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Celanese Corp. (CE)

Celanese Corp. and The Blackstone Group LP Acetate Tow Joint Venture Agreement Call

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MANAGEMENT DISCUSSION SECTION

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

I would now like to turn the conference over to Surabhi Varshney. Please go ahead.

Surabhi Varshney

Vice President-Investor Relations, Celanese Corp.

Thank you, Kerry. Welcome to the Celanese Corporation call to discuss the agreement to form an Acetate Tow joint venture with Blackstone. My name is Surabhi Varshney, Vice President of Investor Relations. With me today are Mark Rohr, our Chairman and Chief Executive Officer; Scott Sutton, Chief Operating Officer; and Chris Jensen, Chief Financial Officer. The press release related to the joint venture was distributed via Business Wire yesterday after market close. Related slides and our prepared comments were also posted on our website.

Before we proceed, I'd like to call your attention to slide 2 of the presentation where we cover various disclosures and forward-looking statement.

And with that, I'll turn it over to Mark.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

Thank you, Surabhi, and welcome everyone calling in today. I appreciate you joining us on such short notice. Our prepared remarks were released, as Surabhi said, yesterday. So I'll limit my comments and open the line for your questions.

I'm very pleased to announce that we just executed an agreement with Blackstone to form a new global company to service the acetate tow markets. Blackstone has been a tremendous partner in this process. As you know, they're one of the world's leading investment firms and engaged in global private equity and bring a great wealth of experience to help us with this new venture. I would also like to salute the Celanese teams and Blackstone teams for putting in the exceptional effort needed to get us to this point today.

Upon regulatory approval, Celanese will contribute three wholly-owned production sites in its equity interest in three existing JVs in China, while Blackstone will contribute five wholly-owned production sites that they've recently acquired from Solvay. The resulting footprint will establish a truly global supply base, enhancing our ability to reliably support customers worldwide. The JV will be headquartered in Amsterdam and will create a global leader in acetate tow focused on growth, consumer-focused innovation and product differentiation.

From a Celanese perspective, this transaction will allow us to derisk and create cash flow expansion for our tow business, partially monetize and reallocate the unlocked cash to drive growth.

In the last few years, Celanese has redefined itself to where our structural and commercial uniqueness has opened up clear paths for value uplift, and we're poised to take advantage of these opportunities to maximize value creation for our shareholders.

With that then I'll turn it over to Surabhi for Q&A.

Surabhi Varshney

Vice President-Investor Relations, Celanese Corp.

Thank you, Mark. I would like to remind everyone to please limit to one question and a follow-up.

Kerry, let's open the line to questions, please.

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. [Operator Instructions] The first question comes from Laurence Alexander of Jefferies. Please go ahead.

Jeffrey Schnell

Analyst, Jefferies LLC

Q

Hi. Good morning. This is Jeff Schnell on for Laurence. Is there any structural reason why China National Tobacco, which is already a partner, would be restricted from investing in or acquiring the JV in the future? And another follow on to that would be under what conditions might you consider divesting the joint venture in the future?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Well I'll take the last question first if I can, Jeff. The venture then puts the other two operate independently and so standalone venture. So it's a standalone venture consolidated by Celanese. We have thought-through processes. We're at some point in the future. This venture as it grows and expands, could stand on its own, but there's nothing set in stone in terms of a hard day to do that. You should imagine that as more and more successful it becomes, the more and more independent it will become and it could make sense at some future day. I don't think there's anything structural. I'm looking at Scott when I say that, that will prevent the Chinese from investing outside but practically speaking, they've not done that to-date. They run this as a state-owned enterprise within China, but I don't think – nothing prevents them if they wanted to invest outside.

Jeffrey Schnell

Analyst, Jefferies LLC

Q

And just quickly if I could. Are there any stranded costs that Celanese is taking on in this transaction?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

No.

