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MANAGEMENT DISCUSSION SECTION

Laurence Alexander
Analyst, Jefferies LLC

[Abrupt Start]

...so what we're going to do is sort of something little bit different for this, just a little bit of an informal kind of Q&A chat structure. It's my pleasure to have Mark Rohr here to talk about Celanese.

QUESTION AND ANSWER SECTION

Laurence Alexander
Analyst, Jefferies LLC

Q

And I'm going to start off with one of my obsessions over the years, just as this is a way to start...

Mark C. Rohr
Chairman & Chief Executive Officer, Celanese Corp.

A

There's a long list of those, I think. Yeah.

Laurence Alexander
Analyst, Jefferies LLC

Q

No, no, just one, is we've talked over the years about business model redesign. And you've basically – when we think about the business model, when you came in compared to what you have now, you've turned it pretty much inside out, is my impression. How do you think about business model lifecycle? That is the model that you've put in place, what do you think how long it can run before it needs to be overhauled again?

Mark C. Rohr
Chairman & Chief Executive Officer, Celanese Corp.

A

[ph] That's a good (01:07) question, Laurence. Yeah. Business models are really interesting. And I'm kind of an anti-market model person. So in Celanese, we tend to look at applications, and so we're market agnostic was the first point I'll make, because we look at – it actually attributes our chemistry, brings to solving particular problems, and then go after that.

The second evolution – that was the first evolution. The second evolution was to become application agnostic, by that I mean you have many different choices for how you do the application. So, that pushed us to really broaden the chemistry in ways it had leveragability with all the chemistry that we have. The lifecycle of that process, I think it's – our business has been driven by consumer preference, and most importantly about that is a need to rapidly change consumer applications to build sales to get volume.

My basic premises of the world is at very low growth today, and so if you want growth, you've got to find some way that you're really helping your customer really quickly build growth. So I think lifecycles could be impacted by dynamic that would say that there is not a need or a desire on part of the consumers for differentiation in the marketplace that gets impacted to some degree, and maybe that does have a lifecycle to it. I don't think it's contemporarily with us, I mean, I believe it's going to be – the nature's going to be for more and more different I think, applications. To satisfy the needs of society, they will have to be developed in a very, very rapid fashion, will have to be sustainable. And I think there's just a lot of runway left in there.

Laurence Alexander
Analyst, Jefferies LLC

Q

And so, can you characterize that a little bit – and I guess, really here we're mostly talking about the AEM business, but can you characterize a little bit the difference by region between regulatory pushes and consumer preferences as a driver for your business? My impression is that Europe is much more regulatory driven, and Asia seem to have a little bit more volatile consumer preference, how are you looking at that?

Mark C. Rohr
Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. Well, [indiscernible] (03:22) Second, I can't really quantify those thoughts, Laurence, but what I'll say is that there are certainly – Europe is certainly more regulatory-driven than the rest of the world on average, which just means that you have to be a student of the regulations, which is, for any multinationals not that hard.

I think consumer preference is being driven by places like China. The emerging economies tend to have an appetite for right-here right-now change. And so I think the preference has been driven by what we're seeing coming out of these kinds of areas. The real innovation in terms of broad innovation is still in Europe, though, for a lot of consumer goods and applications. So, we tend to do our development in Europe, and we tend to get into Asia and then translate in Asia, that's what I would say.

Laurence Alexander
Analyst, Jefferies LLC

Q

Okay. So, speaking of China, can you talk a little bit about the impact on both the Acetyls Chain, and on AEM from the Chinese environmental push? Where you are seeing changes in behavior, where you're seeing changes in demand growth?

Mark C. Rohr
Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. The Chinese citizens have certainly – the citizens that live in major metropolitan areas have a strong desire to see the environment improve. And so, if you talk to politicians, the Mayor of Beijing or Shanghai for instance, both of them I've spoken to in the past, you see just a tremendous desire to change things. Almost a visceral reaction to the lack of progress that's occurring in that area. The government is putting in place very rigid regulations, and has always been the case in China, enforcement of those is what the real problem is.

