

CELANESE CORP

FORM 8-K (Current report filing)

Filed 07/28/20 for the Period Ending 07/28/20

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): **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:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
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 2.02 Results of Operations and Financial Condition

On July 28, 2020, Celanese Corporation (the "Company") issued a press release reporting the financial results for its second quarter 2020. 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	Press Release 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 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/ MICHAEL R. SULLIVAN
Name: Michael R. Sullivan
Title: Vice President, Deputy General Counsel and Assistant Corporate Secretary

Date: July 28, 2020

**Celanese Corporation**

222 West Las Colinas Blvd.

Suite 900N

Irving, Texas 75039

**Celanese Corporation Reports Second Quarter 2020 Earnings;
Strong Cash Flow Generation and Solid Results**

Dallas, July 28, 2020: Celanese Corporation (NYSE: CE), a global chemical and specialty materials company, today reported second quarter GAAP diluted earnings per share of \$0.93 and adjusted earnings per share of \$1.30 on net sales of \$1.2 billion. The Company exceeded expectations in mitigating the effects of COVID-19 and limited its impact on second quarter earnings to less than the previously forecasted range. These results were due to the resiliency of Acetyl Chain, the strength of Engineered Materials' commercial model and the continued stability in Acetate Tow. Celanese generated steady operating cash flow of \$379 million and free cash flow of \$283 million for the second quarter. The consistent strong cash generation, resulting from the focused efforts around productivity, fixed cost management and pricing discipline, continues to strengthen the Company's balance sheet and add capacity to pursue future growth. The recently announced Polyplastics transaction monetizes the ownership in a passive investment and further improves the Company's ability to make opportunistic investments.

"The focus and dedication of our employees, despite the challenges of COVID-19, enabled the Company to surpass our guidance for the quarter. The decisive actions taken by our global team to fully maximize the core strengths of the Company has helped to offset the severe demand deterioration, particularly in the Western Hemisphere. Even in these difficult times, the resolve and commitment of our employees is a testament to the Celanese spirit of action and collaboration. We continue to be purposeful in the steps we are taking today to prepare us for recovery and growth in the future," said Lori Rykerkerk, chairman and chief executive officer.

Second Quarter 2020 Financial Highlights:

	Three Months Ended		
	June 30, 2020	March 31, 2020	June 30, 2019
	(unaudited)		
	(In \$ millions, except per share data)		
Net Sales			
Engineered Materials	420	563	593
Acetate Tow	127	129	164
Acetyl Chain	662	799	865
Intersegment Eliminations	(16)	(31)	(30)
Total	1,193	1,460	1,592

	Three Months Ended		
	June 30, 2020	March 31, 2020	June 30, 2019
	(unaudited)		
	(In \$ millions, except per share data)		
Operating Profit (Loss)			
Engineered Materials	(13)	102	103
Acetate Tow	31	27	(44)
Acetyl Chain	121	135	188
Other Activities	(56)	(70)	(61)
Total	<u>83</u>	<u>194</u>	<u>186</u>

	Three Months Ended		
	June 30, 2020	March 31, 2020	June 30, 2019
	(unaudited)		
	(In \$ millions, except per share data)		
Net Earnings (Loss)	109	220	210
Adjusted EBIT⁽¹⁾			
Engineered Materials	40	165	148
Acetate Tow	64	67	71
Acetyl Chain	116	139	189
Other Activities	(21)	(29)	(32)
Total	<u>199</u>	<u>342</u>	<u>376</u>

Equity Earnings and Dividend Income, Other Income (Expense)			
Engineered Materials	26	53	36
Acetate Tow	32	37	29
Operating EBITDA ⁽¹⁾	285	425	458
Diluted EPS - continuing operations	\$ 0.93	\$ 1.88	\$ 1.67
Diluted EPS - total	\$ 0.90	\$ 1.82	\$ 1.66
Adjusted EPS ⁽¹⁾	\$ 1.30	\$ 2.29	\$ 2.38
Net cash provided by (used in) investing activities	(181)	(128)	(66)
Net cash provided by (used in) financing activities	(232)	(16)	(307)
Net cash provided by (used in) operating activities	379	259	424
Free cash flow ⁽¹⁾	283	135	356

