
Adjusted EBITDA	<b>283</b>	188

DALLAS, August 9, 2005 – Celanese Corporation (NYSE:CE) today reported net sales rose 23% to \$1,517 million for the second quarter compared to the same period last year primarily on higher pricing, mainly in Chemical Products, and sales of the recently acquired Vinamul emulsions business, which closed in the first quarter of 2005.

Operating profit rose significantly to \$152 million versus \$25 million last year on margin expansion, principally driven by higher pricing and productivity improvements. These effects more than offset higher raw material and energy costs, mainly for ethylene and natural gas, and higher special charges. Operating profit in 2004 included a \$49- million charge for a non-cash inventory-related purchase accounting adjustment.

Basic earnings per share were \$0.41 and included \$27 million, pretax, in special charges primarily for an additional non-cash impairment charge related to the company's previously announced planned exit from Ticona's cyclo-olefin copolymer (COC) business. A \$14-million favorable impact on the company's non-operating foreign exchange position was also included in the results for the quarter.

Excluding special charges and the non-operating foreign exchange gain, diluted adjusted earnings per share were \$0.53, above the company's guidance range of \$0.39 to \$0.44 per share. Adjusted EBITDA rose to \$283 million on margin expansion, productivity improvements, and the non-operating foreign exchange gain and was higher than the company's previous guidance of between \$235 million and \$245 million.

"Celanese had an outstanding quarter, reflecting strong industry dynamics and our team's success in positioning our market leading businesses for improved growth and profitability," said David Weidman, president and chief executive officer. "As we continue to deliver on our strategy, we are positive about the company's outlook through 2007."

#### **Recent Business Highlights:**

- Completed the acquisition of Acetex Corporation in July to strengthen Celanese's positioning in acetyls chemicals. Acetex debt is expected to be retired primarily with cash on hand in August.
- Began purchasing methanol from Southern Chemical Corporation in an arrangement that is expected to yield significant savings.

- 
- Realized savings from restructuring and productivity improvements during the quarter in all business segments. Discontinued production of certain acetate flake and filament operations and relocated the Acetate Products headquarters to Dallas. Announced closure and relocation of the Bedminster, N.J., financial functions to Dallas by mid-2006.
  - Announced intention to build a state-of-the-art vinyl acetate ethylene and conventional emulsion polymer facility in China. Startup is targeted for the first half of 2007.
  - Announced plans to construct a world-scale plant in Asia for the manufacture of GUR® ultra high molecular weight polyethylene. Production is expected to begin in the second half of 2007.
  - Continued to focus the product portfolio by exiting non-strategic businesses, such as the high performance polymer polybenzamidazole (PBI), Vectran polymer fiber, and emulsion powders.
  - Adopted a policy to pay common stockholders a dividend of \$0.16 per share annually, or 1%, based on the initial public offering price of \$16. Declared the first quarterly dividend of \$0.04 per share to be paid on August 11, 2005.

### **Equity and Cost Investments**

Dividends from equity and cost investments increased in the quarter to \$17 million from \$13 million in 2004. Equity in net earnings of affiliates decreased by \$6 million to \$12 million compared to the same quarter last year primarily due to the unfavorable performance of the Estech venture, a producer of neopolyol esters in Oberhausen, Germany.

"Our equity and cost investments are strong cash generators and we expect that cash dividends will increase to approximately \$45 million in the third quarter," said C. J. Nelson, chief financial officer and executive vice president. "We, therefore, expect that dividends for the full year 2005 will now total between \$120 million to \$130 million, higher than the \$90 million to \$100 million we forecasted at the beginning of the year and significantly more than the \$77 million we received in 2004." The increase is primarily driven by dividends from Ibn Sina, a Saudi Arabian cost investment in which Celanese owns 25%.

### **Second Quarter Segment Overview**

#### **Chemical Products**

Chemical Products' net sales increased 34% to \$1,085 million compared to the same period last year on significantly higher pricing, sales of Vinamul and favorable currency movements. Major business lines continued to operate at high utilization rates while volumes declined for non-core derivative products. Pricing increased for most products, particularly vinyl acetate, acetic acid and acetate esters, driven by continued strong demand, high utilization rates across the industry and higher raw material costs, mainly for ethylene and natural gas.

Earnings from continuing operations before tax and minority interests increased to \$149 million from \$34 million on higher pricing and productivity improvements, which were partly offset by higher raw material costs. Earnings of \$34 million in 2004 included a \$15-million charge for a non-cash inventory-related purchase accounting adjustment.

#### **Technical Polymers Ticona**

Ticona's net sales increased 1% to \$223 million compared to the same period last year on higher pricing and favorable currency movements. Pricing rose as previously announced price increases took effect. Volumes declined largely for polyacetal (POM) due to weakness in the automotive sector, primarily in Europe, and on reduced sales for lower-end applications.

Earnings from continuing operations before tax and minority interests decreased to \$22 million from \$26

fully offset \$20 million in special charges, primarily for the impairment of the COC business, lower volumes and higher raw material costs. Earnings in 2004 included an \$18-million charge for a non-cash inventory-related purchase accounting adjustment.

### **Acetate Products**

Net sales for Acetate Products increased by 6% to \$183 million compared to the same period last year on higher pricing and volumes. Pricing increased for all business lines while volumes increased mainly on higher flake sales to the company's recently expanded China tow ventures.

