

CELANESE CORP

FORM 8-K (Current report filing)

Filed 10/18/13 for the Period Ending 10/18/13

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

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

FORM 8-K

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

Date of Report (Date of earliest event reported): **October 18, 2013**

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.)

222 West Las Colinas Blvd. Suite 900N, Irving, TX 75039
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(972) 443-4000**

(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 October 18, 2013, Celanese Corporation (the “Company”) issued a press release reporting the financial results for its third quarter 2013. 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 October 21, 2013, Mark C. Rohr, Chairman and Chief Executive Officer of the Company, and Steven M. Sterin, Senior Vice President and Chief Financial Officer of the Company, will make a presentation to investors and analysts via a webcast hosted by the Company at 10:00 a.m. ET (9:00 a.m. CT). The webcast, prepared remarks from Mark Rohr and Steven Sterin and a slide presentation may be accessed on our website at www.celanese.com under Investor Events & Presentations. A copy of the slide presentation and a copy of the prepared remarks posted for the webcast are attached to this Current Report as Exhibit 99.2 and Exhibit 99.3, respectively, and are incorporated herein solely for purposes of this Item 7.01 disclosure.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
99.1	Press Release dated October 18, 2013*
99.2	Slide Presentation dated October 18, 2013*
99.3	Prepared Remarks from M. Rohr and S. Sterin dated October 18, 2013*

*In connection with the disclosure set forth in Item 2.02 and Item 7.01, 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.

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/ James R. Peacock III
Name: James R. Peacock III
Title: Vice President, Deputy General Counsel and Assistant Corporate Secretary

Date: October 18, 2013

INDEX TO EXHIBITS

Exhibit Number	Description
99.1	Press Release dated October 18, 2013*
99.2	Slide Presentation dated October 18, 2013*
99.3	Prepared Remarks from M. Rohr and S. Sterin dated October 18, 2013*

* In connection with the disclosure set forth in Item 2.02 and Item 7.01, 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.



Celanese Corporation
 222 West Las Colinas Blvd.
 Suite 900N
 Irving, Texas 75039

Celanese Corporation Reports Third Quarter 2013 Results
Preliminary 2014 Outlook Consistent with Long-Term Growth Objectives

Third quarter 2013 financial highlights:

- Adjusted earnings per share of \$1.20 , up \$0.08 from the prior quarter
- Adjusted EBIT margin of 17.1 percent , up 110 basis points from the prior quarter
- Deployed \$96 million of cash, repurchasing approximately 2 million shares at an average price of \$48.74
- Cash on hand consistent with prior quarter at \$1.1 billion

- GAAP earnings per share of \$1.07 , up \$0.24 from the prior quarter

Dallas, October 18, 2013: Celanese Corporation (NYSE: CE), a global technology and specialty materials company, today reported third quarter 2013 adjusted earnings per share of \$1.20 versus \$1.12 in the prior quarter.

	Three Months Ended	
	September 30, 2013	June 30, 2013
	(unaudited)	
	(In \$ millions, except per share data)	
Net sales	1,636	1,653
Operating profit (loss)	211	169
Net earnings (loss)	172	133
Adjusted EBIT / Total segment income ⁽¹⁾	279	264
Operating EBITDA ⁽¹⁾	355	339
Diluted EPS - continuing operations	\$ 1.07	\$ 0.83
Diluted EPS - total	\$ 1.08	\$ 0.83
Adjusted EPS ⁽²⁾	\$ 1.20	\$ 1.12

⁽¹⁾ Non-U.S. GAAP measure. See [Table 1](#) for reconciliation.

⁽²⁾ Non-U.S. GAAP measure. See [Table 3](#) for reconciliation.

Additional information about our prior period performance is included in our Quarterly Reports on Form 10-Q and in our Current Year Reconciliations to Non-GAAP Financial Measures available on our website at www.celanese.com in the Investor Relations section.

"Celanese's third quarter results were excellent and put us on track to deliver on our objectives for 2013. We improved segment income margin to 17.1 percent due to our continued focus on Celanese-specific initiatives and providing value-added applications to our customers," said Mark Rohr, chairman and chief executive officer. "Our strong cash flow results allowed us to more actively utilize our balance sheet, deploying \$96 million of cash in the quarter to purchase approximately 2 million shares. We also maintained a cash balance of \$1.1 billion and net debt balance of less than \$2.0 billion . We continue to be well positioned to pursue our balanced cash deployment strategy."

Recent Highlights

- Announced a 100 percent increase in the company's quarterly common stock dividend. Effective July 25, 2013, the dividend rate increased from \$0.09 to \$0.18 per share of common stock on a quarterly basis and from \$0.36 to \$0.72 per share of common stock on an annual basis.
- Signed a Memorandum of Understanding (MoU) with PetroChina Limited to advance the development of synthetic fuel ethanol opportunities in China utilizing Celanese's proprietary TCX[®] ethanol process technology.
- Introduced six significant new product platforms from the company's engineered materials business at K-Fair 2013, the premier global trade fair for the plastics industry, including:
 - Next generation GUR[®] UHMW-PE with step change in material performance and processing efficiencies
 - Hostaform[®] XGC Glass Reinforced POM with superior mechanical properties
 - Fortron[®] ICE PPS with improved productivity and properties
 - Hostaform[®] PTX POM series for flexible applications
 - Hostaform[®] LPT POM for molded fuel tanks
 - Hostaform[®] POM S series expanded to include new XT grades with improved toughness

Third Quarter Business Segment Overview

Advanced Engineered Materials

Advanced Engineered Materials' third quarter segment income margin decreased sequentially to 23.4 percent , on segment income of \$81 million . The 100 basis point decrease in segment income margin was primarily due to the impact of turnaround activity at the company's Middle East affiliate, which resulted in approximately \$15 million of lower affiliate earnings, on a sequential basis. Operating profit, which excludes affiliate earnings, increased to \$48 million from \$39 million in the prior quarter demonstrating the continued success of the company's engineered materials business in penetrating the automotive space with its highly engineered polymers. Volumes were down 2 percent in the quarter, despite lower sequential auto builds in Europe and the United States of 13 percent and 9 percent, respectively. An improved mix of higher-value medical applications, lower raw material costs and focused spending initiatives contributed to the increase in operating profit this quarter.

Consumer Specialties

Third quarter segment income margin in Consumer Specialties was 34.8 percent on \$108 million of segment income as continued healthy demand for acetate tow resulted in consistent volumes and pricing. Operating profit, which excludes dividends from its cellulose derivatives ventures, increased to \$85 million from \$83 million in the prior quarter. We are beginning to see commercial success with Qorus[™] as well as a growing number of trials with more than 50 projects globally.

Industrial Specialties

Industrial Specialties' third quarter segment income margin was 8.4 percent , a 200 point sequential improvement on segment income of \$25 million , which was a 31.6 percent increase over the second quarter. Volumes increased 3 percent primarily driven by higher EVA polymers volumes in North America and Asia. Focused spending initiatives also contributed to segment income this quarter. Pricing decreased 3 percent on lower raw material costs. Operating profit was \$24 million in the third quarter compared with \$18 million in the prior quarter.

Acetyl Intermediates

Third quarter segment income margin in Acetyl Intermediates increased 90 basis points sequentially to 9.1 percent on \$72 million of segment income, reflecting less turnaround activity than in the prior quarter. Volumes were 1 percent lower. Pricing decreased 1 percent on lower raw material costs, primarily ethylene. Operating profit was \$67 million in the third quarter compared with \$55 million in the prior quarter.

