CELANESE CORP

FORM 8-K
(Current report filing)

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Address	222 W. LAS COLINAS BLVD., SUITE 900N IRVING, TX, 75039-5421
Telephone	972-443-4000
CIK	0001306830
Symbol	CE
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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): **July 28, 2020**

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**

N/A
(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))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.0001 per share	**CE**	**The New York Stock Exchange**
1.125% Senior Notes due 2023	**CE /23**	**The New York Stock Exchange**
1.250% Senior Notes due 2025	**CE /25**	**The New York Stock Exchange**
2.125% Senior Notes due 2027	**CE /27**	**The New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 7.01 Regulation FD Disclosure

On July 29, 2020, Lori J. Ryerkerk, Chairman of the Board of Directors, Chief Executive Officer and President of Celanese Corporation (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, press release and prepared remarks from management may be accessed on our website at investors.celanese.com under News & Events. A copy of the prepared remarks posted for the webcast are attached to this Current Report on Form 8-K ("Current Report") as Exhibit 99.1(a) and is incorporated herein solely for purposes of this Item 7.01 disclosure. During the webcast, management may make, and management's prepared remarks contain, references to certain Non-US GAAP financial measures. Non-US GAAP financial measures appearing in management's prepared remarks are accompanied by the most directly comparable US GAAP financial measure. In addition, those Non-US GAAP financial measures are defined and reconciled to the most comparable US GAAP financial measure in our Non-US GAAP Financial Measures and Supplemental Information document filed with this Current Report as Exhibit 99.2 (and available on our website) and is incorporated herein solely for purpose of this Item 7.01 disclosure.

Item 9.01 Financial Statements and Exhibits

(d) The following exhibits are being filed herewith:

Exhibit Number	Description
99.1(a)	Prepared Remarks from Management dated July 28, 2020*
99.2	Non-US GAAP Financial Measures and Supplemental Information dated July 28, 2020*
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the inline XBRL document contained in Exhibit 101).

* In connection with the disclosure set forth in 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/ MICHAEL R. SULLIVAN
Name:	Michael R. Sullivan
Title:	Vice President, Deputy General Counsel and Assistant Corporate Secretary
Date:	July 28, 2020

Q2 2020 Earnings Prepared Comments

Abe Paul, Celanese Corporation, Vice President, Investor Relations

This is the Celanese Corporation second quarter 2020 earnings prepared comments. The Celanese Corporation second quarter 2020 earnings release was distributed via Business Wire this afternoon and posted on our investor relations website, investors.celanese.com. As a reminder, some of the matters discussed below may include forward-looking statements concerning, for example, our future objectives and plans. Please note the cautionary language contained at the end of these comments. Also, some of the matters discussed include references to non-GAAP financial measures. Explanations of these measures and reconciliations to the comparable GAAP measures are included on our investor relations website under Financial Information/Non-GAAP Financial Measures. The earnings release and non-GAAP information and the reconciliations are being furnished to the SEC in a Current Report on Form 8-K. These prepared comments are also being furnished to the SEC in a separate Current Report on Form 8-K.

On the earnings conference call tomorrow morning, management will be available to answer questions.

Lori Ryerkerk, Celanese Corporation, Chairman of the Board and Chief Executive Officer

The ongoing global pandemic has presented all of us with unprecedented challenges over the last few months. Our employees continued to put forth exceptional effort to execute on our business models and implement controllable actions during this difficult time. As a result of their efforts, we delivered second quarter adjusted earnings per share of $1.30 and free cash flow of $283 million, the sixth highest free cash flow for any quarter.

I would like to thank our manufacturing teams who continued to successfully operate our facilities to meet the product needs of our customers throughout the quarter while maintaining our health and safety standards. I would also like to thank our supply chain and customer service teams who worked closely with our customers to adapt to changes in their order patterns and needs. We are closely monitoring developments across the many countries where we operate and adapting, as needed, to maintain the safety and well-being of our people.

While significant challenges clearly remain, based off July demand and the current order book, it appears global demand levels bottomed in the second quarter. The pace of recovery and resilience to future setbacks varies widely by geography and end-market. We remain focused on controllable actions to maximize our free cash flow generation in an abnormally low demand environment. We are simultaneously preparing ourselves for recovery into 2021.

In April, we estimated that adjusted EBIT in the second quarter would fall sequentially by $150 to $250 million due to COVID-19. Due to employee efforts across the Company to apply our business models, drive productivity, and execute on controllable actions, we successfully limited that decline to approximately $140 million. Across our businesses, the impact of COVID-19 was predominantly seen in volume deterioration due to weak demand, particularly in the Western Hemisphere.

Engineered Materials delivered second quarter adjusted EBIT of $40 million, a $125 million decline from the first quarter. Net sales of $420 million reflected stable pricing and a sequential volume decline of 25 percent. This volume drop was largely due to a roughly 50 percent sequential decline in our global automotive demand as well as significantly weaker demand across various end markets including consumer appliances and industrial applications. Our medical volumes also came in below our expectations as elective medical procedures were deferred in many locations due to COVID-19. Despite these challenges, our teams successfully maintained pricing levels globally due to improved mix and slightly expanded margin over raw materials. The sequential decline in our adjusted EBIT was primarily due to approximately $75 million in lost contribution margin from lower volumes and approximately $40 million in incremental turnaround and inventory-related costs, primarily associated with the completed turnaround at Bishop. Operational costs declined by $17 million sequentially as a result of optimization efforts across our manufacturing network to align with demand levels. Contributions from our affiliates declined by $27 million sequentially, primarily driven by weaker Ibn Sina performance in a depressed oil environment.

Given its impact this quarter, I would like to share more detail on what we are seeing in automotive. We saw significant regional demand differences in our auto demand as the US and Europe fell approximately 60 percent sequentially and Asia held roughly flat. As a result, Asia captured nearly double the percentage of our global auto sales versus last quarter. While auto sales, particularly fleet sales, were down in the West, the more significant cause of softness in our auto demand was lower OEM production. Global auto build rates fell by 31 percent off the first quarter, led by declines across the Americas and Europe of 67 percent and 54 percent, respectively. In both regions, virtually every factory was closed during the first half of the quarter. Following restarts in late May and June, OEMs struggled to ramp up production rates due to social distancing protocols and supply challenges. We believe that most Western OEMs are now operating at between 70 and 90 percent of full capacity and should continue to slowly build those rates over the third quarter. As an indication of what recovery in the West may look like, auto builds in Asia grew 2 percent off first quarter levels, with a strong rebound in China offsetting weakness in the rest of the region. We continue to work closely with OEMs across all regions to understand changes to their new model launches and innovation priorities.