Earnings from continuing operations before tax and minority interests decreased to \$12 million from \$14 million in the same period last year. Higher pricing and savings from restructuring and productivity improvements were more than offset by increased raw material and energy costs as well as temporarily higher manufacturing costs, resulting from a realignment of production and inventory levels as part of the acetate restructuring strategy.

### **Performance Products**

Net sales for Performance Products increased by 4% to \$47 million compared to the same period last year mainly as the result of favorable currency effects and modest volume increases. Pricing for Sunett<sup>®</sup> sweetener declined, consistent with the company's positioning strategy for the product while pricing for sorbates continued to improve.

Earnings from continuing operations before tax and minority interests increased to \$14 million from \$1 million last year, which included a \$12-million charge for a non-cash inventory-related purchase accounting adjustment. The increase in earnings resulted from favorable currency movements, improved sorbates performance and productivity improvements.

### **Other Activities**

Other Activities primarily consists of corporate center costs, including financing and administrative activities, and certain other operating entities, including the captive insurance companies.

Net sales for Other Activities decreased to \$8 million from \$11 million in the same quarter last year primarily due to the sale of the PBI and the Vectran product lines in the second quarter of 2005. Loss from continuing operations before tax and minority interests improved to a loss of \$74 million from a loss of \$179 million in the same period last year. This was primarily due to the expensing in 2004 of \$71 million in deferred financing costs for the prepayment of the senior subordinated bridge loan facilities. Also contributing to this decrease was a \$40-million favorable change in our foreign currency position.

### **Liquidity**

As of June 30, 2005, the company had total debt of \$3,393 million and cash and cash equivalents of \$959 million. Net debt (total debt less cash and cash equivalents) decreased to \$2,434 million from \$2,549 million as of December 31, 2004, due to an increase in cash and cash equivalents of \$121 million primarily from cash provided by operations.

In July 2005, the company completed the acquisition of Acetex Corporation and paid approximately \$270 million with cash on hand for the shares and assumed approximately \$235 million in debt, net of cash acquired, consisting mainly of the Acetex 10-7/8% senior notes due 2009, which will be redeemed on August 19, 2005 primarily with cash on hand. A premium of approximately \$15 million will be incurred with the early redemption of the notes.

### **Outlook**

Based on strong second quarter results and the expectation that global GDP will remain strong in the second half of the year, the company raised its full year 2005 diluted adjusted earnings per share guidance to \$1.90 to \$2.00. Third quarter diluted adjusted earnings per share are expected to be between \$0.45 and \$0.50.

---

The company's outlook considers the expected impact on pricing as the acetyls market absorbs the industry capacity expansions planned for the second half of 2005. The company has now included the expected positive impact of the recently completed Acetex acquisition in its forecasts for 2005. Previous company guidance for the year was between \$1.64 and \$1.69 per share and did not include any impact from Acetex.

"While the Acetex acquisition is accretive in the second half of 2005, the bulk of the increase in our guidance is due to the ongoing strength of our businesses," said Weidman.

Adjusted EBITDA is expected to be between \$240 million and \$260 million for the third quarter and between \$1,060 million and \$1,090 million for the full year, an increase from the \$960 million to \$1,000 million forecasted previously.

#### *Forward-Looking Statements*

*This release may contain "forward-looking statements," which include information concerning the company's plans, objectives, goals, strategies, future revenues or performance, capital expenditures, financing needs and other information that is not historical information. When used in this release, the words "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon current expectations and beliefs and various assumptions. There can be no assurance that the company will realize these expectations or that these beliefs will prove correct.*

*There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements contained in this release. Numerous factors, many of which are beyond the company's control, could cause actual results to differ materially from those expressed as forward-looking statements. Certain of these risk factors are discussed in the company's Annual Report on Form 10K. Any forward-looking statement speaks only as of the date on which it is made, and the company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances.*

#### *Successor*

*Successor represents Celanese Corporation's financial position as of June 30, 2005 and December 31, 2004 and its consolidated results of operations for the three months and six months ended June 30, 2005 and three months ended June 30, 2004. These consolidated financial statements reflect the application of purchase accounting relating to the acquisition of Celanese AG and preliminary purchase accounting adjustments relating to the acquisition of Vinamul.*

#### *Predecessor*

*Predecessor represents Celanese AG's consolidated results of its operations for the three months ended March 31, 2004. These results relate to a period prior to the acquisition of Celanese AG and present Celanese AG's historical basis of accounting without the application of purchase accounting.*

*The results of the Successor are not comparable to the results of the Predecessor due to the difference in the basis of presentation of purchase accounting as compared to historical cost and different accounting policies.*

#### *Reconciliation of Non-U.S. GAAP Measures to U.S. GAAP*

*This release reflects three performance measures, net debt, adjusted EBITDA, and diluted adjusted earnings per share as non-U.S. GAAP measures. The most directly comparable financial measure presented in accordance with U.S. GAAP in our consolidated financial statements for net debt is total debt; for adjusted EBITDA is net earnings (loss); and for diluted adjusted earnings per share is diluted earnings (loss) per share. For a reconciliation of these non-U.S. GAAP measures to U.S. GAAP figures, see the accompanying schedules to this release.*