Capital Structure

During the third quarter of 2013, the company generated \$232 million of operating cash flow driven by continued strong earnings. Adjusted free cash flow for the quarter was \$117 million .

During the quarter, the company deployed \$96 million of cash on share repurchases and has \$290 million remaining at September 30 under its current share repurchase authorization. Additionally, the company's strong cash flow results allow it to continue to pursue its balanced capital deployment strategy of reducing balance sheet leverage, increasing dividends and repurchasing shares.

As of September 30, 2013, the company's net debt was less than \$2.0 billion , a \$145 million decrease from December 31, 2012.

Strategic Affiliates

Earnings from equity investments were \$41 million compared to \$55 million in the prior quarter, primarily due to the timing of turnaround activity at the company's Middle East affiliate. Cash dividends received in the third quarter from equity investments were \$11 million compared to \$45 million in the prior quarter.

During the third quarter of 2013, the company received a quarterly dividend of \$21 million from its cellulose derivatives ventures, \$2 million lower than the prior quarter. In 2013, the company began receiving quarterly dividends from its cellulose derivatives ventures. In prior years, dividends from its cellulose derivatives ventures were received annually in the second quarter. In the second quarter of 2012, the company received an annual dividend of \$83 million . During the first nine months of 2013, the company received three quarterly dividends totaling \$68 million .

Taxes

The tax rate for adjusted earnings per share was 19 percent in the third quarter of 2013, consistent with the prior quarter. The effective tax rate for GAAP for the third quarter of 2013 was 25 percent compared to 36 percent in the second quarter.

Net cash taxes paid in the third quarter of 2013 were \$8 million compared with \$30 million in the second quarter primarily due to the timing of tax refunds received.

Outlook

"Our global teams have done a tremendous job this year of driving earnings growth through Celanese-specific initiatives," said Rohr. "As we take our initial view of 2014, we expect earnings growth will continue to be driven by the actions we are taking, not by depending upon increases from the global economy. Celanese-specific initiatives that translate innovation from new products and drive efficiencies through productivity will fuel earnings growth in 2014 at levels consistent with our long-term growth objective."

The company's earnings presentation and prepared remarks related to the third quarter results will be posted on its website at www.celanese.com in the investor section after market close on October 18.

Contacts:

Investor Relations

Jon Puckett
Phone: +1 972 443 4965
Jon.Puckett@celanese.com

Media - U.S.

Travis Jacobsen
Phone: +1 972 443 3750
William.Jacobsen@celanese.com

Media - Europe

Jens Kurth
Phone: +49(0)69 45009 1574
J.Kurth@celanese.com

Celanese Corporation is a global technology leader in the production of differentiated chemistry solutions and specialty materials used in most major industries and consumer applications. With sales almost equally divided between North America, Europe and Asia, the company uses the full breadth of its global chemistry, technology and business expertise to create value for customers and the corporation. Celanese partners with customers to solve their most critical needs while making a positive impact on its communities and the world. Based in Dallas, Texas, Celanese employs approximately 7,600 employees worldwide and had 2012 net sales of \$6.4 billion. For more information about Celanese Corporation and its product offerings, visit www.celanese.com or our blog at www.celaneseblog.com.

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. 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 results expressed or implied in the forward-looking statements contained in this release. These risks and uncertainties include, among other things: changes in general economic, business, political and regulatory conditions in the countries or regions in which we operate; the length and depth of product and industry business cycles, particularly in the automotive, electrical, textiles, electronics and construction industries; changes in the price and availability of raw materials, particularly changes in the demand for, supply of, and market prices of ethylene, methanol, natural gas, wood pulp and fuel oil and the prices for electricity and other energy sources; the ability to pass increases in raw material prices on to customers or otherwise improve margins through price increases; the ability to maintain plant utilization rates and to implement planned capacity additions and expansions; the ability to reduce or maintain their current levels of production costs and to improve productivity by implementing technological improvements to existing plants; increased price competition and the introduction of competing products by other companies; market acceptance of our technology; the ability to obtain governmental approvals and to construct facilities on terms and schedules acceptable to the company; changes in the degree of intellectual property and other legal protection afforded to our products or technologies, or the theft of such intellectual property; compliance and other costs and potential disruption or interruption of production or operations due to accidents, interruptions in sources of raw materials, cyber security incidents, terrorism or political unrest or other unforeseen events or delays in construction or operation of facilities, including as a result of geopolitical conditions, the occurrence of acts of war or terrorist incidents or as a result of weather or natural disasters; potential liability for remedial actions and increased costs under existing or future environmental regulations, including those relating to climate change; potential liability resulting from pending or future litigation, or from changes in the laws, regulations or policies of governments or other governmental activities in the countries in which we operate; changes in currency exchange rates and interest rates; our level of indebtedness, which could diminish our ability to raise additional capital to fund operations or limit our ability to react to changes in the economy or the chemicals industry; and various other factors discussed from time to time 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.

Reconciliation of Non-US GAAP Measures to US GAAP

This release provides information about the following non-US GAAP measures: adjusted EBIT, operating EBITDA, adjusted earnings per share, adjusted free cash flow and net debt as non-US GAAP measures. These measurements are not recognized in accordance with US GAAP and should not be viewed as an alternative to US GAAP measures of performance. The most directly comparable financial measure presented in accordance with US GAAP in our consolidated financial statements for adjusted EBIT and operating EBITDA is net earnings (loss); for adjusted earnings per share is earnings (loss) from continuing operations per common share-diluted; for adjusted free cash flow is cash flow from operations; and for net debt is total debt.

Use of Non-US GAAP Financial Information

- Adjusted EBIT is defined by the Company as net earnings (loss) less interest income plus loss (earnings) from discontinued operations, interest expense and taxes, and further adjusted for certain items (formally other charges and other adjustments). We believe that adjusted EBIT provides transparent and useful information to management, investors and analysts in evaluating and assessing our core operating results from period-to-period after removing the impact of unusual, non-operational or restructuring-related activities that affect comparability. Our management recognizes that adjusted EBIT has inherent limitations because of the excluded items. Adjusted EBIT is one of the measures management uses for planning and budgeting, monitoring and evaluating financial and operating results and as a performance metric in the Company's incentive compensation plan. We may provide guidance on adjusted EBIT but are unable to reconcile forecasted adjusted EBIT to a GAAP financial measure without unreasonable effort because a forecast of certain items is not practical. Adjusted EBIT by business segment may also be referred to by management as segment income.
- Operating EBITDA is defined by the Company as net earnings (loss) less interest income plus loss (earnings) from discontinued operations, interest expense, taxes and depreciation and amortization, and further adjusted for certain items. Operating EBITDA is equal to adjusted EBIT plus depreciation and amortization, and has the same uses and limitations as adjusted EBIT described above.
- Adjusted earnings per share is defined by the Company as earnings (loss) from continuing operations, adjusted for income tax (provision) benefit, certain items, refinancing and related expenses and noncontrolling interests, divided by the number of basic common shares, convertible preferred shares and dilutive restricted stock units and stock options calculated using the treasury method. We believe that adjusted earnings per share provides transparent and useful information to management, investors and analysts in evaluating and assessing our core operating results from period-to-period after removing the impact of unusual, non-operational or restructuring-related activities that affect comparability. We may provide guidance on adjusted earnings per share but are unable to reconcile forecasted adjusted earnings per share to a GAAP financial measure without unreasonable effort because a forecast of certain items is not practical.

