

AD HOC ANNOUNCEMENT PURSUANT TO ART. 53 LR

Second Quarter / First Half Year 2021

29 July 2021

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Clariant significantly increased profitability in the second quarter of 2021 on the back of double-digit sales growth

- **Second quarter 2021 sales from continuing operations increased by 12 % in local currency to CHF 1.032 billion**
- **Second quarter 2021 EBITDA margin significantly augmented to 16.8 % versus 14.6 % in the second quarter of 2020**
- **First half year 2021 net result for the total Group rose to CHF 157 million**
- **First half year 2021 operating cash flow at CHF 15 million**
- **Outlook 2021 increased: local currency sales growth of 7 % – 9 % and a step up in EBITDA margin to 16.0 % – 17.0 %**

“In the second quarter of 2021, Clariant delivered strong year-on-year revenue increases and significantly improved its performance. Signing definitive agreements to sell our Pigments business has been a critical step towards the completion of our portfolio transformation program,” said Conrad Keijzer, CEO of Clariant. “Clariant’s ability to exceed the profitability level achieved in 2019 was attributable to the broad demand recovery in our markets and due to our ability to mitigate raw material cost inflation while meeting the challenges created by wide-ranging logistics bottlenecks. Our attractive specialty chemicals portfolio, together with the continued effective execution of our efficiency improvement programs, enabled this success. In 2021, we aim to continue to improve our performance and expect Clariant to achieve strong sales growth in local currency and a step up in EBITDA margins to above pre-COVID-19 pandemic levels.”

Key Financial Data

Continuing operations	Second Quarter				First Half Year			
	2021	2020	% CHF	% LC	2021	2020	% CHF	% LC
<i>in CHF million</i>								
Sales	1 032	926	11	12	2 034	1 945	5	7
EBITDA	173	135	28		337	292	15	
- margin	16.8 %	14.6 %			16.6 %	15.0 %		
<i>EBITDA before exceptional items</i>	178	146	22		346	309	12	
- margin	17.2 %	15.8 %			17.0 %	15.9 %		
EBIT					206	154		
Net result from continuing operations					107	75		
Net result ⁽¹⁾					157	90		
Operating cash flow ⁽¹⁾					15	89		
Number of employees ⁽¹⁾					13 057	13 235 ⁽²⁾		
Discontinued operations								
Sales	233	456	-49	-49	449	941	-52	-52
Net result from discontinued operations					50	15		

(1) total Group including discontinued operations

(2) as of 31 December 2020

Second Quarter 2021 – Significantly higher profitability underpinned by double-digit sales expansion

Muttenz, July 29, 2021 - Clariant, a focused, sustainable, and innovative specialty chemical company, today announced that the second quarter 2021 sales from continuing operations increased by 12 % in local currency to CHF 1.032 billion. This corresponds to an 11 % improvement in Swiss francs. Strong growth in Care Chemicals and Catalysis accompanied the particularly positive sales expansion reported in Natural Resources. This expansion was achieved via higher volumes and positive pricing in all Business Areas.

Clariant grew sales in all regions in the second quarter of 2021, thus reflecting a clear demand recovery. In Asia, the strong 20 % growth in local currency was supported by expansion in all Business Areas. The Middle East & Africa region reported notable 15 % growth, followed closely by Europe, where sales rose by 13 %. The Americas also advanced at a growth rate of 7 % in Latin America and by 2 % in North America, resulting from the recovery in Oil Services.

In the second quarter, Care Chemicals increased sales by 11 % in local currency, supported by a double-digit expansion in Industrial Applications. Catalysis sales rose by a notable 7 % in local currency primarily due to the strong sales development in Specialty Catalysts. Natural Resources sales increased by a resounding 17 % in local currency due to the strong rebound in Additives and Functional Minerals as well as the return to growth in Oil Services.

The continuing operations EBITDA increased to CHF 173 million and a corresponding margin of 16.8 %, outperforming the 14.6 % in the second quarter of the previous year. This development was positively influenced by strong volume expansion improving operating leverage together with pricing measures, the continued successful execution of Clariant's efficiency programs, which resulted in additional cost savings of CHF 9 million in the second quarter, and due to the efficiency program provision booked in the second quarter of the previous year.

First Half Year 2021 – Higher sales in all Business Areas and double-digit profitability improvement

First half year 2021 continuing operations sales increased by 7 % in local currency and by 5 % in Swiss francs to CHF 2.034 billion, compared to CHF 1.945 billion in the first half year 2020.