In the third quarter we expect Engineered Materials will recover about half of the adjusted EBIT decline we saw from the first to second quarter. We expect the business will recover about half of the second quarter loss in contribution margin due to higher sequential volume in the third quarter. Approximately $20 million less in turnaround expense in the third quarter following completion of the Bishop turnaround, will be partially offset by further expected deterioration in our earnings from our Ibn Sina affiliate.

The Acetyl Chain recorded $116 million in second quarter adjusted EBIT, a sequential decline of $23 million. Net sales of $662 million included sequential pricing and volume declines of 11 and 6 percent, respectively. This volume decline included an 11 percent sequential drop due to COVID-19 that was partially offset by an incremental 5 percent volume from the Elotex acquisition. Under these demand conditions global utilization rates for acetic acid and VAM fell sharply to the mid-60's and low-70's, respectively. A backdrop of continued raw material deflation, including sharp declines in methanol and ethylene further pressured industry pricing. As a result of these dynamics, we faced widespread sequential pricing headwinds in acetic acid, VAM, and emulsions across every region. Our teams closely monitored real-time spreads over raw materials and flexed our product and regional optionality to ensure we placed each ton at the highest margin. In response to greater margin compression in VAM, we pushed derivatization of acetic acid further to emulsions and powders when possible. Our teams also worked a number of regional activations, including placement of higher sequential volumes of VAM, emulsions, and certain acid derivatives in China where demand was relatively stronger than the West. As a result of these purposeful commercial actions and many more, the Acetyl Chain delivered differentiated adjusted EBIT margins of 17.5 percent amid some of the most challenging conditions we have seen.

During the second quarter, acetic acid prices in China reached the lowest levels since the middle of 2016. History has shown that these pricing levels represent the severest of trough conditions and I would like to further compare these two time periods. Versus the second quarter of 2016, our net sales this quarter were lower by 15 percent, due entirely to less tonnage sold as a result of COVID-19. Despite this, the Acetyl Chain delivered increased adjusted EBIT at a higher margin this quarter. In other words, the network and commercial optionality our teams have built over the last few years has lifted the foundational earnings of the Acetyl Chain to more than offset the added impact of COVID-19 on historical trough conditions.

Looking ahead, we expect the Acetyl Chain will deliver similar adjusted EBIT results in the third quarter, with modest sequential volume recovery offsetting incremental costs associated with turnarounds including Frankfurt, Cangrejera, and Singapore. We do not anticipate any sequential pricing improvement until global demand approaches pre-COVID levels, given depressed industry utilization and a severely deflated raw materials backdrop.

Acetate Tow delivered consistent performance in the second quarter with adjusted EBIT of $64 million, at a margin of 50.4 percent, a second quarter record. This business provides us with unique stability as underlying demand for our tow products remains largely unaffected by ongoing global challenges. Dividends from our Chinese affiliates declined $5 million sequentially, due to normal calendarization of dividend payments. We expect the business to deliver resilient adjusted EBIT in the third quarter as well.

Across the Company, we see early signs of demand recovery including modest improvement in July order patterns in Engineered Materials and the Acetyl Chain. In the third quarter, we have line of sight to recovering about a third of the sequential declines in both consolidated adjusted EBIT and adjusted earnings per share that we experienced in the second quarter. Virtually all of this earnings recovery will come from improvement in Engineered Materials.

At this stage, it is still unclear how far along the recovery will be heading into the fourth quarter. We do anticipate some improvement in demand fundamentals in the latter part of the year, although not enough to sequentially offset both expected year-end seasonality and fourth quarter turnarounds. As a result, we look to 2021 for a return to demand growth beyond 2019 levels. We are working on a number of fronts to ensure Celanese is fully prepared to take advantage of that anticipated demand growth in 2021.

This starts by preserving the financial strength and optionality of the organization. To this end, we continue to take decisive controllable actions to reduce our costs and maximize our free cash flow generation. We have achieved $135 million in productivity year to date, just over two-thirds of our 2020 target. The end result of our effort to maintain our financial strength has been robust free cash flow of over $400 million through the first half.

We are taking similar actions within our businesses to prepare for recovery and demand growth. I want to start by highlighting the transaction we announced last week to monetize our passive minority stake in

Polyplastics. We have been working with our partners over many years to raise the return profile of our affiliate investments. This has meant taking a more active role to the extent we can. For Polyplastics, our oldest Celanese joint venture, that has been extremely difficult. We are thrilled to be fully monetizing our ownership in Polyplastics and unlocking that capital which can now be redeployed to higher return opportunities that will drive growth. This transaction further expands the financial firepower available to us to execute strategic M&A. We continue to actively build our M&A pipeline consider all opportunities to generate shareholder value. Looking to recovery, this transaction frees us to devote more of our energy and resources to drive our own growth.

Today, we also announced our intention to establish a Compounding Center of Excellence at our facility in Forli, Italy by consolidating the compounding operations at our facilities in Kaiserslautern, Germany; Wehr, Germany; and Ferrara Marconi, Italy. We expect to transfer production assets to Forli in stages over the next 12 to 24 months to optimize our compounding footprint and further improve the cost and scalability of our production. We have decided to utilize this period of reduced demand in 2020 to immediately begin this optimization process in Europe in order to begin realizing cost savings in 2021 while still fully meeting regional demand needs.

Additionally, we have looked at our turnaround schedule in 2021 for opportunities. We have decided to move a major turnaround at our POM facility in Frankfurt, our largest in Engineered Materials, from the second quarter of 2021 to the fourth quarter of this year to allow us to take advantage of this period of reduced demand. Following a series of turnarounds throughout our network in 2020, including a major turnaround at our Bishop POM facility, we will be exceptionally well-positioned to operate at elevated capacity and reliability levels next year and beyond. The fourth quarter Frankfurt turnaround will come at a cost of approximately $20 to $30 million.

