

# CELANESE CORP

## FORM 10-Q (Quarterly Report)

Filed 07/29/20 for the Period Ending 06/30/20

Address	222 W. LAS COLINAS BLVD., SUITE 900N IRVING, TX, 75039-5421
Telephone	972-443-4000
CIK	0001306830
Symbol	CE
SIC Code	2820 - Plastic Material, Synthetic Resin/Rubber, Cellulos (No Glass)
Industry	Commodity Chemicals
Sector	Basic Materials
Fiscal Year	12/31

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Form 10-Q**

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended  
**June 30, 2020**  
Or  
 **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-32410



**Delaware**  
*(State or Other Jurisdiction of Incorporation or Organization)*

**98-0420726**  
*(I.R.S. Employer Identification No.)*

**222 W. Las Colinas Blvd., Suite 900N**  
**Irving, TX 75039-5421**  
*(Address of Principal Executive Offices and zip code)*

**(972) 443-4000**  
*(Registrant's telephone number, including area code)*

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$0.0001 per share	CE	The New York Stock Exchange
1.125% Senior Notes due 2023	CE /23	The New York Stock Exchange
1.250% Senior Notes due 2025	CE /25	The New York Stock Exchange
2.125% Senior Notes due 2027	CE /27	The New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of outstanding shares of the registrant's common stock, \$0.0001 par value, as of July 22, 2020 was 118,290,663.

**CELANESE CORPORATION AND SUBSIDIARIES**

**Form 10-Q**

**For the Quarterly Period Ended June 30, 2020**

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**Item 1. Financial Statements**

**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In \$ millions, except share and per share data)			
Net sales	1,193	1,592	2,653	3,279
Cost of sales	(951)	(1,169)	(2,063)	(2,403)
Gross profit	242	423	590	876
Selling, general and administrative expenses	(114)	(118)	(239)	(238)
Amortization of intangible assets	(6)	(6)	(11)	(12)
Research and development expenses	(18)	(17)	(35)	(33)
Other (charges) gains, net	(21)	(98)	(27)	(94)
Foreign exchange gain (loss), net	1	1	—	6
Gain (loss) on disposition of businesses and assets, net	(1)	1	(1)	1
Operating profit (loss)	83	186	277	506
Equity in net earnings (loss) of affiliates	31	39	88	89
Non-operating pension and other postretirement employee benefit (expense) income	27	17	55	34
Interest expense	(27)	(29)	(55)	(60)
Refinancing expense	—	(4)	—	(4)
Interest income	1	2	3	3
Dividend income - equity investments	32	30	69	62
Other income (expense), net	—	(2)	2	(6)
Earnings (loss) from continuing operations before tax	147	239	439	624
Income tax (provision) benefit	(35)	(28)	(100)	(74)
Earnings (loss) from continuing operations	112	211	339	550
Earnings (loss) from operation of discontinued operations	(4)	(2)	(11)	(3)
Income tax (provision) benefit from discontinued operations	1	1	1	1
Earnings (loss) from discontinued operations	(3)	(1)	(10)	(2)
Net earnings (loss)	109	210	329	548
Net (earnings) loss attributable to noncontrolling interests	(2)	(1)	(4)	(2)
Net earnings (loss) attributable to Celanese Corporation	107	209	325	546
Amounts attributable to Celanese Corporation				
Earnings (loss) from continuing operations	110	210	335	548
Earnings (loss) from discontinued operations	(3)	(1)	(10)	(2)
Net earnings (loss)	107	209	325	546
Earnings (loss) per common share - basic				
Continuing operations	0.93	1.68	2.82	4.33
Discontinued operations	(0.03)	(0.01)	(0.08)	(0.01)
Net earnings (loss) - basic	0.90	1.67	2.74	4.32
Earnings (loss) per common share - diluted				
Continuing operations	0.93	1.67	2.81	4.31
Discontinued operations	(0.03)	(0.01)	(0.09)	(0.01)
Net earnings (loss) - diluted	0.90	1.66	2.72	4.30
Weighted average shares - basic	118,339,872	125,289,967	118,795,780	126,409,926
Weighted average shares - diluted	118,767,633	125,847,894	119,377,515	127,111,046

See the accompanying notes to the unaudited interim consolidated financial statements.



**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF**  
**COMPREHENSIVE INCOME (LOSS)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In \$ millions)			
Net earnings (loss)	109	210	329	548
Other comprehensive income (loss), net of tax				
Foreign currency translation gain (loss)	(6)	(11)	(8)	(4)
Gain (loss) on cash flow hedges	1	(13)	(38)	(16)
Total other comprehensive income (loss), net of tax	(5)	(24)	(46)	(20)
Total comprehensive income (loss), net of tax	104	186	283	528
Comprehensive (income) loss attributable to noncontrolling interests	(2)	(1)	(4)	(2)
Comprehensive income (loss) attributable to Celanese Corporation	102	185	279	526

See the accompanying notes to the unaudited interim consolidated financial statements.

**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**

	As of June 30, 2020	As of December 31, 2019
(In \$ millions, except share data)		
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents (variable interest entity restricted - 2020: \$33; 2019: \$57)	539	463
Trade receivables - third party and affiliates (net of allowance for doubtful accounts - 2020: \$10; 2019: \$9; variable interest entity restricted - 2020: \$5; 2019: \$6)	729	850
Non-trade receivables, net	312	331
Inventories	1,031	1,038
Marketable securities	36	40
Other assets	62	43
Total current assets	2,709	2,765
Investments in affiliates	957	975
Property, plant and equipment (net of accumulated depreciation - 2020: \$3,087; 2019: \$2,957; variable interest entity restricted - 2020: \$612; 2019: \$622)	3,725	3,713
Operating lease right-of-use assets	201	203
Deferred income taxes	100	96
Other assets (variable interest entity restricted - 2020: \$15; 2019: \$9)	399	338
Goodwill	1,098	1,074
Intangible assets (variable interest entity restricted - 2020: \$22; 2019: \$22)	317	312
Total assets	9,506	9,476
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities		
Short-term borrowings and current installments of long-term debt - third party and affiliates	1,045	496
Trade payables - third party and affiliates	599	780
Other liabilities	572	461
Income taxes payable	46	17
Total current liabilities	2,262	1,754
Long-term debt, net of unamortized deferred financing costs	2,989	3,409
Deferred income taxes	256	257
Uncertain tax positions	189	165
Benefit obligations	579	589
Operating lease liabilities	183	181
Other liabilities	179	223
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized (2020 and 2019: 0 issued and outstanding)	—	—
Common stock, \$0.0001 par value, 400,000,000 shares authorized (2020: 169,371,322 issued and 118,288,296 outstanding; 2019: 168,973,172 issued and 119,555,207 outstanding)	—	—
Treasury stock, at cost (2020: 51,083,026 shares; 2019: 49,417,965 shares)	(3,995)	(3,846)
Additional paid-in capital	252	254
Retained earnings	6,576	6,399
Accumulated other comprehensive income (loss), net	(346)	(300)
Total Celanese Corporation stockholders' equity	2,487	2,507
Noncontrolling interests	382	391
Total equity	2,869	2,898
Total liabilities and equity	9,506	9,476

See the accompanying notes to the unaudited interim consolidated financial statements.



**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF EQUITY**

	Three Months Ended June 30,			
	2020		2019	
	Shares	Amount	Shares	Amount
	(In \$ millions, except share data)			
<b>Common Stock</b>				
Balance as of the beginning of the period	118,228,898	—	126,612,492	—
Stock option exercises	—	—	4,108	—
Purchases of treasury stock	—	—	(2,917,864)	—
Stock awards	59,398	—	41,613	—
Balance as of the end of the period	<u>118,288,296</u>	<u>—</u>	<u>123,740,349</u>	<u>—</u>
<b>Treasury Stock</b>				
Balance as of the beginning of the period	51,127,396	(3,996)	42,285,459	(3,048)
Purchases of treasury stock, including related fees	—	—	2,917,864	(300)
Issuance of treasury stock under stock plans	(44,370)	1	(32,841)	1
Balance as of the end of the period	<u>51,083,026</u>	<u>(3,995)</u>	<u>45,170,482</u>	<u>(3,347)</u>
<b>Additional Paid-In Capital</b>				
Balance as of the beginning of the period		242		224
Stock-based compensation, net of tax		10		9
Balance as of the end of the period		<u>252</u>		<u>233</u>
<b>Retained Earnings</b>				
Balance as of the beginning of the period		6,543		6,114
Net earnings (loss) attributable to Celanese Corporation		107		209
Common stock dividends		(74)		(78)
Balance as of the end of the period		<u>6,576</u>		<u>6,245</u>
<b>Accumulated Other Comprehensive Income (Loss), Net</b>				
Balance as of the beginning of the period		(341)		(243)
Other comprehensive income (loss), net of tax		(5)		(24)
Balance as of the end of the period		<u>(346)</u>		<u>(267)</u>
Total Celanese Corporation stockholders' equity		<u>2,487</u>		<u>2,864</u>
<b>Noncontrolling Interests</b>				
Balance as of the beginning of the period		388		392
Net earnings (loss) attributable to noncontrolling interests		2		1
Distributions to noncontrolling interests		(8)		(3)
Balance as of the end of the period		<u>382</u>		<u>390</u>
Total equity		<u>2,869</u>		<u>3,254</u>

See the accompanying notes to the unaudited interim consolidated financial statements.

**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF EQUITY**

	Six Months Ended June 30,			
	2020		2019	
	Shares	Amount	Shares	Amount
	(In \$ millions, except share data)			
<b>Common Stock</b>				
Balance as of the beginning of the period	119,555,207	—	128,095,849	—
Stock option exercises	—	—	14,045	—
Purchases of treasury stock	(1,709,431)	—	(4,890,155)	—
Stock awards	442,520	—	520,610	—
Balance as of the end of the period	<u>118,288,296</u>	<u>—</u>	<u>123,740,349</u>	<u>—</u>
<b>Treasury Stock</b>				
Balance as of the beginning of the period	49,417,965	(3,846)	40,323,105	(2,849)
Purchases of treasury stock, including related fees	1,709,431	(150)	4,890,155	(500)
Issuance of treasury stock under stock plans	(44,370)	1	(42,778)	2
Balance as of the end of the period	<u>51,083,026</u>	<u>(3,995)</u>	<u>45,170,482</u>	<u>(3,347)</u>
<b>Additional Paid-In Capital</b>				
Balance as of the beginning of the period		254		233
Stock-based compensation, net of tax		(2)		1
Stock option exercises, net of tax		—		(1)
Balance as of the end of the period		<u>252</u>		<u>233</u>
<b>Retained Earnings</b>				
Balance as of the beginning of the period		6,399		5,847
Net earnings (loss) attributable to Celanese Corporation		325		546
Common stock dividends		(148)		(148)
Balance as of the end of the period		<u>6,576</u>		<u>6,245</u>
<b>Accumulated Other Comprehensive Income (Loss), Net</b>				
Balance as of the beginning of the period		(300)		(247)
Other comprehensive income (loss), net of tax		(46)		(20)
Balance as of the end of the period		<u>(346)</u>		<u>(267)</u>
Total Celanese Corporation stockholders' equity		<u>2,487</u>		<u>2,864</u>
<b>Noncontrolling Interests</b>				
Balance as of the beginning of the period		391		395
Net earnings (loss) attributable to noncontrolling interests		4		2
Distributions to noncontrolling interests		(13)		(7)
Balance as of the end of the period		<u>382</u>		<u>390</u>
Total equity		<u>2,869</u>		<u>3,254</u>

See the accompanying notes to the unaudited interim consolidated financial statements.

**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six Months Ended June 30,	
	2020	2019
(In \$ millions)		
<b>Operating Activities</b>		
Net earnings (loss)	329	548
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities		
Asset impairments	29	83
Depreciation, amortization and accretion	175	170
Pension and postretirement net periodic benefit cost	(49)	(30)
Pension and postretirement contributions	(23)	(24)
Deferred income taxes, net	(15)	(17)
(Gain) loss on disposition of businesses and assets, net	1	1
Stock-based compensation	20	27
Undistributed earnings in unconsolidated affiliates	17	22
Other, net	10	13
Operating cash provided by (used in) discontinued operations	6	—
Changes in operating assets and liabilities		
Trade receivables - third party and affiliates, net	167	52
Inventories	27	39
Other assets	84	(21)
Trade payables - third party and affiliates	(150)	(51)
Other liabilities	10	(81)
Net cash provided by (used in) operating activities	638	731
<b>Investing Activities</b>		
Capital expenditures on property, plant and equipment	(207)	(144)
Acquisitions, net of cash acquired	(88)	(91)
Proceeds from sale of businesses and assets, net	3	—
Other, net	(17)	(8)
Net cash provided by (used in) investing activities	(309)	(243)
<b>Financing Activities</b>		
Net change in short-term borrowings with maturities of 3 months or less	(136)	105
Proceeds from short-term borrowings	306	—
Repayments of short-term borrowings	(50)	(12)
Proceeds from long-term debt	—	499
Repayments of long-term debt	(16)	(348)
Purchases of treasury stock, including related fees	(167)	(488)
Common stock dividends	(148)	(148)
Distributions to noncontrolling interests	(13)	(7)
Other, net	(24)	(38)
Net cash provided by (used in) financing activities	(248)	(437)
Exchange rate effects on cash and cash equivalents	(5)	1
Net increase (decrease) in cash and cash equivalents	76	52
Cash and cash equivalents as of beginning of period	463	439
Cash and cash equivalents as of end of period	539	491

See the accompanying notes to the unaudited interim consolidated financial statements.



**CELANESE CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**1. Description of the Company and Basis of Presentation**

*Description of the Company*

Celanese Corporation and its subsidiaries (collectively, the "Company") is a global chemical and specialty materials company. The Company produces high performance engineered polymers that are used in a variety of high-value applications, as well as acetyl products, which are intermediate chemicals, for nearly all major industries. The Company also engineers and manufactures a wide variety of products essential to everyday living. The Company's broad product portfolio serves a diverse set of end-use applications including automotive, chemical additives, construction, consumer and industrial adhesives, consumer and medical, energy storage, filtration, food and beverage, paints and coatings, paper and packaging, performance industrial and textiles.

*Definitions*

In this Quarterly Report on Form 10-Q ("Quarterly Report"), the term "Celanese" refers to Celanese Corporation, a Delaware corporation, and not its subsidiaries. The term "Celanese US" refers to the Company's subsidiary, Celanese US Holdings LLC, a Delaware limited liability company, and not its subsidiaries.

*Basis of Presentation*

The unaudited interim consolidated financial statements for the three and six months ended June 30, 2020 and 2019 contained in this Quarterly Report were prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for all periods presented and include the accounts of the Company, its majority owned subsidiaries over which the Company exercises control and, when applicable, variable interest entities in which the Company is the primary beneficiary. The unaudited interim consolidated financial statements and other financial information included in this Quarterly Report, unless otherwise specified, have been presented to separately show the effects of discontinued operations.

In the opinion of management, the accompanying unaudited consolidated balance sheets and related unaudited interim consolidated statements of operations, comprehensive income (loss), cash flows and equity include all adjustments, consisting only of normal recurring items necessary for their fair presentation in conformity with US GAAP. Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted in accordance with rules and regulations of the Securities and Exchange Commission ("SEC"). These unaudited interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements as of and for the year ended December 31, 2019, filed on February 6, 2020 with the SEC as part of the Company's Annual Report on Form 10-K.

Operating results for the three and six months ended June 30, 2020 are not necessarily indicative of the results to be expected for the entire year.

In the ordinary course of business, the Company enters into contracts and agreements relative to a number of topics, including acquisitions, dispositions, joint ventures, supply agreements, product sales and other arrangements. The Company endeavors to describe those contracts or agreements that are material to its business, results of operations or financial position. The Company may also describe some arrangements that are not material but in which the Company believes investors may have an interest or which may have been included in a Form 8-K filing. Investors should not assume the Company has described all contracts and agreements relative to the Company's business in this Quarterly Report.

For those consolidated ventures in which the Company owns or is exposed to less than 100% of the economics, the outside stockholders' interests are shown as noncontrolling interests.

### *Estimates and Assumptions*

The preparation of unaudited interim consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the unaudited interim consolidated financial statements and the reported amounts of Net sales, expenses and allocated charges during the reporting period. Significant estimates pertain to impairments of goodwill, intangible assets and other long-lived assets, purchase price allocations, restructuring costs and other (charges) gains, net, income taxes, pension and other postretirement benefits, asset retirement obligations, environmental liabilities and loss contingencies, among others. Actual results could differ from those estimates.

### **2. Recent Accounting Pronouncements**

The following table provides a brief description of recent Accounting Standard Updates ("ASU") issued by the Financial Accounting Standards Board ("FASB"):

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>	<b>Effect on the Financial Statements or Other Significant Matters</b>
In March 2020, the FASB issued ASU 2020-04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting.	The new guidance provides optional expedients and exceptions for applying US GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The guidance applies only to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform.	March 12, 2020 through December 31, 2022.	The Company is currently evaluating the impact of adoption on its financial statements and related disclosures.
In December 2019, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes.	The new guidance simplifies the accounting for income taxes by removing certain exceptions to the general principles in FASB Accounting Standards Codification Topic 740, Income Taxes ("Topic 740"). The guidance also clarifies and amends existing guidance under Topic 740.	January 1, 2021. Early adoption is permitted.	The Company has completed its assessment and will adopt the new guidance effective January 1, 2021. The adoption of the new guidance will not have a material impact to the Company.

### **3. Ventures and Variable Interest Entities**

#### *Consolidated Variable Interest Entities*

The Company has a joint venture, Fairway Methanol LLC ("Fairway"), with Mitsui & Co., Ltd., of Tokyo, Japan ("Mitsui"), in which the Company owns 50% of Fairway, for the production of methanol at the Company's integrated chemical plant in Clear Lake, Texas. The methanol unit utilizes natural gas in the US Gulf Coast region as a feedstock and benefits from the existing infrastructure at the Company's Clear Lake facility. Both Mitsui and the Company supply their own natural gas to Fairway in exchange for methanol tolling under a cost-plus off-take arrangement.