Operator: The next question comes from Robert Koort of Goldman Sachs. Please go ahead. Robert, your line is open if you wish to ask a question. Our next question will come from Frank Mitsch of Wells Fargo Securities. Please go ahead.

Frank J. Mitsch
Analyst, Wells Fargo Securities LLC

Q

[Technical Difficulty] (05:31).

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

A

Frank, we can't hear you. You're breaking up.

Frank J. Mitsch
Analyst, Wells Fargo Securities LLC

Q

I apologize.

Operator: Hello, Frank? Our next question will come from Vincent Andrews of Morgan Stanley. Please go ahead.

Vince Andrews

Q

Thanks, and good morning, everyone. Mark, could you just talk about the regulatory process this transaction will have to go through and what the argument is to global regulators to allow for this consolidation? I guess, part of what I'm asking is that, you know the Solvay assets were for sale for a long time. Was there a reason why you didn't buy them outright versus waiting to now kind of work your way through this structure?

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

A

Well I'll start again with your last question. I think, Vincent, this was a deal really that was made available to us, this deal with Blackstone. So that's one we pursued. And we think at the end of the day, we really struck a great deal here with two great partners to really go to the business – go to the industry in a really positive way. So it was just a deal that was available to us.

If I take your first question, in that the regulatory process will be pretty complicated. I mean, there are a number of countries that will be involved in this where we sort of pass the test to be considered. We've done the pre-notification where necessary to start the process. We're in there now with more information as we've announced it.

And so that process will unfold. We think – we feel very strongly that it should be approved. If this is a very, very competitive market, there's nothing we're doing that's going to change that dramatically; that competition. And the reality is, is that this industry needs lots of focus and attention to maintain itself in a sustainable way. And so together, there's some pretty compelling arguments. We'll be able to do that better than if we stay separate. So we're optimistic, but it's going to be a long process we have to go through to get it approved.

Vince Andrews

Q

And just as a follow-up, could you give a little bit more detail on the synergies, specifically what you're going to be doing, how much capacity may come out, and maybe you can give some rough numbers around the different buckets you laid out?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

I'll start at real high level with that, and have Scott tick-in a little bit. To start with, we're not anticipating taking any capacity out. Both of these companies have very, very good assets and serve the customer base well. So that's not in our formula.

If I look at it, the global supply chain here is really impressive. We are positioned as truly a global supplier with facilities all over the world. There are lots of opportunities, in that supply chain, to extract some major dollars. We believe, of the one that you're well aware of, is the success we've had with wood pulp. We think we can bring that in as one of the early wins that can be pretty profound for the venture. So the focuses can be primarily there. There will be opportunities within the – we think, the support structures, the overhead structures and things like that to also address some cost. We haven't put a dollar figure on it, but the profitability that we're talking about represents the synergy value that we think is going to come out of it – proportion of share so you can back in to those numbers, I think, without too much difficulty.

Scott, do you want to...?

Vince Andrews

Q

Thanks very much for the detail.

Scott McDougald Sutton

Chief Operating Officer, Celanese Corp.

A

Yeah. And I would – I mean, the only thing I would add, Mark, is that there's additional synergies in capital spending as well and even the innovation programs in cigarette areas and some non-cigarette areas as well.

Vince Andrews

Q

Thanks very much.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Thanks, Vincent.

Operator: The next question is from Frank Mitsch of Wells Fargo Securities. Please go ahead, sir.

Frank J. Mitsch
Analyst, Wells Fargo Securities LLC

Q

Yes. I'm very sorry for breaking up before. Hey, I want to follow up on CNTC. Have you actually heard from CNTC since you [Technical Difficulty] (09:33) and what their reaction was?

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

A

Have we talked to CNTC about this combination, is that what you said?

Frank J. Mitsch
Analyst, Wells Fargo Securities LLC

Q

Yeah. Correct.

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

A

Yes. Yes, we have talked to them, and Scott, do you want to go ahead...?

