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# Celanese Corp. (CE)

Q1 2021 Earnings Call

### CORPORATE PARTICIPANTS

### **Brandon Ayache**

Senior Director-Investor Relations, Celanese Corp.

#### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

#### Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

### OTHER PARTICIPANTS

John Roberts

Analyst, UBS Securities LLC

David I. Begleiter

Analyst, Deutsche Bank Securities, Inc.

**Vincent Stephen Andrews** 

Analyst, Morgan Stanley & Co. LLC

**Duffy Fischer** 

Analyst, Barclays Capital, Inc.

**Ghansham Panjabi** 

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

Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

John P. McNulty

Analyst, BMO Capital Markets Corp.

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Analyst, Alembic Global Advisors LLC

Frank J. Mitsch

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Analyst, Citigroup Global Markets, Inc.

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Analyst, On Field Investment Research

### MANAGEMENT DISCUSSION SECTION

**Operator**: Hello, and welcome to the Celanese First Quarter 2021 Earnings Conference Call and Webcast. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. As a reminder, this conference is being recorded.

It's now my pleasure to turn the call over to Brandon Ayache, Senior Director-Investor Relations. Brandon, please go ahead.

### **Brandon Ayache**

Senior Director-Investor Relations, Celanese Corp.

Thank you, Kevin. Welcome to the Celanese Corporation first quarter 2021 earnings conference call. My name is Brandon Ayache, Senior Director of Investor Relations. With me today on the call are: Lori Ryerkerk, Chairman of the Board and Chief Executive Officer; and Scott Richardson, Chief Financial Officer.

Celanese Corporation distributed its first quarter earnings release via Business Wire and posted prepared comments about the quarter on our Investor Relations website yesterday afternoon. As a reminder, we will discuss non-GAAP financial measures today. You can find definitions of these measures, as well as reconciliations to the comparable GAAP measures on our website.

Today's presentation will also include forward-looking statements. Please review the cautionary language regarding forward-looking statements, which can be found at the end of the press release, as well as prepared comments. Form 8-K reports containing all of these materials have also been submitted to the SEC. Because we have published our prepared comments yesterday, we'll now open the line directly for your questions.

Kevin, please go ahead and open the line.

### QUESTION AND ANSWER SECTION

**Operator**: Thanks. We'll now be conducting a question-and-answer session. [Operator Instructions] Our first question today is coming from John Roberts from UBS. Your line is now live.

#### John Roberts

Analyst, UBS Securities LLC

Thanks, and congratulations on the upside to the – upside guidance. I guess, you gained back at the end of March. Lori, you sourced methanol in Texas during the quarter to restart your acetic acid capacity early. I think methanol was really tight as well, so how did you do that?

### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Good question, John. I would have to say, our folks were very proactive. I mean, we saw the weather coming. It was predicted. We anticipated we would need to shut down. We anticipated that there would be tightness in the market. And because we're out in the market every single day looking at what's available, our folks are able to go out there and kind of really sourced that material even before we went into the freeze.

And, look, we sourced quite a few materials going into the freeze in anticipation of shutdowns and wanting to make sure that we could supply our customers as best we can, recognizing that we thought there would be some disruption. But I think it's just really a factor of the model and the fact that we're always in the market. So, we don't need to activate a new team to go do anything. When we see something like this coming, we're already out there taking advantage of what's there on the market.

**Operator:** Thank you. As a reminder, we'd like to ask you to please limit yourself to one question and one follow-up then return to the queue. Our next question is coming from Bob Koort from Goldman Sachs. Your line is now live.

Good morning. This is actually [ph] Mike (00:03:32) sitting in for Bob. Lori, just a question for you. Can you speak to what happened over the past month that improved visibility or, let's say, increased your confidence to raise a full-year adjusted EPS guidance again by another \$1.75 midpoint-to-midpoint?

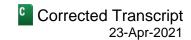
#### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Yeah. If we go back to Investor Day, although we had the Investor Day what, the 25th of March, we actually kind of locked in our guidance and our numbers about a week in advance of that, so call it, mid-March. And at the time that we locked in our guidance for Investor Day, we were really seeing some softening in methanol prices in China even on the back of Uri. And we were anticipating that, that trend might continue.

Now, having said that, we also had some uncertainty around Uri. We had some uncertainty around how – what we would one-off, what we wouldn't, what the total of those would be. And in, fact, we had some of that baked into

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the guidance, some of which slipped into second quarter because it came with invoicing, timing it came with, materials and inventory, et cetera.

But then, what we really saw is right around the time of Investor Day, we saw prices take off again in China and really versus where we had been in March which was around call it \$700, \$750. Really in the last many weeks, we've seen prices greatly increased. And now, we're sometimes over \$1,000.

And it's not just acetic acid, but it's also the fact that VAM and other derivative pricing has also followed, something which hasn't always happened in times of high pricing before and during a period where methanol pricing is high, but not as high as, say, we saw in 2018. So, a lot of factors coming together that have really given us very, very healthy margins in the Acetyl Chain going forward as well as the continued strength and growth we see in Engineered Materials [Engineered Materials].

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Okay. And just as a quick follow-up, I mean, when I look at the new full-year guidance of \$12.50 to \$13.50 and kind of considering the significant strength that we've seen in the first half, doesn't seem like it takes much to get there. And, I mean, even if acetyls, let's say, top end the second quarter and earnings fall back to maybe that first quarter level around \$3.50-ish for the third quarter, I mean, you would only need about \$2 of fourth quarter earnings per share to reach that guidance. So, I guess, I'm trying to better understand, what have you baked into the second half? And maybe why won't earnings be a bit more resilient during the back half of the year?

#### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

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Look, I think, we're always – we'd like to guide based on what we have visibility into. We don't really have any visibility into the second half at this moment in time. We expect continued growth in EM after a flat second quarter. We do expect continued growth in the third and fourth quarter for EM. But in acetyls, we expect to start to see some moderation in pricing. As we get towards the end of the second quarter, we expect that will continue to moderate through the third quarter and be back to more typical levels in the fourth quarter.