Fairway is a variable interest entity ("VIE") in which the Company is the primary beneficiary. Under the terms of the joint venture agreements, the Company provides site services and day-to-day operations for the methanol facility. In addition, the joint venture agreements provide that the Company indemnifies Mitsui for environmental obligations that exceed a specified threshold, as well as an equity option between the partners. Accordingly, the Company consolidates the venture and records a noncontrolling interest for the share of the venture owned by Mitsui. Fairway is included in the Company's Acetyl Chain segment.

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The carrying amount of the assets and liabilities associated with Fairway included in the unaudited consolidated balance sheets are as follows:

	As of June 30, 2020	As of December 31, 2019
(In \$ millions)		
Cash and cash equivalents	33	57
Trade receivables, net - third party and affiliates	10	12
Non-trade receivables, net	2	—
Property, plant and equipment (net of accumulated depreciation - 2020: \$191; 2019: \$174)	612	622
Other assets	15	9
Intangible assets (net of accumulated amortization - 2020: \$4; 2019: \$4)	22	22
Total assets <sup>(1)</sup>	694	722
Trade payables	11	24
Other liabilities <sup>(2)</sup>	10	5
Total debt	3	4
Deferred income taxes	4	4
Total liabilities	28	37

(1) Joint venture assets can only be used to settle the obligations of Fairway.

(2) Primarily represents amounts owed by Fairway to the Company for reimbursement of expenditures.

**Nonconsolidated Variable Interest Entities**

The Company holds variable interests in entities that supply certain raw materials and services to the Company. The variable interests primarily relate to cost-plus contractual arrangements with the suppliers and recovery of capital expenditures for certain plant assets plus a rate of return on such assets. Liabilities for such supplier recoveries of capital expenditures have been recorded as finance lease obligations. The entities are not consolidated because the Company is not the primary beneficiary of the entities as it does not have the power to direct the activities of the entities that most significantly impact the entities' economic performance. The Company's maximum exposure to loss as a result of its involvement with these VIEs as of June 30, 2020, relates primarily to the recovery of capital expenditures for certain property, plant and equipment.

The carrying amount of the assets and liabilities associated with the obligations to nonconsolidated VIEs, as well as the maximum exposure to loss relating to these nonconsolidated VIEs are as follows:

	As of June 30, 2020	As of December 31, 2019
(In \$ millions)		
Property, plant and equipment, net	25	31
Trade payables	22	30
Current installments of long-term debt	17	16
Long-term debt	33	41
Total liabilities	72	87
Maximum exposure to loss	93	113

The difference between the total liabilities associated with obligations to nonconsolidated VIEs and the maximum exposure to loss primarily represents take-or-pay obligations for services included in the Company's unconditional purchase obligations ([Note 16](#)).

#### 4. Inventories

	As of June 30, 2020	As of December 31, 2019
	(In \$ millions)	
Finished goods	713	718
Work-in-process	67	76
Raw materials and supplies	251	244
Total	1,031	1,038

#### 5. Goodwill and Intangible Assets, Net

##### Goodwill

	Engineered Materials	Acetate Tow	Acetyl Chain	Total
	(In \$ millions)			
As of December 31, 2019	727	148	199	1,074
Acquisitions	—	—	28 <sup>(1)</sup>	28
Exchange rate changes	(3)	(1)	—	(4)
As of June 30, 2020 <sup>(2)</sup>	724	147	227	1,098

<sup>(1)</sup> Represents goodwill related to the acquisition of Nouryon's redispersible polymer powders business offered under the Elotex<sup>®</sup> brand ("Elotex").

<sup>(2)</sup> There were \$0 million of accumulated impairment losses as of June 30, 2020.

##### Intangible Assets, Net

Finite-lived intangible assets are as follows:

	Licenses	Customer- Related Intangible Assets	Developed Technology	Covenants Not to Compete and Other	Total
	(In \$ millions)				
<b>Gross Asset Value</b>					
As of December 31, 2019	42	667	44	56	809
Acquisitions	—	16 <sup>(1)</sup>	—	—	16
Exchange rate changes	(1)	(3)	—	—	(4)
As of June 30, 2020	41	680	44	56	821
<b>Accumulated Amortization</b>					
As of December 31, 2019	(35)	(504)	(35)	(38)	(612)
Amortization	(1)	(8)	(2)	—	(11)
Exchange rate changes	1	1	—	—	2
As of June 30, 2020	(35)	(511)	(37)	(38)	(621)
Net book value	6	169	7	18	200

<sup>(1)</sup> Related to acquired Elotex finite-lived intangible assets, with a weighted average amortization period of 14 years.



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Indefinite-lived intangible assets are as follows:

	<b>Trademarks and Trade Names</b>
	<b>(In \$ millions)</b>
As of December 31, 2019	115
Acquisitions	2 <sup>(1)</sup>
As of June 30, 2020	<u>117</u>

<sup>(1)</sup> Related to acquired Elotex indefinite-lived intangible assets.

During the six months ended June 30, 2020, the Company did not renew or extend any intangible assets.

Estimated amortization expense for the succeeding five fiscal years is as follows:

	<b>(In \$ millions)</b>
2021	22
2022	21
2023	18
2024	17
2025	17

**6. Current Other Liabilities**

	<b>As of June 30, 2020</b>	<b>As of December 31, 2019</b>
	<b>(In \$ millions)</b>	
Asset retirement obligations	3	6
Benefit obligations ( <a href="#">Note 9</a> )	28	28
Customer rebates	37	63
Derivatives ( <a href="#">Note 14</a> )	97	8
Environmental ( <a href="#">Note 10</a> )	19	12
Insurance	4	6
Interest	26	29
Legal ( <a href="#">Note 16</a> )	98	105
Operating leases	29	29
Restructuring ( <a href="#">Note 12</a> )	10	13
Salaries and benefits	90	89
Sales and use tax/foreign withholding tax payable	98	35
Other	33	38
Total	<u>572</u>	<u>461</u>

**7. Noncurrent Other Liabilities**

	As of June 30, 2020	As of December 31, 2019
(In \$ millions)		
Asset retirement obligations	15	13
Deferred proceeds	43	43
Deferred revenue ( <a href="#">Note 18</a> )	6	6
Derivatives ( <a href="#">Note 14</a> )	3	50
Environmental ( <a href="#">Note 10</a> )	48	49
Insurance	39	34
Other	25	28
Total	179	223

**8. Debt**

	As of June 30, 2020	As of December 31, 2019
(In \$ millions)		
<b>Short-Term Borrowings and Current Installments of Long-Term Debt - Third Party and Affiliates</b>		
Current installments of long-term debt	427	28
Short-term borrowings, including amounts due to affiliates <sup>(1)</sup>	377	81
Revolving credit facility <sup>(2)</sup>	154	272
Accounts receivable securitization facility <sup>(3)</sup>	87	115
Total	1,045	496

<sup>(1)</sup> The weighted average interest rate was 1.2% and 2.3% as of June 30, 2020 and December 31, 2019, respectively. During the six months ended June 30, 2020, the Company entered into an aggregate of \$300 million in short-term, bilateral term loans.

<sup>(2)</sup> The weighted average interest rate was 1.5% and 1.6% as of June 30, 2020 and December 31, 2019, respectively.

<sup>(3)</sup> The weighted average interest rate was 0.9% and 2.4% as of June 30, 2020 and December 31, 2019, respectively.

	As of June 30, 2020	As of December 31, 2019
(In \$ millions)		
<b>Long-Term Debt</b>		
Senior unsecured notes due 2021, interest rate of 5.875%	400	400
Senior unsecured notes due 2022, interest rate of 4.625%	500	500
Senior unsecured notes due 2023, interest rate of 1.125%	839	841
Senior unsecured notes due 2024, interest rate of 3.500%	499	499
Senior unsecured notes due 2025, interest rate of 1.250%	336	337
Senior unsecured notes due 2027, interest rate of 2.125%	556	558
Pollution control and industrial revenue bonds due at various dates through 2030, interest rates ranging from 4.05% to 5.00%	167	167
Bank loans due at various dates through 2026 <sup>(1)</sup>	8	9
Obligations under finance leases due at various dates through 2054	128	144
Subtotal	3,433	3,455
Unamortized debt issuance costs <sup>(2)</sup>	(17)	(18)
Current installments of long-term debt	(427)	(28)
Total	2,989	3,409

<sup>(1)</sup> The weighted average interest rate was 1.3% and 1.3% as of June 30, 2020 and December 31, 2019, respectively.

<sup>(2)</sup> Related to the Company's long-term debt, excluding obligations under finance leases.

### Senior Credit Facilities

The Company has a senior credit agreement (the "Credit Agreement") consisting of a \$1.25 billion senior unsecured revolving credit facility (with a letter of credit sublimit), maturing in 2024. The Credit Agreement is guaranteed by Celanese, Celanese US and substantially all of its domestic subsidiaries ("the Subsidiary Guarantors").

The Company's debt balances and amounts available for borrowing under its senior unsecured revolving credit facility are as follows:

	As of June 30, 2020
(In \$ millions)	
<b>Revolving Credit Facility</b>	
Borrowings outstanding <sup>(1)</sup>	154
Available for borrowing <sup>(2)</sup>	1,096

<sup>(1)</sup> The Company borrowed \$385 million and repaid \$503 million under its senior unsecured revolving credit facility during the six months ended June 30, 2020.

<sup>(2)</sup> The margin for borrowings under the senior unsecured revolving credit facility was 1.5% above LIBOR or EURIBOR at current Company credit ratings.

### Senior Notes

The Company has outstanding senior unsecured notes, issued in public offerings registered under the Securities Act of 1933 ("Securities Act"), as amended (collectively, the "Senior Notes"). The Senior Notes were issued by Celanese US and are guaranteed on a senior unsecured basis by Celanese and the Subsidiary Guarantors. Celanese US may redeem some or all of each of the Senior Notes, prior to their respective maturity dates, at a redemption price of 100% of the principal amount, plus a "make-whole" premium as specified in the applicable indenture, plus accrued and unpaid interest, if any, to the redemption date.

### **Accounts Receivable Securitization Facility**

The Company has a US accounts receivable securitization facility involving receivables of certain of its domestic subsidiaries of the Company transferred to a wholly-owned, "bankruptcy remote" special purpose subsidiary of the Company ("SPE"). The securitization facility, which permits cash borrowings and letters of credit, was amended and restated on July 6, 2020. All of the SPE's assets were pledged to the administrative agent in support of the SPE's obligations under the facility. See [Note 21](#) for further information.

The Company's debt balances and amounts available for borrowing under its securitization facility are as follows:

	<b>As of June 30, 2020</b>
	<b>(In \$ millions)</b>
<b>Accounts Receivable Securitization Facility</b>	
Borrowings outstanding <sup>(1)</sup>	87
Available for borrowing	5
Total borrowing base	92
Maximum borrowing base <sup>(2)</sup>	120

<sup>(1)</sup> The Company repaid \$28 million under its US accounts receivable securitization facility during the six months ended June 30, 2020.

<sup>(2)</sup> Outstanding accounts receivable transferred to the SPE was \$117 million.

### **Other Financing Arrangements**

The Company has a factoring agreement with a global financial institution to sell certain accounts receivable on a non-recourse basis. These transactions are treated as a sale and are accounted for as a reduction in accounts receivable because the agreement transfers effective control over and risk related to the receivables to the buyer. The Company has no continuing involvement in the transferred receivables, other than collection and administrative responsibilities and, once sold, the accounts receivable are no longer available to satisfy creditors in the event of bankruptcy. The Company de-recognized \$110 million and \$257 million of accounts receivable under this factoring agreement as of June 30, 2020 and December 31, 2019, respectively.

### **Covenants**

The Company's material financing arrangements contain customary covenants, including the maintenance of certain financial ratios, events of default and change of control provisions. Failure to comply with these covenants, or the occurrence of any other event of default, could result in acceleration of the borrowings and other financial obligations. The Company is in compliance with all of the covenants related to its debt agreements as of June 30, 2020.

## 9. Benefit Obligations

The components of net periodic benefit cost are as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2020		2019		2020		2019	
	Pension Benefits	Post-retirement Benefits	Pension Benefits	Post-retirement Benefits	Pension Benefits	Post-retirement Benefits	Pension Benefits	Post-retirement Benefits
(In \$ millions)								
Service cost	3	—	2	—	6	—	4	—
Interest cost	21	—	29	1	42	1	58	1
Expected return on plan assets	(49)	—	(47)	—	(99)	—	(93)	—
Special termination benefit	1	—	—	—	1	—	—	—
Total	(24)	—	(16)	1	(50)	1	(31)	1

Benefit obligation funding is as follows:

	As of June 30, 2020	Total Expected 2020
(In \$ millions)		
Cash contributions to defined benefit pension plans	11	23
Benefit payments to nonqualified pension plans	10	20
Benefit payments to other postretirement benefit plans	2	5
Cash contributions to German multiemployer defined benefit pension plans <sup>(1)</sup>	4	8

<sup>(1)</sup> The Company makes contributions based on specified percentages of employee contributions.

The Company's estimates of its US defined benefit pension plan contributions reflect the provisions of the Pension Protection Act of 2006.

## 10. Environmental

The Company is subject to environmental laws and regulations worldwide that impose limitations on the discharge of pollutants into the air and water, establish standards for the treatment, storage and disposal of solid and hazardous wastes, and impose record keeping and notification requirements. Failure to timely comply with these laws and regulations may expose the Company to penalties. The Company believes that it is in substantial compliance with all applicable environmental laws and regulations and engages in an ongoing process of updating its controls to mitigate compliance risks. The Company is also subject to retained environmental obligations specified in various contractual agreements arising from the divestiture of certain businesses by the Company or one of its predecessor companies.

The components of environmental remediation liabilities are as follows:

	As of June 30, 2020	As of December 31, 2019
(In \$ millions)		
Demerger obligations ( <a href="#">Note 16</a> )	28	23
Divestiture obligations ( <a href="#">Note 16</a> )	13	12
Active sites	12	13
US Superfund sites	12	11
Other environmental remediation liabilities	2	2
Total	67	61

## **Remediation**

Due to its industrial history and through retained contractual and legal obligations, the Company has the obligation to remediate specific areas on its own sites as well as on divested, demerger, orphan or US Superfund sites (as defined below). In addition, as part of the demerger agreement between the Company and Hoechst AG ("Hoechst"), a specified portion of the responsibility for environmental liabilities from a number of Hoechst divestitures was transferred to the Company ([Note 16](#)). Certain of these sites, at which the Company maintains continuing involvement, were and continue to be designated as discontinued operations when closed. The Company provides for such obligations when the event of loss is probable and reasonably estimable. The Company believes that environmental remediation costs will not have a material adverse effect on the financial position of the Company, but may have a material adverse effect on the results of operations or cash flows in any given period.

### **US Superfund Sites**

In the US, the Company may be subject to substantial claims brought by US federal or state regulatory agencies or private individuals pursuant to statutory authority or common law. In particular, the Company has a potential liability under the US Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, and related state laws (collectively referred to as "Superfund") for investigation and cleanup costs at certain sites. At most of these sites, numerous companies, including the Company, or one of its predecessor companies, have been notified that the US Environmental Protection Agency ("EPA"), state governing bodies or private individuals consider such companies to be potentially responsible parties ("PRP") under Superfund or related laws. The proceedings relating to these sites are in various stages. The cleanup process has not been completed at most sites, and the status of the insurance coverage for some of these proceedings is uncertain. Consequently, the Company cannot accurately determine its ultimate liability for investigation or cleanup costs at these sites.

As events progress at each site for which it has been named a PRP, the Company accrues any probable and reasonably estimable liabilities. In establishing these liabilities, the Company considers the contaminants of concern, the potential impact thereof, the relationship of the contaminants of concern to its current and historic operations, its shipment of waste to a site, its percentage of total waste shipped to the site, the types of wastes involved, the conclusions of any studies, the magnitude of any remedial actions that may be necessary and the number and viability of other PRPs. Often the Company joins with other PRPs to sign joint defense agreements that settle, among PRPs, each party's percentage allocation of costs at the site. Although the ultimate liability may differ from the estimate, the Company routinely reviews the liabilities and revises the estimate, as appropriate, based on the most current information available.

One such site is the Diamond Alkali Superfund Site, which is comprised of a number of sub-sites, including the Lower Passaic River Study Area ("LPRSA"), which is the lower 17-mile stretch of the Passaic River ("Lower Passaic River Site"), and the Newark Bay Area. The Company and 70 other companies are parties to a May 2007 Administrative Order on Consent with the EPA to perform a Remedial Investigation/Feasibility Study ("RI/FS") at the Lower Passaic River Site in order to identify the levels of contaminants and potential cleanup actions, including the potential migration of contaminants between the Lower Passaic River Site and the Newark Bay Area. Work on the RI/FS is ongoing.

In March 2016, the EPA issued its final Record of Decision concerning the remediation of the lower 8.3 miles of the Lower Passaic River Site ("Lower 8.3 Miles"). Pursuant to the EPA's Record of Decision, the Lower 8.3 Miles must be dredged bank to bank and an engineered cap must be installed at an EPA estimated cost of approximately \$1.4 billion. The Company owned and/or operated facilities in the vicinity of the Lower 8.3 Miles, but has found no evidence that it contributed any of the contaminants of concern to the Passaic River. In June 2018, Occidental Chemical Corporation ("OCC"), the successor to the Diamond Alkali Company, sued a subsidiary of the Company and 119 other parties alleging claims for joint and several damages, contribution and declaratory relief under Section 107 and 113 of Superfund for costs to clean up the LPRSA portion of the Diamond Alkali Superfund Site, *Occidental Chemical Corporation v. 21st Century Fox America, Inc., et al*, No. 2:18-CV-11273-JLL-JAD (U.S. District Court New Jersey), alleging that each of the defendants owned or operated a facility that contributed contamination to the LPRSA. With respect to the Company, the OCC lawsuit is limited to the former Celanese facility that Essex County, New Jersey has agreed to indemnify the Company for and does not change the Company's estimated liability for LPRSA cleanup costs. The Company is vigorously defending these matters and currently believes that its ultimate allocable share of the cleanup costs with respect to the Lower Passaic River Site, estimated at less than 1%, will not be material to the Company's results of operations, cash flows or financial position.

