# CELANESE CORP

## FORM 8-K
(Current report filing)

Filed 11/07/05 for the Period Ending 11/07/05

| | |
|---|---|
| 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 |

**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) **: November 7, 2005**

**CELANESE CORPORATION**
(Exact Name of Registrant as specified in its charter)

| DELAWARE | 001-32410 | 98-0420726 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (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 November 7, 2005, Celanese Corporation (the " Company ") issued a press release reporting the financial results for its third 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 November 7, 2005, David N. Weidman, President and Chief Executive Officer of the Company, and John J. Gallagher III, 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 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

| Exhibit Number | Description |
|---|---|
| 99.1 | Press Release dated November 7, 2005 |
| 99.2 | Slide Presentation dated November 7, 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/ John J. Gallagher III

Name: John J. Gallagher III

Title: Executive Vice President and Chief Financial Officer

Date: November 7, 2005

**Exhibit Index**

| Exhibit Number | Description |
|---|---|
| 99.1 | Press Release dated November 7, 2005 |
| 99.2 | Slide Presentation dated November 7, 2005 |

[CELANESE LOGO]

INVESTOR INFORMATION

CELANESE CORPORATION
Investor Relations
1601 West LBJ Freeway
Dallas, Texas 75234-6034

Mark Oberle
Phone: +1 972 443 4464
Fax: +1 972 332 9373
Mark.Oberle@celanese.com

# CELANESE CORPORATION REPORTS STRONG THIRD QUARTER RESULTS: NET SALES AND EARNINGS INCREASE FROM 2004

Third Quarter Highlights:

- Net sales increase 21% from prior year on higher pricing and the Vinamul emulsion and Acetex acquisitions
- Basic EPS is $0.26; diluted adjusted EPS is $0.49
- Operating profit more than triples on strong results in Chemical Products, cost savings, and lower special charges
- Adjusted EBITDA increases 16% from prior year to $253 million
- Full year 2005 diluted adjusted EPS guidance raised to $1.95 to $2.05

| in $ millions, except per share data | Q3 2005 | Q3 2004 |
|---|---|---|
| Net sales | 1,536 | 1,265 |
| Operating profit | 92 | 25 |
| Net earnings (loss) | 45 | (71) |
| Basic EPS | 0.26 | n.m. |
| Diluted Adjusted EPS | 0.49 | n.m. |
| Adjusted EBITDA | 253 | 218 |

DALLAS, November 7, 2005 - Celanese Corporation (NYSE:CE) today reported third quarter 2005 net sales increased 21% to $1,536 million compared to the same period last year primarily on higher pricing, mainly in Chemical Products, and sales of the recently acquired



Acetex and Vinamul businesses. Basic net earnings were $0.26 per share, which included $24 million, pretax, in special charges primarily associated with the planned closure of the Edmonton, Canada site as well as $15 million, pretax, in inventory purchase accounting expenses related to the Acetex acquisition and increased ownership of Celanese AG.

Diluted adjusted earnings per share, which primarily exclude special charges and inventory purchase accounting expenses, were $0.49, within the company's guidance range of $0.45 to $0.50 per share. The results include $0.02 per share positive impact from increased ownership of Celanese AG.

Adjusted EBITDA rose 16% to $253 million on strong operating results, productivity improvements, and higher dividends from cost investments, and was within the company's previous guidance range of $240 million to $260 million. Adjusted EBITDA increased despite the impact of Hurricane Rita, which is estimated to be approximately $15 million for the third and fourth quarters combined.

"Celanese had another strong quarter and achieved its objectives for growth profitability, and cost control, despite the impact of Hurricane Rita and unprecedented increases in raw material costs," said David Weidman, president and chief executive officer. "These results demonstrate the strength of our hybrid chemicals structure and strategy for growth and cost improvement."

Operating profit more than tripled to $92 million versus $25 million last year on higher pricing, productivity improvements, and lower special charges. These effects more than offset higher raw material and energy costs, mainly for ethylene and natural gas. Operating profit in 2004 included $59 million in special charges, largely for non-cash asset impairments associated with the restructuring of Acetate Products. Operating profit in 2005 included $24 million in special charges and $15 million in inventory purchase accounting adjustments. Adjusting for these items, operating profit increased by $47 million.

The company continues to deliver on Celanese-specific opportunities to create value.

RECENT BUSINESS HIGHLIGHTS:

- Completed acquisition of Acetex Corporation and redemption of Acetex's outstanding 10-7/8% senior notes for approximately $500 million, primarily with available cash.

