Celanese Corp
Form 10-Q
April 23, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2019

Or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Commission File Number) 001-32410

CELANESE CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware	98-0420726
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
222 W. Las Colinas Blvd., Suite 900N Irving, TX (Address of Principal Executive Offices)	75039-5421 (Zip Code)

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

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 þ No o

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 þ No o

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 þ	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o	Emerging growth company o

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. o

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

The number of outstanding shares of the registrant's common stock, $0.0001 par value, as of April 18, 2019 was 126,612,492.

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CELANESE CORPORATION AND SUBSIDIARIES
Form 10-Q
For the Quarterly Period Ended March 31, 2019
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Item 1. Financial Statements
CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2019	2018
	(In $ millions, except share and per share data)	
Net sales	1,687	1,851
Cost of sales	(1,234)	(1,336)
Gross profit	453	515
Selling, general and administrative expenses	(120)	(147)
Amortization of intangible assets	(6)	(6)
Research and development expenses	(16)	(18)
Other (charges) gains, net	4	—
Foreign exchange gain (loss), net	5	(1)
Gain (loss) on disposition of businesses and assets, net	—	—
Operating profit (loss)	320	343
Equity in net earnings (loss) of affiliates	50	58
Non-operating pension and other postretirement employee benefit (expense) income	17	26
Interest expense	(31)	(33)
Interest income	1	2
Dividend income - equity investments	32	32
Other income (expense), net	(4)	4
Earnings (loss) from continuing operations before tax	385	432
Income tax (provision) benefit	(46)	(65)
Earnings (loss) from continuing operations	339	367
Earnings (loss) from operation of discontinued operations	(1)	(2)
Income tax (provision) benefit from discontinued operations	—	—
Earnings (loss) from discontinued operations	(1)	(2)
Net earnings (loss)	338	365
Net (earnings) loss attributable to noncontrolling interests	(1)	(2)
Net earnings (loss) attributable to Celanese Corporation	337	363
Amounts attributable to Celanese Corporation		
Earnings (loss) from continuing operations	338	365
Earnings (loss) from discontinued operations	(1)	(2)
Net earnings (loss)	337	363
Earnings (loss) per common share - basic		
Continuing operations	2.65	2.69
Discontinued operations	(0.01)	(0.02)
Net earnings (loss) - basic	2.64	2.67
Earnings (loss) per common share - diluted		
Continuing operations	2.64	2.68
Discontinued operations	(0.01)	(0.02)
Net earnings (loss) - diluted	2.63	2.66
Weighted average shares - basic	127,542,328	135,916,446
Weighted average shares - diluted	128,215,700	136,383,735

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

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

	Three Months Ended March 31,	
	2019	2018
	(In $ millions)	
Net earnings (loss)	338	365
Other comprehensive income (loss), net of tax		
Foreign currency translation gain (loss)	7	49
Gain (loss) on cash flow hedges	(3)	(1)
Pension and postretirement benefits gain (loss)	—	1
Total other comprehensive income (loss), net of tax	4	49
Total comprehensive income (loss), net of tax	342	414
Comprehensive (income) loss attributable to noncontrolling interests	(1)	(2)
Comprehensive income (loss) attributable to Celanese Corporation	341	412

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

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CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS

	As of March 31, 2019	As of December 31, 2018
	(In $ millions, except share data)	
ASSETS		
Current Assets		
Cash and cash equivalents (variable interest entity restricted - 2019: $23; 2018: $24)	441	439
Trade receivables - third party and affiliates (net of allowance for doubtful accounts - 2019: $10; 2018: $10; variable interest entity restricted - 2019: $5; 2018: $6)	1,015	1,017
Non-trade receivables, net	343	301
Inventories	1,009	1,046
Marketable securities, at fair value	29	31
Other assets	47	40
Total current assets	2,884	2,874
Investments in affiliates	950	979
Property, plant and equipment (net of accumulated depreciation - 2019: $2,871; 2018: $2,803; variable interest entity restricted - 2019: $650; 2018: $659)	3,721	3,719
Operating lease right-of-use assets	210	—
Deferred income taxes	93	84
Other assets (variable interest entity restricted - 2019: $4; 2018: $5)	309	290
Goodwill	1,075	1,057
Intangible assets (variable interest entity restricted - 2019: $23; 2018: $23)	332	310
Total assets	9,574	9,313
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term borrowings and current installments of long-term debt - third party and affiliates	743	561
Trade payables - third party and affiliates	699	819
Other liabilities	311	343
Income taxes payable	69	56
Total current liabilities	1,822	1,779
Long-term debt, net of unamortized deferred financing costs	2,933	2,970
Deferred income taxes	273	255
Uncertain tax positions	162	158
Benefit obligations	550	564
Operating lease liabilities	193	—
Other liabilities	202	208
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock, $0.01 par value, 100,000,000 shares authorized (2019 and 2018: 0 issued and outstanding)	—	—
Common stock, $0.0001 par value, 400,000,000 shares authorized (2019: 168,897,951 issued and 126,612,492 outstanding; 2018: 168,418,954 issued and 128,095,849 outstanding)	—	—
Treasury stock, at cost (2019: 42,285,459 shares; 2018: 40,323,105 shares)	(3,048)	(2,849)
Additional paid-in capital	224	233
Retained earnings	6,114	5,847

