

**AD HOC ANNOUNCEMENT PURSUANT TO ART. 53 LR
SECOND QUARTER / FIRST HALF YEAR 2022**

Clariant delivered strong sales growth and record H1 EBITDA margin

- **Q2 2022: Sales from continuing operations grew by 29 % in local currency to CHF 1.301 billion, underpinned by strong pricing and volume expansion**
- **Q2 2022: EBITDA margin increased to 16.6 % from 15.8 %, supported by operating leverage from strong sales growth, fully compensating raw material, energy, and logistics cost inflation**
- **H1 2022: Sales from continuing operations increased by 29 % in local currency to CHF 2.563 billion**
- **H1 2022: EBITDA margin increased to 17.0 % from 16.5 % – a record first half year EBITDA margin**
- **Full Year 2022 Outlook: Strong local currency growth for the Group to around CHF 5.0 billion with the aim to improve the year-on-year Group EBITDA margin level in a challenging geopolitical environment**

“Throughout the first half year 2022, we continued to generate a significant sales and profitability increase driven by strong pricing and volume growth, fully compensating raw material, energy, and logistic cost inflation. Our new operating model brings a simplified organizational and leadership structure to support the further implementation of Clariant’s purpose-led growth strategy and cultural transformation. Despite significant short-term macroeconomic uncertainties, we confirm our full year 2022 guidance and expect to make progress in operating cash flow generation in the second half of 2022,” said Conrad Keijzer, Chief Executive Officer of Clariant.

Key Financial Data ⁽¹⁾

Continuing operations in CHF million	Second Quarter				Half Year			
	2022	2021	% CHF	% LC	2022	2021	% CHF	% LC
Sales	1 301	1 032	26	29	2 563	2 034	26	29
EBITDA	216	163	33		436	336	30	
- margin	16.6 %	15.8 %			17.0 %	16.5 %		
<i>EBITDA before exceptional items</i>	210	168	25		448	346	29	
- margin	16.1 %	16.3 %			17.5 %	17.0 %		
EBIT					290	205		
Return on invested capital (ROIC)					10.9 %	8.0 %		
Net result from continuing operations					189	105		
Net result ⁽²⁾					386	157		
Operating cash flow ⁽²⁾					-17	15		
Number of employees ⁽²⁾					11 245	13 374 ⁽⁴⁾		
Discontinued operations ⁽³⁾								
Sales	0	233	n.m.	n.m.	0	449	n.m.	n.m.
Net result from discontinued operations					197	52		

(1) Q2 and Half Year 2021 restated. The figures were rounded, and hence, minor reporting deviations might occur

(2) Total Group including discontinued operations

(3) Pigments divested on 3 January 2022

(4) As of 31 December 2021

Second Quarter 2022 – Strong sales growth and profitability improvement

MUTTENZ, JULY 28, 2022

Clariant, a focused, sustainable, and innovative specialty chemical company, today announced its second quarter and first half year 2022 results. In the second quarter of 2022, continuing operations sales were CHF 1.301 billion, compared to CHF 1.032 billion in the second quarter of 2021. This corresponds to an increase of 29 % in local currency, 25 % of which was organic, and 26 % higher sales in Swiss francs. For the fifth sequential quarter, both pricing and volume growth positively impacted the Group sales result by 20 % and 9 %, respectively, while the currency impact was -3 %. The particularly strong sales growth at Care Chemicals and Natural Resources outpaced the expansion at Catalysis.

In the second quarter of 2022, sales expansion was significant in all geographic regions. The 40 % sales growth in North America was followed closely by Latin America with a 39 % increase, underpinned by expansion in all three Business Areas. In Europe, the 29 % local currency growth was driven by strong expansion in Care Chemicals. The 22 % growth in Asia-Pacific was augmented by 25 % expansion in China, at Catalysis in particular. The Middle East & Africa also increased sales by 14 %.

In the second quarter of 2022, Care Chemicals increased sales by 46 % in local currency. This progress was driven by double-digit expansion in Consumer Care and Industrial Applications, especially Crop Solutions, Personal Care, Home Care, and Coatings. Catalysis sales rose by 8 % in local currency, primarily due to expansion in Specialty Catalysts and the emission-control businesses. Natural Resources sales increased by 24 % in local currency with growth attributable to all three Business Units, especially Additives.

