

26-Jan-2018

# Celanese Corp. (CE)

Q4 2017 Earnings Call

## CORPORATE PARTICIPANTS

**Surabhi Varshney**

*Vice President-Investor Relations, Celanese Corp.*

**Mark C. Rohr**

*Chairman & Chief Executive Officer, Celanese Corp.*

**Scott McDougald Sutton**

*Chief Operating Officer, Celanese Corp.*

**Kevin S. Oliver**

*Chief Financial & Accounting Officer, Celanese Corp.*

---

## OTHER PARTICIPANTS

**Michael J. Sison**

*Analyst, KeyBanc Capital Markets, Inc.*

**David I. Begleiter**

*Analyst, Deutsche Bank Securities, Inc.*

**Robert Koort**

*Analyst, Goldman Sachs & Co. LLC*

**Ghansham Panjabi**

*Analyst, Robert W. Baird & Co., Inc.*

**Daniel Rizzo**

*Analyst, Jefferies LLC*

**Frank J. Mitsch**

*Analyst, Wells Fargo Securities LLC*

**P.J. Juvekar**

*Analyst, Citigroup Global Markets, Inc.*

**John Roberts**

*Analyst, UBS Securities LLC*

**Duffy Fischer**

*Analyst, Barclays Capital, Inc.*

**Jeffrey J. Zekauskas**

*Analyst, JPMorgan Securities LLC*

**Vincent Stephen Andrews**

*Analyst, Morgan Stanley & Co. LLC*

**Daniel DiCicco**

*Analyst, RBC Capital Markets LLC*

**Kevin W. McCarthy**

*Analyst, Vertical Research Partners LLC*

**Hassan I. Ahmed**

*Analyst, Alembic Global Advisors LLC*

**Aleksey Yefremov**

*Analyst, Bank of America Merrill Lynch*

**Matthew Blair**

*Analyst, Tudor, Pickering, Holt & Co. Securities, Inc.*

## MANAGEMENT DISCUSSION SECTION

**Operator:** Good morning, and welcome to the Celanese Fourth Quarter 2017 Earnings Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Surabhi Varshney, Vice President, Investor Relations. Please go ahead.

---

### Surabhi Varshney

*Vice President-Investor Relations, Celanese Corp.*

Thank you, Austin. Welcome to the Celanese Corporation's fourth quarter 2017 earnings conference call. My name is Surabhi Varshney, Vice President, Investor Relations. With me today are Mark Rohr, Chairman and Chief Executive Officer; Scott Sutton, Chief Operating Officer; and Kevin Oliver, Chief Accounting Officer and Interim Chief Financial Officer.

Celanese Corporation's fourth quarter 2017 earnings release was distributed via Businesswire yesterday after market close. Slides and prepared remarks for the quarter were also posted on our website, [www.celanese.com](http://www.celanese.com), in the Investor Relations section.

As a reminder, some of the matters discussed today and included in our presentation may include forward-looking statements concerning, for example, our future objectives and plans. Please note the cautionary language contained in the posted slides. Also, some of the matters discussed and presented include references to non-GAAP financial measures. Explanations of these measures and the reconciliations to the comparable GAAP measures are included with press release and on our website in the Investor Relations section under Financial Information. The earnings release and non-GAAP reconciliations have been submitted to the SEC on a Form 8-K. The slides and prepared comments have also been submitted to the SEC on a separate Form 8-K.

This morning, we'll begin with introductory comments from Mark Rohr and then open up for your questions.

I'd like to turn the call over to Mark now.

---

### Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

Right. Thanks, Surabhi. And welcome, everyone, listening in today. Our prepared comments were shared with earnings yesterday, so we'll kick off with a few comments and then take your questions.

Let me first highlight our recent agreement to acquire Omni Plastics. Omni specializes in custom compounding of nylon, and combining Omni with our Nilit and SO.F.TER acquisitions creates a global nylon franchise, and increases nylon to 15% of AEM's net sales. We expect the acquisition to be EPS neutral for 2018, and contribute about \$0.10 once synergies are achieved. And we're looking forward to working alongside our very capable colleagues at Omni.

Now, the tow JV, we have received regulatory approval in four of the six jurisdictions. In Europe, as part of the Commission's Phase II review process, we received a statement of objections, which we look forward to

addressing in the next few weeks. We strongly believe in the value created by the JV and in preparation have completed the creation of a new legal entity and operating structure for the cellulose derivatives business.

Turning to 2017 fully consolidated results, I'm pleased to report GAAP earnings of \$6.19 per share and record adjusted earnings of \$7.51 per share. The Acetyl Chain core income was \$575 million, a 27% improvement over 2016. Core income margin of 17.1% exceeded previous high in 2016 about 260 basis points. Our asset base that spans the globe, combined with unique commercial flexibility, enabled us to respond swiftly to industry and market dynamics throughout the year.

Materials Solutions generated core income of \$900 million in 2017 and net sales of \$2.9 billion, both records. Advanced Engineered Materials set new highs with segment income of \$567 million, an expansion of \$88 million over 2016 from growth in base business, new acquisitions, and higher affiliate earnings. AEM's segment income margin for 2017 was 27.1%, 610 basis points lower than prior year mainly from margin-dilutive acquisitions. Volume increased 46% in 2017 year-over-year from growth in organic polymers and acquisitions.

Consumer Specialties' segment income was \$333 million, and declined year-over-year due to lower tow price and volume in 2017, which reflected lower demand and depressed utilization rights across the tow industry.

Shifting to 2018, we are starting with strong momentum in the Acetyl Chain, and expect the combination of our strategic and global footprint and a flexible supply chain to drive \$0.35 to \$0.45 of growth in adjusted earnings per share. In AEM, growth in both new and legacy polymers, along with increasing success in China, partially offset by plant turnarounds, puts adjusted earnings per share growth for AEM at about \$0.50 to \$0.60 per share.