*Adjusted EBITDA, a measure used by management to measure performance, is defined as earnings (loss) from continuing operations, plus interest expense net of interest income, income taxes and depreciation and amortization, and further adjusted for certain cash and non-cash charges. Our management believes adjusted EBITDA is useful to investors because it is one of the primary measures our management uses for its planning and budgeting processes and to monitor and evaluate financial and operating results. Adjusted EBITDA is not a recognized term under U.S. GAAP and does not purport to be an alternative to net earnings as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Because not all companies use identical calculations, this presentation of adjusted EBITDA may not be comparable to other similarly titled measures of other companies. Additionally, adjusted EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements nor does it represent the amount used in our debt covenants. Net debt is defined as total debt less cash and cash equivalents. Our management uses net debt to evaluate the Company's capital structure. Diluted adjusted net earnings per share is defined as income available to common shareholders plus preferred dividends, adjusted for special and one-time expenses and divided by the number of basic common and diluted preferred shares outstanding as of June 30, 2005. We believe that the presentation of all of the non-U.S. GAAP information provides useful information to management and investors regarding various financial and business trends relating to our financial condition and results of operations, and that when U.S. GAAP information is viewed in conjunction with non-U.S. GAAP information, investors are provided with a more meaningful understanding of our ongoing operating performance. This non-U.S. GAAP information is not intended to be considered in isolation or as a substitute for U.S. GAAP financial information.*

*Results Unaudited: The results presented in this release, together with the adjustments made to present the results on a comparable basis, have not been audited and are based on internal financial data furnished to management. Quarterly results should not be taken as an indication of the results of operations to be reported for any subsequent period or for the full fiscal year.*

## Consolidated Statements of Operations

<i>in \$ millions</i>	Q2 2005	Q2 2004	6M 2005	6M 2004
	Successor	Successor	Successor	Combined
<b>Net sales</b>	<b>1,517</b>	<b>1,229</b>	<b>3,026</b>	<b>2,472</b>
Cost of sales	(1,175)	(1,058)	(2,300)	(2,060)
<b>Gross profit</b>	<b>342</b>	<b>171</b>	<b>726</b>	<b>412</b>
Selling, general and administrative expense	(136)	(125)	(297)	(262)
Research and development expense	(23)	(22)	(46)	(45)
Special charges:				
Insurance recoveries associated with plumbing cases	4	2	4	2
Restructuring, impairment and other special charges	(31)	(1)	(69)	(29)
Foreign exchange gain (loss), net	(1)	—	2	—
Loss on disposition of assets	(3)	—	(2)	(1)
<b>Operating profit</b>	<b>152</b>	<b>25</b>	<b>318</b>	<b>77</b>
Equity in net earnings of affiliates	12	18	27	30
Interest expense	(68)	(130)	(244)	(136)
Interest income	9	7	24	12
Other income (expense), net	18	(24)	21	(15)
<b>Earnings (loss) from continuing operations before tax and minority interests</b>	<b>123</b>	<b>(104)</b>	<b>146</b>	<b>(32)</b>
Income tax provision	(43)	(10)	(51)	(27)
<b>Earnings (loss) from continuing operations before minority interests</b>	<b>80</b>	<b>(114)</b>	<b>95</b>	<b>(59)</b>
Minority interests	(13)	(10)	(38)	(10)

<b>Earnings (loss) from continuing operations</b>	<b>67</b>	<b>(124)</b>	<b>57</b>	<b>(69)</b>
Earnings (loss) from operation of discontinued operations (including gain on disposal of discontinued operations)	—	(1)	—	8
Related income tax benefit	—	—	—	14
Earnings (loss) from discontinued operations	<u>—</u>	<u>(1)</u>	<u>—</u>	<u>22</u>
<b>Net earnings (loss)</b>	<b><u>67</u></b>	<b><u>(125)</u></b>	<b><u>57</u></b>	<b><u>(47)</u></b>

6

## Consolidated Balance Sheets

<i>in \$ millions</i>	<u>June 30 2005</u>	<u>Dec 31 2004</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	959	838
Receivables, net:		
Trade receivables, net - third party and affiliates	955	866
Other receivables	523	670
Inventories	586	618
Deferred income taxes	75	71
Other assets	106	86
Assets of discontinued operations	3	2
<b>Total current assets</b>	<u>3,207</u>	<u>3,151</u>
Investments	543	600
Property, plant and equipment, net	1,756	1,702
Deferred income taxes	36	54
Other assets	652	756
Goodwill	813	747
Intangible assets, net	389	400
<b>Total assets</b>	<u>7,396</u>	<u>7,410</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>		
<b>Current liabilities:</b>		
Short-term borrowings and current installments of long-term debt	140	144
Accounts payable and accrued liabilities:		
Trade payables - third party and affiliates	682	722
Other current liabilities	739	888
Deferred income taxes	14	20
Income taxes payable	230	214
Liabilities of discontinued operations	7	7
<b>Total current liabilities</b>	<u>1,812</u>	<u>1,995</u>
Long-term debt	3,253	3,243
Deferred income taxes	227	256
Benefit obligations	1,003	1,000
Other liabilities	452	510
Minority interests	523	518
Shareholders' equity (deficit):		
Preferred stock	—	—
Common stock	—	—
Additional paid-in capital	350	158

Retained earnings (deficit)	(196)	(253)
Accumulated other comprehensive loss	(28)	(17)
Shareholders' equity (deficit)	126	(112)
<b>Total liabilities and shareholders' equity (deficit)</b>	<b>7,396</b>	<b>7,410</b>

## SALES

**Table 1**

**Net Sales**

<i>in \$ millions</i>	Q2 2005	Q2 2004	6M 2005	6M 2004
	Successor	Successor	Successor	Combined
Chemical Products	1,085	808	2,129	1,626
Technical Polymers Ticona	223	220	462	447
Acetate Products	183	173	379	345
Performance Products	47	45	94	89
<b>Segment total</b>	<b>1,538</b>	<b>1,246</b>	<b>3,064</b>	<b>2,507</b>
Other activities	8	11	20	22
Intersegment eliminations	(29)	(28)	(58)	(57)
<b>Total</b>	<b>1,517</b>	<b>1,229</b>	<b>3,026</b>	<b>2,472</b>