## 11. Stockholders' Equity

### Common Stock

The Company's Board of Directors follows a policy of declaring, subject to legally available funds, a quarterly cash dividend on each share of the Company's Common Stock, par value \$0.0001 per share ("Common Stock"), unless the Company's Board of Directors, in its sole discretion, determines otherwise. The amount available to the Company to pay cash dividends is not currently restricted by its existing senior credit facility and its indentures governing its senior unsecured notes. Any decision to declare and pay dividends in the future will be made at the discretion of the Company's Board of Directors and will depend on, among other things, the results of operations, cash requirements, financial condition, contractual restrictions and other factors that the Company's Board of Directors may deem relevant.

The Company's Board of Directors approved increases in the Company's Common Stock cash dividend rates as follows:

	Increase	Quarterly Common Stock Cash Dividend	Annual Common Stock Cash Dividend	Effective Date
	(In percentages)	(In \$ per share)		
April 2019	15	0.62	2.48	May 2019
April 2020	—	0.62	2.48	May 2020

The Company declared a quarterly cash dividend of \$0.62 per share on its Common Stock on July 15, 2020, amounting to \$73 million. The cash dividend will be paid on August 6, 2020 to holders of record as of July 27, 2020.

### Treasury Stock

The Company's Board of Directors authorizes repurchases of Common Stock from time to time. These authorizations give management discretion in determining the timing and conditions under which shares may be repurchased. This repurchase program does not have an expiration date.

	Six Months Ended June 30,		Total From February 2008 Through June 30, 2020
	2020	2019	
Shares repurchased	1,709,431	4,890,155	58,588,409
Average purchase price per share	\$ 87.87	\$ 102.25	\$ 73.44
Shares repurchased (in \$ millions)	\$ 150	\$ 500	\$ 4,303
Aggregate Board of Directors repurchase authorizations during the period (in \$ millions)	\$ —	\$ 1,500	\$ 5,366

On July 15, 2020, the Company's Board of Directors approved a \$500 million increase in its Common Stock repurchase authorization. As of June 30, 2020, the Company had \$1.1 billion remaining under the previous authorization.

The purchase of treasury stock reduces the number of shares outstanding. The repurchased shares may be used by the Company for compensation programs utilizing the Company's stock and other corporate purposes. The Company accounts for treasury stock using the cost method and includes treasury stock as a component of stockholders' equity.

### Other Comprehensive Income (Loss), Net

	Three Months Ended June 30,					
	2020			2019		
	Gross Amount	Income Tax (Provision) Benefit	Net Amount	Gross Amount	Income Tax (Provision) Benefit	Net Amount
	(In \$ millions)					
Foreign currency translation gain (loss)	(10)	4	(6)	(12)	1	(11)
Gain (loss) on cash flow hedges	1	—	1	(19)	6	(13)
Total	(9)	4	(5)	(31)	7	(24)

	Six Months Ended June 30,					
	2020			2019		
	Gross Amount	Income Tax (Provision) Benefit	Net Amount	Gross Amount	Income Tax (Provision) Benefit	Net Amount
	(In \$ millions)					
Foreign currency translation gain (loss)	—	(8)	(8)	1	(5)	(4)
Gain (loss) on cash flow hedges	(50)	12	(38)	(22)	6	(16)
Total	(50)	4	(46)	(21)	1	(20)

Adjustments to Accumulated other comprehensive income (loss), net, are as follows:

	Foreign Currency Translation Gain (Loss)	Gain (Loss) on Cash Flow Hedges (Note 14)	Pension and Postretirement Benefits Gain (Loss) (Note 9)	Accumulated Other Comprehensive Income (Loss), Net
	(In \$ millions)			
As of December 31, 2019	(252)	(38)	(10)	(300)
Other comprehensive income (loss) before reclassifications	—	(50)	—	(50)
Income tax (provision) benefit	(8)	12	—	4
As of June 30, 2020	(260)	(76)	(10)	(346)

## 12. Other (Charges) Gains, Net

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In \$ millions)			
Restructuring	(2)	(15)	(8)	(14)
Asset impairments	(25)	(83)	(29)	(83)
Plant/office closures	6	—	5	(1)
Commercial disputes	1	—	6	4
European Commission investigation	(2)	—	(2)	—
Other	1	—	1	—
Total	(21)	(98)	(27)	(94)

During the three months ended June 30, 2020, the Company determined that certain fixed assets at three manufacturing sites within Europe should be assessed for impairment based on the Company's intention to establish a Compounding Center of Excellence at its Forli, Italy manufacturing location by consolidating the compounding operations at its facilities in Kaiserslautern, Germany; Wehr, Germany and Ferrara Marconi, Italy into the Forli, Italy location. As a result, the Company concluded that certain long-lived assets were impaired. Accordingly, the Company recorded a long-lived asset impairment loss of \$25 million, which was measured at the date of impairment. The asset impairment was included in the Company's Engineered Materials segment.

During the six months ended June 30, 2020, the Company recorded a \$4 million long-lived asset impairment loss related to the closure of its manufacturing operations in Lebanon, Tennessee. The long-lived asset impairment loss was measured at the date of impairment to write-down the related property, plant and equipment and was included in the Company's Engineered Materials segment.

During the six months ended June 30, 2019, the Company recorded an \$83 million long-lived asset impairment loss related to the closure of its acetate flake manufacturing operations in Ocotlán, Mexico. The long-lived asset impairment loss was measured at the date of impairment to write-off the related property, plant and equipment and was included in the Company's Acetate Tow segment.



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During the three months ended June 30, 2020, the Company recorded a \$6 million gain within plant/office closures related to receipt of a non-income tax credit from Nanjing, China, which was included in the Company's Acetyl Chain segment.

During the six months ended June 30, 2020, the Company recorded a \$6 million gain within commercial disputes, primarily related to the receipt of a settlement claim from a previous acquisition that was included within the Company's Engineered Materials segment. During the six months ended June 30, 2019, the Company recorded a \$15 million gain within commercial disputes related to a settlement from a previous acquisition that was included within the Company's Engineered Materials segment. The Company also recorded an \$11 million loss within commercial disputes related to a settlement with a former third-party customer, which was included within the Company's Other Activities segment.

During the six months ended June 30, 2020 and 2019, the Company recorded \$8 million and \$14 million, respectively, of employee termination benefits primarily related to Company-wide business optimization projects.

The changes in the restructuring liabilities by business segment are as follows:

	Engineered Materials	Acetate Tow	Acetyl Chain	Other	Total
(In \$ millions)					
<b>Employee Termination Benefits</b>					
As of December 31, 2019	5	3	—	5	13
Additions	3	—	1	7	11
Cash payments	(3)	(2)	(1)	(5)	(11)
Other changes	(2)	—	—	(1)	(3)
As of June 30, 2020	3	1	—	6	10

**13. Income Taxes**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(In percentages)				
Effective income tax rate	24	12	23	12

The higher effective income tax rate for the three and six months ended June 30, 2020 compared to the same periods in 2019 was primarily due to adjustments to the recorded impacts of certain uncertain tax positions due to available tax attribute carryforwards, the impact of functional currency differences in offshore jurisdictions and the increased tax rate impact of such items due to lower earnings in the current year due to the global pandemic related to the outbreak of a novel coronavirus ("COVID-19").

Due to the Tax Cuts and Jobs Act ("TCJA") and uncertainty as to future foreign source income, the Company previously recorded a valuation allowance on a substantial portion of its foreign tax credits. The Company is currently evaluating tax planning strategies that would allow utilization of the Company's foreign tax credit carryforwards. Implementation of these strategies in future periods could reduce the level of valuation allowance that is needed, thereby decreasing the Company's effective tax rate.

The US Treasury issued additional final and proposed guidance supplementing the TCJA provisions in 2019, which the Company does not expect to have a material impact on current or future income tax expense. The US Treasury issued further guidance in July 2020 that is not effective until published in the Federal Register. The Company will continue to monitor the expected impacts on the Company's filing positions and will record the impacts as discrete income tax expense adjustments in the period that the guidance is finalized.

In response to COVID-19, various global taxing authorities passed or are considering relief initiatives to aid tax payers from an effective tax rate or cash flow perspective. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted in the US in response to the global pandemic. The CARES Act provides numerous tax provisions and other stimulus measures, including temporary changes regarding the prior and future utilization of net operating losses, temporary changes to the prior and future limitations on interest deductions, temporary suspension of certain payment requirements for the employer portion of social security taxes, technical corrections from prior tax legislation for tax depreciation of certain qualified improvement property and the creation of certain refundable employee retention credits. The

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Company does not currently expect the CARES Act to have a material impact on its tax expense. In Germany, the Company was approved for a deferral of corporate income tax payments for 2020. The Company will continue to monitor global legislative and regulatory developments related to COVID-19 and will record the associated tax impacts as discrete events in the periods that guidance is finalized or the Company is able to estimate an impact.

The Company's 2013 through 2015 tax years are under joint examination by the US, German and Dutch taxing authorities. The examinations are in the preliminary data gathering phase.

#### 14. Derivative Financial Instruments

##### Derivatives Designated As Hedges

###### *Net Investment Hedges*

The total notional amount of foreign currency denominated debt and cross-currency swaps designated as net investment hedges are as follows:

	As of June 30, 2020	As of December 31, 2019
	(In € millions)	
Total	1,478	1,578

###### *Cash Flow Hedges*

The total notional amount of the forward-starting interest rate swap designated as a cash flow hedge is as follows:

	As of June 30, 2020	As of December 31, 2019
	(In \$ millions)	
Total	400	400

##### Derivatives Not Designated As Hedges

###### *Foreign Currency Forwards and Swaps*

Gross notional values of the foreign currency forwards and swaps not designated as hedges are as follows:

	As of June 30, 2020	As of December 31, 2019
	(In \$ millions)	
Total	627	692

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Information regarding changes in the fair value of the Company's derivative and non-derivative instruments is as follows:

	Gain (Loss) Recognized in Other Comprehensive Income (Loss)		Gain (Loss) Recognized in Earnings (Loss)		Statement of Operations Classification
	Three Months Ended June 30,				
	2020	2019	2020	2019	
(In \$ millions)					
<b>Designated as Cash Flow Hedges</b>					
Commodity swaps	3	(2)	—	2	Cost of sales
Interest rate swaps	(2)	(15)	—	—	Interest expense
Total	1	(17)	—	2	
<b>Designated as Net Investment Hedges</b>					
Foreign currency denominated debt (Note 8)	(22)	(13)	—	—	N/A
Cross-currency swaps	(8)	(6)	—	—	N/A
Total	(30)	(19)	—	—	
<b>Not Designated as Hedges</b>					
Foreign currency forwards and swaps	—	—	(1)	3	Foreign exchange gain (loss), net; Other income (expense), net
Total	—	—	(1)	3	
	Gain (Loss) Recognized in Other Comprehensive Income (Loss)		Gain (Loss) Recognized in Earnings (Loss)		Statement of Operations Classification
	Six Months Ended June 30,				
	2020	2019	2020	2019	
(In \$ millions)					
<b>Designated as Cash Flow Hedges</b>					
Commodity swaps	3	8	—	4	Cost of sales
Interest rate swaps	(53)	(26)	—	—	Interest expense
Total	(50)	(18)	—	4	
<b>Designated as Net Investment Hedges</b>					
Foreign currency denominated debt (Note 8)	15	26	—	—	N/A
Cross-currency swaps	22	(6)	—	—	N/A
Total	37	20	—	—	
<b>Not Designated as Hedges</b>					
Foreign currency forwards and swaps	—	—	18	—	Foreign exchange gain (loss), net; Other income (expense), net
Total	—	—	18	—	

See [Note 15](#) for additional information regarding the fair value of the Company's derivative instruments.

Certain of the Company's commodity swaps, interest rate swaps, cross-currency swaps and foreign currency forwards and swaps permit the Company to net settle all contracts with the counterparty through a single payment in an agreed upon currency in the event of default or early termination of the contract, similar to a master netting arrangement.

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Information regarding the gross amounts of the Company's derivative instruments and the amounts offset in the unaudited consolidated balance sheets is as follows:

	As of June 30, 2020	As of December 31, 2019
(In \$ millions)		
<b>Derivative Assets</b>		
Gross amount recognized	39	16
Gross amount offset in the consolidated balance sheets	5	1
Net amount presented in the consolidated balance sheets	34	15
Gross amount not offset in the consolidated balance sheets	1	8
Net amount	33	7
	As of June 30, 2020	As of December 31, 2019
(In \$ millions)		
<b>Derivative Liabilities</b>		
Gross amount recognized	105	59
Gross amount offset in the consolidated balance sheets	5	1
Net amount presented in the consolidated balance sheets	100	58
Gross amount not offset in the consolidated balance sheets	1	8
Net amount	99	50

## 15. Fair Value Measurements

The Company's financial assets and liabilities are measured at fair value on a recurring basis as follows:

*Derivatives.* Derivative financial instruments include interest rate swaps, commodity swaps, cross-currency swaps and foreign currency forwards and swaps and are valued in the market using discounted cash flow techniques. These techniques incorporate Level 1 and Level 2 fair value measurement inputs such as interest rates and foreign currency exchange rates. These market inputs are utilized in the discounted cash flow calculation considering the instrument's term, notional amount, discount rate and credit risk. Significant inputs to the derivative valuation for interest rate swaps, commodity swaps, cross-currency swaps and foreign currency forwards and swaps are observable in the active markets and are classified as Level 2 in the fair value measurement hierarchy.

	Fair Value Measurement			Balance Sheet Classification
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total	
(In \$ millions)				
<b>As of June 30, 2020</b>				
<b>Derivatives Designated as Cash Flow Hedges</b>				
Commodity swaps	—	1	1	Current Other assets
<b>Designated as Net Investment Hedges</b>				
Cross-currency swaps	—	13	13	Current Other assets
Cross-currency swaps	—	15	15	Noncurrent Other assets
<b>Derivatives Not Designated as Hedges</b>				
Foreign currency forwards and swaps	—	5	5	Current Other assets
Total assets	—	34	34	
<b>Derivatives Designated as Cash Flow Hedges</b>				
Interest rate swaps	—	(93)	(93)	Current Other liabilities
Commodity swaps	—	(1)	(1)	Current Other liabilities
Commodity swaps	—	(3)	(3)	Noncurrent Other liabilities
<b>Derivatives Designated as Net Investment Hedges</b>				
Cross-currency swaps	—	(1)	(1)	Current Other liabilities
<b>Derivatives Not Designated as Hedges</b>				
Foreign currency forwards and swaps	—	(2)	(2)	Current Other liabilities
Total liabilities	—	(100)	(100)	
	Fair Value Measurement			Balance Sheet Classification
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total	
(In \$ millions)				
<b>As of December 31, 2019</b>				
<b>Derivatives Designated as Net Investment Hedges</b>				
Cross-currency swaps	—	13	13	Current Other assets
<b>Derivatives Not Designated as Hedges</b>				
Foreign currency forwards and swaps	—	2	2	Current Other assets
Total assets	—	15	15	
<b>Derivatives Designated as Cash Flow Hedges</b>				
Interest rate swaps	—	(40)	(40)	Noncurrent Other liabilities
Commodity swaps	—	(4)	(4)	Current Other liabilities
Commodity swaps	—	(3)	(3)	Noncurrent Other liabilities
<b>Derivatives Designated as Net Investment Hedges</b>				
Cross-currency swaps	—	(1)	(1)	Current Other liabilities
Cross-currency swaps	—	(7)	(7)	Noncurrent Other liabilities
<b>Derivatives Not Designated as Hedges</b>				
Foreign currency forwards and swaps	—	(3)	(3)	Current Other liabilities
Total liabilities	—	(58)	(58)	



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Carrying values and fair values of financial instruments that are not carried at fair value are as follows:

	Fair Value Measurement			Total
	Carrying Amount	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
(In \$ millions)				
<b>As of June 30, 2020</b>				
Equity investments without readily determinable fair values	170	—	—	—
Insurance contracts in nonqualified trusts	36	36	—	36
Long-term debt, including current installments of long-term debt	3,433	3,380	128	3,508
<b>As of December 31, 2019</b>				
Equity investments without readily determinable fair values	170	—	—	—
Insurance contracts in nonqualified trusts	35	35	—	35
Long-term debt, including current installments of long-term debt	3,455	3,456	144	3,600

In general, the equity investments included in the table above are not publicly traded and their fair values are not readily determinable. The Company believes the carrying values approximate fair value. Insurance contracts in nonqualified trusts consist of long-term fixed income securities, which are valued using independent vendor pricing models with observable inputs in the active market and therefore represent a Level 2 fair value measurement. The fair value of long-term debt is based on valuations from third-party banks and market quotations and is classified as Level 2 in the fair value measurement hierarchy. The fair value of obligations under finance leases, which are included in long-term debt, is based on lease payments and discount rates, which are not observable in the market and therefore represents a Level 3 fair value measurement.

As of June 30, 2020, and December 31, 2019, the fair values of cash and cash equivalents, receivables, marketable securities, trade payables, short-term borrowings and the current installments of long-term debt approximate carrying values due to the short-term nature of these instruments. These items have been excluded from the table with the exception of the current installments of long-term debt.

## 16. Commitments and Contingencies

### Commitments

#### Guarantees

The Company has agreed to guarantee or indemnify third parties for environmental and other liabilities pursuant to a variety of agreements, including asset and business divestiture agreements, leases, settlement agreements and various agreements with affiliated companies. Although many of these obligations contain monetary and/or time limitations, others do not provide such limitations. The Company has accrued for all probable and reasonably estimable losses associated with all known matters or claims. These known obligations include the following:

- **Demerger Obligations**

In connection with the Hoechst demerger, the Company agreed to indemnify Hoechst, and its legal successors, for various liabilities under the demerger agreement, including for environmental liabilities associated with contamination arising either from environmental damage in general ("Category A") or under 19 divestiture agreements entered into by Hoechst prior to the demerger ("Category B") ([Note 10](#)).

The Company's obligation to indemnify Hoechst, and its legal successors, is capped under Category B at €250 million. If and to the extent the environmental damage should exceed €750 million in aggregate, the Company's obligation to indemnify Hoechst and its legal successors applies, but is then limited to 33.33% of the remediation cost without further limitations. Cumulative payments under the divestiture agreements as of June 30, 2020 are \$94 million. Though the Company is significantly under its

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obligation cap under Category B, most of the divestiture agreements have become time barred and/or any notified environmental damage claims have been partially settled.

