

CELANESE CORP

FORM 8-K (Current report filing)

Filed 03/01/05 for the Period Ending 02/28/05

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

CELANESE CORP

FORM 8-K (Unscheduled Material Events)

Filed 3/1/2005 For Period Ending 2/28/2005

Address	1601 W. LBJ FREEWAY DALLAS, Texas 75234
Telephone	972-443-4000
CIK	0001306830
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) : **February 28, 2005**

CELANESE CORPORATION

(Exact Name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction
of incorporation)

001-32410
(Commission File
Number)

98-0420726
(IRS Employer
Identification No.)

1601 West LBJ Freeway, Dallas, Texas 75234-6034
(Address of Principal Executive Offices) (Zip Code)

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

Not Applicable

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

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

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

Item 7.01 Regulation FD Disclosure

On February 28, 2005, David N. Weidman, President and Chief Executive Officer of Celanese Corporation (the “Company”), and Corliss Nelson, Executive Vice President and Chief Financial Officer of the Company, made a presentation to investors and analysts via webcast and teleconference hosted by the Company. A copy of the slide presentation posted during the webcast and teleconference is attached to this Current Report on Form 8-K (“Current Report”) as Exhibit 99.1 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 exhibit 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 exhibit, shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended or the Exchange Act, regardless of any incorporation by reference language in any such filing. This Current Report will not be deemed an admission as to the materiality of any information in this Current Report that is required to be disclosed solely by Regulation FD.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Slide Presentation dated February 28, 2005

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CELANESE CORPORATION

By: /s/ Corliss J. Nelson

Name: Corliss J. Nelson

Title: Executive Vice President and
Chief Financial Officer

Date: March 1, 2005

Exhibit Index

Exhibit Number

Description

99.1

Slide Presentation dated February 28, 2005



Transformation and Results

Celanese 4Q2004 Earnings Conference Call/Webcast

Mon., Feb. 28, 2005 10 a.m CT

David Weidman, CEO
C.J. Nelson, CFO

Forward-Looking Statements

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

There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements contained in this presentation. Numerous factors, many of which are beyond the Company’s control, could cause actual results to differ materially from those expressed as forward-looking statements. For a discussion of some of the factors, we recommend that you review the Company’s Registration Statement on Form S-1 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.

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

This presentation reflects our performance measures, net debt, and Segment Earnings as non-U.S. GAAP measures. The most directly comparable financial measure presented in accordance with U.S. GAAP in our financial statements for net debt is total debt and for Segment Earnings is earnings (loss) from continuing operations before tax and minority interests. This presentation also reflects our debt covenant measure Adjusted EBITDA. The most directly comparable financial measure presented in accordance with U.S. GAAP in our financial statements for this is net earnings (loss). This presentation also reflects the 2004 net sales, operating profit, net income and depreciation and amortization as a summation of these measures derived from (i) the financial statements for the predecessor for the three months ended March 31, 2004, and (ii) the financial statements for the successor for the nine months ended December 31, 2004, for each period prepared on a basis consistent with U.S. GAAP. The combined presentation is not in accordance with GAAP. For a reconciliation of these non-U.S. GAAP measures to U.S. GAAP figures see the accompanying schedules to this presentation. Reconciliations of any forward-looking non-U.S. GAAP measure to U.S. GAAP measures are not available.

Use of Non-GAAP Financial Information

Adjusted EBITDA, a performance measure used by management, 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 used in our debt instruments to determine compliance with financial covenants and our ability to engage in certain activities such as incurring additional debt and making certain payments. Segment Earnings, another performance measure used by management, is defined as earnings (loss) from continuing operations before tax and minority interests excluding depreciation and amortization, special charges, stock appreciation rights and inventory step up.

Adjusted EBITDA and Segment Earnings are the primary measures our management uses for its planning and budgeting processes and to monitor and evaluate financial and operating results. Adjusted EBITDA and Segment Earnings are not recognized terms under U.S. GAAP and do not purport to be alternatives to net earnings as measures 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 and Segment Earnings may not be comparable to other similarly titled measures of other companies. Additionally, Adjusted EBITDA and Segment Earnings are not intended to be measures of free cash flow for management's discretionary use, as they do not consider certain cash requirements such as interest payments, tax payments and debt service requirements. We believe that the presentation of all of the non-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 GAAP information is viewed in conjunction with non-GAAP information, investors are provided with a more meaningful understanding of our ongoing operating performance. This non-GAAP information is not intended to be considered in isolation or as a substitute for GAAP financial information.

