

AD HOC ANNOUNCEMENT PURSUANT TO ART. 53 LR  
THIRD QUARTER/NINE MONTHS 2022

# Clariant generated double-digit sales and EBITDA growth in Q3 2022

- **Q3 2022: Sales increased by 27 % in local currency to CHF 1.312 billion, supported by both pricing and volume growth, EBITDA margin increased to 16.8 % versus 15.5 %**
- **9M 2022: Sales increased by 29 % in local currency to CHF 3.875 billion, EBITDA margin increased to 16.9 % versus 16.2 %**
- **Clariant signs definitive agreement to sell North American Land Oil business**
- **Full Year 2022 Outlook: Strong local currency growth for the Group to around CHF 5.1 billion, with the confirmed aim to improve the year-on-year underlying Group EBITDA margin level. Full year 2022 reported Group EBITDA margin will be impacted by restructuring charges in Q4 2022 related to the implementation of the new operating model**

“Our performance in the third quarter was, as anticipated, fueled by sustained pricing amidst a moderate sequential decline in raw material costs, combined with renewed momentum in Catalysis, most specifically within the Petrochemicals segment. As signaled previously, we see demand declining in some segments, most notably in Europe in response to the weakening economic environment, yet we nevertheless increased sales and profitability significantly in the third quarter. Further, we announced today the divestment of our North American Land Oil business in a further move to focus our business on true specialty chemicals and to improve our sustainability profile. I would like to thank all my colleagues for their hard work and for the excellent results we achieved in a very challenging environment,” said Conrad Keijzer, Chief Executive Officer of Clariant.

“For the full year 2022, we increase our sales guidance to approximately CHF 5.1 billion while aiming to improve our year-on-year underlying Group EBITDA margin versus the prior year’s level. In the fourth quarter, we anticipate additional restructuring charges related to the implementation of our new operating model, which simplifies our organizational structure and enables continued progress toward our confirmed 2025 goals,” Conrad Keijzer commented further.

## Key Financial Data <sup>(1)</sup>

| Continuing operations<br>in CHF million | Third Quarter |        |       |      | Nine Months |        |       |      |
|---|---------------|--------|-------|------|-------------|--------|-------|------|
|   | 2022          | 2021   | % CHF | % LC | 2022        | 2021   | % CHF | % LC |
| Sales                                   | 1 312         | 1 096  | 20    | 27   | 3 875       | 3 130  | 24    | 29   |
| EBITDA                                  | 220           | 170    | 29    |      | 656         | 506    | 30    |      |
| - margin                                | 16.8 %        | 15.5 % |       |      | 16.9 %      | 16.2 % |       |      |
| <i>EBITDA before exceptional items</i>  | 242           | 183    | 32    |      | 690         | 529    | 30    |      |
| - margin                                | 18.4 %        | 16.7 % |       |      | 17.8 %      | 16.9 % |       |      |

(1) Q3 and Nine Months 2021 restated. The figures were rounded, and hence, minor reporting deviations might occur

## Third Quarter 2022 – Continued sales growth and profitability progression

### MUTTENZ, OCTOBER 27, 2022

Clariant, a focused, sustainable, and innovative specialty chemical company, today announced its third quarter 2022 results. In the third quarter of 2022, sales from continuing operations were CHF 1.312 billion, compared to CHF 1.096 billion in the third quarter of 2021. This corresponds to an increase of 27 % in local currency and 20 % higher sales in Swiss francs. Both pricing and volume growth positively impacted the Group sales result by 18 % and 9 %, respectively, while the currency impact was -7 %. Sales growth was strong in all three Business Areas: Care Chemicals, Catalysis, and Natural Resources.

In the third quarter of 2022, local currency sales growth was robust in all geographic regions. European sales grew by 22 %, as prices were increased while volume growth slowed. Sales in Asia-Pacific also grew by 19 %, primarily propelled by pricing in Care Chemicals and Additives, while Catalysis volumes increased. North American sales were 30 % higher, and Latin American sales grew 38 %. The strong advances in both regions were supported by strong pricing in all three Business Areas. The Middle East & Africa increased sales by 62 %.

Care Chemicals increased sales by 24 % in local currency in the third quarter of 2022. This positive development was driven by double-digit growth in Consumer Care and Industrial Applications, especially Crop Solutions and Personal Care. Catalysis sales rose by 28 % in local currency, primarily due to volume growth in Petrochemicals and Specialty Catalysts. Natural Resources sales increased by 30 % in local currency with growth attributable to all three Business Units, especially Additives.