Note: The income tax rate used for adjusted earnings per share approximates the midpoint in a range of forecasted tax rates for the year. This range may include certain partial or full-year forecasted tax opportunities, where applicable, and specifically excludes changes in uncertain tax positions, discrete items and other material items adjusted out of our GAAP earnings for adjusted earnings per share purposes, and changes in management's assessments regarding the ability to realize deferred tax assets. We also reflect the impact of foreign tax credits when utilized for the adjusted earnings per share tax rate. We analyze this rate quarterly and adjust if there is a material change in the range of forecasted tax rates; an updated forecast would not necessarily result in a change to our tax rate used for adjusted earnings per share. The adjusted tax rate is an estimate and may differ from the actual tax rate used for GAAP reporting in any given reporting period. It is not practical to reconcile our prospective adjusted tax rate to the actual GAAP tax rate in any given future period.

- Adjusted free cash flow is defined by the Company as cash flow from operations less other productive asset purchases, operating cash flow from discontinued operations and certain cash flow adjustments. We believe that adjusted free cash flow provides useful information to management, investors and analysts in evaluating the Company's liquidity and credit quality assessment. Although we use adjusted free cash flow as a financial measure to assess the performance of our business, the use of adjusted free cash flow has important limitations, including that adjusted free cash flow does not reflect the cash requirements necessary to service our indebtedness, lease obligations, unconditional purchase obligations or pension and postretirement funding obligations.
- Net debt is defined by the Company as total debt less cash and cash equivalents. We believe that net debt provides useful information to management, investors and analysts in evaluating changes to the Company's capital structure and credit quality assessment.

Results Unaudited

The results in this document, 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.

Change in accounting policy regarding pension and other postretirement benefits

Effective January 1, 2013, we elected to change our policy for recognizing actuarial gains and losses and the change in fair value of plan assets for our defined benefit pension plans and other postretirement benefit plans. We now immediately recognize the change in fair value of plan assets and net actuarial gains and losses annually in the fourth quarter of each fiscal year and whenever a plan is required to be remeasured. The remaining components of our net periodic benefit cost are recorded on a quarterly basis.

In connection with the change in accounting policy for pension and other postretirement benefits and to properly match the actual operational expenses each business segment is incurring, we changed our allocation of net periodic benefit cost. We now allocate only the service cost and amortization of prior service cost components of our pension and postretirement plans to each business segment on a ratable basis. All other components of net periodic benefit cost (interest cost, expected return on assets and net actuarial gains and losses) are recorded to Other Activities as these components are considered financing activities managed at the corporate level. Financial information for prior periods has been retrospectively adjusted and can be identified by the heading "As Adjusted".

Consolidated Statements of Operations - Unaudited

	September 30, 2013	Three Months Ended June 30, 2013	September 30, 2012 As Adjusted
	(In \$ millions, except share and per share data)		
Net sales	1,636	1,653	1,609
Cost of sales	(1,290)	(1,334)	(1,281)
Gross profit	346	319	328
Selling, general and administrative expenses	(97)	(113)	(113)
Amortization of intangible assets	(6)	(9)	(12)
Research and development expenses	(24)	(23)	(23)
Other (charges) gains, net	(4)	(3)	2
Foreign exchange gain (loss), net	(2)	(2)	(4)
Gain (loss) on disposition of businesses and asset, net	(2)	—	(2)
Operating profit (loss)	211	169	176
Equity in net earnings (loss) of affiliates	41	55	50
Interest expense	(43)	(44)	(44)
Refinancing expense	(1)	—	—
Interest income	—	1	—
Dividend income - cost investments	22	23	1
Other income (expense), net	(2)	4	3
Earnings (loss) from continuing operations before tax	228	208	186
Income tax (provision) benefit	(57)	(75)	(57)
Earnings (loss) from continuing operations	171	133	129
Earnings (loss) from operation of discontinued operations	1	—	(3)
Gain (loss) on disposition of discontinued operations	—	—	—
Income tax (provision) benefit from discontinued operations	—	—	1
Earnings (loss) from discontinued operations	1	—	(2)
Net earnings (loss)	172	133	127
Net (earnings) loss attributable to noncontrolling interests	—	—	—
Net earnings (loss) attributable to Celanese Corporation	172	133	127
Amounts attributable to Celanese Corporation			
Earnings (loss) from continuing operations	171	133	129
Earnings (loss) from discontinued operations	1	—	(2)
Net earnings (loss)	172	133	127
Earnings (loss) per common share - basic			
Continuing operations	1.08	0.83	0.81
Discontinued operations	0.01	—	(0.01)
Net earnings (loss) - basic	1.09	0.83	0.80
Earnings (loss) per common share - diluted			
Continuing operations	1.07	0.83	0.80
Discontinued operations	0.01	—	(0.01)
Net earnings (loss) - diluted	1.08	0.83	0.79
Weighted average shares (in millions)			
Basic	158.5	159.7	159.1
Diluted	159.1	160.1	160.1

Consolidated Balance Sheets - Unaudited

	As of September 30, 2013	As of December 31, 2012
		As Adjusted
	(In \$ millions)	
ASSETS		
Current Assets		
Cash and cash equivalents	1,100	959
Trade receivables - third party and affiliates, net	949	827
Non-trade receivables, net	293	209
Inventories	753	711
Deferred income taxes	50	49
Marketable securities, at fair value	44	53
Other assets	39	31
Total current assets	3,228	2,839
Investments in affiliates	857	800
Property, plant and equipment, net	3,391	3,350
Deferred income taxes	604	606
Other assets	498	463
Goodwill	787	777
Intangible assets, net	147	165
Total assets	9,512	9,000
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term borrowings and current installments of long-term debt - third party and affiliates	224	168
Trade payables - third party and affiliates	739	649
Other liabilities	457	475
Deferred income taxes	25	25
Income taxes payable	152	38
Total current liabilities	1,597	1,355
Long-term debt	2,870	2,930
Deferred income taxes	61	50
Uncertain tax positions	203	181
Benefit obligations	1,546	1,602
Other liabilities	1,151	1,152
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock	—	—
Common stock	—	—
Treasury stock, at cost	(1,007)	(905)
Additional paid-in capital	753	731
Retained earnings	2,385	1,993
Accumulated other comprehensive income (loss), net	(47)	(89)
Total Celanese Corporation stockholders' equity	2,084	1,730
Noncontrolling interests	—	—
Total equity	2,084	1,730
Total liabilities and equity	9,512	9,000

Table 1
Reconciliation of Consolidated Net Earnings (Loss) to Adjusted EBIT and Operating EBITDA - Non-GAAP Measures - Unaudited

	Three Months Ended	
	September 30, 2013	June 30, 2013
	(In \$ millions)	
Net earnings (loss)	172	133
(Earnings) loss from discontinued operations	(1)	—
Interest income	—	(1)
Interest expense	43	44
Refinancing expense	1	—
Income tax provision (benefit)	57	75
Certain items ⁽¹⁾	7	13
Adjusted EBIT	279	264
Depreciation and amortization expense ⁽²⁾	76	75
Operating EBITDA	355	339

	Three Months Ended	
	September 30, 2013	June 30, 2013
	(In \$ millions)	
Advanced Engineered Materials	—	—
Consumer Specialties	—	—
Industrial Specialties	—	—
Acetyl Intermediates	—	—
Other Activities ⁽³⁾	—	—
Accelerated depreciation and amortization expense	—	—
Depreciation and amortization expense ⁽²⁾	76	75
Total depreciation and amortization expense	76	75

⁽¹⁾ See [Table 8](#) for details.

⁽²⁾ Excludes accelerated depreciation and amortization expense as detailed in the table above and included in Certain items above.

⁽³⁾ Other Activities includes corporate Selling, general and administrative ("SG&A") expenses, the results of captive insurance companies and certain components of net periodic benefit cost, including interest cost, expected return on assets and net actuarial gains and losses.