Q4 and '04 Results

<i>(in \$millions)</i>	Q404	Combined FY04
Sales	\$1,332 up 15%	\$5,069 up 10 %
Gross Profit	\$303 up 98%	\$975 up 35%
Net Earnings (loss)	\$(57)	\$(175)
Dividends from Affiliates	\$11	\$77
Adjusted EBITDA	\$187 up 3%	\$801 up 19%

🔴 Strong demand across all lines, regions

🔴 Results occurred during time of transformation

Underlying results reflect strength of strategy

C. J. Nelson

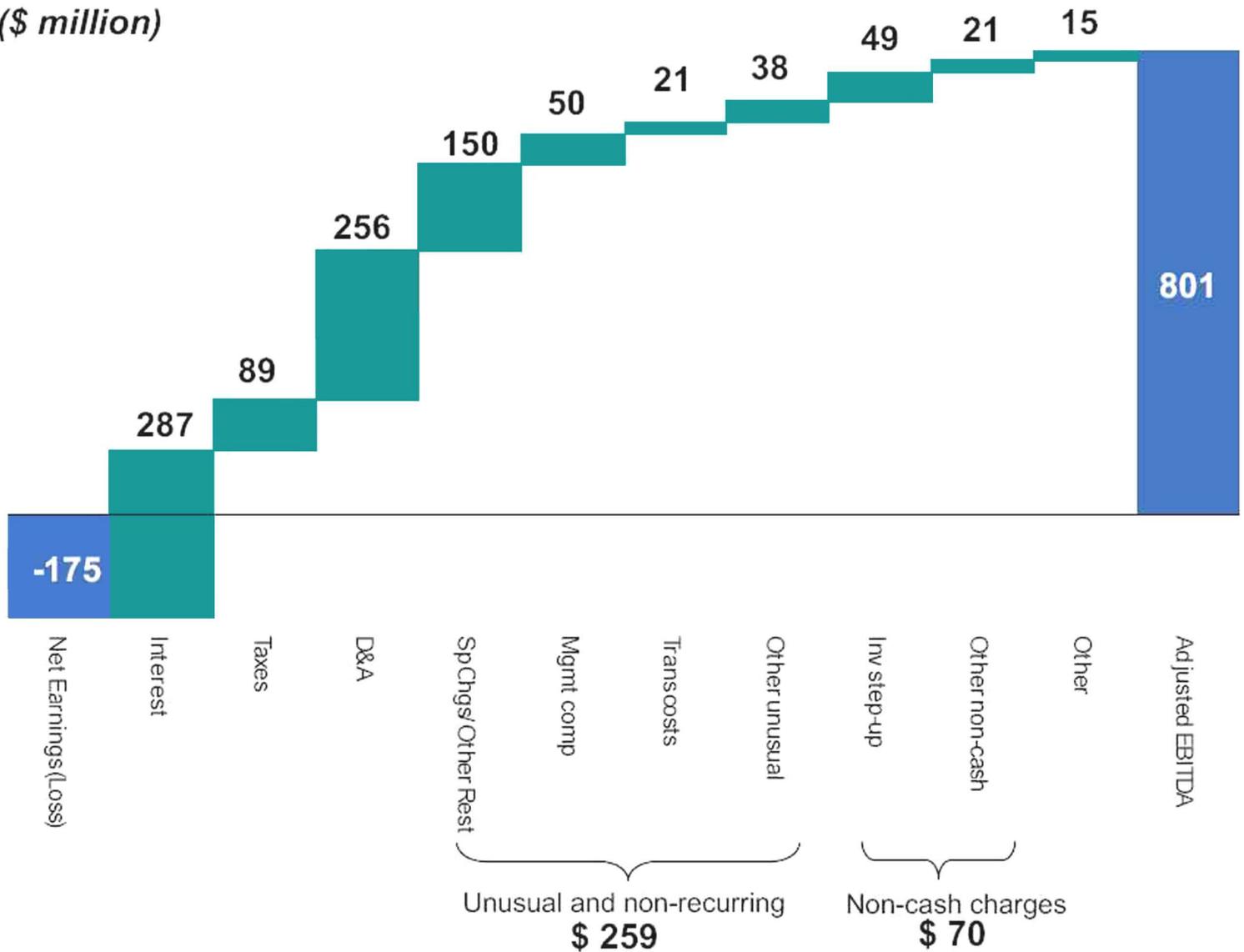
Executive Vice President and Chief Financial Officer

