

CELANESE CORP

FORM 8-K (Current report filing)

Filed 04/16/18 for the Period Ending 04/16/18

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): **April 16, 2018**

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))

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 2.02 Results of Operations and Financial Condition

On April 16, 2018, Celanese Corporation (the "Company") issued a press release reporting the financial results for its first quarter 2018. 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. Each non-US GAAP financial measure appearing in the press release is accompanied by the most directly comparable US GAAP financial measure and is reconciled to the most comparable US GAAP financial measure in Exhibit 99.2, which includes other supplemental information of interest to investors, analysts and other parties, including the reasons why management believes such Non-US GAAP financial measures provide useful information to investors, and which is incorporated herein solely for purposes of this Item 2.02 disclosure.

Item 9.01 Financial Statements and Exhibits

(d) The following exhibits are being filed herewith:

Exhibit Number	Description
99.1	<u>Press Release dated April 16, 2018*</u>
99.2	<u>Non-US GAAP Financial Measures and Supplemental Information dated April 16, 2018*</u>

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

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 Corporate Secretary

Date: April 16, 2018

**Celanese Corporation**

222 West Las Colinas Blvd.

Suite 900N

Irving, Texas 75039

Celanese Corporation Reports First Quarter 2018 Earnings; Increases 2018 Outlook

Dallas, April 16, 2018 : Celanese Corporation (NYSE: CE), a global technology and specialty materials company, today reported first quarter 2018 GAAP diluted earnings per share of \$2.68 , its second highest ever, and record adjusted earnings per share of \$2.79 . Net sales in the quarter expanded 26 percent year over year to \$1.9 billion . Growth in both Engineered Materials and the Acetyl Chain contributed to a robust quarter. Engineered Materials expanded earnings through pipeline commercialization and successful integration of recent acquisitions. The Acetyl Chain's expansive network and ability to respond quickly to improved industry utilization rates enabled it to leverage regional momentum to grow earnings meaningfully.

First Quarter 2018 Financial Highlights:

	Three Months Ended March 31,	
	2018	2017
	(As Adjusted)	
	(unaudited)	
	(In \$ millions)	
Operating Profit (Loss)		
Engineered Materials	127	104
Acetate Tow	46	62
Acetyl Chain		
Industrial Specialties	23	25
Acetyl Intermediates	231	27
Eliminations	(1)	—
Subtotal	253	52
Other Activities	(83)	(48)
Total	343	170

	Three Months Ended March 31,	
	2018	2017
	(unaudited)	
	(In \$ millions, except per share data)	
Net Earnings (Loss)	365	184
Adjusted EBIT ⁽¹⁾⁽²⁾		
Engineered Materials	182	150
Acetate Tow	78	93
Acetyl Chain		
Industrial Specialties	23	25
Acetyl Intermediates	231	83
Eliminations	(1)	—
Subtotal	253	108
Other Activities	(39)	(18)
Total	474	333
Equity Earnings, Cost-Dividend Income, Other Income (Expense)		
Engineered Materials	54	43
Acetate Tow	32	29
Operating EBITDA ⁽¹⁾	553	404
Diluted EPS - continuing operations	\$ 2.68	\$ 1.30
Diluted EPS - total	\$ 2.66	\$ 1.30
Adjusted EPS ⁽¹⁾	\$ 2.79	\$ 1.81
Net cash provided by (used in) investing activities	(235)	(64)
Net cash provided by (used in) financing activities	(2)	(270)
Net cash provided by (used in) operating activities	143	192
Free cash flow ⁽¹⁾	55	126

⁽¹⁾ See "Non-US GAAP Financial Measures" below.

⁽²⁾ The Company's discussion of adjusted earnings includes use of terms such as "segment income" and "core income". Those non-GAAP terms are defined below and reconciled in our Non-US GAAP Financial Measures and Supplemental Information document referenced below.

First Quarter 2018 Highlights:

- Completed the acquisition of Omni Plastics and its subsidiaries. Omni specializes in custom compounding of various engineered thermoplastic materials with a compounding facility and headquarters in Evansville, Indiana.
- Commercialized a record 742 projects in Engineered Materials in the first quarter of 2018 , a 45 percent increase over the first quarter of last year. On-track to deliver approximately 3,000 project wins in 2018.
- Began the final, large scale installation of critical processing equipment associated with the 150 kt expansion of the Clear Lake, Texas VAM unit.
- Abandoned the joint venture agreement with Blackstone's Rhodia Acetow business as parties were unable to reach an agreement with the European Commission on acceptable conditions.
- Received the 2018 ENERGY STAR® Partner of the Year Sustained Excellence Award for continued leadership and superior contributions to ENERGY STAR.