- Completed the transition for purchasing our full requirement of Gulf Coast methanol from Southern Chemical Corporation, a Trinidad-based supplier, in an arrangement that is expected to yield significant savings.

- Increased our ownership of Celanese AG to approximately 98% as of October 27 following an agreement with major shareholders and ongoing tender offers. The Celanese Corporation Board of Directors granted approval in November to a squeeze-out of remaining shareholders.

- Signed a letter of intent to divest Ticona's non-core cyclo-olefin copolymer (COC) business to a venture between Daicel and our Polyplastics equity investment.

- Completed the sale of the Rock Hill, S.C., cellulose acetate manufacturing site in October 2005 as part of the restructuring of the Acetate Products business.

EQUITY AND COST INVESTMENTS

Dividends from equity and cost investments increased by more than 50% to $47 million from $31 million in the same quarter last year, primarily due to higher dividends from our Ibn Sina cost investment in Saudi Arabia. Equity in net earnings of affiliates rose 24% to $21 million on increased performance of our Asian investments.

"As expected, dividends from our investments increased significantly in the quarter on improved performance of our ventures and our strategy to maximize our ventures' cash contributions, " said John Gallagher, chief financial officer and executive vice president. "We've



received dividends of $114 million year to date, and now expect total dividends in 2005 to be modestly above $130 million."

THIRD QUARTER SEGMENT OVERVIEW

CHEMICAL PRODUCTS

Higher pricing driven by strong demand, high industry utilization rates and higher raw material costs in base products, such as acetic acid and vinyl acetate, as well as the results of the recent Acetex and Vinamul acquisitions, resulted in a net sales increase of 31% to $1,100 million for Chemical Products. Earnings from continuing operations before tax and minority interests rose by 34% to $134 million, benefiting from increased operating profit and dividends from the Ibn Sina cost investment, which more than doubled to $33 million in the quarter. Higher pricing for base products more than offset higher raw material costs, such as ethylene and natural gas. Downstream products, such as emulsions and polyvinyl alcohol, however, experienced margin compression, as raw material costs rose faster than pricing.

TECHNICAL POLYMERS TICONA

Net sales for Ticona were essentially flat at $212 million compared to the same period last year. The company was successful in its pricing initiatives, which offset lower polyacetal volumes, resulting from a weak European automotive market and reduced sales to lower end applications. Earnings from continuing operations before tax and minority interests increased by 17% to $34 million due to progress in its cost savings initiatives, higher pricing, and lower depreciation and amortization expense. Earnings from equity investments in Asia and the U.S. also increased in the



period. These factors were partly offset by higher raw material costs, lower volumes, and lower inventory versus last year when there was a build for a planned maintenance turnaround.

ACETATE PRODUCTS

Acetate Products' net sales declined by 7% to $163 million as higher pricing for tow and flake and increased flake volumes did not offset lower volumes for filament and tow due to the company's planned exit from the filament business and the shutdown of a Canadian tow plant. Earnings from continuing operations before tax and minority interests increased to $4 million compared to a loss of $(39) million in the same period last year due to lower special charges of $9 million in 2005 versus $50 million in 2004 and lower depreciation and amortization expense largely related to restructuring initiatives. In the 3rd quarter of 2005, higher raw material and energy costs, along with temporarily higher manufacturing costs resulting from a realignment in inventory levels, were partially offset by higher pricing and savings from restructuring initiatives.

PERFORMANCE PRODUCTS

Net sales for the Performance Products segment decreased by $1 million to $46 million compared to the same period last year as higher volumes, largely for Sunett(R) sweetener, were offset by lower pricing for the sweetener. Earnings from continuing operations before tax and minority interests declined slightly by $1 million to $10 million as improved conditions in the sorbates business and cost savings were offset by lower pricing for Sunett and an impairment of cost investments.

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 and the AT Plastics business of Acetex, which was acquired in July 2005.

Net sales for Other Activities increased to $55 million from $20 million in the same period last year primarily due to the addition of $49 million in sales from AT Plastics, which was partially offset by lower third party sales from the captive insurance companies and the divestitures of the performance polymer polybenzamidazole (PBI) and Vectran polymer fiber businesses. Loss from continuing operations before tax and minority interests improved to a loss of $108 million from a loss of $132 million in the same period last year mainly due to $26 million in lower interest expense than in 2004, which included $18 million in deferred financing costs and a $21-million prepayment premium for the refinancing of redeemable preferred stock. This decrease was partially offset by increased interest expense on higher debt levels and interest rates.