The continuing operations EBITDA increased to CHF 216 million, and the corresponding 16.6 % margin clearly exceeded the 15.8 % reported in the second quarter of the previous year. This improvement was propelled by pricing measures that fully offset the increased raw material cost (approximately 36 %), supply chain constraints, and higher energy and logistics cost. Additionally, operating leverage from higher sales, and cost savings (CHF 4 million savings from performance programs) contributed positively to the margin expansion. The absolute EBITDA increased by 33 %, exceeding the underlying CHF 149 million (14.0 % margin) pre-pandemic level reported in the second quarter of 2019.

First Half Year 2022 – Further profitability improvement generated by specialty chemical portfolio, pricing, and cost discipline

In the first half year 2022, continuing operations sales were CHF 2.563 billion, compared to CHF 2.034 billion in the first half year 2021. This corresponds to an increase of 29 % in local currency, 25 % of which was organic, and 26 % in Swiss francs. Both pricing and volume growth had a positive impact on the Group of 18 % and 11 %, respectively, while the currency impact was -3 %.

In the first half year 2022, sales growth exceeded 20 % in local currency in all geographic regions. The particularly strong performance in North America is partly attributable to the weak comparison base of the first half year 2021, which was confronted with an especially challenging environment in Oil Services and weather-related disruptions in the first quarter of 2021.

Care Chemicals sales rose by 45 % in local currency in the first half year 2022 with double-digit sales growth in all key businesses. In Catalysis, the top line was up by 4 % in local currency, propelled by Specialty Catalysts and the emission-control businesses. Oil and Mining Services, Functional Minerals, and especially Additives all contributed to the 27 % local currency sales growth reported at Natural Resources.

The continuing operations EBITDA increased by 30 % to CHF 436 million as the Group improved profitability on the back of notable sales expansion. Continued, successful pricing measures offset raw material price increases of approximately 36 %, and the execution of the performance improvement programs resulted in additional cost savings of CHF 8 million in the first half year 2022. The EBITDA margin increased to a record high 17.0 % from 16.5 % in the previous year due to the continued cost discipline across the Group and the significant profitability improvement in Care Chemicals and Natural Resources, which more than offset the weakness at Catalysis.

In the first half year 2022, the total Group net result was CHF 386 million versus CHF 157 million in the previous year. The net result was lifted by the gain on the Pigments disposal, strong business performance of the continuing operations, and the corresponding margin improvement.

Operating cash flow for the total Group, which is typically lower in the first half of the year, declined to CHF -17 million from CHF 15 million in the first half of 2021. This development was mainly attributable to the inventory buildup needed to meet higher demand levels and to reflect the raw material price impact as well as the uncertainties connected to the unstable logistics chain situation and availability of raw materials. In addition to the typical seasonality, Clariant expects active working capital management to support a positive development in the second half of the year.

Net debt for the total Group decreased to CHF 931 million versus CHF 1.535 billion recorded at the end of 2021. This development is largely attributable to a significant reduction in current and non-current financial debts due to proceeds received from the Pigments divestment in the first quarter of 2022.

Discontinued Operations

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

As the Pigments business was sold on 3 January 2022, no sales were recorded in the first half year 2022 compared to CHF 449 million in the previous year. The 2022 net result from discontinued operations was a gain in the amount of CHF 197 million, which mainly resulted from the Pigments divestment proceeds, compared to CHF 52 million in the previous year.

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 has a particular urgency for Clariant as well as for many of the stakeholders. Therefore, reducing proprietary greenhouse gas (GHG) emissions as well as providing solutions that enable customers to lower their emissions is a particular focus. Clariant continues to implement its 2030 roadmap to achieve its science-based climate targets. Between 2019 and 2030, Clariant targets 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. Clariant's science-based targets are accompanied by intensity reduction targets for the key environmental parameters in its operations. The Group is making good progress on its journey to becoming more resilient and continues to improve its operational footprint and energy sources (i.e. through the investment in renewable energy at our sites – most recently at Tarragona in Spain, Heufeld in Germany, and Bonthapally in India). Clariant's 2030 target achievement will rely on energy transition and energy efficiency measures.