In this period of lighter demand, we have also made progress with our supply chain improvement initiatives, implementing new technology and processes from customer order to delivery. We expect these improvements to be substantially complete by the end of this year, with a few additional improvements coming in 2021 and 2022. We are also leveraging the dynamic management of our supply chain planning and execution to align inventory levels in Engineered Materials with reduced demand. These actions resulted in a meaningful reduction in inventories in the second quarter. While our inventories will remain flat in the third quarter due to preparations for the Frankfurt POM turnaround, we anticipate that we will reduce our inventories in Engineered Materials by $30 to $50 million again in the fourth quarter.

Lastly in Engineered Materials, we continue to build out our resources and capabilities across key programs like electric vehicles, 5G communications, pharma/medical, and sustainability that will be areas of rapid innovation and growth in the future. We are also leveraging the current talent market to strategically add technical and commercial experts in these areas and others. During this period of restricted travel, our teams are engaging heavily with our partners in these spaces via online collaboration sessions and webinars to ensure we stay at the front of the innovation curve and to drive commercial wins. As one example, we just completed a three-year, $150 million contract with a leading Tier 1 automotive supplier.

Turning to preparations in the Acetyl Chain, we are also utilizing this period of weaker demand to complete needed turnarounds across our production network to ensure we are operating at full manufacturing capability in 2021. In the first half we completed a major turnaround at our Clear Lake methanol facility as well as turnarounds at a number of other facilities including Nanjing acetic acid. In the third and fourth quarters, we will be also be completing a series of additional turnarounds.

We continue to strengthen the sourcing flexibility across the Acetyl Chain. Our work over many years has allowed us to uniquely manage our raw material and production costs in this unusually low demand environment. We were pleased to recently extend our carbon monoxide sourcing contract in Nanjing, one of our critical raw materials to produce acetic acid. We have now extended the key sourcing needs of our core Asian facilities in Nanjing and Singapore as part of the deferral of our global acetic acid reconfiguration. We are working on a number of new or extended sourcing arrangements for other raw materials and will have expanded capacity to flex our production rates and sourcing needs in 2021.

Finally, we are rapidly progressing with the integration of our recent Elotex acquisition. This business is a natural extension of the Acetyl Chain beyond emulsions and we are already utilizing the additional downstream presence that it offers us. We have been pleased with the business continuity and customer integration thus far. We will continue to integrate the operating processes and systems of this business over the second half of the year and expect to be fully integrated by year end. Come 2021, we expect to benefit from the full synergistic potential of this acquisition.

In summary, I am inspired by the collective strength of our employees to navigate increasingly challenging conditions over the last year. As a result, not only is Celanese as strong financially as it has ever been, but we are as active as ever in building our business models, delivering productivity, and allocating our capital to projects that will drive future growth.

While challenges will persist for the remainder of 2020, our capacity as an organization to take purposeful actions to perform in any environment is as strong as ever. Our culture and people continue to thrive and we possess the greatest financial optionality in our history. With these strengths, we are exceptionally well-positioned and collectively committed to driving differentiated growth and shareholder value in the future.

Scott Richardson, Celanese Corporation, Chief Financial Officer

Lori highlighted that our preparation for recovery and growth starts with fully preserving the financial health and optionality of Celanese. This ties squarely back to our cash generation as an organization.

As a result of deliberate actions across our businesses and functions, we delivered a robust second quarter free cash flow of $283 million, converting 24 percent of our net sales. In one of the most challenging periods, this was the sixth-highest free cash flow in any quarter in our history. Let me walk through a few highlights of how we delivered this:

- We generated operating cash flow of $379 million in the second quarter, approaching levels consistent with the middle of last year. Despite severe demand compression, our businesses generated resilient performance, due to continued productivity, fixed cost management, and pricing discipline. Acetate Tow remained a stalwart generator of cash.
- We delivered a working capital contribution of nearly $70 million, primarily driven by net improvements in our accounts receivable and accounts payable balances. We also slightly decreased our inventory levels sequentially. Modest recovery anticipated over the next few quarters will not meaningfully contribute to further working capital inflows. Due to actions and initiatives underway, we still expect to deliver 2020 working capital contributions in the lower end of our prior guidance of $150 to $250 million.
- Second quarter capex came in at $88 million, roughly consistent with average quarterly levels last year.

Celanese continues to generate more than ample cash to cover all our needs, including business operations, capital investment, debt obligations, and our dividend. Beyond this, we maintain wide access to credit markets and ample liquidity, including over $500 million in cash and $1.1 billion available on our revolving credit facility. In the second quarter we expanded our liquidity by lowering our revolver balance by $93 million while maintaining similar cash levels.

In the second quarter, we returned $74 million to our shareholders via dividends. We do not anticipate meaningful share repurchases for the remainder of 2020 beyond approximately $500 million related to the announced Polyplastics transaction, which would begin in proximity to closing.

In the second quarter, the full year tax rate for adjusted earnings per share was revised from 13 percent to 12 percent. The full year tax rate for adjusted earnings per share was 13 percent for 2019. The lower adjusted income tax rate for 2020 is primarily related to increased utilization of prior year foreign tax credit carryforwards in the U.S. The effective tax rate for continuing operations for the second quarter of 2020 was 24 percent versus 12 percent in the second quarter of 2019. The higher effective income tax rate is primarily related to adjustments to the recorded impacts of certain uncertain tax positions and the increased rate impact of such items due to lower earnings.

Net cash taxes paid were $5 million in the second quarter of 2020 compared with net cash taxes paid of $64 million in the second quarter of 2019. Cash tax payments in the second quarter of 2020 were lower than in 2019 primarily due to the lower earnings in the current year and the corporate income tax payment relief due to the global pandemic.

As we continue to navigate this challenging time, we remain focused on generating long-term shareholder value. In periods like this, that sometimes means that we make decisions to build sustainable future value over optimizing short-term earnings. A few examples come to mind:

- Lori highlighted the monetization of our Polyplastics joint venture. It is never easy to part ways with any business that contributes to earnings, particularly in a year like 2020. However, this transaction will generate tremendous incremental value for our shareholders as we deploy $1.575 billion in unlocked capital to higher-return opportunities.

- As we prepare for 2021, we have highlighted turnarounds we are moving forward into this year, including a major turnaround at our POM facility in Frankfurt. These will generate incremental expenses in the fourth quarter, but gives us full production capability when its value will be greater. As a result, our turnaround costs in 2021 will be meaningfully lower.

As we prepare for recovery and growth, we will continue to look for opportunities to strengthen our financial profile. We remain committed to taking actions across Celanese that will drive the greatest value for our shareholders.