LIQUIDITY

As of September 30, 2005, the company had total debt of $3,496 million and cash and cash equivalents of $401 million. Net debt (total debt less cash and cash equivalents) increased to $3,095 million from $2,549 million as of December 31, 2004, as the company acquired Vinamul with debt and largely used available cash to finance the Acetex acquisition, the redemption of Acetex senior notes and the purchase of Celanese AG shares from two minority shareholders.

OUTLOOK

The company increased its full year guidance range for diluted adjusted earnings per share to $1.95 to $2.05 from its previous guidance of $1.90 to $2.00 per diluted share to reflect the



positive impact of fewer Celanese AG shares outstanding.

"Celanese had a very good quarter and continues to deliver on Celanese-specific opportunities that enhance our growth and profitability," said Weidman. "Our hybrid, global chemical company is well positioned, and we remain optimistic about our outlook."

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 filings with the Securities and Exchange Commission. 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 September 30, 2005 and December 31, 2004 and its consolidated results of operations for the three months and nine months ended September 30, 2005 and three months ended September 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 acquisitions of Vinamul, Acetex and the



additional Celanese AG shares acquired in the third quarter of 2005.

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.

Use of Non-U.S. 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 September 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.

The presentation of combined 2004 consolidated statements of operations of the predecessor and successor results in a non-GAAP measure as the predecessor and successor's consolidated financial statements are based on two different methods of accounting and as the successor's consolidated financial statements include the effects of purchase accounting.

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

| in $ millions | Q3 2005 Successor | Q3 2004 Successor | 9M 2005 Successor | 9M 2004 Combined |
|---|---|---|---|---|
| NET SALES | 1,536 | 1,265 | 4,562 | 3,737 |
| Cost of sales | (1,253) | (1,005) | (3,553) | (3,065) |
| GROSS PROFIT | 283 | 260 | 1,009 | 672 |
| Selling, general and administrative xpenses | (144) | (153) | (441) | (415) |
| Research and development expenses | (22) | (23) | (68) | (68) |
| Special charges: | | | | |
| Insurance recoveries associated with plumbing cases | - | (1) | 4 | 1 |
| Restructuring, impairment and other special charges | (24) | (58) | (93) | (87) |
| Foreign exchange gain (loss), net | (2) | (2) | - | (2) |
| Gain (loss) on disposition of assets | 1 | 2 | (1) | 1 |
| OPERATING PROFIT | 92 | 25 | 410 | 102 |
| Equity in net earnings of affiliates | 21 | 17 | 48 | 47 |
| Interest expense | (72) | (98) | (316) | (234) |
| Interest income | 7 | 8 | 31 | 20 |
| Other income (expense), net | 26 | 17 | 47 | 2 |
| EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX AND MINORITY INTERESTS | 74 | (31) | 220 | (63) |
| Income tax provision | (26) | (48) | (77) | (75) |
| EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTERESTS | 48 | (79) | 143 | (138) |
| Minority interests | (3) | 8 | (41) | (2) |
| EARNINGS (LOSS) FROM CONTINUING OPERATIONS | 45 | (71) | 102 | (140) |
| Earnings (loss) from operation of discontinued operations (including gain on disposal of discontinued operations) | - | - | - | 8 |
| Related income tax benefit | - | - | - | 14 |
| Earnings (loss) from discontinued operations | - | - | - | 22 |
| NET EARNINGS (LOSS) | 45 | (71) | 102 | (118) |

Page: 11 of 20 [CELANESE LOGO]

CONSOLIDATED BALANCE SHEETS

| in $ millions | SEP 30 2005 | DEC 31 2004 |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | 401 | 838 |
| Receivables, net: | | |
| Trade receivables, net - third party and affiliates | 947 | 866 |
| Other receivables | 519 | 670 |
| Inventories | 625 | 618 |
| Deferred income taxes | 69 | 71 |
| Other assets | 47 | 86 |
| Assets of discontinued operations | 2 | 2 |
| TOTAL CURRENT ASSETS | 2,610 | 3,151 |
| Investments | 551 | 600 |
| Property, plant and equipment, net | 1,982 | 1,702 |
| Deferred income taxes | 35 | 54 |
| Other assets | 727 | 756 |
| Goodwill | 1,042 | 747 |
| Intangible assets, net | 393 | 400 |
| TOTAL ASSETS | 7,340 | 7,410 |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | | |
| CURRENT LIABILITIES: | | |
| Short-term borrowings and current installments of long-term debt | 181 | 144 |
| Accounts payable and accrued liabilities: | | |
| Trade payables - third party and affiliates | 698 | 722 |
| Other current liabilities | 813 | 888 |
| Deferred income taxes | 13 | 20 |
| Income taxes payable | 224 | 214 |