For Clariant's customers, determining how much GHG emission is associated with a product along its life cycle is becoming increasingly important. In June, Clariant announced the launch of its product carbon footprint (PCF) calculation tool, 'ClimiMate,' enabling the Group to offer selected product carbon footprint calculations, in line with the ISO 14067 standard.

Another highlight in June was the successful production start of second-generation bioethanol at Clariant's sunliquid® production plant in Podari, Romania. The entire offtake is contracted with a multi-year agreement to Shell, a leading global energy company. Clariant's plant in Podari is creating new jobs as well as business opportunities that will bring economic growth potential to this rural area. The cellulosic ethanol produced at this plant can be applied as a drop-in solution for fuel blending but also offers further downstream application opportunities for sustainable aviation fuel and bio-based chemicals.

Outlook – Full Year 2022

Clariant aims to grow above the market to achieve higher profitability through sustainability and innovation. The Group concluded its significant 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 third quarter of 2022, Clariant expects to generate continued strong sales growth in local currency versus the prior year, underpinned by expansion in all Business Areas despite a sequential normalization in Care Chemicals and Natural Resources. Clariant is aiming to slightly improve its restated year-on-year margin levels in the third quarter of 2022 via volume growth, continued pricing actions, and cost discipline to counter the continued high raw material, logistics, and in particular energy cost levels.

For the full year 2022, Clariant expects strong growth in local currency for the Group to around CHF 5.0 billion, based on a strong first half year 2022. The current high level of uncertainty resulting from the geopolitical conflicts, suspension of business with Russia, and the resurgence of COVID-19 are expected to continue to impact global economic growth and consumer demand in the second half of 2022. Clariant expects the high inflationary environment with regard to raw material, energy, and logistics cost as well as supply chain challenges to persist. However, Clariant aims to improve its year-on-year Group EBITDA margin levels via solid revenue growth driven by pricing and continued cost discipline, despite the increasingly challenging economic environment.

Business Discussion

Business Area Care Chemicals ⁽¹⁾

<i>in CHF million</i>	Second Quarter				Half Year			
	2022	2021	% CHF	% LC	2022	2021	% CHF	% LC
Sales	551	384	43	46	1 117	788	42	45
EBITDA	133	76	75		263	156	69	
- margin	24.1 %	19.8 %			23.5 %	19.8 %		
<i>EBITDA before exceptional items</i>	133	76	75		265	156	70	
- margin	24.1 %	19.8 %			23.7 %	19.8 %		

(1) Q2 and Half Year 2021 restated. The figures were rounded, and hence, minor reporting deviations might occur

Sales

In the second quarter of 2022, sales in the Business Area Care Chemicals rose prominently by 46 % in local currency and by 43 % in Swiss francs. Excluding the sales contribution from the consolidation of Clariant IGL Specialty Chemicals (CISC) and the full integration of Beraca, Care Chemicals sales grew by 35 % organically in local currency. Growth was driven by both price and volume expansion of approximately 28 % and 18 %, respectively. Consumer Care sales increased in a double-digit range in all businesses: Personal Care, Home Care, and Crop Solutions, where sales were more than doubled. Industrial Applications expanded at a double-digit rate organically as Clariant fostered demand in key end markets. Despite its seasonal nature, the Aviation business contributed positively due to supportive weather in specific geographic regions.

Clariant boosted sales in all geographic regions in the second quarter of 2022. This positive development was primarily driven by North America, Latin America, and Europe, while all regions also reported significant growth.

In the first half year 2022, sales in the Business Area Care Chemicals increased by 45 % in local currency and by 42 % in Swiss francs. Both Consumer Care sales as well as organic Industrial Applications sales rose at a double-digit rate on the back of strong market demand. The absolute sales levels in Care Chemicals, excluding acquisitions, well exceeded full year 2019 pre-pandemic levels.

EBITDA Margin

In the second quarter, the EBITDA margin rose to 24.1 % from 19.8 %, while the absolute EBITDA increased by 75 %. Active price management underpinned this significant increase as raw material cost headwinds, supply chain constraints, and energy and logistics cost increases were counterbalanced. Profitability was impacted by negative one-off effects, which were more than offset by an inventory revaluation in the mid-teen million range. The materiality of these effects is expected to be reduced in the second half of 2022, and consequently, the EBITDA margin should normalize at a lower level.