Table 2
Segment Data and Reconciliation of Operating Profit (Loss) to Adjusted EBIT and Operating EBITDA - Non-GAAP Measures - Unaudited

	Three Months Ended			
	September 30, 2013			June 30, 2013
	(In \$ millions, except percentages)			
Operating Profit (Loss) / Operating Margin ⁽¹⁾				
Advanced Engineered Materials	48	13.9%	39	11.1%
Consumer Specialties	85	27.4%	83	26.4%
Industrial Specialties	24	8.0%	18	6.1%
Acetyl Intermediates	67	8.4%	55	6.8%
Other Activities ⁽²⁾	(13)		(26)	
Total	211	12.9%	169	10.2%
Equity Earnings, Cost - Dividend Income and Other Income (Expense)				
Advanced Engineered Materials	31		45	
Consumer Specialties	21		24	
Industrial Specialties	—		—	
Acetyl Intermediates	3		3	
Other Activities ⁽²⁾	6		10	
Total	61		82	
Certain Items ⁽³⁾				
Advanced Engineered Materials	2		2	
Consumer Specialties	2		2	
Industrial Specialties	1		1	
Acetyl Intermediates	2		8	
Other Activities ⁽²⁾	—		—	
Total	7		13	
Adjusted EBIT / Adjusted EBIT Margin ⁽¹⁾				
Advanced Engineered Materials	81	23.4%	86	24.4%
Consumer Specialties	108	34.8%	109	34.7%
Industrial Specialties	25	8.4%	19	6.4%
Acetyl Intermediates	72	9.1%	66	8.2%
Other Activities ⁽²⁾	(7)		(16)	
Total	279	17.1%	264	16.0%
Depreciation and Amortization Expense ⁽⁴⁾				
Advanced Engineered Materials	27		27	
Consumer Specialties	10		10	
Industrial Specialties	13		12	
Acetyl Intermediates	22		22	
Other Activities ⁽²⁾	4		4	
Total	76		75	
Operating EBITDA				
Advanced Engineered Materials	108		113	
Consumer Specialties	118		119	
Industrial Specialties	38		31	
Acetyl Intermediates	94		88	
Other Activities ⁽²⁾	(3)		(12)	
Total	355		339	

⁽¹⁾ Defined as Operating profit (loss) and Adjusted EBIT, respectively, divided by Net sales. See [Table 4](#) for Net sales.

⁽²⁾ Other Activities includes corporate SG&A expenses, the results of captive insurance companies and certain components of net periodic benefit cost, including interest cost, expected return on assets and net actuarial gains and losses.

⁽³⁾ See [Table 8](#) for details.

⁽⁴⁾ Excludes accelerated depreciation and amortization expense. See [Table 1](#) for details.

Table 3
Adjusted Earnings (Loss) Per Share - Reconciliation of a Non-GAAP Measure - Unaudited

	Three Months Ended		Nine Months Ended	
	September 30, 2013	per share	June 30, 2013	per share
	(In \$ millions, except per share data)			
Earnings (loss) from continuing operations	171	1.07	133	0.83
Deduct: Income tax (provision) benefit	(57)		(75)	
Earnings (loss) from continuing operations before tax	228		208	
Certain items ⁽¹⁾	7		13	
Refinancing expense	1		—	
Adjusted earnings (loss) from continuing operations before tax	236		221	
Income tax (provision) benefit on adjusted earnings ⁽²⁾	(45)		(42)	
Noncontrolling interests	—		—	
Adjusted earnings (loss) from continuing operations	191	1.20	179	1.12
	Diluted shares (in millions) ⁽³⁾			
Weighted average shares outstanding	158.5		159.7	
Dilutive stock options	0.2		0.2	
Dilutive restricted stock units	0.4		0.2	
Total diluted shares	159.1		160.1	

⁽¹⁾ See [Table 8](#) for details.

⁽²⁾ The adjusted effective tax rate is 19% for the three and nine months ended September 30, 2013 and three months ended June 30, 2013.

⁽³⁾ Potentially dilutive shares are included in the adjusted earnings per share calculation when adjusted earnings are positive.

Table 4
Net Sales by Segment - Unaudited

	Three Months Ended	
	September 30, 2013	June 30, 2013
	(In \$ millions)	
Advanced Engineered Materials	346	352
Consumer Specialties	310	314
Industrial Specialties	299	295
Acetyl Intermediates	795	809
Other Activities ⁽¹⁾	—	—
Intersegment eliminations	(114)	(117)
Total	1,636	1,653

⁽¹⁾ Other Activities includes corporate SG&A expenses, the results of captive insurance companies and certain components of net periodic benefit cost, including interest cost, expected return on assets and net actuarial gains and losses.

Factors Increasing (Decreasing) Segment Net Sales - Unaudited

Three Months Ended September 30, 2013 Compared to Three Months Ended June 30, 2013

	Volume	Price	Currency	Other	Total
	(In percentages)				
Advanced Engineered Materials	(2)	—	—	—	(2)
Consumer Specialties	(1)	—	—	—	(1)
Industrial Specialties	3	(3)	1	—	1
Acetyl Intermediates	(1)	(1)	—	—	(2)
Total Company	—	(1)	—	—	(1)

Table 5
Adjusted Free Cash Flow - Reconciliation of a Non-GAAP Measure - Unaudited

	Three Months Ended	
	September 30, 2013	June 30, 2013
	(In \$ millions)	
Net cash provided by (used in) operating activities	232	229
Adjustments to operating cash for discontinued operations	—	6
Net cash provided by (used in) operating activities from continuing operations	232	235
Capital expenditures	(110)	(75)
Cash flow adjustments ⁽¹⁾	(5)	(6)
Adjusted free cash flow	117	154

⁽¹⁾ Amounts primarily associated with purchases of other productive assets that are classified as 'investing activities' for GAAP purposes.

Table 6
Cash Dividends Received - Unaudited

	Three Months Ended	
	September 30, 2013	June 30, 2013
	(In \$ millions)	
Dividends from equity investments	11	45
Dividends from cost investments	22	23
Total	33	68

Table 7
Net Debt - Reconciliation of a Non-GAAP Measure - Unaudited

	As of September 30, 2013	As of December 31, 2012
	(In \$ millions)	
Short-term borrowings and current installments of long-term debt - third party and affiliates	224	168
Long-term debt	2,870	2,930
Total debt	3,094	3,098
Less: Cash and cash equivalents	1,100	959
Net debt	1,994	2,139

Table 8
Certain Items - Unaudited

The following Certain items are included in Net earnings (loss) and are adjustments to non-GAAP measures:

	Three Months Ended		Nine Months Ended September 30, 2013	Income Statement Classification
	September 30, 2013	June 30, 2013		
	(In \$ millions)			
Employee termination benefits	—	1	3	Other charges (gains), net
Kelsterbach plant relocation	2	2	6	Other charges (gains), net
Asset impairments	2	—	2	Other charges (gains), net
Plant closures	1	1	3	Cost of sales / SG&A
(Gain) loss on disposition of assets	1	—	1	(Gain) loss on disposition
Commercial disputes	—	5	5	Cost of sales
Other	1	4	8	Cost of sales / SG&A
Total	7	13	28	



Celanese Q3 2013 Earnings

Friday, October 18, 2013

Conference Call / Webcast
Monday, October 21, 2013 10:00 a.m. EDT

Mark Rohr, Chairman and Chief Executive Officer
Steven Sterin, Senior Vice President and Chief Financial Officer