First Quarter 2018 Business Segment Overview**Engineered Materials (EM)**

Engineered Materials delivered record net sales of \$665 million in the first quarter, 29 percent higher than the prior year. Both GAAP operating profit of \$127 million and segment income of \$182 million were all-time highs. Growth in adjusted earnings resulted from the success of the opportunity pipeline, growth in Asia, and recent acquisitions. A record 742 projects were commercialized in the quarter, 45 percent higher than the first quarter of 2017. Customers continue to value the project-based approach in EM that constantly matches Celanese's broad solution set and customer-specific needs to uncover opportunities for partnership. Volume in the first quarter of 2018 increased over last year primarily from the Nilit and Omni acquisitions. Operating profit and segment income margins were slightly lower than the same quarter last year, primarily due to acquisitions, while improving sequentially from the fourth quarter of 2017, and in-line with expectations for 2018. Affiliate earnings in Engineered Materials increased year over year to \$54 million driven by Ibn Sina.

Acetate Tow

Acetate tow volume and price in the first quarter were lower than the same quarter last year due to unique positive carryovers from 2016 into the first quarter of 2017 as customers transitioned to new contracts that did not repeat in 2018. Affiliate earnings of \$32 million were higher mainly due to favorable currency.

Acetyl Chain

The Acetyl Chain recorded its highest ever net sales of over \$1 billion , a 32 percent increase year over year. GAAP operating profit and core income of \$253 million each, were both records. Operating profit expanded \$201 million compared to the first quarter in 2017, while core income was \$145 million higher. The business leveraged progressively improving industry fundamentals in the quarter to deliver a step-change in earnings growth. More opportunities were pursued to activate the expansive network and drive growth than any other previous quarter. Price and Volume increased year-over-year as a result of the improved industry utilization rates regionally and globally. Record margins of 24.1 percent were driven by higher acetic acid and derivative prices globally, led by China.

Cash Flow

Operating cash flow in the first quarter was \$143 million . Free cash flow was \$55 million driven by timing of sales and collections, on-track for more than \$900 million for 2018. Capital expenditures were \$86 million in the quarter. Cash of \$63 million was returned to shareholders in the quarter in the form of dividends.

Outlook

"The first quarter of 2018 represents a combination of stronger industry fundamentals and the strength of our commercial models. In Engineered Materials, there is a continued need for customized solutions to reduce complexity for customers. The breadth of polymers and customer enabling competencies have made the business an important partner for our customers. In the Acetyl Chain, improving global supply and demand dynamics in the industry led by China, have raised base profitability levels. A very responsive commercial structure coupled with a global manufacturing footprint will continue to enable the Acetyl Chain in translating this momentum into earnings growth around the world. We believe that the improvement in the acetyls industry will be sustained in the longer term but expect some moderation in instantaneous utilization rates as we go through the year. The on-going success in our businesses gives us confidence that we can grow adjusted earnings per share by 20-25 percent in 2018," said Mark Rohr, chairman and chief executive officer.

We are unable to reconcile forecasted adjusted earnings per share growth to US GAAP diluted earnings per share without unreasonable efforts because a forecast of Certain Items, such as mark-to-market pension gains/losses, is not practical.

The Company's earnings presentation and prepared remarks related to the first quarter results will be posted on its website at www.celanese.com under Investor Relations/Events and Presentations after market close on April 16, 2018 . Information about Non-US GAAP measures is included in a Non-US GAAP Financial Measures and Supplemental Information document posted on the website and available at the link below. See "Non-GAAP Financial Measures" below.

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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. Our businesses use the full breadth of Celanese's global chemistry, technology and commercial expertise to create value for our customers, employees, shareholders and the corporation. As we partner with our customers to solve their most critical business needs, we strive to make a positive impact on our communities and the world through The Celanese Foundation. Based in Dallas, Celanese employs approximately 7,700 employees worldwide and had 2017 net sales of \$6.1 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, synergies, 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 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 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.

Non-GAAP Financial Measures

Presentation

This document presents the Company's four business segments, Engineered Materials, Acetate Tow, Industrial Specialties and Acetyl Intermediates, with one subtotal reflecting our core, the Acetyl Chain, which is based on similarities among customers, business models and technical processes. The Acetyl Chain includes the Company's Acetyl Intermediates segment and the Industrial Specialties segment.

