

**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): **May 9, 2023**

CELANESE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-32410

(Commission File
Number)

98-0420726

(IRS Employer
Identification No.)

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
4.777% Senior Notes due 2026	CE /26A	The New York Stock Exchange
2.125% Senior Notes due 2027	CE /27	The New York Stock Exchange
0.625% Senior Notes due 2028	CE /28	The New York Stock Exchange
5.337% Senior Notes due 2029	CE /29A	The New York Stock Exchange

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

Emerging growth company ☐

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

Item 7.01 Regulation FD Disclosure

On May 10, 2023, Lori J. Ryerkerk, Chair of the Board of Directors, Chief Executive Officer and President of Celanese Corporation (the "Company"), will make a presentation to investors and analysts via a webcast hosted by the Company at 10:00 a.m. ET (9:00 a.m. CT) regarding the Company's financial results for its first quarter 2023. The webcast, press release and prepared remarks from management may be accessed on our website at investors.celanese.com under News & Events / Events Calendar. A copy of the prepared remarks posted for the webcast is attached to this Current Report on Form 8-K ("Current Report") as Exhibit 99.1(a) and is incorporated herein solely for purposes of this Item 7.01 disclosure. During the webcast, management may make, and management's prepared remarks contain, references to certain Non-US GAAP financial measures. Non-US GAAP financial measures appearing in management's prepared remarks are defined and reconciled to the most comparable US GAAP financial measure in our Non-US GAAP Financial Measures and Supplemental Information document furnished with this Current Report as Exhibit 99.2 (and available on our website) and incorporated herein solely for purpose of this Item 7.01 disclosure.

Item 9.01 Financial Statements and Exhibits

(d) The following exhibits are being furnished herewith:

Exhibit Number	Description
99.1(a)	Prepared Remarks from Management dated May 9, 2023*
99.2	Non-US GAAP Financial Measures and Supplemental Information dated May 9, 2023*
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the inline XBRL document contained in Exhibit 101)

* In connection with the disclosure set forth in Item 7.01, the information in this Current Report, including the exhibits attached hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section. The information in this Current Report, including the exhibits, shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any incorporation by reference language in any such filing. This Current Report will not be deemed an admission as to the materiality of any information in this Current Report that is required to be disclosed solely by Regulation FD.

SIGNATURES

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

CELANESE CORPORATION

By: /s/ MICHAEL R. SULLIVAN
Name: Michael R. Sullivan
Title: Vice President, Deputy General Counsel and Assistant Corporate Secretary

Date: May 9, 2023



First Quarter 2023 Earnings Prepared Comments

Brandon Ayache, Celanese Corporation, Vice President, Investor Relations

This is the Celanese Corporation first quarter 2023 earnings prepared comments. The Celanese Corporation first quarter 2023 earnings release was distributed via Business Wire this afternoon and posted on our investor relations website, investors.celanese.com. As a reminder, some of the matters discussed below may include forward-looking statements concerning, for example, our future objectives and plans. Please note the cautionary language contained at the end of these comments. Also, some of the matters discussed include references to non-GAAP financial measures. Explanations of these measures and reconciliations to the comparable GAAP measures are included on our investor relations website under Financial Information/Non-GAAP Financial Measures. The earnings release and non-GAAP information and the reconciliations are being furnished to the SEC in a Current Report on Form 8-K. These prepared comments are also being furnished to the SEC in a separate Current Report on Form 8-K.

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

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

Today I am pleased to report first quarter 2023 adjusted earnings of \$2.01 per share (inclusive of approximately \$0.30 per share of Mobility & Materials (M&M) transaction amortization¹). Our first quarter performance was driven by an approximately 25 percent sequential increase in the combined quarterly operating EBITDA generated by our Acetyl Chain (AC) and legacy Engineered Materials (EM)² businesses and a nearly 60 percent increase in the quarterly M&M contribution³ to Celanese operating EBITDA. I thank our teams for starting 2023 by delivering a clear upward inflection in our earnings and a solid foundation for our growth across the year.

Over half of our first quarter earnings per share was delivered in March. This was largely due to an order book, as we described in mid-February, that showed meaningful demand improvement in Europe and Asia as well as a deceleration in destocking.

Additionally, our teams successfully captured a number of

¹ Calculated as intangible amortization from the M&M transaction divided by diluted weighted average shares outstanding

² Excluding M&M operating EBITDA contribution

³ Compared against the fourth quarter contribution, inclusive of October

unanticipated commercial opportunities at the very end of the quarter, which drove earnings beyond our original expectations. These unanticipated opportunities included:

- Unusually high demand for spot sales at the end of March across several products, including POM, nylon, acetate tow, and redispersible powders, of which our teams secured a significant share; and
- Accelerated buying patterns for certain products into automotive and medical at the end of March.

We were able to identify and capture these volume opportunities as a result of the commercial optionality we have built into our business models, the intimate participation we have with customers across a wide range of end-markets, and our reputation as a capable supplier. I also commend our teams for executing on our controllable actions to drive synergies, base business improvement, and productivity, which were critical in delivering a sequential lift in the first quarter.

In April we saw a sequential drop in volumes from March, due to the unanticipated commercial opportunities I described above, which did not repeat. Despite this, we expect slightly stronger sequential volume in the second quarter due to pockets of moderate underlying volume recovery as well as a more favorable backdrop to start the quarter than what we saw in January.

We saw material improvement in Europe and China demand at the end of the first quarter due to more favorable energy dynamics, a lifting of COVID lockdowns, and a diminishing destocking cycle. On the whole, while consumer activity appears to be improving further in these regions, the recovery in demand for durable goods has been modest.

Conditions in the Americas across the first quarter partially offset favorable trends in Europe and Asia. As described previously, we did not see any pullback in the demand in the Americas across the fourth quarter and throughout most of the first quarter. In addition to some underlying demand moderation for the U.S. in March, we started to see destocking which began later than the other regions and continues into the second quarter.

With this context on the recent demand backdrop, let me walk through our overarching objectives and the actions underway to drive further earnings growth in the second quarter and across 2023.



