CLARIANT

Clariant profitability remains resilient despite difficult economic environment

- **Sales from continuing operations decreased by 6 % in local currency to CHF 1.019 billion**
- **Resilient EBITDA margin at 15.4 % (vs. 15.7 %) reached an EBITDA of CHF 157 million**
- **Outlook: 2020 results will be impacted by the COVID-19 pandemic; focus will therefore be on impact mitigation and cash generation**

"In the first quarter of 2020, Clariant, together with the rest of the industry, was confronted with an unprecedented economic environment. However, our solid quarterly EBITDA margin reflects the Group's attractive portfolio of resilient businesses, which maintained last year's profitability level despite the particularly difficult and uncertain environment," said Hariolf Kottmann, Executive Chairman ad interim of Clariant. "We will continue to put all our efforts into mitigating the effects of this pandemic and in protecting the safety of our employees. Clariant's transformation program will remain in full progress."

CLARIANT

Key Financial Data

Continuing operations	**First Quarter**			
in CHF million	**2020**	**2019***	**% CHF**	**% LC**
Sales	1 019	1 164	-12	-6
EBITDA	157	183	-14	
- margin	15.4 %	15.7 %		
EBITDA before exceptional items	*163*	*193*	*-16*	
- margin	*16.0 %*	*16.6 %*		

*** Restated for continuing operations**

First Quarter 2020 – Resilient EBITDA margin despite sales decline in turbulent environment

Muttenz, April 30, 2020 - Clariant, a focused, sustainable and innovative specialty chemical company, today announces first quarter 2020 continuing operations sales of CHF 1.019 billion compared to CHF 1.164 billion in the first quarter of 2019. This corresponds to a 6 % decline in local currency and, due to an unfavorable currency effect, a 12 % decrease in Swiss francs.

The Group was confronted by a lower demand environment in the first quarter of 2020 amid a mild winter season and the COVID-19 pandemic. Efforts to minimize the impact of this pandemic are fully in place based on a strong balance sheet and liquidity position. Clariant continues to assure employee safety first while concurrently running business continuity programs and implementing cash measures.

On a regional basis, the sales development in Asia was robust with a reported contraction in a low single-digit range despite the COVID-19 impact in China. Middle East and Africa as well as Latin America increased the most strongly in local currency. Sales in North America decreased slightly while Europe weakened significantly due to the substantially softer Aviation business, which was related to the mild weather conditions.

Despite these challenges, the Natural Resources Business Area increased sales by 2 % in local currency due to sales expansion in Oil and Mining Services in the first quarter of 2020. Care Chemicals sales declined by 14 % in local currency due to the significantly weaker Aviation business, which was considerably more negatively impacted by the particularly milder winter than in the previous year. Catalysis sales declined by 6 % in local currency partly as a result of previously communicated forward sales shifts into the fourth quarter of 2019.

The continuing operations EBITDA decreased by 14 % in Swiss francs to CHF 157 million, impacted by the sales evolution in the first quarter of 2020. This was particularly a result of the weak Aviation business in Care Chemicals, softer profitability in Catalysis due to lower sales as well as currency effects. Nevertheless, the EBITDA margin remained robust at 15.4 % versus 15.7 % in the same period of the previous year, underpinned by rapid and efficient implementation of cost control measures.

Discontinued operations

For the first quarter of 2020, sales in discontinued operations (Masterbatches and Pigments) declined by 6 % in local currency and by 12 % in Swiss francs. However, on a like-for-like basis, excluding Healthcare Packaging sales from the first quarter of 2019 as this business was divested in October 2019, organic sales remained unchanged in local currency.

The EBITDA decreased in absolute value due in part to the sale of the Healthcare Packaging business and one-off costs for the efficiency program in Pigments as well as for the carve-out of the discontinued operations. Thus, the underlying performance increased as a consequence of good margins and effective cost management.

Outlook – Focused portfolio to achieve above-market growth, higher profitability and stronger cash generation in the mid-term

Clariant is a focused, sustainable and innovative specialty chemical company that aims to grow above the market to achieve higher profitability through sustainability and innovation. The Group is significantly reshaping its portfolio through the divestment of Healthcare Packaging in 2019, the announced sale of Masterbatches and the planned divestment of Pigments.

Looking at 2020, Clariant anticipates a negative impact on sales and profitability from the COVID-19 pandemic. The Group has swiftly installed crisis task forces focusing on employee safety, community support, assuring business continuity and cash generation. The COVID-19 pandemic impact is expected to more strongly affect the second quarter of 2020. Clariant prepares for different scenarios to generate resilient performance and to continue its transformation program.