Use of Non-US GAAP Financial Information

This release uses the following Non-US GAAP measures: adjusted EBIT, adjusted EBIT margin, operating EBITDA, adjusted earnings per share and free cash flow. These measures are not recognized in accordance with US GAAP and should not be viewed as an alternative to US GAAP measures of performance or liquidity. 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 is operating margin; for adjusted earnings per share is earnings (loss) from continuing operations attributable to Celanese Corporation per common share-diluted; and for free cash flow is net cash provided by (used in) operations.

Definitions of Non-US GAAP Financial Measures

- 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 of our Non-US GAAP Financial Measures and Supplemental Information document). 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 by core (i.e., the Acetyl Chain) may also be referred to by management as core income. Adjusted EBIT margin by core may also be referred to by management as core income margin. Adjusted EBIT by business segment may also be referred to by management as segment income. Adjusted EBIT margin by business segment may also be referred to by management as segment income margin.
- 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.
- 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 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 of our Non-US GAAP Financial Measures and Supplemental Information document 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 cash flow from 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").

Reconciliation of Non-US GAAP Financial Measures

Reconciliations of the Non-US GAAP financial measures used in this press release to the comparable US GAAP financial measure, together with information about the purposes and uses of Non-US GAAP financial measures, are included in our Non-US GAAP Financial Measures and Supplemental Information document filed as an exhibit to our Current Report on Form 8-K filed with the SEC on or about April 16, 2018 and also available on our website at www.celanese.com under Financial Information, Non-GAAP Financial Measures, or at this link: <http://investors.celanese.com/interactive/lookandfeel/4103411/Non-GAAP.PDF>.

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.

Supplemental Information

Additional information about our prior period performance is included in our Quarterly Reports on Form 10-Q and in our Non-US GAAP Financial Measures and Supplemental Information document.

Consolidated Statements of Operations - Unaudited

	Three Months Ended March 31,	
	2018	2017
	(As Adjusted)	
	(In \$ millions, except share and per share data)	
Net sales	1,851	1,471
Cost of sales	(1,336)	(1,121)
Gross profit	515	350
Selling, general and administrative expenses	(147)	(103)
Amortization of intangible assets	(6)	(4)
Research and development expenses	(18)	(17)
Other (charges) gains, net	—	(55)
Foreign exchange gain (loss), net	(1)	—
Gain (loss) on disposition of businesses and assets, net	—	(1)
Operating profit (loss)	343	170
Equity in net earnings (loss) of affiliates	58	47
Non-operating pension and other postretirement employee benefit (expense) income	26	22
Interest expense	(33)	(29)
Interest income	2	—
Dividend income - cost investments	32	29
Other income (expense), net	4	1
Earnings (loss) from continuing operations before tax	432	240
Income tax (provision) benefit	(65)	(56)
Earnings (loss) from continuing operations	367	184
Earnings (loss) from operation of discontinued operations	(2)	—
Income tax (provision) benefit from discontinued operations	—	—
Earnings (loss) from discontinued operations	(2)	—
Net earnings (loss)	365	184
Net (earnings) loss attributable to noncontrolling interests	(2)	(1)
Net earnings (loss) attributable to Celanese Corporation	363	183
Amounts attributable to Celanese Corporation		
Earnings (loss) from continuing operations	365	183
Earnings (loss) from discontinued operations	(2)	—
Net earnings (loss)	363	183
Earnings (loss) per common share - basic		
Continuing operations	2.69	1.30
Discontinued operations	(0.02)	—
Net earnings (loss) - basic	2.67	1.30
Earnings (loss) per common share - diluted		
Continuing operations	2.68	1.30
Discontinued operations	(0.02)	—
Net earnings (loss) - diluted	2.66	1.30
Weighted average shares (in millions)		
Basic	135.9	140.6
Diluted	136.4	141.0