Continuing operations EBITDA grew to CHF 220 million while the corresponding 16.8 % margin increased from the 15.5 % reported in the third quarter of the previous year. This improvement was propelled by pricing measures that fully offset the continued high raw material cost increase (approximately 24 % year-on-year) and higher energy and logistics cost. Additionally, operating leverage from higher sales and cost savings (CHF 2 million savings from performance programs during the quarter) also contributed positively to the margin increase. The absolute EBITDA increased by 29 % versus the previous year and significantly exceeded the CHF 151 million (14.5 % margin) pre-pandemic level reported in the third quarter of 2019.

Clariant has agreed to enter into a definitive transaction documentation to divest its North American Land Oil business to Dorf Ketal, a specialty chemicals manufacturer and service provider headquartered in India. This divestment is a further step to structurally improve Clariant's portfolio and sustainability profile while focusing operations on specialty chemicals and value-adding solutions. Clariant's North American Land Oil business is a provider of chemical technologies and services to the North American oil and gas industry and generated sales of USD 113 million in 2021. The initial sales price, subject to standard closing conditions, is set at USD 14.5 million. This transaction will result in a noncash impairment of approximately CHF 245 million, which will be recorded before the year-end and does not affect EBITDA as presented for the third quarter of 2022. The transaction is subject to customary closing conditions and is expected to be consummated in the first quarter of 2023.

### **First Nine Months 2022 – Specialty chemical portfolio, pricing, and cost discipline enabled sales and profitability improvements**

In the first nine months of 2022, sales from continuing operations were CHF 3.875 billion, compared to CHF 3.130 billion in the first nine months of 2021. This corresponds to an increase of 29 % in local currency, 26 % of which was organic. Both pricing and volume growth had a positive impact on the Group of 18 % and 11 % (8 % of which was organic), respectively, while the currency impact was -5 %.

In all geographic regions, sales growth in the first nine months of 2022 exceeded 24 % in local currency with a particularly strong performance in North America, Latin America, and the Middle East & Africa.

Care Chemicals grew sales by 37 % in local currency in the first nine months of 2022 with continued double-digit sales growth in all key businesses. In Catalysis, sales rose by 12 % in local currency, underpinned by Specialty Catalysts and Petrochemicals. All three Business Units, Oil and Mining Services, Functional Minerals, and especially Additives, contributed to the 28 % local currency sales growth reported in Natural Resources.

Continuing operations EBITDA increased by 30 % to CHF 656 million as the Group again improved profitability on the back of notable sales growth. Continued pricing measures and operating leverage offset raw material price increases of approximately 34 %, compared to the first nine months of 2021. Furthermore, the execution of the performance improvement programs resulted in additional cost savings of CHF 10 million in the first nine months of 2022. The EBITDA margin increased to 16.9 % from 16.2 % in the first nine months of 2021 due to the Group's ongoing cost discipline and the profitability improvement in Care Chemicals and Natural Resources, which more than offset the relative weakness in Catalysis.

## ESG Update – Leading in sustainability

Clariant strives to be safe and sustainable in all of its activities. The Group's efforts center on fighting climate change, creating safe and sustainable chemistry, increasing circularity, fostering a sustainable bioeconomy, minimizing waste, eliminating pollution, and creating social value. This includes fostering the development of employees as well as sustainability in the local communities in which Clariant operates.

Fighting climate change remains high on Clariant's agenda and also for many of its stakeholders. The Group continues to implement its 2030 roadmap to achieve its science-based climate targets, which aim for a 40 % absolute reduction in Scope 1 and 2 greenhouse gas emissions and a 14 % absolute reduction in Scope 3 greenhouse gas emissions from purchased goods and services by 2030, compared to baseline 2019 levels. These targets are accompanied by intensity-reduction targets for the key environmental parameters in its operations.

In the first nine months of 2022, the Group's Scope 1 and 2 emissions improved as a result of increased energy efficiency through the sun-drying of clays and an accelerated transition to renewables – specifically the switch from coal to biomass at some sites and a higher share of green electricity purchased. For example, Clariant implemented a ten-year green electricity supply contract across its business units in Indonesia. The Group also began a power purchase agreement (PPA) at the Clear Lake site in the USA together with the site operator Celanese. Clariant expects its emissions footprint to remain significantly below last year's level and the baseline year 2019.