© Celanese

This presentation, and public statements made in connection with this presentation, may contain "forward-looking statements," which include information concerning the company's plans, objectives, goals, strategies, future net sales or performance, capital expenditures, financing needs and other information that are not historical facts. 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 results expressed or implied in such forward-looking statements. These risks and uncertainties include, among other things: changes in general economic, business, political and regulatory conditions in the countries or regions in which we operate; the length and depth of product and industry business cycles, particularly in the automotive, electrical, textiles, electronics and construction industries; changes in the price and availability of raw materials, particularly changes in the demand for, supply of, and market prices of ethylene, methanol, natural gas, wood pulp and fuel oil and the prices for electricity and other energy sources; the ability to pass increases in raw material prices on to customers or otherwise improve margins through price increases; the ability to maintain plant utilization rates and to implement planned capacity additions and expansions; the ability to reduce or maintain their current levels of production costs and to improve productivity by implementing technological improvements to existing plants; increased price competition and the introduction of competing products by other companies; market acceptance of our technology; the ability to obtain governmental approvals and to construct facilities on terms and schedules acceptable to the company; changes in the degree of intellectual property and other legal protection afforded to our products or technologies, or the theft of such intellectual property; compliance and other costs and potential disruption or interruption of production or operations due to accidents, interruptions in sources of raw materials, cyber security incidents, terrorism or political unrest or other unforeseen events or delays in construction or operation of facilities, including as a result of geopolitical conditions, the occurrence of acts of war or terrorist incidents or as a result of weather or natural disasters; potential liability for remedial actions and increased costs under existing or future environmental regulations, including those relating to climate change; potential liability resulting from pending or future litigation, or from changes in the laws, regulations or policies of governments or other governmental activities in the countries in which we operate; changes in currency exchange rates and interest rates; our level of indebtedness, which could diminish our ability to raise additional capital to fund operations or limit our ability to react to changes in the economy or the chemicals industry; and various other factors discussed from time to time in the company's periodic reports 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.

Results Unaudited

The results in this presentation, 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.

Non-GAAP Financial Measures and Change in Accounting Policy

This presentation, and statements made in connection with this presentation, contain references to non-GAAP financial measures. For more information on the non-GAAP financial measures used by the company and referenced in this presentation, including definitions and reconciliations with comparable GAAP financial measures, as well as prior period information, please refer to Investor Relations/Financial Information/Non-GAAP Financial Measures on our website, www.celanesc.com. The website materials also describe a change in accounting policy regarding pension and other postretirement benefits effective January 1, 2013.

Mark Rohr

Chairman and Chief Executive Officer

Fuel ethanol

- Signed MOU with PetroChina to advance the development of synthetic fuel ethanol opportunities in China
- Advantages of ethanol from TCX[®] technology will improve fuel and air quality in China



K-Fair

Introduced six significant new product platforms* from our engineered materials business at K-Fair



Premier global trade fair for the plastics industry

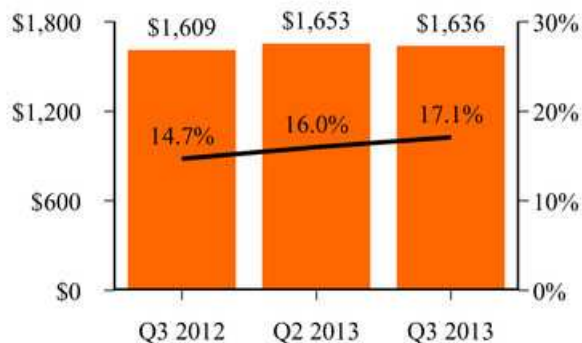
- Next generation GUR[®] UHMW-PE with step change in material performance and processing efficiencies
- Hostaform[®] XGC Glass Reinforced POM with superior mechanical properties
- Fortron[®] ICE PPS with improved productivity and properties
- Hostaform[®] PTX POM series for flexible applications
- Hostaform[®] LPT POM for molded fuel tanks
- Hostaform[®] POM S series expanded to include new XT grades with improved toughness

*For additional details please refer to Investor relations/Recent Business and Product Related Releases on our *website*, www.celanese.com.

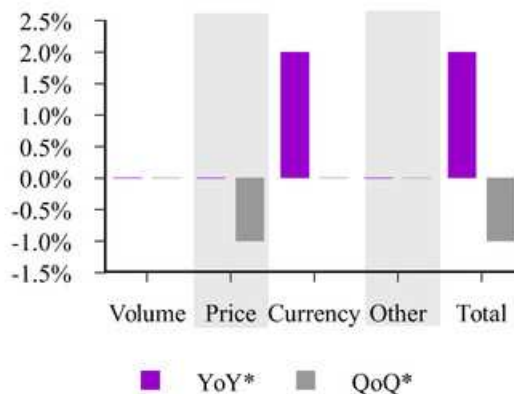
Celanese Corporation Q3 2013 Highlights

Q3 Performance

Net sales (in millions) Total segment income margin



Factors Affecting Net Sales Changes



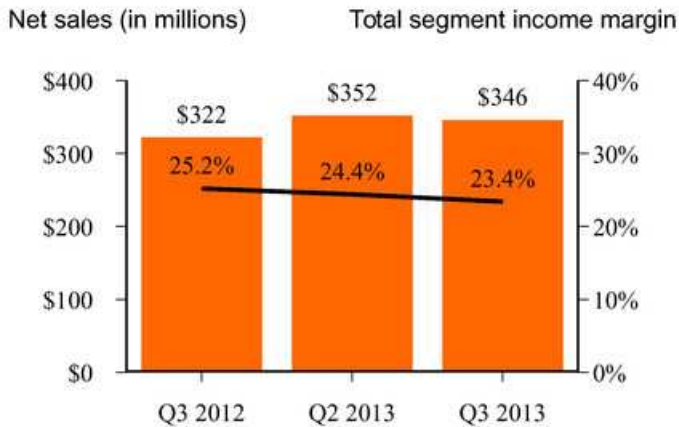
Adjusted EPS

Q3 2013	\$1.20	<ul style="list-style-type: none"> Adjusted EPS driven by Celanese-specific initiatives Deployed \$96 million to repurchase ~2 million shares Operating cash flow of \$232 million and adjusted free cash flow of \$117 million
Q2 2013	\$1.12	
Q3 2012 **	\$0.99	

*QoQ represents Q3 2013 as compared to Q2 2013; YoY represents Q3 2013 compared to Q3 2012.

**Adjusted to include MTM pension impact. For additional details and adjusted historical data, please refer to the company's current report on Form 8-K furnished to the SEC on April 2, 2013 available at www.celanese.com under the Investor Relations section.