In the first half year, sales grew in almost all geographic regions. Europe and Asia set the pace with strong growth of 15 % and 14 %, respectively, whereby China expanded by 20 % in local currency. Latin American sales rose by 5 %, followed by the Middle East & Africa with 3 % growth. Only North America weakened by 15 % due to the challenging environment in Oil Services as well as the weather-related business disruptions in the first quarter of 2021.

In the first half of 2021, Care Chemicals sales rose by 9 % in local currency primarily due to the market recovery in Industrial Applications. The Catalysis Business Area's top line increased by 9 % in local currency, propelled by growth in all three Business Lines (Petrochemicals, Specialty Catalysts, and Syngas). Natural Resources sales were 4 % higher in local currency versus the same period of the previous year due to double-digit growth in Additives and Functional Minerals together with an improvement in Oil and Mining Services.

The continuing operations EBITDA increased to CHF 337 million as the Group improved margins on the back of sales expansion and operating leverage in tandem with the continued effective execution of our efficiency improvement programs, which resulted in additional cost savings of CHF 15 million in the first half year. The EBITDA margin increased to 16.6 % from 15.0 % in the previous year due to the higher profitability in all three Business Areas and continued cost discipline.

In the first half of 2021, the net result for the total Group increased to CHF 157 million versus CHF 90 million in the first half of 2020. This improvement can be ascribed to the higher profitability, lower exceptional and corporate cost, efficiency program-based savings, and the higher contribution from discontinued operations.

Operating cash flow for the total Group declined to CHF 15 million from CHF 89 million in the first half of 2020. This development was mainly attributable to higher trade receivables on the back of the sales growth, the inventory buildup needed to meet higher demand levels as well as the uncertainties connected to the instable logistics chain situation, the corresponding raw material scarcity in several businesses, as well as the cash out for the previously provisioned efficiency programs.

Net debt for the total Group increased to CHF 1.290 billion versus CHF 1.040 billion as of the end of 2020, following the normal seasonal cash flow and net working capital pattern.

Discontinued Operations

In the second quarter of 2021, on a like-for-like basis, excluding Masterbatches sales from the second quarter of 2020, sales in discontinued operations (Pigments) increased by 17 % in local currency and in Swiss francs. In the first half of 2021, on a like-for-like basis, excluding Masterbatches sales from the first half of 2020, sales in discontinued operations (Pigments) rose by 10 % in local currency and by 8 % in Swiss francs, supported by the stronger economic environment.

In the second quarter as well as in the first half year 2021, the EBITDA margin increased due to the higher sales levels of the Pigments business, the corresponding operating leverage improvement, effective cost management optimization, and the divestment of the Masterbatches business.

Clariant announced that definitive agreements have been signed with Heubach Group and SK Capital Partners to divest its Pigments business, with closing expected to take place in the first half of 2022.

Outlook – Full year 2021 forecast increased

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 sale of Masterbatches in 2020, and the signed agreements for the divestment of Pigments.

For the third quarter of 2021, Clariant expects continued strong growth for the Group in local currency versus the prior year, underpinned by expansion in all three Business Areas driven by the recovery of Industrial Applications in Care Chemicals, demand for Petrochemicals in Catalysis, and continued growth in all three Natural Resources Business Units. Clariant aims to improve its year-on-year margin levels in the third quarter of 2021 via volume growth, continued cost discipline, and pricing actions to overcome the rise in raw material and logistics cost, while the margin development is likely to be slightly lower sequentially.

Looking at the full year 2021, Clariant expects to achieve local currency sales growth in continuing operations within a range of 7 % – 9 %, including the consolidation of the India Glycols Limited joint venture as of July 1, 2021, and a step up in the EBITDA margin to a range of 16.0 % – 17.0 % on the back of the sales growth, the improved profitability of its specialty portfolio, and the positive impact of the performance programs. This is based on an assumption of a continued economic recovery, while uncertainty remains high.

Clariant will be holding a Capital Market Day on November 23, 2021.

Business Discussion

Business Area Care Chemicals

in CHF million	Second Quarter			First Half Year				
	2021	2020	% CHF	% LC	2021	2020	% CHF	% LC
Sales	384	347	11	11	788	734	7	9
EBITDA	77	51	51		157	120	31	
- margin	20.1 %	14.7 %			19.9 %	16.3 %		
EBITDA before exceptional items	77	63	22		157	133	18	
- margin	20.1 %	18.2 %			19.9 %	18.1 %		

Sales

In the second quarter of 2021, sales in the Business Area Care Chemicals grew by a strong 11 % in local currency and in Swiss francs. Industrial Applications sales rose at a double-digit rate, propelled by renewed end market strength and a corresponding demand recovery. Consumer Care sales reflected a stable development, which was attributable to the challenging comparison base as the COVID-19 pandemic had generated particularly strong demand for hygiene-related products in the second quarter of 2020.