1 The Acetyl Chain generated first quarter adjusted EBIT of \$316 million and operating EBITDA of \$370 million at margins of 25 and 30 percent, respectively. Despite weaker sequential pricing dynamics, our AC team lifted these earnings metrics by approximately \$75 million each over the prior quarter due to the successful reset in the earnings power of acetate tow, certain contract resets in VAM and EVA, and capture of sequential demand recovery.

In the first quarter, volume sold increased sequentially by 10 percent across the chain, led by recovery in Europe as well as improvement in Asia. Our team was nimble in exercising our unique product and geographic optionality as well as our supply chain capabilities to capture demand recovery where it was strongest. As an example, in the quarter we successfully supplied a greater than anticipated 75 percent sequential increase in VAM in Europe, despite having our Frankfurt VAM facility idled for most of the quarter due to weak demand in the fourth quarter. We delivered on similarly large opportunities in emulsions and redispersible powders in Europe where we moved 29 percent and 73 percent more volume, respectively.

A portion of the sequential demand recovery we secured came via unusually high spot demand for several products at the end of March, including several of our downstream products. We believe this was due to the combined effect of relatively lean inventory levels at our customers paired with a modest recovery in demand for their products. We are confident our team captured a disproportionate share of these opportunities as a result of our supply chain capabilities. These opportunistic actions and many others drove first quarter performance that exceeded our original expectations for AC.

Despite demand improvement over the fourth quarter, our first quarter volume sold was still the second weakest quarter since COVID in early 2020 and 9 percent weaker than the same quarter last year. First quarter volume in the Americas did not recover as typical off of a seasonally light fourth quarter and partially offset the demand recovery we saw in Europe and Asia.

The demand recovery we saw in Europe and Asia did not materialize substantially enough to support pricing improvement within the quarter. As a result, variable margin per unit declined sequentially across most AC products as pricing declines more than offset sequential cost savings from moderation in raw materials. Industry supply in China remained strong in March as a series of anticipated industry turnarounds late in the first quarter were pushed into the second quarter. Despite these challenges, I commend our team for leveraging our optionality and advantaged cost and technology positions to deliver first quarter earnings consistent with foundational earnings of \$1.3 billion a year or better in this business.

We continue to take steps to enhance our competitive positions in a way that bolsters our foundational earnings and also gives us added optionality to deliver earnings windfalls when markets are tight. I am pleased to share that we successfully completed the mechanical construction of our new 1.3 million ton acetic acid unit at Clear Lake and have begun the commissioning and startup process. This new unit significantly enhances our ability to leverage advantaged U.S. natural gas to produce our integrated chain of products to serve the Americas and Europe. Having two separate acid units at Clear Lake allows us to maintain that advantage during scheduled and unscheduled outages at either unit. Additionally, it allows us to optimize our energy and catalyst usage, per ton of production, by running each of those units at optimal rates. Once we complete the commissioning and startup processes in the third quarter, we expect a contribution of approximately \$25 million from that unit in the second half of 2023 and approximately \$100 million in 2024.

Looking to the second quarter, we expect a modest sequential increase in volume driven by a stronger start than the prior quarter and partially offset by ongoing destocking in the U.S. and meaningful spot business in March, that we do not expect to repeat this quarter. We expect Europe will again support our volume recovery and are pleased to have our Frankfurt VAM unit operational again as the starting point for our production chain in the region. We expect continued modest demand improvement in China which, along with scheduled turnarounds in the second quarter, should support tightening industry utilization. While pricing remains at the cost curve in China, we do see an opportunity for some variable margin expansion later in the quarter if utilization tightens sufficiently. Inclusive of these dynamics as well as the impact of moderating raw material costs, we expect second quarter adjusted EBIT for AC of \$330 to \$360 million.

Engineered Materials delivered adjusted EBIT of \$215 million and operating EBITDA of \$327 million at margins of 13 percent and 20 percent, respectively. These results were inclusive of contributions from M&M of \$51 million and \$119 million, respectively. EM delivered quarterly net sales of \$1.6 billion, a 32 percent sequential increase, inclusive of approximately \$790 million in M&M net sales.

The sequential increase in net sales was driven by a 34 percent increase in volume, as a result of an additional month of M&M contributions as well as sequentially higher volumes in our legacy and acquired businesses. Underlying volume recovery across many sectors, led by auto, was partially offset by Asia seasonality, destocking in the Americas, and challenging competitive dynamics in Europe. Higher volumes were partially offset by a 4 percent sequential decrease in pricing, as a result of reductions in energy surcharges, price concessions in the current competitive environment in Europe, and changes in product mix. Exclusive of the contribution from M&M, legacy EM first quarter adjusted EBIT of \$164 million increased by greater than 25 percent over the fourth quarter despite a sequential decrease in affiliate earnings.

Setting aside the M&M performance in the next few paragraphs, legacy EM saw a global sequential volume increase of 7 percent with all of EM's major business lines, excluding medical implants, delivering sequential growth. This growth was fueled by stronger volumes into auto and further supported by unanticipated commercial opportunities which EM captured late in the quarter. As an example, we successfully supplied accelerated order patterns in medical implants in March, which offset a majority of the \$15 million headwind we had anticipated in this space at the time of the earnings call in the first quarter due to typical contract and order timing.

Turning to auto, while sequential builds varied dramatically by region, legacy EM delivered sequential volume performance that exceeded build rates in each region. In the Western Hemisphere, EM delivered double digit sequential volume growth, significantly outpacing an industry build growth rate of 7 percent. This out performance was driven by a continued consumer preference for luxury vehicles, trucks and SUVs where we have greater content, sequential recovery due to destocking in the fourth quarter, and some pre-buying in anticipation of second quarter builds. In Asia, EM's sequential decline in auto volume was less than the 11 percent sequential decline in industry auto builds, which was consistent with Chinese New Year seasonality in past years. Globally, EM delivered high single-digit volume growth against an industry build rate that declined by 4 percent. Excluding quarters when there is material destocking, EM continues to deliver volume growth that regularly outpaces auto builds as a result of its project pipeline model and growing content per vehicle.