Consumer Specialties should be relatively flat versus 2017, and the tow JV should be neutral to earnings upon close. The recent Tax Cuts and Jobs Act will have a positive impact on our adjusted tax rate in 2018, lowering it by approximately 2% to 14%. The tax benefit should offset investments and resources required to support our accelerated growth, which we estimate at roughly \$0.15 of earnings.

All in, we're increasing earnings guidance per share in 2018 to 10% to 14%, with the first half roughly \$0.25 to \$0.35 higher than the second, and most of that difference occurring in the first quarter.

Let me close by reminding you that our Investor Day is scheduled for May 1 of this year at New York, where we'll outline our Strategy 3.0, and highlight growth plans and structural opportunities before us through 2020. Hope you can join us.

And with that, I will turn it over to Surabhi for your questions.

---

## Surabhi Varshney

*Vice President-Investor Relations, Celanese Corp.*

Thank you, Mark. I would like to request all callers to please limit to one question and a follow-up. Austin, please open the line for Q&A now.

## QUESTION AND ANSWER SECTION

**Operator:** We will now begin the question-and-answer session. [Operator Instructions] Our first question comes from Mike Sison with KeyBanc Capital Markets. Please go ahead.

Michael J. Sison

*Analyst, KeyBanc Capital Markets, Inc.*

Q

Hey. Good morning.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Good morning, Mike.

Michael J. Sison

*Analyst, KeyBanc Capital Markets, Inc.*

Q

Nice end of the year there.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Thank you.

Michael J. Sison

*Analyst, KeyBanc Capital Markets, Inc.*

Q

Mark, in terms of AEM margins were squeezed a little bit, how do you think pricing is coming along to recoup some of that as you head into 2018?

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Yeah. There has been a margin squeeze. As we talked about, every business that we're buying is materially lower margin, and we've been pretty clear about the need to increase that. Specifically in the fourth quarter, Mike, in addition to that squeeze from the dilutive aspects, we also got a little pinched on raws, and we were pinched a bit on unit operations. We had a number of unit operation issues throughout the quarter. So we expect to start recovering that as we head into first quarter and from there. Scott, you want to...

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

A

Yeah. And thanks, Mark. Yeah, I mean, I would just add that, Mike, even in the fourth quarter as well, we've done a lot of work in this business to dampen seasonality as well. Part of that dampening comes through selling more in Asia, so you see that impact also. The other thing, you might even see some of the press releases we've come out with pricing as well as we work to recover that moving into the first quarter because conditions are right to be able to do that.

Michael J. Sison

*Analyst, KeyBanc Capital Markets, Inc.*

Q

Great. And then, as a follow-up for AEM, I mean, volume growth has been really on a roll. Your new product generation programs have been great. What do you see is the opportunities for growth in 2018 for AEM? And maybe – I know nylon sounds exciting, but are there any other areas or markets that you see opportunities for growth?

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

A

Yeah. Well, this is Scott again. I mean, look, I would say every market that we operate in, in AEM, we're able to grow volume. I mean, we even grew volume in auto very nicely in the fourth quarter of 2017 because it is all about that model. We're a bit market-agnostic. So, I mean, we're predicting that we'll be able to close 3,000 projects when you think about project by project growth. We also still have a nice M&A pipeline that's at work for bolt-ons.

Michael J. Sison

*Analyst, KeyBanc Capital Markets, Inc.*

Q

Great. Thank you.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Thanks, Mike.

**Operator:** Our next question is from David Begleiter with Deutsche Bank. Please go ahead.

David I. Begleiter

*Analyst, Deutsche Bank Securities, Inc.*

Q

Thank you. Good morning.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Good morning, David.

David I. Begleiter

*Analyst, Deutsche Bank Securities, Inc.*

Q

Mark, in AI in the quarter, very strong results. How much you think was influenced by the Eastman outage?

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Well, we don't have a real number on that. I mean, I think Eastman contributed a little bit to the momentum. But clearly, this – if you go back a bit, David, we actually – at the first year, we expected the market to tighten especially in Asia, and we expected that shift to occur in methanol, and that actually started before any of these outages you've talked about. Actually, it started at the end of the third quarter there. So, it was part of it, but not a huge part.

David I. Begleiter

*Analyst, Deutsche Bank Securities, Inc.*

Q

Got it. And long term, you discussed maybe doing a JV with this business or, I guess, a tow-like transaction to take up some capital. Is that still an option or possibility in the near to medium term?

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Yeah, absolutely. I think what we're really saying is that our expectation that the value equation received by our shareholders continues to go up. We think our company is woefully undervalued, and we have every intention of pushing it in a reasonable period of time to a \$20 billion company. And so we are entertaining all options relative to doing that. So our belief system though is that the way to do that is to create strong and stronger value equations, and if you've done that, then I think you can maybe do something separately with the business. So, first, I would like to build it a bit more, to be honest, and have it be recognized with the real value it's contributing. And then, you take another step and do something with it like the tow JV.

David I. Begleiter

*Analyst, Deutsche Bank Securities, Inc.*

Q

Thank you very much.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Thank you.

**Operator:** Our next question is from Bob Koort with Goldman Sachs. Please go ahead.

Robert Koort

*Analyst, Goldman Sachs & Co. LLC*

Q

Thanks. Mark, I think you guys have some pretty interesting windows and know what's going on in China given your presence there. I know in your prepared remarks, you've talked about the likely sustainability of some of these environmental efforts. I guess I'm curious on a couple of points there. One, have you suffered at all from any of your downstream customers that have maybe been subject to some of these curtailments? And then secondly, can you give us any window on the volatility you might expect going forward from the MTO market and what influence that would have on your operations or profitability?