Financial Overview

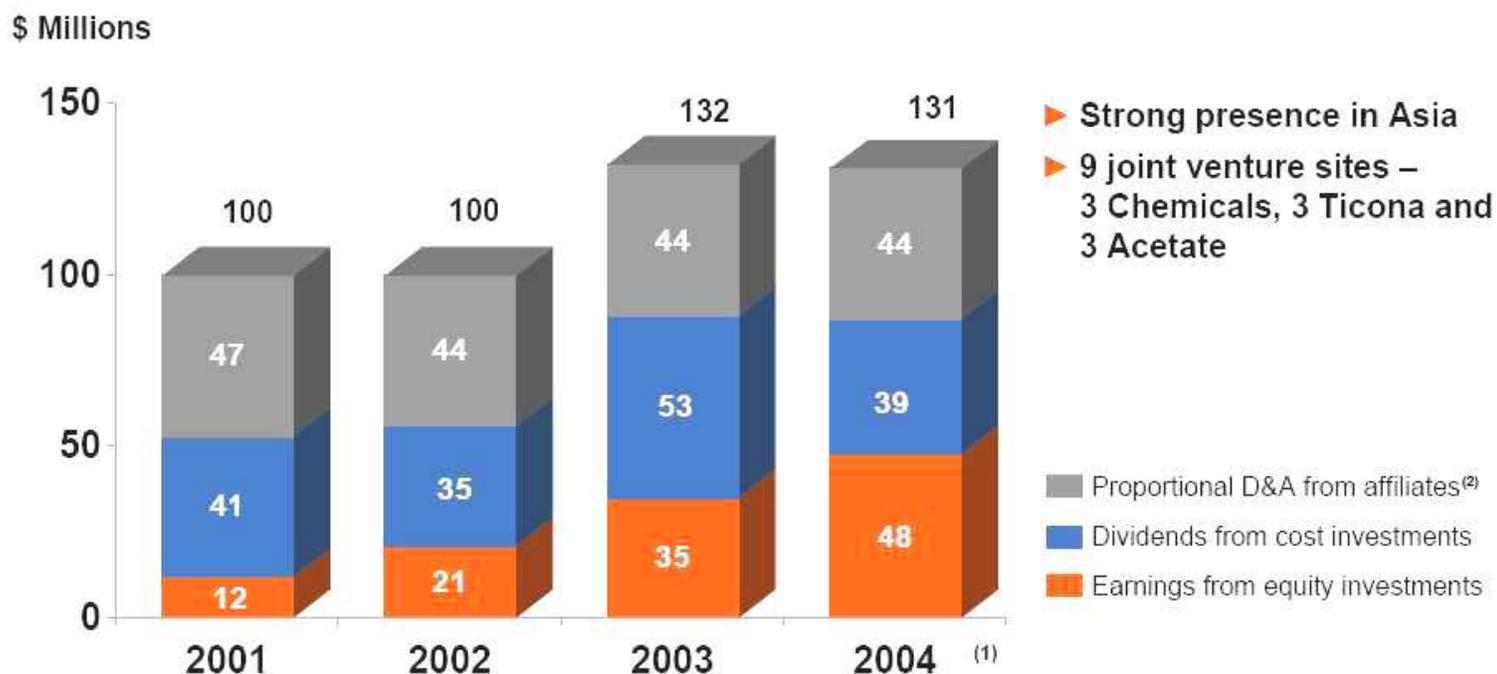
<i>(in \$millions)</i>	Fourth Quarter		Full Year	
	Successor 2004	Predecessor 2003	Combined 2004	Predecessor 2003
Sales	1,332	1,155	5,069	4,603
Gross Profit	303	153	975	720
SG&A	(220)	(126)	(635)	(510)
Special Charges	(33)	(14)	(119)	(5)
Operating Profit (Loss)	28	(10)	130	118
Interest Expense	(72)	(13)	(306)	(49)
Tax	(12)	8	(87)	(53)
Net Earnings (Loss)	(57)	18	(175)	148
Affiliate Dividends	11	29	77	76
Adjusted EBITDA	187	182	801	675

Net Earnings to Adjusted EBITDA walk - 2004

(\$ million)



Significant Contribution from Joint Ventures



Joint Venture Investments Drive Strategic Growth and Financial Performance

- Note: (1) 2004 Proportional D&A from affiliates shown is an estimate
 (2) D&A as presented in the chart above represents the amount recorded by the investees based on local generally accepted accounting principles, computed in proportion to our ownership percentage. These amounts are not included in the D&A reported by Celanese.