This concludes our prepared remarks. We look forward to discussing our second quarter results and addressing your questions.

Forward-Looking Statements
These prepared comments may contain "forward-looking statements," which include information concerning the Company's plans, objectives, goals, strategies, future revenues, 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 these comments. 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 as well as facility turnarounds; the ability to reduce or maintain their current levels of production costs and to improve productivity by implementing technological improvements to existing plants; the ability to identify desirable potential acquisition targets and to consummate acquisition or investment transactions consistent with the Company's strategy; 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 tariffs, tax rates or legislation; 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, public health crises (including, but not limited to, the COVID-19 pandemic), 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 or other crises including public health crises; 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.

The extent to which COVID-19 will adversely impact our business, financial condition and results of operations will depend on numerous evolving factors, which are highly uncertain, rapidly changing and cannot be predicted, including: the duration, scope, severity and geographic spread of the outbreak; governmental, business and individual actions that have been and continue to be taken in response to the outbreak, including social distancing, work-at-home, stay-at-home and shelter-in-place orders and shutdowns, travel restrictions and quarantines; the effect of the outbreak on our customers, suppliers, supply chain and other business partners; our ability during the outbreak to provide our products and services, including the health and well-being of our employees; business disruptions caused by actual or potential plant, workplace and office closures, and an increased reliance on employees working from home, disruptions to or delays in ongoing laboratory and product testing, experiments and operations, staffing shortages, travel limitations, employee health issues, cyber security and data accessibility, or communication or mass transit disruptions, any of which could adversely impact our business operations or delay necessary interactions with local regulators, manufacturing sites and other important agencies and contractors; the ability of our customers to pay for our products and services during and following the outbreak; the impact of the outbreak on the financial markets and economic activity generally; our ability to access usual sources of liquidity on reasonable terms; and our ability to comply with the financial covenant in our Credit Agreement if a material and prolonged economic downturn results in increased indebtedness or substantially lower EBITDA.

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 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.

Non-GAAP Financial Measures
These prepared comments, and statements made in connection with these prepared comments, refer to non-GAAP financial measures. For more information on the non-GAAP financial measures used by the Company, including the most directly comparable GAAP financial measure for each non-GAAP financial measures used, including definitions and reconciliations of the differences between such non-GAAP financial measures and the comparable GAAP financial measures, please refer to the Non-US GAAP Financial Measures and Supplemental Information document available on our website, investors.celanese.com, under Financial Information/Financial Document Library.

Non-US GAAP Financial Measures and Supplemental Information

July 28, 2020

In this document, the terms the "Company," "we" and "our" refer to Celanese Corporation and its subsidiaries on a consolidated basis.

Purpose

The purpose of this document is to provide information of interest to investors, analysts and other parties including supplemental financial information and reconciliations and other information concerning our use of non-US GAAP financial measures. This document is updated quarterly.

Presentation

This document presents the Company's three business segments, Engineered Materials, Acetate Tow and Acetyl Chain.

Use of Non-US GAAP Financial Measures

From time to time, management may publicly disclose certain numerical "non-GAAP financial measures" in the course of our earnings releases, financial presentations, earnings conference calls, investor and analyst meetings and otherwise. For these purposes, the Securities and Exchange Commission ("SEC") defines a "non-GAAP financial measure" as a numerical measure of historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that effectively exclude amounts, included in the most directly comparable measure calculated and presented in accordance with US GAAP, and vice versa for measures that include amounts, or are subject to adjustments that effectively include amounts, that are excluded from the most directly comparable US GAAP measure so calculated and presented. For these purposes, "GAAP" refers to generally accepted accounting principles in the United States.

Non-GAAP financial measures disclosed by management are provided as additional information to investors, analysts and other parties because the Company believes them to be important supplemental measures for assessing our financial and operating results and as a means to evaluate our financial condition and period-to-period comparisons. These non-GAAP financial measures should be viewed as supplemental to, and should not be considered in isolation or as alternatives to, net earnings (loss), operating profit (loss), operating margin, cash flow from operating activities (together with cash flow from investing and financing activities), earnings per share or any other US GAAP financial measure. These non-GAAP financial measures should be considered within the context of our complete audited and unaudited financial results for the given period, which are available on the Financial Information/Financial Document Library page of our website, investors.celanese.com. The definition and method of calculation of the non-GAAP financial measures used herein may be different from other companies' methods for calculating measures with the same or similar titles. Investors, analysts and other parties should understand how another company calculates such non-GAAP financial measures before comparing the other company's non-GAAP financial measures to any of our own. These non-GAAP financial measures may not be indicative of the historical operating results of the Company nor are they intended to be predictive or projections of future results.

Pursuant to the requirements of SEC Regulation G, whenever we refer to a non-GAAP financial measure, we will also present in this document, in the presentation itself or on a Form 8-K in connection with the presentation on the Financial Information/Financial Document Library page of our website, investors.celanese.com, to the extent practicable, the most directly comparable financial measure calculated and presented in accordance with GAAP, along with a reconciliation of the differences between the non-GAAP financial measure we reference and such comparable GAAP financial measure.

This document includes definitions and reconciliations of non-GAAP financial measures used from time to time by the Company.

Specific Measures Used

This document provides information about the following non-GAAP measures: adjusted EBIT, adjusted EBIT margin, operating EBITDA, operating EBITDA margin, operating profit (loss) attributable to Celanese Corporation, adjusted earnings per share, net debt, free cash flow and return on invested capital (adjusted). 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) attributable to Celanese Corporation; for adjusted EBIT margin and operating EBITDA margin is operating margin; for operating profit (loss) attributable to Celanese Corporation is operating profit (loss); for adjusted earnings per share is earnings (loss) from continuing operations attributable to Celanese Corporation per common share-diluted; for net debt is total debt; for free *cash flow is net cash provided by (used in) operations; and for return on invested capital (adjusted) is net earnings (loss) attributable to Celanese Corporation divided by the sum of the average of beginning and end of the year short- and long-term debt and Celanese Corporation stockholders' equity.*