Accumulated other comprehensive income (loss), net	(243)	(247)
Total Celanese Corporation stockholders' equity	3,047	2,984
Noncontrolling interests	392	395
Total equity	3,439	3,379
Total liabilities and equity	9,574	9,313

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

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CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF EQUITY

	Three Months Ended March 31,			
	2019		2018	
	Shares	Amount	Shares	Amount
	(In $ millions, except share data)			
Common Stock				
Balance as of the beginning of the period	128,095,849	—	135,769,256	—
Stock option exercises	9,937	—	—	—
Purchases of treasury stock	(1,972,291)	—	—	—
Stock awards	478,997	—	86,454	—
Balance as of the end of the period	126,612,492	—	135,855,710	—
Treasury Stock				
Balance as of the beginning of the period	40,323,105	(2,849)	32,387,713	(2,031)
Purchases of treasury stock, including related fees	1,972,291	(200)	—	—
Issuance of treasury stock for stock option exercises	(9,937)	1	—	—
Balance as of the end of the period	42,285,459	(3,048)	32,387,713	(2,031)
Additional Paid-In Capital				
Balance as of the beginning of the period		233		175
Stock-based compensation, net of tax		(8)		17
Stock option exercises, net of tax		(1)		—
Balance as of the end of the period		224		192
Retained Earnings				
Balance as of the beginning of the period		5,847		4,920
Net earnings (loss) attributable to Celanese Corporation		337		363
Common stock dividends		(70)		(63)
Balance as of the end of the period		6,114		5,220
Accumulated Other Comprehensive Income (Loss), Net				
Balance as of the beginning of the period		(247)		(177)
Other comprehensive income (loss), net of tax		4		49
Balance as of the end of the period		(243)		(128)
Total Celanese Corporation stockholders' equity		3,047		3,253
Noncontrolling Interests				
Balance as of the beginning of the period		395		412
Net earnings (loss) attributable to noncontrolling interests		1		2
(Distributions to) contributions from noncontrolling interests		(4)		(2)
Balance as of the end of the period		392		412
Total equity		3,439		3,665

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

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CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2019	2018
	(In $ millions)	
Operating Activities		
Net earnings (loss)	338	365
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities		
Depreciation, amortization and accretion	84	80
Pension and postretirement net periodic benefit cost	(15)	(24)
Pension and postretirement contributions	(12)	(12)
Deferred income taxes, net	(5)	(4)
(Gain) loss on disposition of businesses and assets, net	—	1
Stock-based compensation	14	22
Undistributed earnings in unconsolidated affiliates	21	19
Other, net	6	5
Operating cash provided by (used in) discontinued operations	—	—
Changes in operating assets and liabilities		
Trade receivables - third party and affiliates, net	6	(190)
Inventories	40	(27)
Other assets	(23)	(29)
Trade payables - third party and affiliates	(81)	—
Other liabilities	(66)	(63)
Net cash provided by (used in) operating activities	307	143
Investing Activities		
Capital expenditures on property, plant and equipment	(79)	(86)
Acquisitions, net of cash acquired	(91)	(144)
Proceeds from sale of businesses and assets, net	—	9
Other, net	(7)	(14)
Net cash provided by (used in) investing activities	(177)	(235)
Financing Activities		
Net change in short-term borrowings with maturities of 3 months or less	197	101
Proceeds from short-term borrowings	—	36
Repayments of short-term borrowings	(12)	(38)
Proceeds from long-term debt	—	—
Repayments of long-term debt	(7)	(31)
Purchases of treasury stock, including related fees	(212)	—
Stock option exercises	—	—
Common stock dividends	(70)	(63)
(Distributions to) contributions from noncontrolling interests	(4)	(2)
Other, net	(22)	(5)
Net cash provided by (used in) financing activities	(130)	(2)
Exchange rate effects on cash and cash equivalents	2	8
Net increase (decrease) in cash and cash equivalents	2	(86)
Cash and cash equivalents as of beginning of period	439	576