Pro Forma Capitalization ⁽¹⁾

	Pro-Forma as of 12/31/04		
	December 31, 2004	Post- IPO	With Acquisitions
Cash	\$838	\$838	\$838
Existing Term Loan B ⁽²⁾	\$624	\$0	\$0
New Term Loan B ⁽³⁾	\$0	\$1,569	\$1,769
New Delayed Draw Term Loan C	\$0	\$0	\$242
Floating Rate Term Loan	\$350	\$0	\$0
Total Senior Debt	\$974	\$1,569	\$2,011
Senior Sub Notes (\$)	\$1,231	\$800	\$800
Senior Sub Notes (€) ⁽⁴⁾	\$272	\$177	\$177
Acetex Notes	\$0	\$0	\$265
Assumed Debt	\$383	\$383	\$383
Total Cash Pay Debt	\$2,860	\$2,929	\$3,636
Discount Notes Series A	\$103	\$66	\$66
Discount Notes Series B	\$424	\$276	\$276
Total Debt	\$3,387	\$3,271	\$3,978
Convertible Preferred		\$240	\$240
Market Capitalization		\$2,741 ⁽⁵⁾	\$2,741 ⁽⁵⁾
Total Capitalization		\$6,252	\$6,959

¹ Table shows debt balances and pro forma adjustments as of 12/31/04

² Includes €125 million of Euro denominated debt (converted at €1 = \$1.3621)

³ Includes €275 million of Euro denominated debt (converted at €1 = \$1.3621)

⁴ Converted at €1 = \$1.3621

⁵ Based on closing price of \$17.27 on 2/25/05

Pension and OPEB Plan Obligations

▶ **Aggressive contributing increased funded status dramatically**

- Plan contributions of \$500 million increased ABO funded status from 77% at FYE '03 to 90% at FYE '04

▶ **Total benefit obligations decreased**

- Total benefit obligations decreased from \$1.165 billion to \$1.006 billion as plan contributions offset increases from purchase accounting