| | | |
|---|---|---|
| Liabilities of discontinued operations | 3 | 7 |
| TOTAL CURRENT LIABILITIES | 1,932 | 1,995 |
| Long-term debt | 3,315 | 3,243 |
| Deferred income taxes | 225 | 256 |
| Benefit obligations | 1,154 | 1,000 |
| Other liabilities | 506 | 510 |
| Minority interests | 149 | 518 |
| Shareholders' equity (deficit): | | |
| Preferred stock | - | - |
| Common stock | - | - |
| Additional paid-in capital | 344 | 158 |
| Retained earnings (accumulated deficit) | (151) | (253) |
| Accumulated other comprehensive loss | (134) | (17) |
| Shareholders' equity (deficit) | 59 | (112) |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | 7,340 | 7,410 |



# NET SALES

TABLE 1

NET SALES

| in $ millions | Q3 2005 | Q3 2004 | 9M 2005 | 9M 2004 |
|---|---|---|---|---|
| | Successor | Successor | Successor | Combined |
| Chemical Products | 1,100 | 840 | 3,229 | 2,466 |
| Technical Polymers Ticona | 212 | 213 | 674 | 660 |
| Acetate Products | 163 | 176 | 542 | 521 |
| Performance Products | 46 | 47 | 140 | 136 |
| SEGMENT TOTAL | 1,521 | 1,276 | 4,585 | 3,783 |
| Other activities | 55 | 20 | 75 | 42 |
| Intersegment eliminations | (40) | (31) | (98) | (88) |
| TOTAL | 1,536 | 1,265 | 4,562 | 3,737 |

TABLE 2

FACTORS AFFECTING THIRD QUARTER 2005 SEGMENT NET SALES COMPARED TO THIRD QUARTER 2004

| in percent | VOLUME | PRICE | CURRENCY | OTHER* | TOTAL |
|---|---|---|---|---|---|
| Chemical Products | 2% | 12% | 1% | 16% | 31% |
| Technical Polymers Ticona | -5% | 5% | 0% | 0% | 0% |
| Acetate Products | -12% | 5% | 0% | 0% | -7% |
| Performance Products | 2% | -4% | 0% | 0% | -2% |
| SEGMENT TOTAL | -1% | 9% | 0% | 11% | 19% |

* Primarily represents net sales of the recently acquired Vinamul and Acetex businesses, excluding AT Plastics

TABLE 3

FACTORS AFFECTING NINE MONTHS 2005 SEGMENT NET SALES COMPARED TO NINE MONTHS 2004

| in percent | VOLUME | PRICE | CURRENCY | OTHER* | TOTAL |
|---|---|---|---|---|---|
| Chemical Products | 0% | 18% | 2% | 11% | 31% |
| Technical Polymers Ticona | -2% | 2% | 2% | 0% | 2% |
| Acetate Products | 0% | 4% | 0% | 0% | 4% |
| Performance Products | 4% | -5% | 4% | 0% | 3% |
| SEGMENT TOTAL | -1% | 13% | 2% | 7% | 21% |

* Primarily represents net sales of the recently acquired Vinamul and Acetex businesses, excluding AT Plastics

KEY FINANCIAL DATA

TABLE 4

OPERATING PROFIT (LOSS)

| in $ millions | Q3 2005 Successor | Q3 2004 Successor | 9M 2005 Successor | 9M 2004 Combined |
|---|---|---|---|---|
| Chemical Products | 98 | 83 | 430 | 184 |
| Technical Polymers Ticona | 18 | 15 | 62 | 57 |
| Acetate Products | 4 | (39) | 34 | (20) |
| Performance Products | 13 | 12 | 41 | 25 |
| SEGMENT TOTAL | 133 | 71 | 567 | 246 |
| Other activities | (41) | (46) | (157) | (144) |
| TOTAL | 92 | 25 | 410 | 102 |

TABLE 5

EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX AND MINORITY INTERESTS

| in $ millions | Q3 2005 Successor | Q3 2004 Successor | 9M 2005 Successor | 9M 2004 Combined |
|---|---|---|---|---|
| Chemical Products | 134 | 100 | 476 | 198 |
| Technical Polymers Ticona | 34 | 29 | 107 | 100 |
| Acetate Products | 4 | (39) | 36 | (16) |
| Performance Products | 10 | 11 | 36 | 23 |
| SEGMENT TOTAL | 182 | 101 | 655 | 305 |
| Other activities | (108) | (132) | (435) | (368) |
| TOTAL | 74 | (31) | 220 | (63) |