Cash and cash equivalents as of end of period	441	490

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

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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 months ended March 31, 2019 and 2018 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, 2018, filed on February 7, 2019 with the SEC as part of the Company's Annual Report on Form 10-K.
Operating results for the three months ended March 31, 2019 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.
The Company has reclassified certain prior period amounts to conform to the presentation of the Company's current reportable segments.

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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"):

Standard	Description	Effective Date	Effect on the Financial Statements or Other Significant Matters
In August 2018, the FASB issued ASU 2018-14, Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans.	The new guidance modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans by removing disclosures that no longer are considered cost beneficial, clarifying the specific requirements of disclosures and adding disclosure requirements identified as relevant.	January 1, 2020. Early adoption is permitted.	The Company is currently evaluating the impact of adoption on its financial statement disclosures.
In February 2018, the FASB issued ASU 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.	The new guidance allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act and will improve the usefulness of information reported to financial statement users.	January 1, 2019.	The Company adopted the new guidance effective January 1, 2019. The adoption of the new guidance did not have a material impact on the Company.
In February 2016, the FASB issued ASU 2016-02, Leases. Since that date, the FASB has issued additional ASUs clarifying certain aspects of ASU 2016-02.	The new guidance supersedes the lease guidance under FASB Accounting Standards Codification ("ASC") Topic 840, Leases, resulting in the creation of FASB ASC Topic 842, Leases. The guidance requires a lessee to recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term for both finance and operating leases. Subsequent guidance issued after February 2016 did not change the core principle of ASU 2016-02.	January 1, 2019.	The Company adopted the new guidance effective January 1, 2019, using the modified retrospective transition method, which did not require the Company to adjust comparative periods. See the Adoption of ASU 2016-02 section below for additional information.

Adoption of ASU 2016-02, Leases

The Company adopted ASU 2016-02 as of January 1, 2019, using the modified retrospective approach. Prior period amounts have not been adjusted. In addition, the Company elected the following practical expedients:

- the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward the historical lease classification;

- the land easements practical expedient, which allowed the Company to carry forward the accounting treatment for land easements on existing agreements;
- the short-term lease practical expedient, which allowed the Company to exclude short-term leases from recognition in the unaudited consolidated balance sheets; and

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- the bifurcation of lease and non-lease components practical expedient, which did not require the Company to bifurcate lease and non-lease components for all classes of assets.

The adoption of this accounting standard resulted in the recording of Operating lease right-of-use ("ROU") assets and Operating lease liabilities of $223 million and $240 million, respectively, as of January 1, 2019. The difference between the operating lease assets and liabilities was recorded as an adjustment to Other liabilities, primarily related to deferred rent (lease incentives). The adoption of ASU 2016-02 had no impact on Retained earnings.

See Note 16 for additional information.

3. Acquisitions, Dispositions and Plant Closures

Acquisitions

- Omni Plastics

In February 2018, using cash on hand and borrowings under the Company's senior unsecured revolving credit facility, the Company acquired 100% of the ownership interests of Omni Plastics, L.L.C. and its subsidiaries ("Omni Plastics"). Omni Plastics specializes in custom compounding of various engineered thermoplastic materials. The acquisition further strengthens the Company's global asset base by adding compounding capacity in the Americas. The acquisition was accounted for as a business combination and the acquired operations are included in the Engineered Materials segment. The Company allocated the purchase price of the acquisition to identifiable assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. During the measurement period, there were no adjustments that materially impacted the Company's goodwill initially recorded.

4. 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.