Definitions

- *Adjusted EBIT is a performance measure used by the Company and is defined by the Company as net earnings (loss) attributable to Celanese Corporation, plus (earnings) loss from discontinued operations, less interest income, plus interest expense, plus refinancing expense and taxes, and further adjusted for Certain Items (refer to Table 8). We believe that adjusted EBIT provides transparent and useful information to management, investors, analysts and other parties in evaluating and assessing our primary 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 do not provide reconciliations for adjusted EBIT on a forward-looking basis (including those contained in this document) when we are unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing and amount of Certain Items, such as mark-to-market pension gains and losses, that have not yet occurred, are out of our control and/or cannot be reasonably predicted. For the same reasons, we are unable to address the probable significance of the unavailable information. Adjusted EBIT margin is defined by the Company as adjusted EBIT divided by net sales. Adjusted EBIT margin has the same uses and limitations as Adjusted EBIT.*

- *Operating EBITDA is a performance measure used by the Company and is defined by the Company as net earnings (loss) attributable to Celanese Corporation, plus (earnings) loss from discontinued operations, less interest income, plus interest expense, plus refinancing expense, taxes and depreciation and amortization, and further adjusted for Certain Items, which Certain Items include accelerated depreciation and amortization expense. Operating EBITDA is equal to adjusted EBIT plus depreciation and amortization. We believe that Operating EBITDA provides transparent and useful information to investors, analysts and other parties in evaluating our operating performance relative to our peer companies. Operating EBITDA margin is defined by the Company as Operating EBITDA divided by net sales. Operating EBITDA margin has the same uses and limitations as Operating EBITDA.*

- *Operating profit (loss) attributable to Celanese Corporation is defined by the Company as operating profit (loss), less earnings (loss) attributable to noncontrolling interests ("NCI"). We believe that operating profit (loss) attributable to Celanese Corporation provides transparent and useful information to management, investors, analysts and other parties in evaluating our core operational performance. Operating margin attributable to Celanese Corporation is defined by the Company as operating profit (loss) attributable to Celanese Corporation divided by net sales. Operating margin attributable to Celanese Corporation has the same uses and limitations as Operating profit (loss) attributable to Celanese Corporation.*

- *Adjusted earnings per share is a performance measure used by the Company and is defined by the Company as earnings (loss) from continuing operations attributable to Celanese Corporation, adjusted for income tax (provision) benefit, Certain Items, and refinancing and related expenses, divided by the number of basic common 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, analysts and other parties in evaluating and assessing our primary operating results from period-to-period after removing the impact of the above stated items that affect comparability and as a performance metric in the Company's incentive compensation plan. We do not provide reconciliations for adjusted earnings per share on a forward-looking basis (including those contained in this document) when we are unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing and amount of Certain Items, such as mark-to-market pension gains and losses, that have not yet occurred, are out of our control and/or cannot be reasonably predicted. For the same reasons, we are unable to address the probable significance of the unavailable information.*

  Note: The income tax expense (benefit) on Certain Items ("Non-GAAP adjustments") is determined using the applicable rates in the taxing jurisdictions in which the Non-GAAP adjustments occurred and includes both current and deferred income tax expense (benefit). 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 and related costs, where applicable, and specifically excludes changes in uncertain tax positions, discrete recognition of GAAP items on a quarterly basis, other pre-tax 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 for GAAP. In determining the adjusted earnings per share tax rate, we reflect the impact of foreign tax credits when utilized, or expected to be utilized, absent discrete events impacting the timing of foreign tax credit utilization. We analyze this rate quarterly and adjust it 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. Table 3a summarizes the reconciliation of our estimated GAAP effective tax rate to the adjusted tax rate. The estimated GAAP rate excludes discrete recognition of GAAP items due to our inability to forecast such items. As part of the year-end reconciliation, we will update the reconciliation of the GAAP effective tax rate to the adjusted tax rate for actual results.

- *Free cash flow is a liquidity measure used by the Company and is defined by the Company as net cash provided by (used in) operations, less capital expenditures on property, plant and equipment, and adjusted for capital contributions from or distributions to Mitsui & Co., Ltd. ("Mitsui") related to our methanol joint venture, Fairway Methanol LLC ("Fairway"). We believe that free cash flow provides useful information to management, investors, analysts and other parties in evaluating the Company's liquidity and credit quality assessment because it provides an indication of the long-term cash generating ability of our business. Although we use free cash flow as a measure to assess the liquidity generated by our business, the use of free cash flow has important limitations, including that 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, analysts and other parties in evaluating changes to the Company's capital structure and credit quality assessment.*

- *Return on invested capital (adjusted) is defined by the Company as adjusted EBIT, tax effected using the adjusted tax rate, divided by the sum of the average of beginning and end of the year short- and long-term debt and Celanese Corporation stockholders' equity. We believe that return on invested capital (adjusted) provides useful information to management, investors, analysts and other parties in order to assess our income generation from the point of view of our stockholders and creditors who provide us with capital in the form of equity and debt and whether capital invested in the Company yields competitive returns.*

Supplemental Information

Supplemental Information we believe to be of interest to investors, analysts and other parties includes the following:

- *Net sales for each of our business segments and the percentage increase or decrease in net sales attributable to price, volume, currency and other factors for each of our business segments.*

- *Cash dividends received from our equity investments.*

- *For those consolidated ventures in which the Company owns or is exposed to less than 100% of the economics, the outside stockholders' interests are shown as NCI. Beginning in 2014, this includes Fairway for which the Company's ownership percentage is 50%. Amounts referred to as "attributable to Celanese Corporation" are net of any applicable NCI.*

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.

Table 1
Adjusted EBIT and Operating EBITDA - Reconciliation of Non-GAAP Measures - Unaudited

	Q2 '20	Q1 '20	2019	Q4 '19	Q3 '19	Q2 '19	Q1 '19
				(In $ millions)			
Net earnings (loss) attributable to Celanese Corporation	107	218	852	43	263	209	337
(Earnings) loss from discontinued operations	3	7	6	(1)	5	1	1
Interest income	(1)	(2)	(6)	(2)	(1)	(2)	(1)
Interest expense	27	28	115	28	27	29	31
Refinancing expense	—	—	4	—	—	4	—
Income tax provision (benefit)	35	65	124	(3)	53	28	46
Certain Items attributable to Celanese Corporation (Table 8)	28	26	381	238	29	107	7
Adjusted EBIT	199	342	1,476	303	376	376	421
Depreciation and amortization expense[1]	86	83	329	84	82	82	81
Operating EBITDA	285	425	1,805	387	458	458	502

	Q2 '20	Q1 '20	2019	Q4 '19	Q3 '19	Q2 '19	Q1 '19
				(In $ millions)			
Engineered Materials	—	2	4	2	1	—	1
Acetate Tow	—	—	9	2	5	2	—
Acetyl Chain	1	—	10	3	6	—	1
Other Activities[2]	—	—	—	—	—	—	—
Accelerated depreciation and amortization expense	1	2	23	7	12	2	2
Depreciation and amortization expense[1]	86	83	329	84	82	82	81
Total depreciation and amortization expense	87	85	352	91	94	84	83

(1) Excludes accelerated depreciation and amortization expense as detailed in the table above, which amounts are included in Certain Items above.