The Company has also undertaken in the demerger agreement to indemnify Hoechst and its legal successors for (i) 33.33% of any and all Category A liabilities that result from Hoechst being held as the responsible party pursuant to public law or current or future environmental law or by third parties pursuant to private or public law related to contamination and (ii) liabilities that Hoechst is required to discharge, including tax liabilities, which are associated with businesses that were included in the demerger but were not demerged due to legal restrictions on the transfers of such items. These indemnities do not provide for any monetary or time limitations. The Company has not been requested by Hoechst to make any payments in connection with this indemnification. Accordingly, the Company has not made any payments to Hoechst and its legal successors.

Based on the Company's evaluation of currently available information, including the lack of requests for indemnification, the Company cannot estimate the remaining demerger obligations, if any, in excess of amounts accrued.

### • ***Divestiture Obligations***

The Company and its predecessor companies agreed to indemnify third-party purchasers of former businesses and assets for various pre-closing conditions, as well as for breaches of representations, warranties and covenants. Such liabilities also include environmental liability, product liability, antitrust and other liabilities. These indemnifications and guarantees represent standard contractual terms associated with typical divestiture agreements and, other than environmental liabilities, the Company does not believe that they expose the Company to significant risk ([Note 10](#)).

The Company has divested numerous businesses, investments and facilities through agreements containing indemnifications or guarantees to the purchasers. Many of the obligations contain monetary and/or time limitations, which extend through 2037. The aggregate amount of outstanding indemnifications and guarantees provided for under these agreements is \$116 million as of June 30, 2020. Other agreements do not provide for any monetary or time limitations.

Based on the Company's evaluation of currently available information, including the number of requests for indemnification or other payment received by the Company, the Company cannot estimate the remaining divestiture obligations, if any, in excess of amounts accrued.

### ***Purchase Obligations***

In the normal course of business, the Company enters into various purchase commitments for goods and services. The Company maintains a number of "take-or-pay" contracts for purchases of raw materials, utilities and other services. Certain of the contracts contain a contract termination buy-out provision that allows for the Company to exit the contracts for amounts less than the remaining take-or-pay obligations. Additionally, the Company has other outstanding commitments representing maintenance and service agreements, energy and utility agreements, consulting contracts and software agreements. As of June 30, 2020, the Company had unconditional purchase obligations of \$2.5 billion, which extend through 2036.

### ***Contingencies***

The Company is involved in legal and regulatory proceedings, lawsuits, claims and investigations incidental to the normal conduct of business, relating to such matters as product liability, land disputes, insurance coverage disputes, contracts, employment, antitrust or competition compliance, intellectual property, personal injury and other actions in tort, workers' compensation, chemical exposure, asbestos exposure, taxes, trade compliance, acquisitions and divestitures, claims of current and legacy stockholders, past waste disposal practices and release of chemicals into the environment. The Company is actively defending those matters where the Company is named as a defendant and, based on the current facts, does not believe the outcomes from these matters would be material to the Company's results of operations, cash flows or financial position.

### ***European Commission Investigation***

In May 2017, the Company learned that the European Commission had opened a competition law investigation involving certain subsidiaries of the Company with respect to certain past ethylene purchases. Based on information learned from the European Commission regarding its investigation, Celanese recorded a reserve of \$89 million in 2019, which was included within the Company's Other Activities segment. On July 14, 2020, Celanese reached a final settlement with the European Commission in respect of this matter of \$92 million.



**17. Segment Information**

	Engineered Materials	Acetate Tow	Acetyl Chain	Other Activities	Eliminations	Consolidated
<b>(In \$ millions)</b>						
<b>Three Months Ended June 30, 2020</b>						
Net sales	420	127	662	—	(16) <sup>(1)</sup>	1,193
Other (charges) gains, net ( <a href="#">Note 12</a> )	(25)	—	5	(1)	—	(21)
Operating profit (loss)	(13)	31	121	(56)	—	83
Equity in net earnings (loss) of affiliates	26	—	—	5	—	31
Depreciation and amortization	32	9	42	4	—	87
Capital expenditures	28	6	38	8	—	80 <sup>(2)</sup>
<b>Three Months Ended June 30, 2019</b>						
Net sales	593	164	865	—	(30) <sup>(1)</sup>	1,592
Other (charges) gains, net ( <a href="#">Note 12</a> )	(8)	(84)	(1)	(5)	—	(98)
Operating profit (loss)	103	(44)	188	(61)	—	186
Equity in net earnings (loss) of affiliates	36	—	1	2	—	39
Depreciation and amortization	31	11	38	4	—	84
Capital expenditures	21	11	35	7	—	74 <sup>(2)</sup>

<sup>(1)</sup> Includes intersegment sales primarily related to the Acetyl Chain.

<sup>(2)</sup> Includes a decrease in accrued capital expenditures of \$8 million and an increase of \$9 million for the three months ended June 30, 2020 and 2019, respectively.

	Engineered Materials	Acetate Tow	Acetyl Chain	Other Activities	Eliminations	Consolidated
(In \$ millions)						
<b>Six Months Ended June 30, 2020</b>						
Net sales	983	256	1,461	—	(47) <sup>(1)</sup>	2,653
Other (charges) gains, net ( <a href="#">Note 12</a> )	(25)	(1)	5	(6)	—	(27)
Operating profit (loss)	89	58	256	(126)	—	277
Equity in net earnings (loss) of affiliates	79	—	1	8	—	88
Depreciation and amortization	66	17	81	8	—	172
Capital expenditures	52	16	81	17	—	166 <sup>(2)</sup>
<b>As of June 30, 2020</b>						
Goodwill and intangible assets, net	985	152	278	—	—	1,415
Total assets	4,009	939	3,549	1,009	—	9,506
<b>Six Months Ended June 30, 2019</b>						
Net sales	1,256	330	1,754	—	(61) <sup>(1)</sup>	3,279
Other (charges) gains, net ( <a href="#">Note 12</a> )	7	(84)	(1)	(16)	—	(94)
Operating profit (loss)	247	(4)	390	(127)	—	506
Equity in net earnings (loss) of affiliates	82	—	2	5	—	89
Depreciation and amortization	63	21	76	7	—	167
Capital expenditures	37	19	61	11	—	128 <sup>(2)</sup>
<b>As of December 31, 2019</b>						
Goodwill and intangible assets, net	999	153	234	—	—	1,386
Total assets	4,125	977	3,489	885	—	9,476

<sup>(1)</sup> Includes intersegment sales primarily related to the Acetyl Chain.

<sup>(2)</sup> Includes a decrease in accrued capital expenditures of \$41 million and \$16 million for the six months ended June 30, 2020 and 2019, respectively.

## 18. Revenue Recognition

The Company has certain contracts that represent take-or-pay revenue arrangements in which the Company's performance obligations extend over multiple years. As of June 30, 2020, the Company had \$619 million of remaining performance obligations related to take-or-pay contracts. The Company expects to recognize approximately \$99 million of its remaining performance obligations as Net sales in 2020, \$186 million in 2021, \$126 million in 2022 and the balance thereafter.

### Contract Balances

Contract liabilities primarily relate to advances or deposits received from the Company's customers before revenue is recognized. These amounts are recorded as deferred revenue and are included in Noncurrent Other liabilities in the unaudited consolidated balance sheets ([Note 7](#)).

The Company does not have any material contract assets as of June 30, 2020.

### Disaggregated Revenue

In general, the Company's business segmentation is aligned according to the nature and economic characteristics of its products and customer relationships and provides meaningful disaggregation of each business segment's results of operations.

The Company manages its Engineered Materials business segment through its project management pipeline, which is comprised of a broad range of projects which are solutions-based and are tailored to each customers' unique needs. Projects are identified and selected based on success rate and may involve a number of different polymers per project for use in multiple end-use applications. Therefore, the Company is agnostic toward products and end-use markets for the Engineered Materials business segment.

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Within the Acetate Tow business segment, the Company's primary product is acetate tow, which is managed through contracts with a few major tobacco companies and accounts for a significant amount of filters used in cigarette production worldwide.

The Company manages its Acetyl Chain business segment by leveraging its ability to sell chemicals externally to end-use markets or downstream to its emulsion polymers business. Decisions to sell externally and geographically or downstream and along the Acetyl Chain are based on market demand, trade flows and maximizing the value of its chemicals. Therefore, the Company's strategic focus is on executing within this integrated chain model and less on driving product-specific revenue.

Further disaggregation of Net sales by business segment and geographic destination is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(In \$ millions)				
<b>Engineered Materials</b>				
North America	111	180	273	376
Europe and Africa	183	269	443	571
Asia-Pacific	117	126	240	274
South America	9	18	27	35
Total	420	593	983	1,256
<b>Acetate Tow</b>				
North America	27	33	48	67
Europe and Africa	68	67	139	130
Asia-Pacific	29	56	61	116
South America	3	8	8	17
Total	127	164	256	330
<b>Acetyl Chain</b>				
North America	208	278	482	564
Europe and Africa	236	282	502	576
Asia-Pacific	190	252	397	508
South America	12	23	33	45
Total <sup>(1)</sup>	646	835	1,414	1,693

<sup>(1)</sup> Excludes intersegment sales of \$16 million and \$30 million for the three months ended June 30, 2020 and 2019, respectively. Excludes intersegment sales of \$47 million and \$61 million for the six months ended June 30, 2020 and 2019, respectively.

**19. Earnings (Loss) Per Share**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(In \$ millions, except share data)				
<b>Amounts attributable to Celanese Corporation</b>				
Earnings (loss) from continuing operations	110	210	335	548
Earnings (loss) from discontinued operations	(3)	(1)	(10)	(2)
Net earnings (loss)	107	209	325	546
Weighted average shares - basic	118,339,872	125,289,967	118,795,780	126,409,926
Incremental shares attributable to equity awards <sup>(1)</sup>	427,761	557,927	581,735	701,120
Weighted average shares - diluted	118,767,633	125,847,894	119,377,515	127,111,046

<sup>(1)</sup> Excludes 120,210 and 0 equity award shares for the three months ended June 30, 2020 and 2019, respectively, as their effect would have been antidilutive. Excludes 89,241 and 0 equity award shares for the six months ended June 30, 2020 and 2019, respectively, as their effect would have been antidilutive.

**20. Consolidating Guarantor Financial Information**

The Senior Notes were issued by Celanese US ("Issuer") and are guaranteed by Celanese Corporation ("Parent Guarantor") and the Subsidiary Guarantors ([Note 8](#)). The Issuer and Subsidiary Guarantors are 100% owned subsidiaries of the Parent Guarantor. The Parent Guarantor and Subsidiary Guarantors have guaranteed the Notes fully and unconditionally and jointly and severally.

For cash management purposes, the Company transfers cash between the Parent Guarantor, Issuer, Subsidiary Guarantors and non-guarantors through intercompany financing arrangements, contributions or declaration of dividends between the respective parent and its subsidiaries. The transfer of cash under these activities facilitates the ability of the recipient to make specified third-party payments for principal and interest on the Company's outstanding debt, Common Stock dividends and Common Stock repurchases. The unaudited interim consolidating statements of cash flows for the six months ended June 30, 2020 and 2019 present such intercompany financing activities, contributions and dividends consistent with how such activity would be presented in a stand-alone statement of cash flows.

The Company has not presented separate financial information and other disclosures for each of its Subsidiary Guarantors because it believes such financial information and other disclosures would not provide investors with any additional information that would be material in evaluating the sufficiency of the guarantees.

The unaudited interim consolidating financial statements for the Parent Guarantor, the Issuer, the Subsidiary Guarantors and the non-guarantors are as follows:

**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATING STATEMENT OF OPERATIONS**

	Three Months Ended June 30, 2020					Consolidated
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	
	(In \$ millions)					
Net sales	—	—	462	1,033	(302)	1,193
Cost of sales	—	—	(408)	(822)	279	(951)
Gross profit	—	—	54	211	(23)	242
Selling, general and administrative expenses	—	—	(36)	(78)	—	(114)
Amortization of intangible assets	—	—	(2)	(4)	—	(6)
Research and development expenses	—	—	(8)	(10)	—	(18)
Other (charges) gains, net	—	—	(5)	(16)	—	(21)
Foreign exchange gain (loss), net	—	—	—	1	—	1
Gain (loss) on disposition of businesses and assets, net	—	—	(2)	1	—	(1)
Operating profit (loss)	—	—	1	105	(23)	83
Equity in net earnings (loss) of affiliates	110	111	137	29	(356)	31
Non-operating pension and other postretirement employee benefit (expense) income	—	—	25	2	—	27
Interest expense	(4)	(10)	(25)	(3)	15	(27)
Interest income	—	9	5	2	(15)	1
Dividend income - equity investments	—	—	—	32	—	32
Other income (expense), net	—	(1)	(1)	2	—	—
Earnings (loss) from continuing operations before tax	106	109	142	169	(379)	147
Income tax (provision) benefit	1	1	(23)	(17)	3	(35)
Earnings (loss) from continuing operations	107	110	119	152	(376)	112
Earnings (loss) from operation of discontinued operations	—	—	(4)	—	—	(4)
Income tax (provision) benefit from discontinued operations	—	—	1	—	—	1
Earnings (loss) from discontinued operations	—	—	(3)	—	—	(3)
Net earnings (loss)	107	110	116	152	(376)	109
Net (earnings) loss attributable to noncontrolling interests	—	—	—	(2)	—	(2)
Net earnings (loss) attributable to Celanese Corporation	107	110	116	150	(376)	107

**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATING STATEMENT OF OPERATIONS**

	Three Months Ended June 30, 2019					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net sales	—	—	586	1,298	(292)	1,592
Cost of sales	—	—	(443)	(1,020)	294	(1,169)
Gross profit	—	—	143	278	2	423
Selling, general and administrative expenses	—	—	(39)	(79)	—	(118)
Amortization of intangible assets	—	—	(2)	(4)	—	(6)
Research and development expenses	—	—	(7)	(10)	—	(17)
Other (charges) gains, net	—	—	(5)	(93)	—	(98)
Foreign exchange gain (loss), net	—	—	—	1	—	1
Gain (loss) on disposition of businesses and assets, net	—	—	(2)	3	—	1
Operating profit (loss)	—	—	88	96	2	186
Equity in net earnings (loss) of affiliates	209	210	122	34	(536)	39
Non-operating pension and other postretirement employee benefit (expense) income	—	—	16	1	—	17
Interest expense	—	(9)	(35)	(13)	28	(29)
Refinancing expense	—	(4)	—	—	—	(4)
Interest income	—	18	11	1	(28)	2
Dividend income - equity investments	—	—	—	30	—	30
Other income (expense), net	—	(4)	—	2	—	(2)
Earnings (loss) from continuing operations before tax	209	211	202	151	(534)	239
Income tax (provision) benefit	—	(2)	(23)	(3)	—	(28)
Earnings (loss) from continuing operations	209	209	179	148	(534)	211
Earnings (loss) from operation of discontinued operations	—	—	(2)	—	—	(2)
Income tax (provision) benefit from discontinued operations	—	—	1	—	—	1
Earnings (loss) from discontinued operations	—	—	(1)	—	—	(1)
Net earnings (loss)	209	209	178	148	(534)	210
Net (earnings) loss attributable to noncontrolling interests	—	—	—	(1)	—	(1)
Net earnings (loss) attributable to Celanese Corporation	209	209	178	147	(534)	209

**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATING STATEMENT OF OPERATIONS**

	Six Months Ended June 30, 2020					Consolidated
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	
	(In \$ millions)					
Net sales	—	—	1,022	2,236	(605)	2,653
Cost of sales	—	—	(868)	(1,768)	573	(2,063)
Gross profit	—	—	154	468	(32)	590
Selling, general and administrative expenses	—	—	(90)	(149)	—	(239)
Amortization of intangible assets	—	—	(4)	(7)	—	(11)
Research and development expenses	—	—	(15)	(20)	—	(35)
Other (charges) gains, net	—	—	(13)	(14)	—	(27)
Foreign exchange gain (loss), net	—	—	(1)	1	—	—
Gain (loss) on disposition of businesses and assets, net	—	—	(4)	3	—	(1)
Operating profit (loss)	—	—	27	282	(32)	277
Equity in net earnings (loss) of affiliates	336	333	325	80	(986)	88
Non-operating pension and other postretirement employee benefit (expense) income	—	—	50	5	—	55
Interest expense	(12)	(19)	(55)	(8)	39	(55)
Interest income	—	22	15	6	(40)	3
Dividend income - equity investments	—	—	—	68	1	69
Other income (expense), net	—	7	—	(5)	—	2
Earnings (loss) from continuing operations before tax	324	343	362	428	(1,018)	439
Income tax (provision) benefit	1	(7)	(18)	(80)	4	(100)
Earnings (loss) from continuing operations	325	336	344	348	(1,014)	339
Earnings (loss) from operation of discontinued operations	—	—	(4)	(7)	—	(11)
Income tax (provision) benefit from discontinued operations	—	—	1	—	—	1
Earnings (loss) from discontinued operations	—	—	(3)	(7)	—	(10)
Net earnings (loss)	325	336	341	341	(1,014)	329
Net (earnings) loss attributable to noncontrolling interests	—	—	—	(4)	—	(4)
Net earnings (loss) attributable to Celanese Corporation	325	336	341	337	(1,014)	325

**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATING STATEMENT OF OPERATIONS**

	Six Months Ended June 30, 2019					Consolidated
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	
	(In \$ millions)					
Net sales	—	—	1,210	2,671	(602)	3,279
Cost of sales	—	—	(901)	(2,097)	595	(2,403)
Gross profit	—	—	309	574	(7)	876
Selling, general and administrative expenses	—	—	(79)	(159)	—	(238)
Amortization of intangible assets	—	—	(4)	(8)	—	(12)
Research and development expenses	—	—	(13)	(20)	—	(33)
Other (charges) gains, net	—	—	(5)	(89)	—	(94)
Foreign exchange gain (loss), net	—	—	—	6	—	6
Gain (loss) on disposition of businesses and assets, net	—	—	(4)	5	—	1
Operating profit (loss)	—	—	204	309	(7)	506
Equity in net earnings (loss) of affiliates	546	547	339	77	(1,420)	89
Non-operating pension and other postretirement employee benefit (expense) income	—	—	31	3	—	34
Interest expense	—	(19)	(66)	(20)	45	(60)
Refinancing expense	—	(4)	—	—	—	(4)
Interest income	—	31	13	4	(45)	3
Dividend income - equity investments	—	—	—	62	—	62
Other income (expense), net	—	(3)	—	(3)	—	(6)
Earnings (loss) from continuing operations before tax	546	552	521	432	(1,427)	624
Income tax (provision) benefit	—	(6)	(30)	(39)	1	(74)
Earnings (loss) from continuing operations	546	546	491	393	(1,426)	550
Earnings (loss) from operation of discontinued operations	—	—	(3)	—	—	(3)
Income tax (provision) benefit from discontinued operations	—	—	1	—	—	1
Earnings (loss) from discontinued operations	—	—	(2)	—	—	(2)
Net earnings (loss)	546	546	489	393	(1,426)	548
Net (earnings) loss attributable to noncontrolling interests	—	—	—	(2)	—	(2)
Net earnings (loss) attributable to Celanese Corporation	546	546	489	391	(1,426)	546