The Company determined that 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 March 31, 2019	As of December 31, 2018
	(In $ millions)	
Cash and cash equivalents	23	24
Trade receivables, net - third party and affiliates	10	11
Property, plant and equipment (net of accumulated depreciation - 2019: $140; 2018: $130)	650	659
Intangible assets (net of accumulated amortization - 2019: $3; 2018: $3)	23	23
Other assets	4	5
Total assets[1]	710	722
Trade payables	8	16
Other liabilities[2]	7	4
Total debt	4	5
Deferred income taxes	3	3
Total liabilities	22	28

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[1] 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 March 31, 2019, 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 March 31, 2019	As of December 31, 2018
	(In $ millions)	
Property, plant and equipment, net	39	42
Trade payables	23	27
Current installments of long-term debt	15	14
Long-term debt	54	57
Total liabilities	92	98
Maximum exposure to loss	125	133

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 19).

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5. Marketable Securities

The Company's nonqualified trusts hold available-for-sale securities for funding requirements of the Company's nonqualified pension plans. Available-for-sale securities as of March 31, 2019 and December 31, 2018 were $29 million and $31 million, respectively, and were recorded at amortized cost, which approximates fair value.

6. Inventories

	As of March 31, 2019	As of December 31, 2018
	(In $ millions)	
Finished goods	678	697
Work-in-process	67	70
Raw materials and supplies	264	279
Total	1,009	1,046

7. Goodwill and Intangible Assets, Net

Goodwill

	Engineered Materials	Acetate Tow	Acetyl Chain	Total
	(In $ millions)			
As of December 31, 2018	707	148	202	1,057
Acquisitions	29	—	—	29
Exchange rate changes	(8)	—	(3)	(11)
As of March 31, 2019[1]	728	148	199	1,075

[1] There were $0 million of accumulated impairment losses as of March 31, 2019.

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)				
Gross Asset Value					
As of December 31, 2018	42	651	44	56	793
Acquisitions	—	25	—	—	25 [1]
Exchange rate changes	1	(7)	—	—	(6)
As of March 31, 2019	43	669	44	56	812
Accumulated Amortization					
As of December 31, 2018	(33)	(495)	(32)	(35)	(595)
Amortization	—	(4)	(1)	(1)	(6)
Exchange rate changes	(1)	7	—	—	6
As of March 31, 2019	(34)	(492)	(33)	(36)	(595)
Net book value	9	177	11	20	217

[1] Represents intangible assets acquired related to Next Polymers Ltd. with a weighted average amortization period of 13 years.

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Indefinite-lived intangible assets are as follows:

	Trademarks and Trade Names
	(In $ millions)
As of December 31, 2018	112
Acquisitions	4
Accumulated impairment losses	—
Exchange rate changes	(1)
As of March 31, 2019	115

For the three months ended March 31, 2019, the Company did not renew or extend any intangible assets.

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

	(In $ millions)
2020	22
2021	21
2022	19
2023	17
2024	16

8. Current Other Liabilities

	As of March 31, 2019	As of December 31, 2018
	(In $ millions)	
Asset retirement obligations	3	3
Benefit obligations (Note 11)	30	30
Customer rebates (Note 21)	46	76
Derivatives (Note 17)	4	7
Environmental (Note 12)	20	20
Insurance	4	4
Interest	23	21
Operating leases (Note 16)	32	—
Restructuring (Note 14)	1	4
Salaries and benefits	64	119
Sales and use tax/foreign withholding tax payable	39	22
Other	45	37
Total	311	343

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9. Noncurrent Other Liabilities

	As of March 31, 2019	As of December 31, 2018
	(In $ millions)	
Asset retirement obligations	13	13
Deferred proceeds	43	44
Deferred revenue (Note 21)	7	7
Derivatives (Note 17)	21	11
Environmental (Note 12)	45	49
Insurance	39	37
Other	34	47
Total	202	208

10. Debt

	As of March 31, 2019	As of December 31, 2018
	(In $ millions)	
Short-Term Borrowings and Current Installments of Long-Term Debt - Third Party and Affiliates		
Current installments of long-term debt	363	367
Short-term borrowings, including amounts due to affiliates[1]	56	77
Revolving credit facility[2]	247	40
Accounts receivable securitization facility[3]	77	77
Total	743	561

(1) The weighted average interest rate was 3.0% and 3.2% as of March 31, 2019 and December 31, 2018, respectively.
(2) The weighted average interest rate was 1.5% and 6.0% as of March 31, 2019 and December 31, 2018, respectively.
(3) The weighted average interest rate was 3.4% and 3.1% as of March 31, 2019 and December 31, 2018, respectively.