The seasonal impact of Chinese New Year extended across end markets driving sequentially lower volumes in the region. However, even after the holiday concluded, underlying demand across March still lagged the first half of 2022. As previously discussed, weak Asia demand resulted in excess capacity in the region and translated to significant volumes of several polymers exported to Europe. Excess volume entering Europe challenged the competitive dynamics primarily for POM due to its exposure to elevated

energy prices. As a result of these dynamics, legacy EM's pricing and variable margins were challenged sequentially in the region, despite moderating energy costs and improved regional demand. Even with a greater than 10 percent sequential increase, our European volume remained greater than 10 percent below the first quarter of 2022.

Looking forward, we anticipate higher second quarter EM adjusted EBIT with a significant portion of the growth delivered by M&M. Sequential growth in M&M will come from synergy capture, continued volume recovery, cross-selling, and variable margin expansion as we begin selling lower cost inventory. In legacy EM, we expect continued modest volume growth in Asia and Europe will be partially offset by softness and destocking, primarily in the Americas. As a result of muted demand recovery globally, declining raw material and energy costs, and challenging competitive dynamics in Europe, we anticipate that pricing will decline sequentially. Our teams are working to again capture demand recovery in the second quarter to offset the earnings impact of this variable margin pressure. Finally, in the second quarter we anticipate a significant headwind to our results as we meaningfully reduce inventory, largely in legacy EM, and drive free cash flow. Despite these headwinds, our teams are confident in their ability to lift M&M sequentially, leverage our position in a resilient auto sector, and capture volume recovery to deliver second quarter EM adjusted EBIT of \$235 to \$260 million.

To summarize our outlook, we expect another material lift in our sequential earnings in the second quarter, driven primarily by controllable actions including productivity, synergy capture, and base business improvement. In February, I discussed \$50 to \$100 million in targeted adjusted EBIT expansion in the second quarter for AC and EM above our first quarter outlook for each. Despite meaningful demand improvement in March over the prior quarter, the pace of demand recovery has flattened in April and May relative to expectations. This is impacting not only our volumes sold in the second quarter, but also our ability to lift pricing and fully leverage moderating raw material costs. Even so, we expect to deliver sequential adjusted EBIT lifts in each business within our previous ranges to generate second quarter adjusted earnings per share of approximately \$2.50. This second quarter guidance is inclusive of anticipated second quarter net expenses of \$100 to \$105 million in Other Activities. In the event that demand recovers substantively enough to support material pricing recovery in May and June, particularly in AC, we see potential to deliver earnings beyond this guidance.

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To transition to the M&M acquisition, let me start by thanking our teams for the early progress they have delivered in the ongoing transformation of that business. In the first quarter, the M&M acquisition contributed \$96 million to Celanese operating EBITDA, which was reflected in our reporting segments as

a \$119 million contribution to EM operating EBITDA and an alignment of \$23 million in costs to Other Activities. The M&M business contributed \$51 million to EM adjusted EBIT in the first quarter, inclusive of depreciation and approximately \$30 million in quarterly transaction amortization.

M&M First Quarter Contributions
(\$ millions)

	Engineered Materials	Other Activities	Celanese
Operating EBITDA	\$119	(\$23)	\$96
Depreciation & Amortization	(\$68)		(\$68)
Adjusted EBIT	\$51	(\$23)	\$28

The sequential increase in the earnings contributions of M&M was the result of several positive dynamics.

- M&M volume growth had a positive sequential impact on its first quarter net sales contribution by 10 percent (inclusive of October volume) due to higher sales for several products led by nylon and Vamac®.
- Lower cost finished goods inventory began flowing through the income statement towards the end of the quarter.
- The integration team delivered approximately \$10 million in cost savings from synergies in the first quarter including savings on air freight, overlapping or redundant subscriptions, in-sourcing of PA66, and optimization of certain raw material contracts.

While we only closed the M&M acquisition two months before entering the first quarter, we successfully lifted the quarterly contribution to operating EBITDA generated by the business by nearly 60 percent versus the fourth quarter, even when including the pre-close October performance. We anticipate, based on the success of our actions, the rapid pace of recovery to start 2023 will continue into the second quarter and is a testament to the work of many Celanese teams. Let me highlight a selection of the actions they have taken so far in 2023.

- In early April, we redesigned and restructured our global commercial and technical organizations for the combined EM and M&M business. The actions we took to right-size and reorganize resources will result in approximately \$40 million of run-rate annual savings, roughly equally split between the U.S. and internationally. We expect approximately \$20 million in savings within

2023, primarily from the actions we took in the U.S., with international savings to come largely in 2024 as a result of local regulations relating to employee termination benefits.

- Our shared culture and identity is quickly crystallizing under the *OneCelanese* philosophy which we have practiced for several years. We have completed cultural surveys, identified aspirational culture traits, and continue to develop action plans to foster that culture. We have aligned across the organization on how and where we work, including a framework on remote work flexibility.
- We have now completed 15 office consolidations across the globe and are scheduled to complete an additional 5 consolidations this year. Savings from the completed consolidations will start contributing to earnings as leases expire during the second half of the year and are expected to deliver 2023 savings of approximately \$16 million.
- In March, we transitioned to a single Customer Relationship Management (CRM) system and transitioned the entire M&M organization onto our project pipeline model, enabling our combined commercial and product development teams to drive growth from our best-in-class model. We have also completed the integration of our pricing approval process within the same CRM system, which will enable our business leaders to optimize margins within each product line.
- Our commercial marketing integration is progressing, with a unified customer EM website launched in the first quarter along with full social media integration. We are in the process of identifying duplicative and underperforming marketing practices. As one example, we expect over \$2 million in savings in 2023 on trade shows and conferences.
- We have created detailed "build, test, and cutover" plans for an IT integration effort that will span approximately 800 individual applications. On May 1 our teams successfully completed a transition of the legacy Celanese SAP ERP to the upgraded SAP S/4HANA. This lays the groundwork for the culmination of our IT integration in a cutover of M&M to this upgraded ERP system, expected in the first half of 2024, with a corresponding cutover of over 350 SAP-related applications. This will allow us to exit the IT transition service agreement with DuPont and begin to significantly optimize and drive synergies within our corporate and support functions.
- We have exited 15 individual transition service agreements with DuPont to date and expect to roughly double that number over the next quarter.
- While M&M historically bought a key raw material for PA66 polymerization from a single source, we are progressing in building flexibility and optionality in our sourcing. We are laying the

