

Celanese CORP
Form 10-Q
April 23, 2008

**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 March 31, 2008
or
- 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
*(State or Other Jurisdiction of
Incorporation or Organization)*

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

**1601 West LBJ Freeway,
Dallas, TX**
(Address of Principal Executive Offices)

75234-6034
(Zip Code)

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

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller Reporting Company

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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 Series A common stock, \$0.0001 par value, as of April 18, 2008 was 150,978,631.

CELANESE CORPORATION

Form 10-Q
For the Quarterly Period Ended March 31, 2008

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CELANESE CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended	
	March 31,	
	2008	2007
	(in \$ millions, except for share and per share data)	
Net sales	1,846	1,555
Cost of sales	(1,428)	(1,196)
Gross profit	418	359
Selling, general and administrative expenses	(136)	(116)
Amortization of intangible assets (primarily customer related)	(19)	(18)
Research and development expenses	(23)	(17)
Other (charges) gains, net	(16)	(1)
Foreign exchange gain, net	7	
Gain (loss) on disposition of assets, net	3	(1)
Operating profit	234	206
Equity in net earnings of affiliates	10	18
Interest expense	(67)	(72)
Interest income	9	14
Dividend income cost investments	28	15
Other income (expense), net	4	(10)
Earnings from continuing operations before tax and minority interests	218	171
Income tax provision	(73)	(49)
Earnings from continuing operations before minority interests	145	122
Minority interests		
Earnings from continuing operations	145	122
Earnings from discontinued operations:		
Earnings from operation of discontinued operations		43
Gain on disposal of discontinued operations		31
Income tax benefit		5
Earnings from discontinued operations		79
Net earnings	145	201
Cumulative preferred stock dividends	(3)	(2)
Net earnings available to common shareholders	142	199
Earnings per common share basic:		

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Continuing operations	0.93	0.75
Discontinued operations		0.50
Net earnings available to common shareholders	0.93	1.25
Earnings per common share diluted:		
Continuing operations	0.87	0.70
Discontinued operations		0.45
Net earnings available to common shareholders	0.87	1.15
Weighted average shares basic:	151,993,753	159,284,888
Weighted average shares diluted:	167,306,016	174,442,332

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

CELANESE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS

	As of March 31, 2008	As of December 31, 2007
	(in \$ millions, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	763	825
Receivables:		
Trade third party and affiliates (net of allowance for doubtful accounts 2008: \$17; 2007: \$18)	1,079	1,009
Other	444	437
Inventories	709	636
Deferred income taxes	69	70
Marketable securities, at fair value	24	46
Other assets	42	40
Total current assets	3,130	3,063
Investments	818	814
Property, plant and equipment (net of accumulated depreciation 2008: \$944; 2007: \$838)	2,477	2,362
Deferred income taxes	12	10
Marketable securities, at fair value	222	215
Other assets	309	303
Goodwill	890	866
Intangible assets, net	457	425
Total assets	8,315	8,058
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Short-term borrowings and current installments of long-term debt third party and affiliates	253	272
Trade payables third party and affiliates	822	818
Other liabilities	931	888
Deferred income taxes	30	30
Income taxes payable	48	23
Total current liabilities	2,084	2,031
Long-term debt	3,351	3,284

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Deferred income taxes	286	265
Income taxes payable	239	220
Benefit obligations	686	696
Other liabilities	544	495
Minority interests	6	5
Commitments and contingencies		
Shareholders equity:		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized (2008 and 2007: 9,600,000 issued and outstanding)		
Series A common stock, \$0.0001 par value, 400,000,000 shares authorized (2008: 163,361,655 issued and 150,941,469 outstanding; 2007: 162,941,287 issued and 152,102,801 outstanding)		
Series B common stock, \$0.0001 par value, 100,000,000 shares authorized (2008 and 2007: 0 shares issued and outstanding)		
Treasury stock, at cost (2008: 12,420,186 shares; 2007: 10,838,486 shares)	(463)	(403)
Additional paid-in capital	483	469
Retained earnings	935	799
Accumulated other comprehensive income (loss), net	164	197
Total shareholders equity	1,119	1,062
Total liabilities and shareholders equity	8,315	8,058

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

CELANESE CORPORATION AND SUBSIDIARIES

**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF
SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)**

	For the Three Months Ended March 31, 2008	
	Shares	
	Outstanding	Amount
	(in \$ millions except share data)	
Preferred Stock		
Balance as of the beginning of the period	9,600,000	
Issuance of preferred stock		
Balance as of the end of the period	9,600,000	
Series A Common Stock		
Balance as of the beginning of the period	152,102,801	
Issuance of Series A common stock		
Stock option exercises	420,368	
Purchases of treasury stock, including related fees	(1,581,700)	
Balance as of the end of the period	150,941,469	
Treasury Stock		
Balance as of the beginning of the period	10,838,486	(403)
Purchases of treasury stock, including related fees	1,581,700	(60)
Balance as of the end of the period	12,420,186	(463)
Additional Paid-in Capital		
Balance as of the beginning of the period		469
Indemnification of demerger liability		1
Stock-based compensation		3
Stock option exercises, including related tax benefits		10
Balance as of the end of the period		483
Retained Earnings		
Balance as of the beginning of the period		799
Net earnings		145
Series A common stock dividends		(6)
Preferred stock dividends		(3)
Balance as of the end of the period		935

Accumulated Other Comprehensive Income (Loss), Net	
Balance as of the beginning of the period	197
Unrealized loss on securities	(11)
Foreign currency translation	30
Unrealized loss on interest rate swaps	(51)
Pension and postretirement benefits	(1)
Balance as of the end of the period	164
Total Shareholders Equity	1,119
Comprehensive Income:	
Net earnings	145
Other comprehensive income (loss), net of tax:	
Unrealized loss on securities	(11)
Foreign currency translation	30
Unrealized loss on interest rate swaps	(51)
Pension and postretirement benefits	(1)
Total comprehensive income	112

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

CELANESE CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended	
	March 31,	
	2008	2007
	(in \$ millions)	
Operating activities:		
Net earnings	145	201
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Other (charges) gains, net of amounts used	8	2
Depreciation, amortization and accretion	86	85
Deferred income taxes, net	20	(34)
Loss (gain) on disposition of assets, net	(4)	(30)
Other, net	41	14
Operating cash used in discontinued operations	(1)	(61)
Changes in operating assets and liabilities:		
Trade receivables third party and affiliates, net	(34)	6
Inventories	(51)	16
Other assets	(6)	28
Trade payables third party and affiliates	12	(89)
Other liabilities	(50)	(126)
Net cash provided by operating activities	166	12
Investing activities:		
Capital expenditures on property, plant and equipment	(81)	(49)
Acquisitions and related fees, net of cash acquired		(269)
Net proceeds from sale of businesses and assets	2	578
Capital expenditures related to Ticona Kelsterbach plant relocation	(28)	
Proceeds from sale of marketable securities	114	32
Purchases of marketable securities	(111)	(1)
Changes in restricted cash		46
Other, net	(34)	(12)