**Table 2**

**Factors Affecting Second Quarter 2005 Segment Sales Compared to Second Quarter 2004**

<i>in percent</i>	Volume	Price	Currency	Other*	Total
Chemical Products	-1%	21%	2%	12%	34%
Technical Polymers Ticona	-5%	4%	2%	0%	1%
Acetate Products	1%	5%	0%	0%	6%
Performance Products	2%	-3%	5%	0%	4%
<b>Segment total</b>	<b>-2%</b>	<b>15%</b>	<b>2%</b>	<b>8%</b>	<b>23%</b>

\* Primarily represents sales of the recently acquired Vinamul emulsion business

**Table 3**

**Factors Affecting Six Months 2005 Segment Sales Compared to Six Months 2004**

<i>in percent</i>	Volume	Price	Currency	Other*	Total
Chemical Products	-1%	21%	3%	8%	31%
Technical Polymers Ticona	-1%	2%	2%	0%	3%
Acetate Products	6%	4%	0%	0%	10%

Performance Products	5%	-5%	6%	0%	6%
<b>Segment total</b>	<b>0%</b>	<b>15%</b>	<b>2%</b>	<b>5%</b>	<b>22%</b>

\* Primarily represents sales of the recently acquired Vinamul emulsion business

**KEY FINANCIAL DATA**

**Table 4**

**Operating Profit (Loss)**

<i>in \$ millions</i>	Q2 2005	Q2 2004	6M 2005	6M 2004
	Successor	Successor	Successor	Combined
Chemical Products	155	36	332	101
Technical Polymers Ticona	5	11	44	42
Acetate Products	10	10	30	19
Performance Products	15	2	28	13
<b>Segment total</b>	<b>185</b>	<b>59</b>	<b>434</b>	<b>175</b>
Other activities	(33)	(34)	(116)	(98)
<b>Total</b>	<b>152</b>	<b>25</b>	<b>318</b>	<b>77</b>

**Table 5**

**Earnings (Loss) from Continuing Operations Before Tax and Minority Interests**

<i>in \$ millions</i>	Q2 2005	Q2 2004	6M 2005	6M 2004
	Successor	Successor	Successor	Combined
Chemical Products	149	34	342	98
Technical Polymers Ticona	22	26	73	71
Acetate Products	12	14	32	23
Performance Products	14	1	26	12
<b>Segment total</b>	<b>197</b>	<b>75</b>	<b>473</b>	<b>204</b>
Other activities	(74)	(179)	(327)	(236)
<b>Total</b>	<b>123</b>	<b>(104)</b>	<b>146</b>	<b>(32)</b>

**Table 6**

**Depreciation and Amortization Expense**

<i>in \$ millions</i>	Q2 2005	Q2 2004	6M 2005	6M 2004
	Successor	Successor	Successor	Combined
Chemical Products	39	38	73	77
Technical Polymers Ticona	14	15	29	31

Acetate Products	9	14	18	27
Performance Products	3	2	6	4
<b>Segment total</b>	<b>65</b>	<b>69</b>	<b>126</b>	<b>139</b>
Other activities	2	2	4	4
<b>Total</b>	<b>67</b>	<b>71</b>	<b>130</b>	<b>143</b>

9

## KEY FINANCIAL DATA - (continued)

**Table 7**

### Cash Dividends Received

	Q2 2005	Q2 2004	6M 2005	6M 2004
<i>in \$ millions</i>	Successor	Successor	Successor	Combined
Dividends from equity investments	10	6	46	21
Other distributions from equity investments	—	—	—	1
Dividends from cost investments	7	7	21	13
<b>Total</b>	<b>17</b>	<b>13</b>	<b>67</b>	<b>35</b>

## SPECIAL CHARGES AND OTHER EXPENSES

**Table 8**

### Special Charges in Operating Profit (Loss)

	Q2 2005	Q2 2004	6M 2005	6M 2004
<i>in \$ millions</i>	Successor	Successor	Successor	Combined
Chemical Products	(3)	(1)	(4)	(2)
Technical Polymers Ticona	(20)	2	(21)	1
Acetate Products	—	—	(1)	—
Performance Products	—	—	—	—
<b>Segment total</b>	<b>(23)</b>	<b>1</b>	<b>(26)</b>	<b>(1)</b>
Other activities	(4)	—	(39)	(26)
<b>Total</b>	<b>(27)</b>	<b>1</b>	<b>(65)</b>	<b>(27)</b>

**Table 9**

### Breakout of Special Charges by Type

	Q2 2005	Q2 2004	6M 2005	6M 2004
<i>in \$ millions</i>	Successor	Successor	Successor	Combined
Employee termination benefits	(7)	(1)	(9)	(3)

Plant/office closures	—	—	(1)	—
<b>Total restructuring</b>	<b>(7)</b>	<b>(1)</b>	<b>(10)</b>	<b>(3)</b>
Insurance recoveries associated with plumbing cases	4	2	4	2
Asset impairments	(24)	—	(24)	—
Termination of advisor monitoring services	—	—	(35)	—
Advisory services	—	—	—	(25)
Other	—	—	—	(1)
<b>Total</b>	<b>(27)</b>	<b>1</b>	<b>(65)</b>	<b>(27)</b>