So, the provinces have a lot of authority of how fast they act or how fast they don't act. And so, the authorities are very patient with that, with our process, which gets you then to state-owned enterprises, which have both a response building back to the state, and a fiduciary responsibility to the public, people they employ. That slows their rate of change. So, what I see though is that is changing, and it is continuing to change. I think we are one major SOE away from real change, if that makes sense. I think if we see a few of the state-owned enterprises, finding ways to consolidate their assets to reduce overcapacity, cut back on pollution and those sorts of things, and you'll see a change from that regard.

If you look at big trends, I mean coal gasification, which has been the story of chemistry in China, has been under pressure for a number of years and continues to be under pressure. It's very hard to do direct coal gasification anymore for anyone. So, you're seeing those kind of moves, and that pushes you towards chemistry upgrades that are kind of interesting like MTO, methanol-to-olefins, and even coal-to-olefins technology.

Those things we see as good in part, because the social responsibility aspect of them, but also it creates an inherent – if I can say this in a more sophisticated chemistry base for production of products throughout the chain, and the more sophisticated that base and the more the stronger – the harder obligation is to invest and be part of it, so you are a more responsible player and you tend to represent the industry better. So, we're seeing that lift in process.

Lastly, I'll talk about the vehicles. China has a pretty good appetite for vehicles. You're seeing very rapid evolution of vehicles there. Our business in China is growing exponentially, really because not because vehicles are growing that fast, it's actually slowed down, it's because of the shift to produce an European-like or U.S.-like vehicle. And so the vehicle quality has been upgraded quite dramatically in China, and that's also driving our business.

Laurence Alexander

Analyst, Jefferies LLC

Q

And so, on Acetyls, how much of a – how should we think about the margin structure for that industry over the next, call it, two, three years. Will you be able to just keep it stable? Or can the change in behavior in China help margins improve there?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Yes. So, you guys – I think most of you know our businesses. So, and the Acetyl business, your base chemistry really is CO and methanol. And methanol, the biggest [ph] thing in (07:46) the world for methanol is China. And what we've seen in that is we've seen as big MTO plants, methanol-to-olefin plants come on stream, we've seen huge increases in the volume of consumption of methanol. But they're also built to be turned on and off. So you see a ripple effect, that's quite profound in China today. That's actually good for us, Laurence.

I mean we prefer high prices, but absent high pricing in raw material, raw material volatility creates a dynamic that we're best suited to live in, because we can produce anywhere in the world, ship anywhere in the world easier than anyone else. So I think we'll be able to hold margins and grow margins over time in China.

Laurence Alexander

Analyst, Jefferies LLC

Q

Okay. And actually just on methanol, at one point, you were looking at a possibility doing another methanol plant at Bishop. There's been some debate about what happens to U.S. methanol prices once the U.S. becomes a net exporter, whether the U.S. ends up under water. Is that factored into not pulling the trigger on that?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. I mean, it's – you could get to a point sometime in the future, I suppose, where methanol price in the U.S. is set relative to China price. If we get too long, right now, we don't think that is in the cards, another 1.5 million ton plant could get you there. So we're not that keen on rushing out and being the first to put that in but I think the other side of that coin is that the fundamental economics of producing methanol still preferred in the U.S. over anywhere else. So a lot is just going to depend on how fast China moves away from coal gasification, which is going to happen. And as that occurs, you're going to see whether there is a predictable return on an asset like that.

Laurence Alexander

Analyst, Jefferies LLC

Q

Okay. For AEM, you've talked in the past for being sort of capacity constrained, needing more molecules or more chemistries in the pipeline, [ph] so you did the (09:43) SOFTER acquisition, for example. One of the things I guess that's surprising me is how much long-term leverage you see to those acquisitions. I mean, so can you talk a little bit about the accretion on SOFTER now? What the accretion can get to in three, four years? And how it's possible to get that to \$0.20, \$0.30 extra uplift?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. Well, some maturing on our part, when we look at acquisitions, bolt-on acquisitions, I think what's important for you guys to understand is that the day we do the deal is, we quit thinking about them as a standalone entity. I mean, they are fully – and is not instantaneous, but they're fully absorbed in the enterprise, so we look at it as if it's part of the company. So, we look at the – everything from the assets, quality of the assets, the markets they serve, and how we can use those not only to lever those products into market, but to benefit our corporation elsewhere.