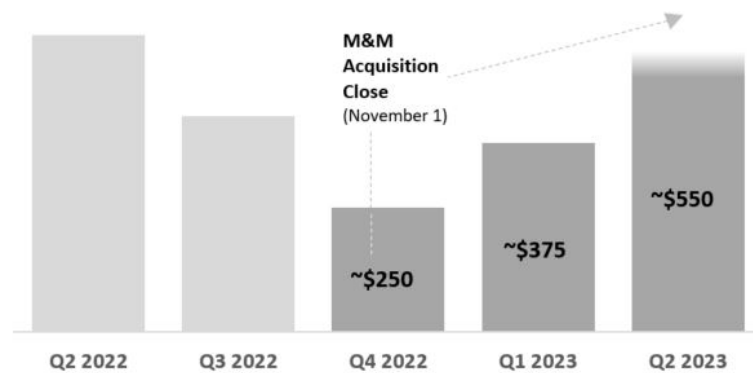
groundwork right now for greater flexibility (source, region, volume, etc.) that will allow us the optionality to make or buy PA66 polymer at different points in time depending on market dynamics. We have already taken steps in this direction in the first quarter where we successfully worked with a key supplier to optimize costs by flexing the mix of our regional production and purchases.

- Our qualification of M&M PA66 polymers for use across the portfolio of legacy EM compounded PA66 is rapidly progressing. In the first quarter, approximately half of our PA66 polymer needs for legacy EM compounds were sourced internally from M&M. We will continue to expand in-sourcing quantities across the year which will allow us, when paired with our external sourcing efforts, the flexibility to be a buyer or seller in the PA66 polymer market at our discretion.
- We have fully transitioned M&M to Celanese's capital project review and approval process. We have discontinued the practice of allocated capital budgets given to individual sites and are managing all capital requests as part of the Celanese process, with any project over \$1 million in capital requiring my approval. This will result in a higher overall return on capital in the M&M assets and support a reduction in expected 2023 capex.
- We have completed a detailed review of insurance coverage across the acquired assets and identified and secured approximately \$2 million in 2023 savings from duplicative coverage.
- We continue to identify spend on external services for which we have internal capability at Celanese. As two examples, we have taken action to bring certain marketing content creation and technology and analytical services (e.g. computer aided engineering) in-house which will deliver approximately \$2 million in 2023 savings.

As a result of these actions and many others, we anticipate a second quarter M&M contribution to Celanese operating EBITDA of \$130 to \$140 million.

The midpoint of our targeted second quarter M&M contribution to operating EBITDA would represent another greater than 40 percent lift in sequential earnings on top of the nearly 60 percent lift we delivered in the first quarter. To put that in context, that would be an approximately \$300 million improvement in the annualized run-rate of M&M quarterly earnings in less than two full quarters of Celanese ownership. The magnitude and pace of the earnings deterioration last year was unpredictable and unprecedented in M&M's history and our teams are working to relift the business earnings at a similarly unprecedented pace.

Annualized Run-Rate of M&M Quarterly Operating EBITDA Contribution
(\$ millions)



The value creation opportunity that is achievable with the M&M business as part of EM is real and meaningful. The quicker we can make M&M accretive to Celanese cash and earnings generation, the quicker we will see recognition of the long-term value of this acquisition for Celanese shareholders.

We are confident that M&M will deliver its first accretive quarter within the second half of 2023, which would put us well on the path of realizing the full value potential of the transaction. We are working with great urgency and boldness to this end.



Turning to our third objective, our teams are working to bolster our 2023 free cash flow generation and net debt reduction across the year. Scott will provide more detail, but let me share the highlights.

- We are on track to close the Food Ingredients JV during the second half with after-tax cash proceeds in line with our prior comments.
- We have reduced our anticipated 2023 capex from approximately \$600 million to closer to \$500 million.
- We have initiated actions to reduce inventory by \$300 million or more across 2023.

As a result, we expect 2023 free cash flow of approximately \$1.4 billion, which excludes cash proceeds from the Food Ingredients JV.

Despite a global demand recovery across the second quarter that is not as robust as we had anticipated in February, we are confident in the controllable action plans we have across 2023 to drive productivity in legacy Celanese businesses, capture synergies, improve base M&M performance, and reduce our interest

expense. With these actions we remain confident in the resilience of our cash generation and in an upward trajectory in our quarterly earnings as we progress through the year that support 2023 adjusted earnings of \$11 to \$12 per share (inclusive of approximately \$1.20 per share of transaction amortization). Our updated full year 2023 outlook reflects our expectations regarding the earnings impact of accelerated inventory initiatives underway and a modest pace of demand recovery apparent so far in the second quarter. In the event of an acceleration in demand recovery within the next few months, we would anticipate earnings at the upper end or beyond this guidance range.

We remain committed to taking actions that will maximize shareholder value by delivering on the long-term M&M value creation opportunity and executing on the deleveraging plan we outlined.

Scott Richardson, Celanese Corporation, Chief Financial Officer

As Lori described, we are prioritizing the strength and resilience of our cash generation. Let me provide detail on some of the updates she gave that support an increase in our 2023 free cash flow outlook.

We are reducing our 2023 anticipated capex to closer to \$500 million as we reassessed the timing of certain growth projects and integrated the M&M capital project approval process into Celanese's process. To be clear, we have not canceled any material projects. There are a few products where additional capacity is not needed as urgently, due to our increased global production capabilities following the M&M acquisition and current demand levels.

We are also reducing our 2023 anticipated cost to achieve synergies for the M&M acquisition to below \$75 million. As we right-size and reorganize our resources, the team has worked to utilize our talent management frameworks and normal employee attrition to minimize necessary headcount actions and associated costs.

We have also initiated actions to reduce our inventory by \$300 million or more across 2023. Over the last two years, our total working capital balances have increased by over \$1.8 billion, primarily due to increases in inventory. Our acquisitions of Santoprene and M&M added approximately \$200 million and \$1.0 billion to our inventory balances, respectively, in the fourth quarters of 2021 and 2022. Whether legacy Celanese or our acquisitions, inventory balances have grown as a result of rising cost per unit from raw material and energy cost inflation as well as higher inventory volumes due to unprecedented volatility in regional demand patterns and global logistics over the last two years.