The EBITDA margin in the first half year 2022 increased to 23.5 % from 19.8 %.

Clariant Insight

The trend towards sustainable dispersing agents is becoming increasingly important. Dispersants are needed on a large scale to stabilize and improve the processing of paints. Most of them are suitable for either organic or inorganic pigments. And while water-based paints are particularly sustainable, not all products are suitable for them. Clariant recently launched Dispersogen® Flex 100, an easy-to-use dispersant that is equally suitable for organic and inorganic pigments as well as for all types of water- and solvent-based paint systems. It also consists of 100 % active content, which reduces material usage. This innovative dispersant carries Clariant's EcoTain® label, which distinguishes it as particularly sustainable. Dispersogen® Flex 100 is part of Clariant's efforts to use its innovation capabilities to develop safer, sustainable alternatives for the market.

Business Area Catalysis ⁽¹⁾

	Second Quarter				Half Year			
	2022	2021	% CHF	% LC	2022	2021	% CHF	% LC
<i>in CHF million</i>								
Sales	232	221	5	8	417	414	1	4
EBITDA	13	42	-69		27	80	-66	
- margin	5.6 %	19.0 %			6.5 %	19.3 %		
EBITDA before exceptional items	14	42	-67		28	80	-65	
- margin	6.0 %	19.0 %			6.7 %	19.3 %		

(1) Q2 and Half Year 2021 restated. The figures were rounded, and hence, minor reporting deviations might occur

Sales

In the second quarter of 2022, sales in the Business Area Catalysis increased by 8 % in local currency and by 5 % in Swiss francs versus a solid comparison base. Sales expansion in Specialty Catalysts and the emission-control catalyst businesses exceeded the decline in Syngas and overall weakness in Petrochemicals, despite higher CATOFIN® (propane dehydrogenation) sales. Also, the comparatively high order book for accretive CATOFIN® catalysts signifies a recovery in the second half of 2022.

Growth in the largest geographic market, Asia, especially China, increased significantly versus previous year levels. North American and Latin American sales were also well above the second quarter of 2021. The weaker result in Europe and the Middle East & Africa was attributable to the normal project nature of the catalyst business.

In the first half year 2022, sales in the Business Area Catalysis increased by 4 % in local currency and by 1 % in Swiss francs. This expansion was attributable to higher Specialty Catalysts and emission-control catalyst demand, which overcompensated for the declines in Syngas and Petrochemicals.

EBITDA Margin

In the second quarter, the EBITDA margin decreased to 5.6 % from 19.0 %. The main factors influencing this development included: (1) a less favorable product mix with a lower share of accretive Petrochemical and Syngas catalyst sales and the impact of the suspension of all business with Russia; (2) temporary margin squeeze due to continued pressure from raw material, energy, and logistics cost, which was amplified by long project lead times. This issue has been addressed via diligent pricing and by adjusting the relevant pricing model, which should generate a positive impact in the second half of 2022; (3) project cost related to the new sunliquid® production plant in Romania.

The sunliquid[®] plant began producing in the second quarter of 2022 according to plan, and sales of second-generation bioethanol are expected to ramp up in the second half of 2022. The new CATOFIN[®] plant in China is already running at high-capacity levels, producing for orders that will be delivered in the third and fourth quarters, with a substantial profitability contribution anticipated in the fourth quarter.

In the first half year 2022, the EBITDA margin fell to 6.5 % from 19.3 % in the previous year.

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

Clariant Insight

Recyclable, durable, and cost-efficient: polypropylene is a versatile polymer used in products like car bumpers, food packaging, and medical applications. For example, it provides a perfect solution for metal replacement in cars to improve fuel efficiency with lightweight plastics. The increasing demand is leaving a major supply gap for propylene in a growing market. Clariant's CATOFIN[®] catalyst helps customers achieve higher yields and higher returns on investment for on-purpose propylene production. In the second quarter, Fujian Meide selected Clariant's CATOFIN[®] and Lummus Technology's propane dehydrogenation (PDH) technology to produce 900,000 metric tons per annum of propylene at its petrochemicals complex in Fuzhou, China. This will become Fujian Meide's second PDH unit and one of the largest in the world. To meet the very high demand in the region, Clariant has constructed a new CATOFIN[®] plant in Dushan, Jiaying, China, which was successfully ramped up and is currently also producing catalysts earmarked to fulfill the Fujian Meide order.