So, in the case of SOFTER, which is an Italian-based family-owned compounding operation, one of the largest in Europe, the criteria there to acquire was, as I mentioned, the elements of that was, can I make it accretive initially, and can I get the margin up to our base level margin, where it is today. So, that's at least a 2 times, if not 3 times, and then on the product improvement. So, we set out a plan to do that. It is accretive today, and we'll probably make about \$0.10 this year or so from that asset.

But even at that level, it was at least half the kind of return that we need. So, we need \$0.20 to \$0.30 out of it, but it's also a unit that was running five days a week, it was processing a bunch of products in there that were important to fill the asset [ph] that makes (11:28) good returns. So, we have a lot of room to fill the asset with really good products. Many of the customers that are out there have appetites for products like ours, but they weren't satisfying them from us. So, it's given us a chance to cross-sell quite dramatically in that. So, all those factors will go into pushing it up.

Laurence Alexander

Analyst, Jefferies LLC

Q

Okay. When you look at the AEM, the new products in the portfolio versus the legacy products and so some kind of like five-year vitality index, how much margin uplift do you get on the new products? Is it 300 basis points, 500 basis points or is it more than that?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Well, in the materials world, [ph] guys (12:10), you have -- [ph] let me answer and I'll be (12:13) back into that if I can. You have me-too products and you have engineered products. And so, [indiscernible] (12:20) the same exact chemistry. So, example I love to use is for the guys in the room, the plastic zipper you have is probably made out of POM, polyacetal. And people that make those plastic zippers will use anything to make that zipper.

So, that's a very low-margin product if you were in the zipper business. The flip side, that same product can go in a highly engineered component going into a vehicle or going into even airplane manufacturing in aerospace. In that case, we're making 5 times to 10 times as much return on that.

So, it's not just chemistry and it's not just the cycle, it's the technology involved in the application, which is really driving it. The industry on average, the numbers that we put out there, is that it's half commodity, half zippers kind of stuff and the other half are kind of components I've talked about. We're probably 60/40, Laurence. So, what we do is we have a machine that lets us stay weighted more heavily in the applications arena, which gives us higher margins.

So, the new stuff we do comes in at that level. So, I don't quite know how to answer your question [indiscernible] (13:27). On average, we're getting much more than 300 basis points and in the past, you've mentioned another number of 1,000 basis points, I'd say that's probably even [ph] light from the average below it (13:38). I mean there's just a big [ph] differentiation (13:43) something special and something that's not.

Laurence Alexander

Analyst, Jefferies LLC

Q

Right. Okay. I think in the past, you've spoke sometimes about the AEM competitive advantage as being a function of big players don't care about small things and so you can focus more on bringing out the value in niches – in niche applications. How does that change as people become either more sophisticated, they have better analytics, the labor and the hassle of following smaller markets becomes more manageable? I mean is there a way...

[indiscernible] (14:19)

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

So, the difference between ourselves and BASF when I look at that or Andrew's business at Dow, what you have is you have big volumes of single chemistry. And so – and that's how you organize your structure, your business model.

So, the men and women go sell those products [ph] who push in (14:42) the marketplace are very confident and very good and they certainly understand technology. But they are limited very quite dramatically to their portfolio and they are limited – they're driven by their need to move the needle.

So, we find ourselves usually competing against somebody who has got one product or one solution, we're offering three, four or five solutions. And we find ourself quite often working with someone who needs to move [ph] \$2 million to \$5 million (15:10) – \$10 million worth of product and we're happy to do [ph] \$200,000 (15:14).

So, will that dynamic change? Yeah maybe, but I think – I kind of think not. I think there'll be maybe some other people on smaller players will look to do what we do, but it's hard. You have to have a portfolio of products that we managed over many years to acquire that is very, very broad, and you got to be willing to tackle these things – small things.

Laurence Alexander

Analyst, Jefferies LLC

Q

Okay.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

The example I use is your compact camera module on your cell phone, that little plastic device, that seems to hold your lense. There's about two pellets of resin in there, but there's lot of chemistry that goes into that and engineering that goes into that. The clarity of the photo you take on your iPhone or your Android is very much a function of the quality of that housing.