Clariant's catalysts and adsorbents deliver significant customer value by driving higher production throughput, lowering energy consumption, and reducing hazardous emissions from industrial processes and combustion engines. In recognition of this accomplishment, Clariant and its engineering and technology partner, Technip Energies, recently received two industry awards for their EARTH® technology: the ICIS Innovation Award 2022 for Best Process Innovation and the Hydrocarbon Process Award 2022 for Best Refining Technology. In parallel, Clariant and Technip Energies reached another milestone by installing EARTH® technology at a large-scale hydrogen plant in one of Europe's biggest refineries. The revamp is expected to significantly increase the plant's production capacity. EARTH® is a pioneering drop-in solution that enables a capacity increase in the production of hydrogen by up to 20 % while decreasing CO<sub>2</sub> emissions by up to 10 % and reducing make-up fuel consumption by up to 50 % per unit of hydrogen produced. The technology is carbon-capture-ready and can play a key role in global efforts to reduce emissions with low-carbon hydrogen.

## Outlook – Full Year 2022

Clariant aims to grow above the market to achieve higher profitability through sustainability and innovation. The Group concluded its portfolio transformation program by divesting Healthcare Packaging in 2019, Masterbatches in 2020, and Pigments in January of 2022. Clariant has become a true specialty chemical company and confirms its 2025 ambition to deliver profitable growth (4 – 6 % CAGR), a Group EBITDA margin between 19 – 21 %, and a free cash flow conversion of around 40 %.

In the fourth quarter of 2022, Clariant expects to generate continued solid sales growth in local currency versus the prior year, underpinned by higher prices in all Business Areas despite an expected sequential normalization in volumes in Care Chemicals and Natural Resources and an increasingly challenging comparable base. Clariant expects Catalysis's performance to further improve despite a continued negative impact from the sunliquid® ramp up. Additional restructuring charges will be booked in the fourth quarter due to the cost of implementing the new operating model. The fourth quarter 2022 reported EBITDA margin is therefore expected to be clearly lower than the restated year-on-year margin levels.

For the full year 2022, Clariant expects strong sales growth in local currency for the Group to around CHF 5.1 billion, based on continued pricing measures and the strong first nine months of 2022. The current high level of uncertainty resulting from geopolitical conflicts, the suspension of business with Russia, and the resurgence of COVID-19 are expected to continue to negatively impact global economic growth and consumer demand in the fourth quarter of 2022 and in 2023. Clariant expects the high inflationary environment with regard to raw materials (despite some easing from peak levels) and energy (in Europe in particular) to persist. Despite the additional restructuring charges, the continued negative impact related to the sunliquid® ramp up, and the increasingly challenging economic environment, Clariant aims to improve its year-on-year underlying Group EBITDA margin level via solid revenue growth, driven by pricing and continued cost discipline. The full year 2022 reported Group EBITDA margin will be impacted by restructuring charges in the fourth quarter of 2022 related to the implementation of the new operating model.

## Business Discussion

### Business Area Care Chemicals <sup>(1)</sup>

| <i>in CHF million</i>                  | Third Quarter |        |       |      | Nine Months |        |       |      |
|--|---------------|--------|-------|------|-------------|--------|-------|------|
|  | 2022          | 2021   | % CHF | % LC | 2022        | 2021   | % CHF | % LC |
| Sales                                  | 509           | 436    | 17    | 24   | 1 626       | 1 224  | 33    | 37   |
| EBITDA                                 | 115           | 96     | 20    |      | 378         | 252    | 50    |      |
| - margin                               | 22.6 %        | 22.0 % |       |      | 23.2 %      | 20.6 % |       |      |
| <i>EBITDA before exceptional items</i> | 115           | 98     | 17    |      | 380         | 254    | 50    |      |
| - margin                               | 22.6 %        | 22.5 % |       |      | 23.4 %      | 20.8 % |       |      |

(1) Q3 and Nine Months 2021 restated. The figures were rounded, and hence, minor reporting deviations might occur

#### Sales

In the third quarter of 2022, sales in the Business Area Care Chemicals rose by 24 % in local currency and by 17 % in Swiss francs. The bulk of this growth was underpinned by an organic increase of 23 % in local currency, excluding the sales contribution from the full integration of Beraca. This development was primarily driven by a price increase of 24 %, while volumes were flat. The quarter was characterized by softening demand and selective customer destocking. Nevertheless, Consumer Care sales increased in a double-digit range in all three businesses: Personal Care, Home Care, and Crop Solutions in particular. Industrial Applications grew at a low-teen rate, and despite its seasonal nature, the Aviation business contributed positively to specific regions.

Care Chemicals sales developed positively in local currency in all geographic regions in the third quarter of 2022. This progression was mostly driven by Europe, North America, Latin America, and the Middle East & Africa.

In the first nine months, sales in the Business Area Care Chemicals increased by 37 % in local currency and by 33 % in Swiss francs. Both Consumer Care sales as well as Industrial Applications sales underpinned this strong growth, and the absolute sales levels in Care Chemicals, excluding acquisitions, significantly exceeded full year 2019 pre-pandemic levels.