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Yeah. So what's interesting in China today, Bob, is none of these policies or practices are new. The government has been promoting for a period of time, but there is now a connectivity between the municipalities and provinces to really make these things happen. So it's reached a level of maturity, in principle, to drive real change. So that's the sort of the fundamental shift that we're now seeing in the region.

So assets are being shut down and are – if they are continuing to operate or reinvestments, they have to then justify a stronger economic – a strong economic case for that, and they're struggling to do that. Unless they want to have scope or two, they really have the ability to move their business to a higher place. So, all those things are structurally and fundamentally good.

We have not directly suffered. We did have – one company I'm thinking about in particular that did some work for us in the polymer business was under shutdown orders, and we managed to work with them a bit and keep it operational until we could get our technology in place and our capability in place to replicate what they were doing, and now they're down, I believe. So I think there is some element of working with as effectively as [ph] occurring 00:12:52, at least in our case, it was.

Yeah, you're right on the MTO. One of the things we've seen, of course, the big MTO units are now up and running, and we're definitely – not sure what today's price is, the \$1,400 a ton, there is margin even at \$400 a ton methanol for these guys to do well. I do believe, though, this industry is one of – it's built in a way that can be turned on or off to match the – to deal with that arbitrage that exists between C1 and C2 chemistry.

So we expect some volatility in the second half of this year not – won't be sustained. So we do expect that, that's one of the reasons we've been a little bit cautious about forecasting continued driving growth fully completely through the year on that chain. We'll know more as we get up and as we end the first quarter and get to the second, but I do expect volatility. But I think fundamentally, it has changed, Bob, so it's not going to go back like it did.

Robert Koort

*Analyst, Goldman Sachs & Co. LLC*

Q

And just a quick follow-up, any inspiration to build that second methanol plant given where margins are?

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

We are very inspired.

Robert Koort

*Analyst, Goldman Sachs & Co. LLC*

Q

Okay. Thank you.

**Operator:** Our next question comes from Ghansham Panjabi with Robert W. Baird. Please go ahead.

Ghansham Panjabi

*Analyst, Robert W. Baird & Co., Inc.*

Q

Hey, guys. Good morning. You mentioned in your prepared remarks that post Omni, nylon is roughly 15% of the AEM segment. Of the incremental project growth that you're seeing in AEM, can you just give us a sense as to how fast nylon is growing versus your other molecular platforms?

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

A

Yeah, and thanks. I mean, this is Scott. I mean, it's not growing any faster. The whole product solution platform is growing fast across all of AEM, right. It's not disproportionate across the different polymers. Of course, our nylon business is growing just because of the acquisitions we've done marrying up to some of the organic business that we had. But in general, the whole platform is growing quickly. Nothing is outpacing something else.

Ghansham Panjabi

*Analyst, Robert W. Baird & Co., Inc.*

Q



Okay, thanks. And just my second question's on the tax rate and the 14% for 2018. Is that the right steady state tax rate to think about for the company post the tax reform or is there anything discrete to the year that may not repeat going forward? Thanks so much.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Yeah. You're welcome. It's – and, Kevin. I want to give more color on this, but as you look at the tax laws that are – the clarifications being wrote up, we expect this to be a little bit lumpy in – over the next several years as we settle in exactly what those rates are. We think 14% is sustainable, but it could be plus or minus a percent or so as we go through the next several years.

Kevin S. Oliver

*Chief Financial & Accounting Officer, Celanese Corp.*

A

Yeah, this is Kevin...

Ghansham Panjabi

*Analyst, Robert W. Baird & Co., Inc.*

Q

Thanks a lot.

Kevin S. Oliver

*Chief Financial & Accounting Officer, Celanese Corp.*

A

I think that's a good response, Mark. We do think that rate is sustainable, but at the same time, this is a significant change in tax law. You're going to continue to see IRS make some announcements and notifications, which they've done even just last week. So there could be some minor changes here or there, but we're not expecting a material impact.

Ghansham Panjabi

*Analyst, Robert W. Baird & Co., Inc.*

Q

Okay. Thanks.

**Operator:** Our next question comes from Laurence Alexander with Jefferies. Please go ahead.

Daniel Rizzo

*Analyst, Jefferies LLC*

Q

Hi, guys. This is Dan Rizzo on for Laurence. How are you?

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Great, Dan.

Daniel Rizzo

*Analyst, Jefferies LLC*

Q

So if we look at the new project growth rate of the last few years, it's been pretty high. I was just wondering if we're getting to a point now where it has to naturally just kind of cool off a bit as we head into 2018, 2019.

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

A

Yeah, yeah. So, this is a Scott. I mean, no. I mean, the answer is no to that. I think we're going to project 3,000 closes here in 2018, and we'll lift that number again in 2019. I mean, we continue to refine the model to be able to handle more and more projects, but also have a higher batting average at the same time. So I expect that number to keep climbing.

Daniel Rizzo

*Analyst, Jefferies LLC*

Q

Okay. And then with your M&A, obviously, the focus is on AEM. Well, I was wondering if there are opportunities in other segments at all for potential bolt-ons or larger acquisitions.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Yeah. No, we think in the Chain business, there are some great opportunities to bring additional molecules into that portfolio. And we've been very active in that regard. We just haven't been able to quite pull one off yet. But you shouldn't be surprised to see investments in both [ph] cores 00:17:19 as we take and try to extend these business models further.

Daniel Rizzo

*Analyst, Jefferies LLC*

Q

Are expectations unrealistic in that area?

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Say that again, Dan. I'm sorry.

Daniel Rizzo

*Analyst, Jefferies LLC*

Q

In the Acetyl Chain, are expectations in M&A too high or too – I mean, are people expecting too much in terms of price?