In the mid-term, Clariant expects its continuing businesses to achieve above-market growth, higher profitability and stronger cash generation based on the focused three pillars and high value specialty portfolio.

CLARIANT

Business Discussion

Business Area Care Chemicals

	First Quarter			
in CHF Million	**2020**	**2019**	**% CHF**	**% LC**
Sales	387	480	-19	-14
EBITDA	69	94	-27	
- margin	17.8 %	19.6 %		
EBITDA before exceptional items	*70*	*94*	*-26*	
- margin	*18.1 %*	*19.6 %*		

Sales

In the first quarter 2020, sales in the Business Area Care Chemicals decreased by 14 % in local currency and by 19 % in Swiss francs versus the strong results generated in the first quarter of 2019. Consumer Care sales declined in a low single-digit range, though they were bolstered by an expansion in Personal Care. Industrial Applications sales were notably weaker, primarily due to the significantly softer Aviation business, which was driven by the particularly mild winter and reduced air traffic amid the COVID-19 pandemic. Concurrently, the weak economic environment also resulted in lower base products demand.

In Latin America, sales grew in mid-single digits in local currency while sales in Asia decreased in a low single-digit range. Both Europe and North America were hampered by the particularly soft Aviation business due to the very mild weather conditions in both regions.

EBITDA Margin

The EBITDA margin declined to 17.8 % from 19.6 %. This margin reduction was mainly attributable to the weak Aviation business in Europe as well as in North America. The lower volumes also had a negative impact on the cost coverage.

Clariant Insight

Antimicrobial preservation is essential for the safety and longevity of cosmetics products. However, preservation comes with many practical concerns for Personal Care formulators due to heavy regulation and increasing calls for less preservative use as well as a desire for natural ingredient alternatives. Clariant's Velsan® Flex is a new, naturally derived booster for effective and safe cosmetics preservation, which can reduce the preservative load of products by up to 50 %. Velsan® Flex carries Clariant's EcoTain® label in recognition of its renewable content and further sustainability advantages. Its excellent water and oil-solubilizing properties allows it to be used in a broad range of cosmetic formulations. Overall, Velsan® Flex allows for more effective and environmentally friendly preservation systems for a wide range of cosmetics formulations where the amount of traditional preservatives can be reduced without compromising on performance.

CLARIANT

Business Area Catalysis

	First Quarter			
in CHF Million	2020	2019	% CHF	% LC
Sales	182	203	-10	-6
EBITDA	24	44	-45	
- margin	13.2 %	21.7 %		
EBITDA before exceptional items	*25*	*44*	*-43*	
- margin	*13.7 %*	*21.7 %*		

Sales

Sales in the Business Area Catalysis decreased by 6 % in local currency and by 10 % in Swiss francs in the first quarter of 2020 against a very strong first quarter in 2019. This development is partially attributable to the previously communicated forward sales shifts from the first quarter of 2020 into the fourth quarter of 2019. As anticipated, sales in Syngas were significantly lower in the first quarter of 2020 due to the large amount of project business in the first quarter of the previous year.

From a regional perspective, demand increased in Asia, North America as well as Latin America while lower sales in Europe and the Middle East & Africa should not be interpreted as a trend, but rather reflect the project nature of the catalyst business.

EBITDA Margin

The EBITDA margin fell to 13.2 % from 21.7 % as a result of the lower sales volumes and an unfavorable product mix effect, with a higher contribution from lower-margin businesses.

Though margins can fluctuate significantly over the quarters of a calendar year, the fundamentals for Catalysis remain positive for the current year based on the present demand pattern, our portfolio strength and innovation capability.

Clariant Insight

The Enhanced Annular Reforming Tube for Hydrogen (EARTH®) and syngas production is a novel recuperative steam-reforming technology that facilitates the efficient recovery of high-grade process heat. Clariant and EARTH® inventor/technology partner TechnipFMC have combined their expertise to develop and deliver EARTH® technology to the market. It has a proprietary geometric layout combined with a highly active, stable and mechanically robust catalyst that promotes efficient and optimized heat transfer as well as low pressure drop. The EARTH® technology is also advantageous for achieving a capacity increase of up to 20 % at otherwise constant conditions. Moreover, EARTH® enables energy efficiency as well as smaller size reformer and carbon footprint benefits compared to conventional steam reforming technologies, allowing for up to 10 % CO_2 emission reductions per unit of hydrogen produced.

EARTH® is a registered trademark of TechnipFMC. TechnipFMC is a global leader in oil and gas: subsea, onshore/offshore, and surface projects.