#### EBITDA Margin

In the third quarter, the EBITDA margin rose to 22.6 % versus a particularly strong comparison base of 22.0 %, while the absolute EBITDA increased by 20 %. Active price management underpinned this increase while raw material cost headwinds eased slightly, and positive one-off items contributed in a high single-digit million range. There was no impact from inventory revaluation; however, logistics challenges persisted.

The EBITDA margin in the first nine months of 2022 increased to 23.2 % from 20.6 %.

## Care Chemicals Insight

At the São Paulo trade show in September, Clariant debuted a full range of actives and natural origin ingredients that boost access for formulators and brands to responsibly collect and extract products with proven efficacy and science-backed claims for skin, hair, and body care. For example, Prunizen™ is a plant-based active that tackles psycho-emotional stress-induced hair loss and stimulates hair growth. Galactinol Advanced is a biomimetic-inspired active with skin resilience-boosting benefits, and Ethience Protect is a sustainable extract from Brazil nuts (collected by local communities in the Amazon rainforest), which is used to reinforce compromised skin.

## Business Area Catalysis <sup>(1)</sup>

| in CHF million                  | Third Quarter |        |       |      | Nine Months |        |       |      |
|---------------------------------|---------------|--------|-------|------|-------------|--------|-------|------|
|                                 | 2022          | 2021   | % CHF | % LC | 2022        | 2021   | % CHF | % LC |
| Sales                           | 262           | 216    | 21    | 28   | 679         | 630    | 8     | 12   |
| EBITDA                          | 30            | 26     | 15    |      | 57          | 106    | -46   |      |
| - margin                        | 11.5 %        | 12.0 % |       |      | 8.4 %       | 16.8 % |       |      |
| EBITDA before exceptional items | 31            | 24     | 29    |      | 59          | 104    | -43   |      |
| - margin                        | 11.8 %        | 11.1 % |       |      | 8.7 %       | 16.5 % |       |      |

(1) Q3 and Nine Months 2021 restated. The figures were rounded, and hence, minor reporting deviations might occur

## Sales

In the third quarter of 2022, sales in the Business Area Catalysis increased by 28 % in local currency and by 21 % in Swiss francs versus a solid comparison base. Sales growth in Petrochemicals and Specialty Catalysts significantly outpaced the weakness in Syngas as anticipated, despite continued logistical challenges. Additionally, the comparatively high order book for accretive CATOFIN® catalysts continues to signify solid Petrochemicals demand going forward.

Growth in the largest geographic market, Asia, especially China, increased notably versus the previous year's levels, propelled by the new production plant in Jiaying. Sales in North America, the Middle East & Africa, and Latin America were also well above the previous year's levels. The weaker result in Europe was attributable to the normal project nature of the catalyst business.

In the first nine months, sales in the Business Area Catalysis increased by 12 % in local currency and by 8 % in Swiss francs. This growth was mainly volume-driven due to higher Specialty Catalysts and Petrochemicals demand, which more than compensated for the decline in Syngas.

## EBITDA Margin

In the third quarter, the EBITDA margin decreased to 11.5 % from 12.0 % despite the more favorable product mix with increased sales in Petrochemicals. The main factors negatively influencing the margin, in order of importance, included: (1) project cost and higher chemical consumption at elevated raw material/energy cost related to the new sunliquid® production plant in Romania; (2) temporary margin squeeze due to continued pressure from higher logistics and energy cost, which has been addressed by adjusting the relevant pricing models, though the long catalyst product lead times resulted in a cost-to-pricing mismatch and corresponding time lag; and (3) the impact of the suspension of all business with Russia.

Although the sunliquid® plant began producing in the second quarter of 2022, the targeted yields are currently not being achieved on an industrial scale at the plant in Podari, Romania. These operational challenges are being addressed by continuously adjusting certain production processes in an effort to achieve commercial viability of the new technology.

The new CATOFIN® plant in China continued to run at high-capacity levels, producing orders for delivery in both the third and fourth quarters as well as in 2023.

In the first nine months of 2022, the EBITDA margin fell to 8.4 % from 16.8 % in the previous year. The main factors influencing this development included: (1) a less favorable product mix with a lower share of accretive Petrochemicals and Syngas catalyst sales and the impact of the suspension of all business with Russia; (2) temporary margin squeeze due to pressure from raw material (peak in Q2 2022), energy, and logistics cost; (3) project cost and higher operational cost related to the new sunliquid® production plant in Romania.