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

No. I don't think – I think it's – no. The way we do deals is we go out and knock on doors, and so you just get rejected a lot in that process. So, we're not looking for properties that are auctioned. We're trying to create the opportunity. So, no, it's not really been a question of price, it's more been a question of fit and willingness on the part of the person that you're asking to sell the property.

Daniel Rizzo

*Analyst, Jefferies LLC*

Q

Right. Thank you very much.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Yes, sir.

**Operator:** Our next question is from Frank Mitsch with Wells Fargo Securities. Please go ahead.

Frank J. Mitsch  
*Analyst, Wells Fargo Securities LLC*

Q

Good morning, folks, and nice end to the year.

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

A

Well, thanks, Frank.

Frank J. Mitsch  
*Analyst, Wells Fargo Securities LLC*

Q

Just a clarification on the total approvals from China, Russia, Turkey, Mexico. Just to be clear, there's no remedies or continued [indiscernible] 00:18:32 that are part of those approvals, are there?

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

A

No. No, they're approved. So, we're awaiting Korea and the European Commission. And really, the focus is with European Commission and going through that process. So, yeah.

Frank J. Mitsch  
*Analyst, Wells Fargo Securities LLC*

Q

Yeah. You outlined nicely, Phase II there, and we'll see what happens there. But – all right, terrific. The guidance, obviously, roughly \$0.40 improvement in 2018 versus 2017 on Acetyls. You got about \$0.20 upside relative to the Street in just Q4 alone. Could that be the area where – I don't want to turn sandbagging or something like that – that you might feel a little bit better about being able to outperform in 2018, given where trends are and...

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

A

Yeah. Yeah. I think so. I think so. If you put a straight edge on a trend line, you're going to put a higher number. And our saying though is that there's been such a monumental change in China and you've got a lot of good things going your way. There's a lot of methanol out of the market, about 6 million annual tons out in the last quarter. That comes back on as we get into the end of the first quarter, start of the second. There's new plant starting up here in the U.S., 1.8 million-ton plant.

And we're not sure exactly what the ethanol play is going to be in China now it's going to be put back in MTO and methanol. I've used methanol as well as indicator, and it's not so much our indicator, but it does move that market up and down a bit. So I think it's – it would be wrong to just continue that flow. But equally, I'm looking at Scott here, I think our feeling is that there's opportunity there, and we'll be able to communicate more about that after we get through the first quarter.

Scott McDougald Sutton  
*Chief Operating Officer, Celanese Corp.*

A

Yeah. I mean, Mark, I mean I would just add that we continue to enhance our model, and you're seeing the benefits of that as we drive this outcome. But also, that model has the opportunity to flex up and down a little bit quarter-to-quarter depending on what kind of dynamics are out there. And there can be some cracks in those dynamics later in the year. As a result, you get some of that quarter-to-quarter fluctuation, but every single year, that business will be growing profitably.

Frank J. Mitsch

*Analyst, Wells Fargo Securities LLC*

Terrific. Thank you.

Q

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

Thank you.

A

**Operator:** Our next question is from P.J. Juvekar with Citi. Please go ahead.

P.J. Juvekar

*Analyst, Citigroup Global Markets, Inc.*

Yeah. Hi.

Q

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

Hey, P.J.

A

P.J. Juvekar

*Analyst, Citigroup Global Markets, Inc.*

On acetyls, you've done a great job of balancing the system to your advantage. Now, what is the risk here? If China were to add more capacity in acetyls, would the landscape get disturbed? What risk are we talking about here with the system?

Q

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

Well, I mean, there's always theoretical risk, P.J. Really, practically speaking, China is not very desirous of overinvesting in big chemistry these days. So you're not seeing a lot of that. I mean, you're seeing some technical investments, which what I'll call MTO, to bring on the olefins capacity, blended olefins capacity.

A

But to build more of these plants means you build more coal gasification, it means you're adding cost in the system that, to be honest, is not [indiscernible] 00:21:54 cost. So they can't really export with the kind of [indiscernible] 00:21:58 that you like. So it's pretty hard for me to imagine that any bank is going to fund the kind of money it would take to really go and build a competitive business here. I don't see that at all.

So I think the days of that – for everybody, it's not just a Celanese issue – will kind of go on, and you're going to see what – investments you see will be very responsible and very needed to fit local demand and/or unique chemistry, and maybe it can be exported. But I wouldn't think so, not in our Chain business. Scott, you...

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

A

Yeah, yeah. I know, I agree. Look, I mean fundamental dynamics, fundamental conditions in China are much better. I mean, think about it. Markets have continued to grow. There hasn't been a lot of acetyl capacity addition on top of that, the competitors that are there having to run in more of a structured format in terms of environmental and economics as well. All those things come together, and all that old discussion around nameplate capacity and utilization doesn't apply anymore. I mean, this industry has operated at a much better utilization rate now. And that's likely to be the case for a number of years going forward.

P.J. Juvekar

*Analyst, Citigroup Global Markets, Inc.*

Q

Okay. So net-net, you don't expect a whole lot of new acetyls capacity, is that fair?

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

A

Yeah. I think that's fair. There'll be some selective ones, right? But there's growth in that marketplace.

P.J. Juvekar

*Analyst, Citigroup Global Markets, Inc.*

Q

Okay. And just quickly, my second question on your tax rate. It's gone from 21% in 2014 to 16%. And now, with the new tax law, that goes down to 14%. Can you talk about the progression of your tax rate since 2014, and sort of what factors drove that? Thank you.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Kevin, do you want to give it a shot?

Kevin S. Oliver

*Chief Financial & Accounting Officer, Celanese Corp.*

A

Yeah. So, this is Kevin. I think you see a lot of the growth we've had has been foreign growth. You've seen changes in tax rates across the globe. Now, I'm hearing what you see in the U.S. with decreasing rates. So I think that has been a trend that with the profile of the growth of our business and where that's happened, that's been really favorable to us.