Consolidated Balance Sheets - Unaudited

	As of March 31, 2018	As of December 31, 2017
	(In \$ millions)	
ASSETS		
Current Assets		
Cash and cash equivalents	490	576
Trade receivables - third party and affiliates, net	1,205	986
Non-trade receivables, net	271	244
Inventories	955	900
Marketable securities, at fair value	32	32
Other assets	53	54
Total current assets	3,006	2,792
Investments in affiliates	979	976
Property, plant and equipment, net	3,801	3,762
Deferred income taxes	182	366
Other assets	369	338
Goodwill	1,107	1,003
Intangible assets, net	336	301
Total assets	9,780	9,538
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term borrowings and current installments of long-term debt - third party and affiliates	425	326
Trade payables - third party and affiliates	797	807
Other liabilities	266	354
Income taxes payable	114	72
Total current liabilities	1,602	1,559
Long-term debt, net of unamortized deferred financing costs	3,343	3,315
Deferred income taxes	219	211
Uncertain tax positions	152	156
Benefit obligations	582	585
Other liabilities	217	413
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock	—	—
Common stock	—	—
Treasury stock, at cost	(2,031)	(2,031)
Additional paid-in capital	192	175
Retained earnings	5,220	4,920
Accumulated other comprehensive income (loss), net	(128)	(177)
Total Celanese Corporation stockholders' equity	3,253	2,887
Noncontrolling interests	412	412
Total equity	3,665	3,299
Total liabilities and equity	9,780	9,538

Non-US GAAP Financial Measures and Supplemental Information

April 16, 2018

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 four business segments, Engineered Materials, Acetate Tow, Industrial Specialties and Acetyl Intermediates, with one subtotal reflecting our core, the Acetyl Chain, which is based on similarities among customers, business models and technical processes. The Acetyl Chain includes the Company's Industrial Specialties segment and Acetyl Intermediates segment.

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 Investor Relations/Financial Information/SEC Filings page of our website, www.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 Investor Relations/Financial Information/Non-GAAP Financial Measures page of our website, www.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.
- Adjusted EBIT by core (i.e. the Acetyl Chain) may also be referred to by management as core income. Adjusted EBIT margin by core may also be referred to by management as core income margin. Adjusted EBIT by business segment may also be referred to by management as segment income. Adjusted EBIT margin by business segment may also be referred to by management as segment income margin.
- 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. In addition, achievement of certain predetermined targets relating to return on invested capital (adjusted) is one of the factors we consider in determining the amount of performance-based compensation received by our management.

Supplemental Information

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

- Net sales for the Acetyl Chain and each of our business segments and the percentage increase or decrease in net sales attributable to price, volume, currency and other factors for the Acetyl Chain and each of our business segments.
- Cash dividends received from our equity and cost 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.

Recent Developments

Effective January 1, 2018, we reorganized our operating and reportable segments to align with recent structural and management reporting changes. The change reflects the movement of our food ingredients business from the Consumer Specialties reportable segment into the Engineered Materials reportable segment. The former Consumer Specialties reportable segment is being renamed the Acetate Tow segment and the former Advanced Engineered Materials reportable segment is being renamed the Engineered Materials segment. This reorganization better reflects how we manage our food ingredients' related products commercially. Engineered Materials and food ingredients are both project-based models which focus on delivering customized solutions and are led by the same senior management team. These changes in operating and reportable segments were applied retrospectively to prior periods through 2014.

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

	Q1 '18	2017	Q4 '17	Q3 '17	Q2 '17	Q1 '17
(In \$ millions)						
Net earnings (loss) attributable to Celanese Corporation	363	843	203	226	231	183
(Earnings) loss from discontinued operations	2	13	1	4	8	—
Interest income	(2)	(2)	—	(1)	(1)	—
Interest expense	33	122	31	32	30	29
Refinancing expense	—	—	—	—	—	—
Income tax provision (benefit)	65	213	60	57	40	56
Certain Items attributable to Celanese Corporation (Table 8)	13	167	57	27	18	65
Adjusted EBIT	474	1,356	352	345	326	333
Depreciation and amortization expense ⁽¹⁾	79	303	79	78	75	71
Operating EBITDA	553	1,659	431	423	401	404

	Q1 '18	2017	Q4 '17	Q3 '17	Q2 '17	Q1 '17
(In \$ millions)						
Engineered Materials	—	—	—	—	—	—
Acetate Tow	—	—	—	—	—	—
Industrial Specialties	—	2	—	2	—	—
Acetyl Intermediates	—	—	—	—	—	—
Other Activities ⁽²⁾	—	—	—	—	—	—
Accelerated depreciation and amortization expense	—	2	—	2	—	—
Depreciation and amortization expense ⁽¹⁾	79	303	79	78	75	71
Total depreciation and amortization expense	79	305	79	80	75	71