10

## RECONCILIATION OF NON-US GAAP ITEMS

**Table 10**

### Earnings Per Share

<i>in \$ millions, except for share and per share data</i>	<b>Q2 2005 Actual</b>	<b>Q2 2005 Adjusted</b>
Earnings from continuing operations before tax and minority interests	123	123
Adjustments:		
Favorable impact on non-operating foreign exchange position	—	(14)
Special charges	—	27
<b>Earnings from continuing operations before tax and minority interests</b>	<b>123</b>	<b>136</b>
Income tax provision*	(43)	(33)
Minority interests	(13)	(13)
Preferred dividends	(2)	(2)
<b>Net earnings available to common shareholders</b>	<b>65</b>	<b>88</b>
<b>Basic EPS Calculation</b>		
Weighted average shares outstanding (thousands)	158,530	—
<b>Basic EPS</b>	<b>0.41</b>	—
<b>Diluted EPS Calculation</b>		
Net earnings available to common shareholders	65	88
Add back: Preferred dividends	2	2
<b>Net earnings for diluted EPS</b>	<b>67</b>	<b>90</b>
<b>Diluted shares (thousands)</b>		
Weighted average shares outstanding	158,530	158,530
Conversion of Preferred Shares	12,000	12,000
Assumed conversion of stock options	—	—
Total diluted shares	170,530	170,530
<b>Diluted EPS</b>	<b>0.39</b>	<b>0.53</b>

\* Effective tax rate for Adjusted EPS is 24% and for Actual EPS is 35%

**Table 11****Net Debt**

<i>in \$ millions</i>	<u>June 30 2005</u>	<u>Dec 31 2004</u>
Short-term borrowings and current installments of long-term debt	<b>140</b>	144
Plus: Long-term debt	<b>3,253</b>	3,243
Total debt	<b>3,393</b>	<b>3,387</b>
Less: Cash and cash equivalents	<b>959</b>	838
<b>Net Debt</b>	<b><u>2,434</u></b>	<b><u>2,549</u></b>

11

**Table 12****Adjusted EBITDA**

<i>in \$ millions</i>	<u>Q2 2005</u>	<u>Q2 2004</u>	<u>6M 2005</u>
Net earnings (loss)	<b>67</b>	(125)	57
(Earnings) loss from discontinued operations	—	1	—
Interest expense	<b>68</b>	130	244
Interest income	<b>(9)</b>	(7)	(24)
Income tax provision	<b>43</b>	10	51
Depreciation and amortization	<b>67</b>	71	130
<b>EBITDA</b>	<b><u>236</u></b>	<b><u>80</u></b>	<b><u>458</u></b>
<i>Adjustments:</i>			
Cash dividends received in excess of equity in net earnings of affiliates	<b>(2)</b>	(12)	19
Special charges	<b>27</b>	(1)	65
Other unusual items and adjustments <sup>(1)</sup>	<b>22</b>	121	75
<b>Adjusted EBITDA</b>	<b><u>283</u></b>	<b><u>188</u></b>	<b><u>617</u></b>

<sup>(1)</sup> Other Unusual Items and Adjustments

<i>in \$ millions</i>	<u>Q2 2005</u>	<u>Q2 2004</u>	<u>6M 2005</u>
Net (gain) loss on disposition of assets	<b>3</b>	—	2
Excess of minority interest income over cash dividends paid to minority shareholders	<b>13</b>	9	38
Severance and other restructuring charges not included in special charges	—	9	2
Cash interest income used by captive insurance subsidiaries to fund operations	<b>3</b>	2	6
Franchise taxes	<b>1</b>	1	1
Unusual and non-recurring items*	<b>6</b>	40	15

Non-cash charges**	(4)	50	1
Advisor monitoring fee	—	2	10
Pro forma cost savings***	—	8	—
<b>Total Other Unusual Items and Adjustments</b>	<b><u>22</u></b>	<b><u>121</u></b>	<b><u>75</u></b>

\* Primarily includes costs related to the Celanese AG (Q2 2004) and Vinamul acquisition (Q2 2005 and 6M 2005), productivity enhancement programs (all periods presented), Summit (all periods presented) and Bedminster relocations (Q2 2005 and 6M 2005), and IPO bonus (6M 2005).

\*\* Primarily includes ineffective portion of a net investment hedge (Q2 2005 and 6M 2005) and purchase accounting adjustment for inventories (Q2 2004).

\*\*\* Primarily represents adjustments on a proforma basis for certain cost savings that we expect to achieve from additional pension contributions (Q2 2004).