Across the first quarter, we were able to achieve an approximately \$60 million reduction in our inventory balances across Celanese, despite a semi-annual production campaign for Vamac® in the quarter in EM that added approximately \$50 million to inventory.

We have executed action plans, led by Tom Kelly, for our commercial, procurement, and manufacturing teams to draw down inventory in a coordinated manner across the remainder of 2023. Our core action team is meeting weekly to track our progress by region, business, and product (raw materials and finished goods). In the second quarter, we are targeting a \$100 million reduction in inventory, largely in legacy EM. This inventory reduction is expected to have a negative sequential impact to EM adjusted EBIT of \$30 to \$35 million versus the first quarter. While the acceleration of these working capital initiatives will be an incremental headwind to near-term earnings, our prioritization of cash generation is the correct decision and will bolster our deleveraging across a variety of 2023 macro scenarios.

You will see more variability in our quarterly free cash flow generation across 2023 against a consistent upward trajectory in our earnings per share performance. This variability was anticipated and is due to several factors.

- While interest expense is accrued each quarter, cash interest on our outstanding notes are paid semiannually or annually, for U.S. notes and Euro notes, respectively. For this reason, first and third quarter cash interest will be significantly higher due to the timing of notes issued to fund the M&M acquisition.
- Cash outlays for capex will vary from quarter to quarter as we finalize larger projects including Clear Lake acetic acid and the migration to an upgraded SAP ERP.
- Depending on the magnitude and timing of certain factors impacting working capital, including improved sales as the year progresses, shifts in raw material and energy costs, and our own inventory initiatives, we expect variability in the impact of working capital on free cash flow.
- Cash outlays associated with restructuring and synergy capture will vary from quarter to quarter.
- Cash taxes, including payments and refunds, will vary from quarter to quarter across 2023 due, in part, to activity related to prior tax years.

In the first quarter, we reported free cash flow of \$(261) million, reflective of what is historically a light cash flow quarter combined with the impact of an increase in working capital driven by higher receivables in March, concentrated cash interest expense of \$281 million, and elevated cash capex of \$164 million.

Over the last five years we have seen an average lift in our first quarter to second quarter free cash flow of approximately \$250 million, due primarily to seasonality and normal working capital trends. We expect the lift we will see in second quarter free cash flow this year to be far more significant due to:

- The targeted \$100 million reduction in inventory;
- Cash interest that will be approximately \$240 million lower sequentially; and
- Another approximately \$100 million tailwind from lower cash capex and cash taxes in the second quarter due to the variability I described.

To transition, let me provide an update on the effective redomiciling of a portion of our U.S. terms loans by obtaining up to \$700 million in new debt in China. In the first quarter, we borrowed \$335 million in Chinese loans and repatriated a similar amount of cash to the U.S. By the end of the third quarter, we expect to have obtained the remaining targeted Chinese debt, repatriated an equivalent amount of cash to the U.S., and paid down an equivalent amount of U.S. debt. At that point we will have successfully captured the interest rate savings due to the difference in U.S. and China benchmark rates, which is currently around 3 percent, and will drive an approximately \$20 million reduction in interest expense on a full year basis.

Finally, as a result of the sequential changes in regional demand and the anticipated trajectory of demand recovery in each region, we have set our full year 2023 adjusted tax rate at 12 percent based on the expected jurisdictional mix of earnings.

We remain committed to executing against our earnings, cash generation, and deleveraging objectives and are eager to share our progress over the coming quarters. This concludes our prepared remarks. We look forward to discussing our first quarter results and addressing your questions.

Forward-Looking Statements

These prepared comments may contain "forward-looking statements," which include information concerning the Company's plans, objectives, goals, strategies, future revenues, cash flow, financial performance, synergies, capital expenditures, financing needs and other information that is not historical information. All forward-looking statements are based upon current expectations and beliefs and various assumptions. There can be no assurance that the Company will realize these expectations or that these beliefs will prove correct. There are a number of risks and uncertainties that could cause actual results to differ materially from the results expressed or implied in the forward-looking statements contained in these comments. These risks and uncertainties include, among other things: changes in general economic, business, political and regulatory conditions in the countries or regions in which we operate; volatility or changes in the price and availability of raw materials and energy, 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 length and depth of product and industry business cycles, particularly in the automotive, electrical, mobility, textiles, medical, electronics and construction industries; the ability to pass increases in raw material prices, logistics costs and other costs on to customers or otherwise improve margins through price increases; the accuracy or inaccuracy of our beliefs or assumptions regarding anticipated benefits of the acquisition (the "M&M Acquisition") by us of the majority of the Mobility & Materials business (the "M&M Business") of DuPont de Nemours, Inc.; the possibility that we will not be able to realize all of the anticipated improvements in the M&M Business's financial performance — including optimizing pricing, currency mix and inventory — or realize all of the anticipated benefits of the M&M Acquisition, including synergies and growth opportunities, within the anticipated timeframe, or at all, whether as a result of difficulties arising from the operation or integration of the M&M Business or other unanticipated delays, costs, inefficiencies or liabilities; increased commercial, legal or regulatory complexity of entering into, or expanding our exposure to, certain end markets and geographies; risks in the global economy and equity and credit markets and their potential impact on our ability to pay down debt in the future and/or refinance at suitable rates, in a timely manner, or at all; diversion of management's attention from ongoing business operations and opportunities and other disruption caused by the M&M Acquisition and the integration processes and their impact on our existing business and relationships; risks and costs associated with increased leverage from the M&M Acquisition, including increased interest expense and potential reduction of business and strategic flexibility; the ability to maintain plant utilization rates and to implement planned capacity additions, expansions and maintenance; the ability to reduce or maintain their current levels of production costs and to improve productivity by implementing technological improvements to existing plants; increased price competition and the introduction of competing products by other companies; the ability to identify desirable potential acquisition or divestiture opportunities and to complete such transactions, including obtaining regulatory approvals, consistent with the Company's strategy; market acceptance of our products and technology; compliance and other costs and potential disruption or interruption of production or operations due to accidents, interruptions in sources of raw materials, transportation, logistics or supply chain disruptions, cybersecurity 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 (such as the Russia-Ukraine conflict) or terrorist incidents or as a result of weather, natural disasters, or other crises; the ability to obtain governmental approvals and to construct facilities on terms and schedules acceptable to the Company; changes in applicable tariffs, duties and trade agreements, tax rates or legislation throughout the world including, but not limited to, adjustments, changes in estimates or interpretations or the resolution of tax examinations or audits that may impact recorded or future tax impacts and potential regulatory and legislative tax developments in the United States and other jurisdictions; changes in the degree of intellectual property and other legal protection afforded to our products or technologies, or the theft of such intellectual property; potential liability for remedial actions and increased costs under existing or future environmental, health and safety regulations, including those relating to climate change or other sustainability matters; potential liability resulting from pending or future claims or litigation, including investigations or enforcement actions, 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; tax rates and changes thereto; our ability to obtain regulatory approval for, and satisfy closing conditions to, any transactions described herein that have not closed; 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.