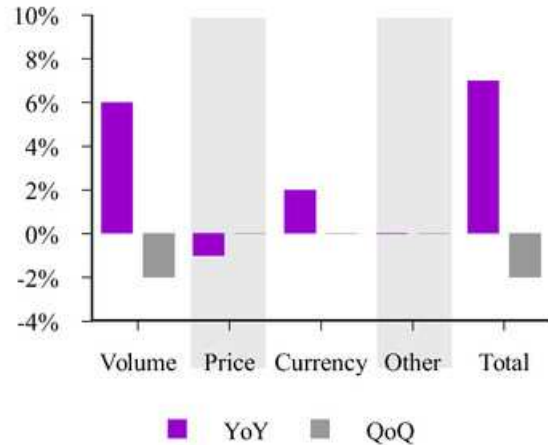
Q3 Performance



QoQ Segment income highlights

- \$15 million lower affiliate earnings primarily due to turnaround at Middle East affiliate
- Continued success in auto despite lower QoQ auto builds in Europe (-13%) and US (-9%)
- Improved mix of medical, lower raw material costs, and savings from focused spending initiatives

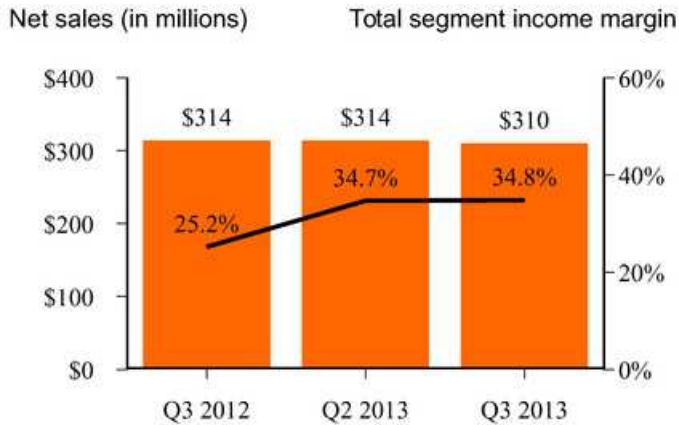
Factors Affecting Net Sales Changes



YoY Segment income highlights

- Higher volumes in Americas from autos and in Asia from targeted growth programs
- Price decline due to product and geographic mix and higher energy costs partially offset by lower raw material costs
- \$15 million lower affiliate earnings primarily due to turnaround at Middle East affiliate

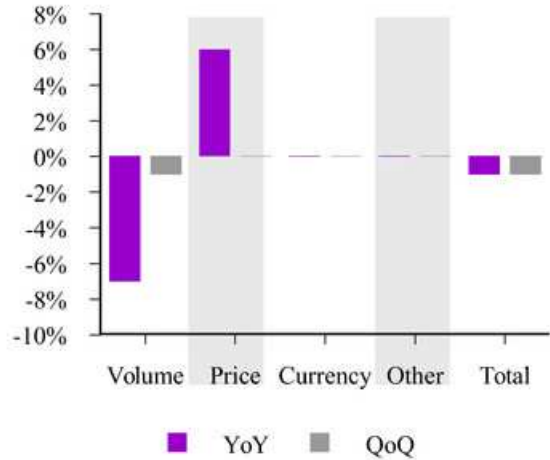
Q3 Performance



QoQ Segment income highlights

- Continued healthy demand for tow resulted in consistent volume and pricing
- Initial commercial success with Qorus™; more than 50 customer trials globally

Factors Affecting Net Sales Changes



YoY Segment income highlights

- Lower volumes due to cessation of production at Spondon; energy and operating cost savings
- Higher acetate tow pricing more than offset higher raw material costs in cellulose derivatives
- Timing of dividends from cellulose derivatives ventures changed from annual to quarterly

Q3 Performance

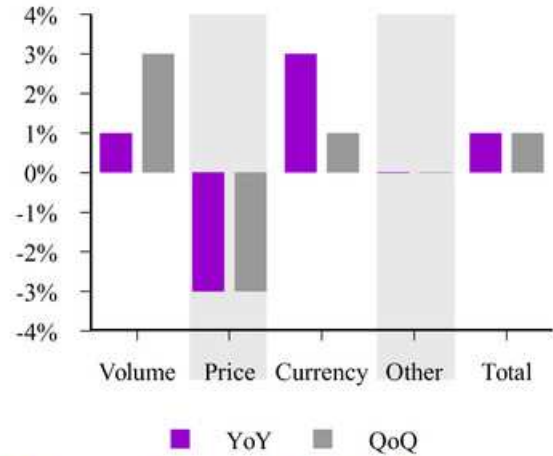
Net sales (in millions) Total segment income margin



QoQ Segment income highlights

- Higher EVA polymers volumes in Asia and North America
- Focused spending initiatives also contributed
- Pricing decreased on lower raw material costs

Factors Affecting Net Sales Changes



YoY Segment income highlights

- Higher volumes in emulsion polymers driven by Europe and Asia partially offset by North America and EVA polymers
- Lower pricing due to favorable raw material costs in emulsion polymers and oversupply of EVA

Q3 Performance

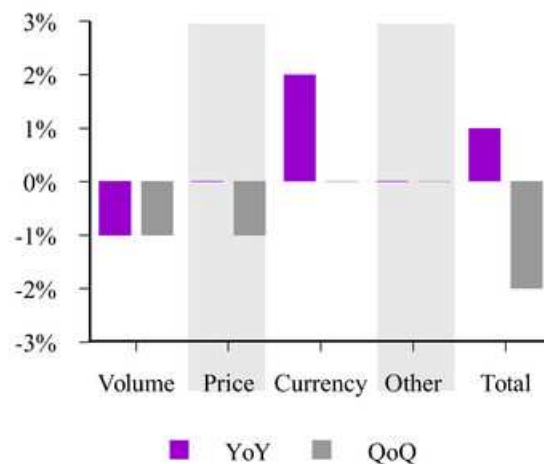
Net sales (in millions) Total segment income margin



QoQ Segment income highlights

- Less turnaround activity
- Volumes lower due to continued weak demand for downstream acetyl derivative products
- Pricing decreased on lower raw material costs, primarily ethylene

Factors Affecting Net Sales Changes



YoY Segment income highlights

- Lower downstream derivatives volumes due to global oversupply and customer outages in Europe and Americas
- Productivity savings more than offset higher natural gas prices in North America

Hostaform® LPT POM*



- Leveraged transportation industry knowledge to small off-road engines
- New POM grades outperform traditional nylon based fuel tanks in dimensional stability and durability

Fortron® ICE PPS*



- Enables customers to reduce cycle times, scrap rates and overall production costs
- Allows customers to increase capacity without capital spend
- Designed to replace metal in auto, electronics and industrial applications

We must continue to deliver unique value-added applications

*For additional details please refer to Investor relations/Recent Business and Product Related Releases on our website, www.celanese.com.

	Potential contribution (in millions)	Celanese-specific actions
Improving plant operations	~\$45	<ul style="list-style-type: none">• Consider strategic alternatives for non-integrated production sites• Improve plant operational reliability• Increase productivity
Upstream & downstream efficiencies	~\$25	<ul style="list-style-type: none">• Upstream: Reduce cost of raw materials• Downstream: Distribute products effectively
Translating innovation	~\$30	<ul style="list-style-type: none">• Pursue N+1 opportunities: Take existing specialty materials to new customers and new solutions to existing customers

Continue to grow consistent with our long-term goals

*As of October 2013

Steven Sterin
Senior Vice President and Chief Financial Officer

Adjusted Free Cash Flow

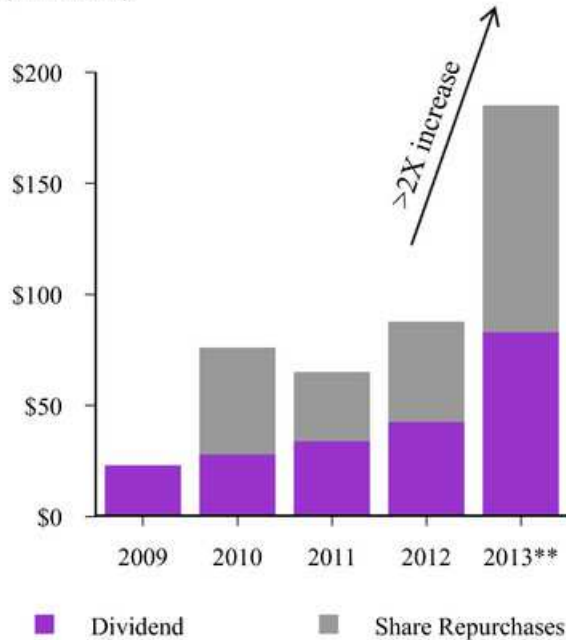
(in millions)	Q3 2013 YTD	Q3 2013
Cash flow from operations	608	232
Adjusted free cash flow	335	117
Adjusted FCF as % net sales	6.8%	7.2%