**Table 13**

**Guidance Diluted Adjusted EPS**

<i>in \$ millions, except for share and per share data</i>	<b>Q3 2005 Mid-Point Guidance Diluted EPS</b>	<b>Q3 2005 Mid-Point Guidance Diluted Adj. EPS</b>	<b>FY 2005 Mid-Point Guidance Diluted EPS</b>	<b>FY 2005 Mid-Point Guidance Diluted Adj. EPS</b>
Earnings from continuing operations before tax and minority interests	92	92	299	299
Adjustments:				
Monitor Fee	—	—	—	10
Refinancing costs	—	15	—	117
Favorable impact on non-operating foreign exchange position	—	—	—	(14)
Special charges	—	15	—	105
<b>Earnings from continuing operations before tax and minority interests</b>	<b>92</b>	<b>122</b>	<b>299</b>	<b>517</b>
Income tax provision	(32)	(29)	(105)	(124)
Minority interest	(12)	(12)	(60)	(60)
Preferred dividends	(2)	(2)	(10)	(10)
<b>Net earnings available to common shareholders</b>	<b><u>46</u></b>	<b><u>79</u></b>	<b><u>124</u></b>	<b><u>323</u></b>
<b>Basic EPS Calculation</b>				
Weighted average shares outstanding (thousands)	158,530	—	158,530	—
<b>Basic EPS</b>	<b><u>0.29</u></b>	<b><u>—</u></b>	<b><u>0.78</u></b>	<b><u>—</u></b>
<b>Diluted EPS Calculation</b>				
Net earnings available to common shareholders	46	79	124	323
Add back: Preferred dividends	2	2	10	10
<b>Net earnings for diluted EPS</b>	<b><u>48</u></b>	<b><u>81</u></b>	<b><u>134</u></b>	<b><u>333</u></b>
<b>Diluted shares (thousands)</b>				
Weighted average shares outstanding	158,530	158,530	158,530	158,530
Conversion of Preferred Shares	12,000	12,000	12,000	12,000
Assumed conversion of stock options	—	—	—	—



Total diluted shares	170,530	170,530	170,530	170,530
<b>Diluted EPS</b>	<b><u>0.28</u></b>	<b><u>0.47</u></b>	<b><u>0.79</u></b>	<b><u>1.95</u></b>

13

**Table 14**

**Guidance Adjusted EBITDA**

<i>in \$ millions</i>	<b>Guidance Q3 2005</b>	<b>Guidance FY 2005</b>
Net earnings (loss)	<b>48</b>	134
(Earnings) loss from discontinued operations	—	—
Interest expense	<b>90</b>	412
Interest income	<b>(5)</b>	(34)
Income tax provision (benefit)	<b>32</b>	105
Depreciation and amortization	<b>66</b>	<u>252</u>
<b>EBITDA</b>	<b>231</b>	<b>869</b>
<i>Adjustments:</i>		
Cash dividends received in excess of equity in net earnings of affiliates	<b>(7)</b>	(4)
Special charges	<b>15</b>	105
Other unusual items and adjustments *	<b>11</b>	105
<b>Adjusted EBITDA</b>	<b><u>250</u></b>	<b><u>1,075</u></b>

\* Primarily includes the following:

Excess of minority interest income over cash dividends paid to minority shareholders

Severance and other restructuring charges not included in special charges

Cash interest income used by captive insurance subsidiaries to fund operations

Unusual and non-recurring items

Advisor monitoring fee

Other minor items

14



# Second Quarter Earnings

# Celanese 2Q 2005 Earnings

**NYSE: CE**

## Conference Call/Webcast

Tues., August 9, 2005 10 a.m CT

David Weidman, CEO

C.J. Nelson, CFO

1



## Forward-Looking Statements

---

This presentation may contain “forward-looking statements,” which include information concerning the Company’s plans, objectives, goals, strategies, future revenues or performance, capital expenditures, financing needs and other information that is not historical information. When used in this presentation, the words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon current expectations and beliefs and various assumptions. There can be no assurance that the Company will realize these expectations or that these beliefs will prove correct.

There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements contained in this presentation. Numerous factors, many of which are beyond the Company’s control, could cause actual results to differ materially from those expressed as forward-looking statements. For a discussion of some of the factors, we recommend that you review the Company’s Annual Report on Form 10-K at the SEC’s website at [www.sec.gov](http://www.sec.gov). Any forward-looking statement speaks only as of the date on which it is made, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances.

2

## Reconciliation of Non-GAAP Measures to U.S. GAAP

---

This release reflects three performance measures, net debt, adjusted EBITDA, and diluted adjusted earnings per share as non-U.S. GAAP measures. The most directly comparable financial measure presented in accordance with U.S. GAAP in our consolidated financial statements for net debt is total debt; for adjusted EBITDA is net earnings (loss); for diluted adjusted earnings per share is net earnings (loss); and, for adjusted basic earnings per share is income available to common shareholders. For a reconciliation of these non-U.S. GAAP measures to U.S. GAAP figures, see the accompanying schedules to this release.

## Use of Non-GAAP Financial Information

---

Adjusted EBITDA, a measure used by management to measure performance, is defined as earnings (loss) from continuing operations, plus interest expense net of interest income, income taxes and depreciation and amortization, and further adjusted for certain cash and non-cash charges. Our management believes adjusted EBITDA is useful to investors because it is one of the primary measures our management uses for its planning and budgeting processes and to monitor and evaluate financial and operating results. Adjusted EBITDA is not a recognized term under U.S. GAAP and does not purport to be an alternative to net earnings as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Because not all companies use identical calculations, this presentation of adjusted EBITDA may not be comparable to other similarly titled measures of other companies. Additionally, adjusted EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and

debt service requirements nor does it represent the amount used in our debt covenants. Net debt is defined as total debt less cash and cash equivalents. Our management uses net debt to evaluate the Company's capital structure. Diluted adjusted net earnings per share is defined as income available to common shareholders plus preferred dividends, adjusted for special and one-time expenses and divided by the number of basic common and diluted preferred shares outstanding as of June 30, 2005. We believe that the presentation of all of the non-U.S. GAAP information provides useful information to management and investors regarding various financial and business trends relating to our financial condition and results of operations, and that when U.S. GAAP information is viewed in conjunction with non-U.S. GAAP information, investors are provided with a more meaningful understanding of our ongoing operating performance. This non-U.S. GAAP information is not intended to be considered in isolation or as a substitute for U.S. GAAP financial information.