Results Unaudited

The results in this document, together with the adjustments made to present the results on a comparable basis, have not been audited and are based on internal financial data furnished to management. Quarterly results should not be taken as an indication of the results of operations to be reported for any subsequent period or for the full fiscal year.

Non-GAAP Financial Measures

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

Non-US GAAP Financial Measures and Supplemental Information

May 9, 2023

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 two business segments, Engineered Materials and the 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 contributions from or distributions to our NCI joint ventures. 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. Free cash flow is not a measure of cash available for discretionary expenditures since the Company has certain debt service and finance lease payments that are not deducted from that measure.*
- *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. 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
Celanese Adjusted EBIT and Operating EBITDA - Reconciliation of Non-GAAP Measures - Unaudited

	Q1 '23	2022	Q4 '22	Q3 '22	Q2 '22	Q1 '22
	(In \$ millions)					
Net earnings (loss) attributable to Celanese Corporation	91	1,894	767	191	434	502
(Earnings) loss from discontinued operations	3	8	1	1	6	—
Interest income	(8)	(69)	(33)	(34)	(1)	(1)
Interest expense	182	405	168	154	48	35
Income tax provision (benefit)	25	(489)	(840)	127	112	112
Certain Items attributable to Celanese Corporation (Table 8)	131	422	239	71	47	65
Adjusted EBIT	424	2,171	302	510	646	713
Depreciation and amortization expense ⁽¹⁾	172	446	151	97	98	100
Operating EBITDA	596	2,617	453	607	744	813

	Q1 '23	2022	Q4 '22	Q3 '22	Q2 '22	Q1 '22
	(In \$ millions)					
Engineered Materials	—	13	2	3	4	4
Acetyl Chain	—	2	—	—	—	2
Other Activities ⁽²⁾	—	1	—	—	1	—
Accelerated depreciation and amortization expense	—	16	2	3	5	6
Depreciation and amortization expense ⁽¹⁾	172	446	151	97	98	100
Total depreciation and amortization expense	172	462	153	100	103	106

⁽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, 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 1a
M&M Adjusted EBIT and Operating EBITDA - Reconciliation of Non-GAAP Measures - Unaudited

	Q1 '23	Q4 '22
	(In \$ millions)	
Net earnings (loss) attributable to M&M	(48)	(69) ⁽³⁾
Income tax provision (benefit)	13	6
Certain Items ⁽¹⁾	86	72
Adjusted EBIT	51	9
Depreciation and amortization expense	68	47
Operating EBITDA⁽²⁾	119	56 ⁽⁴⁾

⁽¹⁾ Amount is included within total Certain Items shown in [Table 8](#).

⁽²⁾ Excludes \$(23) million and \$(17) million of Operating EBITDA included in Other Activities for the three months ended March 31, 2023 and December 31, 2022, respectively.

⁽³⁾ Excludes \$30 million of Net loss for the month ended October 31, 2022, prior to our acquisition of the majority of the Mobility & Materials business ("M&M Business") of DuPont de Nemours, Inc.

⁽⁴⁾ Excludes \$22 million of Operating EBITDA for the month ended October 31, 2022, prior to our acquisition of the M&M Business.

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

	Q1 '23		2022		Q4 '22		Q3 '22		Q2 '22		Q1 '22	
	(In \$ millions, except percentages)											
Operating Profit (Loss) / Operating Margin												
Engineered Materials ⁽¹⁾	112	6.9 %	429	10.7 %	25	2.0 %	114	12.3 %	166	17.5 %	124	13.6 %
Acetyl Chain ⁽¹⁾	278	22.2 %	1,447	25.2 %	204	18.0 %	312	22.3 %	428	27.5 %	503	30.4 %
Other Activities ⁽²⁾	(139)		(498)		(173)		(118)		(111)		(96)	
Total	251	8.8 %	1,378	14.2 %	56	2.4 %	308	13.4 %	483	19.4 %	531	20.9 %
Less: Net Earnings (Loss) Attributable to NCI ⁽¹⁾	2		8		2		2		2		2	
Operating Profit (Loss) Attributable to Celanese Corporation	249	8.7 %	1,370	14.2 %	54	2.3 %	306	13.3 %	481	19.3 %	529	20.8 %
Operating Profit (Loss) / Operating Margin Attributable to Celanese Corporation												
Engineered Materials ⁽¹⁾	112	6.9 %	429	10.7 %	25	2.0 %	114	12.3 %	166	17.5 %	124	13.6 %
Acetyl Chain ⁽¹⁾	276	22.1 %	1,439	25.1 %	202	17.8 %	310	22.2 %	426	27.3 %	501	30.3 %
Other Activities ⁽²⁾	(139)		(498)		(173)		(118)		(111)		(96)	
Total	249	8.7 %	1,370	14.2 %	54	2.3 %	306	13.3 %	481	19.3 %	529	20.8 %
Equity Earnings and Dividend Income, Other Income (Expense) Attributable to Celanese Corporation												
Engineered Materials	10		207		35		70		53		49	
Acetyl Chain	34		143		30		34		39		40	
Other Activities ⁽²⁾	(1)		12		1		4		1		6	
Total	43		362		66		108		93		95	
Non-Operating Pension and Other Post-Retirement Employee Benefit (Expense) Income Attributable to Celanese Corporation												
Engineered Materials	—		—		—		—		—		—	
Acetyl Chain	—		—		—		—		—		—	
Other Activities ⁽²⁾	1		17		(57)		25		25		24	
Total	1		17		(57)		25		25		24	
Certain Items Attributable to Celanese Corporation (Table 8)												
Engineered Materials	93		143		78		22		5		38	
Acetyl Chain	6		27		10		5		10		2	
Other Activities ⁽²⁾	32		252		151		44		32		25	
Total	131		422		239		71		47		65	
Adjusted EBIT / Adjusted EBIT Margin												
Engineered Materials	215	13.2 %	779	19.4 %	138	11.2 %	206	22.2 %	224	23.6 %	211	23.2 %
Acetyl Chain	316	25.3 %	1,609	28.0 %	242	21.3 %	349	25.0 %	475	30.5 %	543	32.9 %
Other Activities ⁽²⁾	(107)		(217)		(78)		(45)		(53)		(41)	
Total	424	14.9 %	2,171	22.4 %	302	12.9 %	510	22.2 %	646	26.0 %	713	28.1 %