In the U.S., we saw a nice reduction in rate, 14% reduction in rate. We lost some deductions here in the U.S. It's kind of a give back, but it did have a nice net 2% benefit in – will be for 2018.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Yeah. So as we moved, P.J., to our European structure, we were, in many ways, a little bit ahead of this, I would say. And so, the rate you saw, it's sort of looking – has been now continued with the lowering of the rate in the U.S. structure. So you're moving more towards a European system than a historical U.S. system, and our trend line just followed that.

P.J. Juvekar

*Analyst, Citigroup Global Markets, Inc.*

Okay. Great. Thank you.

Q

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

Great. Thank you.

A

**Operator:** Our next question is from John Roberts with UBS. Please go ahead.

John Roberts

*Analyst, UBS Securities LLC*

Thank you. In Acetyls, you mentioned that you sourced the equivalent of a full plant early in the year. Is that basically the market was a little loose early in the year and you took that excess volume off the market to help tighten things, and then just resold it at a profit later in the year?

Q

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

Yeah. Okay. Yeah, this is Scott. Yeah. Thanks for the question. I mean, we did source quite a lot. But there's really a number of reasons that, that goes on. One, of course, we had a large turnaround earlier in the year. Two, Hurricane Harvey impacted us on the Gulf Coast. But three, and the largest reason, is that trading is part of our daily models. So, we traded a couple hundred thousand tons last year, and we traded with more than 20 partners, and I would expect that to be a feature of our model going forward. It's not near as big as our self-production, but it is part of the model.

A

John Roberts

*Analyst, UBS Securities LLC*

And then back to the question on the antitrust review on [ph] Acetow 00:26:00, in Europe, are there any remedies in discussion yet or you're still expecting that you will get approval in Europe without any remedies?

Q

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

No, we go through a process of working with the objections in there, and we're not opposed to a remedy if it would be needed. I felt it was needed by the Commission, but we haven't got to that point in the process. We think that stands on its own, and we're arguing that with the Commission and – but if we need a remedy, we think there's perhaps some options there.

A

John Roberts

*Analyst, UBS Securities LLC*

Okay. Thank you.

Q

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

Thank you.

A

**Operator:** Our next question is from Duffy Fischer with Barclays. Please go ahead.

Duffy Fischer

*Analyst, Barclays Capital, Inc.*

Yeah. Good morning, fellas.

Q

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

Good morning, Duffy.

A

Duffy Fischer

*Analyst, Barclays Capital, Inc.*

Question with the new plant and the changes at Ibn Sina. Of the growth this year kind of in your guidance, what percent is that?

Q

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

It's pretty modest. We are getting a percent step-up in Ibn Sina, which is, in itself, pretty handsome. If I just draw a circle around Ibn Sina, they have a couple of big site outages there that they're doing this year, which is a pretty negative impact. And so there's going to be a modest step-up there. I think we tagged at it another \$10 million, which is less than a half of the total step-up.

A

Be mindful as well that we have a new plant up and running. We're also bringing a lot of palm in the market, and there'll be some ripple effect of that, that we've got to deal with. But you'll see it, but you won't see quite as much, Duffy, as the math would tell you, you would see.

Duffy Fischer

*Analyst, Barclays Capital, Inc.*

Okay. You'd mentioned the new plant coming up in the U.S. with methanol. What's your view of the Iranian plants that are due to come online this year? Chance, no chance, and how would you kind of plug those into a supply/demand model over the next [indiscernible] 00:27:57?

Q

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

We think they'll come back.

A

Duffy Fischer

*Analyst, Barclays Capital, Inc.*

Okay. Okay, good. All right. Thank you, guys.

Q

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

Yeah. Thank you.

A

**Operator:** Our next question is from Jeffrey Zekauskas with JPMorgan.

Jeffrey J. Zekauskas  
*Analyst, JPMorgan Securities LLC*

Q

Hi. Thanks very much.

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

A

Jeff, you still there?

**Operator:** Apologize about that. There seems to be a good bit of distortion on Mr. Zekauskas' line. I'll see if I can get somebody to sort that out with him. We'll move on to the next for now. Next question is from Vincent Andrews with Morgan Stanley. Please go ahead.

Vincent Stephen Andrews  
*Analyst, Morgan Stanley & Co. LLC*

Q

Thank you. Good morning, everyone. First, a follow-up on the AI, sort of the trading component of it. Can you just help us understand what type of risk is involved in that type of activity? Are you able to hedge or you're just only taking on this sort of third-party volume when you – this is sort of more of an agency model where you already know sort of the other end or the other side of the trade?

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

A

No. I think what we're doing, and Scott said it, it's a small portion of our total, is we have the ability to produce with any feedstock known to man in any location that's inhabited. And so, when you look at that equation, that also means we can make decisions everyday about buying and selling. And we can buy – [indiscernible] 00:29:14 go up in volume, we can actually lower our own production rate, and that's something [indiscernible] 00:29:17 we participate in the market as a full player. So, I think the – I mean, there's no more risk in that and the ongoing risk every day we have moving, producing and selling the millions of tons that we do.

Vincent Stephen Andrews  
*Analyst, Morgan Stanley & Co. LLC*

Q

Okay. Good enough. And just a question on the Omni acquisition. Your prepared remarks mentioned that they have some type of IP around working with recycled content, which is becoming a bigger issue, particularly in the EU. Can you give us a better sense of what it is that they have and how you can expand it? And do you need to invest in it or – and how large you think that opportunity is?

Scott McDougald Sutton  
*Chief Operating Officer, Celanese Corp.*

A

Yeah. I mean, this is Scott. I mean, Omni just has a nice part of their business whereby they start with, call it, post-consumer resin, particularly nylon and polypropylene. And that's a part of the business that Celanese hasn't participated in historically in a very big way. So this is another new growth opportunity as we add it to our solutions portfolio. And they have some knowhow and IP around that as well that will expand outside of just the U.S.