And that really was the basis for the guidance that we gave, was those assumptions about what would happen in the second half. And, obviously, it may be different. We have to make assumptions around methanol pricing, crude pricing, everything that's happening there. But that was the basis for the guidance that we've provided.

**Operator**: Thank you. Next question is coming from David Begleiter from Deutsche Bank. Your line is now live.

#### David I. Begleiter

Analyst, Deutsche Bank Securities, Inc.

Thank you. Good morning. Lori, you mentioned some outages in China that could be pushed into Q2. [ph] Pushing (00:07:34) all the asset base there is getting older as well. So, how are you thinking about outages, not just maybe in Q2 but longer term in China, both planned and unplanned?

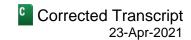
#### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

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Yeah. So, there was a number of outages we were aware of in China that were planned in the first quarter. A lot of those were pushed to the second quarter based on the strength of the market in the first quarter. Look, some of

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those, they may be able to push to the third quarter, we don't know. But at some point those outages will need to happen.

We know elsewhere in the world, there are some outages that are taking place in the second quarter. And, it's a big factor right now with the tightness of the market when people choose to take planned outages. And, of course, unplanned outages can also be a factor as we go forward. But we won't know what those are. But, we do know there will need to be some outages in the second quarter. Again, some may get pushed to the third quarter.

We're just happy to say we took the opportunity last year to take all of our turnarounds and necessary steps, and in fact, moving the VAM turnaround in Clear Lake from the second quarter, taking it during the forced downtime with the winter storm, so that we're able to run fully going forward.

David I. Begleiter

Analyst, Deutsche Bank Securities, Inc.

Got it. And just on inventories, how long will it take to refill inventories at the customer level, do you think?

Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

That's really the basis for what we're thinking about acetyl pricing. We think it's clearly going to take into the summer. So, through second quarter moving into third quarter to really start inventory levels start returning to near normal levels. And again, that is going to depend on what outages people take, is there any unplanned outages in that sort of time. But I would assume it's going to take into the third quarter before we see people back at near-normal levels of inventory.

David I. Begleiter

Analyst, Deutsche Bank Securities, Inc.

Thank you.

**Operator**: Thanks. Our next question is coming from Vincent Andrews from Morgan Stanley. Your line is now live.

Vincent Stephen Andrews

Analyst, Morgan Stanley & Co. LLC

Thank you, and good morning, everyone. Maybe just a question on the infrastructure build that's out there that's been proposed. Obviously, had some ideas about how the corporate tax rate environment is going to evolve. So, I don't know if you have any thoughts around that or if you have any particular provisions about it within it that are concerning or – the change in the GILTI provision would impact you or just – maybe just any general thoughts on what could happen to your tax rate?

Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

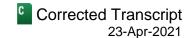
Yeah.

Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

Yeah. Thanks, Vincent.

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#### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Go ahead. Go ahead.

#### Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

I think, as we look at it, it is still too early for us to really understand exactly where things will land. But, we are looking at each component of the various proposals that have been rumored right now. And I think, there are ways at which, I think, with our global network, that we will work to mitigate whatever may come about.

And I do think, going back even a year ago, we did call out that we would expect to see our effective tax rate possibly move up a few hundred basis points over the next several years. And I wouldn't come off of that right now. I think as we look out a couple of years regardless of what happens with US tax changes, I think, we still believe that changes to our effective tax rate will be in that range.

### Vincent Stephen Andrews

Analyst, Morgan Stanley & Co. LLC

Okay. That's helpful. And Lori, maybe just a question in EM. You haven't really seen any negative impact from the chip shortage in autos yet, but your guidance seems to imply that you're anticipating that there'll be some fall-offs. And I'm just curious, what the trigger for that is going to be, just given you haven't seen it yet.

### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Yeah. Vincent, that's exactly what we're assuming in the second quarter. I mean, we really have not seen much impact from the chip shortage yet, again, primarily because we've been in luxury vehicles and platforms like trucks and SUVs, which have been prioritized by the automakers and not affected as much. Now, as this drags on, we are starting to see – and you probably saw some announcements by some of the OEMs this week, that they are curtailing production for a period of time because of chip, we do think that will start to affect us in the second quarter.

There's also some resin shortages, quite frankly, in the industry that is also impacting the automakers. And you might see something around that, especially around nylon and some other materials. So, we do expect to see some impact in auto for us in second quarter, which is why we're calling second quarter flat on EM. But we also expect most of those issues to be resolved through the guarter and back to more normal levels by third quarter.

#### Vincent Stephen Andrews

Analyst, Morgan Stanley & Co. LLC

Okay. Thanks very much.

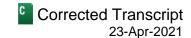
### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Thank you.

Operator: Thank you. Our next question is coming from Duffy Fischer from Barclays. Your line is now live.

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#### **Duffy Fischer**

Analyst, Barclays Capital, Inc.

Yes. Good morning. If we think about the delta from your original guidance with a midpoint of \$9.75 going up \$3.25 to \$13, if you just back that through your shares and, let's say, a 14% tax rate, that's about \$440 million of EBITDA. Is that a fair way to think about it?

And, if it is, what's the delta in free cash flow? Because my guess is there are some more puts and takes there. Working capital probably eats a little bit more cash with higher prices. But if we could work off that \$440 million, if that's the right number increment, how would that flow through the cash flow statement then?

#### Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

Yeah. Duffy, I think, the easiest way, I think, to look at it is, originally, we said we're going to do about \$500 million of repurchases this year. And now, we're saying we're going to do an incremental \$200 million to \$300 million over that. I think we've – that really is tied to that incremental cash flow that we have this year versus what we had originally planned on.

And you highlighted where the delta is. It's really on the working capital build. And so, it really is just a timing thing. We think that recovery of that, call it, \$450 million of EBITDA, the balance that we won't generate in free cash flow, we would expect to collect as we get into next year. So, a lot will just depend on how working capital develops for the balance of the year. But right now, our projections are, is we will have a working capital build. And it's driven by the fact that pricing is moving up, but also that raw materials are moving up.

