

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 2.05 Costs Associated with Exit or Disposal Activities.

On July 28, 2020, Celanese Corporation (“*Celanese*” or the “*Company*”) announced its intention to consolidate compounding operations currently at its facilities in Kaiserslautern, Germany; Wehr, Germany and Ferrara Marconi, Italy into a Compounding Center of Excellence at its Forli, Italy manufacturing location. This proposed consolidation is subject to consultation processes with the applicable works councils and union representatives at those respective facilities, which the Company also initiated on July 28, 2020. The Company intends for the consolidation, subject to the completion of such consultation processes, to be completed by the end of 2021.

As a result of this intended consolidation, the Company expects to record expenses, excluding employee termination costs, of approximately \$45-65 million, consisting primarily of a \$25 million non-cash impairment charge, which will be reflected in the Company's Form 10-Q for the period ended June 30, 2020, approximately \$5-15 million of non-cash accelerated depreciation of fixed asset costs, and approximately \$15-25 million of other facility-related shutdown and relocation cash costs (primarily tax costs, physical site relocation costs and asset retirement obligations), with such cash outflows expected to occur during fiscal 2021 and 2022.

In addition to these expenses, the Company expects to incur employee termination costs. Employee termination costs are subject to the above-referenced works council consultations. Until such consultations are concluded, the Company is unable to reasonably estimate the employee termination costs it will incur in connection with the intended actions. The Company will disclose the amount, type and timing of such costs promptly after they are determined.

The above charges are estimates; the actual charges may vary significantly based on various factors, including the outcome of the consultation processes with the applicable works councils and union representatives.

Item 7.01 Regulation FD Disclosure.

On July 28, 2020, the Company issued a press release announcing the proposed facility consolidation described under Item 2.05 above. A copy of the press release is furnished as an exhibit to this Current Report.

Forward-Looking Statements

The information set forth in this Current Report contains certain “forward-looking statements,” which include information concerning the Company’s plans, objectives, goals, expected future costs associated with the anticipated consolidation of its operations in Kaiserslautern, Germany; Wehr, Germany and Ferrara Marconi, Italy 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 forward-looking statements contained herein. Numerous factors, many of which are beyond the Company’s control could cause actual results to differ materially from those expressed as forward-looking statements. Certain of these risk factors are discussed under the heading “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019 and other filings with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date it is made, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date the statement is made.

Item 9.01 Financial Statements and Exhibits.

(d) The following exhibits are being furnished herewith:

Exhibit Number	Description
99.1	Press Release 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).

* The information in Item 7.01 of this Current Report, including Exhibit 99.1 furnished thereunder, 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 Item 7.01 this Current Report, including the furnished thereunder, 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. The disclosure in Item 7.01 of this Current

Report will not be deemed an admission as to the materiality of any information in such item in this Current Report that is required to be disclosed solely by Regulation FD.



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

Celanese to Establish European Compounding Center of Excellence in Italy

Company announces intended consolidation of compounding operations at Kaiserslautern and Wehr, Germany, and Ferrara Marconi, Italy sites

DALLAS (July 28, 2020) - Celanese Corporation (NYSE: CE), a global chemical and specialty materials company, today announced that it is establishing a *European Compounding Center of Excellence* at the Company's Forli, Italy facility, which includes the intended consolidation of its compounding operations in Kaiserslautern, Germany; Wehr, Germany; and Ferrara Marconi, Italy.

Creating a *European Compounding Center of Excellence* aligns with Celanese's global compounding model already in place in the Americas and Asia regions. Forli is a viable choice for this model, not only due to having the largest existing infrastructure and capabilities for specialty compounding, but also because of its physical layout which allows for future expansion, paired with existing knowledge and expertise of the Company's extensive engineering polymers portfolio.

"The Engineered Materials business is a critical growth engine for Celanese and we continue to take the strategic steps needed to ensure the future success and expansion of this business," said Tom Kelly, Senior Vice President, Engineered Materials, Celanese. "For this reason, Celanese today announced to employees and employee representation bodies the intention to create a *European Compounding Center of Excellence* in Forli, Italy, and transition the compounding operations from our Ferrara Marconi, Italy; and Wehr and Kaiserslautern, Germany sites, to the Company's Forli, Italy facility. This action is being taken to further optimize the global manufacturing footprint of our Engineered Materials facilities as part of a long-term strategy to be the preferred partner for our customers, as well as maintain our competitive position in the specialty materials market."

Celanese intends to consolidate the compounding production volumes from the Ferrara Marconi, Wehr and Kaiserslautern sites to the Company's manufacturing facility in Forli to improve the overall utilization of compounding assets. Celanese will transfer respective engineered materials product items (SKUs) to the Forli facility depending on customer needs and logistical considerations with the expectation that all compounding volumes from the Ferrara Marconi, Wehr and Kaiserslautern sites will be relocated there.

Celanese expects to complete this transfer and consolidation of compounding operations in the next 12-24 months. During this timeframe inventory build, customer requalification and transfer of compounding assets will take place and key dates will be communicated to customers and employees as the effort progresses.

"We would like thank all employees at our Ferrara Marconi, Wehr and Kaiserslautern sites for the tremendous work they have performed over many years and their ongoing support transitioning the sites while maintaining a safe operating environment," added Kelly. "We are fully committed to making this transition as smooth as possible and treating our employees with respect and dignity. Our dedicated team will work out a comprehensive social plan together with Works Council and Unions over the coming months."

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About Celanese

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.

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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 and other information that is not historical information. When used in this release, the words "outlook," "forecast," "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon current expectations and beliefs and various assumptions. There can be no assurance that the Company or its customers will realize these benefits or that these expectations will prove correct. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements contained in this release. Numerous factors, many of which are beyond the Company's control, could cause actual results to differ materially from those expressed as forward-looking statements. Other risk factors include those that are discussed 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.