Vincent Stephen Andrews  
*Analyst, Morgan Stanley & Co. LLC*

Q



Okay. Thank you very much.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Thank you, Vince.

**Operator:** Our next question is from Dan DiCicco with RBC Capital Markets. Please go ahead.

Daniel DiCicco

*Analyst, RBC Capital Markets LLC*

Q

Thanks. Just another one on Acetyls. Given the recent strength, is it fair to assume a decent amount of input cost pressure could be coming in Q1 with the raws moving up? And then what kind of offsets here as the guidance you guys gave implies Q1 could be one of the stronger quarters this year?

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Well, I mean, there's always raw material volatility in that Chain business, but I don't think – I'm looking at Scott – I don't think we see that being particularly onerous in the first quarter any more than any other quarter that's out there. That's not really the issue. I think that – I think we feel pretty good about the first quarter. The question really is will that floor stay quite as high as it pulled back a little bit as we get later in the year for those reasons I mentioned earlier.

Daniel DiCicco

*Analyst, RBC Capital Markets LLC*

Q

Got it. Yeah. And then just as a follow-up, still on the raws, if you guys are expecting methanol prices to stay above \$400 this year, at least average \$400, is it fair to say that you guys have factored in that new capacity from Iran? And then have you thought about potential ethylene price erosion and what that does to MTO from some of the new U.S. crackers in the Gulf Coast?

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Yeah. I think I was probably a bit too – I probably pushed that a bit further in my comments than I really wanted to. I think we expect methanol prices to be up year-over-year, and they're up quite handsomely today.

But we do expect more pressure in the back half of the year as these new volumes come on. And we're expecting, as part of that, the MTO plants, to run flat-out like they are now. So my kind of gut is, is that you're going to see some reduction in that methanol value as you get on through the year.

And for that reason, around your first comment, we expect the first half of the year to be stronger than the second half numbers that [indiscernible] 00:32:48. But you could see quarter-to-quarter, volatility that could even be inconsistent with that, if I can say that.

So, yeah, we're off to a good start for the year. We should have a pretty okay first quarter in that process. We think the first half would be stronger than the second half for these reasons, these structural reasons that I mentioned.

Daniel DiCicco  
*Analyst, RBC Capital Markets LLC*

Q

Great. Thanks.

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

A

You, too.

**Operator:** Our next question is from Kevin McCarthy with Vertical Research Partners. Please go ahead.

Kevin W. McCarthy  
*Analyst, Vertical Research Partners LLC*

Q

Good morning. Mark, with regard to the cigarette filter tow market, can you elaborate on your expectations for 2018, and perhaps touch upon things like inventory levels, input cost expectations, and selling price trajectory for that business?

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

A

Well, I'll make a few comments and ask Scott to come in here. That business, we said that we'll – we anticipate keeping the earnings relatively flat, and we do, and we're doing that through productivity, though. That business is still stressed and we expect it to continue to be stressed as cigarette demand around the world continues to fall. So, we don't compare it to input prices or those things that really doesn't – none of those things matter as much as the hard reality that the market continues to collapse. And we just managed that process in a pretty effective way through productivity. Scott, do you want to [indiscernible] 00:34:23 anything there?

Scott McDougald Sutton  
*Chief Operating Officer, Celanese Corp.*

A

No. I mean, I would echo exactly the same thing. I mean, look, demand continues to fall somewhat. There's certainly price pressure in the industry that's competitive. But we offset that with productivity around taking out cost. And you'll see us do that in 2018, and 2018 will be pretty similar to 2017 in terms of [indiscernible] 00:34:42.

Kevin W. McCarthy  
*Analyst, Vertical Research Partners LLC*

Q

Okay. The second, if I may, what was your volume growth in Advanced Engineered Materials exclusive of acquisition activity?

Scott McDougald Sutton  
*Chief Operating Officer, Celanese Corp.*

A

Yeah. Yeah. So this is Scott. I mean, exclusive of acquisitions, for the full year, we grew volume about 13%. For the fourth quarter, it was similar to that, about 13% as well.

Kevin W. McCarthy  
*Analyst, Vertical Research Partners LLC*

Q

Okay. And then one last one, if I may. Can you talk about the pension injection of \$316 million? Was that done for tax reasons or reasons of strategic flexibility?

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Well, I think both. I mean, it was – we had been a few – and, Kevin, you know this. We had – a few years ago, we had a pretty sizeable pension liability and we've systematically worked it down. We think at the highest level of principle, that's the right thing to do. We have something like 25,000 legacy retirees at Celanese, and it means a lot to us to make sure those men and women are all taken care of forever.

We were advantaged to do it in the fourth quarter given interest rates and given the change in tax law. And that comes through as a benefit to us from a cash flow point of view this year. So we feel pretty good about that move.

Now, we're able to balance it pretty well, and we think that we haven't completely divorced ourselves from worrying about pensions, but we certainly will be able to balance it, protect it more, and I hope at some point in the future, be able to annuitize it and kind of take pension accounting a little bit out of the – a little bit off the table.

Kevin W. McCarthy

*Analyst, Vertical Research Partners LLC*

Q

I appreciate the color. Thank you.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Thank you.

**Operator:** Your next question is from Jeff Zekauskas with JPMorgan. Please go ahead.

Jeffrey J. Zekauskas

*Analyst, JPMorgan Securities LLC*

Q

Thanks very much.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Hey, Jeff.

Jeffrey J. Zekauskas

*Analyst, JPMorgan Securities LLC*

Q

Hi. When do you expect the Blackstone transaction to close or are the probabilities too uncertain to really forecast a date?