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

Second Quarter 2020 Highlights:

- Announced the agreement to monetize our equity investment in the Polyplastics joint venture for cash proceeds of \$1.575 billion, which will be redeployed to expected higher return investments. This transaction is expected to close in the second half of this fiscal year.
- Increased our outstanding share repurchase authorization to \$1.563 billion, which includes a \$500 million increase approved by the Board of Directors in July 2020.
- Delivered robust operating cash flow of \$379 million and free cash flow of \$283 million even with the significant demand decline.
- Announced the establishment of a European Compounding Center of Excellence at the Company's Forli, Italy facility, which includes the intended consolidation of compounding operations in Kaiserslautern, Germany; Wehr Germany; and Ferrara Marconi, Italy.
- Executed \$135 million in productivity initiatives year to date, more than two-thirds of our 2020 target.
- Announced a contract extension and enhancement with Nanjing Chengzhi Clean Energy Co., Ltd to provide Celanese's Nanjing facility with a sustained supply of carbon monoxide for its 1,200 kiloton acetic acid plant.
- Signed a long-term commercial agreement to supply Anhui Wanwei Group Co., Ltd with Celanese's green technology-based, ethylene-based vinyl acetate monomer.
- Celanese Clarifoil anti-fog film selected by Safilo Group as the premium film for protective eyewear solutions.
- US sites and offices collectively donated 25,000 N-95 masks to local hospitals, emergency responders, and nursing homes.

Second Quarter 2020 Business Segment Overview

Engineered Materials (EM)

Engineered Materials generated second quarter net sales of \$420 million, reflecting stable pricing performance despite the sequential volume decline of 25 percent. The volume decline is largely attributed to the sequential global automotive demand decline of approximately 50 percent and significantly weaker demand across consumer appliances and industrial applications. Unlike previous economic downturns, this past quarter was marked by the impact of COVID-19 restrictions which effectively halted auto production for over two months across the vast majority of plants in the Western Hemisphere. The continued deferral of elective medical procedures in many locations due to COVID-19 resulted in medical volumes below our expectations in the quarter. The business was able to successfully maintain global pricing levels and slightly improve margins over raw materials costs. The EM business generated a GAAP operating loss of \$13 million and adjusted EBIT of \$40 million. GAAP operating loss and adjusted EBIT were impacted by approximately \$40 million in incremental turnaround and inventory related costs, mainly associated with the completed turnaround at Bishop. The \$27 million sequential decline of affiliate earnings was mainly attributed to the weaker performance of Ibn Sina amidst historically low oil prices.

Acetyl Chain

Acetyl Chain recorded net sales of \$662 million in the second quarter, resulting from the sequential decline in pricing and volume of 11 percent and 6 percent, respectively. The continued deflationary environment for raw materials, including sharp declines in methanol and ethylene, added further pressure to the deterioration of industry pricing. Acetyl Chain generated GAAP operating profit of \$121 million and adjusted EBIT of \$116 million. The commercial actions taken by the team resulted in operating profit margin of 18.3 percent and adjusted EBIT margin of 17.5 percent which were higher margins than the prior quarter. Acetyl Chain continued to demonstrate its flexible, customer focused business model and purposefully flexed its product and regional optionality to drive operating profit margin improvement of 140 basis points. Based upon customer demand recovery in China, Acetyl Chain directed more sequential volume of VAM, emulsions and certain acid derivatives to China and utilized its low cost manufacturing footprint to service customers across a wide range of applications around the globe.

Acetate Tow

Acetate Tow reported GAAP operating profit of \$31 million and adjusted EBIT of \$64 million in the second quarter, with operating profit margin of 24.4 percent and adjusted EBIT margin of 50.4 percent. The business provides us with stable earnings as the underlying demand for tow products remains unaffected by the global pandemic. Dividends from affiliates were \$32 million in the second quarter, lower sequentially due to the timing of dividend payments.