Scott McDougald Sutton
Chief Operating Officer, Celanese Corp.

A

Yeah. No, I mean we're very, very positive. I mean we're a leading partner with CNTC and they always see this as positive.

Frank J. Mitsch
Analyst, Wells Fargo Securities LLC

Q

All right. Terrific. How would you compare [Technical Difficulty] (10:01) industry Blackstone, yours relative to the industry? Is there a material difference between the two companies?

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

A

No. No.

Frank J. Mitsch
Analyst, Wells Fargo Securities LLC

Q

Perfect.

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

A


No, there's not.

Frank J. Mitsch
Analyst, Wells Fargo Securities LLC

Q

Thank you so much.

Celanese Corp. (CE)

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Operator: The next question comes from P.J. Juvekar of Citi. Please go ahead.

P.J. Juvekar

Analyst, Citigroup Global Markets, Inc. (Broker)

Yes. Thank you.

Q

Operator: Hello, P.J.? We'll move on to our next question which comes from David Begleiter of Deutsche Bank. Please go ahead.

David I. Begleiter

Analyst, Deutsche Bank Securities, Inc.

Thank you. Good morning.

Q

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

Good morning, David.

A

David I. Begleiter

Analyst, Deutsche Bank Securities, Inc.

Mark, do you have the combined market share and capacity of the new joint venture?

Q

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

Not at the tip of my fingers. Scott, you want to take this call?

A

Scott McDougald Sutton

Chief Operating Officer, Celanese Corp.

Yeah. Yeah. I mean – I wouldn't necessarily have those exact numbers, but David, I mean what I would say, right, we're combining the number two and the number four player out in the merchant world and it creates the number one player.

A

David I. Begleiter

Analyst, Deutsche Bank Securities, Inc.

And combined capacity, Scott?

Q

Scott McDougald Sutton

Chief Operating Officer, Celanese Corp.

No. We're not going to share that specific, David.

A

David I. Begleiter

Analyst, Deutsche Bank Securities, Inc.

And, Mark, on the \$0.50 to \$0.75 of accretion, can you break that down a little bit more between either benefits from the buybacks and/or the synergies from the JV? How are you actually calculating that accretion by year three?

Q

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Well it's all from the joint venture. We're putting forth a proposition that will have buybacks in to balance any offset in EPS because of the interest charge that we're [ph] putting forth (11:42). So that's all synergies from the joint venture, David...

David I. Begleiter

Analyst, Deutsche Bank Securities, Inc.

Q

Very clear.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

... in that process. Yeah. And we...

David I. Begleiter

Analyst, Deutsche Bank Securities, Inc.

Q

Perfect. Thank you, Mark.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Thank you.

Operator: The next question comes from Jeff Zekauskas of JPMorgan. Please go ahead.

Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

Q

Thanks very much. Does the joint venture debt appear on your balance sheet that is where you're debt go up whatever it is, \$1.6 billion or \$2.2 billion?

Christopher W. Jensen

Chief Financial Officer, Celanese Corp.

A

It's Chris. Yeah. It will. Having said that, most of the joint venture debt is non-reinforced to Celanese. So this is really accounting answer.

Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

Q

Okay. And how did you determine the 70/30 split in ownership? Was that done on an EBITDA basis, or was there a different basis that it was done on?

Scott McDougald Sutton

Chief Operating Officer, Celanese Corp.

A

No and hey, this is Scott. Right. I would just say we use typical valuation procedures, right? That's a large part of it. You consider any liabilities brought into the joint venture and quality of earnings too. So we just went through that typical process to get to 70/30.

Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

Okay. Great. Thank you so much.

Q

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

Thanks, Jeff.

A

Operator: And the next question comes from P.J. Juvekar of Citi. Please go ahead.

P.J. Juvekar

Analyst, Citigroup Global Markets, Inc. (Broker)

Yes. Hi. Sorry about that earlier.

Q

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

That's okay, P.J.