⁽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

	Q1 '18		2017		Q4 '17		Q3 '17		Q2 '17		Q1 '17	
	(In \$ millions, except percentages)											
Operating Profit (Loss) / Operating Margin												
Engineered Materials	127	19.1%	412	18.6%	98	16.9%	105	18.3%	105	19.2%	104	20.2%
Acetate Tow	46	27.4%	189	28.3%	41	26.1%	45	28.7%	41	25.2%	62	32.5%
Acetyl Chain ⁽¹⁾	253	24.1%	509	15.1%	175	19.7%	147	17.0%	135	16.3%	52	6.5%
Other Activities ⁽²⁾	(83)		(253)		(74)		(68)		(63)		(48)	
Total	343	18.5%	857	14.0%	240	15.1%	229	14.6%	218	14.4%	170	11.6%
Less: Net Earnings (Loss) Attributable to NCI ⁽¹⁾	2		6		1		2		2		1	
Operating Profit (Loss) Attributable to Celanese Corporation	341	18.4%	851	13.9%	239	15.0%	227	14.5%	216	14.3%	169	11.5%
Operating Profit (Loss) / Operating Margin Attributable to Celanese Corporation												
Engineered Materials	127	19.1%	412	18.6%	98	16.9%	105	18.3%	105	19.2%	104	20.2%
Acetate Tow	46	27.4%	189	28.3%	41	26.1%	45	28.7%	41	25.2%	62	32.5%
Industrial Specialties	23	8.4%	85	8.3%	15	6.0%	19	7.2%	26	9.9%	25	10.2%
Acetyl Intermediates ⁽¹⁾	229	26.3%	418	15.7%	159	22.2%	126	18.4%	107	16.5%	26	4.2%
Eliminations	(1)		—		—		—		—		—	
Acetyl Chain	251	23.9%	503	14.9%	174	19.6%	145	16.8%	133	16.1%	51	6.4%
Other Activities ⁽²⁾	(83)		(253)		(74)		(68)		(63)		(48)	
Total	341	18.4%	851	13.9%	239	15.0%	227	14.5%	216	14.3%	169	11.5%
Equity Earnings, Cost-Dividend Income, Other Income (Expense) Attributable to Celanese Corporation												
Engineered Materials	54		171		43		47		38		43	
Acetate Tow	32		107		26		24		28		29	
Industrial Specialties	—		—		—		—		—		—	
Acetyl Intermediates	2		6		2		1		2		1	
Acetyl Chain	2		6		2		1		2		1	
Other Activities ⁽²⁾	6		10		8		(4)		2		4	
Total	94		294		79		68		70		77	
Non-Operating Pension and Other Post-Retirement Employee Benefit (Expense) Income Attributable to Celanese Corporation												
Engineered Materials	—		—		—		—		—		—	
Acetate Tow	—		—		—		—		—		—	
Industrial Specialties	—		2		1		1		—		—	
Acetyl Intermediates	—		—		—		—		—		—	
Acetyl Chain	—		2		1		1		—		—	
Other Activities ⁽²⁾	26		42		(24)		22		22		22	
Total	26		44		(23)		23		22		22	
Certain Items Attributable to Celanese Corporation (Table 8)												
Engineered Materials	1		16		1		5		7		3	
Acetate Tow	—		5		1		—		2		2	
Industrial Specialties	—		3		—		3		—		—	
Acetyl Intermediates	—		61		1		7		(3)		56	
Acetyl Chain	—		64		1		10		(3)		56	
Other Activities ⁽²⁾	12		82		54		12		12		4	
Total	13		167		57		27		18		65	