**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

	<b>Three Months Ended June 30, 2020</b>					
	<b>Parent Guarantor</b>	<b>Issuer</b>	<b>Subsidiary Guarantors</b>	<b>Non- Guarantors</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>(In \$ millions)</b>					
Net earnings (loss)	107	110	116	152	(376)	109
Other comprehensive income (loss), net of tax						
Foreign currency translation gain (loss)	(6)	(6)	15	18	(27)	(6)
Gain (loss) on cash flow hedges	1	1	3	2	(6)	1
Total other comprehensive income (loss), net of tax	(5)	(5)	18	20	(33)	(5)
Total comprehensive income (loss), net of tax	102	105	134	172	(409)	104
Comprehensive (income) loss attributable to noncontrolling interests	—	—	—	(2)	—	(2)
Comprehensive income (loss) attributable to Celanese Corporation	102	105	134	170	(409)	102
	<b>Three Months Ended June 30, 2019</b>					
	<b>Parent Guarantor</b>	<b>Issuer</b>	<b>Subsidiary Guarantors</b>	<b>Non- Guarantors</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>(In \$ millions)</b>					
Net earnings (loss)	209	209	178	148	(534)	210
Other comprehensive income (loss), net of tax						
Foreign currency translation gain (loss)	(11)	(11)	2	4	5	(11)
Gain (loss) on cash flow hedges	(13)	(13)	(3)	(3)	19	(13)
Total other comprehensive income (loss), net of tax	(24)	(24)	(1)	1	24	(24)
Total comprehensive income (loss), net of tax	185	185	177	149	(510)	186
Comprehensive (income) loss attributable to noncontrolling interests	—	—	—	(1)	—	(1)
Comprehensive income (loss) attributable to Celanese Corporation	185	185	177	148	(510)	185

**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

<b>Six Months Ended June 30, 2020</b>						
	<b>Parent Guarantor</b>	<b>Issuer</b>	<b>Subsidiary Guarantors</b>	<b>Non- Guarantors</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>(In \$ millions)</b>						
Net earnings (loss)	325	336	341	341	(1,014)	329
Other comprehensive income (loss), net of tax						
Foreign currency translation gain (loss)	(8)	(8)	(29)	(36)	73	(8)
Gain (loss) on cash flow hedges	(38)	(38)	2	2	34	(38)
Total other comprehensive income (loss), net of tax	(46)	(46)	(27)	(34)	107	(46)
Total comprehensive income (loss), net of tax	279	290	314	307	(907)	283
Comprehensive (income) loss attributable to noncontrolling interests	—	—	—	(4)	—	(4)
Comprehensive income (loss) attributable to Celanese Corporation	279	290	314	303	(907)	279
<b>Six Months Ended June 30, 2019</b>						
	<b>Parent Guarantor</b>	<b>Issuer</b>	<b>Subsidiary Guarantors</b>	<b>Non- Guarantors</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>(In \$ millions)</b>						
Net earnings (loss)	546	546	489	393	(1,426)	548
Other comprehensive income (loss), net of tax						
Foreign currency translation gain (loss)	(4)	(4)	(16)	(20)	40	(4)
Gain (loss) on cash flow hedges	(16)	(16)	3	5	8	(16)
Total other comprehensive income (loss), net of tax	(20)	(20)	(13)	(15)	48	(20)
Total comprehensive income (loss), net of tax	526	526	476	378	(1,378)	528
Comprehensive (income) loss attributable to noncontrolling interests	—	—	—	(2)	—	(2)
Comprehensive income (loss) attributable to Celanese Corporation	526	526	476	376	(1,378)	526

**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATING BALANCE SHEET**

As of June 30, 2020						
Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated	
(In \$ millions)						
<b>ASSETS</b>						
Current Assets						
Cash and cash equivalents	—	—	28	511	—	539
Trade receivables - third party and affiliates	—	—	146	732	(149)	729
Non-trade receivables, net	58	2,999	2,103	1,126	(5,974)	312
Inventories, net	—	—	381	729	(79)	1,031
Marketable securities	—	—	21	15	—	36
Other assets	—	25	27	38	(28)	62
Total current assets	58	3,024	2,706	3,151	(6,230)	2,709
Investments in affiliates	4,350	5,515	4,421	824	(14,153)	957
Property, plant and equipment, net	—	—	1,501	2,224	—	3,725
Operating lease right-of-use assets	—	—	49	152	—	201
Deferred income taxes	—	—	—	102	(2)	100
Other assets	—	22	228	159	(10)	399
Goodwill	—	—	398	700	—	1,098
Intangible assets, net	—	—	121	196	—	317
Total assets	4,408	8,561	9,424	7,508	(20,395)	9,506
<b>LIABILITIES AND EQUITY</b>						
Current Liabilities						
Short-term borrowings and current installments of long-term debt - third party and affiliates	1,921	1,192	3,077	231	(5,376)	1,045
Trade payables - third party and affiliates	—	—	270	478	(149)	599
Other liabilities	—	136	169	392	(125)	572
Income taxes payable	—	—	475	76	(505)	46
Total current liabilities	1,921	1,328	3,991	1,177	(6,155)	2,262
Noncurrent Liabilities						
Long-term debt	—	2,881	26	82	—	2,989
Deferred income taxes	—	—	97	161	(2)	256
Uncertain tax positions	—	2	—	174	13	189
Benefit obligations	—	—	248	331	—	579
Operating lease liabilities	—	—	40	143	—	183
Other liabilities	—	—	93	119	(33)	179
Total noncurrent liabilities	—	2,883	504	1,010	(22)	4,375
Total Celanese Corporation stockholders' equity	2,487	4,350	4,929	4,939	(14,218)	2,487
Noncontrolling interests	—	—	—	382	—	382
Total equity	2,487	4,350	4,929	5,321	(14,218)	2,869
Total liabilities and equity	4,408	8,561	9,424	7,508	(20,395)	9,506

**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATING BALANCE SHEET**

As of December 31, 2019						
Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated	
(In \$ millions)						
<b>ASSETS</b>						
Current Assets						
Cash and cash equivalents	—	—	16	447	—	463
Trade receivables - third party and affiliates	—	—	122	851	(123)	850
Non-trade receivables, net	56	1,188	1,925	743	(3,581)	331
Inventories, net	—	—	360	725	(47)	1,038
Marketable securities	—	—	24	16	—	40
Other assets	—	36	11	38	(42)	43
Total current assets	56	1,224	2,458	2,820	(3,793)	2,765
Investments in affiliates	4,064	5,217	4,206	841	(13,353)	975
Property, plant and equipment, net	—	—	1,461	2,252	—	3,713
Operating lease right-of-use assets	—	—	50	153	—	203
Deferred income taxes	—	—	—	101	(5)	96
Other assets	—	1,661	195	445	(1,963)	338
Goodwill	—	—	399	675	—	1,074
Intangible assets, net	—	—	125	187	—	312
Total assets	4,120	8,102	8,894	7,474	(19,114)	9,476
<b>LIABILITIES AND EQUITY</b>						
Current Liabilities						
Short-term borrowings and current installments of long-term debt - third party and affiliates	1,596	374	1,089	385	(2,948)	496
Trade payables - third party and affiliates	17	—	333	553	(123)	780
Other liabilities	—	49	188	397	(173)	461
Income taxes payable	—	—	439	80	(502)	17
Total current liabilities	1,613	423	2,049	1,415	(3,746)	1,754
Noncurrent Liabilities						
Long-term debt	—	3,565	1,677	101	(1,934)	3,409
Deferred income taxes	—	3	101	158	(5)	257
Uncertain tax positions	—	—	—	169	(4)	165
Benefit obligations	—	—	257	332	—	589
Operating lease liabilities	—	—	40	140	1	181
Other liabilities	—	47	93	118	(35)	223
Total noncurrent liabilities	—	3,615	2,168	1,018	(1,977)	4,824
Total Celanese Corporation stockholders' equity	2,507	4,064	4,677	4,650	(13,391)	2,507
Noncontrolling interests	—	—	—	391	—	391
Total equity	2,507	4,064	4,677	5,041	(13,391)	2,898
Total liabilities and equity	4,120	8,102	8,894	7,474	(19,114)	9,476

**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATING STATEMENT OF CASH FLOWS**

	Six Months Ended June 30, 2020					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net cash provided by (used in) operating activities	315	(339)	256	406	—	638
<b>Investing Activities</b>						
Capital expenditures on property, plant and equipment	—	—	(127)	(80)	—	(207)
Acquisitions, net of cash acquired	—	—	(5)	(83)	—	(88)
Proceeds from sale of businesses and assets, net	—	—	—	3	—	3
Return of capital from subsidiary	—	—	23	—	(23)	—
Intercompany loan receipts (disbursements)	—	—	(88)	(67)	155	—
Other, net	—	—	(8)	(9)	—	(17)
Net cash provided by (used in) investing activities	—	—	(205)	(236)	132	(309)
<b>Financing Activities</b>						
Net change in short-term borrowings with maturities of 3 months or less	—	(28)	(17)	—	(91)	(136)
Proceeds from short-term borrowings	—	300	—	6	—	306
Repayments of short-term borrowings	—	—	—	(50)	—	(50)
Proceeds from long-term debt	—	339	—	—	(339)	—
Repayments of long-term debt	—	(272)	(2)	(17)	275	(16)
Purchases of treasury stock, including related fees	(167)	—	—	—	—	(167)
Common stock dividends	(148)	—	—	—	—	(148)
Return of capital to parent	—	—	—	(23)	23	—
Distributions to noncontrolling interests	—	—	—	(13)	—	(13)
Other, net	—	—	(20)	(4)	—	(24)
Net cash provided by (used in) financing activities	(315)	339	(39)	(101)	(132)	(248)
Exchange rate effects on cash and cash equivalents	—	—	—	(5)	—	(5)
Net increase (decrease) in cash and cash equivalents	—	—	12	64	—	76
Cash and cash equivalents as of beginning of period	—	—	16	447	—	463
Cash and cash equivalents as of end of period	—	—	28	511	—	539

**CELANESE CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATING STATEMENT OF CASH FLOWS**

	Six Months Ended June 30, 2019					
	Parent Guarantor	Issuer	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In \$ millions)					
Net cash provided by (used in) operating activities	636	(31)	1,052	635	(1,561)	731
<b>Investing Activities</b>						
Capital expenditures on property, plant and equipment	—	—	(83)	(61)	—	(144)
Acquisitions, net of cash acquired	—	—	(31)	(60)	—	(91)
Return of capital from subsidiary	—	—	7	—	(7)	—
Intercompany loan receipts (disbursements)	—	—	(653)	—	653	—
Other, net	—	—	2	(10)	—	(8)
Net cash provided by (used in) investing activities	—	—	(758)	(131)	646	(243)
<b>Financing Activities</b>						
Net change in short-term borrowings with maturities of 3 months or less	—	149	3	(4)	(43)	105
Proceeds from short-term borrowings	—	—	—	610	(610)	—
Repayments of short-term borrowings	—	—	—	(12)	—	(12)
Proceeds from long-term debt	—	499	—	—	—	499
Repayments of long-term debt	—	(335)	(1)	(12)	—	(348)
Purchases of treasury stock, including related fees	(488)	—	—	—	—	(488)
Dividends to parent	—	(272)	(251)	(1,038)	1,561	—
Common stock dividends	(148)	—	—	—	—	(148)
Return of capital to parent	—	—	—	(7)	7	—
Distributions to noncontrolling interests	—	—	—	(7)	—	(7)
Other, net	—	(10)	(24)	(4)	—	(38)
Net cash provided by (used in) financing activities	(636)	31	(273)	(474)	915	(437)
Exchange rate effects on cash and cash equivalents	—	—	—	1	—	1
Net increase (decrease) in cash and cash equivalents	—	—	21	31	—	52
Cash and cash equivalents as of beginning of period	—	—	30	409	—	439
Cash and cash equivalents as of end of period	—	—	51	440	—	491

## 21. Subsequent Events

### *Accounts Receivable Securitization*

On July 6, 2020, the Company entered into an amended and restated receivables purchase agreement (the "Amended Receivables Purchase Agreement") under its US accounts receivable securitization facility among Celanese International Corporation, as servicer, certain of the Company's domestic subsidiaries, the Company's SPE, PNC Bank, National Association ("PNC Bank") and SMBC, as the Purchasers, and PNC Bank as administrator. The Amended Receivables Purchase Agreement extends the term of the securitization facility such that the SPE may sell certain receivables and request letters of credit until July 2, 2021 or upon a termination event, and contains certain representations, warranties and covenants. Under the Amended Receivables Purchase Agreement, transfers of US accounts receivable from the subsidiaries to the SPE are treated as sales and are accounted for as reductions in Trade receivables because the agreement transfers effective control over and risk related to the US accounts receivable to the SPE. The Company and related subsidiaries have no continuing involvement in the transferred US accounts receivable, other than collection and administrative responsibilities and, once sold, the US accounts receivable are no longer available to satisfy creditors of the Company or the related subsidiaries. As a result, on July 6, 2020, the Company sold \$87 million of its US accounts receivable to the Purchasers and repaid \$87 million of borrowings from the US accounts receivable securitization facility. These sales were transacted at 100% of the face value of the relevant US accounts receivable, resulting in derecognition of the US accounts receivables from the Company's unaudited consolidated balance sheet. Unsold US accounts receivable of \$30 million were pledged by the SPE as collateral to the Purchasers.

### *Sale of Polyplastics Co., Ltd. Joint Venture Equity Interest*

On July 20, 2020, Celanese and a certain subsidiary entered into a definitive agreement to sell its 45% joint venture equity interest in its strategic affiliate, Polyplastics Co., Ltd. ("Polyplastics"), to its joint venture partner Daicel Corporation ("Daicel"), for a purchase price of approximately \$1.6 billion in cash.

In addition to the sale of the Company's 45% equity interest in Polyplastics, the agreement provides for the amendment of certain supply agreements and the execution of certain intellectual property licenses between Celanese, certain of its affiliates and Polyplastics and Daicel, as applicable, as well as the termination of certain agreements and a mutual release of liabilities under such terminated agreements.

The transaction is currently expected to close in the second half of 2020, subject to possible extension. Consummation of the transaction is subject to customary closing conditions, including, among others, receipt of certain antitrust approvals, accuracy of representations and warranties, and performance by the parties of their respective covenants. Until the closing, Polyplastics will continue to operate under its current joint venture ownership structure and will continue to pay dividends in accordance with the existing joint venture agreements. Equity investment in earnings and dividends from Polyplastics are included in the Company's Engineered Materials segment.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*In this Quarterly Report on Form 10-Q ("Quarterly Report"), the term "Celanese" refers to Celanese Corporation, a Delaware corporation, and not its subsidiaries. The terms the "Company," "we," "our" and "us," refer to Celanese and its subsidiaries on a consolidated basis. The term "Celanese US" refers to the Company's subsidiary, Celanese US Holdings LLC, a Delaware limited liability company, and not its subsidiaries.*

*The following discussion should be read in conjunction with the Celanese Corporation and Subsidiaries consolidated financial statements as of and for the year ended December 31, 2019 filed on February 6, 2020 with the Securities and Exchange Commission ("SEC") as part of the Company's Annual Reporting on Form 10-K ("2019 Form 10-K") and the unaudited interim consolidated financial statements and notes to the unaudited interim consolidated financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").*

*Investors are cautioned that the forward-looking statements contained in this section and other parts of this Quarterly Report involve both risk and uncertainty. Several important factors could cause actual results to differ materially from those anticipated by these statements. Many of these statements are macroeconomic in nature and are, therefore, beyond the control of management. See "Forward-Looking Statements" below and at the beginning of our 2019 Form 10-K.*

### **Forward-Looking Statements**

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and other parts of this Quarterly Report contain certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by, and information currently available to, us. Generally, words such as "believe," "expect," "intend," "estimate," "anticipate," "project," "plan," "may," "can," "could," "might," and "will," and similar expressions, as they relate to us are intended to identify forward-looking statements. These statements reflect our current views and beliefs with respect to future events at the time that the statements are made, are not historical facts or guarantees of future performance and involve risks and uncertainties that are difficult to predict and many of which are outside of our control. Further, certain forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. All forward-looking statements made in this Quarterly Report are made as of the date hereof, and the risk that actual results will differ materially from expectations expressed in this Quarterly Report will increase with the passage of time. We undertake no obligation, and disclaim any duty, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changes in our expectations or otherwise.

### **COVID-19 Update**

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which originated in China and has spread throughout the world to substantially all locations where we have offices, production facilities, customers and suppliers, creating a dynamic and challenging situation worldwide. The COVID-19 pandemic is evolving, and to date has led to the implementation of various responses, including government-imposed quarantines, stay-at-home restrictions, travel restrictions and other public health safety measures.

Our employees' health and well-being continue to be of vital importance. We have implemented contingency planning, and employees who can work remotely are doing so from their homes to a significant extent. For employees who are considered essential and are working in plants, we have implemented government recommended protocols and best practices related to social distancing and best hygiene practices, including the use of additional personal protective equipment and enhanced cleaning protocols, where appropriate. We have also restricted visitor access and non-essential business travel. We have a global crisis team in place monitoring the evolving situation and recommending risk mitigation actions, including workplace health and safety measures. We also have site activation teams at all locations to guide and implement our careful return-to-office efforts in accordance with government regulations and recommended protocols. Our presence in China provided us with an advance view of how COVID-19 scenarios can unfold as well as the importance of taking early action.