#### **Duffy Fischer**

Analyst, Barclays Capital, Inc.

Fair enough. And then, maybe just one on the strategy side. Would you anticipate any competitors announcing a major greenfield acetic acid plant this year? And are your customers pushing you to do something larger there? Obviously, you had the issue at Clear Lake before the freeze even. And I think some customers just said that, there's so much riding on that one plant. They would like to see some diversification. Can you just talk about your footprint going forward on acetic acid, and if you think others will announce builds this year?

#### Lori J. Ryerkerk

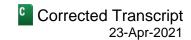
Chairman, Chief Executive Officer & President, Celanese Corp.

Well, I can't really talk to what others will do. I have no idea. We do know there is some capacity coming out midyear here in acetic acid in China. So, certainly, that will help China. We are, of course, doubling our capacity in Clear Lake, so the equivalent of adding 1,300 thousand ton [1,300 kiloton] facility in Clear Lake. So, another world-scale capacity facility.

Look, Clear Lake is the cheapest producing acetic acid in the world. I think customers are happy to have that kind of stability in the Gulf Coast. And do I expect others to announce? Maybe. Do they ultimately get built? That's always a bigger question. I think, no one's going to build on what they see as a surge in pricing. It really has to be a sustainable level of pricing.

And, I mean, look, you can't just go put an acetic acid plant anywhere. You'd need to have access to methanol or some form of syngas. You need to have access to CO2 – or CO, sorry. You need to have access to hydrogen. So, this is not something that you can easily say, I'm just going to go put a plan somewhere. You need to be in an

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industrial area. You need to have access. And frankly, it's what keeps acetic acid plants from being built kind of everywhere in the world – is these other components.

So, what I would say is, there may be an announcement. I don't know what others will do. But it's also three to four years kind of minimum before anybody could actually have one online.

**Duffy Fischer** 

Analyst, Barclays Capital, Inc.

Great. Thank you, guys.

Operator: Thank you. Our next question is coming from Ghansham Panjabi from Baird. Your line is now live.

**Ghansham Panjabi** 

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

Yeah, thanks; and good morning, everybody. I guess, first off on the velocity of pricing that you're seeing in the AC segment across your major commodities, how does that compare to the 2018 peak? And then related to that, inventory levels across multiple supply chains seem to be very low based on commentary thus far in the earning season and part of that. And so, even as supply sort of gets rebased higher post the first-half disruption, do you think will be at a higher level for longer sort of dynamic relative to the duration of the spike that you saw in 2018?

Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

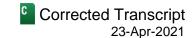
Yeah. Let me let me talk about that a little bit, Ghansham. So, we of course do expect a record Q2 in acetyl, as we laid out in our documents. And I think it's really based on a couple things. I mean, one is we have had a significant lift in foundational earnings even since 2018. So, we've added our RDP. We've added other capacity around emulsions and VAM through low-cost debottleneck. We've continued to refine the model. And frankly, we've just gotten better and better every year about how to use the optionality available to us and how to really flex our model. We've also seen improving industry dynamics. Acetyls is growing a couple, a little bit over GDP every year. We haven't seen any major capacity additions. So, it's a better industry dynamic of supply/demand chain.

If you look at 2018, 2018 was very much supply-driven. Inventory and demands were pretty much at normal levels. But starting at the end of 2017, you saw whole series of shutdown in the industry, especially in the Western Hemisphere, which really drove a supply shortage and drove that price up to that \$700 to \$800 a ton. Remember, that was AT – methanol around \$450 or so. Crude was around \$80 right then.

2021 is fundamentally different – is that we went into this – it's both a supply and a demand problem. I mean, we've seen a really robust demand since at least the fourth quarter of 2020 as the world moved into recovery. And again, not just IN acetic acid, but also in VAM and emulsions, which was a little different than 2018, which is really focused on acetic acid. And our inventories were very low as we went into this year, into 2021, and that was true globally.

So, it was already a really tight supply/demand market. And then, we had Winter Storm Uri which – we lost three of the four large producers in the US for a considerable period of time, I mean, a minimum of about four weeks, as everything had to get back up and running.

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And we've done that, but we still haven't seen methanol prices go way up. I mean, methanol's still around \$350; crude's at \$60 per barrel. So, we have a larger margin. Now, that's partially offset by higher precious metal prices, so there is some offset there. But, fundamentally, I will say, this is a deeper disconnect between supply and demand than we had in 2018, and that's why we're seeing record-level pricing in China that reflects that.

So, I do think there's a possibility this is going to be longer and bigger for a period of time than 2018 was. Again, it will just depend on how fast recovery happens around the world. Do demand levels stay up? What happens with methanol pricing? What happens with precious metal pricing? All of that will play into. But I do definitely think the probability. And what we've baked into our revised outlook is that this continues through Q2, and we continue to see somewhat elevated pricing and through Q3 as well.

Operator: Thank you. Our next question is coming from Jeff Zekauskas from JPMorgan. Your line is now live.

### Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

Thanks very much. How have you been handling the inflation in ethylene prices in the United States? I think spot ethylene is maybe \$0.64 a pound. Are you able to buy much, much more at contract, or is this an inflationary factor that you're feeling?

Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Yeah, Jeff. I mean, we're certainly feeling the inflationary factor. I think, the good news is we anticipated this coming back in the fourth quarter of last year already and started moving prices in Engineered Materials to reflect this. And, of course, that price often may still – gets reflected more quickly. So, although it is an inflationary pressure, we've been able to push that through in our pricing and basically maintain the same level of variable margin.

#### Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

And then for my follow-up. Can you – so, your adjusted tax rate is 14%, and you have this tremendously profitable US operation. How do you keep your tax rates so low? Why isn't your tax rate higher?