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Well, we said last year when we visited in June or whenever that was, we expected it mid-year, and I think that's still kind of the view that we have. That can move around a little bit depending on either the day, but that seems to be – when we look at the timeline and the pace of things, we think that's what we'll see.

Jeffrey J. Zekauskas

*Analyst, JPMorgan Securities LLC*

Q

And for my follow-up, in Acetyl Intermediates, your EBITDA went up about \$30 million sequentially. Is that mostly from China and Europe, or if you had to divide it across your geographies, where were the larger sequential EBITDA benefits and where were the smaller ones?

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

A

Yeah. And so, Jeff, this is Scott. I mean, the best performance improvement came in Asia, particularly China. However, that has repercussions on the rest of the globe as well, so we've got some margin expansion outside of China.

Jeffrey J. Zekauskas

*Analyst, JPMorgan Securities LLC*

Q

Okay. Did your U.S. business grow sequentially or because of outages, no?

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

A

Yeah. No, I mean, all of it grew in terms of absolute margin expansion.

Jeffrey J. Zekauskas

*Analyst, JPMorgan Securities LLC*

Q

I mean, in terms of EBITDA dollars?

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

A

Yeah. In terms of EBIT or EBITDA, yes.

Jeffrey J. Zekauskas

*Analyst, JPMorgan Securities LLC*

Q

Okay, great. Thank you so much.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Thanks, Jeff.

**Operator:** Our next question is from Hassan Ahmed with Alembic Global. Please go ahead.

Hassan I. Ahmed

*Analyst, Alembic Global Advisors LLC*

Q

Good morning, Mark.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Good morning, Hassan.

Hassan I. Ahmed

*Analyst, Alembic Global Advisors LLC*

Q

Mark, a two-part question on – obviously, in your prepared remarks, you talked about the sort of China pollution curb side of things. So two questions about that, one on the acetic side of things. So within acetics, how much of a bump-up should we expect to see, let's say, in terms of global utilization rates from some of these curbs that are being talked about pollution related in China?

So that's one side of it. The other one is acetic rolls, so obviously methanol, a large part of obviously the methanol growth story is predicated on MTO. So should we expect to see any curbs on the sort of influx of new methanol capacity via sort of – the sort of coal to methanol side of things, and thereafter, MTO side of things as a result of this as well?

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Well, – and, Scott, [indiscernible] 00:39:29. We use the term now that's really instantaneous capacity, which is a view of kind of the operating environment of the day. And in that instantaneous capacity, it's quite often different than shell capacity that's out there. And we have seen, as we went through the last year or so, we've seen instantaneous capacity rates continue to rise within China. And I'm looking at Scott here, I don't think we really see that changing or feel like that's going to change. So, whether that's 10 basis points or 12 basis points or something like that. But – so, we're up in the 80s now probably on the instantaneous today kind of rate.

We don't – equally, we don't see that the supply/demand and such, that, that's going to move around necessarily a whole lot. We're not anticipating a bunch of new plants to be built for the reasons I mentioned earlier nor we think it will go back to some lower level in the future.

When you look at methanol, the methanol MTO week is the most important equation because we're looking at [indiscernible] 00:40:38 incremental methanol value in China sets that floor, which has a big ripple effect around the world for the Chain business that's out there. And if you believe that nat gas stays low in the U.S., which I think most of us believe, then, it says that methanol globally is going to stay competitive relative to the average ethylene price in China. So, methanol to MTO to ethylene, you should have a good window of arbitrage there available to those builders. So, we think MTO is going to stay strong in China and maybe have more capacity added, but certainly, everything is going to stay strong. So we think those things naturally buffer themselves.

Now, if you get one, two, three or four new methanol plants coming on the next four or five years, I mean, that might change a little bit. But we kind of think that methanol is not going to stay in the low-200s like it had been and – well, it may go back there from time to time. We think it's shifted up and will be in the 300s – in the mid-300s, and that's a good place for us from an acetic acid point of view and the Chain point of view.

Scott, do you want to...

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

A

Yeah. Mark, I mean, I would just add, the impact on us with all these MTO dynamics, it really does interject a lot of volatility into the world and into our model, and we have the opportunity to capitalize on that volatility on the way up or on the way down. And you'll see ethylene move around, hence you'll see rates of MTO plants move around. You'll see methanol price move up and down because of that. It's unlikely to get stuck like it got stuck in 2016 at a very low point.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Yeah. These plants are big and they are complicated to run. And like we saw early last year, where we had a major unit that had operational difficulties, they ended up swinging 250,000 tons, if I recall, 200,000 tons-ish of methanol in and out of the market. So those swings Scott is talking about, so fundamentally, has been shifted up. You're going to have nonetheless more volatility because of that C1 and C2 connection, and going through these assets. And Celanese, we like high pricing and we like volatility. So, it's good for us.

Hassan I. Ahmed

*Analyst, Alembic Global Advisors LLC*

Q

Got it. And really quickly, if I could sort of follow up on the methanol side of things. I mean, certain people sort of talk to you guys about the influx of new capacity in Iran, but obviously, there's some chatter that Iran may actually consider converting most of their methanol facilities into MTO facilities, which obviously could be hugely bullish for methanol demand going forward. How are you guys thinking about the Iranian sort of MTO conversion side of things?

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Well, I don't – I mean, I'm going back – I mean, oh, gosh, the Iranians are very capable. They have great technical acumen. They're great engineers. I have no doubt they can run anything they build.

I think the more you invest in these businesses, though, the more technically complex they [indiscernible] 00:43:44. It's not for the faint of heart to get into that – when you get in the C2 chemistry. So I guess some of it, they may do it. I think if they do it, they would do it in a modest fashion, just my gut because the investments are so large. But who knows?