TABLE 6

DEPRECIATION AND AMORTIZATION EXPENSE

| in $ millions | Q3 2005 Successor | Q3 2004 Successor | 9M 2005 Successor | 9M 2004 Combined |
|---|---|---|---|---|
| Chemical Products | 45 | 39 | 118 | 116 |
| Technical Polymers Ticona | 13 | 19 | 42 | 50 |
| Acetate Products | 3 | 16 | 21 | 43 |
| Performance Products | 4 | 3 | 10 | 7 |
| SEGMENT TOTAL | 65 | 77 | 191 | 216 |
| Other activities | 5 | 2 | 9 | 6 |
| TOTAL | 70 | 79 | 200 | 222 |

KEY FINANCIAL DATA - (CONTINUED)

TABLE 7

CASH DIVIDENDS RECEIVED

| in $ millions | Q3 2005 Successor | Q3 2004 Successor | 9M 2005 Successor | 9M 2004 Combined |
|---|---|---|---|---|
| Dividends from equity investments | 14 | 14 | 60 | 35 |
| Other distributions from equity investments | - | - | - | 1 |
| Dividends from cost investments | 33 | 17 | 54 | 30 |

| | | | | |
|---|---|---|---|---|
| TOTAL | 47 | 31 | 114 | 66 |

SPECIAL CHARGES AND OTHER EXPENSES

TABLE 8

SPECIAL CHARGES IN OPERATING PROFIT (LOSS)

| in $ millions | Q3 2005 Successor | Q3 2004 Successor | 9M 2005 Successor | 9M 2004 Combined |
|---|---|---|---|---|
| Chemical Products | (12) | (3) | (16) | (5) |
| Technical Polymers Ticona | (1) | (6) | (22) | (5) |
| Acetate Products | (9) | (50) | (10) | (50) |
| Performance Products | - | - | - | - |
| SEGMENT TOTAL | (22) | (59) | (48) | (60) |
| Other activities | (2) | - | (41) | (26) |
| TOTAL | (24) | (59) | (89) | (86) |



TABLE 9

BREAKOUT OF SPECIAL CHARGES BY TYPE

| in $ millions | Q3 2005 Successor | Q3 2004 Successor | 9M 2005 Successor | 9M 2004 Combined |
|---|---|---|---|---|
| Employee termination benefits | (9) | (6) | (18) | (9) |
| Plant/office closures | (13) | (52) | (14) | (52) |
| Restructuring adjustments | - | 1 | - | 1 |
| TOTAL RESTRUCTURING | (22) | (57) | (32) | (60) |
| Insurance recoveries associated with plumbing cases | - | (1) | 4 | 1 |
| Asset impairments | (1) | - | (25) | - |
| Termination of advisor monitoring services | - | - | (35) | - |
| Advisory services | - | - | - | (25) |
| Other | (1) | (1) | (1) | (2) |
| TOTAL | (24) | (59) | (89) | (86) |



EARNINGS PER SHARE AND RECONCILIATION OF NON-US GAAP ITEMS

TABLE 10

EARNINGS PER SHARE

| in $ millions, except for share and per share data | Q3 2005 ACTUAL |
|---|---|
| EARNINGS FROM CONTINUING OPERATIONS BEFORE TAX AND MINORITY INTERESTS | 74 |
| Income tax provision | (26) |
| Minority interests | (3) |
| Preferred dividends | (3) |
| NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS | 42 |
| BASIC EPS CALCULATION | |
| Weighted average shares outstanding (millions) | 158.5 |
| BASIC EPS | 0.26 |

DILUTED EPS CALCULATION

| | |
|---|---|
| Net earnings available to common shareholders | 42 |
| Add back: Preferred dividends | 3 |
| NET EARNINGS FOR DILUTED EPS | 45 |

DILUTED SHARES (MILLIONS)

| | |
|---|---|
| Weighted average shares outstanding | 158.5 |
| Conversion of Preferred Shares | 12.0 |
| Assumed conversion of stock options | 1.4 |
| Total diluted shares | 171.9 |
| DILUTED EPS | 0.26 |