- Operating cash flow primarily driven by strong earnings performance
- Re-priced \$970 million term loan facility at 0.75% lower interest rate
- Capex and investments in other productive assets of \$115 million in Q3 2013
- Continue to expect capex of \$375-400 million for 2013 and \$400-500 million for 2014 with construction of Clear Lake methanol and conversion of coal to gas boilers in Narrows
- Net debt <\$2 billion as of September 30, 2013
- On pace to deliver annual free cash flow in 2013 in excess of 2012

Continue to focus on a balanced capital deployment strategy

Dividend* Payout and Share Repurchases

(in millions)



Dividend

- In Q3, doubled the dividend from \$0.36 to \$0.72 per share on an annual basis
- Previously increased dividend 20% in Q2
- Dividend yield in-line with peers

Share Repurchases

- Deployed \$96 million to repurchase ~2 million shares in Q3 at an average price of \$48.74
- Remaining share repurchase authorization of \$290 million; will continue to repurchase opportunistically

Over \$1 billion returned to shareholders since 2007

*Based on dividends paid on common stock. **Estimated annual dividend payout based on share count as of September 30, 2013 and share repurchases as of September 30, 2013.



Q3 2013 Earnings Prepared Comments

Jon Puckett, Celanese Corporation, Vice President, Investor Relations

Welcome to the Celanese Corporation third quarter 2013 financial results recording. The date of this recording is October 18, 2013. Please note that no portion of this presentation may be rebroadcast or reproduced in any form without the prior written consent of Celanese.

My name is Jon Puckett, Vice President of Investor Relations at Celanese. Today you will be hearing from Mark Rohr, Chairman and Chief Executive Officer, and Steven Sterin, Senior Vice President and Chief Financial Officer.

The Celanese Corporation third quarter 2013 earnings release was distributed via business wire this afternoon and posted on our website, www.celanese.com, in the Investor Relations section. The slides referenced during this recording are also posted on our website. Both items are being furnished to the SEC in a Current Report on Form 8-K. As a reminder, some of the matters discussed today and included in our presentations may include forward-looking statements concerning, for example, Celanese Corporation's future objectives and results. Please note the cautionary language contained in the posted slides. Also, some of the matters discussed and presented include references to non-GAAP financial measures. Explanations of these measures and reconciliations to the comparable GAAP measures are included on our website, www.celanese.com, in the Investor Relations section, as applicable.

Mark Rohr will provide some recent highlights, review our consolidated third quarter results and provide our initial outlook for 2014. Steven will then comment on cash flow, net debt, shareholder returns and tax rate. I'd now like to turn the call over to Mark.

Mark Rohr, Celanese Corporation, Chairman of the Board of Directors and Chief Executive Officer

Thanks, Jon, and welcome to everyone listening in today.

Before we get into our results let me talk about a couple of recent highlights.

During the quarter, we signed an MOU with PetroChina to develop synthetic fuel ethanol opportunities. PetroChina is the largest oil and gas producer and distributor in China and our agreement to collaborate on fuel ethanol opportunities is a significant milestone for Celanese. This MOU is an essential step in the process and I want to congratulate our team that really worked hard to get us to this point. We are confident the advantages of ethanol produced from TCX[®] technology will contribute to improved fuel and air quality in China and we look forward to making further progress with PetroChina in the months ahead.

I also want to highlight several innovative new platforms that we are featuring at K Fair 2013. K Fair is a premier global trade fair for the plastics industry that is held every three years in Germany. This event provides Celanese with a forum to showcase some of our most interesting new, proprietary technology platforms. It is also a great venue for us to collaborate on these platforms with existing and potential customers. One platform we introduced at the event is a next generation, breakthrough GUR[®] that enables a step change in both material performance and processing efficiencies. This new GUR[®] enhances performance of separators used in lithium-ion batteries, improving membrane puncture strength and providing greater design freedom for our customers. This platform also has higher abrasion resistance which extends the life of the machined parts without sacrificing impact strength. We are excited about this next generation platform and the opportunity it provides Celanese to broaden customer relationships. Later in my comments I will highlight a few other products we are featuring at K Fair and that demonstrate unique Celanese solutions that combine expertise in material science, chemistry and engineering.

Now, let me cover our consolidated third quarter results and share some highlights for each reporting segment. We generated adjusted earnings of \$1.20 per share as a result of the excellent work our teams are doing around the world, focusing on Celanese-specific initiatives and delivering value-added applications to our customers. Our earnings this quarter demonstrate the success we are having with these initiatives, despite the global economic and political environment.

Third quarter segment income margin was 17.1 percent , a 110 basis point improvement sequentially driven primarily by what our teams were able to achieve. We ran our plants well in the third quarter with less turnaround activity in Acetyls. We improved margins in Industrial Specialties driven by higher

volumes in EVA polymers and record results in emulsion polymers as we continue to grow in Asia. In Consumer Specialties we continued to run our cellulose derivatives plants well, delivering high quality, specified product to our customers. And in AEM, we offset a significant portion of the impact of a turnaround at our Middle East affiliate by continuing to penetrate the auto market and delivering unique applications that create value for our customers. We also did an excellent job controlling our costs across the entire company and I want to salute the teams that were responsible for delivering these great results.

On a GAAP basis, diluted EPS from continuing operations came in at \$1.07 for the third quarter compared to \$0.83 in the second quarter of the year.

Our ability to grind out earnings allowed us to generate another quarter of healthy cash flows. Operating cash flow was \$232 million and adjusted free cash flow was \$117 million and we put this cash to work for our shareholders. During the quarter, we doubled our dividend and deployed \$96 million of cash to purchase about 2 million shares of Celanese stock. Even with these actions, we continue to be well positioned to pursue our growth initiatives and our balanced capital deployment strategy.

Now for the segments - [Advanced] Engineered Materials continued to demonstrate strong performance despite typical seasonality in auto builds and turnaround activity in the quarter. Third quarter segment income in [Advanced] Engineered Materials was \$81 million with segment income margin of 23.4 percent , a 100 basis points sequential decline. The margin decline was primarily due to \$15 million of turnaround costs at our Middle East affiliate. Excluding the affiliates, our base engineered materials business increased sequentially operating profit by \$9 million and operating profit margin by 280 basis points due to our continued success in penetrating autos. In fact, while sequential auto builds were 13 percent lower in Europe and 9 percent lower in the US, our volumes were down only 2 percent this quarter. We also improved the mix of the business with high value applications in the medical space. Focused strategic initiatives around spending and lower costs raw materials, like ethylene and polypropylene, also drove incremental profit this quarter.

In Consumer Specialties, third quarter segment income was \$108 million , consistent with the second quarter on sequentially flat volumes and pricing. Segment income margin increased slightly to 34.8 percent , or 10 basis points higher than the second quarter, primarily due to Celanese-specific productivity efforts. Raw material costs were also consistent on a sequential basis. We continue to invest in the operational reliability of our plants, including converting coal boilers at our plant in Narrows, Virginia to natural gas boilers. Our teams in this business continued to focus on reliably supplying our customers with high quality specified products that meet their strict requirements and enhance the end-users' experience.

Our commercialization efforts of Qorus™, our innovative sweetener platform, now have more than 50 customer trials underway.