We operate within a geographically-balanced global footprint and have the ability to utilize different production and distribution strategies depending on the business and product to satisfy customer demands. We continue to pursue our existing operational strategy. Since our industry is considered essential by the local governments in the majority of the areas we operate, most of our plants continue to be operational, and we have been able to maintain a largely consistent supply chain. However, as customer demand has weakened, we have temporarily reduced run rates at, and in some instances temporarily idled, certain of our plants to reduce costs and inventory levels. During the three and six months ended June 30, 2020, the effects of COVID-19 and related actions to control its spread had a significant, negative impact on the operating results of our Engineered Materials and Acetyl Chain segments, as discussed in more detail in the individual reporting segment sections below. We expect the



declines in consumer demand, particularly in the Western Hemisphere, to continue to work through the relevant value chains through the second half of 2020. In Engineered Materials, our most impacted end markets reflect a significant decrease in big-ticket discretionary spending among consumers for items such as automobiles, electronics and appliances, as well as reduced spending on materials for industrial and construction applications and in medical applications, due to the delay in elective surgeries. Other application areas including food and beverage, pharma and 5G infrastructure are more resilient. In the Acetyl Chain, we benefit from a highly diversified set of end-uses with less exposure, relative to others in the industry, to end markets that have been most acutely impacted by COVID-19, like automotive. However, the historically low acetic acid pricing, along with the recent developments with global oil markets, continue to present a deflationary environment for the Acetyl Chain business. At the same time, we see resiliency and even growth in some applications within all of our segments, including packaging, hygiene products, disinfectants, pharma and cigarettes. We anticipate that our operations will continue to be negatively impacted on a short-term basis. We currently anticipate that customer demand and our results of operations should begin to normalize in 2021, absent a similar resurgence of COVID-19 and as the economies in which we operate begin to recover.

We have taken, and will continue to take, actions to mitigate the impact of COVID-19 on our results of operations, financial condition and cash flow. Through the capacity reductions we have implemented at our plants, we are managing inventory levels, reducing our manufacturing costs and optimizing our working capital. We have reduced discretionary spending such as travel and other corporate functional expenses. Although significant layoffs have not occurred within the Company during the three and six months ended June 30, 2020, some positions have been eliminated under a global restructuring program implemented largely as a result of cost cutting initiatives due to the current global economic environment. We have also engaged in temporary, targeted furloughs where plant operations have been reduced.

We are actively managing our business to maintain cash flow, and we believe that liquidity from (i) cash generated from operations; (ii) cash on hand; (iii) dividends from our portfolio of strategic investments; and (iv) cash available from our senior unsecured revolving credit facility and our accounts receivable securitization facility, will be sufficient to meet our operational and capital investment needs and financial obligations for the foreseeable future. We remain in compliance with the financial covenants under our senior unsecured revolving credit facility and short-term bilateral term loans and expect to remain in compliance based on our current expectation of future results of operations.

To preserve our cash balances and maintain liquidity, we have reduced our capital expenditures forecast from \$500 million to less than \$350 million for the full year 2020, prioritizing those projects that continue to drive productivity for us in the near-term. We remain fully committed to our current cash dividend. During the three months ended June 30, 2020, we temporarily paused share repurchases and will maintain current liquidity levels before deploying any discretionary operating cash flow for such share repurchases.

The extent to which COVID-19 will adversely impact our business, financial condition and results of operations will depend on numerous evolving factors, which are highly uncertain, rapidly changing and cannot be predicted. For further information regarding the impact COVID-19 could have on our business, financial condition and results of operations, see *Part II - Item 1A. Risk Factors*. For further discussion of our liquidity condition, see *Liquidity and Capital Resources* in this *Part I - Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations*.

## **Risk Factors**

See *Part I - Item 1A. Risk Factors* of our 2019 Form 10-K and subsequent periodic filings we make with the SEC for a description of certain risk factors that you should consider which could significantly affect our financial results. In addition, the following factors could cause our actual results to differ materially from those results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors include, among other things:

- changes in general economic, business, political and regulatory conditions in the countries or regions in which we operate;
- the length and depth of product and industry business cycles particularly in the automotive, electrical, textiles, electronics and construction industries;
- changes in the price and availability of raw materials, particularly changes in the demand for, supply of, and market prices of ethylene, methanol, natural gas, wood pulp and fuel oil and the prices for electricity and other energy sources;
- the ability to pass increases in raw material prices on to customers or otherwise improve margins through price increases;
- the ability to maintain plant utilization rates and to implement planned capacity additions, expansions and maintenance;

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- the ability to reduce or maintain current levels of production costs and to improve productivity by implementing technological improvements to existing plants;
- increased price competition and the introduction of competing products by other companies;
- the ability to identify desirable potential acquisition targets and to consummate acquisition or investment transactions, including obtaining regulatory approvals, consistent with our strategy;
- market acceptance of our technology;
- the ability to obtain governmental approvals and to construct facilities on terms and schedules acceptable to us;
- changes in applicable tariffs, duties and trade agreements, tax rates or legislation throughout the world including, but not limited to, adjustments, changes in estimates or interpretations that may impact recorded or future tax impacts associated with the Tax Cuts and Jobs Act (the "TCJA");
- changes in the degree of intellectual property and other legal protection afforded to our products or technologies, or the theft of such intellectual property;
- compliance and other costs and potential disruption or interruption of production or operations due to accidents, interruptions in sources of raw materials, cyber security incidents, terrorism or political unrest, public health crises (including, but not limited to, the COVID-19 outbreak), or other unforeseen events or delays in construction or operation of facilities, including as a result of geopolitical conditions, the occurrence of acts of war or terrorist incidents or as a result of weather, natural disasters, or other crises including public health crises;
- potential liability for remedial actions and increased costs under existing or future environmental regulations, including those relating to climate change;
- potential liability resulting from pending or future claims or litigation, including investigations or enforcement actions, or from changes in the laws, regulations or policies of governments or other governmental activities, in the countries in which we operate;
- changes in currency exchange rates and interest rates;
- our level of indebtedness, which could diminish our ability to raise additional capital to fund operations or limit our ability to react to changes in the economy or the chemicals industry; and
- various other factors, both referenced and not referenced in this Quarterly Report.

Many of these factors are macroeconomic in nature and are, therefore, beyond our control. In addition, COVID-19 and responses to the pandemic by governments and businesses, have significantly increased financial and economic volatility and uncertainty, exacerbating the risks and potential impact of these factors. Should one or more of these risks or uncertainties materialize, affect us in ways or to an extent that we currently do not expect or consider to be significant, or should underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from those described in this Quarterly Report as anticipated, believed, estimated, expected, intended, planned or projected. We neither intend nor assume any obligation to update these forward-looking statements, which speak only as of their dates.

### **Overview**

We are a global chemical and specialty materials company. We are a leading global producer of high performance engineered polymers that are used in a variety of high-value applications, as well as one of the world's largest producers of acetyl products, which are intermediate chemicals, for nearly all major industries. As a recognized innovator in the chemicals industry, we engineer and manufacture a wide variety of products essential to everyday living. Our broad product portfolio serves a diverse set of end-use applications including automotive, chemical additives, construction, consumer and industrial adhesives, consumer and medical, energy storage, filtration, food and beverage, paints and coatings, paper and packaging, performance industrial and textiles. Our products enjoy leading global positions due to our differentiated business models, large global production capacity, operating efficiencies, proprietary technology and competitive cost structures.

Our large and diverse global customer base primarily consists of major companies across a broad array of industries. We hold geographically balanced global positions and participate in diversified end-use applications. We combine a demonstrated track

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record of execution, strong performance built on differentiated business models and a clear focus on growth and value creation. Known for operational excellence, reliability and execution of our business strategies, we partner with our customers around the globe to deliver best-in-class technologies and solutions.

## Results of Operations

### Financial Highlights

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
(unaudited)						
(In \$ millions, except percentages)						
<b>Statement of Operations Data</b>						
Net sales	1,193	1,592	(399)	2,653	3,279	(626)
Gross profit	242	423	(181)	590	876	(286)
Selling, general and administrative ("SG&A") expenses	(114)	(118)	4	(239)	(238)	(1)
Other (charges) gains, net	(21)	(98)	77	(27)	(94)	67
Operating profit (loss)	83	186	(103)	277	506	(229)
Equity in net earnings (loss) of affiliates	31	39	(8)	88	89	(1)
Non-operating pension and other postretirement employee benefit (expense) income	27	17	10	55	34	21
Interest expense	(27)	(29)	2	(55)	(60)	5
Dividend income - equity investments	32	30	2	69	62	7
Earnings (loss) from continuing operations before tax	147	239	(92)	439	624	(185)
Earnings (loss) from continuing operations	112	211	(99)	339	550	(211)
Earnings (loss) from discontinued operations	(3)	(1)	(2)	(10)	(2)	(8)
Net earnings (loss)	109	210	(101)	329	548	(219)
Net earnings (loss) attributable to Celanese Corporation	107	209	(102)	325	546	(221)
<b>Other Data</b>						
Depreciation and amortization	87	84	3	172	167	5
SG&A expenses as a percentage of Net sales	9.6%	7.4%		9.0%	7.3%	
Operating margin <sup>(1)</sup>	7.0%	11.7%		10.4%	15.4%	
Other (charges) gains, net						
Restructuring	(2)	(15)	13	(8)	(14)	6
Asset impairments	(25)	(83)	58	(29)	(83)	54
Plant/office closures	6	—	6	5	(1)	6
Commercial disputes	1	—	1	6	4	2
European Commission investigation	(2)	—	(2)	(2)	—	(2)
Other	1	—	1	1	—	1
Total Other (charges) gains, net	(21)	(98)	77	(27)	(94)	67

<sup>(1)</sup> Defined as Operating profit (loss) divided by Net sales.

	As of June 30, 2020	As of December 31, 2019
	(unaudited)	
	(In \$ millions)	
<b>Balance Sheet Data</b>		
Cash and cash equivalents	539	463
Short-term borrowings and current installments of long-term debt - third party and affiliates	1,045	496
Long-term debt, net of unamortized deferred financing costs	2,989	3,409
Total debt	4,034	3,905

**Factors Affecting Business Segment Net Sales**

The percentage increase (decrease) in Net sales attributable to each of the factors indicated for each of our business segments is as follows:

*Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019*

	Volume	Price	Currency	Other	Total
	(unaudited)				
	(In percentages)				
Engineered Materials	(27)	(1)	(1)	—	(29)
Acetate Tow	(18)	(5)	—	—	(23)
Acetyl Chain	(14)	(8)	(1)	—	(23)
Total Company	(20)	(5)	(1)	1	(25)

*Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019*

	Volume	Price	Currency	Other	Total
	(unaudited)				
	(In percentages)				
Engineered Materials	(18)	(3)	(1)	—	(22)
Acetate Tow	(17)	(5)	—	—	(22)
Acetyl Chain	(9)	(8)	(1)	1	(17)
Total Company	(13)	(6)	(1)	1	(19)

**Consolidated Results**

*Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019*

Net sales decreased \$399 million, or 25%, for the three months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- lower volume across all of our segments, primarily driven by our Engineered Materials and Acetyl Chain segments due to a continued deterioration of global economic conditions and global reduction in the customer demand environment as a result of the COVID-19 pandemic; and
- lower pricing across all of our segments.

Operating profit decreased \$103 million, or 55%, for the three months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- lower Net sales across all of our segments;

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partially offset by:

- a favorable impact to Other (charges) gains, net. During the three months ended June 30, 2019, we recorded an \$83 million long-lived asset impairment loss related to the closure of our acetate flake manufacturing operations in Ocotlán, Mexico, which did not recur in the current year. See [Note 12 - Other \(Charges\) Gains, Net](#) in the accompanying unaudited interim consolidated financial statements for further information; and
- lower raw material costs within our Acetyl Chain and Engineered Materials segments.

Equity in net earnings (loss) of affiliates decreased \$8 million for the three months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- a decrease in equity investment in earnings of \$6 million from our Ibn Sina strategic affiliate, primarily as a result of continued deterioration of global economic conditions.

Our effective income tax rate for the three months ended June 30, 2020 was 24% compared to 12% for the same period in 2019. The higher effective income tax rate for the three months ended June 30, 2020 compared to the same period in 2019 was primarily due to adjustments to the recorded impacts of certain uncertain tax positions due to available tax attribute carryforwards and the increased tax rate impact of such items due to lower earnings in the current year due to the COVID-19 pandemic. See [Note 13 - Income Taxes](#) in the accompanying unaudited interim consolidated financial statements for further information.

### *Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019*

Net sales decreased \$626 million, or 19%, for the six months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- lower volume across all of our segments, primarily due to a continued deterioration of global economic conditions and global reduction in the customer demand environment as a result of the COVID-19 pandemic; and
- lower pricing across all of our segments.

Operating profit decreased \$229 million, or 45%, for the six months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- lower Net sales across all of our segments; and
- higher plant turnaround and spending costs in our Engineered Materials and Acetyl Chain segments;

partially offset by:

- lower raw material costs within our Acetyl Chain and Engineered Materials segments; and
- a favorable impact to Other (charges) gains, net. During the six months ended June 30, 2019, we recorded an \$83 million long-lived asset impairment loss related to the closure of our acetate flake manufacturing operations in Ocotlán, Mexico, which did not recur in the current year. See [Note 12 - Other \(Charges\) Gains, Net](#) in the accompanying unaudited interim consolidated financial statements for further information.

Our effective income tax rate for the six months ended June 30, 2020 was 23% compared to 12% for the same period in 2019. The higher effective income tax rate for the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to adjustments to the recorded impacts of certain uncertain tax positions due to available tax attribute carryforwards, the impact of functional currency differences in offshore jurisdictions and the increased tax rate impact of such items due to lower earnings in the current year due to the COVID-19 pandemic. See [Note 13 - Income Taxes](#) in the accompanying unaudited interim consolidated financial statements for further information.

**Business Segments**
**Engineered Materials**

	Three Months Ended June 30,				Six Months Ended June 30,			
	2020	2019	Change	% Change	2020	2019	Change	% Change
	(unaudited)							
	(In \$ millions, except percentages)							
Net sales	420	593	(173)	(29.2)%	983	1,256	(273)	(21.7)%
<b>Net Sales Variance</b>								
Volume	(27)%				(18)%			
Price	(1)%				(3)%			
Currency	(1)%				(1)%			
Other	— %				— %			
Other (charges) gains, net	(25)	(8)	(17)	(212.5)%	(25)	7	(32)	(457.1)%
Operating profit (loss)	(13)	103	(116)	(112.6)%	89	247	(158)	(64.0)%
Operating margin	(3.1)%	17.4%			9.1 %	19.7%		
Equity in net earnings (loss) of affiliates	26	36	(10)	(27.8)%	79	82	(3)	(3.7)%
Depreciation and amortization	32	31	1	3.2 %	66	63	3	4.8 %

Our Engineered Materials segment includes our engineered materials business, our food ingredients business and certain strategic affiliates. Our engineered materials business develops, produces and supplies a broad portfolio of high performance specialty polymers for automotive and medical applications, as well as industrial products and consumer electronics. Together with our strategic affiliates, our engineered materials business is a leading participant in the global specialty polymers industry. Our food ingredients business is a leading global supplier of acesulfame potassium for the food and beverage industry and is a leading producer of food protection ingredients, such as potassium sorbate and sorbic acid.

The pricing of products within the Engineered Materials segment is primarily based on the value of the material we produce and is generally independent of changes in the cost of raw materials. Therefore, in general, margins may expand or contract in response to changes in raw material costs.

**Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019**

Net sales decreased for the three months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- lower volume for most of our products driven by a continued deterioration of global economic conditions as a result of the COVID-19 pandemic;
- lower pricing for most of our products, primarily due to a continued reduction in customer demand, as well as customer and product mix; and
- an unfavorable currency impact resulting from a weaker Euro relative to the US dollar.

Operating profit decreased for the three months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- lower Net sales;
- higher spending costs of \$33 million, primarily as a result of plant turnaround activity and associated inventory costs; and
- an unfavorable impact of \$17 million to Other (charges) gains, net. During the three months ended June 30, 2020, we recorded a \$25 million long-lived asset impairment loss related to certain fixed assets used in compounding operations at our facilities in Kaiserslautern, Germany; Wehr, Germany and Ferrara Marconi, Italy, partially offset by lower

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employee termination benefits related to business optimization projects in the current year. See [Note 12 - Other \(Charges\) Gains, Net](#) in the accompanying unaudited interim consolidated financial statements for further information;

partially offset by:

- lower raw material costs for most of our products.

Equity in net earnings (loss) of affiliates decreased for the three months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- a decrease in equity investment in earnings of \$6 million from our Ibn Sina strategic affiliate, primarily as a result of continued deterioration of global economic conditions.

*Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019*

Net sales decreased for the six months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- lower volume for most of our products driven by a continued deterioration of global economic conditions as a result of the COVID-19 pandemic;
- lower pricing for most of our products, primarily due to a continued reduction in customer demand, as well as customer and product mix; and
- an unfavorable currency impact resulting from a weaker Euro relative to the US dollar.

Operating profit decreased for the six months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- lower Net sales;
- higher spending costs of \$40 million, primarily as a result of plant turnaround activity and associated inventory costs; and
- an unfavorable impact of \$32 million to Other (charges) gains, net. During the six months ended June 30, 2020, we recorded a \$25 million long-lived asset impairment loss related to certain fixed assets used in compounding operations at our facilities in Kaiserslautern, Germany; Wehr, Germany and Ferrara Marconi, Italy, partially offset by lower employee termination benefits related to business optimization projects in the current year. During the six months ended June 30, 2019, we also recorded a \$15 million gain related to a settlement of a commercial dispute from a previous acquisition, which did not recur in the current year. See [Note 12 - Other \(Charges\) Gains, Net](#) in the accompanying unaudited interim consolidated financial statements for further information;

partially offset by:

- lower raw material costs for most of our products.