DILUTED ADJUSTED EARNINGS PER SHARE - RECONCILIATION OF NON-US GAAP ITEMS

| in $ millions, except for share and per share data | Q3 2005 ADJUSTED |
|---|---|
| NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS | 42 |
| Non-GAAP Adjustments: | |
| Purchase accounting for inventories | 15 |
| Special charges | 24 |
| Sponsor related charges | 1 |
| Tax differential for adjusted net earnings* | (1) |
| ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS | 81 |
| Add back: Preferred dividends | 3 |
| NET EARNINGS FOR DILUTED ADJUSTED EPS | 84 |

DILUTED SHARES (MILLIONS)

| | |
|---|---|
| Weighted average shares outstanding | 158.5 |
| Conversion of Preferred Shares | 12.0 |
| Assumed conversion of stock options | 1.4 |
| Total diluted adjusted shares | 171.9 |
| DILUTED ADJUSTED EPS | 0.49 |

* The tax differential for adjusted net earnings represents the difference between the effective tax rate applicable to net earnings available to common shareholders (35%) and the effective tax rate applicable to adjusted net earnings available to common shareholders (24%).



TABLE 11

NET DEBT

| in $ millions | SEP 30 2005 | DEC 31 2004 |
|---|---|---|
| Short-term borrowings and current installments of long-term debt | 181 | 144 |
| Plus: Long-term debt | 3,315 | 3,243 |
| Total debt | 3,496 | 3,387 |
| Less: Cash and cash equivalents | 401 | 838 |
| NET DEBT | 3,095 | 2,549 |



TABLE 12

ADJUSTED EBITDA

| in $ millions | Q3 2005 | Q3 2004 | 9M 2005 |
|---|---|---|---|
| Net earnings (loss) | 45 | (71) | 102 |
| (Earnings) loss from discontinued operations | - | - | - |
| Interest expense | 72 | 98 | 316 |

| | | | |
|---|---|---|---|
| Interest income | (7) | (8) | (31) |
| Income tax provision | 26 | 48 | 77 |
| Depreciation and amortization | 70 | 79 | 200 |
| EBITDA | 206 | 146 | 664 |
| Adjustments: | | | |
| Equity in net earnings of affiliates in excess of cash dividends received | (7) | (3) | 12 |
| Special charges | 24 | 59 | 89 |
| Other unusual items and adjustments (1) | 30 | 16 | 105 |
| ADJUSTED EBITDA | 253 | 218 | 870 |

(1) OTHER UNUSUAL ITEMS AND ADJUSTMENTS

| in $ millions | Q3 2005 | Q3 2004 | 9M 2005 |
|---|---|---|---|
| Net (gain) loss on disposition of assets | (1) | (2) | 1 |
| Excess of minority interest (income) expense over cash dividends paid to minority shareholders | 3 | (8) | 41 |
| Severance and other restructuring charges not included in special charges | 2 | 4 | 4 |
| Cash interest income used by captive insurance subsidiaries to fund operations | 1 | 2 | 7 |
| Franchise taxes | - | - | 1 |
| Unusual and non-recurring items* | 10 | 9 | 25 |
| Non-cash charges** | 15 | 1 | 16 |
| Advisor monitoring fee | - | 3 | 10 |
| Pro forma cost savings*** | - | 7 | - |
| Total Other Unusual Items and Adjustments | 30 | 16 | 105 |

* Primarily includes costs related to the Celanese AG (Q3 2004) and Vinamul acquisitions (Q3 2005 and 9M 2005), productivity enhancement programs (all periods presented), Summit (9M 2005 and Q3 2004) and Bedminster relocations (Q3 2005 and 9M 2005), and IPO bonus (9M 2005).

** Primarily includes purchase accounting adjustment for inventories (Q3 2005 and 9M 2005) and ineffective portion of a net investment hedge (9M 2005).

*** Primarily represents adjustments on a proforma basis for certain cost savings that we expected to achieve from additional pension contributions (Q3 2004).



TABLE 13

GUIDANCE DILUTED ADJUSTED EPS

| in $ millions, except for share and per share data | FY 2005 MID-POINT GUIDANCE DILUTED EPS | FY 2005 MID-POINT GUIDANCE DILUTED ADJ. EPS |
|---|---|---|
| Earnings from continuing operations before tax and minority interests | 305 - 330 | 305 - 330 |
| Adjustments: | | |
| Monitor Fee | - | 10 |
| Refinancing costs | - | 102 |
| Favorable impact on non-operating foreign exchange position | - | (14) |
| Purchase accounting for inventories | | 15 |
| Special charges and other | - | 82 |
| EARNINGS FROM CONTINUING OPERATIONS BEFORE TAX AND MINORITY INTERESTS | 305 - 330 | 500 - 525 |
| Income tax provision | (109) | (120) |
| Minority interest | (42) | (42) |
| Preferred dividends | (10) | (10) |
| NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS | 145 - 170 | 325 - 350 |