All geographic regions reflected sales growth in the second quarter of 2021. In Europe, the Middle East & Africa, sales rose by a percentage in the high teens, followed by Asia. Sales in both North America and Latin America reported growth in the mid-single-digit range in local currency.

In the first half year 2021, sales in the Business Area Care Chemicals increased by 9 % in local currency and by 7 % in Swiss francs. Industrial Applications sales expanded at a double-digit rate on the back of the market recovery while Consumer Care sales increased in a mid-single-digit range.

EBITDA Margin

In the second quarter, the EBITDA margin rose significantly to 20.1 % from 14.7 % in the same period of the previous year. This positive development was attributable to strong volume expansion, which buoyed operating leverage, the use of pricing as an ongoing measure to address raw material cost inflation, the successful execution of efficiency programs and due to the efficiency program provision booked in the second quarter of the previous year.

The EBITDA margin in the first half year 2021 increased to 19.9 % from 16.3 %.

Clariant Insight

Clariant's recently launched BeautyForward® No. 5 formulations encourage the Personal Care industry to embrace the end consumers' drive for community and enable Clariant's customers to adapt to the new societal behaviors present in today's world. The BeautyForward® formulations are crafted around the following three increasingly important global trends: togetherness, hygiene, and sustainability. BeautyForward® not only captures the shifting needs of consumers but also links them to innovative chemistry solutions with a spotlight on calming and relaxing skin care cream for face mask users, moisturizing cleansers, and non-plastic packaging options.

Business Area Catalysis

<i>in CHF million</i>	Second Quarter				First Half Year			
	2021	2020	% CHF	% LC	2021	2020	% CHF	% LC
Sales	221	210	5	7	414	392	6	9
EBITDA	42	44	-5		80	68	18	
- margin	19.0 %	21.0 %			19.3 %	17.3 %		
<i>EBITDA before exceptional items</i>	43	50	-14		81	75	8	
- margin	19.5 %	23.8 %			19.6 %	19.1 %		

Sales

In the second quarter of 2021, sales in the Business Area Catalysis improved quarter-on-quarter and rose by 7 % in local currency and by 5 % in Swiss francs versus the previous year. Clariant's diversified catalyst portfolio benefitted from the supportive market demand situation. Strong sales expansion in Specialty Catalysts and a stable development in Syngas underpinned the improved sales result.

From a regional perspective, second quarter sales in Asia were particularly strong, followed by the Middle East & Africa. Europe and North America remained comparatively volatile throughout the quarter, reflecting the normal project nature of the business.

In the first half year 2021, sales in the Business Area Catalysis rose by 9 % in local currency and by 6 % in Swiss francs. This growth was attributable to all three Business Lines: Petrochemicals, Syngas, and Specialty Catalysts.

EBITDA Margin

In the second quarter, the EBITDA margin decreased to 19.0 % from 21.0 % as a result of product mix and project effects.

In the first half year 2021, the EBITDA margin rose to 19.3 % from 17.3 % in the previous year.

Clariant Insight

Capturing CO₂ emissions and converting them to useful chemicals is a cornerstone of the technology roadmap for addressing climate change. Clariant's highly active, selective, and robust MegaMax[®] catalyst series for CO₂-based methanol synthesis contributes significantly to China's carbon neutrality goal as it enables the efficient utilization of CO₂ to produce methanol. MegaMax[®] catalysts can be readily applied to a wide range of plant types and technologies, and CO₂ to methanol reference tests demonstrate high performance even under low pressures and temperatures. Synthesizing methanol from CO₂ is a particularly valuable and sustainable approach, as methanol forms a building block for thousands of chemical products such as plastics, paints, cosmetics, and fuels. In order to help customers reliably achieve their efficiency and emission targets, even under flexible conditions, Clariant has joined forces with renowned engineering partners to enable more environmentally friendly alternative solutions, including "Green" and "LowCarbon" methanol production and the cleanup of unconventional syngas streams.