If they put it in, they'll run it. And I think if they run it, they're going to consume more methanol, so it gets back to this methanol dynamic.

Hassan I. Ahmed

*Analyst, Alembic Global Advisors LLC*

Q

Understood.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

It's good for us.

Hassan I. Ahmed

*Analyst, Alembic Global Advisors LLC*

Q

Understood. Very helpful. Thanks so much.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Thank you.

**Operator:** Our next question is from Alex Yefremov with Nomura Instinet. Please go ahead.

Aleksey Yefremov

*Analyst, Bank of America Merrill Lynch*

Q

Thank you. Good morning, everyone. Mark, you just mentioned that you're very excited about potential to build a methanol plant in the U.S. How do you think about the sizing of these plants and timing? Is the idea here to just fully integrate or maybe go along methanol to some degree?

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Yeah, Alex. What I said is that we're really enthusiastic about C1 chemistry chain. And we look at that methanol opportunity as an opportunity for C1 chemistry, and especially in terms of how we think about working with other people to expand the molecules in our portfolio.

So I wouldn't go quite so far as to say that I'm announcing the construction of a methanol plant today, but it is certainly on the table for us. And it has been on the table, and it's certainly on the table today for us, and especially on tables we talk to others about the things we can do together relative to growing our business, the C1 chemistry business.

Aleksey Yefremov

*Analyst, Bank of America Merrill Lynch*

Q

Got it. Thank you for clarification. Staying with acetyls, how do you look at seasonality in China? To what degree the tightness that we see right now is due to these seasonal shutdowns either on the coal side or maybe downstream in acetyls or methanol? So do you think that seasonal impact will be there going forward or it's not really about that?

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Well, it [indiscernible] 00:45:44 to some extent. I mean, you certainly have the winter season and the winter heating season, which means that nat gas comes out of the market and goes in all those applications, and there's some nat gas derivative there. So the way we look at – the way I look at it, Scott may view it differently, is it's almost like Chinese New Year. So before Chinese New Year kind of conduct and you have post conduct. So, I think you'll see that seasonality like we have seen it. But again, at this new stepped-up rate, it has less of an impact than it used to have before.

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

A

Yeah. I agree. I mean, but I think, look, disruptions are going to be part of every calendar year going forward, right? And it just so happens that there's a few more, certainly in Asia as you approach Chinese New Year. In fact, there's just as many turnarounds on the calendar going forward as there's been over the last 12 months as well. So I think we have a fairly consistent pattern.

Aleksey Yefremov

*Analyst, Bank of America Merrill Lynch*

Q

I guess just to clarify my question, you don't think some of your competitors are down because they can't get coal or CO or methanol because of these seasonal shutdowns?

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

A

Well, definitely in China, there's been some, right? There's been some restriction on gas, even transfer of where the coal origination is used as well. So you see those impacts and, yes, that's where we see the most volatility today.

Aleksey Yefremov

*Analyst, Bank of America Merrill Lynch*

Q

Got it. Thank you.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Thank you, [ph] Matt 00:47:16.

Surabhi Varshney

*Vice President-Investor Relations, Celanese Corp.*

A

Austin, we'll take one last question with a follow-up, and then wrap up the call.

**Operator:** All right. Thank you. And our last question will come from Matthew Blair with Tudor, Pickering, Holt. Please go ahead.

Matthew Blair

*Analyst, Tudor, Pickering, Holt & Co. Securities, Inc.*

Q

Hey. Good morning, Mark and Scott.

Mark C. Rohr

*Chairman & Chief Executive Officer, Celanese Corp.*

A

Good morning, Matthew.

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

A

Hi.

Matthew Blair

*Analyst, Tudor, Pickering, Holt & Co. Securities, Inc.*

Q

Just touching on Omni, what kind of end markets are you most excited about here? And then also on the financial side, any more color on why this deal is EPS-neutral this year given that it would boost revenue by 2%? And I thought it offered EBIT margins around where – like SO.F.TER and Nilit were.

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

A

Yeah. Sure, Matthew. Thanks for the question. I mean, the end markets – first of all, there's a few complementary markets where we're already in. There's some auto, there's good electrical and electronics. But interesting enough, it also provides us access to some markets that we don't participate in a big way today, most namely the



higher-end furniture market is a big part of their business. So what I did about that is we can move some of our solutions and existing products into that market.

As far as it being accretive or not, I mean, there is a step-up and some first year costs that we have that basically make it a zero from an EPS standpoint. And then, I think you had a third one, too. But can you repeat that, Matthew?

Matthew Blair

*Analyst, Tudor, Pickering, Holt & Co. Securities, Inc.*

Q

No. No, you covered it.

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

A

Okay.

Matthew Blair

*Analyst, Tudor, Pickering, Holt & Co. Securities, Inc.*

Q

My follow-up, we've seen some reports of unplanned issues mostly regarding feedstock supply problems affecting Nanjing, Jurong, and then your Clear Lake methanol facility. Can you just provide any color here? What kind of financial impact might this have, and how long do you expect these feedstock limitations to persist?

Scott McDougald Sutton

*Chief Operating Officer, Celanese Corp.*

A

Yeah. This is Scott again. I don't think we would talk about first quarter, things that are going on. We had these impacts in the third quarter and particularly some in the fourth, and, yeah, we experienced issues with the cold now. We're not going to quantify those. They're not going to be gigantic, but there is some small impacts.

**Operator:** And this concludes our question-and-answer session. I would like to turn the conference back over to Surabhi Varshney for any closing remarks.

Surabhi Varshney

*Vice President-Investor Relations, Celanese Corp.*

Thank you, Austin. We will now conclude the call. Thank you for all your questions and for listening in this morning. We're available after the call to address any further questions you may have. Austin, please close the call now.

**Operator:** Thank you. The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2018 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.