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	As of March 31, 2019	As of December 31, 2018
	(In $ millions)	
Long-Term Debt		
Senior unsecured notes due 2019, interest rate of 3.250%	337	343
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%	841	857
Senior unsecured notes due 2025, interest rate of 1.250%	337	343
Senior unsecured notes due 2027, interest rate of 2.125%	558	568
Pollution control and industrial revenue bonds due at various dates through 2030, interest rates ranging from 4.05% to 5.00%	167	167
Nilit bank loans due at various dates through 2026[1]	10	10
Obligations under finance leases due at various dates through 2054	163	167
Subtotal	3,313	3,355
Unamortized debt issuance costs[2]	(17)	(18)
Current installments of long-term debt	(363)	(367)
Total	2,933	2,970

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(1) The weighted average interest rate was 1.3% and 1.3% as of March 31, 2019 and December 31, 2018, respectively.
(2) Related to the Company's long-term debt, excluding obligations under finance leases.

Senior Credit Facilities

On January 7, 2019, Celanese, Celanese US and certain subsidiary borrowers entered into a new 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 March 31, 2019
	(In $ millions)
Revolving Credit Facility	
Borrowings outstanding[1]	247
Letters of credit issued	—
Available for borrowing[2]	1,003

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(1) The Company borrowed $371 million and repaid $161 million under its senior unsecured revolving credit facility during the three months ended March 31, 2019.
(2) 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.

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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, expires in July 2019. All of the SPE's assets have been pledged to the administrative agent in support of the SPE's obligations under the facility.

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

	As of March 31, 2019
	(In $ millions)
Accounts Receivable Securitization Facility	
Borrowings outstanding	77
Letters of credit issued	29
Available for borrowing	3
Total borrowing base	109
Maximum borrowing base[1]	120

[1] Outstanding accounts receivable transferred to the SPE was $188 million.

Other Financing Arrangements

In June 2018, the Company entered into 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 $72 million of accounts receivable during the three months ended March 31, 2019.

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 March 31, 2019.

11. Benefit Obligations

The components of net periodic benefit cost are as follows:

	Three Months Ended March 31,			
	2019		2018	
	Pension Benefits	Post-retirement Benefits	Pension Benefits	Post-retirement Benefits
	(In $ millions)			
Service cost	2	—	2	—
Interest cost	29	—	26	—
Expected return on plan assets	(46)	—	(52)	—
Total	(15)	—	(24)	—

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Benefit obligation funding is as follows:

	As of March 31, 2019	Total Expected 2019
	(In $ millions)	
Cash contributions to defined benefit pension plans	6	22
Benefit payments to nonqualified pension plans	5	21
Benefit payments to other postretirement benefit plans	1	5
Cash contributions to German multiemployer defined benefit pension plans[1]	2	9

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[1] 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.

12. 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 March 31, 2019	As of December 31, 2018
	(In $ millions)	
Demerger obligations (Note 19)	25	26
Divestiture obligations (Note 19)	14	16
Active sites	13	14
US Superfund sites	11	11
Other environmental remediation liabilities	2	2
Total	65	69

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 19). Certain of these sites, at which the Company maintains continuing involvement, were and continue to be designated as discontinued operations. 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

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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, as appropriate, a liability for site cleanup. Such liabilities include all costs that are probable and can be reasonably estimated. 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. On June 30, 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.

13. 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, 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 2018	17	0.54	2.16	May 2018

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Treasury Stock

	Three Months Ended March 31, 2019	2018	Total From February 2008 Through March 31, 2019
Shares repurchased	1,972,291	—	49,685,002
Average purchase price per share	$101.41	$ —	$ 67.48
Shares repurchased (in $ millions)	$200	$ —	$ 3,353
Aggregate Board of Directors repurchase authorizations during the period (in $ millions)[(1)]	$—	$ —	$ 3,866

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(1) These authorizations give management discretion in determining the timing and conditions under which shares may be repurchased. This repurchase program began in February 2008 and does not have an expiration date.

On April 18, 2019, the Company's Board of Directors approved a $1.5 billion increase in its Common Stock repurchase authorization. As of March 31, 2019, the Company had $513 million remaining under the previous authorization. The Company also declared a quarterly cash dividend of $0.62 per share on its Common Stock on April 18, 2019, amounting to $78 million. The cash dividend will be paid on May 9, 2019 to holders of record as of April 29, 2019.