Is it rigid, so it never changes, it never distorts no matter what the temperature or the humidity, [ph] does it have any aesthetic (16:06) properties, so it keeps dust from getting on your lens and those kind of things? We care about those two pellets, not because there's two pellets, but because there're 20 people in the world that make those things and we know everyone of them. So, it's a different approach to how you drive business value around applications that suits us and it doesn't suit many people.

Laurence Alexander

Analyst, Jefferies LLC

Q

Okay. So, switching over to our favorite bugbear tow, can you talk a little bit about sort of the – to the extent that the U.S. becomes more aggressive at trying to reduce nicotine exposure, how does that – what's the implication for tow demand? And I think you've been talking in the past about a 1% or so industry decline rate, has that changed?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Well, who knows? Cigarettes are not growing – under any circumstance, they are not growing. And governments around the world continue to take initiatives to try to moderate or throttle that growth or in the case of the recent suggestion by the U.S. government, takes steps to actually reduce the nicotine levels in tobacco to reduce the addictive nature of it – of that product. Those things are going to happen, but I'd also say, Laurence, they have been happening. They have been happening for decades now. There's still order of magnitude of 6 trillion cigarettes consumed in the world. That's trillion, so 1,000 per man, woman and child or 800 whatever the right math is.

It's hard for me to see that in a reasonable timeframe that dynamic has any real implication versus the industry that's still running with a lot of spare capacity and there's steps that will be taken over a long period of time to

address the decline rate, whether it's 1% or 2% or even 3%. So, I kind of don't think that's – I have a hard time worrying about that, the implications of them.

Laurence Alexander
Analyst, Jefferies LLC

Q

And then, how do you see, if China keeps going out domestically and basically closes out the imports?

Mark C. Rohr
Chairman & Chief Executive Officer, Celanese Corp.

A

And they're real close to doing that.

Laurence Alexander
Analyst, Jefferies LLC

Q

Can you give your perspective on how the industry balances?

Mark C. Rohr
Chairman & Chief Executive Officer, Celanese Corp.

A

Well, I think it's – again, if you guys done all these numbers, a few years ago, China was importing about 120,000 or 125,000 tonnes of material to make filters. And that was out of a production base of 500,000 tonnes to 550,000 tonnes outside of China. So, they have been very active, as Laurence pointed out, in investing money to reduce the quantity of that they've done. So, it has pushed the outside-of-China capacity from 100% to 80%. Did that make sense to you guys?

They're pretty close to be in there, Laurence. So, I don't think there's another big step change associated with those next steps. And we're reasonably confident that they're going to continue to buy for quite a few more years just because they want to stay connected to these international markets.

Laurence Alexander
Analyst, Jefferies LLC

Q

Okay. As we have the connection to the international markets through China National, do they have ambitions outside China?

Mark C. Rohr
Chairman & Chief Executive Officer, Celanese Corp.

A

Well, they don't really. We're partners with these guys and some of the plants that are being built, we participated in. So, we're certainly supporting what these guys are doing. They've been very supportive to us. We do a lot of co-development work around manufacturing and technology.

Their interest has been solely China with exception that they do export small quantities of cigarettes into areas where there is a very large China expat community and typically that's occurring in India and Africa and places like that in the Middle East around the construction sites and stuff like that. If you ask my opinion, my gut is, they don't want to do that, but time will tell.

Laurence Alexander
Analyst, Jefferies LLC

Q

Okay. And then, with the Blackstone joint venture, can you talk a little bit about timelines for how you think about improving the margins and then at what point you may need to rethink how that fits in the portfolio?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah, so, in concept, we're working the approval process. That's going as planned so far and it will take some period of time to get us through that. So, let's just say that's next year. We have two or three years to fully get the synergies we've advertised.

Laurence Alexander

Analyst, Jefferies LLC

Q

Okay.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

I think we also have two to three years, Laurence, to demonstrate that these ongoing nagging concerns about the industry are really not well substantiated. To be honest, I think if China had not been so aggressive in cutting back on imports, we'd already be there that way today. So, you need to think out two to three years to really cast the future state for that joint venture.

My kind of view is that at some point that joint venture is standing on its own, because there is other places that money can be invested probably to drive even higher shareholder value. So, we look at this as a way of taking an asset that was perceived by investors as being a negative contributor to the portfolio and make it a very profitable and very valuable contributor. So, our shareholders get the benefit of that. So, there's no plan on this, but my view is at some point after three or four years, that asset is probably not part of Celanese, probably standalone.