### Catalysis Insight

In July, Clariant was awarded a major contract by Wanhua Chemical Group to supply Syndane® catalysts for its new world-scale maleic anhydride plant. The Wanhua plant will be located in the Shandong province and is scheduled to commence operations in 2023 for the production of 200 kilotons annually. This plant will be the first ever to use a new maleic anhydride production technology, which improves production efficiency and reduces power consumption versus conventional technology. The technology licensor, Conser, estimates an annual energy savings of 20,000 to 24,000 megawatt hours. China is in the process of eliminating the use of nondegradable plastics, which is likely to have a positive impact on the production of maleic anhydride in the region, as it is an important base material for biodegradable plastics.

### Business Area Natural Resources <sup>(1)</sup>

| in CHF million                  | Third Quarter |        |       |      | Nine Months |        |       |      |
|---------------------------------|---------------|--------|-------|------|-------------|--------|-------|------|
|                                 | 2022          | 2021   | % CHF | % LC | 2022        | 2021   | % CHF | % LC |
| Sales                           | 541           | 444    | 22    | 30   | 1 570       | 1 276  | 23    | 28   |
| EBITDA                          | 108           | 78     | 38    |      | 298         | 216    | 38    |      |
| - margin                        | 20.0 %        | 17.6 % |       |      | 19.0 %      | 16.9 % |       |      |
| EBITDA before exceptional items | 108           | 81     | 33    |      | 297         | 219    | 36    |      |
| - margin                        | 20.0 %        | 18.2 % |       |      | 18.9 %      | 17.2 % |       |      |

(1) Q3 and Nine Months 2021 restated. The figures were rounded, and hence, minor reporting deviations might occur

### Sales

In the third quarter of 2022, sales in the Business Area Natural Resources rose by 30 % in local currency and by 22 % in Swiss francs, increased by both price and volume growth in all three Business Units of approximately 21 % and 9 %, respectively, for the Business Area.

Oil and Mining Services sales grew in a double-digit range in the third quarter. Oil Services sales reflected a notable improvement due to strong market demand. Mining Solutions sales increased significantly, supported by particularly successful pricing measures while Refinery sales also rose meaningfully.



Functional Minerals sales grew in a double-digit range, with particularly positive developments in Purification and Cargo & Device Protection. Foundry sales also grew at a low-teen rate, again exceeding the absolute levels achieved in the pre-COVID-19 pandemic third quarter of 2019.

Additives sales rose most significantly among the three Natural Resources Business Units. Sales growth remained robust in all key regions and in automotive (e-mobility) as well as electronic applications. Pricing efforts were the primary contributor to the strong revenue growth.

In the first nine months, sales in the Business Area Natural Resources increased by 28 % in local currency and by 23 % in Swiss francs.

### **EBITDA Margin**

In the third quarter, the EBITDA margin increased to 20.0 % from 17.6 %. The strong top line advance, in tandem with pricing measures, mitigated the negative impact from higher raw material cost and rising energy prices. Positive one-off items contributed in a mid-single-digit million range.

In the first nine months, the EBITDA margin increased to 19.0 % from 16.9 % year-on-year.

### **Natural Resources Insight**

Clariant recently announced its intention to create a second production line at its new, state-of-the-art production facility for Exolit® OP halogen-free flame retardants currently under construction in Daya Bay, China. This additional CHF 40 million investment will further expand access to innovative and sustainable fire protection solutions and related technical expertise. Improving the proximity to component and parts manufacturers is a key element of Clariant's wider commitment to product innovation and ability to address sustainability challenges through value chain collaborations. Some Exolit® OP products support a circular economy for plastics, considering their favorable properties for recycling.

### **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, have been reclassified as discontinued operations since the first half year 2019.

On 31 October 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 1 July 2020. On 3 January 2022, Clariant's Pigments business was divested to a consortium comprising Heubach Group and SK Capital Partners.

### **Sales and EBITDA**

As the Pigments business was sold on 3 January 2022, no sales were recorded in the first nine months of 2022, compared to CHF 672 million in the previous year. The first nine months EBITDA from discontinued operations was a gain of CHF 202 million, which mainly resulted from the Pigments divestment proceeds, compared to CHF 92 million in the previous year.

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[www.clariant.com](http://www.clariant.com)

Clariant is a focused, sustainable, and innovative specialty chemical company based in Muttenz, near Basel/Switzerland. On 31 December 2021, Clariant totaled a staff number of 11 537 and recorded sales of CHF 4.372 billion in the fiscal year for its continuing businesses. The company reports in three Business Areas: Care Chemicals, Catalysis, and Natural Resources. Clariant's corporate strategy is led by the overarching purpose of 'Greater chemistry – between people and planet,' and reflects the importance of connecting customer focus, innovation, sustainability, and people.