A

P.J. Juvekar

Analyst, Citigroup Global Markets, Inc. (Broker)

So Mark, you said that there is no capacity being taken out. Now, cigarette is a shrinking market. So as demand declines, supply has to go down to balance the market. So, if this is not about capacity consolidation, is it about synergies or is it about pricing? Can we just talk a little bit more about that?

Q

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

Yeah. P.J., you know what the decline curve on this industry is, and it is not steep. I mean it is just about flat. So you shouldn't have a view that the capacity or demand is falling up in a precipitous fashion. That's just not true. We've been dealing with a course to push out that's occurred out of China, but since then the market has been, as we've advertised, quite stable. And so we don't see a big change in capacity in the world going forward. And so, this deal is not predicated on it. It is predicated on the opportunities that are made available by bringing these assets together to create really sustainable business models.

A

Let me just comment on that a bit. All of these sites are – all sites are sites that are in need of a lot of attention. All these sites have opportunities for volume upgrade enhancements both in the tow arena, in terms of making better quality and tow [indiscernible] (14:33) by the new cigarettes out there like slim and super slim. There's some unique technology needed in that and there's investments needed for that. There is applications for cellulose acetate outside of tow as well that are very strong and very powerful. So there's a real keen need to pursue those, and frankly together, P.J., we can do that [ph] where part it's (14:53), just very difficult to do that, can be very successful. And I think this industry is competitive. It's going to stay competitive. So we have no view that pricing is at all impacted by this. That's just not part of the math and part of the equation. It is really to serve our customers. And right now, they've got a lot of power in this discussion.

P.J. Juvekar

Analyst, Citigroup Global Markets, Inc. (Broker)

Q

Okay. And then how do you carve this business out of your Acetyls Chain given the common chemistry and post this deal, how core is the Acetyls Chain for Celanese?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Repeat the last part of that, P.J. I got the first part. And so just...

P.J. Juvekar

Analyst, Citigroup Global Markets, Inc. (Broker)

Q

Post this deal, how core is the Acetyls Chain for you going forward?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. So as it relates to carve out, these are – all of our CD businesses are standalone businesses and whether there's some chemistry that flows back and forth, it's not that material in the overall scheme of things. So it's not that difficult that we're carving out P.J. from that point.

P.J. Juvekar

Analyst, Citigroup Global Markets, Inc. (Broker)

Q

Okay.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

It can pretty quickly be characterized as a unique and standalone venture. It will be supported by the parents obviously for some period of time, but it's not that difficult. And that how core is it? Usually the value created from this business historically, we see a lot of value created going forward. And so we are totally committed to this business, and we're totally committed to its growth and the power of this business. That's not to say at some point, it won't be a standalone entity, but for now and the near future, it's number one industry for us. I mean, it's number one in the world in this space and we think it's very important for us.

Scott McDougald Sutton

Chief Operating Officer, Celanese Corp.

A

And P.J.'s question was how core is the whole Acetyl Chain for us too?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Scott, yeah, it's the same thing.

Scott McDougald Sutton

Chief Operating Officer, Celanese Corp.

A

Yeah. And so you really get to the same answer, right. It's critically important. I mean, we have basically three number one businesses P.J., and all of them will grow and contribute in a very meaningful way.

P.J. Juvekar

Analyst, Citigroup Global Markets, Inc. (Broker)

Okay. Thank you.

Q

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

Thank you.

A

Operator: The next question will come from Jim Sheehan of SunTrust Robinson Humphrey. Please go ahead.

James Sheehan

Analyst, SunTrust Robinson Humphrey, Inc.

Good morning. Can you talk about what the tax synergies might be with this JV, and how that folds into your overall EPS accretion numbers?

Q

Christopher W. Jensen

Chief Financial Officer, Celanese Corp.

Yeah. The number is not a big number in the EPS accretion, but there is an opportunity to bring them into our tax structure in Europe, which could improve it slightly.