*Acetate Tow*

	Three Months Ended June 30,			% Change	Six Months Ended June 30,			% Change
	2020	2019	Change		2020	2019	Change	
(unaudited)								
(In \$ millions, except percentages)								
Net sales	127	164	(37)	(22.6)%	256	330	(74)	(22.4)%
<b>Net Sales Variance</b>								
Volume	(18)%				(17)%			
Price	(5)%				(5)%			
Currency	— %				— %			
Other	— %				— %			
Other (charges) gains, net	—	(84)	84	100.0 %	(1)	(84)	83	98.8 %
Operating profit (loss)	31	(44)	75	170.5 %	58	(4)	62	1,550.0 %
Operating margin	24.4 %	(26.8)%			22.7 %	(1.2)%		
Dividend income - equity investments	32	29	3	10.3 %	69	61	8	13.1 %
Depreciation and amortization	9	11	(2)	(18.2)%	17	21	(4)	(19.0)%

Our Acetate Tow segment serves consumer-driven applications. We are a leading global producer and supplier of acetate tow and acetate flake, primarily used in filter products applications.

The pricing of products within the Acetate Tow segment is sensitive to demand and is primarily based on the value of the product we produce. Many sales in this business are conducted under contracts with pricing for one or more years. As a result, margins may expand or contract in response to changes in market conditions over these similar periods, and we may be unable to adjust pricing also due to other factors, such as the intense level of competition in the industry.

*Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019*

Net sales decreased for the three months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- lower acetate flake volume, primarily due to the expiration of an acetate flake contract;
- lower acetate tow volume, consistent with global demand reduction; and
- lower acetate tow pricing, primarily due to customer mix.

Operating profit increased for the three months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- a favorable impact of \$84 million to Other (charges) gains, net. During the three months ended June 30, 2019, we recorded an \$83 million long-lived asset impairment loss related to the closure of our acetate flake manufacturing operations in Ocotlán, Mexico, which did not recur in the current year. See [Note 12 - Other \(Charges\) Gains, Net](#) in the accompanying unaudited interim consolidated financial statements for further information;
- lower energy costs of \$8 million, primarily related to the closure of our acetate flake manufacturing unit in Ocotlán, Mexico in the prior year; and
- lower spending of \$5 million, primarily due to a reduction in operating costs as a result of the closure of our acetate flake manufacturing unit in Ocotlán, Mexico in the prior year;

partially offset by:

- lower Net sales.



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*Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019*

Net sales decreased for the six months ended June 30, 2020 compared to the same period in 2019.

- lower acetate flake volume, primarily due to the expiration of an acetate flake contract;
- lower acetate tow volume, consistent with global demand reduction; and
- lower acetate tow pricing, primarily due to customer mix.

Operating profit increased for the six months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- a favorable impact of \$83 million to Other (charges) gains, net. During the six months ended June 30, 2019, we recorded an \$83 million long-lived asset impairment loss related to the closure of our acetate flake manufacturing operations in Ocotlán, Mexico, which did not recur in the current year. See [Note 12 - Other \(Charges\) Gains, Net](#) in the accompanying unaudited interim consolidated financial statements for further information;
- lower energy costs of \$15 million, primarily related to the closure of our acetate flake manufacturing unit in Ocotlán, Mexico in the prior year; and
- lower spending of \$4 million, primarily due to a reduction in operating costs due to the closure of our acetate flake manufacturing unit in Ocotlán, Mexico in the prior year;

partially offset by:

- lower Net sales.

Dividend income from equity investments increased for the six months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- higher earnings from our acetate tow joint ventures related to the expiration of an acetate flake contract, which was assumed by Nantong Cellulose Fibers Co. Ltd.

**Acetyl Chain**

	Three Months Ended June 30,				Six Months Ended June 30,			
	2020	2019	Change	% Change	2020	2019	Change	% Change
	(unaudited)							
	(In \$ millions, except percentages)							
Net sales	662	865	(203)	(23.5)%	1,461	1,754	(293)	(16.7)%
<b>Net Sales Variance</b>								
<i>Volume</i>	(14)%				(9)%			
<i>Price</i>	(8)%				(8)%			
<i>Currency</i>	(1)%				(1)%			
<i>Other</i>	— %				1 %			
Other (charges) gains, net	5	(1)	6	600.0 %	5	(1)	6	600.0 %
Operating profit (loss)	121	188	(67)	(35.6)%	256	390	(134)	(34.4)%
Operating margin	18.3 %	21.7%			17.5 %	22.2%		
Depreciation and amortization	42	38	4	10.5 %	81	76	5	6.6 %

Our Acetyl Chain segment includes the integrated chain of our intermediate chemistry, emulsion polymers, ethylene vinyl acetate ("EVA") polymers and redispersible powders businesses. Our intermediate chemistry business produces and supplies acetyl products, including acetic acid, vinyl acetate monomer ("VAM"), acetic anhydride and acetate esters. These products are generally used as starting materials for colorants, paints, adhesives, coatings and pharmaceuticals. It also produces organic solvents and intermediates for pharmaceutical, agricultural and chemical products. Our emulsion polymers business is a leading global producer of vinyl acetate-based emulsions and develops products and application technologies to improve performance, create value and drive innovation in applications such as paints and coatings, adhesives, construction, glass fiber, textiles and paper. Our EVA polymers business is a leading North American manufacturer of a full range of specialty EVA resins and compounds, as well as select grades of low-density polyethylene. Our EVA polymers products are used in many applications, including flexible packaging films, lamination film products, hot melt adhesives, automotive parts and carpeting. Our redispersible powders business produces polymer emulsions which are converted into powdered thermoplastic resin materials. Redispersible powders products are used in a variety of applications in the mortar industry, including decorative mortar, exterior insulation and finish systems, gypsum-based materials, plaster and render, self-leveling floor systems, skim coat and tile adhesives.

The pricing of products within the Acetyl Chain is influenced by industry utilization rates and changes in the cost of raw materials. Therefore, in general, there is a directional correlation between these factors and our Net sales for most Acetyl Chain products. This impact to pricing typically lags changes in raw material costs over months or quarters.

**Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019**

Net sales decreased for the three months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- lower volume for most of our products due to a continued global reduction in the customer demand environment as a result of the COVID-19 pandemic, partially offset by higher volume for redispersible powders due to the acquisition of Nouryon's redispersible polymer powders business offered under the Elotex® brand ("Elotex");
- lower pricing for most of our products, primarily due to a continued global reduction in the customer demand environment and an overall deflationary environment for raw materials as a result of the COVID-19 pandemic; and
- an unfavorable currency impact resulting from a weaker Euro relative to the US dollar.

Operating profit decreased for the three months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- lower Net sales; and
- higher costs of \$7 million, primarily related to our acquisition of Elotex;

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partially offset by:

- lower raw material costs, primarily for ethylene, methanol and carbon monoxide, with ethylene making up approximately one-half of the decrease and methanol and carbon monoxide making up the remainder of the decrease in raw material costs;
- lower energy costs of \$10 million, primarily related to lower energy prices;
- a favorable impact of \$8 million, primarily related to productivity initiatives; and
- a favorable impact of \$6 million to Other (charges) gains, net. During the three months ended June 30, 2020, we received a \$6 million non-income tax credit from Nanjing, China. See [Note 12 - Other \(Charges\) Gains, Net](#) in the accompanying unaudited interim consolidated financial statements for further information.

*Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019*

Net sales decreased for the six months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- lower volume for most of our products due to a continued global reduction in the customer demand environment as a result of the COVID-19 pandemic, partially offset by higher volume for redispersible powders due to our acquisition of Elotex;
- lower pricing for most of our products, primarily due to a continued global reduction in the customer demand environment and an overall deflationary environment for raw materials as a result of the COVID-19 pandemic; and
- an unfavorable currency impact resulting from a weaker Euro relative to the US dollar.

Operating profit decreased for the six months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- lower Net sales;
- higher plant turnaround costs of \$17 million related to our joint venture, Fairway Methanol LLC ("Fairway"); and
- higher costs of \$13 million, primarily related to our acquisition of Elotex;

partially offset by:

- lower raw material costs for ethylene, methanol and carbon monoxide, with ethylene making up approximately one-half of the decrease and methanol and carbon monoxide making up the remainder of the decrease in raw material costs;
- lower energy costs of \$14 million, primarily related to lower energy prices; and
- a favorable impact of \$6 million to Other (charges) gains, net. During the six months ended June 30, 2020, we received a \$6 million non-income tax credit from Nanjing, China. See [Note 12 - Other \(Charges\) Gains, Net](#) in the accompanying unaudited interim consolidated financial statements for further information.

**Other Activities**

	Three Months Ended June 30,		Change	% Change	Six Months Ended June 30,		Change	% Change
	2020	2019			2020	2019		
(unaudited)								
(In \$ millions, except percentages)								
Other (charges) gains, net	(1)	(5)	4	80.0 %	(6)	(16)	10	62.5 %
Operating profit (loss)	(56)	(61)	5	8.2 %	(126)	(127)	1	0.8 %
Equity in net earnings (loss) of affiliates	5	2	3	150.0 %	8	5	3	60.0 %
Non-operating pension and other postretirement employee benefit (expense) income	27	17	10	58.8 %	55	34	21	61.8 %
Dividend income - equity investments	—	1	(1)	(100.0)%	—	1	(1)	(100.0)%
Depreciation and amortization	4	4	—	— %	8	7	1	14.3 %

Other Activities primarily consists of corporate center costs, including administrative activities such as finance, information technology and human resource functions, interest income and expense associated with financing activities and results of our captive insurance companies. Other Activities also includes the components of net periodic benefit cost (interest cost, expected return on assets and net actuarial gains and losses) for our defined benefit pension plans and other postretirement plans not allocated to our business segments.

*Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019*

Operating loss decreased for the three months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- a favorable impact of \$4 million to Other (charges) gains, net, primarily due to lower employee termination benefits related to business optimization projects in the current year. See [Note 12 - Other \(Charges\) Gains, Net](#) in the accompanying unaudited interim consolidated financial statements for further information.

Non-operating pension and other postretirement employee benefit income increased for the three months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- lower interest cost and higher expected return on plan assets.

*Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019*

Operating loss decreased for the six months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- a favorable impact of \$10 million to Other (charges) gains, net. During the six months ended June 30, 2019, we recorded an \$11 million loss related to a settlement by our captive insurer with a former third-party customer, which did not recur in the current year. See [Note 12 - Other \(Charges\) Gains, Net](#) in the accompanying unaudited interim consolidated financial statements for further information;

partially offset by:

- an unfavorable currency impact of \$6 million resulting from a weaker Euro relative to the US dollar.

Non-operating pension and other postretirement employee benefit income increased for the six months ended June 30, 2020 compared to the same period in 2019, primarily due to:

- lower interest cost and higher expected return on plan assets.

## Liquidity and Capital Resources

Our primary source of liquidity is cash generated from operations, available cash and cash equivalents and dividends from our portfolio of strategic investments. In addition, as of June 30, 2020, we have \$1.1 billion available for borrowing under our senior unsecured revolving credit facility and \$5 million available under our accounts receivable securitization facility to assist, if required, in meeting our working capital needs and other contractual obligations.

While our contractual obligations, commitments and debt service requirements over the next several years are significant, we continue to believe we will have available resources to meet our liquidity requirements, including debt service, for the next twelve months. If our cash flow from operations is insufficient to fund our debt service and other obligations, we may be required to use other means available to us such as increasing our borrowings, reducing or delaying capital expenditures, seeking additional capital or seeking to restructure or refinance our indebtedness. There can be no assurance, however, that we will continue to generate cash flows at or above current levels.

Total cash outflows for capital expenditures are expected to be in the range of \$325 million to \$350 million in 2020, primarily due to additional investments in growth opportunities and productivity improvements primarily in our Engineered Materials and Acetyl Chain segments.

On a stand-alone basis, Celanese and its immediate 100% owned subsidiary, Celanese US, have no material assets other than the stock of their subsidiaries and no independent external operations of their own. Accordingly, they generally depend on the cash flow of their subsidiaries and their ability to pay dividends and make other distributions to Celanese and Celanese US in order to meet their obligations, including their obligations under senior credit facilities and senior notes, and to pay dividends on our Common stock, par value \$0.0001 per share ("Common Stock").

We are subject to capital controls and exchange restrictions imposed by the local governments in certain jurisdictions where we operate, such as China, India and Indonesia. Capital controls impose limitations on our ability to exchange currencies, repatriate earnings or capital, lend via intercompany loans or create cross-border cash pooling arrangements. Our largest exposure to a country with capital controls is in China. Pursuant to applicable regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, the Chinese government imposes certain currency exchange controls on cash transfers out of China, puts certain limitations on duration, purpose and amount of intercompany loans, and restricts cross-border cash pooling.

We remain in compliance with the financial covenants under our senior unsecured revolving credit facility and short-term bilateral term loans and expect to remain in compliance based on our current expectation of future results of operations. If our actual future results of operations differ materially from these expectations, including if a material and prolonged economic downturn results in increased indebtedness or substantially lower EBITDA, we may be required to seek an amendment or waiver of such covenant which may increase our borrowing costs under those debt instruments.

## Cash Flows

Cash and cash equivalents increased \$76 million to \$539 million as of June 30, 2020 compared to December 31, 2019. As of June 30, 2020, \$478 million of the \$539 million of cash and cash equivalents was held by our foreign subsidiaries. Under the TCJA, we have incurred a prior year charge associated with the deemed repatriation of previously unremitted foreign earnings, including foreign held cash. These funds are largely accessible without additional material tax consequences, if needed in the US, to fund operations. See [Note 13 - Income Taxes](#) in the accompanying unaudited interim consolidated financial statements for further information.

### • *Net Cash Provided by (Used in) Operating Activities*

Net cash provided by operating activities decreased \$93 million to \$638 million for the six months ended June 30, 2020 compared to \$731 million for the same period in 2019. Net cash provided by operating activities for the six months ended June 30, 2020 decreased, primarily due to:

- a decrease in net earnings;

partially offset by:

- a decrease in cash taxes paid of \$56 million; and
- a decrease in incentive compensation payouts of \$50 million.

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### • ***Net Cash Provided by (Used in) Investing Activities***

Net cash used in investing activities increased \$66 million to \$309 million for the six months ended June 30, 2020 compared to \$243 million for the same period in 2019, primarily due to:

- an increase of \$63 million in capital expenditures related to growth and productivity improvements in our Engineered Materials and Acetyl Chain segments.

### • ***Net Cash Provided by (Used in) Financing Activities***

Net cash used in financing activities decreased \$189 million to \$248 million for the six months ended June 30, 2020 compared to \$437 million for the same period in 2019, primarily due to:

- lower share repurchases of our Common Stock of \$321 million during the six months ended June 30, 2020; and
- an increase in net borrowings on short-term debt of \$27 million, due to higher borrowings during the six months ended June 30, 2020 related to us entering into an aggregate of \$300 million in short-term, bilateral term loans, which were primarily used to repay borrowings under our outstanding senior unsecured revolving credit facility;

partially offset by:

- a decrease in net proceeds from long-term debt of \$167 million, primarily due to the issuance of \$500 million in principal amount of the 3.500% senior unsecured notes due May 8, 2024, partially offset by the redemption of the 3.250% senior unsecured notes, during the six months ended June 30, 2019, which did not recur in the current year.

### ***Debt and Other Obligations***

There have been no material changes to our debt or other obligations described in our 2019 Form 10-K other than those disclosed above and in [Note 8 - Debt](#) in the accompanying unaudited interim consolidated financial statements.

### ***Other Financing Arrangements***

We have a factoring agreement with a global financial institution to sell certain accounts receivable on a non-recourse basis. These transactions are treated as a sale and are accounted for as a reduction in accounts receivable because the agreement transfers effective control over and risk related to the receivables to the buyer.

We have no continuing involvement in the transferred receivables, other than collection and administrative responsibilities and, once sold, the accounts receivable are no longer available to satisfy creditors in the event of bankruptcy. We de-recognized \$110 million and \$257 million of accounts receivable as of June 30, 2020 and December 31, 2019, respectively.

See [Note 21 - Subsequent Events](#) in the accompanying unaudited interim consolidated financial statements.

### ***Share Capital***

On July 15, 2020, our Board of Directors approved a \$500 million increase in our Common Stock repurchase authorization. As of June 30, 2020, we had \$1.1 billion remaining under the previous authorization. We also declared a quarterly cash dividend of \$0.62 per share on our Common Stock on July 15, 2020, amounting to \$73 million.

There have been no material changes to our share capital described in our 2019 Form 10-K other than those disclosed above and in [Note 11 - Stockholders' Equity](#) in the accompanying unaudited interim consolidated financial statements.

### ***Contractual Obligations***

Except as otherwise described in this report, there have been no material revisions outside the ordinary course of business to our contractual obligations as described in our 2019 Form 10-K.

### ***Sale of Polyplastics Co., Ltd. Joint Venture Equity Interest***

On July 20, 2020, we entered into a definitive agreement to sell our 45% joint venture equity interest in our strategic affiliate, Polyplastics Co., Ltd., to our joint venture partner, Daicel Corporation, for a purchase price of approximately \$1.6 billion in cash. See [Note 21 - Subsequent Events](#) in the accompanying unaudited interim consolidated financial statements.

### **Off-Balance Sheet Arrangements**

We have not entered into any material off-balance sheet arrangements.

### **Critical Accounting Policies and Estimates**

Our unaudited interim consolidated financial statements are based on the selection and application of significant accounting policies. The preparation of unaudited interim consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the unaudited interim consolidated financial statements and the reported amounts of net sales, expenses and allocated charges during the reporting period. Actual results could differ from those estimates. However, we are not currently aware of any reasonably likely events or circumstances that would result in materially different results.

We describe our significant accounting policies in Note 2 - Summary of Accounting Policies, of the Notes to the Consolidated Financial Statements included in our 2019 Form 10-K. We discuss our critical accounting policies and estimates in MD&A in our 2019 Form 10-K.

### **Recent Accounting Pronouncements**

See [Note 2 - Recent Accounting Pronouncements](#) in the accompanying unaudited interim consolidated financial statements included in this Quarterly Report for information regarding recent accounting pronouncements.

### **Item 3. *Quantitative and Qualitative Disclosures about Market Risk***

Market risk for the Company has not changed materially from the foreign exchange, interest rate and commodity risks disclosed in Item 7A. Quantitative and Qualitative Disclosures about Market Risk in our 2019 Form 10-K. See also [Note 14 - Derivative Financial Instruments](#) in the accompanying unaudited interim consolidated financial statements for further discussion of our market risk management and the related impact on the Company's financial position and results of operations.

### **Item 4. *Controls and Procedures***

#### **Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report. Based on that evaluation, as of June 30, 2020, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective.