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 March 31, 2019			2018		
	Gross Amount	Income Tax (Provision) Benefit	Net Amount	Gross Amount	Income Tax (Provision) Benefit	Net Amount
	(In $ millions)					
Foreign currency translation gain (loss)	13	(6)	7	45	4	49
Gain (loss) on cash flow hedges	(3)	—	(3)	(2)	1	(1)
Pension and postretirement benefits gain (loss)	—	—	—	1	—	1
Total	10	(6)	4	44	5	49

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

	Foreign Currency Translation Gain (Loss)	Gain (Loss) on Cash Flow Hedges (Note 17)	Pension and Postretirement Benefits Gain (Loss) (Note 11)	Accumulated Other Comprehensive Income (Loss), Net
	(In $ millions)			
As of December 31, 2018	(236)	(8)	(3)	(247)
Other comprehensive income (loss) before reclassifications	13	(1)	—	12
Amounts reclassified from accumulated other comprehensive income (loss)	—	(2)	—	(2)
Income tax (provision) benefit	(6)	—	—	(6)

As of March 31, 2019	(229)	(11)	(3)	(243)

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14. Other (Charges) Gains, Net

	Three Months Ended March 31,	
	2019	2018
	(In $ millions)	
Restructuring	1	—
Plant/office closures	(1)	—
Commercial disputes	4	—
Total	4	—

During the three months ended March 31, 2019, the Company recorded a $15 million gain within commercial disputes related to a settlement from a previous acquisition that was included within the Engineered Materials segment. The Company also recorded an $11 million loss within commercial disputes related to a settlement by the Company's captive insurer with a former third-party customer, which was included within the Other Activities segment.

15. Income Taxes

	Three Months Ended March 31,	
	2019	2018
	(In percentages)	
Effective income tax rate	12	15

The lower effective income tax rate for the three months ended March 31, 2019 compared to the same period in 2018 was primarily due to partial release of a valuation allowance on the net deferred tax asset for foreign tax credit carryforwards in the US due to revised forecasts of taxable income expected to be generated during the carryforward period.

The Company evaluates its deferred tax assets on a quarterly basis to determine whether a valuation allowance is necessary. Realization of deferred tax assets ultimately depends on the existence of sufficient taxable income in the applicable carryback or carryforward periods. Changes in the Company's estimates of future taxable income and prudent and feasible tax planning strategies will affect the estimate of the realization of the tax benefits of these foreign tax credit carryforwards. Due to the Tax Cuts and Jobs Act ("TCJA") and uncertainty as to future sources of general limitation foreign source income to allow for the utilization of these credits, the Company recorded a valuation allowance on a substantial portion of its foreign tax credits upon the enactment of the TCJA in December 2017. The Company is currently evaluating tax planning strategies that utilize the Company's recorded 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.

On March 6, 2019, the US Department of Treasury issued proposed regulations clarifying the deduction for Foreign-Derived Intangible Income ("FDII") and Global Intangible Low-Taxed Income ("GILTI"), which was enacted as part of the TCJA. The Company currently does not expect these regulations to have a material impact on tax expense upon final adoption and will evaluate the impact of final guidance once it is released.

In connection with the Company's US federal income tax audit for 2009 and 2010, the Company entered into a closing agreement during the three months ended March 31, 2019, which did not impact any previously recorded amounts based on settlement discussions prior to the formal closing agreement.

In January 2018, the Company received proposed pre-tax adjustments for its 2011 and 2012 audit cycle in the amount of $198 million. In the event the Company is wholly unsuccessful in its defense and absent expected offsetting adjustments from foreign tax authorities, the proposed adjustments would result in the consumption of approximately $69 million of prior foreign tax credit carryforwards, which are substantially offset with a valuation allowance due to uncertain recoverability. The Company believes these proposed adjustments to be without merit and is vigorously defending its position.

16. Leases

The Company leases certain real estate, fleet assets, warehouses and equipment. Leases with an initial term of 12 months or less ("short-term leases") are not recorded on the unaudited consolidated balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term. The Company determines if an arrangement is a lease at inception.

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Operating lease right-of-use ("ROU") assets and operating lease liabilities are recognized based on the present value of lease payments over the lease term at commencement date. Because most of the Company's leases do not provide an implicit rate of return, the Company uses its imputed collateralized rate based on the information available at commencement date in determining the present value of lease payments. Operating lease ROU assets are comprised of the lease liability plus prepaid rents and are reduced by lease incentives or deferred rents. The Company has lease agreements with non-lease components which are not bifurcated.