A

James Sheehan

Analyst, SunTrust Robinson Humphrey, Inc.

Great. And then how does this combination help you find uses of acetate outside of the filter tow market?

Q

Scott McDougald Sutton

Chief Operating Officer, Celanese Corp.

Well, yeah so this is Scott. I mean, specifically for non-cigarette, non-tow applications, I mean we already have some developments there where we use it for various fillers and wood and things like that and that has just gone commercial. Also Blackstone's business also has a satellite at wood which has also become commercial. So what it does, it allows us to focus on those development programs and prioritize to the right ones and give us those opportunities.

A

James Sheehan

Analyst, SunTrust Robinson Humphrey, Inc.

Thank you.

Q

Operator: The next question comes from Kevin McCarthy of Vertical Research Partners. Please go ahead.

Kevin W. McCarthy

Analyst, Vertical Research Partners LLC

Hi. Yes. Good morning. Mark, can you speak to what the deal means for the rest of Celanese, both strategically and also financially? For example, I think you indicated of the \$1.6 billion coming in; about half of that will be used for deleveraging and half for repurchases. So perhaps on the financial side, you can speak to the nature and timing of those repurchases that you envision?

Q

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. So I'll back up and start at the beginning and try to get to that point, Kevin. We showed you guys some information in 2016 about cash flow and earnings. And in that, we put forth a proposition we will have a free cash flow about \$2.5 billion 2016, 2017 and 2018. We bought \$1 billion – invested \$1 billion in share repurchases and we grow our EPS through a combination of [ph] bunch of efforts for the \$8 to \$8.50 (19:40) range and we're well on track to do that. We've recently done Strategy 3.0 and this is just a draft version of that strategy and we intend to present that to the world next spring, but we're seeing growth at the same rate, if not higher, over the following three years. So somewhere between – so roughly \$5 billion of free cash flow generated by Celanese over the five-year period 2016 through 2020. So when I look at this deal, we're filling \$1.6 billion now of cash on top of it through this partial monetization and maintaining the business and the value of that business going forward. So it has enhanced the cash output by at least \$1.6 billion.

We're hopeful this thing will perform as we've outlined. It should, if not better, which means that there'll be other opportunities to do the same thing. So we're seeing through this venture and through the leadership in it the ability to not only contribute that \$1.6 billion, but also continue to contribute in a big way and we think that enhances that cash flow as we go out towards the end of this decade far beyond what we projected into the north of \$6 billion kind of range, at least, if not more.

So that's how we see this monetization and leveraging process work. It is our intention to direct most of that in the growth of Celanese. We have clear line of sight opportunities. We've picked up a couple of those that you're well aware of and there's others out there. So we're going to be working hard to see that we can take that cash and lever the Corporation up, both – in all three of these business areas we've talked about. So that's kind how it's playing. I think the share repurchase as part of this deal would occur whenever the deal was completed and I would do it probably in short order after it was completed.

Kevin W. McCarthy

Analyst, Vertical Research Partners LLC

Q

Great. And then as a follow-up, if I may, on day one, I guess two pieces. Is there a tax impact to Celanese upon formation of the JV? And perhaps you could comment to the extent you have visibility into the executive leadership of the JV.

Christopher W. Jensen

Chief Financial Officer, Celanese Corp.

A

So it's Chris. I'll take the tax question. No; not significant to Celanese and we'll pull them into our European structure in pretty short order.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. And the leadership I'll make comments, Scott, can too. I mean, the Blackstone team/Solvay team, very, very capable men and women and I'll say the same about our team; very, very strong. So you're looking at a leadership organization that's going to be the best of the best relative to this industry and space and just great people. So we're quite excited about the opportunity to eventually get these men and women together. And if that hasn't happened yet, then it's going to be a while before it can happen, but yes, it looks good from that point of view.