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



	Q1 '18		2017		Q4 '17		Q3 '17		Q2 '17		Q1 '17	
	(In \$ millions, except percentages)											
Adjusted EBIT / Adjusted EBIT Margin												
Engineered Materials	182	27.4%	599	27.1%	142	24.5%	157	27.4%	150	27.5%	150	29.2%
Acetate Tow	78	46.4%	301	45.1%	68	43.3%	69	43.9%	71	43.6%	93	48.7%
Industrial Specialties	23	8.4%	90	8.8%	16	6.3%	23	8.7%	26	9.9%	25	10.2%
Acetyl Intermediates	231	26.5%	485	18.2%	162	22.6%	134	19.6%	106	16.3%	83	13.4%
Eliminations	(1)		—		—		—		—		—	
Acetyl Chain	253	24.1%	575	17.1%	178	20.0%	157	18.2%	132	16.0%	108	13.6%
Other Activities ⁽²⁾	(39)		(119)		(36)		(38)		(27)		(18)	
Total	474	25.6%	1,356	22.1%	352	22.1%	345	22.0%	326	21.6%	333	22.6%
Depreciation and Amortization Expense ⁽¹⁾												
Engineered Materials	32		111		29		30		27		25	
Acetate Tow	10		41		11		10		10		10	
Industrial Specialties	9		36		10		8		10		8	
Acetyl Intermediates	26		105		27		26		26		26	
Acetyl Chain	35		141		37		34		36		34	
Other Activities ⁽²⁾	2		10		2		4		2		2	
Total	79		303		79		78		75		71	
Operating EBITDA / Operating EBITDA Margin												
Engineered Materials	214	32.2%	710	32.1%	171	29.5%	187	32.6%	177	32.4%	175	34.0%
Acetate Tow	88	52.4%	342	51.2%	79	50.3%	79	50.3%	81	49.7%	103	53.9%
Industrial Specialties	32	11.7%	126	12.3%	26	10.3%	31	11.7%	36	13.7%	33	13.5%
Acetyl Intermediates	257	29.5%	590	22.1%	189	26.4%	160	23.4%	132	20.3%	109	17.6%
Eliminations	(1)		—		—		—		—		—	
Acetyl Chain	288	27.4%	716	21.2%	215	24.2%	191	22.1%	168	20.3%	142	17.9%
Other Activities ⁽²⁾	(37)		(109)		(34)		(34)		(25)		(16)	
Total	553	29.9%	1,659	27.0%	431	27.1%	423	27.0%	401	26.6%	404	27.5%

⁽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

	Q1 '18		2017		Q4 '17		Q3 '17		Q2 '17		Q1 '17	
	per share		per share		per share		per share		per share		per share	
Earnings (loss) from continuing operations attributable to Celanese Corporation	365	2.68	856	6.19	204	1.50	230	1.68	239	1.72	183	1.30
Income tax provision (benefit)	65		213		60		57		40		56	
Earnings (loss) from continuing operations before tax	430		1,069		264		287		279		239	
Certain Items attributable to Celanese Corporation (Table 8.)	13		167		57		27		18		65	
Adjusted earnings (loss) from continuing operations before tax	443		1,236		321		314		297		304	
Income tax (provision) benefit on adjusted earnings ⁽¹⁾	(62)		(198)		(51)		(50)		(48)		(49)	
Adjusted earnings (loss) from continuing operations ⁽²⁾	381	2.79	1,038	7.51	270	1.98	264	1.93	249	1.79	255	1.81
Diluted shares (in millions) ⁽³⁾												
Weighted average shares outstanding	135.9		137.9		135.8		136.6		138.6		140.6	
Incremental shares attributable to equity awards	0.5		0.4		0.5		0.4		0.4		0.4	
Total diluted shares	136.4		138.3		136.3		137.0		139.0		141.0	

⁽¹⁾ Calculated using adjusted effective tax rates ([Table 3a.](#)) as follows:

	Q1 '18	2017	Q4 '17	Q3 '17	Q2 '17	Q1 '17
(In percentages)						
Adjusted effective tax rate	14	16	16	16	16	16

⁽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)		
2017	10.5	7.3

⁽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 2018	Actual 2017
	(In percentages)	
US GAAP annual effective tax rate	14	20
Discrete quarterly recognition of GAAP items ⁽¹⁾	—	(11)
Tax impact of other charges and adjustments ⁽²⁾	(2)	1
Utilization of foreign tax credits	—	20
Changes in valuation allowances, excluding impact of other charges and adjustments ⁽³⁾	1	(13)
Other ⁽⁴⁾	1	(1)
Adjusted tax rate	14	16

Note: As part of the year-end reconciliation, we will update 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

	Q1 '18	2017	Q4 '17	Q3 '17	Q2 '17	Q1 '17
(In \$ millions)						
Engineered Materials	665	2,213	580	573	546	514
Acetate Tow	168	668	157	157	163	191
Industrial Specialties	274	1,023	252	264	262	245
Acetyl Intermediates	871	2,669	717	684	649	619
Eliminations ⁽¹⁾	(94)	(321)	(81)	(85)	(85)	(70)
Acetyl Chain	1,051	3,371	888	863	826	794
Other Activities ⁽²⁾	—	—	—	—	—	—
Intersegment eliminations ⁽¹⁾	(33)	(112)	(32)	(27)	(25)	(28)
Net sales	1,851	6,140	1,593	1,566	1,510	1,471

⁽¹⁾ Includes intersegment sales as follows:

	Q1 '18	2017	Q4 '17	Q3 '17	Q2 '17	Q1 '17
(In \$ millions)						
Acetate Tow	—	(2)	(2)	—	—	—
Industrial Specialties	(2)	(4)	(1)	(1)	(1)	(1)
Acetyl Intermediates	(125)	(427)	(110)	(111)	(109)	(97)
Intersegment eliminations	(127)	(433)	(113)	(112)	(110)	(98)