#### Scott A. Richardson

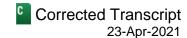
Executive Vice President & Chief Financial Officer, Celanese Corp.

Yeah, Jeff. I think it's important to remember we'd still have a fairly sizable portion of our earnings that come through from our equity affiliates. And that comes in at an after-tax rate. And so, it is important to keep that in mind. And that is one of the factors for the tax rate remaining low.

And I do think after US tax reform, it has given us certainly some advantages from the US side of our operations. But we really are a global operation, which about a third of our sales in the US, a third in Europe and a third in Asia. And so, that rate has been able to remain very low because of that balance.

Now, what you're seeing is we had originally guided to an effective tax rate of 13% for this year, but with the elevated earnings we're seeing in some of our higher tax jurisdictions, particularly China this year, we actually see that moving up. And that's why we raised that guidance to 14%.

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### Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

Okay. Great. Thank you so much.

**Operator**: Thank you. Our next question is coming from John McNulty from BMO Capital Markets. Your line is now live.

#### John P. McNulty

Analyst, BMO Capital Markets Corp.

Yeah. Thanks for taking my question. In the Acetyl Chain, how should we think about the risk of any demand destruction? It seems like there's a lot of other commodities that are up as well. Have you seen any demand destruction at this point, and how should we think about that?

#### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Yeah. We really haven't seen any demand destruction, John. I mean, there is always the possibility, of course, vinyl acetates could go to acrylate. But I mean, that's not a cheap switch, nor is it one people are going to do in the short term. So, at this point in time, we're really been just trying to focus on keeping our contract customer supplied with what they absolutely need at this point in time. And we haven't seen any signs yet of demand destruction because of switching to other commodities or for other reasons. In fact, we just see demand continuing to strengthen across the globe.

### John P. McNulty

Analyst, BMO Capital Markets Corp.

Got it. That's helpful. And then, I guess, the follow-up question would just be, given the severity and proliferation of all the outages that we've seen, have you seen a flurry of interest from customers looking to kind of partner with you in a more meaningful way and maybe willing to pay higher prices for the stability or the surety of supply? And like how should we think about that as it plays out over potentially the next few years in terms of stabilizing your platform even more?

### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Yeah. We certainly have seen – I'd say, across all of our businesses, we have seen customers more interested in contract arrangements versus just spot arrangement. Because quite frankly, we prioritize our contract customers, as we've had shortages both in acetyls and in EM.

Those customers that we have contracts with, we have worked very closely to make sure we could get them, again, not necessarily all of the volume they wanted, but the volume they absolutely needed to keep running, so that they wouldn't have any plant shutdowns or outages. For the non-contract customers, we haven't been able to do that. And so, certainly, we see this driving more people into wanting to have contract-type arrangements than we've had in the past.

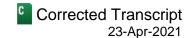
#### John P. McNulty

Analyst, BMO Capital Markets Corp.

Thanks very much for the color.

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<b>Operator:</b> Thank you. Our next question is coming from Hassan Ahmed from Alembic Clive.	Global. Your line is now
Hassan I. Ahmed Analyst, Alembic Global Advisors LLC	Q
Good morning, Lori.	
Lori J. Ryerkerk Chairman, Chief Executive Officer & President, Celanese Corp.	A
Good morning.	
Hassan I. Ahmed Analyst, Alembic Global Advisors LLC	Q
Lori, just wanted to sort of revisit the back-half guidance, specifically on the Acetyl Chain Obviously, conscious of the fact that you guys just have visibility, call it, through June. But the remarks that you made, turnarounds – certain turnarounds being pushed into Q3, call Uri. Obviously, the fact that inventories are fairly lean even pre the winter storm, and they take us through, call it, Q3 just to normalize inventory levels. And then, there's the whole of things and the like.	ut just in hearing some of II it; then, the impact of y got even tighter, and it'II

So, long story short, I mean, is there a fairly high probability that this moderation in supply/demand fundamentals and pricing that you're looking for within Acetyl Chain could actually surprise to the upside? Just keeping all of these sort of moving thoughts in mind.

### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

There's always that possibility. I mean, we put out guidance based on what we – kind of our assumptions about what we think is going to happen. Especially the third quarter, I think is the real question here. Obviously – look, there's new capacity coming on in the third quarter in China. So we've baked that into Acetyl. That should help stabilize the supply/demand situation there. But, if we had – if we saw extended turnarounds, if we saw unplanned outages, I mean, clearly, that could extend this period of higher pricing for longer and could result in an upside. It's always a possibility for sure, but this is this is our best outlook.

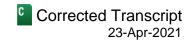
And you have to remember, we still do expect seasonality in fourth quarter. I mean, seasonality is pretty typical. We even saw it last year, especially in acetyls, as you see the construction market generally ramp down a bit because of weather and other constraints in the fourth quarter. So, you should still be baking in some seasonality in the fourth quarter back to a more typical level.

#### Hassan I. Ahmed

Analyst, Alembic Global Advisors LLC

Understood. Understood. Very helpful. And as a follow-up on the longer term side of things, obviously, we've been hearing about the Biden sort of greenhouse emission reduction plans, as much as 50% by 2030. How do you feel that you guys are set up to execute, call it, in line with that? And how are you guys thinking about sort of the CapEx associated with that in the run up to sort of, call it, 2030?

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### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Yeah. Unfortunately, there's not really enough details out about the plan to know what that really means in terms of how it's measured, can you get credit for materials that you make that help, for example, for lightweighting and things that help to reduce other people's greenhouse gas emissions.

I mean, let's be honest, on the one hand, it's a real opportunity for us because many of the products that we make will be needed by others to meet that kind of a commitment. Even in the construction industry, if you think about acetyls and how much of that goes into weather-proofing, and insulation and things like that, which would also be necessary. It could be a huge opportunity for us.