Kevin W. McCarthy

Analyst, Vertical Research Partners LLC

Q

Thank you very much.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Thank you, sir.

Operator: The next question comes from Robert Koort of Goldman Sachs. Please go ahead.

Ryan Berney

Analyst, Goldman Sachs & Co. LLC

Q

Good morning. This is Ryan Berney on for Bob. I just had a question about your standing productivity program. I know you've got \$100 million net marked in for this year, and I think you've talked in the past about that being kind of a number that you feel good about going forward as well. So I guess I'm curious, is there any change to your thinking around that productivity number either before the deal closes here or afterwards if that's still kind of a number that you feel good about, and I understand that you kind of maintain your EPS guidance? So just trying to understand that in a larger context.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah, Ryan. I think this deal in the near-term has personal impact on that. This deal is going to take awhile to get it through. So we're not changing our numbers at all. And we've also said that \$100 million where it's our bread and butter. It's also contingent on us – continuing to bring in new businesses in a portfolio and shape it. So we've got two in now. We're working and hopefully we're doing some other acquisition shortly that will help give us a chance to maintain that \$100 million going forward.

Ryan Berney

Analyst, Goldman Sachs & Co. LLC

Q

Great. Thanks. And just secondarily on slide 9 that you've got showing China tow imports. You've built it out through 2018 and I see that you kind of had it coming down pretty low. I guess, as you think a little bit past that, do you expect China to ever become a net exporter of these materials or do you feel confident they'll kind of slowdown or stop when they hit that zero mark?

Scott McDougald Sutton

Chief Operating Officer, Celanese Corp.

A

Yeah. I mean Ryan, this is Scott. Ryan, I mean, it's very unlikely that China would be a significant exporter of tow. I mean we really expect this to level off at some small import amount for certain kinds of tow that aren't necessarily made in China today and there's no plans to make them as of yet.


Ryan Berney

Analyst, Goldman Sachs & Co. LLC

Q

[indiscernible] (24:35).

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Surabhi Varshney

Vice President-Investor Relations, Celanese Corp.

A

Kerry we'll take two questions and then wrap up.

Operator: Okay. The next question comes from John Roberts of UBS. Please go ahead.

John Roberts

Analyst, UBS Securities LLC

Q

Thank you. Why couldn't you have done a deal directly with Solvay?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

We did the deal [indiscernible] (24:55). So we've done the deal that we think is the right deal.

John Roberts

Analyst, UBS Securities LLC

Q

Okay. And then you said largely non-recourse debt, why the qualification largely. Is there some part to this that's recourse?

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. \$400 million of its recourse.

John Roberts

Analyst, UBS Securities LLC

Q

Yeah. Thank you.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Thank you.

Operator: The last question will come from John Babcock of Bank of America Merrill Lynch. Please go ahead.

John P. Babcock

Analyst, Bank of America Merrill Lynch

Q

Hey, good morning. Just wanted to follow-up on the synergies on the wood pulp side. I was just wondering if you could talk about, essentially, where that's going to come from, whether that's going to come from increasing purchasing volumes or if there's another area. And then just as a quick follow-up to that, if you expect any change in your wood pulp supplier base?

Scott McDougald Sutton

Chief Operating Officer, Celanese Corp.

A

Yeah. Well, I mean this is Scott. I mean clearly we're going to be buying a lot more wood pulp here as a joint venture. And not only that, there is multi-suppliers involved going through different qualifications today. So, you might get a mix change as well.

John P. Babcock

Analyst, Bank of America Merrill Lynch

Q

Okay. Thank you.

Mark C. Rohr

Chairman & Chief Executive Officer, Celanese Corp.

A

Thank you.

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

Surabhi Varshney

Vice President-Investor Relations, Celanese Corp.

Thank you, Kerry, and thank you, everyone, for joining the call this morning and for your questions. We will be around to take any questions later on today. Kerry, please, wrap up the call now.

Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect your lines. Have a great day.

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