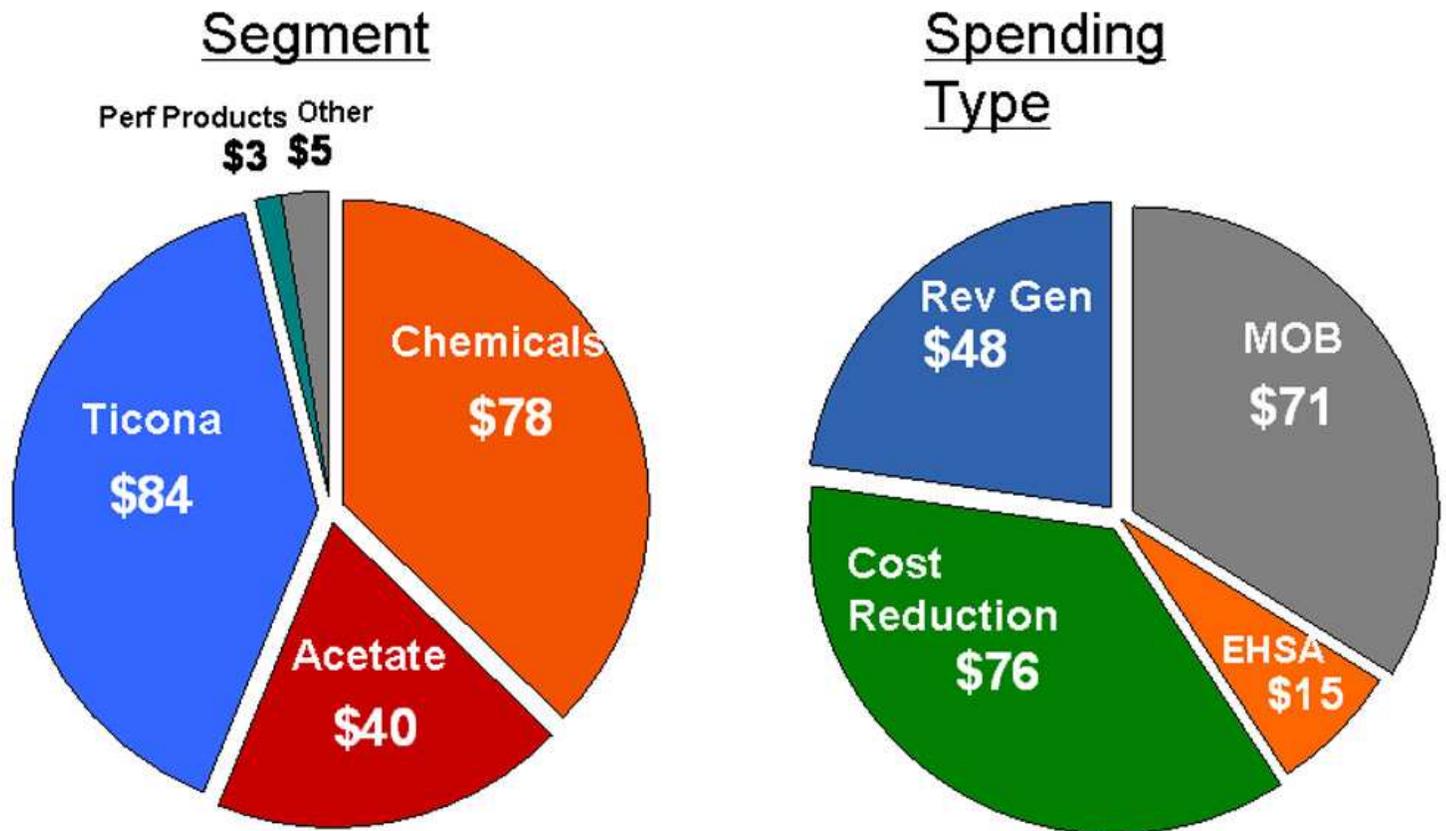
▶ **2005 pension contribution expense is half of 2004 levels**

- As a result of purchase accounting and plan contributions, 2005 pension expense is expected to be \$26 million and 2005 OPEB expense is also expected to be \$26 million. On a historical basis, 2004 cost was over \$110 million

▶ **Under current pension legislation, we do not anticipate making pension plan contributions for the foreseeable future**

2004 Capital Expenditures

(\$ millions)



Total Capital Expenditure = \$210

Business Segment/2005 Outlook

David Weidman
Chief Executive Officer

2004 Business Highlights

- ⊕ Vinamul acquisition* extends Acetyls chain
- ⊕ Announced Acetex acquisition provides for reliable supply to global market
- ⊕ Acetate restructuring to enhance profitability of a leading Celanese business
- ⊕ Nanjing, China plant becoming reality
- ⊕ SG&A actions in all major businesses and administrative centers
- ⊕ Procurement initiatives on track

* Announced '04, completed '05

Chemicals Products Historical Perspective:

- 🔴 Margin expansion in Q4 and full year
- 🔴 Strong demand, favorable pricing in all regions during year, and improved productivity
- 🔴 Fourth quarter results particularly strong

(in \$millions)

	Q404	FY2004 Combined
Sales	\$925 up 21%	\$3,391 up 11%
Segment Earnings ⁽¹⁾	\$142 up 78%	\$476 up 38%

(1) – Earnings from continuing operations before tax and minority interests excluding Depreciation and amortization, Special Charges, Stock Appreciation Rights, Inventory Step up

Chemical Products Outlook

1st Quarter

- ⊕ Sustained demand, favorable pricing
- ⊕ Modest raw material increases
- ⊕ Margin momentum continues

Full Year

- ⊕ Sustained demand pricing
 - ⊕ Southern Methanol decreases Gulf Coast gas exposure
 - ⊕ Ethylene price relief from contracts
 - ⊕ Second half supply/demand balance to loosen on expansions
 - ⊕ Positive pricing momentum in downstream Celanese products
-