As far as reducing our greenhouse gas emissions of our own facilities, that really has to do with heat recovery, lower furnace firing, uses of alternative energy like our solar contract at Clear Lake, as well as recovering of venting of CO2, which in – as we're doing in Clear Lake. Maybe there's options to recycle back into our operation. So, I don't know. We don't know yet. Is it possible to reduce our own footprint by that amount? Again, we need to see the details of the plan. But I would say, in general, it's probably more of an opportunity for us than a threat at this point in time.

### Hassan I. Ahmed

Analyst, Alembic Global Advisors LLC

Very helpful, Lori. Thank you so much.

**Operator**: Thank you. Our next question is coming from Frank Mitsch from Fermium Research. Your line is now live.

#### Frank J. Mitsch

Analyst, Fermium Research LLC

Yes. Good morning. Let me just follow-up on that second-half outlook question. The pace of buybacks is set to slow down in the second half. Is that more a function of that lack of visibility in the second half? And is that something that you may revisit when we – depending on how the results come in?

#### Lori J. Ryerkerk

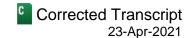
Chairman, Chief Executive Officer & President, Celanese Corp.

Yeah. Look, I think, what we were trying to indicate is we'll have done kind of our \$500 million of buybacks in the first half. As we see our financial outlook improving for the full year, we basically showed that additional cash available to us as buybacks to make sure that the shareholders will benefit from kind of the additional earnings this year.

If we have higher earnings, I would anticipate we'll put those into buybacks, but it still doesn't change our desire to do significant M&A this year or next year. And, remember, we still have \$1 billion. Even after these buybacks, we'll still have \$1 billion on the balance sheet in order to put towards meaningful M&A.

So, I think, it really was more of an indication, if you will, and our belief that we want to make sure that the shareholders benefit from this increased earnings outlook that we're seeing from this year, and so we reflected that as buyback.

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#### Frank J. Mitsch

Analyst, Fermium Research LLC

Got you. Got you. Very helpful. And I was struck by the commentary in the prepared remarks regarding having to airlift materials because of the block in the Suez, which begs the question, you broke down the impact of the winter storm and what have you in terms of, I guess, \$40 million of repairs and \$35 million of higher raw costs, et cetera. But what about logistics and – because obviously, you had to spend more on logistics. What sort of headwind did you face on logistics in the first quarter, and what's your expectation here in the second quarter?

Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Yeah. I don't have an exact number on that, Frank. What I would say is we – while this was a very unusual situation with Uri, I would also say, we work very fluidly and flexibly to always supply our customers. So, these are all things we've tried in one form or another. We probably did more of them in a short period of time now.

But, I mean, they're just – they're baked into our cost of supply. So, I don't have a really good sense of, is it \$10 million or \$20 million? I don't know we spent in addition during Uri, but definitely more than typical. But we always work very hard to supply our customers.

Frank J. Mitsch

Analyst, Fermium Research LLC

Got you. Got you.

Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

Yeah, Frank. And I would just add. I think we were in a pretty tight situation even going into Uri, and so this has made it even tighter. So, our teams are really working on getting creative, not just for the second quarter, but we think, this could continue into the second half. Logistics are going to be tight probably for the balance of the year. So it's something we're just trying to stay ahead of.

Frank J. Mitsch
Analyst, Fermium Research LLC

**Operator**: Thank you. Our next question is coming from P.J. Juvekar from Citi. Your line is now live.

P.J. Juvekar

Analyst, Citigroup Global Markets, Inc.

Yes. Hi. Good morning.

Thank you so much.

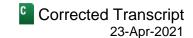
Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Morning.

P.J. Juvekar
Analyst, Citigroup Global Markets, Inc.

Q1 2021 Earnings Call



Lori, you talked about a big green project of making methanol from recycled CO2 at Clear Lake. Where is the CO2 coming from? And what is the all-in cost of methanol from recycled CO2 versus, let's say, based on natural gas?

Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

ur partner facilities in Clear Lake. So,

So, the methanol – sorry, the CO2, P.J., is coming from our facilities and our partner facilities in Clear Lake. So, there are vent streams off operating facilities that are high CO2 and fairly pure. So, that's what makes this very affordable for us at Clear Lake – is we can take those streams, further compress them, further purify them and add them directly to our synthesis gas at Fairway, where it's converted into methanol.

So, what makes this really attractive for us is we have spare synthesis capacity currently at Fairway. We have a source of hydrogen available to us to ramp that unit up from the hydrogen grid, industrial grid in that area. And we have the availability of high-purity CO2 vent streams available to us. So with that, basically, the cost of producing methanol from recycled CO2 is really comparable to our normal cost of producing methanol from natural gas.

P.J. Juvekar

Analyst, Citigroup Global Markets, Inc.

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Okay. And then, there were a couple of questions on the Biden plan. And ExxonMobil just recently announced a massive CCS project in Texas – or on the Gulf Coast on the back of that Biden plan. Is there something you could do there to participate as either as a supplier of CO2 or as an offtaker of CO2 there?

Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

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Yeah. It's not something we've looked at yet, P.J. I mean, this project is several years down the road yet, quite frankly. And the real question is, what is the purity of the CO2 streams? How much you have to – cost to clean it up? I mean, I like the idea of recycling CO2, more than just sticking it in the ground to be fair. But you have to look at the economics of it and how that would – but it's clearly something we're looking at at our facilities or other facilities around the world, which is, are there other opportunities to do this, to use this technology in a cost-effective way.

P.J. Juvekar

Analyst, Citigroup Global Markets, Inc.

Great. Thank you.

Operator: Thank you. Our next question is coming from Mike Sison from Wells Fargo. Your line is now live.

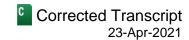
Michael Sison

Analyst, Wells Fargo Securities LLC

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Hey. Good morning. Really nice start to the year. Lori, when do you think about the Acetyl Chain – and I know it's a little bit early. But you guys talked about \$900 million to \$1 billion in adjusted EBIT for 2023. I guess, investors should think about that – for 2022, to reset back to, let's say, \$900 million or so. Is that the right way to look at it? And if so, what do you have in growth in EM, and maybe cost savings, other areas to potentially offset the year-over-year delta in 2022 versus 2021?