Laurence Alexander

Analyst, Jefferies LLC

Q

I think, I have a couple – and actually – well, first of all on your earnings call, you had made a comment about 2018 being flat or slightly up from 2017 in the tow business.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

We've been saying that for a longtime.

Laurence Alexander

Analyst, Jefferies LLC

Q

And what's your confidence interval on that?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Well, I think to do that, we need to be able to creep up a bit from where our base is today. So basically, the step change we've seen that we advertised well over a year ago in tow occurred really first quarter to second quarter. So first quarter was higher by [ph] \$20-some-million (22:26) from the second quarter. So we'll need to improve the run rate that we have today, which will carry us to this year by \$20 million over next year. And we have plans in place to do that.

Laurence Alexander

Analyst, Jefferies LLC

Q

Okay.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

So I think within spinning distance, it's flat...

Laurence Alexander

Analyst, Jefferies LLC

Q

Okay.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

...so maybe that's \$10 million or something. I don't know. But I'm confident that in some place and area you're flat.

Laurence Alexander

Analyst, Jefferies LLC

Q

Right. You'd talked to – I think it was at the Celanese Technology Day, there was that tree of life about all the new applications...

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

[indiscernible] (22:57)

Laurence Alexander

Analyst, Jefferies LLC

Q

...for – or the – all the possible applications for cellulose-like materials as a way to repurpose assets away from the tow. Do you see that as something that is still on the cards for the JV to explore [indiscernible] (23:14)?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Well, I think the JV will do what we and the players in this industry have largely not done, which is be in a position actually to explore it. It's hard to get excited about investing money to find alternative uses for cellulose acetate when you're part of a business model that gives you the kind of returns you get [on] just selling to (23:35) the tow space.

So there's not been the real passion to push that, I think, Laurence, that you would like to see the people have pushed at their hardest. In my opinion, where Celanese and Rhodia, which is now the Blackstone assets, which will be part of the joint venture, they have some very good technology. It actually – this is public information. It actually compares relative to some of the technology we have. So we think the combination of those two things gives us a technology edge to do something different. And we think the team would be more motivated as a standalone venture to do that, but then it would be part of Celanese or Blackstone.

The kind of things that goes into these frames, or cellulose acetate frames, a lot of your glass frames are made from cellulose acetate. A lot of film applications, it's a very clear, transparent film. There is some stuff going in glasses, because it can compete with polycarbonate in some areas in that regard. So there is a lot of thermoplastic kind of applications. And you've seen some of the other folks across this mission, some of those.

So there's lot of applications in that regard that are quite interesting. We think there's more to do in fibers. And we think it's going to be around thermoplastics and fibers, which is always interesting technology. So we have a view – just independent view because [ph] we're not sitting down (24:53) to actually – we can't get the organizations together. Independent view, though, that there is a lot could be done from a technology point of view combining the asset bases.

Laurence Alexander

Analyst, Jefferies LLC

Q

It seems a few years ago when you were talking about the sort of more a commodity baseload, large-scale run assets, properly side of your business and the consumer-facing business, you characterized potential separation costs at – I think it was somewhere on the order of \$125 million. But you also mentioned that you're making some efforts to try and reduce that cost and simplify the portfolio. Where are you at on that process?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Well, it's kind of fussy math, but the number – you're talking about specifically the chain business, the – yeah, the acetyl chain. We've looked before at what it would take to separate that business. And sort of the premise that you guys should have about Celanese is that we – I know this is crazy, but we really care about shareholder value. And so we don't keep things just for the sake of keeping them. They really got to drive strong shareholder value. The challenge with that asset in just simply spinning it is the connectivity within a corporation is quite complex.

The corporation is itself very efficient from a SG&A point of view. And that business is unbelievably efficient. So there's quite a bit of costs that go back in a standalone enterprise. And the legal structure is quite complex.