4



---

David Weidman

President and Chief Executive Officer

5

**Strong Underlying Business Results**



(in \$millions)

2<sup>nd</sup> Qtr 2005

<b>Sales</b>	<b>\$1,517 up 23%</b>
<b>Operating Profit</b>	<b>\$152 up 508%</b>
<b>Adjusted Diluted EPS</b>	<b>\$0.53</b>
<b>Dividends from Equity &amp; Cost Investments</b>	<b>\$17</b>
<b>Adjusted EBITDA</b>	<b>\$283 up 51%</b>

- Expansion of operating profit and strengthened cash position
- Higher pricing on strong demand and high capacity utilization in Chemical Products
- Completed strategic acquisition of Acetex July 20

6



---

C. J. Nelson

Executive Vice President and Chief Financial Officer



## Financial Highlights

in \$ millions (except per share data)	2 <sup>nd</sup> Qtr 2005	2 <sup>nd</sup> Qtr 2004
Net sales	1,517	1,229
Operating Profit	152	25
SG&A	(136)	(125)
Net Earnings (Loss)	67	(124)
Basic EPS	0.41	n.m.
Special Items		
Refinancing expenses	-	-
Special charges	27	(1)
Non-Operating Foreign Exchange	(14)	-
Adjusted Diluted EPS	\$ 0.53	n.m.
Adjusted EBITDA	283	188



## Chemicals Products

(in \$millions)	2 <sup>nd</sup> Qtr 05
Sales	\$1,085 up 34%
Segment Earnings <sup>(1)</sup>	\$149 up 338%

## Second Quarter:

- ⊗ Significant price increases on robust demand, high industry capacity utilization
- ⊗ Pricing more than offset higher raw material costs

## Outlook:

- ⊗ Continued favorable market conditions in the 3<sup>rd</sup> quarter
- ⊗ In second half 2005, new acetyls capacity expected to temporarily ease tight supply/demand
- ⊗ Longer-term outlook remains positive

***Strong integrated chain of acetyl products***

(1) –Earnings from continuing operations before tax and minority interests

9

## Ticona



(in \$millions)

2<sup>nd</sup> Qtr 05

**Sales** \$223 up 1%

**Segment Earnings** (1) \$22 down 15%

## Second Quarter:

- ⊗ Successfully implemented price increases – offset higher raw material and energy costs
- ⊗ Weakened POM sales, primarily Europe and automotive sector
- ⊗ 2005 results include \$20 million in special charges primarily related to exit of COC business; 2004 results include \$18 million charge for purchase accounting adjustment

## Outlook:

- ⊗ Modest volume growth due to downturn in automotive and sluggish European economy
- ⊗ Consistent earnings supported by cost improvement effort

***Focus on increased growth through innovation***

(1) –Earnings from continuing operations before tax and minority interests

10

# Acetate/Performance Products Summaries

<i>(in \$millions)</i>	
	<u>2<sup>nd</sup> Qtr 05</u>
<b>Sales</b>	<b>\$183 up 6%</b>
<b>Segment Earnings (1)</b>	<b>\$12 down 14%</b>

## Acetate

- ⊗ Strong results on higher volumes, pricing and productivity improvements
- ⊗ China venture expansions moving forward
- ⊗ Restructuring of operations on schedule, temporary higher manufacturing costs due to production/inventory alignment

<i>(in \$millions)</i>	
	<u>2<sup>nd</sup> Qtr 05</u>
<b>Sales</b>	<b>\$47 up 4%</b>
<b>Segment Earnings (1)</b>	<b>\$14 up \$13 (2)</b>

## Performance Products

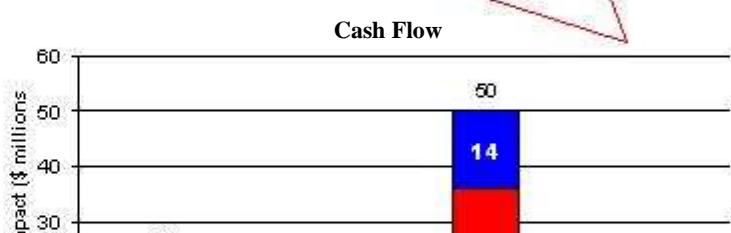
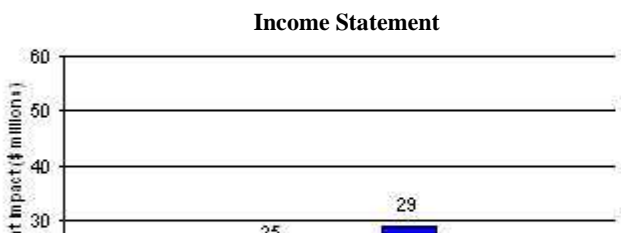
- ⊗ Stable earnings on strong sweetener demand
- ⊗ Pricing declines consistent with strategy on sales to large-volume customers

***Attractive, Cash Generating Businesses***

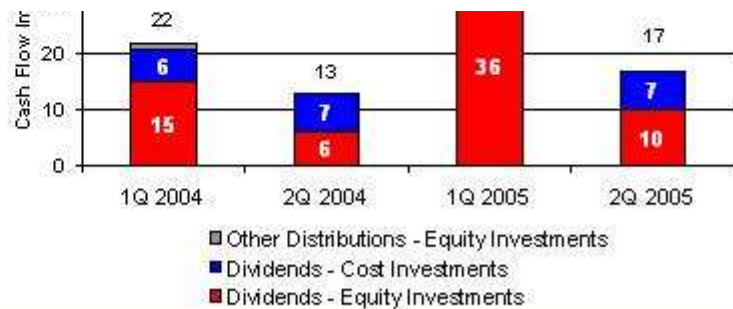
(1) –Earnings from continuing operations before tax and minority interests  
 (2) 2004 results included \$12 million in inventory-related purchase accounting adjustments