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### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Yeah. Look, 2021 to 2022 is going to be a difficult comparison assuming we kind of go to normalized earnings because we have had that surge up in acetyl. I mean, we really consider our acetyls foundational level still, \$800 now, moving towards \$900 over the next two years. So, I think that's the right way to think about that based on the capacity adds and other things that we've had.

We expect we'll continue to see continued productivity. I would assume that's in there at about \$0.25 EPS kind of year-on-year. So, we'll continue to see that to offset. EM is going to continue to grow kind of at that 10% CAGR or higher every year. So, that will also be in there to offset. And, of course, I think the other thing where – timing is of course uncertain, but the other thing that will be important for us over the next two years is M&A and having M&A to also complement that organic growth strategy that we have for our businesses.

#### Michael Sison

Analyst, Wells Fargo Securities LLC

Got it. And then, just on the second half for EM, you had 7% volume growth in first quarter. Obviously, 2Q is going to be a normally strong volume growth. But what's sort of underpinning the outlook for the second half for EM, or are you going to be at that kind of 10%, 11% double-digit growth? And, if you are, what's going to drive that?

#### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Yeah. So, what we're really saying for EM is second quarter, we think, will be flat to first quarter because we are expecting some softening in auto based on the chip shortage and the resin shortage. But we are seeing recovery of medical, and not just implants. So, we think implants will continue to need to improve through the end of the year to really get back to full rate. But in other areas of medical, we are making a really good progress.

So, for example, for our diabetes applications in medical, we're seeing really significant growth in those areas going forward. So, just to give you an example, so our diabetes applications were up 50% from first quarter of last year, the first quarter of this year. So, that growth in other elements of medical, other elements of 5G, and electronics and industrial applications those will continue to grow and support that kind of 10% CAGR year-on-year growth going forward.

#### Michael Sison

Analyst, Wells Fargo Securities LLC

Great. Thank you.

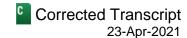
**Operator**: Thank you. Our next question is coming from Matthew DeYoe from Bank of America. Your line is now live.

#### Matthew DeYoe

Analyst, Bank of America Merrill Lynch

Thanks. [indiscernible] (00:37:58) guide on EM is pretty impressive. It seems to indicate the \$550 million number you gave just like two weeks ago for the full year is already pretty stale. So, did something change in EM? Was that just conservatism? Is there something perhaps about the back half that we're not necessarily picking up on? I mean, I'm just kind of going off normal seasonality in your 2Q guide and exit rate and stuff like that.

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### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

So, I think, we – look, we've seen continued good recovery. I mean, at the time of Investor Day, I mean, we did have concerns about automotive, although we haven't seen the impact at that time. I think we will see those concerns develop in Q2. Now, we do see an end of that inside as well. So, we do see Q3 strengthening and Q4. But as we get further into the year, as we get better visibility, as we have visibility now into the June timeframe, we really see that continued growth.

And despite the resurgence of COVID, which is kind of the other concern we called out, we really haven't seen that impacting our demand numbers in any part of the world despite some very serious issues around the globe with COVID. So, I think, we are getting more confident in that \$550 million number and above going forward. And so, very confident in that growth rate I just called out.

#### **Matthew DeYoe**

Analyst, Bank of America Merrill Lynch

Okay. And this \$400 million EBIT number is – it's a pretty safe number. It kind of implies to me that you're pulling products out of VAM and selling it into acid. Is that true? I mean, I think in the past, you talked about pushing more and more downstream. 50% to 55% of your acid then moved down to VAM. Did you move backwards on that? And have you been more opportunistic and just selling into acid? And subsequently, has that tightened VAM as a result?

#### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

So, not really. I mean, the interesting thing about this surge in pricing for acetyls, which is different than 2018, is we've seen the price hold – not just for acid which is what happened in 2018. And, in fact, in 2018, we did move a lot of stuff back to acid, and sold it as acid to the market. What's different here is we are seeing that price pull-through in VAM and emulsions as well because of the really strong end markets for those products. So, I don't have the exact numbers in front of me, but I would say, we've not made that shift back to acid in the same way, I think, because we have seen pull-through in the pricing into the downstream derivatives as well.

### Matthew DeYoe

Analyst, Bank of America Merrill Lynch

Okay.

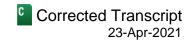
**Operator**: Thank you. Our next question is from Kevin McCarthy from Vertical Research Partners. Your line is now live.

### Kevin W. McCarthy

Analyst, Vertical Research Partners LLC

Yes. Good morning. Lori, just to follow up on acetic acid. In your prepared remarks last night, it's evident that you plan to run your whole network very hard. The one exception to that was acetic at Clear Lake, where you said you're at 80% due to limited availability of certain third-party raw materials. Can you expand on that? What is constrained right now upstream of acid? And timing-wise, when will you expect to be able to run full out at Clear Lake?

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### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Yeah. So, look, a number of our third-party suppliers of raw materials had issues during the freeze. Some of them have had to take turnarounds in order to properly repair their equipment. We were down around 70%. We're now up at 80% as they slowly bring facilities back online. We really expect, by the end of the second quarter, to be fully out of this, maybe even a little bit before and back to 100%.

Kevin W. McCarthy

Analyst, Vertical Research Partners LLC

Okay. And then, I had a follow-up for Scott on free cash flow. You indicated in the prepared remarks, your goal for this year is \$900 million or better. Having sorted through our model last night, I was frankly coming up with a larger number. And so, I was wondering if you might refresh us a bit on CapEx and exactly how much working capital we are penciling in at this point? And also, whether or not you have any, call it, extraordinary items beyond the \$100 million settlement with the European Commission?

Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

Yeah. Kevin, I think the simple answer on extraordinary items is nothing more than the \$100 million that was already baked in. CapEx is – we're planning on a number between \$500 million and \$550 million for the year. And a lot of that will just depend upon when expenses come in from a timing standpoint. Inherent in that number is something towards the higher end of that range. And then, the balance is the working capital build, as I stated earlier.