BASIC EPS CALCULATION

| | |
|---|---|
| Weighted average shares outstanding (millions) | 158.5 |
| BASIC EPS | 0.92 - 1.07 |

DILUTED EPS CALCULATION

| | | |
|---|---|---|
| Net earnings available to common shareholders | 145 - 170 | 325 - 350 |
| Add back: Preferred dividends | 10 | 10 |
| NET EARNINGS FOR DILUTED EPS | 155 - 180 | 335 - 360 |
| | | |
| DILUTED SHARES (MILLIONS) | | |
| Weighted average shares outstanding | 158.5 | 158.5 |
| Conversion of Preferred Shares | 12.0 | 12.0 |
| Assumed conversion of stock options | 1.4 | 1.4 |
| Total diluted shares | 171.9 | 171.9 |
| DILUTED EPS | 0.90 - 1.05 | 1.95 - 2.05 |



TABLE 14

GUIDANCE ADJUSTED EBITDA

| in $ millions | GUIDANCE FY 2005 |
|---|---|
| Net earnings | 145 - 170 |
| (Earnings) loss from discontinued operations | - |
| Net interest expense | 360 |
| Income tax provision (benefit) | 109 |
| Depreciation and amortization | 260 - 265 |
| EBITDA | 875 - 905 |
| | |
| Adjustments: | |
| Cash dividends received in excess of equity in net earnings of affiliates | (4) |
| Special charges and other | 82 |
| Other unusual items and adjustments* | 105 |
| ADJUSTED EBITDA | 1,060 - 1,090 |

*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

Celanese

# Third Quarter Earnings

**Celanese 3Q 2005 Earnings**
**NYSE: CE**

**Conference Call/Webcast**
Monday, November 7, 2005 12 p.m. CT

Dave Weidman, CEO
John J. Gallagher III, CFO



Celanese

## Forward Looking Statements, Reconciliation and Use of Non-GAAP Measures to U.S. GAAP

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 . 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.

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.

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 September 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.



Celanese

Dave Weidman

President and Chief Executive Officer

## Strong Underlying Business Results

*(in $millions)*

| | 3 rd Qtr 2005 |
|---|---|
| **Net Sales** | **$1,536 up 21%** |
| **Operating Profit** | **$92 up 268%** |
| **Adjusted Diluted EPS** | **$0.49** |
| **Dividends from Equity & Cost Investments** | **$47 up 50%** |
| **Adjusted EBITDA** | **$253 up 16%** |

- Expansion of operating profit despite rising raw material and energy costs
- Higher pricing on strong demand and high capacity utilization in Chemical Products
- Includes Acetex and Vinamul acquisition to strengthen core businesses



## Recent Business Achievements

- Completed acquisition of Acetex and redeemed existing Acetex senior notes primarily with cash
- Transitioned to purchasing full requirement of methanol for Gulf Coast from Southern Chemical Corporation
- Increased ownership in Celanese AG to approximately 98% as of October 27
- Signed letter of intent to divest Ticona’s COC business to a venture between Daicel and Polyplastics
- Completed sale of Rock Hill, SC facility as part of Acetate Products restructuring plan

Celanese

John J. Gallagher III

Executive Vice President and Chief Financial Officer



Celanese

# Financial Highlights

| in $ millions (except per share data) | **3 rd Qtr 2005** | 3 rd Qtr 2004 |
|---|---|---|
| Net Sales | **1,536** | 1,265 |
| SG&A | **(144)** | (153) |
| Operating Profit | **92** | 25 |
| Net Earnings (Loss) | **45** | (71) |
| Basic EPS | **0.26** | n.m. |
| Special Items | | |
| Special charges | **(24)** | (59) |
| Purchasing Accounting Inventory Adjustment | **15** | - |
| Adjusted Diluted EPS | **0.49*** | n.m. |
| Adjusted EBITDA | **253** | 218 |

* Based on diluted shares of 171.9 million as of Sept. 30, 2005



Celanese

Chemicals Products

## Chemicals Products

| (in $millions) | 3 rd Qtr 2005 |
|---|---|
| **Net Sales** | **$1,100 up 31%** |
| **Segment Earnings (1)** | **$134 up 34%** |

Third Quarter:

- Earnings increase on high utilization, continued favorable industry dynamics
- Pricing more than offset higher raw material costs in basic businesses; margin compression in downstream businesses
- Increased dividends from our Saudi cost investment - IBN Sina
- Includes Acetex and Vinamul results