Most leases include one or more options to renew, with renewal terms that can extend the lease term from one to 30 years. The exercise of a lease renewal option typically occurs at the discretion of both parties. Certain leases also include options to purchase the leased property. For purposes of calculating operating lease liabilities, lease terms are deemed not to include options to extend the lease termination until it is reasonably certain that the Company will exercise that option. Certain of the Company's lease agreements include payments adjusted periodically for inflation based on the consumer price index. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The components of lease expense are as follows:

	Three Months Ended March 31, 2019	Statement of Operations Classification
	(In $ millions)	
Lease Cost		
Operating lease cost	10	Cost of sales / Selling, general and administrative expenses
Short-term lease cost	5	Cost of sales / Selling, general and administrative expenses
Variable lease cost	2	Cost of sales / Selling, general and administrative expenses
Finance lease cost		
Amortization of leased assets	5	Cost of sales
Interest on lease liabilities	5	Interest expense
Sublease income	—	Other income (expense), net
Total net lease cost	27	

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Supplemental unaudited consolidated balance sheet information related to leases is as follows:

	As of March 31, 2019 (In $ millions)	Balance Sheet Classification
Leases		
Assets		
Operating lease assets	210	Operating lease ROU assets
Finance lease assets	101	Property, plant and equipment, net
Total leased assets	311	
Liabilities		
Current		
Operating	32	Current Other liabilities
Finance	24	Short-term borrowings and current installments of long-term debt
Noncurrent		
Operating	193	Operating lease liabilities
Finance	139	Long-term debt
Total lease liabilities	388	

	As of March 31, 2019
Weighted-Average Remaining Lease Term (years)	
Operating leases	15.1
Finance leases	7.2
Weighted-Average Discount Rate	
Operating leases	2.7 %
Finance leases	11.7 %

Supplemental unaudited interim consolidated cash flow information related to leases is as follows:

	Three Months Ended March 31, 2019 (In $ millions)
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	10
Operating cash flows from finance leases	5
Financing cash flows from finance leases	6
ROU assets obtained in exchange for new finance lease liabilities	—
ROU assets obtained in exchange for new operating lease liabilities	—

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Maturities of lease liabilities are as follows:

	As of March 31, 2019	
	Operating Leases	Finance Leases
	(In $ millions)	
2019	29	31
2020	34	43
2021	25	41
2022	21	32
2023	19	23
Later years	147	88
Sublease income	—	—
Total lease payments	275	258
Less amounts representing interest	(50)	(95)
Total lease obligations	225	163

As of March 31, 2019, there were no additional operating or financing lease commitments that have not yet commenced.

Disclosures related to periods prior to adoption of ASU 2016-02

Operating lease rent expense was approximately $96 million for the year ended December 31, 2018. Future minimum lease payments under non-cancelable rental and lease agreements which had initial or remaining terms in excess of one year are as follows:

	As of December 31, 2018	
	Operating Leases	Capital Leases
	(In $ millions)	
2019	43	42
2020	34	42
2021	25	40
2022	23	32
2023	21	23
Later years	130	88
Sublease income	—	—
Minimum lease commitments	276	267
Less amounts representing interest		(100)
Present value of net minimum lease obligations		167

17. Derivative Financial Instruments

Derivatives Designated As Hedges

Net Investment Hedges

The Company uses derivative instruments, such as foreign currency forwards, and non-derivative financial instruments, such as foreign currency denominated debt, that may give rise to foreign currency transaction gains or losses to hedge the foreign currency exposure of net investments in foreign operations. Accordingly, the effective portion of gains and losses from remeasurement of derivative and non-derivative financial instruments is included in foreign currency translation within Accumulated other comprehensive income (loss), net in the unaudited consolidated balance sheets. Gains and losses are reclassified to earnings in the period the hedged investment is sold or liquidated.

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The total notional amount of foreign currency denominated debt designated as a net investment hedge of net investments in foreign operations are as follows:

	As of March 31, 2019	As of December 31, 2018
	(In € millions)	
Total	1,130	1,550

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 March 31, 2019	As of December 31, 2018
	(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 March 31, 2019	As of December 31, 2018
	(In $ millions)	
Total	737	1,071

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)