Now, I think, it was Duffy who called out incremental – \$450 million or so of EBITDA versus our original guide at the beginning of the year. And that's in the right ballpark. And we do expect to collect that as cash. It's just likely a portion of that is going to slip into 2022 because of that working capital build.

Kevin W. McCarthy

Analyst, Vertical Research Partners LLC

I see. Thank you so much.

**Operator**: Thank you. Our next question is coming from Alex Yemerov (sic) [Alex Yefremov] from KeyBanc. Your line is I live.

Aleksey Yefremov

Analyst, KeyBanc Capital Markets, Inc.

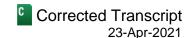
Thank you. Good morning, everyone. You had quite healthy sequential improvement in Engineered Materials. Could you try to walk through the sequential bridge in earnings and understand the benefit of the [indiscernible] (00:43:44) such as volume leverage, positive mix? And maybe is there an uplift in less differentiated polymers where supply/demand may have been tighter?

Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Yeah. So, let me try to take that, Aleksey, if I understand your question correctly. So, if you look at kind of fourth quarter to first quarter, yes, we did have a significant uplift in earnings. I mean, almost doubled our earnings in

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Engineered Materials. So, we had about a 6% increase in volume, which I would just say is continued growth in demand really across all sectors.

Really, in EU, we saw automotive returning to kind of pre-COVID levels, joining the US and Asia that had gotten there in the fourth quarter. We saw industrial continue to go up. and we did see continued recovery in our medical. Again, not just implants, but other areas of medical now that – because of the programs that we've put in place are really starting to show up. So, that was about a 6% increase.

Then, we had about a 6% increase in price. And I would say about half of that were proactive pricing measures that we took last year to get in front of the raw materials. And then, about half of that was really product mix. So, again, more medical, more higher in premium POM applications. Really pushing the molecules that we did have into our more premium product. And then, we also had a bit of a help from – we didn't have a palm turnaround because we took that fourth quarter of last year in IPH, kind of another \$30 million uplift there not having the POM – and then, the POM turnaround in this quarter. And then, we had another about \$10 million uplift from affiliate, really kind of across the board in affiliate. So, I mean, those are the big factors that really accounted for the pretty dramatic uplift that we saw in EM.

### Aleksey Yefremov

Analyst, KeyBanc Capital Markets, Inc.

Thank you, Lori. And, a quick follow-up, you mentioned disruptions in nylon and PBT supplies. How long do you think this could last?

### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Yeah. I think – we do think they're going to continue through the second quarter and will start to resolve themselves as we move into the third quarter.

#### Aleksey Yefremov

Analyst, KeyBanc Capital Markets, Inc.

Got it. Thank you.

**Operator**: Thank you. Our next question is coming from Arun Viswanathan from RBC Capital Markets. Your line is now live.

#### Arun Viswanathan

Analyst, RBC Capital Markets LLC

Great. Thanks for taking my question. I guess, I'll just start on the longer-term outlook for acetyls. You guys have announced some capacity additions. Couple years ago, there were some rationalization in VAM in Europe. How do you see supply/demand, I guess, in the Acetyls Chain over the next couple of years? Do you expect further additions as well from the industry, or would there be opportunities for consolidation? And, I guess, maybe if you could also address, you've noted some strength in end markets. Do you believe those are structural or just a little bit more near-term cyclical developments?

#### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

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Yeah. So, longer term, I mean, I believe there have been structural improvement in terms of the demand for our Acetyl Chain products. Again, a lot of that goes into construction and infrastructure, but paintings, coatings, packaging. I don't — I think the move towards people having everything shipped to their home in boxes is not going to change anytime soon. So, I think a lot of those sectors are seeing lasting increases in demand, even paints and coatings. I mean, that maybe can be a bit more cyclical.

Again, I think what's happening with infrastructure builds and desire to reduce energy usage, you see a lot more going into insulation and exterior coatings and things to further weatherproof existing buildings as well as better materials in new buildings. So I think we are seeing a structural improvement in demand for acetyl products. I do expect we'll see some capacity come on line. I mean, probably other than what we've announced, not a lot in the near term, again because these things take a little while to build. But, if you go out, four years, would I expect to see some additional capacity add? Yes, assuming that continues.

That said, I also expect that, especially in China, new environmental regulations, other safety regulations may lead to some consolidation of capacity in China and certain parts of the world. So, I think – look, I don't think this pricing level is going to continue forever, and I've talked about that already. But I do think we should continue to see fairly healthy margins going forward in acetyl based on those changes.

#### **Arun Viswanathan**

Analyst, RBC Capital Markets LLC

Okay. Thanks for that. And just a follow-up then. You've provided kind of a \$13 or \$14 outlook for a couple years from now. But you've also mentioned that, you do have some plans for M&A this year. So, maybe you can just elaborate on what you're seeing on the M&A front. And if that does kind of now factor in a little bit more concretely into your longer-term outlook and maybe push you up into the \$15 level or so? How would you think about that?

#### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Yeah. I mean, I think we laid it out in Investor Day. I mean, what we laid out in the Investor Day did not assume any M&A, just assumed everything was share repurchases because that was the easiest way to model it in. But, I mean, look, we're very active right now in looking at M&A, as we have been. I think the M&A market is opening up. We see more parties interested in discussing M&A. We see more things being surfaced. So, look, I'd say, we're hopeful. We're not making anything in yet in terms of M&A, but we're certainly hopeful that over the next 18 to 24 months we will be able to do some form of meaningful M&A.

#### Arun Viswanathan

Analyst, RBC Capital Markets LLC

Thanks.

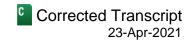
**Operator**: Thank you. Our next question is coming from Matthew Blair from Tudor, Pickering, Holt. Your line is now live.