⁽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 4a
Factors Affecting Segment Net Sales Sequentially - Unaudited

Three Months Ended March 31, 2018 Compared to Three Months Ended December 31, 2017

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	10	3	2	—	15 ⁽¹⁾
Acetate Tow	8	—	—	—	8
Industrial Specialties	5	1	3	—	9
Acetyl Intermediates	9	11	2	—	22
Acetyl Chain	8	9	3	(2)	18
Total Company	9	6	2	(1)	16

Three Months Ended December 31, 2017 Compared to Three Months Ended September 30, 2017

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	(8)	9	—	—	1
Acetate Tow	2	(2)	—	—	—
Industrial Specialties	(6)	1	—	—	(5)
Acetyl Intermediates	(4)	9	—	—	5
Acetyl Chain	(5)	7	—	1	3
Total Company	(5)	7	—	—	2

Three Months Ended September 30, 2017 Compared to Three Months Ended June 30, 2017

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	1	1	3	—	5
Acetate Tow	(5)	1	—	—	(4)
Industrial Specialties	(4)	2	3	—	1
Acetyl Intermediates	3	(1)	3	—	5
Acetyl Chain	1	—	3	—	4
Total Company	—	1	3	—	4

Three Months Ended June 30, 2017 Compared to Three Months Ended March 31, 2017

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	4	—	2	—	6 ⁽²⁾
Acetate Tow	(12)	(3)	—	—	(15)
Industrial Specialties	2	3	2	—	7
Acetyl Intermediates	(1)	5	1	—	5
Acetyl Chain	—	5	1	(2)	4
Total Company	—	3	1	(1)	3

Three Months Ended March 31, 2017 Compared to Three Months Ended December 31, 2016

	Volume	Price	Currency	Other	Total
	(In percentages)				
Engineered Materials	33	—	(1)	—	32 ⁽³⁾
Acetate Tow	2	(6)	—	—	(4)
Industrial Specialties	11	1	—	—	12
Acetyl Intermediates	(2)	6	—	—	4
Acetyl Chain	2	5	(1)	—	6
Total Company	11	2	(1)	—	12

⁽¹⁾ 2018 includes the effect of the acquisition of Omni Plastics, L.L.C.

⁽²⁾ 2017 includes the effect of the acquisition of the nylon compounding division of Nilit Group.

⁽³⁾ 2017 includes the effect of the SO.F.TER. S.p.A. acquisition.

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

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017

	Volume	Price	Currency	Other	Total
(In percentages)					
Engineered Materials	19	3	7	—	29
Acetate Tow	(9)	(4)	1	—	(12)
Industrial Specialties	(3)	7	8	—	12
Acetyl Intermediates	5	30	6	—	41
Acetyl Chain	3	25	7	(3)	32
Total Company	7	14	6	(1)	26

Three Months Ended December 31, 2017 Compared to Three Months Ended December 31, 2016

	Volume	Price	Currency	Other	Total
(In percentages)					
Engineered Materials	45	—	4	—	49
Acetate Tow	(14)	(9)	1	1	(21)
Industrial Specialties	3	7	5	—	15
Acetyl Intermediates	(4)	21	3	—	20
Acetyl Chain	(2)	19	4	(2)	19
Total Company	10	10	3	(1)	22

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016

	Volume	Price	Currency	Other	Total
(In percentages)					
Engineered Materials	45	(2)	2	—	45
Acetate Tow	(12)	(8)	1	—	(19)
Industrial Specialties	2	4	2	—	8
Acetyl Intermediates	(1)	16	1	—	16
Acetyl Chain	—	13	2	(2)	13
Total Company	11	6	2	(1)	18

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016

	Volume	Price	Currency	Other	Total
(In percentages)					
Engineered Materials	42	(2)	(1)	—	39
Acetate Tow	(13)	(9)	—	—	(22)
Industrial Specialties	(1)	3	(2)	—	—
Acetyl Intermediates	(4)	14	(1)	1	10
Acetyl Chain	(3)	12	(2)	(1)	6
Total Company	8	5	(1)	—	12

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016

	Volume	Price	Currency	Other	Total
(In percentages)					
Engineered Materials	43	(4)	(2)	—	37
Acetate Tow	(6)	(7)	—	—	(13)
Industrial Specialties	1	(2)	(2)	—	(3)
Acetyl Intermediates	(12)	7	(2)	—	(7)
Acetyl Chain	(9)	5	(2)	1	(5)
Total Company	5	1	(2)	1	5