⁽¹⁾ Net earnings (loss) attributable to NCI is included within the Engineered Materials and the Acetyl Chain segments.

⁽²⁾ Other Activities includes corporate SG&A expenses, 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 '23		2022		Q4 '22		Q3 '22		Q2 '22		Q1 '22	
	(In \$ millions, except percentages)											
Depreciation and Amortization Expense ⁽¹⁾												
Engineered Materials	112		213		90		40		41		42	
Acetyl Chain	54		211		52		53		52		54	
Other Activities ⁽²⁾	6		22		9		4		5		4	
Total	172		446		151		97		98		100	
Operating EBITDA / Operating EBITDA Margin												
Engineered Materials	327	20.1 %	992	24.7 %	228	18.4 %	246	26.5 %	265	28.0 %	253	27.8 %
Acetyl Chain	370	29.6 %	1,820	31.7 %	294	25.9 %	402	28.8 %	527	33.8 %	597	36.1 %
Other Activities ⁽²⁾	(101)		(195)		(69)		(41)		(48)		(37)	
Total	596	20.9 %	2,617	27.1 %	453	19.3 %	607	26.4 %	744	29.9 %	813	32.0 %

⁽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, 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 '23		2022		Q4 '22		Q3 '22		Q2 '22		Q1 '22	
	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	94	0.86	1,902	17.41	768	7.03	192	1.76	440	4.03	502	4.61
Income tax provision (benefit)	25		(489)		(840)		127		112		112	
Earnings (loss) from continuing operations before tax	119		1,413		(72)		319		552		614	
Certain Items attributable to Celanese Corporation (Table 8)	131		422		239		71		47		65	
Refinancing and related expenses	—		158 ⁽¹⁾		14 ⁽¹⁾		104 ⁽¹⁾		26 ⁽¹⁾		14 ⁽¹⁾	
Adjusted earnings (loss) from continuing operations before tax	250		1,993		181		494		625		693	
Income tax (provision) benefit on adjusted earnings ⁽²⁾	(30)		(259)		(24)		(64)		(81)		(90)	
Adjusted earnings (loss) from continuing operations ⁽³⁾	220	2.01	1,734	15.88	157	1.44	430	3.94	544	4.99	603	5.54
Diluted shares (in millions) ⁽⁴⁾												
Weighted average shares outstanding	108.6		108.4		108.5		108.4		108.4		108.2	
Incremental shares attributable to equity awards	0.6		0.8		0.7		0.7		0.7		0.7	
Total diluted shares	109.2		109.2		109.2		109.1		109.1		108.9	

⁽¹⁾ Includes net interest expense and certain fees related to debt issued as part of our acquisition of the M&M Business.

⁽²⁾ Calculated using adjusted effective tax rates ([Table 3a](#)) as follows:

	Q1 '23	2022	Q4 '22	Q3 '22	Q2 '22	Q1 '22
Adjusted effective tax rate	12	13	13	13	13	13

⁽³⁾ 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)	
2022	(18.4)	5.4

⁽⁴⁾ 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 2023	Actual 2022
	(In percentages)	
US GAAP annual effective tax rate	16	(34)
Discrete quarterly recognition of GAAP items ⁽¹⁾	(1)	(6)
Tax impact of other charges and adjustments ⁽²⁾	(3)	9
Utilization of foreign tax credits	—	—
Changes in valuation allowances, excluding impact of other charges and adjustments ⁽³⁾	—	(1)
Other, includes effect of discrete current year transactions ⁽⁴⁾	—	45 ⁽⁵⁾
Adjusted tax rate	12	13

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⁾ Includes tax impacts related to full-year forecasted tax opportunities and related costs.
- ⁽⁵⁾ Includes the reversal of certain U.S. GAAP deferred tax benefits in 2022 related to non-recurring internal restructuring transactions related to the M&M acquisition, to centralize ownership of intellectual property with the business and to facilitate future deployment of cash to service acquisition indebtedness. Certain benefits of the internal restructuring will be realized in future periods for adjusted earnings purposes.

Table 4
Net Sales by Segment - Unaudited

	Q1 '23	2022	Q4 '22	Q3 '22	Q2 '22	Q1 '22
	(In \$ millions)					
Engineered Materials	1,630	4,024	1,237	929	948	910
Acetyl Chain	1,250	5,743	1,135	1,397	1,559	1,652
Intersegment eliminations ⁽¹⁾	(27)	(94)	(24)	(25)	(21)	(24)
Net sales	<u>2,853</u>	<u>9,673</u>	<u>2,348</u>	<u>2,301</u>	<u>2,486</u>	<u>2,538</u>

⁽¹⁾ Includes intersegment sales primarily related to the Acetyl Chain.