Cash Flow and Tax

The Company delivered strong second quarter operating cash flow and free cash flow of \$379 million and \$283 million, respectively, driven by resilient business performance, continued productivity, fixed cost management and pricing discipline. Capital expenditures in the quarter were \$88 million, consistent with last year's average quarterly levels. For the quarter, a total of \$74 million in cash was returned to shareholders through dividends. The effective US GAAP tax rate was 24 percent in the second quarter compared to 12 percent in the same quarter of last year, primarily due to adjustments in uncertain tax positions, tax attribute carryforwards and year over year earnings profile. Due to adjusted forecasts of foreign tax credit utilization for 2020, the Company lowered the full year adjusted tax rate to 12 percent in the quarter versus the 13 percent rate reflected in the prior quarter and prior year. This resulted in an adjusted tax rate of 10 percent for the quarter.

Outlook

"We have started to see demand recovery with the early third quarter order book at improved levels compared to the second quarter. We anticipate a modest sequential improvement in earnings next quarter with Engineered Materials leading the way with expected solid recovery in the automotive end market. We expect to see relatively consistent results in the Acetyl Chain with a modest volume recovery offsetting incremental energy and turnaround costs. The recent surge in COVID-19 cases continues to be of concern not only in terms of the impact on the economic recovery but, more importantly, to the health and safety of our employees. We continue to take all the necessary precautions to ensure the safety of our employees, which remains our highest priority," continued Ryerkerk. "Our focus remains on productivity, sourcing flexibility and working capital management and on taking intentional steps for recovery and growth into next year. As we navigate the challenges of this global pandemic, I am confident that we are well-positioned as a company to continue to be opportunistic in creating sustained value for our shareholders."

The Company's prepared remarks related to the second quarter will be posted on its website at investors.celanese.com under Financial Information/Financial Document Library after market close on July 28, 2020. Information about Non-US GAAP measures is included in a Non-US GAAP Financial Measures and Supplemental Information document posted on our website. See "Non-GAAP Financial Measures" below.

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Celanese Corporation is a global chemical 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 2019 net sales of \$6.3 billion. For more information about Celanese Corporation and its product offerings, visit www.celanese.com or our blog at www.celaneseblog.com.

Forward-Looking Statements

This release may contain "forward-looking statements," which include information concerning the Company's plans, objectives, goals, strategies, future revenues or performance, capital expenditures, financing needs and other information that is not historical information. All forward-looking statements are based upon current expectations and beliefs and various assumptions. There can be no assurance that the Company will realize these expectations or that these

beliefs will prove correct. There are a number of risks and uncertainties that could cause actual results to differ materially from the results expressed or implied in the forward-looking statements contained in this release. These risks and uncertainties include, among other things: changes in general economic, business, political and regulatory conditions in the countries or regions in which we operate; the length and depth of product and industry business cycles, particularly in the automotive, electrical, textiles, electronics and construction industries; changes in the price and availability of raw materials, particularly changes in the demand for, supply of, and market prices of ethylene, methanol, natural gas, wood pulp and fuel oil and the prices for electricity and other energy sources; the ability to pass increases in raw material prices on to customers or otherwise improve margins through price increases; the ability to maintain plant utilization rates and to implement planned capacity additions and expansions 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.

Non-GAAP Financial Measures

Presentation

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

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.
- 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 July 28, 2020 and also available on our website at investors.celanese.com under Financial Information/Financial Document Library.