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

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

	Volume	Price	Currency	Other	Total
(In percentages)					
Engineered Materials	44	(2)	1	—	43
Acetate Tow	(11)	(8)	—	—	(19)
Industrial Specialties	1	3	—	—	4
Acetyl Intermediates	(5)	14	—	—	9
Acetyl Chain	(4)	12	—	—	8
Total Company	9	5	—	—	14

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

	Q1 '18	2017	Q4 '17	Q3 '17	Q2 '17	Q1 '17
(In \$ millions)						
Net cash provided by (used in) investing activities	(235)	(549)	(92)	(68)	(325)	(64)
Net cash provided by (used in) financing activities	(2)	(351)	145	(247)	21	(270)
Net cash provided by (used in) operating activities	143	803	58	255	298	192
Capital expenditures on property, plant and equipment	(86)	(267)	(87)	(64)	(54)	(62)
Capital (distributions to) contributions from NCI	(2)	(27)	(9)	(10)	(4)	(4)
Free cash flow ⁽¹⁾⁽²⁾	55	509	(38)	181	240	126
Net sales	1,851	6,140	1,593	1,566	1,510	1,471
Free cash flow as % of Net sales	3.0%	8.3%	(2.4)%	11.6%	15.9%	8.6%

⁽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 from or distributions to Mitsui & Co., Ltd. ("Mitsui") related to our joint venture, Fairway Methanol LLC ("Fairway").

⁽²⁾ Excludes required debt service and capital lease payments of \$63 million and \$27 million for the years ending December 31, 2018 and 2017, respectively.

Table 6
Cash Dividends Received - Unaudited

	Q1 '18	2017	Q4 '17	Q3 '17	Q2 '17	Q1 '17
	(In \$ millions)					
Dividends from equity method investments	82	131	17	5	59	50
Dividends from cost method investments	32	108	26	24	29	29
Total	114	239	43	29	88	79

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

	Q1 '18	2017	Q4 '17	Q3 '17	Q2 '17	Q1 '17
	(In \$ millions)					
Short-term borrowings and current installments of long-term debt - third party and affiliates	425	326	326	435	384	107
Long-term debt, net of unamortized deferred financing costs	3,343	3,315	3,315	2,954	2,931	2,851
Total debt	3,768	3,641	3,641	3,389	3,315	2,958
Cash and cash equivalents	(490)	(576)	(576)	(461)	(511)	(501)
Net debt	3,278	3,065	3,065	2,928	2,804	2,457

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:

	Q1 '18	2017	Q4 '17	Q3 '17	Q2 '17	Q1 '17	Income Statement Classification
	(In \$ millions)						
Plant/office closures	—	58	2	2	(3)	57	Cost of sales / SG&A / R&D / Other charges (gains), net
Mergers and acquisitions	13	35	9	10	7	9	Cost of sales / SG&A / Other income (expense), net
Impact from natural disasters ⁽¹⁾	—	11	—	11	—	—	Cost of sales
InfraServ ownership change	—	8	—	—	8	—	Other charges (gains), net / Equity in net earnings (loss) of affiliates
Actuarial (gain) loss on pension and postretirement plans	—	46	46	—	—	—	Cost of sales / SG&A / R&D
Restructuring	—	9	—	4	3	2	Cost of sales / SG&A / R&D / Other charges (gains), net
Other	—	—	—	—	3	(3)	(Gain) loss on disposition, net / Equity in net earnings (loss) of affiliates
Certain Items attributable to Celanese Corporation	13	167	57	27	18	65	

⁽¹⁾ Primarily associated with Hurricane Harvey.

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

	2017		
	(In \$ millions, except percentages)		
Net earnings (loss) attributable to Celanese Corporation	843		
Adjusted EBIT (Table 1)	1,356		
Adjusted effective tax rate (Table 3a)	16%		
Adjusted EBIT tax effected	1,139		
	2017	2016	Average
	(In \$ millions, except percentages)		
Short-term borrowings and current installments of long-term debt - third parties and affiliates	326	118	222
Long-term debt, net of unamortized deferred financing costs	3,315	2,890	3,103
Celanese Corporation stockholders' equity	2,887	2,588	2,738
Invested capital			6,063
Return on invested capital (adjusted)			18.8%
Net earnings (loss) attributable to Celanese Corporation as a percentage of invested capital			13.9%