#### **Changes in Internal Control Over Financial Reporting**

During the period covered by this report, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

### Item 1. *Legal Proceedings*

The Company is involved in legal and regulatory proceedings, lawsuits, claims and investigations incidental to the normal conduct of its business, relating to such matters as product liability, land disputes, insurance coverage disputes, contracts, employment, antitrust and competition, intellectual property, personal injury and other actions in tort, workers' compensation, chemical exposure, asbestos exposure, taxes, trade compliance, acquisitions and divestitures, claims of current and legacy stockholders, past waste disposal practices and release of chemicals into the environment. The Company is actively defending those matters where it is named as a defendant. Due to the inherent subjectivity of assessments and unpredictability of outcomes of legal proceedings, the Company's litigation accruals and estimates of possible loss or range of possible loss may not represent the ultimate loss to the Company from legal proceedings. See [Note 10 - Environmental](#) and [Note 16 - Commitments and Contingencies](#) in the accompanying unaudited interim consolidated financial statements for a discussion of material environmental matters and material commitments and contingencies related to legal and regulatory proceedings. There have been no significant developments in the "Legal Proceedings" described in our 2019 Form 10-K other than those disclosed in [Note 10 - Environmental](#) and [Note 16 - Commitments and Contingencies](#) in the accompanying unaudited interim consolidated financial statements. See *Part I - Item 1A. Risk Factors* of our 2019 Form 10-K for certain risk factors relating to these legal proceedings.

### Item 1A. *Risk Factors*

The Company is supplementing the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission on February 6, 2020 (the "2019 Form 10-K"), to include the following risk factor under the heading "Risks Related to Our Business."

#### **The extent to which the novel coronavirus ("COVID-19") pandemic or similar public health crises will adversely impact our business, financial condition and results of operations remains highly uncertain and cannot be predicted.**

Public health crises such as pandemics or similar outbreaks could adversely impact our business. In December 2019, a novel strain of a virus named SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2), or coronavirus, which causes coronavirus disease 2019, or COVID-19, surfaced in Wuhan, China and has reached substantially all locations where we and our customers and suppliers have offices and production facilities. The COVID-19 pandemic is evolving, and to date has led to the implementation of various responses, including government-imposed quarantines, stay-at-home restrictions, travel restrictions and other public health safety measures, as well as reported adverse impacts on healthcare resources, facilities and providers. COVID-19 has significantly impacted our operations, and the extent to which COVID-19 continues to impact our operations or those of our customers or suppliers will depend on future developments and numerous factors, which are highly uncertain and cannot be predicted with confidence, including the duration and geographic spread of the outbreak, additional or modified government actions, new information that may emerge concerning the severity and impact of COVID-19 and the actions to contain COVID-19 or address its impact in the short and long term, among others.

The extent to which COVID-19 will adversely impact our business, financial condition and results of operations will depend on numerous evolving factors, which are highly uncertain, rapidly changing and cannot be predicted, including:

- the duration, scope, severity and geographic spread of the outbreak;
- governmental, business and individual actions that have been and continue to be taken in response to the outbreak, including social distancing, work-at-home, stay-at-home and shelter-in-place orders and shutdowns, travel restrictions and quarantines;
- the effect of the outbreak on our customers, suppliers, supply chain and other business partners;
- our ability during the outbreak to provide our products and services, including the health and well-being of our employees;
- business disruptions caused by actual or potential plant, workplace and office closures, and an increased reliance on employees working from home, disruptions to or delays in ongoing laboratory and product testing, experiments and operations, staffing shortages, travel limitations, employee health issues, cyber security and data accessibility, or communication or mass transit disruptions, any of which could adversely impact our business operations or delay necessary interactions with local regulators, manufacturing sites and other important agencies and contractors;



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- the ability of our customers to pay for our products and services during and following the outbreak;
- the impact of the outbreak on the financial markets and economic activity generally;
- our ability to access usual sources of liquidity on reasonable terms; and
- our ability to comply with the financial covenant in our Credit Agreement if a material and prolonged economic downturn results in increased indebtedness or substantially lower EBITDA.

The COVID-19 pandemic has significantly increased financial and economic volatility and uncertainty. The slowdown or downturn in the economy has had, and we expect will continue to have, a negative impact on many of our customers, as well as the end customers of products for which our products serve as materials and inputs. Our operations and financial results could be materially adversely impacted to the extent that the decline in certain customer orders continues or is materially greater than we have experienced to date during the COVID-19 pandemic or that we expect, or our expenses increase due to the impact of the pandemic, including as a result of impacts on our labor costs or productivity, supply chain disruptions or future actions by governments or businesses.

The COVID-19 pandemic continues to evolve, and it is unknown how long disruptions to our business operations resulting from the COVID-19 pandemic, including any disruptions relating to the ultimate geographic spread of the disease. However, any prolonging of the pandemic-related disruptions could have a material adverse impact on our business, financial condition and results of operations. We have monitored and will continue to monitor the situation closely.

In addition, the trading prices for our common stock and other chemical companies have been at certain times highly volatile as a result of the COVID-19 pandemic. If such volatility were to recur, we could face difficulties raising capital through equity or debt financings, or such financing transactions may be on unfavorable terms.

Please also refer to the complete Item 1A of the 2019 Form 10-K filed for additional risks and uncertainties facing the Company that may have a material adverse effect on the Company's business prospects, financial condition and results of operations. The COVID-19 pandemic, and responses to the pandemic by governments and businesses, have exacerbated many of the risks and potential impact of the factors addressed in Item 1A of the 2019 Form 10-K, and may affect us in additional ways or to an extent that we currently do not expect or consider to be significant.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

Repurchases of our Common Stock during the three months ended June 30, 2020 are as follows:

<b>Period</b>	<b>Total Number of Shares Purchased<sup>(1)</sup></b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Program</b>	<b>Approximate Dollar Value of Shares Remaining that may be Purchased Under the Program<sup>(2)</sup></b>
			<b>(unaudited)</b>	
April 1-30, 2020	—	\$ —	—	\$ 1,063,000,000
May 1-31, 2020	—	\$ —	—	\$ 1,063,000,000
June 1-30, 2020	—	\$ —	—	\$ 1,063,000,000
Total	—	—	—	—

(1) May include shares withheld from employees to cover their withholding requirements for personal income taxes related to the vesting of restricted stock.

(2) As of June 30, 2020, our Board of Directors has authorized the repurchase of \$5.4 billion of our Common Stock since February 2008. On July 15, 2020, the Board of Directors approved a \$500 million increase in our Common Stock repurchase authorization.

See [Note 11 - Stockholders' Equity](#) in the accompanying unaudited interim consolidated financial statements for further information.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

None.

**Item 5. Other Information**

None.

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**Item 6. Exhibits<sup>(1)</sup>**

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#">Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q filed with the SEC on October 18, 2016).</a>
3.1(a)	<a href="#">Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Celanese Corporation dated as of April 21, 2016 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on April 22, 2016).</a>
3.1(b)	<a href="#">Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Celanese Corporation dated as of September 17, 2018 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on September 17, 2018).</a>
3.1(c)	<a href="#">Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Celanese Corporation dated April 18, 2019 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on April 23, 2019).</a>
3.2	<a href="#">Sixth Amended and Restated By-laws, amended effective July 15, 2019 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on July 18, 2019).</a>
10.1*‡	<a href="#">Form of 2020 Time-Based Restricted Stock Unit Award Agreement (for non-employee directors).</a>
10.2	<a href="#">Transaction Agreement, dated July 20, 2020, among Celanese Corporation, Celanese Sales Netherlands B.V., Daicel Corporation and Polyplastics Company Ltd. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on July 20, 2020).</a>
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2*	<a href="#">Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 has been formatted in Inline XBRL.

\* Filed herewith.

‡ Indicates a management contract or compensatory plan or arrangement.

<sup>(1)</sup> The Company and its subsidiaries have in the past issued, and may in the future issue from time to time, long-term debt. The Company may not file with the applicable report copies of the instruments defining the rights of holders of long-term debt to the extent that the aggregate principal amount of the debt instruments of any one series of such debt instruments for which the instruments have not been filed has not exceeded or will not exceed 10% of the assets of the Company at any pertinent time. The Company hereby agrees to furnish a copy of any such instrument(s) to the SEC upon request.

**SIGNATURES**

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

CELANESE CORPORATION

By: /s/ LORI J. RYERKERK

Lori J. Ryerkerk  
Chairman of the Board of Directors,  
Chief Executive Officer and President

Date: July 29, 2020

By: /s/ SCOTT A. RICHARDSON

Scott A. Richardson  
Executive Vice President and  
Chief Financial Officer

Date: July 29, 2020

[Form of 2020 Director Time-Based RSU Award Agreement]



**CELANESE CORPORATION  
2018 GLOBAL INCENTIVE PLAN**

**TIME-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT  
DATED [Grant Date]**

Pursuant to the terms and conditions of the Celanese Corporation 2018 Global Incentive Plan, you have been awarded Time-Based Restricted Stock Units, subject to the restrictions described in this Agreement. In addition to the information included in this Award Agreement, the Participant's name and the number of Restricted Stock Units can be found in the Grant Summary located in the electronic stock plan award administration system maintained by the Company or its designee that contains a link to this Agreement (which summary information is set forth in the appropriate records of the Company authorizing such award).

**2020 RSU Award**

**[Number of Shares Granted] Units**

This grant is made pursuant to the Time-Based Restricted Stock Unit Award Agreement dated as of [Grant Date], between Celanese and [Participant Name], which Agreement is attached hereto and made a part hereof.

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**CELANESE CORPORATION  
2018 GLOBAL INCENTIVE PLAN**

**TIME-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT  
(Non-Employee Director)**

This Time-Based Restricted Stock Unit Award Agreement (the “Agreement”), is made and entered into effective as of [Grant Date] (the “Grant Date”), by and between Celanese Corporation, a Delaware corporation (the “Company”), and [Participant Name] (the “Participant”). Capitalized terms used, but not otherwise defined, herein shall have the meanings ascribed to such terms in the Celanese Corporation 2018 Global Incentive Plan (as amended from time to time, the “2018 Plan”).

1. **Time-Based RSU Award:** The Company hereby grants to the Participant, pursuant to the terms of the 2018 Plan and this Agreement, an award (the “Award”) of [Number of Shares Granted] time-based Restricted Stock Units (the “RSUs”) representing the right to receive an equal number of Common Shares upon vesting. The Participant hereby acknowledges and accepts such Award upon the terms and subject to the conditions, restrictions and limitations contained in this Agreement and the 2018 Plan.

2. **Vesting of Restricted Stock Units:**

(a) **Normal Vesting.** Subject to Sections 2(b) and 2(c) below, the RSUs shall vest on <<Vest Date>> (the “Vesting Date”).

(b) **Change in Control.** Notwithstanding any other provision of this Agreement to the contrary, upon the occurrence of a Change in Control, the RSUs, to the extent not previously forfeited or canceled, shall immediately vest and a number of Common Shares equal to such RSUs shall be delivered to the Participant within thirty (30) days of the occurrence of such Change in Control.

(c) **Termination of Service.**

(i) Upon the termination of the Participant’s service with the Company as a director due to the Participant’s death or Disability, a prorated portion of RSUs will vest in an amount equal to (A) the number of unvested RSUs multiplied by (B) a fraction, the numerator of which is the number of complete and partial calendar months that have transpired from the Grant Date to the date of termination, and the denominator of which is twelve months, such product to be rounded up to the nearest whole number. The prorated number of RSUs shall vest on the applicable Vesting Date. The remaining portion of the Award shall be forfeited and cancelled without consideration.

(ii) Upon the termination of the Participant’s service with the Company as a director due to voluntary resignation prior to the next regularly scheduled meeting of the Company’s stockholders at which directors are elected, or removal for cause, the Award shall be forfeited and cancelled without consideration.

(iii) Upon the termination of the Participant’s service with the Company as a director due to retirement by reason of the Company’s Director Retirement Guideline, or for any other reason not listed in Section 2(c)(i) or (c)(ii), the Award shall vest on the Vesting Date.

3. **Settlement of RSUs:** Subject to Section 2 of this Agreement, and except to the extent the Participant has elected that delivery be deferred in accordance with the rules and procedures prescribed by the Board or the Compensation and Management Development Committee (which rules and procedures, among other things, shall be consistent with the requirements of Section 409A of the Code), the Company shall deliver to the Participant (or to a Company-designated brokerage firm or plan administrator) as soon as administratively practicable following the Vesting Date (but in no event later than 2 ½ months after the Vesting Date), in complete settlement of all vested RSUs, a number of Common Shares equal to the number of vested RSUs.

4. **Rights as a Stockholder:** The Participant shall have no voting, dividend or other rights as a stockholder with respect to the Award until the RSUs have vested and Common Shares have been delivered pursuant to this Agreement.

5. **Non-Transferability of Award:** The RSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided, that the Participant may designate a beneficiary, on a form provided by the Company, to receive any portion of the Award payable hereunder following the Participant's death.

6. **Securities Laws:** The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any Common Shares issued as a result of the vesting or settlement of the RSUs, including without limitation (a) restrictions under an insider trading policy, and (b) restrictions as to the use of a specified brokerage firm for such resales or other transfers. Upon the acquisition of any Common Shares pursuant to the vesting or settlement of the RSUs, the Participant will make or enter into such written representations, warranties and agreements as the Company may reasonably request in order to comply with applicable securities laws or with this Agreement and the 2018 Plan. All accounts in which such Common Shares are held or any certificates for Common Shares shall be subject to such stop transfer orders and other restrictions as the Company may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange or quotation system upon which the Common Shares are then listed or quoted, and any applicable federal or state securities law, and the Company may cause a legend or legends to be put on any such certificates (or other appropriate restrictions and/or notations to be associated with any accounts in which such Common Shares are held) to make appropriate reference to such restrictions.

7. **Severability:** In the event that any provision of this Agreement is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of this Agreement shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision.

8. **Further Assurances:** Each party shall cooperate and take such action as may be reasonably requested by either party hereto in order to carry out the provisions and purposes of this Agreement.

9. **Binding Effect:** The Award and this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors and assigns.

10. **Electronic Delivery:** By executing this Agreement, the Participant hereby consents to the delivery of any and all information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws), in whole or in part, regarding the Company and its subsidiaries, the 2018 Plan, and the Award via electronic mail, the Company's or a plan administrator's web site, or other means of electronic delivery.

11. **Governing Law:** The Award and this Agreement shall be interpreted and construed in accordance with the laws of the state of Delaware and applicable federal law, without regard to the conflicts of laws provisions thereof.

12. **Restricted Stock Units Subject to Plan:** By entering into this Agreement the Participant agrees and acknowledges that the Participant has received and read a copy of the 2018 Plan and the 2018 Plan's prospectus. The RSUs and the Common Shares issued upon vesting of such RSUs are subject to the 2018 Plan, which is hereby incorporated by reference. In the event of any conflict between any term or provision of this Agreement and a term or provision of the 2018 Plan, the applicable terms and provisions of the 2018 Plan shall govern and prevail.

13. **Validity of Agreement:** This Agreement shall be valid, binding and effective upon the Company on the Grant Date. However, the Participant must accept this Agreement electronically pursuant to the online acceptance procedure established by the Company within ninety (90) days; otherwise the Company may, in its sole discretion, rescind the Award in its entirety.

14. **Headings:** The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

15. **Compliance with Section 409A of the Code:** Notwithstanding any provision in this Agreement to the contrary, this Agreement will be interpreted and applied so that the Agreement does not fail to meet, and is operated in accordance with, the requirements of Section 409A of the Code. The Company reserves the right to change the terms of this Agreement and the 2018 Plan without the Participant's consent to the extent necessary or desirable to comply with the requirements of Section 409A of the Code, the Treasury regulations and other guidance thereunder. Further, in accordance with the restrictions provided by Treasury Regulation Section 1.409A-3(j) (2), any subsequent amendments to this Agreement or any other agreement, or the entering into or termination of any other agreement, affecting the RSUs provided by this Agreement shall not modify the time or form of issuance of the RSUs set forth in this Agreement.

16. **Definitions:** The following terms shall have the following meanings for purposes of this Agreement, notwithstanding any contrary definition in the 2018 Plan:

(a) *"Change in Control"* of the Company means:

(i) Any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this subparagraph, the following acquisitions shall



not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate, or (iv) any acquisition pursuant to a transaction that complies with clauses (A), (B) or (C) in paragraph (iii) of this definition; or

(ii) Individuals who, as of the effective date of this Agreement, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the effective date of this Agreement whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a “Business Combination”), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, if it is determined that an Award hereunder is subject to the requirements of Section 409A and the Change in Control is a “payment event” under Section 409A for such Award, the Company will not be deemed to have undergone a Change in Control unless the Company is deemed to have undergone a “change in control event” pursuant to the definition of such term in Section 409A.

(b) “*Disability*” has the same meaning as “Disability” in the Celanese Corporation 2008 Deferred Compensation Plan or such other meaning as determined by the Board in its sole discretion.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer and the Participant has also executed this Agreement in duplicate.

**CELANESE CORPORATION**

By: /s/ Lori J. Ryerkerk  
Chairman and Chief Executive Officer

**CERTIFICATION  
PURSUANT TO 17 CFR 240.13a-14  
PROMULGATED UNDER  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lori J. Ryerkerk, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Celanese Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ LORI J. RYERKERK

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Lori J. Ryerkerk

*Chairman of the Board of Directors,*

*Chief Executive Officer and President*

July 29, 2020

**CERTIFICATION  
PURSUANT TO 17 CFR 240.13a-14  
PROMULGATED UNDER  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Scott A. Richardson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Celanese Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ SCOTT A. RICHARDSON

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Scott A. Richardson

*Executive Vice President and*

*Chief Financial Officer*

July 29, 2020

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Celanese Corporation (the "Company") on Form 10-Q for the period ending June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lori J. Ryerkkerk, Chairman of the Board of Directors, Chief Executive Officer and President of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ LORI J. RYERKERK

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Lori J. Ryerkkerk

*Chairman of the Board of Directors,*

*Chief Executive Officer and President*

July 29, 2020

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Celanese Corporation (the "Company") on Form 10-Q for the period ending June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott A. Richardson, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ SCOTT A. RICHARDSON

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Scott A. Richardson

*Executive Vice President and*

*Chief Financial Officer*

July 29, 2020