Table 4a
Factors Affecting Segment Net Sales Sequentially - Unaudited

Three Months Ended March 31, 2023 Compared to Three Months Ended December 31, 2022

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Total</u>
	(In percentages)			
Engineered Materials	34	(4)	2	32
Acetyl Chain	10	(2)	2	10
Total Company	19	(4)	2	17

Three Months Ended December 31, 2022 Compared to Three Months Ended September 30, 2022

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Total</u>
	(In percentages)			
Engineered Materials	34	(1)	—	33 ⁽¹⁾
Acetyl Chain	(9)	(10)	—	(19)
Total Company	8	(6)	—	2

Three Months Ended September 30, 2022 Compared to Three Months Ended June 30, 2022

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Total</u>
	(In percentages)			
Engineered Materials	(1)	2	(3)	(2)
Acetyl Chain	(3)	(5)	(2)	(10)
Total Company	(2)	(3)	(2)	(7)

Three Months Ended June 30, 2022 Compared to Three Months Ended March 31, 2022

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Total</u>
	(In percentages)			
Engineered Materials	1	6	(3)	4
Acetyl Chain	(6)	2	(2)	(6)
Total Company	(2)	2	(2)	(2)

⁽¹⁾ 2022 includes the effect of the acquisition of the majority of the M&M Business.

Three Months Ended March 31, 2022 Compared to Three Months Ended December 31, 2021

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Total</u>
	(In percentages)			
Engineered Materials	23	7	(1)	29
Acetyl Chain	7	(3)	—	4
Total Company	12	1	(1)	12

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

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Total</u>
	(In percentages)			
Engineered Materials	80	2	(3)	79
Acetyl Chain	(9)	(13)	(2)	(24)
Total Company	23	(8)	(3)	12

Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Total</u>
	(In percentages)			
Engineered Materials	20	25	(4)	41
Acetyl Chain	7	38	(3)	42
Total Company	12	32	(3)	41

Three Months Ended December 31, 2022 Compared to Three Months Ended December 31, 2021

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Total</u>
	(In percentages)			
Engineered Materials	67	17	(9)	75
Acetyl Chain	(12)	(14)	(3)	(29)
Total Company	13	(5)	(5)	3

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Total</u>
	(In percentages)			
Engineered Materials	23	25	(12)	36
Acetyl Chain	(10)	2	(5)	(13)
Total Company	(2)	9	(5)	2

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Total</u>
	(In percentages)			
Engineered Materials	24	24	(9)	39
Acetyl Chain	(5)	11	(4)	2
Total Company	3	14	(4)	13

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

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Total</u>
	(In percentages)			
Engineered Materials	33	23	(8)	48
Acetyl Chain	(6)	6	(3)	(3)
Total Company	6	11	(4)	13

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

	Q1 '23	2022	Q4 '22	Q3 '22	Q2 '22	Q1 '22
(In \$ millions, except percentages)						
Net cash provided by (used in) investing activities	(178)	(11,141)	(10,713)	(143)	(136)	(149)
Net cash provided by (used in) financing activities	(69)	10,290	1,944	8,600	(159)	(95)
Net cash provided by (used in) operating activities	(96)	1,819	541	467	495	316
Capital expenditures on property, plant and equipment	(164)	(543)	(143)	(139)	(124)	(137)
Contributions from/(Distributions) to NCI	(1)	(13)	(3)	(3)	(3)	(4)
Free cash flow⁽¹⁾	(261)	1,263	395	325	368	175
Net sales	2,853	9,673	2,348	2,301	2,486	2,538
Free cash flow as % of Net sales	(9.1)%	13.1 %	16.8 %	14.1 %	14.8 %	6.9 %

⁽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 contributions from or distributions to our NCI joint ventures.

Table 6
Cash Dividends Received - Unaudited

	Q1 '23	2022	Q4 '22	Q3 '22	Q2 '22	Q1 '22
	(In \$ millions)					
Dividends from equity method investments	40	217	82	27	82	26
Dividends from equity investments without readily determinable fair values	34	133	30	30	36	37
Total	74	350	112	57	118	63

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

	Q1 '23	2022	Q4 '22	Q3 '22	Q2 '22	Q1 '22
	(In \$ millions)					
Short-term borrowings and current installments of long-term debt - third party and affiliates	1,386	1,306	1,306	977	809	860
Long-term debt, net of unamortized deferred financing costs	13,396	13,373	13,373	11,360	3,022	3,132
Total debt	14,782	14,679	14,679	12,337	3,831	3,992
Cash and cash equivalents	(1,167)	(1,508)	(1,508)	(9,671)	(783)	(605)
Net debt	13,615	13,171	13,171	2,666	3,048	3,387

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 '23	2022	Q4 '22	Q3 '22	Q2 '22	Q1 '22	Income Statement Classification
	(In \$ millions)						
Exit and shutdown costs	26	52	2	14	29	7	Cost of sales / SG&A / Other (charges) gains, net / Gain (loss) on disposition of businesses and assets, net / Non-operating pension and other postretirement employee benefit (expense) income
Asset impairments	—	13	2	12	(1)	—	Cost of sales / Other (charges) gains, net
Impact from plant incidents and natural disasters ⁽¹⁾	6	17	17	—	—	—	Cost of sales
Mergers, acquisitions and dispositions	99	267	138	44	29	56	Cost of sales / SG&A
Actuarial (gain) loss on pension and postretirement plans	—	80	80	—	—	—	Cost of sales / SG&A / Non-operating pension and other postretirement employee benefit (expense) income
Legal settlements and commercial disputes	—	3	—	1	—	2	Cost of sales / SG&A / Other (charges) gains, net
Other	—	(10)	—	—	(10)	—	Cost of sales / SG&A / Gain (loss) on disposition of businesses and assets, net
Certain Items attributable to Celanese Corporation	131	422	239	71	47	65	

⁽¹⁾ Primarily associated with Winter Storm Elliott.

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

	2022		
	(In \$ millions, except percentages)		
Net earnings (loss) attributable to Celanese Corporation	1,894		
Adjusted EBIT (Table 1)	2,171		
Adjusted effective tax rate (Table 3a)	13 %		
Adjusted EBIT tax effected	1,889		
	2022	2021	Average
	(In \$ millions, except percentages)		
Short-term borrowings and current installments of long-term debt - third parties and affiliates	1,306	791	1,049
Long-term debt, net of unamortized deferred financing costs	13,373	3,176	8,275
Celanese Corporation stockholders' equity	5,637	4,189	4,913
Invested capital	14,237		
Return on invested capital (adjusted)	13.3 %		
Net earnings (loss) attributable to Celanese Corporation as a percentage of invested capital	13.3 %		