(2) 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 (interest cost, expected return on plan assets and net actuarial gains and losses).

Table 2 - Supplemental Segment Data and Reconciliation of Segment Adjusted EBIT and Operating EBITDA - Non-GAAP Measures - Unaudited

Celanese

(In $ millions, except percentages)

	Q2 '20		Q1 '20		2019		Q4 '19		Q3 '19		Q2 '19		Q1 '19	
Operating Profit (Loss) / Operating Margin														
Engineered Materials	(13)	(3.1)%	102	18.1%	446	18.7%	88	16.3%	111	18.8%	103	17.4 %	144	21.7%
Acetate Tow	31	24.4 %	27	20.9%	52	8.2%	22	14.9%	34	21.5%	(44)	(26.8)%	40	24.1%
Acetyl Chain[(1)]	121	18.3 %	135	16.9%	678	20.0%	108	14.0%	180	20.8%	188	21.7 %	202	22.7%
Other Activities[(2)]	(56)		(70)		(342)		(150)		(65)		(61)		(66)	
Total	83	7.0 %	194	13.3%	834	13.2%	68	4.7%	260	16.4%	186	11.7 %	320	19.0%
Less: Net Earnings (Loss) Attributable to NCI[(1)]	2		2		6		2		2		1		1	
Operating Profit (Loss) Attributable to Celanese Corporation	81	6.8 %	192	13.2%	828	13.1%	66	4.6%	258	16.3%	185	11.6 %	319	18.9%
Operating Profit (Loss) / Operating Margin Attributable to Celanese Corporation														
Engineered Materials	(13)	(3.1)%	102	18.1%	446	18.7%	88	16.3%	111	18.8%	103	17.4 %	144	21.7%
Acetate Tow	31	24.4 %	27	20.9%	52	8.2%	22	14.9%	34	21.5%	(44)	(26.8)%	40	24.1%
Acetyl Chain[(1)]	119	18.0 %	133	16.6%	672	19.8%	106	13.7%	178	20.5%	187	21.6 %	201	22.6%
Other Activities[(2)]	(56)		(70)		(342)		(150)		(65)		(61)		(66)	
Total	81	6.8 %	192	13.2%	828	13.1%	66	4.6%	258	16.3%	185	11.6 %	319	18.9%
Equity Earnings and Dividend Income, Other Income (Expense) Attributable to Celanese Corporation														
Engineered Materials	26		53		168		45		41		36		46	
Acetate Tow	32		37		112		24		27		29		32	
Acetyl Chain	—		1		5		1		2		1		1	
Other Activities[(2)]	5		5		2		—		2		1		(1)	
Total	63		96		287		70		72		67		78	
Non-Operating Pension and Other Post-Retirement Employee Benefit (Expense) Income Attributable to Celanese Corporation														
Engineered Materials	—		—		—		—		—		—		—	
Acetate Tow	—		—		—		—		—		—		—	
Acetyl Chain	—		—		—		—		—		—		—	
Other Activities[(2)]	27		28		(20)		(71)		17		17		17	
Total	27		28		(20)		(71)		17		17		17	
Certain Items Attributable to Celanese Corporation (Table 8)														
Engineered Materials	27		10		7		3		2		9		(7)	
Acetate Tow	1		3		104		8		10		86		—	
Acetyl Chain	(3)		5		50		37		11		1		1	
Other Activities[(2)]	3		8		220		190		6		11		13	
Total	28		26		381		238		29		107		7	
Adjusted EBIT / Adjusted EBIT Margin														
Engineered Materials	40	9.5 %	165	29.3%	621	26.0%	136	25.2%	154	26.1%	148	25.0 %	183	27.6%
Acetate Tow	64	50.4 %	67	51.9%	268	42.1%	54	36.5%	71	44.9%	71	43.3 %	72	43.4%
Acetyl Chain	116	17.5 %	139	17.4%	727	21.4%	144	18.7%	191	22.0%	189	21.8 %	203	22.8%
Other Activities[(2)]	(21)		(29)		(140)		(31)		(40)		(32)		(37)	
Total	199	16.7 %	342	23.4%	1,476	23.4%	303	21.2%	376	23.7%	376	23.6 %	421	25.0%

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(1) Net earnings (loss) attributable to NCI is included within the Acetyl Chain segment.

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

Table 2 - Supplemental Segment Data and Reconciliation of Segment Adjusted EBIT and Operating EBITDA - Non-GAAP Measures - Unaudited (cont.)

Celanese

	Q2 '20		Q1 '20		2019		Q4 '19		Q3 '19		Q2 '19		Q1 '19	
	(In $ millions, except percentages)													
Depreciation and Amortization Expense[(1)]														
Engineered Materials	32		32		127		33		32		31		31	
Acetate Tow	9		8		36		8		9		9		10	
Acetyl Chain	41		39		151		39		37		38		37	
Other Activities[(2)]	4		4		15		4		4		4		3	
Total	86		83		329		84		82		82		81	
Operating EBITDA / Operating EBITDA Margin														
Engineered Materials	72	17.1%	197	35.0%	748	31.3%	169	31.4%	186	31.5%	179	30.2%	214	32.3%
Acetate Tow	73	57.5%	75	58.1%	304	47.8%	62	41.9%	80	50.6%	80	48.8%	82	49.4%
Acetyl Chain	157	23.7%	178	22.3%	878	25.9%	183	23.7%	228	26.3%	227	26.2%	240	27.0%
Other Activities[(2)]	(17)		(25)		(125)		(27)		(36)		(28)		(34)	
Total	285	23.9%	425	29.1%	1,805	28.7%	387	27.0%	458	28.9%	458	28.8%	502	29.8%

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(1) Excludes accelerated depreciation and amortization expense, which amounts are included in Certain Items above. See Table 1 for details.