#### **Matthew Blair**

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

Hey, Lori. Congrats on the strong EM results in Q1. I was hoping you could just simply rank your top three end markets right now in EM in terms of just overall demand strength?

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### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Yeah. So, probably, electronics would be the number one in terms of demand strength. I would say, medical is probably number two in terms of the – it's not our largest market, but in terms of the strength of the growth that we're seeing for medical and pharma is number two. And then, auto, despite what we expect in second quarter, is probably number three in terms of continued growth in the future.

**Matthew Blair** 

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

Great. Thank you. And then, we're seeing just huge spot VAM and acetic acid prices in China. I just want to make sure I understand your comments from before. Are you saying that those high prices are a result of current outages or that, hey, we have high prices now and can be on the lookout for future outages that were deferred from Q1.

Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Look, I think the high prices we see now started with the high demand we saw coming out of the fourth quarter and the tightness in the market, this aggravated by Winter Storm Uri. So, normally, for example, Europe is an import market. Normally, everybody ships from the US, which is the lowest-cost location to Europe to meet the demand there for acetic acid, or more importantly, VAM and emulsion.

If you look at then Hurricane Uri, with nothing coming out of the US, everything started coming out of China and other parts of Asia. So, that really kept – that's really what's been driving, I think, the higher pricing in China and Asia, demand there as well as exporting now into Europe.

Going forward, because we know now all the plants are running again in the US. They're all coming back up to full capacity. Going forward, I think it will still be tight, but I think, it could be tightened further depending on the timing of now the China turnarounds that need to occur, as well as any unplanned outages that could happen anywhere around the globe.

**Matthew Blair** 

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

Great. Thank you.

**Operator**: Thank you. Our next question is coming from Laurence Alexander from Jefferies. Your line is now live.

Laurence Alexander

Analyst, Jefferies LLC

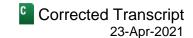
Good morning. So, in the EM, do you have a sense for how the rate of new projects and the duration of projects is affected in via the inflationary or more volatile raw material environment?

Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

А

Q1 2021 Earnings Call



Yeah. We haven't seen the raw material environment really impacting the rate of new projects. I mean, in fact, we've been – we've talked about this a little bit in Investor Day, that our project model continues to be extremely productive, and especially with the focus on the growth programs that we added 18 months or so ago.

So, if you look at just, say, Q1 2020 versus Q1 2021, we've actually increased the number of projects by 13% – so, the number of projects won by 13%. And if you look at the value of those projects that's more than a 20% growth year-on-year in terms of the value of the projects won. So, I would say, the project model is very healthy. It is giving excellent results. We are getting a lot of value. And, I mean, it is the thing that is supporting the greater than 10% CAGR growth we're looking at over the next few years.

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Analyst, Jefferies LLC

Thank you.

**Brandon Ayache** 

Senior Director-Investor Relations, Celanese Corp.

Kevin, let's make the next question our last one, please.

**Operator**: Certainly. Our final question today is coming from Jaideep Pandya from On Field Investment Research. Your line is now live.

#### Jaideep Pandya

Analyst, On Field Investment Research

Thank you, and thanks a lot for the comments yesterday, it was very helpful. First question is really on POM and your ultra-high molecular weight going into battery separators. Can you just tell us, Lori, how much your POM is in a ICE versus EV? And then what sort of growth do you expect in your ultra-polyethylene as EV penetration sort of goes up and the wet end capacity in separators comes through? That's my first question.

And the second question really is around acetic acid, VAM. What is really the current sort of payback for any current player or new player that wants to enter this market, considering all the things that you've described off the market, which point to fundamentally better demand/supply balance than it was maybe in the previous cycle? Thanks a lot.

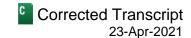
#### Lori J. Ryerkerk

Chairman, Chief Executive Officer & President, Celanese Corp.

Yeah. Let me see if I can get that. So, in terms of POM, I think if you look at POM, the difference between POM, and an IC, and an EV is not much different at all. It's really other component that add – I mean, the difference between polymer content is very large between IC and EV but for POM, specifically, pretty flat between the two.

Now, if you look at GUR, I mean, GUR, we've seen a really significant growth over the last few years really supporting the expansions that we're putting in place. So, if you look at, say, LIBS' growth – so lithium-ion battery separator growth from 2019 to 2020, that was up 25%. And then, if you look at between 2020 and 2021, it's going to even be above 25% growth year-on-year. So, huge demand for the ultra-high molecular weight material for lithium-ion battery separators. We are able to expand into that capacity at very low capital costs. So, we're continuing to do so, and that's why we announced the Bishop GUR plant, which we'll start up here next year. And then a GUR plant to follow in Europe that we'll start up in 2024.

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And then, in terms of acetic acid/VAM, I mean, gosh, that's a really hard question. I mean, if you're expanding acetic acid and VAM, which is what we have been doing, I would say, you get pretty – and you have a good capital efficiency – you can get a really good payout. It's a kind of nominally three-year kind of payout.

I think, if you're talking about greenfields or brand-new builds, again, everybody's economics are different. But I'm going to say, you're probably talking closer to a 10-year payout, even at pretty good – maybe seven years if you're really, really capital-efficient, but again – and it's the infrastructure it takes to build an acetic acid. You have to have hydrogen. You have to have methanol. You have to have CO. Unless you're in an industrial area, this gets really, really expensive. And just the transport. The stuff moves around in stainless tanks. I mean, it's the transport. It is an expensive proposition for a new player to get into acetic acid and VAM.

**Operator**: Thank you. We reached the end of our question-and-answer session. I'd like to turn the floor back over to Brandon for any further or closing comment.

### **Brandon Ayache**

Senior Director-Investor Relations, Celanese Corp.

Thanks, Kevin. We'd like to thank everyone for listening in today. As always, we're available after the call for any further questions you might have. Kevin, please go ahead and close up the call at this time.

**Operator**: Thank you. That does conclude today's teleconference and webcast. You may disconnect your line at this time, and have a wonderful day. We thank you for your participation today.

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