Business Area Natural Resources ⁽¹⁾

in CHF million	Second Quarter			Half Year				
	2022	2021	% CHF	% LC	2022	2021	% CHF	% LC
Sales	518	427	21	24	1 029	832	24	27
EBITDA	88	69	28		190	138	38	
- margin	17.0 %	16.2 %			18.5 %	16.6 %		
EBITDA before exceptional items	87	68	28		189	138	37	
- margin	16.8 %	15.9 %			18.4 %	16.6 %		

(1) Q2 and Half Year 2021 restated. The figures were rounded, and hence, minor reporting deviations might occur

Sales

In the second quarter of 2022, sales in the Business Area Natural Resources rose by 24 % in local currency and by 21 % in Swiss francs, underpinned by both price and volume expansion in all three Business Units of approximately 19 % and 5 %, respectively, for the Business Area.

Oil and Mining Services sales expanded in the second quarter, in a high-teen percentage range. Oil Services sales reflected a year-on-year improvement due to strong market demand. Mining Solutions sales increased in the twenty-percentage range, supported by particularly successful pricing measures.

Functional Minerals sales grew in a mid-teen percentage range, with positive developments in all Business Lines, Purification and Cargo & Device Protection especially. Foundry also increased sales at a low single-digit rate, again exceeding the absolute levels achieved in the pre-COVID-19 pandemic second quarter of 2019.

The strong expansion trend at Additives was maintained, and sales rose most significantly among the three Natural Resources Business Units. The underlying demand remained very robust in all key regions and in all main end markets, including the electrical and electronics, automotive (e-mobility), and construction sectors.

In the first half year 2022, sales in the Business Area Natural Resources increased by 27 % in local currency and by 24 % in Swiss francs.

EBITDA Margin

In the second quarter, the EBITDA margin increased to 17.0 % from 16.2 %. The strong top line advance, in tandem with the pricing measures, mitigated the negative impact from higher raw material cost and rising natural gas prices.

In the first half year 2022, the EBITDA margin increased to 18.5 % from 16.6 % year-on-year.

Clariant Insight

The demand for sustainable solutions extends across all areas of life. When considering a product, consumers consider the life cycle of both the product and its packaging. Clariant, Siegwerk, Borealis, and Beiersdorf combined their expertise to tackle the challenge of creating recyclable consumer packaging based on 100 % retrieved plastic packaging waste for cosmetics applications. Circular packaging supports reduced plastic waste, minimal use of new/virgin plastic material, and reduced climate impact, which are critical challenges facing our planet. This pioneering cross-industry collaboration, named 'Design4Circularity,' targeted the achievement of truly circular packaging by incorporating full life cycle thinking in each development step to create a new standard for the industry. As a result, the new designed packaging solution finds its way back into the loop on high-value applications.

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 to 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 half year 2022 compared to CHF 449 million in the previous year. The 2022 net result from discontinued operations was a gain in the amount of CHF 197 million, which mainly resulted from the Pigments divestment proceeds, compared to CHF 52 million in the previous year.

CORPORATE MEDIA RELATIONS

Jochen Dubiel

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

Anne Maier

Phone +41 61 469 63 63
anne.maier@clariant.com

Ellese Caruana

Phone +41 61 469 63 63
ellese.caruana@clariant.com

INVESTOR RELATIONS

Andreas Schwarzwälder

Phone +41 61 469 63 73
andreas.schwarzwaelder@clariant.com

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](#).

This media release contains certain statements that are neither reported financial results nor other historical information. This document also includes forward-looking statements. Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors that are beyond Clariant's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the actions of governmental regulators and other risk factors such as: the timing and strength of new product offerings; pricing strategies of competitors; the Company's ability to continue to receive adequate products from its vendors on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs; and changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. Clariant does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.

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.