Ticona Historical Perspective

- ⊗ Solid '04 volume growth of 13%, all lines contributing
- ⊗ Raw material increases offset by volume growth during year
- ⊗ Q4 volume growth rate declines but is still strong at 6%
- ⊗ Q4 profit erosion due to raw materials, price, and effects of maintenance turnaround
- ⊗ \$32 million impairment charge for planned COC sale

(in \$millions)

	Q404	FY2004 Combined
Sales	\$203 up 8%	\$863 up 13%
Segment Earnings ⁽¹⁾	\$18 down 28%	\$192 up 28%

(1) – Earnings from continuing operations before tax and minority interests excluding Depreciation and amortization, Special Charges, Stock Appreciation Rights, Inventory Step up

Ticona Outlook

1st Quarter

- ⊕ Continuation of slowed demand and raw material pressures

Full Year

- ⊕ Earnings growth momentum to pick up in second half and beyond after temporary correction in key markets
-

Acetate/Performance Products Summaries

Acetate

- ⊕ Stable financial results continue
- ⊕ Focus is on completion of restructuring plan and significant benefits

Performance Products

- ⊕ Strong earnings in full year on Sunett volume growth
 - ⊕ Profitability will decline after patent expiration in March '05, but will remain high margin business
-

Combined Business Outlook

1st Quarter

- ⊕ 25-30% increase in adjusted EBITDA vs. Q1 '04
- ⊕ Reflective of strong business growth and affiliate dividends

Full Year

- ⊕ 12-17% growth in adjusted EBITDA vs. '04
 - ⊕ Reflective of strong business environment, methanol agreement and acquisitions
-

Appendix

Appendix – Full Year 2005 Key Modeling Assumptions

Income Statement (\$ millions)

- Depreciation = \$230-\$250
- Special charges = \$30-\$50
- Interest expense = \$250-\$260
 - Excluding deferred finance/debt premium of approx. \$115
 - Avg cost of borrowed capital = 7%
- Effective tax rate of 34% to 37%
- Monitoring fee
 - Annual fee \$10
 - Cancellation \$35
 - Terminated Jan '05

Equity – CE Shares

- Common stock = 158.7 million outstanding
- Fully diluted common stock = 170.7 million
- Preferred stock dividends = approx. \$10 million on 9.6 million outstanding shares

Equity – CAG Minority Interest

- Approximately 8 million shares outstanding as of February 16
- Current tender offer price = €41.92/share
- Net guaranteed payment = approximately €24 million

Capital Expenditures

- Capital expenditures = \$210 - \$230
-

Reconciliation of Segment Earnings

	Q4 2004 Successor						Q4 2003 Predecessor					
	Chemical Products	Technical Polymers Ticona	Acetate Products	Performance Products	Other Activities	Total	Chemical Products	Technical Polymers Ticona	Acetate Products	Performance Products	Other Activities	Total
Earnings(loss) from Continuing Operations before Tax and Minority Interests	131	(29)	18	3	(162)	(39)	35	(9)	2	11	(42)	(3)
Depreciation and Amortization	12	14	3	5	0	34	41	14	23	1	2	81
Special Charges	(1)	33	0	0	1	33	0	16	0	0	(2)	14
Stock Appreciation Rights	0	0	0	0	0	0	4	4	1	0	9	18
Purchase Accounting for Inventories	0	0	0	0	0	0	0	0	0	0	0	0
Segment Earnings	142	18	21	8	(161)	28	80	25	26	12	(33)	110
	FY 2004 Combined						FY 2003 Predecessor					
	Chemical Products	Technical Polymers Ticona	Acetate Products	Performance Products	Other Activities	Total	Chemical Products	Technical Polymers Ticona	Acetate Products	Performance Products	Other Activities	Total
Earnings(loss) from Continuing Operations before Tax and Minority Interests	329	71	2	26	(530)	(102)	175	167	17	(44)	(119)	196
Depreciation and Amortization	128	64	46	12	6	256	157	57	66	7	7	294
Special Charges	4	38	50	0	27	119	(1)	(87)	0	95	(2)	5
Stock Appreciation Rights	0	1	0	0	0	1	14	13	4	1	27	59
Purchase Accounting for Inventories	15	18	4	12	0	49	0	0	0	0	0	0
Segment Earnings	476	192	102	50	(497)	323	345	150	87	59	(87)	554

End of Filing

Powered By 

© 2005 | EDGAR Online, Inc.