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		
	June 30, 2020	March 31, 2020	June 30, 2019
	(In \$ millions, except share and per share data)		
Net sales	1,193	1,460	1,592
Cost of sales	(951)	(1,112)	(1,169)
Gross profit	242	348	423
Selling, general and administrative expenses	(114)	(125)	(118)
Amortization of intangible assets	(6)	(5)	(6)
Research and development expenses	(18)	(17)	(17)
Other (charges) gains, net	(21)	(6)	(98)
Foreign exchange gain (loss), net	1	(1)	1
Gain (loss) on disposition of businesses and assets, net	(1)	—	1
Operating profit (loss)	83	194	186
Equity in net earnings (loss) of affiliates	31	57	39
Non-operating pension and other postretirement employee benefit (expense) income	27	28	17
Interest expense	(27)	(28)	(29)
Refinancing expense	—	—	(4)
Interest income	1	2	2
Dividend income - equity investments	32	37	30
Other income (expense), net	—	2	(2)
Earnings (loss) from continuing operations before tax	147	292	239
Income tax (provision) benefit	(35)	(65)	(28)
Earnings (loss) from continuing operations	112	227	211
Earnings (loss) from operation of discontinued operations	(4)	(7)	(2)
Income tax (provision) benefit from discontinued operations	1	—	1
Earnings (loss) from discontinued operations	(3)	(7)	(1)
Net earnings (loss)	109	220	210
Net (earnings) loss attributable to noncontrolling interests	(2)	(2)	(1)
Net earnings (loss) attributable to Celanese Corporation	107	218	209
Amounts attributable to Celanese Corporation			
Earnings (loss) from continuing operations	110	225	210
Earnings (loss) from discontinued operations	(3)	(7)	(1)
Net earnings (loss)	107	218	209
Earnings (loss) per common share - basic			
Continuing operations	0.93	1.89	1.68
Discontinued operations	(0.03)	(0.06)	(0.01)
Net earnings (loss) - basic	0.90	1.83	1.67
Earnings (loss) per common share - diluted			
Continuing operations	0.93	1.88	1.67
Discontinued operations	(0.03)	(0.06)	(0.01)
Net earnings (loss) - diluted	0.90	1.82	1.66
Weighted average shares (in millions)			
Basic	118.3	119.3	125.3
Diluted	118.8	119.9	125.8

Consolidated Balance Sheets - Unaudited

	As of June 30, 2020	As of December 31, 2019
(In \$ millions)		
ASSETS		
Current Assets		
Cash and cash equivalents	539	463
Trade receivables - third party and affiliates, net	729	850
Non-trade receivables, net	312	331
Inventories	1,031	1,038
Marketable securities	36	40
Other assets	62	43
Total current assets	2,709	2,765
Investments in affiliates	957	975
Property, plant and equipment, net	3,725	3,713
Operating lease right-of-use assets	201	203
Deferred income taxes	100	96
Other assets	399	338
Goodwill	1,098	1,074
Intangible assets, net	317	312
Total assets	9,506	9,476
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term borrowings and current installments of long-term debt - third party and affiliates	1,045	496
Trade payables - third party and affiliates	599	780
Other liabilities	572	461
Income taxes payable	46	17
Total current liabilities	2,262	1,754
Long-term debt, net of unamortized deferred financing costs	2,989	3,409
Deferred income taxes	256	257
Uncertain tax positions	189	165
Benefit obligations	579	589
Operating lease liabilities	183	181
Other liabilities	179	223
Commitments and Contingencies		
Stockholders' Equity		
Treasury stock, at cost	(3,995)	(3,846)
Additional paid-in capital	252	254
Retained earnings	6,576	6,399
Accumulated other comprehensive income (loss), net	(346)	(300)
Total Celanese Corporation stockholders' equity	2,487	2,507
Noncontrolling interests	382	391
Total equity	2,869	2,898
Total liabilities and equity	9,506	9,476

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



	Q2 '20		Q1 '20		2019		Q4 '19		Q3 '19		Q2 '19		Q1 '19	
	(In \$ millions, except percentages)													
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%

⁽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.)

	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	<u>86</u>		<u>83</u>		<u>329</u>		<u>84</u>		<u>82</u>		<u>82</u>		<u>81</u>	
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	<u>285</u>	<u>23.9%</u>	<u>425</u>	<u>29.1%</u>	<u>1,805</u>	<u>28.7%</u>	<u>387</u>	<u>27.0%</u>	<u>458</u>	<u>28.9%</u>	<u>458</u>	<u>28.8%</u>	<u>502</u>	<u>29.8%</u>

⁽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	

⁽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	<u>1,193</u>	<u>1,460</u>	<u>6,297</u>	<u>1,432</u>	<u>1,586</u>	<u>1,592</u>	<u>1,687</u>

⁽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

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Other</u>	<u>Total</u>
	(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

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Other</u>	<u>Total</u>
	(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

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Other</u>	<u>Total</u>
	(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

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Other</u>	<u>Total</u>
	(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

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Other</u>	<u>Total</u>
	(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

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Other</u>	<u>Total</u>
	(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%

(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%		