Business Area Natural Resources

<i>in CHF million</i>	Second Quarter			First Half Year				
	2021	2020	% CHF	% LC	2021	2020	% CHF	% LC
Sales	427	369	16	17	832	819	2	4
EBITDA	72	30	140		140	116	21	
- margin	16.9 %	8.1 %			16.8 %	14.2 %		
<i>EBITDA before exceptional items</i>	71	52	37		140	138	1	
- margin	16.6 %	14.1 %			16.8 %	16.8 %		

Sales

In the second quarter of 2021, sales in the Business Area Natural Resources rose by a strong 17 % in local currency and by 16 % in Swiss francs. Oil and Mining Services sales accelerated due to robust Mining sales and a return to growth in Oil Services. Functional Minerals grew rapidly, in part because of the recovery in the Foundry business, while Additives sales rebounded profoundly in all key end markets.

Oil and Mining Services sales grew in a low single-digit range in local currency in the second quarter. Oil Services sales continued to reflect a sequential improvement quarter-on-quarter while Mining Solutions grew in mid-single-digits. The sales expansion at Oil and Mining Services was most pronounced in Latin America and North America.

Functional Minerals sales growth exceeded percentages in the teens in the second quarter as a result of the clear rebound in the Foundry business. The Purification business development also contributed positively to this significant improvement.

Among the three Business Units, Additives sales rose most significantly in the second quarter. This expansion took place in all regions as well as in all businesses as the relevant end markets flourished in the current economic environment.

In the first half of 2021, sales in the Business Area Natural Resources increased by 4 % in local currency and by 2 % in Swiss francs.

EBITDA Margin

In the second quarter, the EBITDA margin recovered and showed a substantial increase to 16.9 % from 8.1 %. The strong top line growth, in tandem with pricing measures to mitigate raw material inflation, the accretive product mix were supported by efficiency measures implemented throughout the recent past and due to the efficiency program provision booked in the second quarter of the previous year.

In the first half year 2021, the EBITDA margin increased to 16.8 % from 14.2 % year-on-year.

Clariant Insight

At the recent Chinaplas 2021 trade fair, Clariant debuted new high-end, sustainable additive solutions for plastics to support local manufacturers in adapting quickly to the requirements of highly-demanding new applications and environmental goals. One example of such a product introduction is Clariant's new AddWorks® PKG 906 Circle, a proprietary polymer stabilizer used to increase plastic waste recycling in polyolefin film manufacturing. AddWorks® PKG 906 Circle is helping end-of-life greenhouse films to be recycled into films for secondary packaging without the loss of production efficiency or compromise to the required highly-demanding film quality.

Clariant's sustainability product designators – Terra, Vita, and Circle – help orient customers and value chains to the sustainability benefits of products and solutions. Those distinguished with the designators deliver confirmed contributions in some particularly important areas.

Discontinued Operations

<i>in CHF million</i>	Second Quarter			First Half Year				
	2021	2020	% CHF	% LC	2021	2020	% CHF	% LC
Sales	233	456	-49	-49	449	941	-52	-52
EBITDA	34	33	3		58	67	-13	
- margin	14.6 %	7.2 %			12.9 %	7.1 %		
<i>EBITDA before exceptional items</i>	39	48	-19		68	117	-42	
- margin	16.7 %	10.5 %			15.1 %	12.4 %		

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, have been reclassified to discontinued operations since the first half year 2019.

On October 31, 2019, Clariant sold its Healthcare Packaging business to Arsenal Capital Partners. The sale of Clariant's Masterbatches business to Avient (formerly PolyOne) was completed on July 1, 2020. On June 14, 2021, Clariant announced that definitive agreements have been signed to divest its Pigments business to a consortium comprised of Heubach Group and SK Capital Partners. Closing is expected to take place in the first half of 2022.

Sales

In the second quarter of 2021, on a like-for-like basis, excluding Masterbatches sales from the second quarter of 2020, sales in discontinued operations (Pigments) increased by 17 % in local currency and in Swiss francs. In the first half year 2021, on a like-for-like basis, excluding Masterbatches sales from the first half of 2020, sales in discontinued operations (Pigments) rose by 10 % in local currency and by 8 % in Swiss francs, supported by the stronger economic environment.

EBITDA

In the second quarter as well as in the first half year 2021, the EBITDA margin increased due to the higher sales levels of the Pigments business, the corresponding operating leverage improvement, the execution of the efficiency program, which generated additional cost savings of CHF 4 million in the second quarter and CHF 6 million in the first half year 2021, and the divestment of the Masterbatches business.

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Clariant is a focused, sustainable and innovative specialty chemical company based in Muttenz, near Basel/Switzerland. On 31 December 2020, the company employed a total workforce of 13 235. In the financial year 2020, Clariant recorded sales of CHF 3.860 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.