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

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

	Q2 '20		Q1 '20		2019		Q4 '19		Q3 '19		Q2 '19		Q1 '19	
		per share		per share		per share		per share		per share		per share		per share
	(In $ millions, except per share data)													
Earnings (loss) from continuing operations attributable to Celanese Corporation	110	0.93	225	1.88	858	6.89	42	0.35	268	2.17	210	1.67	338	2.64
Income tax provision (benefit)	35		65		124		(3)		53		28		46	
Earnings (loss) from continuing operations before tax	145		290		982		39		321		238		384	
Certain Items attributable to Celanese Corporation (Table 8)	28		26		381		238		29		107		7	
Refinancing and related expenses	—		—		4		—		—		4		—	
Adjusted earnings (loss) from continuing operations before tax	173		316		1,367		277		350		349		391	
Income tax (provision) benefit on adjusted earnings[1]	(18)		(41)		(178)		(36)		(38)		(49)		(55)	
Adjusted earnings (loss) from continuing operations[2]	155	1.30	275	2.29	1,189	9.53	241	1.99	312	2.53	300	2.38	336	2.62
	Diluted shares (in millions)[3]													
Weighted average shares outstanding	118.3		119.3		123.9		120.3		122.7		125.3		127.5	
Incremental shares attributable to equity awards	0.5		0.6		0.8		0.6		0.6		0.5		0.7	
Total diluted shares	118.8		119.9		124.7		120.9		123.3		125.8		128.2	

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(1) Calculated using adjusted effective tax rates (Table 3a) as follows:

	Q2 '20	Q1 '20	2019	Q4 '19	Q3 '19	Q2 '19	Q1 '19
	(In percentages)						
Adjusted effective tax rate	10	13	13	13	11	14	14

(2) Excludes the immediate recognition of actuarial gains and losses and the impact of actual vs. expected plan asset returns.

	Actual Plan Asset Returns	Expected Plan Asset Returns
	(In percentages)	
2019	16.7	6.5

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

Table 3a
Adjusted Tax Rate - Reconciliation of a Non-GAAP Measure - Unaudited

	Estimated 2020	Actual 2019
	(In percentages)	
US GAAP annual effective tax rate	18	13
Discrete quarterly recognition of GAAP items[(1)]	(5)	—
Tax impact of other charges and adjustments[(2)]	(1)	—
Utilization of foreign tax credits	(2)	(3)
Changes in valuation allowances, excluding impact of other charges and adjustments[(3)]	1	3
Other[(4)]	1	—
Adjusted tax rate	12	13

Note: As part of the year-end reconciliation, we updated the reconciliation of the GAAP effective tax rate for actual results.

(1) Such as changes in tax laws (including US tax reform), deferred taxes on outside basis differences, changes in uncertain tax positions and prior year audit adjustments.

(2) Reflects the tax impact on pre-tax adjustments presented in Certain Items (Table 8), which are excluded from pre-tax income for adjusted earnings per share purposes.

(3) Reflects changes in valuation allowances related to changes in judgment regarding the realizability of deferred tax assets or current year operations, excluding other charges and adjustments.

(4) Tax impacts related to full-year forecasted tax opportunities and related costs.

Table 4
Net Sales by Segment - Unaudited

	Q2 '20	Q1 '20	2019	Q4 '19	Q3 '19	Q2 '19	Q1 '19
	(In $ millions)						
Engineered Materials	420	563	2,386	539	591	593	663
Acetate Tow	127	129	636	148	158	164	166
Acetyl Chain	662	799	3,392	771	867	865	889
Intersegment eliminations[1]	(16)	(31)	(117)	(26)	(30)	(30)	(31)
Net sales	1,193	1,460	6,297	1,432	1,586	1,592	1,687

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[1] Includes intersegment sales primarily related to the Acetyl Chain.

Table 4a
Factors Affecting Segment Net Sales Sequentially - Unaudited

Three Months Ended June 30, 2020 Compared to Three Months Ended March 31, 2020

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	(25)	—	—	—	(25)
Acetate Tow	(3)	1	—	—	(2)
Acetyl Chain	(6)	(11)	—	—	(17) [1]
Total Company	**(13)**	**(6)**	**—**	**1**	**(18)**

Three Months Ended March 31, 2020 Compared to Three Months Ended December 31, 2019

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	4	—	—	—	4
Acetate Tow	(9)	(4)	—	—	(13)
Acetyl Chain	5	(1)	—	—	4
Total Company	**3**	**(1)**	**—**	**—**	**2**

Three Months Ended December 31, 2019 Compared to Three Months Ended September 30, 2019

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	(9)	—	—	—	(9)
Acetate Tow	(6)	—	—	—	(6)
Acetyl Chain	(11)	—	—	—	(11)
Total Company	**(10)**	**—**	**—**	**—**	**(10)**

Three Months Ended September 30, 2019 Compared to Three Months Ended June 30, 2019

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	2	(2)	(1)	—	(1)
Acetate Tow	(2)	(1)	—	—	(3)
Acetyl Chain	1	—	(1)	—	—
Total Company	**2**	**(1)**	**(1)**	**—**	**—**

Three Months Ended June 30, 2019 Compared to Three Months Ended March 31, 2019

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	(7)	(3)	(1)	—	(11)
Acetate Tow	(1)	—	—	—	(1)
Acetyl Chain	2	(4)	(1)	—	(3)
Total Company	**(2)**	**(3)**	**(1)**	**—**	**(6)**

Three Months Ended March 31, 2019 Compared to Three Months Ended December 31, 2018

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	5	2	—	—	7 [2]
Acetate Tow	1	2	—	—	3
Acetyl Chain	5	(10)	—	—	(5)
Total Company	**5**	**(5)**	**—**	**—**	**—**

(1) 2020 includes the effect of the acquisition of the Elotex® brand.

(2) 2019 includes the effect of the acquisition of Next Polymers Ltd.