Business Area Natural Resources

	First Quarter			
in CHF Million	**2020**	**2019***	**% CHF**	**% LC**
Sales	450	481	-6	2
EBITDA	86	75	15	
- margin	19.1 %	15.6 %		
EBITDA before exceptional items	*86*	*76*	*13*	
- margin	*19.1 %*	*15.8 %*		

*** Restated to include Additives**

Sales

Sales in the Business Area Natural Resources increased by 2 % in local currency and decreased by 6 % in Swiss francs in the first quarter of 2020.

The Oil and Mining Services business delivered double-digit sales expansion in local currency in a supportive environment, with higher sales in all regions.

Sales in Functional Minerals declined slightly, at a low single-digit rate in local currency. The growth of the Purification business for edible oils was unable to entirely compensate for the weakness in the Foundry business, which was primarily attributable to the shutdown of the European automobile industry in mid-March due to the COVID-19 pandemic.

Sales in Additives decreased at a high single-digit rate in local currency. The softer demand resulted from the persistent weakness in the electrical and electronics sectors as well as the stunted automotive market.

EBITDA Margin

In the first quarter, the EBITDA margin increased to 19.1 % as Oil and Mining Services grew sales in value-adding applications, while Functional Minerals and Additives successfully defended their EBITDA margins despite the weaker top-line developments.

Clariant Insight

Major electrical and electronics brand owners increasingly demand flame-retardant post-consumer recycled plastic to produce equipment parts. In order to support this demand, Clariant teamed up with Lavergne to develop halogen-free flame-retardant polyester compounds made from ocean-bound plastics. Clariant's flagship halogen-free Exolit® OP flame retardants were chosen for their proven excellent environmental and health profile, also documented by the Clariant EcoTain® label. Adding to the circularity of the innovation, Exolit® OP flame retardants have been confirmed as suitable for various recycling processes without losing their flame-retardant properties. This development reinforces Clariant's continuing commitment to develop sustainable additives which, through value chain collaboration, can help bring plastics into a circular, more resource-efficient economy.

CLARIANT

Discontinued Operations

	First Quarter			
in CHF Million	2020	2019*	% CHF	% LC
Sales	485	551	-12	-6
EBITDA	34	53	-36	
- margin	7.0 %	9.6 %		
EBITDA before exceptional items	*69*	*61*	*13*	
- margin	*14.2 %*	*11.1 %*		

*** Restated for discontinued operations**

As part of Clariant's portfolio optimization, the Business Units Pigments and Masterbatches and the Business Line Healthcare Packaging, which operated as a part of the Business Unit Masterbatches, were reclassified to discontinued operations.

On October 31, 2019, Clariant sold its Healthcare Packaging business to Arsenal Capital Partners. On December 19, 2019, Clariant announced that it had agreed to sell its Masterbatches business for USD 1.56 billion to PolyOne. This deal is expected to be closed by the third quarter of 2020.

Sales

In the first quarter of 2020, sales in discontinued operations decreased by 6 % in local currency and by 12 % in Swiss francs. However, on a like-for-like basis, excluding Healthcare Packaging sales from the first quarter of 2019, organic sales remained unchanged in local currency despite the weak economic environment.

EBITDA

In the first quarter, the EBITDA decreased in absolute value year-on-year due in part to the divestment of the Healthcare Packaging business and one-off costs for the efficiency program in Pigments as well as for the carve-out of the discontinued operations. Thus, the underlying performance of both businesses increased as a consequence of good margins and effective cost management.

CLARIANT

CORPORATE MEDIA RELATIONS

JOCHEN DUBIEL

Phone +41 61 469 63 63
jochen.dubiel@clariant.com

CLAUDIA KAMENSKY

Phone +41 61 469 63 63
claudia.kamensky@clariant.com

THIJS BOUWENS

Phone +41 61 469 63 63
thijs.bouwens@clariant.com

INVESTOR RELATIONS

MARIA IVEK

Phone +41 61 469 63 73
maria.ivek@clariant.com

ALEXANDER KAMB

Phone +41 61 469 63 73
alexander.kamb@clariant.com

Follow us on Twitter, Facebook, LinkedIn, Instagram.

www.clariant.com

Clariant is a focused and innovative specialty chemical company based in Muttenz, near Basel/Switzerland. On 31 December 2019, the company employed a total workforce of 17 223. In the financial year 2019, Clariant recorded sales of CHF 4.399 billion for its continuing businesses. The company reports in three business areas: Care Chemicals, Catalysis and Natural Resources. Clariant's corporate strategy is based on five pillars: focus on innovation and R&D, add value with sustainability, reposition portfolio, intensify growth, and increase profitability.