In Industrial Specialties, third quarter segment income was \$25 million, up 31.6 percent from the second quarter. Segment income margin increased to 8.4 percent, a 200 basis point improvement. Volumes increased 3 percent primarily due to higher volumes in EVA polymers in North America and Asia. Celanese productivity efforts also drove incremental profit this quarter. Pricing decreased 3 percent primarily due to lower raw material costs.

In Acetyl Intermediates, third quarter segment income was \$72 million, up 9.1 percent from the second quarter. Segment income margin was 9.1 percent, a 90 basis point improvement, as we did not have the same level of turnaround activity or the critical raw material supplier issue in the third quarter that we had in the second quarter. Volumes were 1 percent lower sequentially mainly reflecting continued weak global demand for downstream acetyl derivative products partially offset by the initial industrial ethanol volumes and slightly higher acetic acid volumes. Pricing was down 1 percent reflecting lower raw material costs, primarily ethylene.

Stepping back from the details, I am really proud of what our teams accomplished this quarter by focusing on where we can create value for our customers and for Celanese. For example, we've leveraged our transportation industry knowledge in fuel systems to develop fuel tanks for small off-road engines out of POM that outperform the current nylon based fuel tanks in dimensional stability and durability. We continued to deliver on Celanese-specific initiatives, like our cellulose derivatives footprint rationalization and expansion of our cellulose derivatives venture in Nantong, which are delivering earnings growth in-line with what we had anticipated. Even with our strong results year-to-date we have a lot of hard work ahead of us to achieve our earnings growth objectives. Our global sales and technology teams must continue to work with our customers to anticipate needs and deliver unique, value-added applications.

Before I wrap up, I wanted to give you our early read on 2014. To achieve our long-term growth objective we need to grow segment income by about \$100 million year-over-year. Like this year, we are approaching 2014 focused on Celanese-specific initiatives that will drive our growth in areas that we control like improving plant operations, creating upstream and downstream efficiencies and translating innovation into earnings.

Now let me provide some high-level examples of each and how much we expect each of these three areas to contribute in 2014 earnings growth. Improving plant operations includes considering strategic alternatives on non-integrated production sites, improving our plant operational reliability, and increasing

productivity. We have a strong heritage in this area and expect improved plant operations will contribute approximately \$45 million to earnings growth in 2014.

Now let me cover upstream and downstream efficiencies. Upstream efficiencies focuses on identifying opportunities to reduce the cost of our raw material inputs through the use of alternative materials and process changes to use them, or more efficient sourcing. Downstream efficiencies is related to how we distribute our products and materials once we have produced them. We have some unique opportunities across different businesses but due to their competitive sensitivity I would prefer to elaborate on these items once we have implemented them. We expect this category to contribute about \$25 million to earnings growth in 2014.

The last thing I'll mention is translating innovation into earnings which includes things like taking existing specialty materials to new customers and new solutions to existing customers. This is what we call N+1 opportunities. Let me give you an example where we expect to see translation in 2014. Our material scientists recently developed a new platform technology in PPS, called Fortron ICE[®] PPS, that will help our customers reduce cycle times, scrap rates and overall production costs because of its unique characteristics. As a result, our customers can effectively increase production capacity without spending capital. We are really excited about the opportunities this new platforms will bring to our customers and to Celanese. We expect this platform and other similar applications will contribute in 2014 and help us achieve our objective of about \$30 million of incremental earnings from translation.

As you can see, 2014 will be another year where we will have to grind out earnings growth through our own actions. With the momentum we have built during 2013 and our focused growth programs for next year, we are optimistic we can accomplish this and grow our business in-line with our long-term goals.

With that, I'll now turn it over to Steven Sterin.

Steven Sterin, Celanese Corporation, Senior Vice President and Chief Financial Officer

Thanks, Mark.

Similar to last quarter's earnings call, the majority of our commentary today has been on the sequential trends and how we are driving the business from quarter to quarter rather than what happened last year. This is how we run the company and we feel it is the most relevant comparison. But since we know some of you look at year-over-year comps, I wanted to briefly provide a summary bridge from Q3 of 2012 to Q3 of this year. Last year, adjusted earnings per share was \$0.99 and did not include the quarterly dividend from our cellulose derivatives ventures. Recall that beginning this year we started receiving

quarterly dividends rather than annual dividends from these ventures. In the third quarter of 2013 this dividend was approximately \$21 million . Partially offsetting the dividend was the \$15 million impact of a planned turnaround in our Middle Eastern affiliate. Our ability to grow earnings year-over-year demonstrates our ability to run our plants reliably, drive innovation programs that contribute to the bottom line and control our costs. We've generated a lot of positive momentum in the business this year from our own actions. Nothing was given to us from the global economy and our performance this year gives us confidence that we can drive earnings growth in 2014 based on the Celanese-specific items Mark mentioned earlier.

Now let's cover cash flow, net debt, shareholder returns and our tax rate. I am really pleased with another quarter of great cash flow generation despite the weak global economic environment. Third quarter cash flow results were excellent with \$232 million of operating cash flow primarily driven by our strong earnings performance. Capital expenditures and investments in other productive assets was \$115 million in the quarter as we continue to invest in opportunities to reduce future operating costs, improve plant reliability, and environmental and health and safety initiatives.

Adjusted free cash flow was \$117 million and we deployed a significant portion of this cash during the quarter through our balanced capital deployment strategy. In Q3 we doubled our dividend from \$0.36 to \$0.72 per share of common stock on an annual basis. This increase, combined with the 20 percent dividend increase in Q2 of this year, brings our dividend yield more in line with our peers. We also spent \$96 million on share repurchases, buying back around 2 million shares at an average price of \$48.74 . As of September 30 we have remaining share repurchase authorization of about \$290 million . We will continue to be opportunistic with share repurchases, especially at current multiples. As part of our continued effort to reduce corporate costs, we successfully completed the repricing of our \$970 million term loan facility at a 75 basis point lower interest rate than prior to the repricing.

Even with the cash deployment actions we took we ended the quarter with \$1.1 billion of cash on the balance sheet, consistent with last quarter. Net debt was below \$2 billion at September 30, which is one of the lowest quarterly levels since our first reporting as a public company in 2005.

We are in a good position to continue to be productive with our balance sheet as we execute our balanced capital deployment strategy. I anticipate we will use cash flow to reduce our debt as we approach the maturity of our \$970 million term loan in the next 3 years and continue to move towards investment grade. We will continue to increase the dividend over time and repurchase shares opportunistically. We will also continue to work our acquisition pipeline, prioritizing on smaller, bolt-on acquisitions that are technology focused and would help broaden our application polymer capabilities.

Let me highlight one thing to consider for cash flow in 2014. While we continue to expect average annual capex to be approximately \$400 million, 2014 will likely be in the \$400-500 million range with the construction of our Clear Lake methanol joint venture and conversion of our coal to gas boilers at our cellulose derivatives plant in Narrows, Virginia.

Let me spend a moment on taxes. The effective US GAAP tax rate for Q3 this year was 25 percent for the quarter versus 31 percent in the prior year. The rate in the third quarter of 2013 was favorably impacted by income tax refunds received in one of our jurisdictions. The tax rate for adjusted EPS in Q3 2013 was 19 percent and same as the prior quarter. We expect that our adjusted tax rate for the remainder of 2013 will be around 19%, consistent with the rate for first nine months of the year. Net cash taxes paid in the third quarter of 2013 were \$8 million compared with \$30 million in the second quarter primarily due to the timing of tax refunds received.

This concludes our prepared remarks and we look forward to discussing our results with you on our earnings call Monday morning. Thank you.