Table 4b
Factors Affecting Segment Net Sales Year Over Year - Unaudited

Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	(27)	(1)	(1)	—	(29)
Acetate Tow	(18)	(5)	—	—	(23)
Acetyl Chain	(14)	(8)	(1)	—	(23)
Total Company	**(20)**	**(5)**	**(1)**	**1**	**(25)**

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	(9)	(5)	(1)	—	(15)
Acetate Tow	(17)	(5)	—	—	(22)
Acetyl Chain	(3)	(7)	(1)	1	(10)
Total Company	**(7)**	**(6)**	**(1)**	**1**	**(13)**

Three Months Ended December 31, 2019 Compared to Three Months Ended December 31, 2018

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	(9)	(3)	(1)	—	(13)
Acetate Tow	(8)	—	—	—	(8)
Acetyl Chain	(4)	(13)	(1)	—	(18)
Total Company	**(6)**	**(8)**	**(1)**	**—**	**(15)**

Three Months Ended September 30, 2019 Compared to Three Months Ended September 30, 2018

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	(4)	(2)	(2)	—	(8)
Acetate Tow	—	—	—	—	—
Acetyl Chain	6	(18)	(2)	—	(14)
Total Company	**2**	**(11)**	**(2)**	**1**	**(10)**

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	(8)	—	(3)	—	(11)
Acetate Tow	1	1	(1)	—	1
Acetyl Chain	(1)	(14)	(3)	—	(18)
Total Company	**(3)**	**(8)**	**(3)**	**—**	**(14)**

Three Months Ended March 31, 2019 Compared to Three Months Ended March 31, 2018

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	(3)	7	(4)	—	—
Acetate Tow	(1)	—	—	—	(1)
Acetyl Chain	(4)	(8)	(3)	—	(15)
Total Company	**(3)**	**(2)**	**(4)**	**—**	**(9)**

Table 4c
Factors Affecting Segment Net Sales Year Over Year - Unaudited

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	(5)	—	(3)	—	(8)
Acetate Tow	(2)	—	—	—	(2)
Acetyl Chain	(1)	(13)	(2)	—	(16)
Total Company	**(3)**	**(7)**	**(2)**	**—**	**(12)**

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

	Q2 '20	Q1 '20	2019	Q4 '19	Q3 '19	Q2 '19	Q1 '19
	(In $ millions, except percentages)						
Net cash provided by (used in) investing activities	(181)	(128)	(493)	(168)	(82)	(66)	(177)
Net cash provided by (used in) financing activities	(232)	(16)	(935)	(199)	(299)	(307)	(130)
Net cash provided by (used in) operating activities	379	259	1,454	326	397	424	307
Capital expenditures on property, plant and equipment	(88)	(119)	(370)	(144)	(82)	(65)	(79)
Distributions to NCI	(8)	(5)	(10)	(3)	—	(3)	(4)
Free cash flow[1][2]	283	135	1,074	179	315	356	224
Net sales	1,193	1,460	6,297	1,432	1,586	1,592	1,687
Free cash flow as % of Net sales	23.7%	9.2%	17.1%	12.5%	19.9%	22.4%	13.3%

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(1) Free cash flow is a liquidity measure used by the Company and is defined by the Company as net cash provided by (used in) operating activities, less capital expenditures on property, plant and equipment, and adjusted for capital contributions or distributions to Mitsui related to our joint venture, Fairway.

(2) Excludes required debt service and finance lease payments of $26 million and $24 million for the years ended December 31, 2020 and 2019, respectively.

Table 6
Cash Dividends Received - Unaudited

	Q2 '20	Q1 '20	2019	Q4 '19	Q3 '19	Q2 '19	Q1 '19
	(In $ millions)						
Dividends from equity method investments	59	46	168	42	15	41	70
Dividends from equity investments without readily determinable fair values	32	37	113	24	27	30	32
Total	91	83	281	66	42	71	102

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

	Q2 '20	Q1 '20	2019	Q4 '19	Q3 '19	Q2 '19	Q1 '19
	(In $ millions)						
Short-term borrowings and current installments of long-term debt - third party and affiliates	1,045	749	496	496	368	319	743
Long-term debt, net of unamortized deferred financing costs	2,989	3,356	3,409	3,409	3,359	3,444	2,933
Total debt	4,034	4,105	3,905	3,905	3,727	3,763	3,676
Cash and cash equivalents	(539)	(570)	(463)	(463)	(497)	(491)	(441)
Net debt	3,495	3,535	3,442	3,442	3,230	3,272	3,235

Table 8
Certain Items - Unaudited

The following Certain Items attributable to Celanese Corporation are included in Net earnings (loss) and are adjustments to non-GAAP measures:

	Q2 '20	Q1 '20	2019	Q4 '19	Q3 '19	Q2 '19	Q1 '19	Income Statement Classification
	(In $ millions)							
Plant/office closures	(4)	3	26	12	9	2	3	Cost of sales / SG&A / Other (charges) gains, net / Gain (loss) on disposition of businesses and assets, net
Asset impairments	25	4	94 [1]	2	9	83	—	Cost of sales / Other (charges) gains, net
Clear Lake incident	—	4	34	32	2	—	—	Cost of sales
COVID-19	1	1	—	—	—	—	—	Cost of sales / SG&A
Mergers and acquisitions	3	7	12	3	2	4	3	Cost of sales / SG&A
Actuarial (gain) loss on pension and postretirement plans	—	—	88	88	—	—	—	Cost of sales / SG&A / Non-operating pension and other postretirement employee benefit (expense) income
Restructuring	2	7	27	6	7	15	(1)	SG&A / Other (charges) gains, net / Non-operating pension and other postretirement employee benefit (expense) income
European Commission investigation	2	—	89	89	—	—	—	Other (charges) gains, net
Commercial disputes	(1)	—	10	6	—	2	2	Cost of sales / SG&A / Other (charges) gains, net
Other	—	—	1	—	—	1	—	SG&A / Gain (loss) on disposition of businesses and assets, net
Certain Items attributable to Celanese Corporation	28	26	381	238	29	107	7	

[1] Includes $5 million of asset impairments in 2019 related to the Clear Lake incident.

Table 9
Return on Invested Capital (Adjusted) - Presentation of a Non-GAAP Measure - Unaudited

	2019
	(In $ millions, except percentages)
Net earnings (loss) attributable to Celanese Corporation	852
Adjusted EBIT (Table 1)	1,476
Adjusted effective tax rate (Table 3a)	13%
Adjusted EBIT tax effected	1,284

	2019	2018	Average
	(In $ millions, except percentages)		
Short-term borrowings and current installments of long-term debt - third parties and affiliates	496	561	529
Long-term debt, net of unamortized deferred financing costs	3,409	2,970	3,190
Celanese Corporation stockholders' equity	2,507	2,984	2,746
Invested capital			6,465
Return on invested capital (adjusted)			19.9%
Net earnings (loss) attributable to Celanese Corporation as a percentage of invested capital			13.2%