Outlook:

- Continued emphasis on margin optimization
- Temporary softness in Asia with planned additional capacity
- Longer-term outlook remains positive

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

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



## Ticona

| (in $millions) | 3 rd Qtr 2005 |
|---|---|
| **Net Sales** | **$212 - flat** |
| **Segment Earnings (1)** | **$34 up 17%** |

Third Quarter:

- Successfully implemented price increases – helped offset higher raw material and energy costs
- Lower POM sales, primarily due to weakness in European automotive sector and reduced sales to lower-end applications

Outlook:

- Price and volume improvement versus weak Q4 2004 environment
- Continued benefit from cost improvement efforts
- High energy and raw material costs expected in quarter

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

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



## Acetate/Performance Products Summaries

**Acetate**

| (in $millions) | 3 rd Qtr 2005 |
|---|---|
| **Net Sales** | **$163 down 7%** |
| **Segment Earnings (1)** | **$4 up from ($39)** |

- Sales decline consistent with restructuring strategy – exit of filament and shutdown of Canadian tow plant; flake volume increased on sales to China
- China venture expansions moving forward

**Performance Products**

| *(in $millions)* | 3 rd Qtr 2005 |
| --- | --- |
| **Net Sales** | **$46 down 2%** |
| **Segment Earnings** (1) | **$10 down 1%** |

- 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

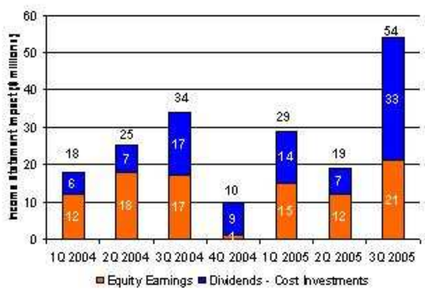


Celanese

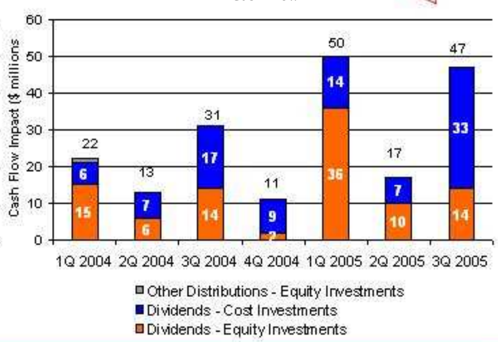
# Significant Contribution from Equity and Cost Investments

- 2004 Full Year dividends = $77 million
- 2005 expected to be > $130 million

**Income Statement**




**Cash Flow**




***Equity and Cost Investments Play Key Role in Strategy***



Celanese

# Capitalization

| (in $millions) | December 31, 2004 | June 30, 2005 | September 30, 2005 |
| --- | --- | --- | --- |
| **Cash** | **838** | **959** | **401** |
| Senior Credit Term Loan | 624 | 1,725 | 1,719 |
| Senior Credit Revolver | - | - | 35 |
| Floating Rate Term Loan | 350 | - | - |
| **Total Senior Debt** | **974** | **1,725** | **1,754** |
| Senior Sub Notes ($) | 1,231 | 800 | 800 |
| Senior Sub Notes (€ *) | 272 | 157 | 157 |
| Other Debt | 383 | 351 | 415 |
| **Total Cash Pay Debt** | **2,860** | **3,033** | **3,127** |
| Discount Notes Series A | 103 | 70 | 72 |
| Discount Notes Series B | 424 | 290 | 298 |
| **Total Debt** | **3,387** | **3,393** | **3,496** |
| Shareholders' Equity | (112) | 126 | 59 |
| **Total Capitalization** | **3,275** | **3,519** | **3,556** |
| **Net Debt** (Total Debt Less Cash) | 2,549 | 2,434 | 3,095 |

| | | | |
|---|---|---|---|
| **Net Debt** (Total Debt Less Cash) | 2,349 | 2,434 | 3,055 |

* Translated at 1.2042 - effective date Sept. 30, 2005



Celanese

# Combined Business Outlook

## Full Year 2005

- Adjusted EPS to increase to $1.95 to $2.05 – up from previous guidance of $1.90 to $2.00 per share
- Includes positive impact of 98% ownership of Celanese AG shares

## Adjusted EBITDA

- Full year adjusted EBITDA expected to increase to $1,060 to $1,090 million
- Typical seasonality in second half of year (55%/45%) and expected impact of acetyl capacity expansions