# Significant Contribution from Equity and Cost Investments

- 2004 Full Year dividends = \$76 million
- 2005 expected to be \$120 - 130 million
- 3Q dividends expected to be \$45 million







*Dividend Payments Usually Strongest in 1<sup>st</sup> Qtr*

12



## Equity Investments Summary

Summary-equity investments  
US \$ Million (unaudited)

	2004		2003		2002	
	Total Results	Celanese's Share	Total Results	Celanese's Share	Total Results	Celanese's Share
<b>Net Sales</b>	\$ 2,849	\$ 1,163	\$ 2,134	\$ 824	\$ 1,735	\$ 648
<b>Depreciation and Amortization</b>	\$ 134	\$ 52	\$ 131	\$ 51	\$ 122	\$ 47
<b>Operating Profit (Loss)</b>	\$ 183	\$ 78	\$ 141	\$ 58	\$ 104	\$ 44
<b>Net Earnings</b>	\$ 121	\$ 48	\$ 85	\$ 35	\$ 51	\$ 21
<b>Dividends Received</b>		\$ 37		\$ 23		\$ 61
<b>Other Distributions</b>		\$ 1		\$ -		\$ 39
<b>Cash and Cash Equivalents</b>	\$ 258	\$ 119	\$ 189	\$ 86	\$ 344	\$ 109
<b>Long and Short Term Debt</b>	\$ 212	\$ 95	\$ 183	\$ 83	\$ 144	\$ 65
<b>Net Debt</b>	\$ 46	\$ 23	\$ 5	\$ 4	\$ 200	\$ 44
<b>Capital Expenditures</b>	\$ 189	\$ 74	\$ 139	\$ 50	\$ 126	\$ 46

Summary - Total Dividends and Other Distributions

Cost Investments	\$ 39	\$ 53	\$ 35
Equity Investments	\$ 38	\$ 23	\$ 100
	\$ 77	\$ 76	\$ 135

13

## Capitalization



(in \$millions)	December 31, 2004	March 31, 2005	June 30, 2005
<b>Cash</b>	<b>838</b>	<b>1,738</b>	<b>959</b>
Senior Credit Term Loan	624	1,750	1,725
Delayed Draw Term Loan	-	-	-
Floating Rate Term Loan	350	-	-
<b>Total Senior Debt</b>	<b>974</b>	<b>1,750</b>	<b>1,725</b>
Senior Sub Notes (\$)	1,231	800	800
Senior Sub Notes (€- 6/30/05 translated at 1.2092 )	272 383	169 369	157 351
Assumed Debt	<b>2,860</b>	<b>3,088</b>	<b>3,033</b>
<b>Total Cash Pay Debt</b>	103	68	70
Discount Notes Series A	424	283	290
Discount Notes Series B	<b>3,387</b>	<b>3,439</b>	<b>3,393</b>
<b>Total Debt</b>	(112)	61	126
Shareholders' Equity	<b>3,275</b>	<b>3,500</b>	<b>3,519</b>
<b>Total Capitalization</b>			

14



## Combined Business Outlook

### 3<sup>rd</sup> Quarter

- ⌚ Adjusted EPS to increase to \$0.45 - \$0.50
- ⌚ Includes \$15 million pre-tax in special charges and \$15 million for Acetex debt redemption
- ⌚ Includes impact of Acetex consolidation for two months

### Full Year 2005

- ⌚ Adjusted EPS to increase to \$1.90 to \$2.00 – up from previous guidance of \$1.64 and \$1.69
- ⌚ Includes impact of Acetex consolidation for five months

### Adjusted EBITDA

- ⌚ Full year adjusted EBITDA expected to increase to \$1,060 to \$1,090 million

- ⌚ 3<sup>rd</sup> quarter expected to be \$240 to \$260 million
- ⌚ Typical seasonality in second half of year (55%/45%) and expected impact of acetyl capacity expansions



## Full Year 2005 Key Modeling Assumptions

### Income Statement

(\$ millions)

- Depreciation = \$250-\$270
- Special charges = \$100-\$110
- Interest expense = \$290-\$300
- Cash interest = \$235-\$245
  - Excluding deferred finance/debt premium of approx. \$117
  - Avg cost of borrowed capital = 7%
- Effective tax rate of 35% for EPS level and 24% for Adjusted EPS
- Minority interest in teens/qtr beyond 1Q
- Other Activities Operating Profit in mid to upper (\$30's)/qtr beyond 2Q

### Equity – CE Shares

- Common stock = 158.5 million outstanding
- Potentially dilutive securities as of 6/30:
  - 12 million shares – converted preferred
  - 12 million shares - stock options @ \$16.00
  - August 9 guidance based on 170.5 million shares
- Preferred stock dividends = approx. \$10 million on 9.6 million outstanding shares

### Capital Expenditures

- Capital expenditures = \$215 - \$225 mm

### Equity – CAG Minority Interest

- Approximately 8 million shares outstanding as of June 23, 2005
- Current tender offer price = €41.92/share
- Net guaranteed payment = approximately €24 million