So the work we've been doing is primarily in a legal structure and the IT structure separated. We have continued to make improvements there, but it's not moved the needle that materially because you need to multiply that dyssynergy by some value. So you're north of \$1 billion and negative present value from a shareholder point of view, if you spin it. That was the same story though guys with tow. If we would have spun tow or if we would have sold tow, the amount of money our shareholders receive would be a negative present value. So we've created a structure on tow to manage that in a way that is not negative. It's going to be quite positive for shareholders as it goes out.

Laurence Alexander

Analyst, Jefferies LLC

Q

Okay.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

And I think personally only about a third of that's been realized myself when I do the math. So would it be possible for us to do that launch going forward with the chain business? Absolutely. But it will not occur it would be galactically stupid for that to occur if it didn't add value to shareholders.

Laurence Alexander

Analyst, Jefferies LLC

Q

Okay. One question that keeps coming up is the role of your JVs in the free cash flow generation for the business. How do you look at sources of cash within the portfolio geographically and also degree of control?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Well, I think as a relation to JVs, these are legacy JVs. So their legacy relationships that are really not breakable, not without a huge penalty for either party. So we're kind of married for good, that is how I would look at that. Many of these JVs we manage; some we do not. So we're committed to the joint ventures; committed to the success of those joint ventures. We don't see a conflict in that. And at least today, there's not been any opportunity to do anything different with that.

Laurence Alexander

Analyst, Jefferies LLC

Q

Okay. And you had some turnarounds in acetyls. What's the turnaround schedule in 2018/2019? Anything material that we should have on the radar?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Well, not to the extent – the \$30 million is kind of all-in impact of the 50-year outage is pretty much anomaly. A typical outage for us will be 5 to 10. And so I'm sure there's some 5 to 10s built in the schedule, but I'm not aware of. But we don't tend to single those out. And we don't talk as much about quarter-to-quarter. You'll see that anomaly like that in a quarter-to-quarter, but it doesn't carry. So I'm not aware of anything this big next year that would push us around too much.

Laurence Alexander

Analyst, Jefferies LLC

Q

Okay. Your perspective on the automotive trends, any risk of destocking back half of the year?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

I think it depends on where you are. If you look at the forward predictions, most folks expect the third quarter to be down pretty materially. And they'll see some uptick in the fourth and the first. Yeah. Who knows if that's going to happen. We're pretty agnostic to it, is what I would say. I think it was a long term trend maybe it creates a little bit of a headwind. But we've seen dramatic drop-offs. If you look at Germany this last quarter, it was down very dramatically in builds and yet our volume in Germany was up.

Laurence Alexander

Analyst, Jefferies LLC

Q

Okay.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

So I think we're not so tied to an absolute vehicle; we're tied to a penetration or applications level per vehicle. And we're tied to our ability to bring on new vehicles in there. [ph] It's always (29:56) drop-off. So, so far the slowdown in global auto has been – has had no impact on us. And to the extent it has an impact, it's been more than offset by new opportunities for us [indiscernible] (30:10).

Laurence Alexander

Analyst, Jefferies LLC

Q

Where do you think plastic penetration on vehicles can get to as a percentage of mass?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Well, Engineered Materials, if you look at high-end materials, we're let me see if I can put a number out there that's generically right, two kilograms per vehicle on average of all the vehicles produced in the world. If you look at a more average vehicle for us on the high-end level, it's four maybe. If you look at the highest level we have is probably 10 kilograms per vehicle. But we're averaging two.

So there's a lot that have zero or effectively zero. So I don't know how to answer your question. If we can get all the zeros to two, that's pretty good. That will double our capacity. If I can shift up from two to three or four, I'll double it. So I think the number is 10 or 12, 13 or 14, something like that for Engineered Materials. Total plastics is a huge number, but there's a lot of low-end materials [ph] in that (31:11). Nylon alone is, I think, 18 kilograms per vehicle on average, something like that, [ph] it's not right. (31:16)

Laurence Alexander

Analyst, Jefferies LLC

Q

Yeah.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. So a part of what you see is doing is building up our portfolio, so we can play in more in that. What I really care about is just shifting that global average up a little bit. And to do that, we have to be able to solve problems with the customers faster than anybody else to get that order.

Laurence Alexander

Analyst, Jefferies LLC

Q

Okay. Any questions? Okay. Good. Thank you.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

Well, thanks, guys. Thanks so much.

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